

STATE HIGHWAY & TRANSPORTATION DEPT. (0090) - 2007-09 BIENNIUM

**I) AGENCY SUMMARY & REVENUE SOURCES**

The Arkansas State Highway Commission was created in 1913 and gained constitutional status with passage of the Mack-Blackwell Amendment in 1952. The Commission is responsible for maintaining and improving the State Highway System, including the planning, design and management of highway projects and administering the State Highway Employees Retirement System.

Act 1027 of 1999 authorized, subsequently approved in a special election in June 1999 by voters, the issuance of \$575 million in bonds for highway rehabilitation; these bonds are being repaid through federal GARVEE (Grant Anticipation Revenue Vehicles) funds and an Act 1028 of 1999 4 cents per gallon increase in the diesel fuel tax (approximately \$482 million is outstanding).

**TOTAL BIENNIAL BUDGET**

The Department's total budget for the biennium is \$1.615 billion the first year & \$1.621 billion the second year.

**FUNDING SOURCE**

The budget is funded from 43% Federal Funds, 31% Special Revenue (includes 70% of 21.5 cents per gallon, title transfer, & MV license, all of 1 cent additional per gallon & overweight/trip permits), 7% Trust Funds (Hwy Retirement Sys), with the remaining as Bond Proceeds (8%), fund balances (7%), Non-Revenue receipts (Cities, Counties, interest, job credits), other (scrap sales, insurance proceeds, etc.), and an amount of General Revenue (\$354,000).

**II) SIGNIFICANT CHANGES**

\* Operations Appro.- Increase over budgeted in Salary and Matching of \$5.5 million in year 1 (\$4 million and \$1.5 million, respectively) and 11.5 million in year 2 (\$9 million and \$2.5 million, respectively), which includes stratified COLA (<= \$50,000 + 3%, amt. \$50,001 to \$90,000 + 1.9%, amt. > \$90,000 +1.5%). Decrease from budgeted of \$50 million in Operating Expense in year 1 only. Decrease in Capital Outlay of \$10 million each year. Increase in Debt Service of \$60 million in year 1 and \$10 million in year 2.

\* Public Transit Appro.- Increase for Program Expenses over budgeted of \$1.1 million.

**LEGISLATIVE RECOMMENDATION PROVIDES FOR AGENCY REQUEST (except only 2% COLA)**

**III) ADDITIONAL POSITIONS**

Total positions for 2007-09 Biennium: 4,864

Total budgeted positions for FY 2007: 5,132

Increase/(Decrease): (268)

**LEGISLATIVE RECOMMENDATION PROVIDES FOR AGENCY REQUEST**

**IV) SPECIAL LANGUAGE**

\* <Not Special Language> Regular Salaries: Authorizes the Highway Department pay plan and allows the last payroll in a

fiscal year to be paid from the succeeding year's appropriation

\* Overtime & Transfer Provision: Authorizes payment of overtime for certain employees from transfers of Overtime appropriation to the Regular Salaries line item.

\* Appropriation Carryforward: Requires the appropriation balances remaining in the Salaries, Match, Overtime or Operations Appropriation line items at the end of the first fiscal year be transferred to the Operating Expense line item for the second year of the biennium; and the appropriation balances at the end of the first fiscal year for Highway Special Construction, Federal Highway Trust, State Aid Roads & Highway Safety Special be transferred forward to the second year; requires agency justification, reporting by DFA-Budget, and agency status report prior to budget hearings with DFA inclusion in budget manuals.

\* Appropriation Savings Transfers: Authorizes transfer of savings in Salaries, Match, Overtime, or General Operations appropriation line items to maintenance & general operations within the same fiscal year with Leg. Council or Joint Budget review.

~~\* Social Security and Retirement Procedures: Sets out the procedures to be followed in making payments for Social Security matching and retirement matching.~~

\* Personal Services Matching Transfer: Allows for the transfer of maintenance and general operations appropriation to personal services matching appropriation in the event the personal services matching appropriation is insufficient with Leg. Council or Joint Budget review.

\* Liability Insurance Premium Reimbursement: Authorizes reimbursement to Highway Department employees for personal liability insurance premiums paid by them on State owned vehicles of the Highway Department, up to \$50 per year per employee.

~~\* Unemployment and Workers Compensation Premiums: Authorizes the payment of unemployment and workers compensation premiums at a rate not in excess of the Highway Department's experience rate.~~

\* Reporting Requirements: Authorizes the Highway Department to take appropriate action to reduce costs and furnish at least quarterly to the Legislative Council an expenditure status report.

\* Retirement System Appropriation Carryforward: Requires the appropriation balances for the Retirement System at the end of the first fiscal year of a biennium to be transferred to the second year; requires agency justification, reporting by DFA-Budget, and agency status report prior to budget hearings with DFA inclusion in budget manuals.