

**STATE HIGHWAY & TRANSPORTATION DEPARTMENT (0090)**  
**FISCAL YEAR 2016**

**As Enacted by Acts 714, 595 (Rd. & Bridge), & 69 (Ret.Sys.) of  
2015**

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

The Arkansas State Highway Commission became constitutional with the Mack-Blackwell Amendment (No.42) in 1952 and 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. The five commissioners are appointed by the Governor, with advice and consent of the Senate, for ten year terms.

Act 511 of 2007 authorized, and approved by voters in 2011, the issuance of bonds, together with previous authorized issuances (Act 1027 of '99) not to exceed \$575 million, to be repaid with federal GARVEE (Grant Anticipation Revenue Vehicles) funds and an Act 1028 of 1999 4 cents per gallon increase in the diesel fuel tax; the bonds are backed by the faith and credit of the State.

Constitutional Amendment 91 (HJR1001 of 2011), approved by voters in 2012, amended a temporary (no more than 10 yrs.) one-half cent sales tax (effective 7-1-13) into the Constitution to fund Four-Lane Highway Construction and Improvement Bonds with total principal not to exceed \$1.3 Billion and permanently dedicated one cent of existing fuel tax to municipal street aid.

**TOTAL APPROPRIATION**

The Department's appropriation total is approximately \$2.51 billion for FY2016.

**FUNDING SOURCE**

The appropriation is funded from approximately 33% Special Revenue (includes 70% of 21.5 gas & 22.5 diesel cents per gallon, half-percent sales/use tax (Amd.91), title transfer, & MV license, Natural Gas Severance Tax, Commercial Truck Safety Fee & overweight/trip permits), 31% Federal Funds, 10% bond proceeds, 13% Trust Funds (Hwy Retirement Sys), with the remainder as fund balances (9%), Non-Revenue receipts (Cities, Counties, interest, job credits), other receipts (scrap sales, insurance proceeds, etc.), and General Revenue (Miscellaneous Agencies Fund).

**II) CHANGE LEVEL REQUESTS**

**State Operations** - This appropriation is for the main state operations/construction and is funded from Federal funds (46%), Special Revenues (32%, fuel taxes, vehicle registration,

natural gas severance tax), and bond receipts (15%), with the remainder funded from fund balances, permits, reimbursements, and various receipts. The total appropriation is approximately \$1.984 billion for FY2016 with requested changes from budgeted:

**Regular Salaries, Overtime, and Matching** - Increase over budgeted Salary of \$6,179,900 in FY2016, Overtime of \$2 million and Matching of \$5,459,270 to increase the maintenance staff by approximately 210 (adding 89 authorized and utilizing unfilled positions) for weather responses and increased maintenance efforts and reclassifying positions for federal programs and administrative purposes.

**Capital Outlay** - Increase over budgeted of \$202 million for highway construction funded from bond proceeds in case construction pace increases or further bonds are sold.

**State Aid Streets** - This appropriation is for municipal street construction, improvement, and engineering costs and is funded from Special Revenue (1 cent/gal. fuel tax permanently dedicated from Amd. 91) and cities' matching funds (10% match for cities over 25,000 in population). The total appropriation is \$30 million and includes an increase over budgeted of \$3 million for projected increases in smaller, faster-payout jobs.

**Road & Bridge Repair** - This appropriation is for repair of roads and bridges, maintenance, and grants to political subdivisions for damage from drilling equipment and is funded from the 5% portion of the natural gas severance taxes (less \$675,000 as general revenue) as special revenue through the Road and Bridge Repair, Maintenance, and Grants Fund (Act 536 of 2015). Total appropriation is \$5 million and includes an increase over budgeted of \$2.5 million due to expected increases in natural gas prices.

**AHTD Employee Retirement System** - This appropriation is used to pay annuities, investments, refunds, and operating expenses of the Ark. State Highway Employees Retirement System and is funded from member and agency contributions and investment earnings. Total appropriation is \$250 million and includes an increase of \$50 million over the budgeted to pay possible DROP payouts.

**III) ADDITIONAL POSITIONS (Total FY2015 Authorized Positions: 4,843)**

Total Authorized Positions FY2016: 4,932

Total Budgeted Positions: 4,843

Increase/(Decrease) over FY2015 Budgeted: 89

Reclassifies/adds 160 positions to increase the maintenance staff for weather responses and increased maintenance efforts and reclassifying positions for federal programs and

administrative purposes: 1 Grade19 GIS Mapping Admin., 5 Grade18 (a Sr. Trans. Plan. Eng., a Consultant Coord., a Sr. Structure Eng., & 2 Section Heads), 2 Grade17 (Systems Eng. & Eng.IV), 10 Grade 16 (a Sr. Hydraulic Design Eng.& 9 Asst. Maint. Superintendant), 6 Grade15 (5 Eng. III & 1 Environ. Scientist II), 3 Grade14 (an Environ. Sci. I & 2 Sr. Accountants), 2 Grade 12 (an EEO Specialist & an Environ. Analyst III), 36 Grade6 Maint. Aide IIs, 85 Grade5 Maint. Aide Is, and 10 Grade3 Interns; Deletes 71 positions: 1 Grade13, 9 Grade8, 1 Grade7, & 60 Grades10 through Grade4 (largest amount deleted is 43 Grade4s, General Laborer).

#### **IV) SPECIAL LANGUAGE**

##### **Language in Operations bill:**

**Overtime:** Authorizes payment of overtime for eligible employees from transfers of Overtime appropriation to the Regular Salaries line item.

**Transfers Authorized:** Authorizes transfer of savings in Salaries, Match, Overtime, or General Operations appropriation line items to maintenance & general operations with Leg. Council or Joint Budget Cmt. review.

**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 Cmt. review.

**Liability Insurance Premium Reimbursement:** Authorizes reimbursement from Maintenance & Operation Expense appropriation 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.

**Reporting Requirements:** Authorizes the Highway Department to take appropriate action to reduce costs and requires a quarterly expenditure status report to the Legislative Council.

**\*NEW LANGUAGE\* Dyess Colony/Johnny Cash Home Signage:** Requires the installation and maintenance of directional signage for the Dyess Colony/Cash Home projects by January 1, 2016.

##### **Language in Road and Bridge Repair, NOAA, and Pub. Trans. bill:**

**Use of Funds:** Requires the special revenue provided for road & bridge repair be used for damage caused by heavy equipment used for natural gas or other drilling operations, not for regular maintenance, by granting of funds to counties/cities without regard to equity.

**~~\*LANGUAGE TO BE DELETED\* Maximum Funding Allocation:~~** ~~Limits the general revenue funding for the road & bridge repair~~

~~appropriation to the 5% collected in the previous fiscal year (of natural gas severance taxes), less \$675,000.~~

~~**\*LANGUAGE TO BE DELETED\* Carryforward of Funds:** Miscellaneous Agencies Fund - Allows the fund balance for the road & bridge repair appropriation to be carried forward to the next year to be used for the same purpose, requires agency justification, reporting by DFA-Budget, and agency status report prior to budget hearings, with DFA inclusion in budget manuals.~~