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FISCAL IMPACT REPORT

ORIGINAL DATE 01/20/10
 LAST UPDATED 01/28/10

SPONSOR Gonzales HB 4/aHTPWC

SHORT TITLE Department of Transportation Appropriation Act SB _____

ANALYST Varela

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	\$769,177.0	Recurring	State Road Fund, Local Govt. Road Fund, Aviation Fund, Transportation Fund and Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
	\$769,177.0		Recurring	State Road Fund, Local Govt. Road Fund, Aviation Fund, Transportation Fund and Federal Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of HTPWC Amendment

House Transportation and Public Works Committee Amendment to House Bill 4 reduced the appropriation to \$769,177.0 consisting of other state funds, federal revenues, and fund balance. The decrease is the result of the committee's use of less fund balance based on department projections.

Synopsis of Original Bill

House Bill 4 appropriates \$771,208.9 of Other State Funds and Federal Funds to the New Mexico Department of Transportation (NMDOT) for the purpose of managing three (3)

programs, within four (4) budget categories. It also defines the language and measurements as applied to the performance based budget measurements under the Government Accountability Act.

Significant issues on House Bill 4 are largely reflective of the Legislative Finance Committee FY11 Budget recommendation. Differences between the LFC recommendation, the Executive recommendation and the Agency Request are noted below.

House Bill 4 reflects the Legislative Finance Committee's initial FY11 recommendation. House Bill 4 reflects an overall decrease from FY10 of \$35 million or 4.3 percent.

FISCAL IMPLICATIONS

The bill appropriates \$771,208.9 million to NMDOT for FY11 and funds the department's three (3) operating programs among (4) budget categories.

Programs and Infrastructure (P562):

- Personal Services and Employee Benefits include the elimination of 56 positions which are exempt positions or have been vacant for over two years.
- Contractual Services supports a \$22.7 million 100% State Construction Program.
- The bill includes funding in support of increased multi-modal activities such as planning, transit, commuter rail maintenance and operations, aviation, and traffic safety.
- The bill includes language pertaining to the extension of prior year encumbrances for multiyear project construction:
 - The other state funds and federal funds appropriations to the programs and infrastructure program of the Department of Transportation pertaining to prior fiscal years may be extended into fiscal year 2011, but not to exceed three hundred twenty million dollars (\$250,000,000).
- House Bill 4 includes language pertaining to the 100% State Construction program as follows:
 - The other state funds appropriations to the programs and infrastructure program of the Department of Transportation includes twenty-two million seven hundred fifty-nine thousand nine hundred dollars (\$22,759,900) for maintenance and reconstruction of state managed highways that do not qualify for federal funding.

Transportation & Highway Operations (P563):

- Personal Services and Employee Benefits reflect a decrease of \$5.4 million from the agency request that includes the elimination of 135 positions which have been vacant for over two years.
- Contractual Services reflects a reduction of one percent related to contracts for medical services and information technology.
- The Other Costs Appropriation reflects an overall increase of 9 percent from the agency's budget request to support the fleet management and heavy equipment program.
- The bill includes language pertaining to the extension of prior year encumbrances for multiyear maintenance activities:
 - The other state funds and federal funds appropriations to the transportation and

highway operations program of the Department of Transportation pertaining to prior fiscal years may be extended into fiscal year 2011, but not to exceed eighty million dollars (\$80,000,000).

Program/Business Support (P564):

- Personal Services and Employee Benefits reflect a decrease of \$2.3 million from the agency request that includes the elimination of 59 positions including 3 exempt positions.
- Contractual Services reflects a decrease of \$1.3 million from the agency's budget request. The decrease aligns expenditures with FY09 actual amounts.
- The Other Costs Appropriation reflects a decrease from the agency's budget request of \$3.7 million, which aligns expenditures with FY09 actual amounts.
- Other Financing Uses reflects \$6,938.0 of state road fund transfers to the Department of Public Safety's Motor Transportation Division.

The appropriation of \$771,208.9 contained in this bill is a recurring expense to the state Road Fund, Other State Funds and Federal funds. Any unexpended or unencumbered balance remaining at the end of FY11 shall revert to the state road fund or applicable fund.

SIGNIFICANT ISSUES

The updated January state revenue estimates reflect a slight increase in expected revenues and are not included in this bill. These changes will require additional adjustments to the department's budget. Performance measures and additional language for the Transportation and Highway Operations Program need to be included as well. NMDOT has expressed reservations with the recommended appropriation levels and will work with the House Transportation and Public Works Committee to make adjustments as necessary.

DUPLICATION

This bill duplicates the appropriation contained within House Bill 2.

PTV/mt:mew:svb