

# HIGHWAYS STATE SPECIAL REVENUE ACCOUNT UPDATE

A Report Prepared for the

## **Legislative Finance Committee**

By  
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**Legislative Fiscal Division**



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# **HIGHWAYS STATE SPECIAL REVENUE ACCOUNT UPDATE**

## **INTRODUCTION**

The highways state special revenue account (HSSRA) provides the state funding match for more than \$300 million annually of federal transportation funding. The resultant more than \$500 million of annual transportation spending provides a significant boost for the state economy as they are spent to maintain and expand the state transportation infrastructure. The HSSRA has historically experienced imbalances between revenues and expenditures. It is because of the significant impact on the state economy and the historical instability of the account that the Legislative Finance Committee (LFC) pays particular interest to the fiscal condition of this account. This report is prepared for the LFC to provide awareness of the fiscal condition of the account going into the 2005 legislative session. This report presents the latest working capital analysis for the account as of the end of fiscal 2004. The report is structured around three scenarios, which illustrate the working capital analysis for the HSSRA under various funding situations related to passage of federal transportation funding legislation. The most recent analysis, based on actual revenue and expenditure activity through fiscal 2004, shows a \$25.7 million improvement from the report presented in the “Legislative Fiscal Report 2005 Biennium” that was based on appropriations for fiscal years 2003 through 2005.

## **THE HIGHWAYS STATE SPECIAL REVENUE ACCOUNT**

### **Applicable Funds**

The state special revenue account, commonly referred to as the highways state special revenue account, is used, among other purposes, to fund the major activities of the Montana Department of Transportation (MDT). Two funds are combined to form this account, the constitutionally restricted fund (fund 02422) and the non-restricted fund (fund 02349). The department records revenues in the fund most appropriate to the constitutional and statutory directions for the revenue source. However, all expenditures are made from the restricted fund, with the balance from the non-restricted fund transferred to the restricted fund.

### **Account Uses**

HSSRA funds the operations of five programs of the MDT that administer, enforce, and support the construction, maintenance, and safe operations of Montana highways. HSSRA also funds Long-range Building Program projects for MDT facilities and those of the Department of Fish, Wildlife and Parks (FWP) related to roadway activities, and for programs of the Department of Justice (DOJ) that support highway or motor vehicle activities. Programs of DOJ that are partially funded with HSSRA are: 1) Legal Services Division; 2) Motor Vehicle Division; 3) Montana Highway Patrol; 4) Central Services Division; and 5) Information Technology Services Division. Appendix E shows the funding profiles for these programs. HSSRA also funds statutory appropriations that total \$16.8 million per year, transfers of \$0.1 million per year to the noxious weed trust fund, alcohol production incentives capped at \$6.0 million per year, and ethanol consumption incentives. The report assumes no changes in the allocations of the funds in future biennia.

### **Report Summary**

This report focuses on Figure 1 and the figures in Appendices A through D that illustrate the most recent working capital analysis for the HSSRA from fiscal 2004 through fiscal 2011 under various funding situations related to passage of federal highway funding legislation. This report explains: 1) the status and impacts of federal highway funding reauthorization; 2) the difference between this analysis and the

“Legislative Fiscal Report 2005 Biennium;” 3) the assumptions used in the analysis; 4) the analysis results; and 5) legislative options for strengthening the account.

## Working Capital

The starting point for the analysis is the combined working capital for all funds of the account. Working capital is the difference between current assets and current liabilities and provides some indication of the ability of the account to meet its current obligations. Current assets are cash and other resources that are reasonably expected to be realized in cash within one year. Likewise, current liabilities are obligations that are reasonably expected to be paid from existing current assets or through the creation of other current liabilities within one year. The adequacy of the working capital balance to sustain the operating costs of the department provides an indicator of the need for potential adjustments of revenues or service levels so the department can satisfy its mission in the long-term.

## FEDERAL HIGHWAY FUNDING STATUS AND IMPACT ON HSSRA BALANCE

Figure 1 summarizes the results of the working capital analysis for three funding scenarios linked to the reauthorization of federal highway funding. The previous six-year federal funding bill for highways was titled the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) and ended on September 30, 2003. Congress has not passed a new multi-year reauthorization, but has continued to authorize federal aid funding for highways through six extensions of TEA-21, with the last extension ending May 31, 2005. Currently, both chambers of Congress have passed bills that would provide average annual

Figure 1.

Summary of Ending Working Capital Balance  
Highways State Special Revenue Account  
Fiscal Years 2004 - 2011  
(in Millions)

Description	Fiscal 2004 Actual	Fiscal 2005 Approp.	Fiscal 2006 Estimate	Fiscal 2007 Estimate	Fiscal 2008 Estimate	Fiscal 2009 Estimate	Fiscal 2010 Estimate	Fiscal 2011 Estimate
<b>Current Federal Funding Levels Under TEA-21 (\$272.5 million average annual apportionment)</b>								
Beginning balance	\$63.4	\$39.1	\$33.7	\$19.0	\$3.1	-\$11.0	-\$23.6	-\$34.5
Revenues	256.0	246.6	246.9	245.9	247.5	249.1	250.8	258.5
Expenditures	<u>280.9</u>	<u>252.0</u>	<u>261.7</u>	<u>261.7</u>	<u>261.7</u>	<u>261.7</u>	<u>261.7</u>	<u>261.7</u>
Ending balance	<u>\$39.1</u>	<u>\$33.7</u>	<u>\$19.0</u>	<u>\$3.1</u>	<u>-\$11.0</u>	<u>-\$23.6</u>	<u>-\$34.5</u>	<u>-\$37.7</u>
<b>U.S. Senate Version for Federal Funding (\$380.2 million average annual apportionment)</b>								
Beginning balance	\$63.4	\$39.1	\$33.7	-\$7.9	-\$50.5	-\$91.5	-\$130.9	-\$168.6
Revenues	256.0	254.3	258.8	257.7	259.4	261.0	262.7	270.3
Expenditures	<u>280.9</u>	<u>259.7</u>	<u>300.4</u>	<u>300.4</u>	<u>300.4</u>	<u>300.4</u>	<u>300.4</u>	<u>300.4</u>
Ending balance	<u>\$39.1</u>	<u>\$33.7</u>	<u>-\$7.9</u>	<u>-\$50.5</u>	<u>-\$91.5</u>	<u>-\$130.9</u>	<u>-\$168.6</u>	<u>-\$198.6</u>
<b>U.S. House of Representative Version for Federal Funding (\$300 million average annual apportionment)</b>								
Beginning balance	\$63.4	\$39.1	\$33.7	\$12.2	-\$10.3	-\$31.2	-\$50.4	-\$68.0
Revenues	256.0	254.3	250.0	248.9	250.5	252.2	253.8	261.5
Expenditures	<u>280.9</u>	<u>259.7</u>	<u>271.4</u>	<u>271.4</u>	<u>271.4</u>	<u>271.4</u>	<u>271.4</u>	<u>271.4</u>
Ending balance	<u>\$39.1</u>	<u>\$33.7</u>	<u>\$12.2</u>	<u>-\$10.3</u>	<u>-\$31.2</u>	<u>-\$50.4</u>	<u>-\$68.0</u>	<u>-\$77.9</u>

Notes:

1. For more details see analysis figures in Appendices A through C
2. Revenues include federal indirect cost recovery revenues, which are estimated to be \$30.1 million annually for TEA-21, \$33.1 million annually for the House version, and \$41.9 million annually for the Senate version.
3. Expenditures assume full expenditure of federal indirect cost recovery revenues on state funded construction projects.

apportionments for Montana that are higher than received under TEA-21. However, the average levels differ by \$80 million per year between the two versions now being negotiated in conference committee.

According to tables provided by the Federal Highway Administration (FHWA) of the U.S. Department of Transportation, Montana would receive average annual apportionments of \$380.2 million under the U.S. Senate version and \$300.0 million under the U.S. House of Representatives version. These apportionment levels compare to \$272.5 million average annual apportionment Montana received under TEA-21. Because of the uncertainty with the federal funding levels and associated program restrictions, accurate estimates of state funds needed to fully match the federal funding cannot be determined. To address the uncertainty, scenarios for each federal funding level are presented with a state match ratio based on the historical funding performance.

## **WORKING CAPITAL ANALYSIS**

### **Analysis Assumptions**

The following assumptions were used for all scenarios and all years of the analysis:

- Full expenditure, on 100 percent state funded construction projects, of all federal revenue derived from recovery of indirect cost expenditures
- Expenditure of \$10 million annually on 100 percent state funded construction projects as the state maintenance of effort to maintain the favorable federal participation rate of 87 percent on highway construction projects<sup>1</sup>
- Federal aid at the average annual apportionment levels published in tables by the FHWA<sup>2</sup>

The following assumptions were used for fiscal 2005:

- HJR 2 revenue estimates are applied for gasoline and diesel taxes and gross vehicle weight fees
- Fiscal 2004 actual revenues are used for all other revenue sources (except \$3.4 million was deducted from the fiscal 2004 amount because fiscal 2004 included local government participation for one large project that is not typical of historical patterns and is not expected to continue at the fiscal 2004 level)
- Fiscal 2005 appropriations are used, except all remaining appropriation authority valid for the 2005 biennium is used where biennial appropriations were approved
- All unspent prior and current biennia Long-range Building Program appropriations are used

The following assumptions were used for years after fiscal 2005:

- Gasoline tax revenues at the HJR 2 level for fiscal 2005, inflated by 0.55 percent per year
- Diesel tax revenues at the HJR 2 level for fiscal 2005, inflated by 1.44 percent per year
- Indirect cost recovery revenue is at the current rate of 12.4 percent of the federal apportionment level
- Expenditures at the fiscal 2005 appropriation level, adjusted for the pay plan approved by the 2003 legislature, except the 2005 biennium average annual appropriation, as adjusted for the pay plan, are used when biennial appropriations were approved
- Long-range Building Program at the historical appropriation level

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<sup>1</sup> Without the state funded maintenance of effort the average federal participation rate would be 80 percent.

<sup>2</sup> Annual federal aid apportionment levels have historically increased each succeeding year. Annual levels at the end of TEA-21 are higher than the average shown in Appendix A.

## **Analysis Results**

Figure 1 summarizes revenues, expenditures, and working capital balances through fiscal 2011 for three funding scenarios: 1) current funding level under TEA-21; 2) U.S. Senate proposal; and 3) U.S. House of Representatives proposal. Appendices A through C provide further details for the three scenarios summarized on Figure 1. A fourth scenario, not shown on Figure 1, is described below and shown in Appendix D to illustrate an option for managing the fund above a specified minimum ending balance without adjusting revenue sources. Figure 1 shows that with current revenue sources and expenditure trends and assumptions, the working capital balance would be depleted:

- During fiscal 2008 under current TEA-21 federal funding levels
- During fiscal 2006 under the federal funding levels proposed by the U.S. Senate
- During fiscal 2007 under the federal funding levels proposed by the U.S. House of Representatives

All of these scenarios are improvements over the estimates reported in the “Legislative Fiscal Report 2005 Biennium,” in which projections indicated the account balance would be depleted prior to the 2007 biennium.

## **Factors for the Improved Fiscal 2004 Ending Working Capital Balance**

The ending working capital balances for fiscal 2004 is the known starting point in this analysis for the estimates of succeeding fiscal years. The ending balance for fiscal 2004 is roughly \$26 million higher than estimated in the “Legislative Fiscal Report 2005 Biennium”. The combination of higher revenues and lower expenditures, along with adjustments made directly to the fund balance, account for the actual ending working capital balance being higher than anticipated when the fiscal report was prepared. In fiscal 2003, expenditures were \$34 million lower and revenues were \$4 million lower than anticipated. In fiscal 2004, expenditures were \$14 million higher and revenues were \$8 million higher than anticipated.

## **POTENTIAL LEGISLATIVE OPTIONS FOR STRENGTHENING THE ACCOUNT**

The future federal funding levels have not been determined and the Executive Budget has not been completed. Without these two key components, the structural integrity of HSSRA is still uncertain and decisive actions by the legislature to address the account stability are premature. Given the uncertainty, the intent of this report is to inform the legislature that it may be faced with any or all of the following three basic options to strengthen the account to support future biennia operations: 1) continue to rely on the department to manage the account; 2) increase revenues; and 3) reduce or control expenditures of HSSRA funds.

### **Continue to Rely on Montana Department of Transportation Management**

The legislature could continue to rely on the department to maintain the account in a condition that would provide for the operations of those programs funded from the account through appropriations of the legislature. The department would have no control over other agencies funded with the account and would have to maintain the account balance by prioritizing the 84 percent of total annual HSSRA expenditures appropriated to the department.

### **Increase Revenues**

At \$0.27 per gallon for gasoline and \$0.2775 per gallon for diesel fuel, Montana ranks third highest in fuel tax rates, falling below only Wisconsin and Rhode Island at \$0.281 and \$0.30 per gallon, respectively. Combined, gasoline and diesel taxes provide roughly 73 percent of annual revenues for the

account. The legislature could balance expenditures by increasing highway user fees such as gasoline and diesel taxes or gross vehicle weight fees, or it could establish new fees. Based on fiscal 2004 actual revenues, each \$0.01 increase of gasoline tax would generate roughly \$4.7 million revenues for HSSRA. Any increases of the gasoline or diesel tax rates or gross vehicle weight fees would require legislation. Based on current trends, any gasoline tax increase would come at a time of rising gasoline prices to the consumers.

## **Reduce or Control Expenditures**

For the past several biennia, the legislature has appropriated more from HSSRA than it estimated in revenues. The legislature has relied on the fund balance to balance the HSSRA budget. As stated, HSSRA funds many services in addition to those of the department. To bring HSSRA expenditures in line with revenues, the legislature could reduce expenditures or enhance revenue in any of the following ways:

- Amend statute to reduce or eliminate alcohol production incentives (15-70-522, MCA)
- Amend statute to reduce or eliminate ethanol consumption incentives (15-70-204 and 321, MCA)
- Amend statute to reduce or eliminate the \$100,000 annual transfer to the noxious weed trust fund (80-7-823, MCA)
- Amend statute to reduce or eliminate the statutory appropriations to cities, towns, counties, and consolidated city-county governments and to the Montana local technical assistance transportation program (15-70-101, MCA)
- Prioritize services and match appropriations made to the department, Department of Justice, and Long-range Building Program with estimated revenues

Two assumptions included in the working capital analysis summarized on Figure 1 and detailed in Appendices A through C are that Montana would: 1) expend state funds to match all federal funds available to the state; and 2) expend all federal indirect cost recovery revenues as state funded construction expenditures. These two assumptions could be modified to reduce or control HSSRA expenditures. However, reducing HSSRA expenditures for either matching federal funds or state construction projects translates into less construction activity on Montana highways.

The figure in Appendix D illustrates how controlling expenditures of federal indirect cost recovery revenues that are currently used to fund state funded construction projects could be used to balance HSSRA expenditures with revenues. The figure illustrates how the legislature could establish a minimum balance for HSSRA, either in statute or as a management parameter, and use expenditures of indirect cost recovery revenues to balance the account without the need for other changes. Appendix D illustrates how a minimum balance of \$10 million could be maintained. The legislature could control expenditure of indirect cost recovery revenues by approving a line item appropriation and restricting and conditioning the appropriation only for expenditures on state funded construction activities under specified conditions, such as maintenance of a minimum ending balance. The legislature could also amend the statute that authorizes the HSSRA to provide a requirement to maintain a minimum ending balance.

## **CONCLUSION**

Current projections of HSSRA indicate that the adequacy of the HSSRA working capital balance is questionable for providing funding through the 2007 biennium, depending upon what level of federal highway funding is approved by the U.S. Congress as it reauthorizes federal highway funding. Depending upon the annual level of federal funding Montana receives and on the state match

requirements associated with the federal highway funding, the legislature may be faced with choices for restoring a structural balance between revenues and expenditures of the HSSRA.

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# APPENDIX A

Working Capital Analysis – Highways State Special Revenue Account  
Fiscal Years 2004 – 2001  
TEA-21 Funding Level



Working Capital Analysis - Highways State Special Revenue Account  
Fiscal Years 2004 - 2011 at the TEA21 Level (\$272.5 million per year)  
(in Millions)

Description	Fiscal 2004 Actual	Fiscal 2005 Approp.	Fiscal 2006 Estimate	Fiscal 2007 Estimate	Fiscal 2008 Estimate	Fiscal 2009 Estimate	Fiscal 2010 Estimate	Fiscal 2011 Estimate
Beginning Working Capital Balance	\$63.4	\$39.1	\$33.7	\$19.0	\$3.1	-\$11.0	-\$23.6	-\$34.5
Revenues								
Gasoline tax	127.0	128.0	128.7	129.4	130.1	130.8	131.5	132.3
Diesel tax	60.8	58.7	59.5	60.4	61.3	62.1	63.0	63.9
Gross vehicle weight fees (GVW)	26.3	25.3	25.0	25.0	25.0	25.0	25.0	25.0
Indirect cost recovery (federal aid)	34.0	30.1	30.1	30.1	30.1	30.1	30.1	30.1
General fund transfer	0.0	0.0	3.1	3.1	3.1	3.2	3.2	3.3
Other revenues	7.9	4.5	3.9	3.9	3.9	3.9	3.9	3.9
Revenue deductions								
Alcohol production incentives (15-70-522, MCA)	0.0	0.0	-3.3	-6.0	-6.0	-6.0	-6.0	0.0
Ethanol consumption incentives (15-70-204/321, MCA)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Revenues	\$256.0	\$246.6	\$246.9	\$245.9	\$247.5	\$249.1	\$250.8	\$258.5
Expenditures								
Department of Transportation (DOT)								
General Operations Program	19.7	20.3	20.2	20.2	20.2	20.2	20.2	20.2
Construction Program (federal aid program match)	70.2	63.9	67.5	67.5	67.5	67.5	67.5	67.5
Construction Program (state funded program - maintenance of effort)	10.0	8.1	10.0	10.0	10.0	10.0	10.0	10.0
Construction Program (state funded program - discretionary)	46.9	30.1	30.1	30.1	30.1	30.1	30.1	30.1
Maintenance Program	83.6	79.0	82.3	82.3	82.3	82.3	82.3	82.3
Motor Carriers Services	5.1	5.4	5.6	5.6	5.6	5.6	5.6	5.6
Transportation Planning	<u>1.1</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Department of Transportation	236.6	208.6	217.6	217.6	217.6	217.6	217.6	217.6
Statutory Appropriations	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Department of Justice (DOJ)	23.2	24.0	24.4	24.4	24.4	24.4	24.4	24.4
Long-Range Building Program								
Maintenance and repair of MDT buildings	3.7	1.7	2.0	2.0	2.0	2.0	2.0	2.0
Department of Fish, Wildlife & Parks	<u>0.5</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
Total Long-Range Building Program	4.2	2.4	2.8	2.8	2.8	2.8	2.8	2.8
Transfer for noxious weeds (80-7-823, MCA)	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Expenditures	\$280.9	\$252.0	\$261.7	\$261.7	\$261.7	\$261.7	\$261.7	\$261.7
Revenues less expenditures	-24.8	-5.4	-14.8	-15.8	-14.2	-12.5	-10.9	-3.2
Adjustments	0.5							
Ending Working Capital Balance	<u>\$39.1</u>	<u>\$33.7</u>	<u>\$19.0</u>	<u>\$3.1</u>	<u>-\$11.0</u>	<u>-\$23.6</u>	<u>-\$34.5</u>	<u>-\$37.7</u>

# APPENDIX B

Working Capital Analysis – Highways State Special Revenue Account  
Fiscal Years 2004 – 2001  
U.S. Senate Funding Level

Working Capital Analysis - Highways State Special Revenue Account  
Fiscal Years 2004 - 2011 at the U.S. Senate Level (\$380.2 million per year)  
(in Millions)

Description	Fiscal 2004 Actual	Fiscal 2005 Approp.	Fiscal 2006 Estimate	Fiscal 2007 Estimate	Fiscal 2008 Estimate	Fiscal 2009 Estimate	Fiscal 2010 Estimate	Fiscal 2011 Estimate
Beginning Working Capital Balance	\$63.4	\$39.1	\$33.7	-\$7.9	-\$50.5	-\$91.5	-\$130.9	-\$168.6
Revenues								
Gasoline tax	127.0	128.0	128.7	129.4	130.1	130.8	131.5	132.3
Diesel tax	60.8	58.7	59.5	60.4	61.3	62.1	63.0	63.9
Gross vehicle weight fees (GVW)	26.3	25.3	25.0	25.0	25.0	25.0	25.0	25.0
Indirect cost recovery (federal aid)	34.0	37.8	41.9	41.9	41.9	41.9	41.9	41.9
General fund transfer	0.0	0.0	3.1	3.1	3.1	3.2	3.2	3.3
Other revenues	7.9	4.5	3.9	3.9	3.9	3.9	3.9	3.9
Revenue deductions								
Alcohol production incentives (15-70-522, MCA)	0.0	0.0	-3.3	-6.0	-6.0	-6.0	-6.0	0.0
Ethanol consumption incentives (15-70-204/321, MCA)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Revenues	\$256.0	\$254.3	\$258.8	\$257.7	\$259.4	\$261.0	\$262.7	\$270.3
Expenditures								
Department of Transportation (DOT)								
General Operations Program	19.7	20.3	20.2	20.2	20.2	20.2	20.2	20.2
Construction Program (federal aid program match)	70.2	63.9	94.4	94.4	94.4	94.4	94.4	94.4
Construction Program (state funded program - maintenance of effort)	10.0	8.1	10.0	10.0	10.0	10.0	10.0	10.0
Construction Program (state funded program - discretionary)	46.9	37.8	41.9	41.9	41.9	41.9	41.9	41.9
Maintenance Program	83.6	79.0	82.3	82.3	82.3	82.3	82.3	82.3
Motor Carriers Services	5.1	5.4	5.6	5.6	5.6	5.6	5.6	5.6
Transportation Planning	<u>1.1</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Department of Transportation	236.6	216.3	256.3	256.3	256.3	256.3	256.3	256.3
Statutory Appropriations	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Department of Justice (DOJ)	23.2	24.0	24.4	24.4	24.4	24.4	24.4	24.4
Long-Range Building Program								
Maintenance and repair of MDT buildings	3.7	1.7	2.0	2.0	2.0	2.0	2.0	2.0
Department of Fish, Wildlife & Parks	<u>0.5</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
Total Long-Range Building Program	4.2	2.4	2.8	2.8	2.8	2.8	2.8	2.8
Transfer for noxious weeds (80-7-823, MCA)	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Expenditures	\$280.9	\$259.7	\$300.4	\$300.4	\$300.4	\$300.4	\$300.4	\$300.4
Revenues less expenditures	-24.8	-5.4	-41.6	-42.6	-41.0	-39.4	-37.7	-30.0
Adjustments	0.5							
Ending Working Capital Balance	<u>\$39.1</u>	<u>\$33.7</u>	<u>-\$7.9</u>	<u>-\$50.5</u>	<u>-\$91.5</u>	<u>-\$130.9</u>	<u>-\$168.6</u>	<u>-\$198.6</u>

# APPENDIX C

Working Capital Analysis – Highways State Special Revenue Account  
Fiscal Years 2004 – 2001  
U.S. House of Representatives Funding Level

Working Capital Analysis - Highways State Special Revenue Account  
Fiscal Years 2004 - 2011 at the U.S. House of Representatives Level (\$300.0 million per year)  
(in Millions)

Description	Fiscal 2004 Actual	Fiscal 2005 Approp.	Fiscal 2006 Estimate	Fiscal 2007 Estimate	Fiscal 2008 Estimate	Fiscal 2009 Estimate	Fiscal 2010 Estimate	Fiscal 2011 Estimate
Beginning Working Capital Balance	\$63.4	\$39.1	\$33.7	\$12.2	-\$10.3	-\$31.2	-\$50.4	-\$68.0
Revenues								
Gasoline tax	127.0	128.0	128.7	129.4	130.1	130.8	131.5	132.3
Diesel tax	60.8	58.7	59.5	60.4	61.3	62.1	63.0	63.9
Gross vehicle weight fees (GVW)	26.3	25.3	25.0	25.0	25.0	25.0	25.0	25.0
Indirect cost recovery (federal aid)	34.0	37.8	33.1	33.1	33.1	33.1	33.1	33.1
General fund transfer	0.0	0.0	3.1	3.1	3.1	3.2	3.2	3.3
Other revenues	7.9	4.5	3.9	3.9	3.9	3.9	3.9	3.9
Revenue deductions								
Alcohol production incentives (15-70-522, MCA)	0.0	0.0	-3.3	-6.0	-6.0	-6.0	-6.0	0.0
Ethanol consumption incentives (15-70-204/321, MCA)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Revenues	\$256.0	\$254.3	\$250.0	\$248.9	\$250.5	\$252.2	\$253.8	\$261.5
Expenditures								
Department of Transportation (DOT)								
General Operations Program	19.7	20.3	20.2	20.2	20.2	20.2	20.2	20.2
Construction Program (federal aid program match)	70.2	63.9	74.2	74.2	74.2	74.2	74.2	74.2
Construction Program (state funded program - maintenance of effort)	10.0	8.1	10.0	10.0	10.0	10.0	10.0	10.0
Construction Program (state funded program - discretionary)	46.9	37.8	33.1	33.1	33.1	33.1	33.1	33.1
Maintenance Program	83.6	79.0	82.3	82.3	82.3	82.3	82.3	82.3
Motor Carriers Services	5.1	5.4	5.6	5.6	5.6	5.6	5.6	5.6
Transportation Planning	<u>1.1</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Department of Transportation	236.6	216.3	227.4	227.4	227.4	227.4	227.4	227.4
Statutory Appropriations	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Department of Justice (DOJ)	23.2	24.0	24.4	24.4	24.4	24.4	24.4	24.4
Long-Range Building Program								
Maintenance and repair of MDT buildings	3.7	1.7	2.0	2.0	2.0	2.0	2.0	2.0
Department of Fish, Wildlife & Parks	<u>0.5</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
Total Long-Range Building Program	4.2	2.4	2.8	2.8	2.8	2.8	2.8	2.8
Transfer for noxious weeds (80-7-823, MCA)	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Expenditures	\$280.9	\$259.7	\$271.4	\$271.4	\$271.4	\$271.4	\$271.4	\$271.4
Revenues less expenditures	-24.8	-5.4	-21.5	-22.5	-20.9	-19.3	-17.6	-9.9
Adjustments	0.5							
Ending Working Capital Balance	<u>\$39.1</u>	<u>\$33.7</u>	<u>\$12.2</u>	<u>-\$10.3</u>	<u>-\$31.2</u>	<u>-\$50.4</u>	<u>-\$68.0</u>	<u>-\$77.9</u>

# APPENDIX D

Working Capital Analysis – Highways State Special Revenue Account  
Fiscal Years 2004 – 2001  
TEA-21 Funding Level With Minimum \$10 Million Ending Balance

Working Capital Analysis - Highways State Special Revenue Account  
Fiscal Years 2004 - 2011 at the TEA-21 Level with \$10.0 Million Ending Balance  
(in Millions)

Description	Fiscal 2004 Actual	Fiscal 2005 Approp.	Fiscal 2006 Estimate	Fiscal 2007 Estimate	Fiscal 2008 Estimate	Fiscal 2009 Estimate	Fiscal 2010 Estimate	Fiscal 2011 Estimate
Beginning Working Capital Balance	\$63.4	\$39.5	\$34.1	\$16.6	\$10.0	\$10.0	\$10.0	\$10.0
Revenues								
Gasoline tax	127.0	128.0	128.7	129.4	130.1	130.8	131.5	132.3
Diesel tax	60.8	58.7	59.5	60.4	61.3	62.1	63.0	63.9
Gross vehicle weight fees (GVW)	26.3	25.3	25.0	25.0	25.0	25.0	25.0	25.0
Indirect cost recovery (federal aid)	34.0	30.1	30.1	30.1	30.1	30.1	30.1	30.1
General fund transfer	0.0	0.0	3.1	3.1	3.1	3.2	3.2	3.3
Other revenues	7.9	4.5	3.9	3.9	3.9	3.9	3.9	3.9
Revenue deductions								
Alcohol production incentives (15-70-522, MCA)	0.0	0.0	-6.0	-6.0	-6.0	-6.0	-6.0	0.0
Ethanol consumption incentives (15-70-204/321, MCA)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Revenues	\$256.0	\$246.6	\$244.2	\$245.9	\$247.5	\$249.1	\$250.8	\$258.5
Expenditures								
Department of Transportation (DOT)								
General Operations Program	19.7	20.3	20.2	20.2	20.2	20.2	20.2	20.2
Construction Program (federal aid program match)	70.2	63.9	67.5	67.5	67.5	67.5	67.5	67.5
Construction Program (state funded program - maintenance of effort)	10.0	8.1	10.0	10.0	10.0	10.0	10.0	10.0
Construction Program (state funded program - discretionary)	46.9	30.1	30.1	20.9	15.9	17.5	19.2	26.8
Maintenance Program	83.6	79.0	82.3	82.3	82.3	82.3	82.3	82.3
Motor Carriers Services	5.1	5.4	5.6	5.6	5.6	5.6	5.6	5.6
Transportation Planning	<u>1.1</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Department of Transportation	236.6	208.6	217.6	208.5	203.5	205.1	206.8	214.4
Statutory Appropriations	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Department of Justice (DOJ)	23.2	24.0	24.4	24.4	24.4	24.4	24.4	24.4
Long-Range Building Program								
Maintenance and repair of MDT buildings	3.7	1.7	2.0	2.0	2.0	2.0	2.0	2.0
Department of Fish, Wildlife & Parks	<u>0.5</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
Total Long-Range Building Program	4.2	2.4	2.8	2.8	2.8	2.8	2.8	2.8
Transfer for noxious weeds (80-7-823, MCA)	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Expenditures	\$280.9	\$252.0	\$261.7	\$252.5	\$247.5	\$249.1	\$250.8	\$258.4
Revenues less expenditures	-24.8	-5.4	-17.4	-6.7	0.0	0.0	0.0	0.1
Adjustments	0.8							
Ending Working Capital Balance	<u>\$39.5</u>	<u>\$34.1</u>	<u>\$16.6</u>	<u>\$10.0</u>	<u>\$10.0</u>	<u>\$10.0</u>	<u>\$10.0</u>	<u>\$10.0</u>

# APPENDIX E

Department of Justice  
Program Funding Percentages  
Fiscal 2004



Department of Justice  
Program Funding Percentages  
Fiscal 2004

Program	General Fund	HSSRA	Other	Federal
			State Special Revenue	Special Revenue
Legal Services Division	66%	1%	9%	24%
Motor Vehicle Division	42%	31%	24%	3%
Highway Patrol Division	1%	85%	4%	10%
Central Services Division	34%	58%	6%	2%
Information Technology Division	70%	2%	23%	5%