

**Colorado
Legislative
Council
Staff**

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MEMORANDUM

October 15, 2015

TO: Members of the General Assembly

FROM: Elizabeth Burger, Principal Research Analyst, 303-866-6272

SUBJECT: Committee of Reference SMART Government Act Hearings

Summary

This memorandum provides an overview of the provisions of the "State Measurement for Accountable, Responsive, and Transparent Government Act" (SMART Government Act). The act requires executive agencies to annually present specific information to joint legislative committees between November 1 and the first day of the legislative session (January 13 in 2016). This memorandum summarizes the information that state agencies are required to submit to committee in advance of the hearings and the requirements of the hearings.

State Agencies Must Submit Specific Information to Committees

State agencies must annually submit a performance plan and regulatory agenda to committees of reference. Departments are also required to annually submit their budgets for the upcoming fiscal year to the Joint Budget Committee.

Performance plan. The SMART Government Act requires state agencies to develop a performance plan. A performance plan is a document prepared by the department as part of a performance management system which incorporates the impact of management strategies and continuous process improvement activities on the costs and efficiency of delivering goods and services to taxpayers and customers of state government. The performance plan serves as a guide to the department's major functions and as a tool to evaluate performance goals over time. A performance plan must include:

- a statement of the department's mission or vision;
- a description of the department's major functions;
- performance measures for the department's major functions;
- performance goals that correspond to the department's performance measures and that extend at least three years into the future;
- a narrative description of the strategies necessary to meet the performance goals; and
- a summary of the department's most recent performance evaluation.

Departments must submit their performance plans to the Joint Budget Committee and the relevant joint committees of reference each July 1. Departments are also required to conduct performance evaluations and distribute them to the Joint Budget Committee at least twice each calendar year. Finally, a performance report for each department must be published each November 1.

Special requirements for certain agencies. In lieu of completing a performance plan, the Department of Higher Education will satisfy the requirements of the SMART Government Act through the master plan for postsecondary education maintained by the Colorado Commission on Higher Education (CCHE) and any performance contracts that the CCHE negotiates and enters into with the governing boards of state institutions of higher education.

The Public Employees' Retirement Association will satisfy the SMART Government Act's requirement to create a performance plan through the association's annual actuarial valuation report and its report to the Governor regarding the policies, financial condition, and administration of the association.

Regulatory agenda. Pursuant to the SMART Government Act, each department, with the exception of the Judicial Branch, is required to submit its regulatory agenda to its oversight committees. Annually on November 1, departments must submit their regulatory agendas to Legislative Council, which will distribute the regulatory agendas to the appropriate committees of reference. The regulatory agenda must contain:

- a list of new rules or revisions to existing rules that the department expects to propose in the next calendar year;
- the statutory or other basis for the adoption of the proposed rules;
- the purpose of the proposed rules;
- the contemplated schedule for the adoption of the rules;
- an identification and listing of persons or parties that may be affected by the rules; and
- a list and brief summary of all permanent and temporary rules actually adopted since the previous departmental regulatory agenda was filed.

Department budget submittal. State law requires state agencies to submit their budget requests for the upcoming fiscal year to the Joint Budget Committee each November 1.

Committee of Reference SMART Government Act Hearings

Between November 1 and the commencement of the following regular legislative session, committees of reference are required to conduct hearings with each state department. Committees must meet at least *once* and up to *three* times during this time period. Public testimony is allowed at each hearing. The hearings must include a presentation covering the department's:

- performance plan;
- regulatory agenda; and
- budget request and associated legislative agenda for the upcoming legislative session.

Assignments of departments to committees of reference. For purposes of the hearings, the Speaker of the House of Representatives and the President of the Senate are required to assign each state department to a House and Senate committee of reference. JR 25 of the Joint Legislative Rules specifies the departmental assignments for each committee for purposes of the SMART Government Act, unless the Speaker and President designate the

assignments in another manner. The assignments for the 2015-16 SMART Government Act hearings can be found in Attachment A.

During its SMART Government Act hearings with its assigned departments, the Joint Judiciary Committee is also required to hear a presentation from the Colorado Commission on Criminal and Juvenile Justice (CCJJ). The CCJJ must present a progress report on its recommendations for the upcoming legislative session.

Annual presentation of audits. The SMART Government Act requires the State Auditor's Office (SAO) to conduct performance audits of one or more specific programs or services in at least two departments. The SAO must present the audits to the committees of reference to which the relevant departments are assigned. The following audits were conducted pursuant to this requirement, and will be presented to the designated committees during the 2015-16 SMART Government Act hearings.

- *Correctional Industries* (released January 2015) - Department of Corrections
Joint Judiciary
- *Consumer Directed Attendant Support Services* (released May 2015) - Department of Health Care Policy and Financing
Joint Health
- *Medicaid Prescription Drugs* (released May 2015) - Department of Health Care Policy and Financing
Joint Health
- *Collection and Usage of Motor Vehicle FASTER Fees* (released August 2015) - Department of Transportation
Joint Transportation
- *Limited Gaming Impact Grants* (released August 2015) - Department of Local Affairs
Joint Local Government
- *Oil & Public Safety* (to be released December 2015) - Department of Labor and Employment
Joint Business

Joint committee chairs and liaisons. The chair of each joint committee of reference will preside over the SMART Government Act hearings. A list of the chairs for the 2015-16 and 2016-17 hearings can be found in Attachment A. The chairmanship will switch to the other chamber beginning with the hearings held in November 2017.

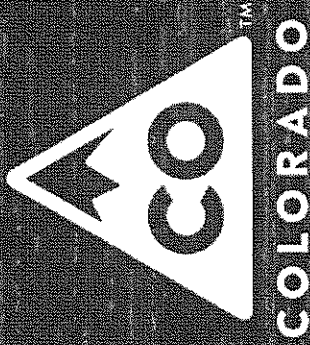
2015-16 Committee Assignments Pursuant to the SMART Government Act

Joint Committee	Agencies	Joint Committee Chair (Nov. 2015- Jan 2017)*
House and Senate Agriculture	Agriculture Natural Resources	Rep. Vigil
House Transportation and Senate Agriculture	Colorado Energy Office	Rep. Tyler
House and Senate Business	Labor and Employment Personnel and Administration Regulatory Agencies Office of Economic Development	Rep. Williams
House and Senate Finance	Public Employees' Retirement Association Revenue Treasury	Sen. Neville
House and Senate Education	Education Higher Education	Sen. Hill
House and Senate Local Government	Local Affairs	Rep. Fields
House and Senate State Affairs	Military Affairs State	Sen. Scott
House and Senate Transportation	Transportation	Sen. Baumgardner
House Health Insurance and Environment, House Public Health Care and Human Services, and Senate Health and Human Services	Public Health and Environment Human Services Health Care Policy and Financing	Rep. Primavera Rep. McCann
House and Senate Judiciary	Corrections Judicial Law Public Safety State Public Defender Alternate Defense Counsel Office of the Child's Representative Colorado Commission on Criminal and Juvenile Justice**	Rep. Kagan

Note: Agencies that are assigned to committees for oversight pursuant to JR 25, but are not included under the SMART Government Act include: The Office of Information Technology, the Public Utilities Commission, the Health Benefit Exchange, and the Office of State Planning and Budgeting.

*The chairs designated in this column will serve as the joint committee chair for the hearings held in November and December of 2015 and January of 2016 and the hearings held in November and December of 2016 and January of 2017. After that point, the chairmanship will rotate to the other chamber, and continue to rotate on a two-year basis.

**Only required to brief the committees, not required to comply with the other provisions of the SMART Government Act.



Performance Management in Colorado

Office of State Planning and Budgeting
December 2015



Our vision for performance management in Colorado

Our vision: A sustainable, customer-focused performance management system which drives continuous performance improvement and operational excellence

Customer focus

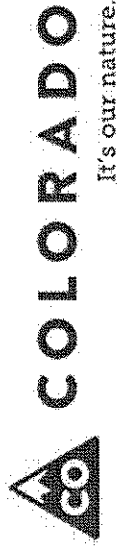
Colorado's performance management system is founded on a commitment to customer service in state government

Continuous performance improvement

Continuous performance improvement requires that we track what we do and how we do it in order to evaluate opportunities to improve our customer service. Performance plans help departments to identify customer focus areas in order to prioritize resources to meet strategic and operational goals

Operational excellence

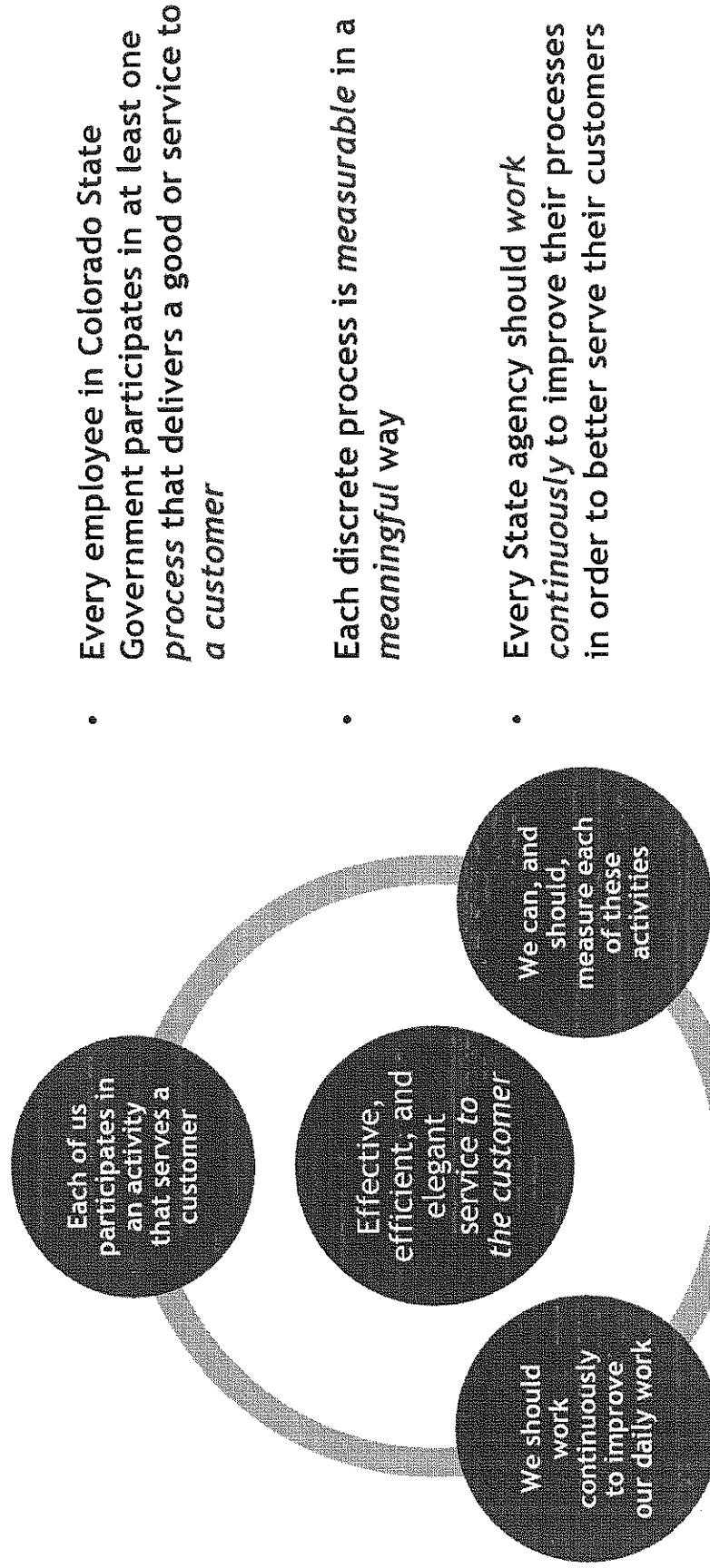
Operational excellence feeds a culture of innovation in which challenges to effective, efficient, and elegant customer service are transformed into opportunities. Equipped with training and tools for continuous performance improvement, employees are able to drive operational excellence at every level of state government



Governor's Office of State Planning and Budgeting

Guiding principles of performance management in Colorado

The Hickenlooper Administration continues to work to shift Colorado state government toward a customer-oriented performance management system based on the following three, operational guiding principles:

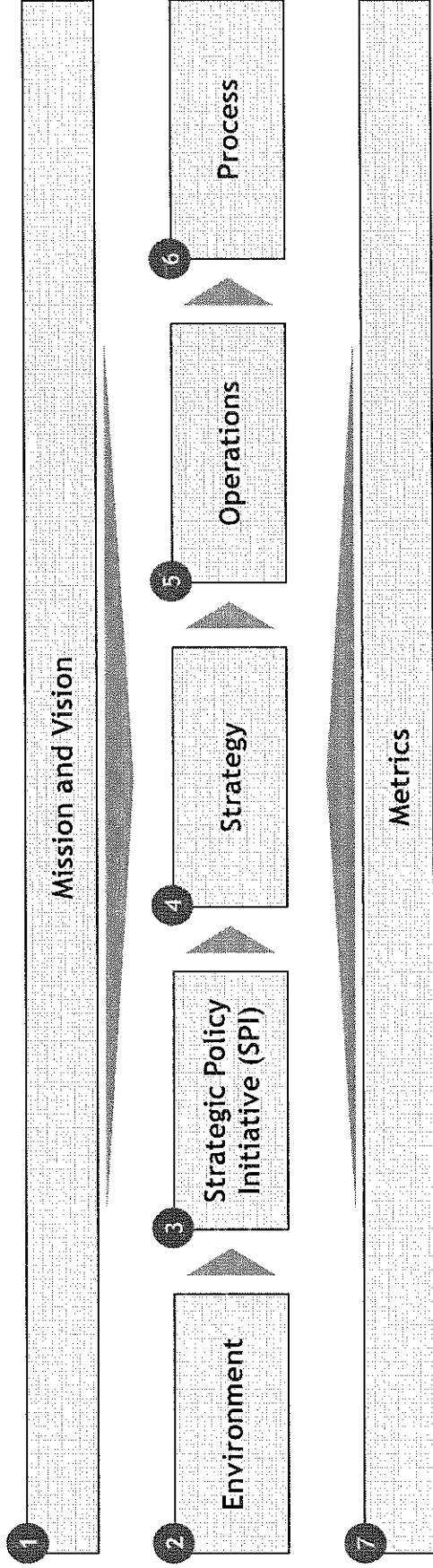


Upcoming SMART Government Act Deliverables

The revised SMART Government Act (H.B. 13-1299) formalizes the performance management system in Colorado, providing parameters for planning, management, and evaluation reflected in the following deliverables:

Deliverable	Purpose	Agencies involved	Deadlines
Performance Plan	Outline Department's major goals, metrics, and plan to achieve those goals	<ul style="list-style-type: none"> Executive Branch Non-Exec Branch OSPB 	<ul style="list-style-type: none"> July 1, 2016
Performance Plan Evaluations	Evaluate Department's progress (quarterly) toward achieving goals outlined in performance plan	<ul style="list-style-type: none"> Executive Branch Non-Exec Branch OSPB 	<ul style="list-style-type: none"> Jan 16, 2016 April 16, 2016 July 16, 2016 October 16, 2016 November 1, 2016
Annual Performance Reports	4 page summary of each Department's performance plan, including progress toward goals	<ul style="list-style-type: none"> Executive Branch Non-Exec Branch OSPB 	<ul style="list-style-type: none"> December 2015 - January 2016
SMART Act hearings	Inform legislature on performance successes and challenges	<ul style="list-style-type: none"> Executive Branch Non-Exec Branch 	<ul style="list-style-type: none"> May, 2016
Performance Mgt Instructions	Provide guidance on building quality performance plans	<ul style="list-style-type: none"> OSPB Non-Exec Branch 	

Elements to a high quality performance plan



1. Mission and Vision
 - Mission: why Dept. exists, which customers served
 - Vision: desired future state
2. Environment
 - World outside the Dept., usually can not control
3. Strategic Policy Initiative
 - 3-5 major strategic priorities
 - Measured in x to y by when, for whom
4. Strategy
 - Handful of high impact efforts to achieve SPI
5. Operations
 - Program, initiative or functional activities that put the strategy into action
6. Process
 - Specific activity conducted by an individual or group
7. Metrics
 - Data based measure used to understand progress towards goals and support decision making

Key elements of performance plans & annual performance reports

Performance Plan - 07/01/2015

Strategic Policy Initiatives

Strategic Policy Initiatives outline the overarching policy goals for each department. Departments identified 3-5 strategic policy initiatives and associated performance targets (1- and 3-year goals) to provide direction and establish strategic priorities

Major Program Areas

Departments identify major program areas within each department - these may be divisions or key functions that the department performs

Performance Measures

Departments use a range of measures to understand how well they are delivering a good or service. These include: outcome measures, lead measures, input measures, and metrics that measure the critical process of major programs

Annual Performance Report - 11/01/2015

The annual evaluations report on the actual performance in FY 2015, providing an overall judgment on whether strategic policy initiatives were accomplished

The reports identify those major program areas which are used to deliver strategic policy initiatives, and report on performance measures of associated critical processes

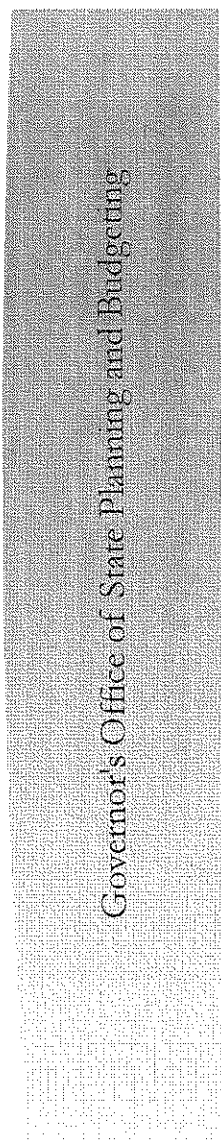
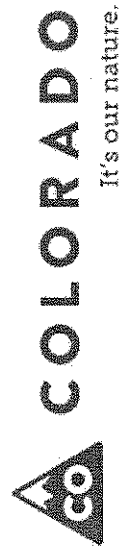
The annual evaluations report on the actual performance in FY 2015 as measured by those metrics identified as key to the delivery of the performance plan, and include data on prior historical performance

Near term deadlines and activities



- SMART Act hearings
- SMART Act hearings
- Collect data on Oct-Dec
- Q2 performance evaluation report January 15
- Collect data on Jan-Mar
- Q3 performance evaluation report April 15
- FY 2017 perf plan development
- Perf plan for FY 2017 July 1
- Collect data on Apr-Jun
- Q4 performance evaluation report July 15

Key deadlines and activities



Governor's Office of State Planning and Budgeting

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF BUDGET BRIEFING
DEPARTMENT OF TRANSPORTATION**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
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November 16, 2015**

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JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

TABLE OF CONTENTS

Department Overview	1
Department Budget: Recent Appropriations.....	2
Department Budget: Graphic Overview	3
General Factors Driving the Budget	5
Summary: FY 2015-16 Appropriation & FY 2016-17 Request	13
Issues:	
Issue: “Heat is On”	14
Informational Issue: Newsworthy Items.....	18
Appendices:	
A - Numbers Pages	
B - Recent Legislation Affecting Department Budget	
C - Update on Long Bill Footnotes & Requests for Information	
D - SMART Act Annual Performance Report	
E- Motor Fuel Tax History	
F - Memo Added 11.16.15 Regarding Utah's I-15 and Colorado's Federal Funding	

DEPARTMENT OF TRANSPORTATION

Department Overview

The Colorado Department of Transportation (CDOT) is a cabinet level department which plans for, operates, maintains, and constructs the state-owned transportation system, including state highways and bridges. CDOT operates under the direction of the Colorado Transportation Commission, which is composed of eleven members who represent specific districts around the state. Each commissioner is appointed by the Governor and confirmed by the Senate for a four year term. The Commission establishes policy and administers the Department's budgets and programs. Some of CDOT's specific duties include:

- Operation of the over 9,100 center-lane mile state highway system, including 3,439 bridges and over 28.0 billion miles of vehicle travel;
- Management of highway construction projects statewide;
- Maintenance of the state highway system, including repairing road damage, filling potholes, plowing snow, and applying sand to icy roads;
- Assistance in the development of a statewide, multi-modal transportation system by providing assistance to local transit systems in the state;
- Development and implementation of the State's Highway Safety Plan, including efforts to combat drunk driving, encourage seatbelt use, enforce speed limits, and reduce traffic fatalities; and
- Maintenance of the statewide aviation system plan, which includes the provision of technical support to local airports regarding aviation safety and the administration of both entitlement reimbursement of aviation fuel tax revenues and discretionary grants to local airports.

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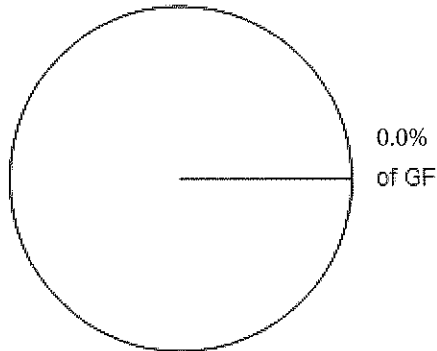
Department Budget: Recent Appropriations

Funding Source	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 *
General Fund	\$0	\$700,000	\$0	\$0
Cash Funds	759,829,076	748,479,175	844,073,959	748,969,471
Reappropriated Funds	19,775,304	19,773,476	19,777,338	4,777,338
Federal Funds	<u>488,142,984</u>	<u>514,325,330</u>	<u>573,062,075</u>	<u>650,882,799</u>
Total Funds	\$1,267,747,364	\$1,283,277,981	\$1,436,913,372	\$1,404,629,608
Full Time Equiv. Staff	3,317.5	3,326.9	3,326.8	3,326.8

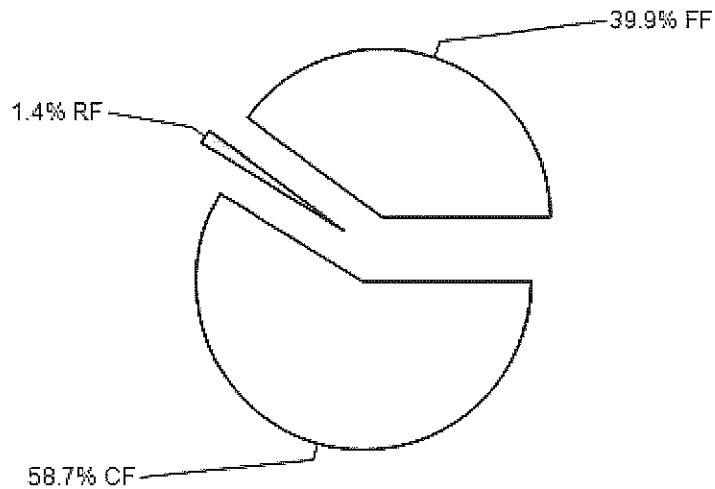
*Requested appropriation.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**



Department Funding Sources

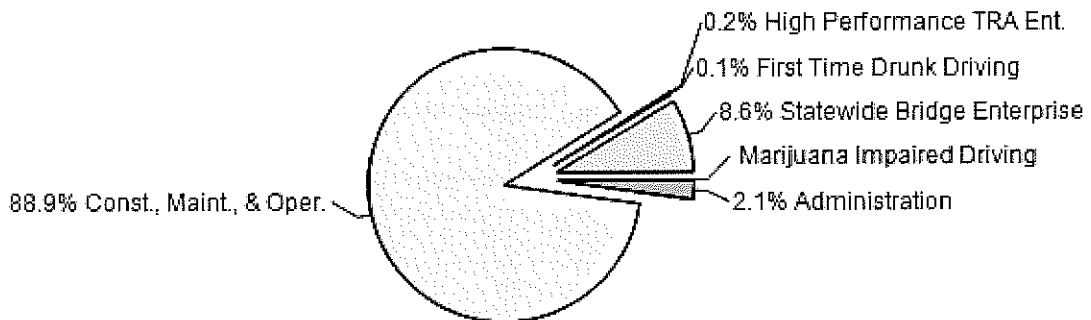


All charts are based on the FY 2015-16 appropriation.

Distribution of General Fund by Division

The Department of Transportation does not receive General Fund appropriations.

Distribution of Total Funds by Division



All charts are based on the FY 2015-16 appropriation.

General Factors Driving the Budget

Total State Funding Levels and General Fund Expenditures

Total state funding for transportation has fluctuated substantially over the past ten years, primarily due to changes in the amount of General Fund transferred to the Highway Users Tax Fund (HUTF), the Department's main source of funding. The HUTF is supported by state and federal excise taxes on gasoline, diesel, and special fuels, registration fees, surcharges, and other miscellaneous sources of revenue. Pursuant to statutory formula, CDOT receives over half of the State's monthly HUTF distributions.

Beginning in 1997, the General Assembly passed a variety of legislation to assist in the completion of priority transportation projects by providing additional funding to the State Highway Fund from General Fund sources, including: Capital Construction Fund appropriations (which originate in the General Fund); diversions of sales and use taxes from the General Fund to the Highway Users Tax Fund (pursuant to S.B. 97-001); Limited Gaming Fund appropriations (which use cash funds that would otherwise be credited to the Clean Energy Fund); and two-thirds of the year-end General Fund surplus (pursuant to H.B. 02-1310). Additional legislation (H.B. 99-1325) permitted the Department to issue bonds to accelerate projects and to use future federal and state revenues to pay back bondholders over time.

Transfers of General Fund dollars to the State Highway Fund under the legislation discussed above has fluctuated with the economy. For example, economic conditions precluded most such transfers from FY 2002-03 through FY 2004-05, although there were limited transfers under H.B. 02-1310 in FY 2003-04 and FY 2004-05. Transfers pursuant to S.B. 97-001 and H.B. 02-1310 increased in FY 2006-07 to a total of \$522 million, decreased to \$407 million in FY 2007-08, and then decreased to \$88 million in FY 2008-09.

State Transportation Revenues

The Department's most significant source of State revenues is the excise tax on motor fuels, which has been set at \$0.22 per gallon of gasoline and \$0.205 per gallon of diesel fuel since 1991 and 1992 respectively. The major source of federal revenue is also an excise tax on motor fuels, which has been set at \$0.184 per gallon of gasoline and \$0.244 per gallon of diesel fuel since 1997. Taken together, the total excise taxes for Colorado are \$0.404 per gallon of gas and \$0.449 per gallon of diesel. The average fuel taxes for all states are \$0.487 per gallon of gas and \$0.544 per gallon of diesel; leaving Colorado in the bottom half of all states.

Fuel excise taxes have decreased purchasing power due to a combination of increased fuel efficiency (resulting in lower revenue per vehicle mile) and increased construction costs. According to the Department, increases in construction costs (as measured by the Construction Cost Index) have outpaced both the Department's revenues and general inflation. Essentially, \$1.00 in motor fuel tax revenue in 1991 would purchase less than \$0.49 in 2015.

A growing state population has also translated to increased vehicle miles traveled (VMT). The State grew to more than 5.0 million people in 2010, a 16.9 percent increase over the past decade, and the State Demographer projects that Colorado will grow to almost 6.0 million people by

2020. The growth in vehicle miles traveled (VMT) has outpaced this population growth, exerting increased pressure on the system. Indeed, the growth in VMT directly affects congestion and mobility, and it accelerates wear and tear on the road surface and bridges.

Nationally, many states have increased gas taxes in recent years. In 2013 and 2014, nine states and the District of Columbia increased state gas taxes – most of which contained a provision tying the tax rate to the economy. In 2015, the following seven states increased their state gas tax: Georgia, Idaho, Iowa, Nebraska, South Dakota, Utah, and Washington. Tax increases ranged from \$0.06 per gallon to \$0.185 per gallon.

As a point of reference, an increase of \$0.06 per gallon to motor and diesel fuels in Colorado would result in an estimated \$171.9 million of additional revenue to the HUTF in FY 2016-17, based on previous gas tax collections and forecasted revenues by Legislative Council.

Senate Bill 09-108 (Funding Advancement for Surface Transportation and Economic Recovery)

Senate Bill 09-108 (FASTER) authorized the following new revenue sources within the Department:

- Road safety and bridge safety surcharges, each of which vary by vehicle weight and are collected through the same mechanism used for payment of registration fees and specific ownership taxes;
- A daily fee for the use of a rented motor vehicle;
- A supplemental oversize/overweight vehicle surcharge;
- An increased fee for the late registration of a motor vehicle; and
- An increased unregistered vehicle fine.

FASTER HUTF

FASTER increased overall HUTF revenues, as well as the share of the Department's revenues coming from registration fees and surcharges. Prior to the enactment of FASTER, motor fuel taxes accounted for more than 70.0 percent of total HUTF revenues. FASTER-related HUTF revenues, which include the road safety surcharge, rented vehicle fee, oversize/overweight surcharge, and late registration fee, have reduced the share of contribution to the HUTF attributed to motor fuel tax revenues to about 59.0 percent. By law, the proceeds of these revenue sources are distributed 60.0 percent to CDOT, 22.0 percent to counties, and 18.0 percent to municipalities, and are not subject to "off-the-top" appropriations.

FASTER Bridge Safety

The implementation of FASTER has also increased other revenues for the Department because not all of the legislation's fees and surcharges are credited to the HUTF. Bridge safety surcharge revenues are credited to the Statewide Bridge Enterprise Special Revenue Fund for the repair and rehabilitation of bridges rated as "poor", i.e. functionally obsolete and structurally deficient. This dedicated fund is managed by the Statewide Bridge Enterprise. The Board of the Enterprise consists of members also on the Transportation Commission.

High-Performance Transportation Enterprise (HPTE)

FASTER also replaced the former Statewide Tolling Enterprise with the High-Performance Transportation Enterprise (HPTE). The HPTE has expanded authority to pursue innovative methods of financing the state's transportation system, including:

- Public-private partnerships;
- Operating concession agreements;
- User fee-based project financing;
- Availability payments; and
- Design-build contracting.

FASTER authorizes the HPTE to use road pricing on existing highway capacity as a congestion management tool if the Enterprise secures federal approval and the approval of all affected local governments. The Enterprise is governed by a seven-member board consisting of four appointees of the Governor and three members of the Transportation Commission. Both Enterprises are authorized to issue revenue bonds backed by their respective revenues.

Senate Bill 09-228

Among other provisions, Senate Bill 09-228 (Flexibility to Use State Revenues) set-up a General Fund transfer to the HUTF contingent on an increase in Colorado personal income. Senate Bill 09-228 requires a five year block of transfers of 2.0 percent of General Fund revenues to the HUTF subject to a trigger based on growth of 5.0 percent in statewide personal income. Colorado personal income exceeded 5.0 percent in 2014, triggering the General Fund transfers in FY 2015- 16. Once the personal income threshold is met for a single year, the 5-year block of transfers continues, regardless of the subsequent change in personal income.

The September 2015 Legislative Council Staff forecast projects the full S.B. 09-228 transfers will occur in FY 2015-16, with the transfer being cut in half for FY 2016-17. However, the Governor's Office of State Planning and Budgeting (OSPB) forecasts the FY 2015-16 transfers to be cut in half and the FY 2016-17 transfers to be eliminated.

TABOR Restrictions on Senate Bill 09-228 Transfers

Senate Bill 09-228 limits the General Fund transfers in relation to TABOR refunds. If the amount of the TABOR refund is between 1.0 percent and 3.0 percent of General Fund revenues for the state fiscal year, the S.B. 09-228 transfer is reduced by half in that year. If TABOR refunds exceed 3.0 percent, the S.B. 09-228 transfer is eliminated. Simply put, if TABOR refunds increase, S.B. 09-228 transfers decrease.

TABOR Refund (as percentage of GF revenue)	S.B. 09-228 HUTF Transfer (as percentage of GF revenue)
Less than 1.0 percent	2.0 percent
1.0 percent - 3.0 percent	1.0 percent
Greater than 3.0 percent	No Transfer

Section 24-75-218 (4) (a), C.R.S.

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Staff Working Document – Does Not Represent Committee Decision

S.B. 09-228 Fund Use

Whereas most funding into the HUTF is divided by statutory formulas among municipal, county, and state use, funds from S.B. 09-228 are designated solely for state use. Funds are transferred to CDOT via the HUTF, per Section 43-4-206 (2) (a), C.R.S. Funds are to be used specifically for implementation of the strategic transportation project investment program, in which high priority projects are identified by the Transportation Commission. No more than 90.0 percent of S.B. 09-228 funds are to be used for highway or highway-related capital improvements and no less than 10 percent of revenues are to be dedicated to transit or transit-related capital improvements.

While the Transportation Commission identified \$2 billion worth of projects eligible for funding by the 228 transfers, the majority of expected FY 15-16 transfers to CDOT will be used to fund the critical I-70 East Viaduct project. Following the passage of FASTER and the creation of the Bridge Enterprise, CDOT identified 128 bridges rated as "poor" and eligible for FASTER bridge repair. Of those 128, 30 were determined to be the worst in the state. Due to the high cost of the project, the I-70 East Viaduct is the only remaining project on the list of 30, and remains a high priority for the Department.

Transfer Timeline

Transfers for any S.B. 09-228 transfers would occur on the following timelines. The first transfer occurs based on Legislative Council Staff (LCS) quarterly economic forecasts. Final transfers are based on the actual transfer amounts published in the Comprehensive Annual Financial Report (CAFR).

Timeline for Potential 2015-16 S.B. 09-228 Transfer		
Percentage of Estimated Transfer	Date of Transfer	Based on:
80.0	4/15/2016	March LCS Forecast for FY 2015-16
20.0	12/2016	Actual amount of 2015-16 transfers as published in FY 2015-16 CAFR

Timeline for Potential 2016-17 S.B. 09-228 Transfer		
Percentage of Estimated Transfer	Date of Transfer	Based on:
20.0	7/15/2016	June LCS Forecast for FY 2016-17
20.0	10/15/2016	September LCS Forecast for FY 2016-17
20.0	1/15/2017	December LCS Forecast for FY 2016-17
20.0	4/15/2017	March LCS Forecast for FY 2016-17
20.0	12/2017	Actual amount of 2016-17 transfers as published in FY 2016-17 CAFR

The chart on the following page provides a general overview of HUTF fund distribution, including S.B. 09-228 transfers.

Revenue Stream 1

- Excise Tax on Gasoline and Special Fuel (1st 7 cents/gallon)
- Fines, Penalties, Forfeitures (DUI, traffic infractions, etc.)
- License Plate, Identification Plate, Placard Fees
- Driver’s License, Vehicle Title and Registration Fees
- Sale of Abandoned Vehicles
- Passenger-mile Taxes

Revenue Stream 2

- Excise Tax on Gasoline and Special Fuel (Above 7 cents/gallon)
- S.B. 09-108 (FASTER) Fees and Surcharges

Revenue Stream 3

- S.B. 228 HUTF Transfer

Investment Interest **HIGHWAY USERS TAX FUND**

“Off the Top”
Up to 6% to Colorado State Patrol /Ports of Entry

Municipal
(Distributed by State Treasurer)

9%
Stream 1

18%
Stream 2

County
(Distributed by State Treasurer)

26%
Stream 1

22%
Stream 2

State
(Distributed to the State Highway Fund, then CDOT)

65%
Stream 1

60%
Stream 2

100%
S.B. 228 HUTF
Transfer

Federal Funds

The Department's total share of federal funds has fluctuated in recent years. Federal receipts increased to \$586.6 million in FY 2009-10, with an infusion of funds as a result of the American Recovery and Reinvestment Act (ARRA). More recently, budgetary conditions, including the depletion of the surplus in the federal Highway Trust Fund, have resulted in "obligation limits" reducing each state's funding below the full amounts that were authorized in the federal *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU) transportation authorization bill.

CDOT receives federal funding for four purposes, including highways (Federal Highway Administration funds), safety (National Highway Traffic Safety Administration funds), transit (Federal Transit Administration funds), and aviation (Federal Aviation Administration funds). Federal funds provide a significant share of the CDOT's resources, and fluctuations in federal funds, determined by multi-year authorization bills, affect the Department's annual budgetary outlook.

On July 6, 2012, President Obama signed the most recent authorization bill, the *Moving Ahead for Progress in the 21st Century Act* (MAP-21). The legislation updated and replaced SAFETEA-LU; specifically reauthorizing federal transportation programs, providing budget authority for federal transportation apportionments, and updating federal statutes governing the U.S. Department of Transportation and its various agencies and programs. Following several short term transportation reauthorization bills, both the Senate and the House passed transportation funding bills in 2015, in July and November, respectively. It is expected that a conference committee will resolve differences and refer a funding bill to the President's desk by Thanksgiving. If signed into law, six years of projects will be approved, including three years of funding. Given the numerous short-term extensions that have occurred in recent years, this 3-6 year authorization is expected to provide local, county, and state governments with an increased ability to plan projects with more stable funding expectations.

The Administrative Program Line

The Administration line, created by Section 43-1-113(2)(III), C.R.S., includes the salaries and expenses for a variety of offices and programs. It is a "program" line, which gives CDOT discretion to move funds from personal services to operating (and vice versa) and also from one program to another without seeking approval from the General Assembly. Statute (Section 43-1-113 (6), C.R.S.) limits expenditures to no more than 5.0 percent of the total CDOT budget. The Administration section consists of several offices and divisions and provides administrative support for more than 3,000 FTE that work for the Department statewide.

The following table shows the Department's allocation of funding for personal services and operating expenses among the various organizations within Administration. Please note that because the Department includes common policy items and interagency payments in their reporting, the personal services and operating totals do not match those that are included in the numbers pages. Rather the numbers in the tables below match up with the total appropriations. Additionally, because CDOT has the discretion to move funds from one program to another, the figures for FY 2015-16 and FY 2016-17 are only estimates.

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Department of Transportation FY 2016-17 Request for Administration Personal Services and Operating Expenses					
Administration Organization	FTE	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimate	FY 2016-17 Request
Transportation Commission	1	\$157,744	\$178,949	\$177,308	\$182,243
Personal Services	1	77,101	87,689	100,954	101,372
Operating Expenses	0	80,643	91,259	76,355	80,872
Office of Executive Director	3	652,396	624,872	692,229	699,069
Personal Services	3	602,708	538,523	619,983	622,549
Operating Expenses	0	49,689	86,349	72,246	76,520
Government Relations	9	795,243	787,349	899,765	904,467
Personal Services	9	760,969	766,109	881,994	885,645
Operating Expenses	0	34,274	21,240	17,771	18,822
Public Relations	8.5	849,227	956,818	1,081,048	1,088,523
Personal Services	8.5	767,202	891,646	1,026,521	1,030,770
Operating Expenses	0	82,025	65,171	54,527	57,753
Information Technology	0	1,455,196	9,627,260	8,054,898	8,531,418
Personal Services	0	0	0	0	0
Operating Expenses	0	1,455,196	9,627,260	8,054,898	8,531,418
Financial Management & Budget	8	958,691	1,114,778	1,277,085	1,283,295
Personal Services	8	935,907	1,094,690	1,260,278	1,265,494
Operating Expenses	0	22,784	20,088	16,807	17,801
Accounting Branch	27.5	1,939,281	2,098,745	2,376,162	2,391,857
Personal Services	27.5	1,900,197	1,971,436	2,269,645	2,279,039
Operating Expenses	0	39,084	127,309	106,516	112,818
Chief Eng. & Region Directors	16	1,553,234	1,566,471	1,787,296	1,797,053
Personal Services	16	1,405,353	1,515,208	1,744,405	1,751,625
Operating Expenses	0	147,881	51,263	42,890	45,428
Motor Pool Operations	2	273,192	152,454	162,060	164,700
Personal Services	2	114,522	109,684	126,275	126,798
Operating Expenses	0	158,670	42,771	35,785	37,902
Division of Administrative Services	79.5	6,829,840	6,549,317	7,271,027	7,340,480
Personal Services	79.5	5,932,717	5,694,324	6,555,675	6,582,809
Operating Expenses	0	897,123	854,992	715,352	757,671
Administrative Print Shop	12	1,350,279	1,042,535	1,037,112	1,065,275
Personal Services	12	480,207	524,013	603,278	605,775
Operating Expenses	0	870,072	518,522	433,835	459,500

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Office of Risk Management & Safety Education	8	460,978	463,232	527,872	530,851
Personal Services	8	435,978	445,970	513,429	515,554
Operating Expenses	0	25,000	17,262	14,443	15,297
Division of Audit	9	738,277	851,440	962,989	969,498
Personal Services	9	704,987	796,627	917,129	920,925
Operating Expenses	0	33,290	54,812	45,860	48,573
Office of Program Management	0	0	359,919	406,423	409,267
Personal Services	0	0	334,682	385,308	386,902
Operating Expenses	0	0	25,237	21,115	22,365
Office of Emergency Management	0	0	126,314	142,077	143,154
Personal Services	0	0	115,683	133,182	133,733
Operating Expenses	0	0	10,631	8,895	9,421
Interagency Payments, POTS and Common Policies and Contracts	0	3,869,900	4,757,499	4,016,860	4,247,169
Personal Services	0	0	115,625	133,114	133,665
Operating Expenses		<u>3,869,900</u>	<u>4,641,874</u>	<u>3,883,745</u>	<u>4,113,504</u>
Total Personal Services	183.5	14,117,848	15,001,910	17,271,171	17,342,654
Total Operating Expenses	0	<u>7,765,630</u>	<u>16,256,040</u>	<u>13,601,040</u>	<u>14,405,665</u>
TOTAL ADMINISTRATION LINE	183.5	\$21,883,478	\$31,257,950	\$30,872,211	\$ 31,748,320

Summary: FY 2015-16 Appropriation & FY 2016-17 Request

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
S.B. 15-234 (Long Bill)	<u>\$1,436,913,372</u>	<u>\$0</u>	<u>\$844,073,959</u>	<u>\$19,777,338</u>	<u>\$573,062,075</u>	<u>3,326.8</u>
TOTAL	\$1,436,913,372	\$0	\$844,073,959	\$19,777,338	\$573,062,075	3,326.8
FY 2016-17 Requested Appropriation						
FY 2015-16 Appropriation	\$1,436,913,372	0	\$844,073,959	\$19,777,338	\$573,062,075	3,326.8
R1 Heat Is On	500,000	0	500,000	0	0	0.0
NPI FY 2016-17 Secure Colorado	109,411	0	109,411	0	0	0.0
Updated revenue projections	<u>(32,893,175)</u>	<u>0</u>	<u>(95,713,899)</u>	<u>(15,000,000)</u>	<u>77,820,724</u>	<u>0.0</u>
TOTAL	\$1,404,629,608	\$0	\$748,969,471	\$4,777,338	\$650,882,799	3,326.8
Increase/(Decrease)	(\$32,283,764)	\$0	(\$95,104,488)	(\$15,000,000)	\$77,820,724	0.0
Percentage Change	(2.2%)	0.0%	(11.3%)	(75.8%)	13.6%	0.0%

Description of Requested Changes

R1 Heat Is On: The Department is requesting \$500,000 from the Marijuana Cash Fund in FY 2016-17 to fund a statewide impaired driving public education campaign. “Heat Is On” would target males, ages 18-34, who have a higher binger risk, are likely to combine marijuana and alcohol, and are less aware of DUI laws and consequences. The “Heat Is On” issue brief provides more detail and information about the request.

NPI FY 2016-17 Secure Colorado: The request seeks an increase of \$109,411 total funds for FY 2016-17 to cover the Department's share of the Office of Information Technology's implementation of advanced information security event analytics capabilities.

Updated revenue projections: The request includes a decrease in the Department's cash fund (HUTF) revenues due to the Department's expectation of the elimination of the S.B. 09-228 transfer in FY 2016-17. The request also includes an increase in the Department's estimated apportionment of federal funds due to flood recovery dollars and an increase in expected toll revenues.

Issue: “Heat Is On”

The Department of Transportation is requesting \$500,000 in cash funds from the Marijuana Tax Cash Fund to grow the “Heat Is On” public education campaign to include an expanded message about all forms of impaired driving, education about Colorado's felony DUI law, increased evaluation, and an increased media reach.

SUMMARY:

- The Colorado Department of Transportation (CDOT) is required by statute to manage various statewide public awareness campaigns around highway safety, including campaigns focused on impaired driving and seatbelt usage.
- The Department uses separate campaigns aimed at different types of impaired driving to the same targeted audience of males ages 18-34, group is most likely to have a higher binge risk, to mix marijuana and alcohol, and to be less aware of DUI laws and consequences, based on Department research.

RECOMMENDATION:

Staff recommends the Committee ask for the following information from the Department:

- Specific estimates of how much more \$500,000 would buy in terms of length of the campaign, expanded geographic target, increased number of messages, and increased media impressions.
- Opportunities or challenges of combining campaigns into one, unified message regarding impaired driving.

DISCUSSION:

"Heat Is On" Campaign

The CDOT Office of Communications and the Office of Transportation Safety within the Department manage statewide public awareness campaigns focused on impaired driving, in coordination with enforcement campaigns run by local law enforcement agencies. Since 1999, the Department has operated the Heat Is On campaign, which runs 12 high visibility impaired driving events each year aimed at reducing the number of impaired driving fatalities. Approximately one-third of traffic fatalities in Colorado involve an impaired driver.

The Heat Is On campaign has primarily been focused around a "Drink & Don't Drive" message that targets males ages 21-34 – a population with above average fatality rates, a higher likelihood of driving while impaired, a higher binge risk, and a higher risk of combining drugs and alcohol. Campaigns include a pre- and post-enforcement phone survey measuring tagline awareness. The Department also uses law enforcement data including number of arrests and number of impaired driving fatalities to measure effectiveness of campaigns.

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

The most recent campaign involved a month long media blitz with a message focused on survey results from the male 21-34 target audience, which indicated that members of this group do not consider their driving to be impaired after just a few drinks. The campaign combined paid advertising with strategic partnerships and earned media. CDOT estimates the recent month long campaign resulted in 46 million media impressions between mid-August and mid-September. The image below is an example of one of the advertising messages featured in the most recent campaign.



Based on CDOT's survey of the campaign, 35.0 percent of Coloradans were aware of the DUI enforcement message prior to and following the enforcement events.

"Drive High, Get a DUI" Awareness Program

Beginning in 2014-15, the Department received funding for the "Drive High, Get a DUI" program, following the legalization of marijuana in Colorado. In FY 2015-16, the Department received \$450,000 of Marijuana Tax Cash Funds to continue a public awareness campaign focused on preventing impaired driving and use of marijuana. Tactics from the FY 2014-15 funding (spent in April 2015, focused on the 4/20 weekend) included "Drive High, Get a DUI" arcade games, a smoking vehicle, and a media campaign. During the April campaign, a phone survey was conducted and found that 47 percent of respondents recalled hearing the Drive High, Get a DUI slogan, an increase from 39 percent in June 2014. In addition to the April media push, CDOT has been partnering with local marijuana dispensaries to distribute flyers and house the 10 Drive High, Get a DUI arcade games (shown below). The Department is in the process of conducting a statewide survey on driver behavior, including driving high, but does not expect results to be available until January 2016.

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision



Request

The Department is requesting \$500,000 cash funds from the Marijuana Tax Cash Fund in FY 2016-17 to increase funding for the Heat Is On campaign. The request seeks to:

- Expand the message to include all forms of impaired driving, including alcohol, prescription drugs, illicit drugs, and marijuana;
- Provide education about the State's new felony DUI law (H.B. 15-1043 – Felony Offense for Repeat DUI Offenders);
- Increase data collection and evaluation; and
- Grow the media reach.

Estimated Request Costs	
Administration: Program strategy, research, management, execution, consultation	\$35,000
Creative Development: Develop further executions of campaign, test creative concepts	\$120,000
Media Buying: Implement one-year media campaign, fee to buy, manage, and monitor media	\$240,000
Public Relations: Media pitching, community building, partnership development	\$100,000
Evaluation: Develop evaluation plan to measure behavioral patterns and message retention	\$5,000
Total	\$500,000

This request supports the Department's FY 2015-16 Performance Plan's goal of moving Colorado to zero deaths by reducing traffic-related deaths by one-half by 2030. The Department's strategy is informed by a National Highway Traffic Safety Administration (NHTSA) report that effective strategies to reduce impaired driving include high visibility enforcement and saturation patrols, in combination with mass media campaigns.

The request discussed an alternative considered by the Department, which would have been to request additional funding for the Drive High, Get a DUI campaign. However, the Department determined that the additional funding would be better utilized by the Heat Is On campaign,

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

which has more well-established media and law enforcement partnerships. However, the Department believes that the Drive High, Get a DUI campaign serves a valuable function in highlighting the consequences of driving high, which are not as well established as those for drunk driving.

Analysis

Staff has concerns about what the increased funding would provide outside of what the Department already does via the Heat Is On and Drive High, Get a DUI campaigns. Additionally, the justification for the need for separate campaigns is unclear and the creation of a separate campaign drives duplicative costs which could be avoided by combining campaigns. For instance, the Heat Is On request includes \$120,000 for creative development. The FY 2015-16 request for Drive High, Get a DUI, continued in the FY 2016-17 request, included \$125,000 for creative development.

Informational Issue: Newsworthy Items

This information issue provides a brief overview of major CDOT budget related items that hit the news in 2015. This issue provides a general update of the newsworthy items and may be topics the Committee would like to discuss in greater depth with the Department at their hearing.

SUMMARY:

- The Office of the State Auditor's (OSA) August 2015 FASTER audit found that CDOT should improve management and oversight of FASTER revenue and provided recommendations, agreed up on by the Department.
- In September 2015, the Governor and CDOT announced a commitment to invest \$100.0 million over the next four years in bicycle trails and infrastructure, most of which is federal funds.
- CDOT plans to build two new buildings, including a new headquarters building, costing approximately \$127.0 million total funds that will be financed with Certificates of Participation (COPs).
- The Southwest Chief Route Advancement and Improvement Project was awarded a \$15.2 million federal TIGER grant. CDOT has committed a \$1.0 million match for the project.

DISCUSSION:

FASTER Audit

In August 2015 the Office of the State Auditor (OSA) released a report of the results of the performance audit of Colorado's collection, usage, and management of the motor vehicle fees established by the 2009 Funding Advancements for Surface Transportation and Economic Recovery (FASTER) Act. In short, the audit "found that the Colorado Department of Transportation (CDOT) should improve its oversight and management of the State's allocation of FASTER motor vehicle fee revenue to ensure effective and appropriate usage. [The] audit also found deficiencies in some of the processes used for collection three of the six FASTER fees at CDOT, the Department of Revenue, and the Judicial Department."

Key audit findings related to CDOT operation:

- CDOT's process for selecting bridge projects to receive FASTER funding was not demonstrated to be "thorough, integrated, and strategic."
- FASTER bridge projects "have been significantly overbudget and remain open for long periods after most construction work is complete."
- Projects receiving FASTER safety dollars may not have met legislative requirements.

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

- "CDOT could not confirm how an additional \$6.0 million [of FASTER safety revenue] was allocated or spent."
- CDOT could not demonstrate that all FASTER safety projects received approval by the Transportation Commission, nor was information shared by the transportation regions within CDOT about how related revenue was allocated.
- Some FASTER contracts did not comply with the State Procurement Code.
- "CDOT did not maintain complete and accurate information on FASTER transit revenue and expenditures" or the FASTER oversize/overweight vehicle surcharge.

The audit report recommended a number oversight and management processes for FASTER bridge, safety, and transit revenues to be managed in a more efficient and transparent manner. CDOT agreed with all recommendations and have agreed to have all recommendations implemented by July 2016 (or before).

Staff recommends the department hearing include a discussion of the status of the implementation of audit recommendations.

Bike Trails

In September, Gov. John Hickenlooper announced a four-year plan to spend over \$100 million to increase bicycle infrastructure and safety in an effort to become "the best state for bicycling." The announcement included a commitment from CDOT to spend 2.5 percent of the Department's construction budget on bicycle and pedestrian programs.

\$63.6 million of the \$100.0 million will be federal funds from the Transportation Alternatives Program (TAP), the Congestion Mitigation and Air Quality (CMAQ) program, and the Surface Transportation Program (STP). These programs all provide funding for bicycle and pedestrian improvements, as well as some road projects, but the bike projects included in this \$63.6 million were identified by local governments as priority projects. \$30 million will come from Great Outdoors Colorado (GOCO) as part of the plan to increase trail connectivity in the state. The remaining \$10 million will be federal TAP dollars dedicated to the Safe Routes to School program.

According to the Department, none of the future bike trail projects are diverting funding from road projects. These are existing projects funded primarily through federal programs intended to build bicycle and pedestrian infrastructure.

Administration Buildings

In June 2015, the Transportation Commission approved resolutions authorizing CDOT to issue a Request for Proposals (RFP) for the design of a new combined Headquarters and Region 1 facility in Denver, as well a new Region 2 facility in the Pueblo area. The resolutions approved the use of up to \$2.0 million for the Headquarters/Region 1 building and up to \$1.6 million for the Region 2 building, of Transportation Commission Contingency Reserve Funds, to fund project design, provide earnest money to secure a location, and establish a guaranteed maximum price for the projects.

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

A 2012 CDOT assessment of the condition of the Headquarters building (4201 E. Arkansas, Denver), the Region 1 building (200 S. Holly, Denver), and the Region 2 building (905 Erie, Pueblo) determined that the buildings have fire and life safety concerns, floodplain concerns, Americans with Disabilities Act (ADA) deficiencies, and costly capital improvement repairs (i.e. mechanical concerns). The Headquarters building was built in 1954 as an elementary school, and is described by the Department as incompatible for office space and costly to renovate. The Region 1 building has workers housed in temporary trailers, in addition to the fire/life safety concerns listed above. The Region 2 building was built in 1930s and has had issues with flooding, as well as space issues, requiring workers to be housed in temporary trailers that lack indoor plumbing. The proposed plan would consolidate the Headquarters and Region 1 building into a new space in Denver. Region 2 would construct a new building in the Pueblo area. Combined, the two new buildings would cost approximately \$127 million to build.

CDOT plans to finance the buildings with Certificates of Participation (COPs), using the revenue from the sale or lease of the older buildings towards financing the new buildings, with a goal to complete construction by the end of 2017.

The Department explored other space options, including leasing an existing space or remodeling/upgrading the existing buildings. However, their space needs and fiscal analysis indicated new buildings would be better option over the long run. Locations are being explored, but final decisions have not yet been made. The Department emphasized that no funds dedicated to roads would be used to finance the COPs.

Capital Develop Committee staff has asked the Department to provide an update at the Capital Development Committee's annual budget hearing.

Southwest Chief

The Southwest Chief Route Advancement and Improvement Project was awarded a second federal Transportation Investment Generating Economic Recovery (TIGER) grant in October 2015. In 2014, the project received a \$12.5 million TIGER grant to begin improvements on the deteriorating BNSF Railway La Junta Subdivision, which runs through parts of Kansas, southeast Colorado, and New Mexico. The 2015 TIGER grant awarded \$15,212,142 federal funds to the project, matching funds committed by Amtrak, Kansas, Colorado, New Mexico, BNSF, and local communities. See the chart below for the source of the funding, as submitted in the TIGER grant application.

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Appendix: Sources and Uses of Project Funds
 The Amtrak Southwest Chief Route Advancement and Improvement Project
 Application for US DOT TIGER VII Discretionary Grant Funds

Uses of Funds (Components, Locations and Characteristics)				Sources of Funds						Totals		
#	Component	Sub-division	States	Federal	Non-Federal Match					Total Funds	As %	
				TIGER VI Grant Funds	Amtrak	State of Kansas	State of Colorado	State of New Mexico	BNSF Railway			Local Communities
1	At-Grade Crossing	BNSF La	CO	\$ 582,083	157,803	\$ 47,225.88	\$ 47,225.88		\$ 94,451.76	\$ 6,588	\$ 935,425	3.8%
2	Turnout Replacement	Junta	KS	\$ 2,037,927	552,484	\$ 165,342.10	\$ 165,342.10		\$ 330,684.20	\$ 23,065	\$ 3,275,008	13.4%
3	Rail Relay			\$ 9,705,507	2,631,170	\$ 787,432.02	\$ 787,432.02		\$ 1,574,864.04	\$ 109,847	\$ 15,597,033	63.8%
4	Ties, Ballast, and Resurfacing	NMDOT	NM	\$ 2,885,870	658,543			\$ 1,000,000		\$ 82,000	\$ 4,637,677	19.0%
Total				\$ 15,210,143	\$ 4,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 2,000,000	\$ 233,000	\$ 24,443,143	100.0%
As %				62.2%	16.4%	4.1%	4.1%	4.1%	8.2%	1.0%	100.0%	
				Non-Federal Match à	\$9,233,000							
					37.8%							

The Southwest Chief provides passenger transportation and freight service to rural communities in Kansas, New Mexico, and southeast Colorado. In short, the quality of the rail in this subdivision has fallen, requiring slower speeds by both passenger and freight trains. Amtrak was considering rerouting the service from the line due to the significant impact on travel times and schedules. As part of the grant, BNSF has agreed to maintain the new track.

As seen above, CDOT has committed \$1.0 million to the project as a condition of receipt of the TIGER grant. The Department has determined that the statutory language for S.B. 09-228 allows for the use of \$1.0 million of the expected FY 2015-16 transfer to fulfill the commitment.

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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DEPARTMENT OF TRANSPORTATION
Shailen Bhatt, Executive Director

(1) ADMINISTRATION

This line item was created to include the personal services and operating expenses for offices and programs that are the administrative piece of the Transportation Commission's non-appropriated functions. The lines below are included for figure setting purposes. Because the Administration line is a program line, the Department has discretionary flexibility over all amounts within Administration. The Transportation Commission has appropriations authority over both the Administration line and the Construction, Maintenance, and Operations line, and the combined annual request for these lines reflects anticipated revenues to the State Highway Fund, Federal Highways Administration funds and funds from local governments. The General Assembly sets an appropriated level for the Administration line as a total, and the balance of anticipated highway funds become the appropriation to the Construction, Maintenance, and Operation line.

(A) Administration

Personal Services	14,117,848	14,157,677	14,171,119	14,219,525	
FTE	183.5	151.4	183.5	183.5	
General Fund	0	0	0	0	
Cash Funds	13,411,956	13,487,874	13,488,526	13,536,932	
Reappropriated Funds	705,892	669,803	682,593	682,593	
Federal Funds	0	0	0	0	
Operating Expenses	7,765,630	3,994,107	4,198,126	4,198,126	
General Fund	0	0	0	0	
Cash Funds	7,377,349	3,575,093	3,130,267	3,130,267	
Reappropriated Funds	388,281	419,014	1,067,859	1,067,859	
Federal Funds	0	0	0	0	

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
SUBTOTAL - (A) Administration	21,883,478	18,151,784	18,369,245	18,417,651	0.3%
<i>FTE</i>	183.5	151.4	183.5	183.5	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	20,789,305	17,062,967	16,618,793	16,667,199	0.3%
Reappropriated Funds	1,094,173	1,088,817	1,750,452	1,750,452	0.0%
Federal Funds	0	0	0	0	0.0%

(B) Centrally Appropriated Personal Services

Health, Life, and Dental	952,974	1,134,295	1,173,682	1,207,810	
General Fund	0	0	0	0	
Cash Funds	905,325	1,076,358	1,124,652	1,127,886	
Reappropriated Funds	47,649	57,937	49,030	79,924	
Federal Funds	0	0	0	0	
Short-term Disability	18,412	23,109	23,962	19,153	
General Fund	0	0	0	0	
Cash Funds	17,491	22,072	22,971	18,171	
Reappropriated Funds	921	1,037	991	982	
Federal Funds	0	0	0	0	
S.B. 04-257 Amortization Equalization Disbursement	384,680	415,717	480,384	485,311	
General Fund	0	0	0	0	
Cash Funds	369,431	398,610	460,498	460,498	
Reappropriated Funds	15,249	17,107	19,886	24,813	
Federal Funds	0	0	0	0	

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>347,281</u>	<u>389,735</u>	<u>464,007</u>	<u>480,737</u>	
General Fund	0	0	0	0	
Cash Funds	333,514	373,697	444,799	456,182	
Reappropriated Funds	13,767	16,038	19,208	24,555	
Federal Funds	0	0	0	0	
Salary Survey	<u>268,388</u>	<u>159,987</u>	<u>278,911</u>	<u>937</u>	
General Fund	0	0	0	0	
Cash Funds	261,517	153,086	267,619	790	
Reappropriated Funds	6,871	6,901	11,292	147	
Federal Funds	0	0	0	0	
Merit Pay	<u>178,679</u>	<u>162,691</u>	<u>99,689</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	171,247	154,305	95,653	0	
Reappropriated Funds	7,432	8,386	4,036	0	
Federal Funds	0	0	0	0	
Shift Differential	<u>27,528</u>	<u>25,034</u>	<u>30,582</u>	<u>45,157</u>	
General Fund	0	0	0	0	
Cash Funds	26,152	24,365	28,610	45,112	
Reappropriated Funds	1,376	669	1,972	45	
Federal Funds	0	0	0	0	

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
SUBTOTAL - (B) Centrally Appropriated Personal Services					
FTE	2,177,942	2,310,568	2,551,217	2,239,105	(12.2%)
General Fund	0.0	0.0	0.0	0.0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	2,084,677	2,202,493	2,444,802	2,108,639	(13.8%)
Federal Funds	93,265	108,075	106,415	130,466	22.6%
	0	0	0	0	0.0%

(C) Miscellaneous Administration Accounts

Statewide Indirect Costs State Highway Funds	<u>123,760</u>	<u>129,070</u>	<u>129,937</u>	<u>129,937</u>	
General Fund	0	0	0	0	
Cash Funds	123,760	129,070	125,658	125,658	
Reappropriated Funds	0	0	4,279	4,279	
Federal Funds	0	0	0	0	
Legal Services	0	<u>651,486</u>	<u>625,166</u>	<u>625,166</u>	
General Fund	0	0	0	0	
Cash Funds	0	651,486	625,166	625,166	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
General Insurance - Property & Liability	<u>2,787,211</u>	<u>2,679,701</u>	<u>2,679,701</u>	<u>3,803,411</u>	
General Fund	0	0	0	0	
Cash Funds	2,787,211	2,679,701	2,679,701	3,803,411	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Workers' Compensation					
General Fund	<u>440,580</u>	<u>539,457</u>	<u>553,451</u>	<u>460,145</u>	
Cash Funds	0	0	0	0	
Reappropriated Funds	440,580	539,457	553,451	460,145	
Federal Funds	0	0	0	0	
CORE Operations					
General Fund	<u>0</u>	<u>68,172</u>	<u>62,574</u>	<u>62,574</u>	
Cash Funds	0	68,172	62,574	62,574	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Payments to OIT					
General Fund	<u>0</u>	<u>6,727,713</u>	<u>5,900,920</u>	<u>6,010,331</u>	*
Cash Funds	0	6,727,713	5,900,920	6,010,331	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Information Technology Security					
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
OIT Services					
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
SUBTOTAL - (C) Miscellaneous Administration					
Accounts	3,351,551	10,795,599	9,951,749	11,091,564	11.5%
FTE	0.0	0.0	0.0	0.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	3,351,551	10,795,599	9,947,470	11,087,285	11.5%
Reappropriated Funds	0	0	4,279	4,279	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - (I) Administration					
	27,412,971	31,257,951	30,872,211	31,748,320	2.8%
FTE	183.5	151.4	183.5	183.5	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	26,225,533	30,061,059	29,011,065	29,863,123	2.9%
Reappropriated Funds	1,187,438	1,196,892	1,861,146	1,885,197	1.3%
Federal Funds	0	0	0	0	0.0%

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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(2) CONSTRUCTION, MAINTENANCE, AND OPERATIONS

This line item includes non-appropriated revenues to the Transportation Commission as well as the Division of Aeronautics. Totals in this line item represent non-appropriated funds.

Construction Maintenance, And Operations	<u>1,648,077,218</u>	<u>1,704,668,941</u>	<u>1,277,416,161</u>	<u>1,236,114,586</u>	
FTE	2,783.5	2,741.2	3,137.3	3,137.3	
General Fund	0	0	0	0	
Cash Funds	904,677,384	840,812,366	702,437,894	598,339,646	
Reappropriated Funds	904,144	816,388	1,916,192	1,892,141	
Federal Funds	742,495,690	863,040,187	573,062,075	635,882,799	

TOTAL - (2) Construction, Maintenance, and

Operations	1,648,077,218	1,704,668,941	1,277,416,161	1,236,114,586	(3.2%)
FTE	<u>2,783.5</u>	<u>2,741.2</u>	<u>3,137.3</u>	<u>3,137.3</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	904,677,384	840,812,366	702,437,894	598,339,646	(14.8%)
Reappropriated Funds	904,144	816,388	1,916,192	1,892,141	(1.3%)
Federal Funds	742,495,690	863,040,187	573,062,075	635,882,799	11.0%

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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(3) HIGH PERFORMANCE TRANSPORTATION ENTERPRISE

This section, created in S.B. 09-108, replaced the Statewide Tolling Enterprise created pursuant to S.B. 02-179 and H.B. 02-1310 and pursues public-private partnerships and other means of completing surface transportation projects, including collecting tolls on existing roadways if such projects are approved by local transportation entities. The amounts shown are included for informational purposes only.

High Performance Transportation Enterprise	33,473,642	7,899,719	2,575,000	7,716,702	
FTE	4.0	4.0	4.0	4.0	
General Fund	0	0	0	0	
Cash Funds	32,727,079	6,880,131	1,575,000	6,716,702	
Reappropriated Funds	746,563	1,018,707	1,000,000	1,000,000	
Federal Funds	0	881	0	0	

TOTAL - (3) High Performance Transportation

Enterprise	33,473,642	7,899,719	2,575,000	7,716,702	199.7%
FTE	4.0	4.0	4.0	4.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	32,727,079	6,880,131	1,575,000	6,716,702	326.5%
Reappropriated Funds	746,563	1,018,707	1,000,000	1,000,000	0.0%
Federal Funds	0	881	0	0	0.0%

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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(4) FIRST TIME DRUNK DRIVING OFFENDERS ACCOUNT

The line item is supported with fees paid to reinstate drivers' licenses following drunk driving convictions and provides funding for increased high visibility drunk driving law enforcement actions undertaken pursuant to H.B. 08-1194.

First Time Drunk Driving Offenders Account	1,383,042	1,276,490	1,500,000	2,000,000	*
General Fund	0	0	0	0	
Cash Funds	1,383,042	1,276,490	1,500,000	2,000,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

TOTAL - (4) First Time Drunk Driving Offenders

Account	1,383,042	1,276,490	1,500,000	2,000,000	33.3%
FTE	0.0	0.0	0.0	0.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	1,383,042	1,276,490	1,500,000	2,000,000	33.3%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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(5) STATEWIDE BRIDGE ENTERPRISE

This section was created in S.B. 09-108 and is funded through the bridge safety surcharge created in that bill. The enterprise's purpose is to facilitate the repair or replacement of bridges rated as in poor condition and either structurally deficient or functionally obsolete.

Statewide Bridge Enterprise	11,383,446	11,671,947	124,100,000	126,600,000	
FTE	2.0	2.0	2.0	2.0	
General Fund	0	0	0	0	
Cash Funds	11,383,446	(4,435,033)	109,100,000	111,600,000	
Reappropriated Funds	0	0	15,000,000	0	
Federal Funds	0	16,106,980	0	15,000,000	
TOTAL - (5) Statewide Bridge Enterprise	11,383,446	11,671,947	124,100,000	126,600,000	2.0%
FTE	2.0	2.0	2.0	2.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	11,383,446	(4,435,033)	109,100,000	111,600,000	2.3%
Reappropriated Funds	0	0	15,000,000	0	(100.0%)
Federal Funds	0	16,106,980	0	15,000,000	0.0%

JBC Staff Budget Briefing: FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(6) MARIJUANA IMPAIRED DRIVING PROGRAM					
Marijuana Impaired Driving Program	0	0	450,000	450,000	
General Fund	0	0	0	0	
Cash Funds	0	0	450,000	450,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
TOTAL - (6) Marijuana Impaired Driving Program	0	0	450,000	450,000	0.0%
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	0	0	450,000	450,000	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - Department of Transportation					
	1,721,730,319	1,756,775,048	1,436,913,372	1,404,629,608	(2.2%)
<i>FTE</i>	2,973.0	2,898.6	3,326.8	3,326.8	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	976,396,484	874,595,013	844,073,959	748,969,471	(11.3%)
Reappropriated Funds	2,838,145	3,031,987	19,777,338	4,777,338	(75.8%)
Federal Funds	742,495,690	879,148,048	573,062,075	650,882,799	13.6%

Appendix B: **Recent Legislation Affecting Department Budget**

2014 Session Bills

H.B. 14-1161 (SW Chief Rail Commission): Creates the Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair and Maintenance Commission as a Type I agency within the Department of Transportation. Requires the Commission to coordinate and oversee efforts by the state and local governments, to cooperate with the states of Kansas and New Mexico, Amtrak, and the Burlington Northern and Santa Fe Railway (BNSF) to ensure continuation of existing Amtrak southwest chief rail line service in the state, expand such service to include a stop in Pueblo, and to explore the benefits of adding an additional stop in Walsenburg. Appropriates \$5,279 cash funds to the Department in FY 2014-15.

H.B. 14-1301 (Safe Routes to School): Continues the Safe Routes to School Program and specifies all grants awarded must be for non-infrastructure projects. Adds criteria that the CDOT must consider when evaluating grant applications. Requires General Fund appropriations made to the program be reduced in any year that the CDOT receives federal moneys for the program, by the amount of federal moneys received. Appropriates \$700,000 General Fund to the Department in FY 2014-15.

H.B. 14-1336 (Long Bill): General appropriations act for FY 2014-15.

2015 Session Bills

S.B. 15-163 (Supplemental Bill): Supplemental appropriation to the Department of Transportation to modify FY 2014-15 appropriations included in the FY 2014-15 Long Bill (H.B. 14-1336).

S.B. 15-234 (Long Bill): General appropriations act for FY 2015-16.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

- 75 Department of Transportation, Construction, Maintenance, and Operations – It is the intent of the General Assembly that the Department of Transportation work with local communities to study the economic development benefits of improving Highway 50 between Salida and the Kansas state line.

Comment: The department is in compliance with this Footnote.

Requests for Information

The Department of Transportation does not have a Request for Information.

Appendix D: FY 2014-15 SMART Act Annual Performance Report and FY 2015-16 Performance Plan

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Office of State Planning and Budgeting is required to publish an Annual Performance Report for the Department of Transportation by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2014-15 report can be found at the following link: <https://sites.google.com/a/state.co.us/colorado-performance-management/department-performance-plans/transportation/fy-2014-15-performance-plan-and-evaluation-reports>.

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Transportation is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2015-16 plan can be found at the following link: <https://drive.google.com/file/d/0BzIopKKDzSSTZWlmRThRT3VqOU5sVG9TTjlySWhSZTBxZ204/view>.

Appendix E: Motor Fuel Tax History

Colorado Motor Fuel Tax Rates

Tax Rate (cents)	Fuel	Effective Dates
1.0	Gas & Diesel	January 1, 1919 to December 31, 1922
2.0	Gas & Diesel	January 1, 1923 to December 31, 1926
3.0	Gas & Diesel	January 1, 1927 to December 31, 1928
4.0	Gas & Diesel	January 1, 1929 to December 31, 1933
5.0	Gas & Diesel	January 1, 1934 to December 31, 1934
4.0	Gas & Diesel	January 1, 1935 to December 31, 1946
6.0	Gas & Diesel	January 1, 1947 to July 31, 1965
7.0*	Gas & Diesel	August 1, 1965 to August 31, 1966
6.0	Gas & Diesel	September 1, 1966 to June 30, 1969
7.0	Gas & Diesel	July 1, 1969 to July 1, 1981
9.0	Gas & Diesel	July 2, 1981 to June 30, 1983
12.0	Gas	July 1, 1983 to June 30, 1986
18.0	Gas	July 1, 1986 to July 31, 1989
20.0	Gas	August 1, 1989 to December 31, 1990
22.0	Gas	January 1, 1991 to present
13.0	Diesel	July 1, 1983 to June 30, 1986
20.5	Diesel	July 1, 1986 to June 30, 1989
18.5	Diesel	July 1, 1989 to July 31, 1989
20.5	Diesel	August 1, 1989 to December 31, 1989
18.0	Diesel	January 1, 1990 to December 31, 1991
20.5	Diesel	January 1, 1992 to present

*A 1-cent motor fuel tax for 1965 flood disaster relief was passed effective August 1, 1965 through August 31, 1966.

JBC Staff Budget Briefing – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Federal Fuel Tax Rates

Tax Rate (cents)	Fuel	Effective Dates
1.0	Gas	June 21, 1932 to June 16, 1933
1.5	Gas	June 17, 1933 to December 31, 1933
1.0	Gas	January 1, 1934 to June 30, 1940
1.5	Gas	July 1, 1940 to October 31, 1951
2.0	Gas & Diesel	November 1, 1951 to June 30, 1956
3.0	Gas & Diesel	July 1, 1956 to September 30, 1959
4.0	Gas & Diesel	October 1, 1959 to March 31, 1983
9.0	Gas	April 1, 1983 to November 30, 1990
14.1*	Gas	December 1, 1990 to September 30, 1993
18.4**	Gas	October 1, 1993 to December 31, 1995
18.3	Gas	January 1, 1996 to September 30, 1997
18.4**	Gas	October 1, 1997 to present
9.0	Diesel	April 1, 1983 to July 31, 1984
15.0	Diesel	August 1, 1984 to November 30, 1990
20.1*	Diesel	December 1, 1990 to September 30, 1993
24.4**	Diesel	October 1, 1993 to December 31, 1995
24.3	Diesel	January 1, 1996 to September 30, 1997
24.4**	Diesel	October 1, 1997 to present

* Includes 0.1 cent per gallon tax dedicated to the Leaking Underground Storage Tank Fund effective January 1, 1987. Collection of the tax was suspended for the period September 1, 1990 through December 1, 1990. The 14.1 cents per gallon rate includes 2.5 cents per gallon for reduction of the national debt.

**Includes 0.1 cent per gallon tax dedicated to the Leaking Underground Storage Tank Fund. This amount Includes 6.8 cents per gallon tax for reduction of the national debt. Effective October 1, 1995, 2.5 cents of the 6.8 cents is dedicated to the Federal Highway Trust Fund. The remaining 4.3 cents does not expire.

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Christina Beisel, JBC Staff

SUBJECT: Utah I-15 Expansion & Colorado's Status as a Donor State

DATE: November 16, 2015

Two questions were asked related to transportation during the Capital Construction briefing on November 12, 2015. Responses are included below.

Financing for I-15 in Utah

The I-15 corridor in Utah underwent a large-scale expansion, completed in 2012. The I-15 CORE project was Utah's largest expansion in recent years, and consisted of a 24-mile widening and reconstruction project on I-15 between Lehi and Spanish Fork.

According to the Utah Office of the Legislative Fiscal Analyst, the I-15 CORE project did not receive federal funding and was primarily funded via highway bonds authorized by the Utah legislature. Utah's S.B. 09-239 allowed the Utah Department of Transportation to issue up to \$2.2 billion in general obligation bonds for several highway construction projects, including the I-15 CORE project. The total I-15 CORE project cost was \$2.6 billion (\$1.5 billion for programming, including property acquisition, and \$1.1 billion for design/build).

Colorado: Donor v. Recipient State

Under the SAFETEA-LU federal transportation funding act, federal transportation funding was distributed to the states based on equitable funding formulas. These formulas resulted in some states being classified as "donor" states, because these states paid more money into the federal Highway Trust Fund via the federal gas tax than they received back through the funding formula.

MAP-21, the transportation funding bill that followed SAFETEA-LU, eliminated most of the equity funding formulas, thus reducing the number of donor states. MAP-21 increased the minimum rate of return for federal transportation apportionments to \$0.95 for each dollar paid to the Highway Trust Fund. In recent years, infusions of federal General Fund have been necessary to close the revenue and expenditures gap in the Highway Trust Fund. These federal General Fund transfers have also contributed to most states receiving more money than they pay in via gas taxes. In FY 2014, only three states – Maryland, South Carolina, and Texas – had a ratio of less than 1.0. As seen in the chart below, Colorado has had a ratio above 1.0 in recent years, with the exception of FY 2012-13. Note that the Department only has actual data through 2013-14, but is guaranteed to be a recipient state in FY 2014-15, and expects to be a recipient in the next several years.

Colorado Highway Trust Fund Payments and Allocations			
Fiscal Year	Payments into the Highway Trust Fund	Allocations from the Highway Trust Fund	Percentage Received Per Dollar Remitted
2009-10	\$461,516,000	\$598,641,000	1.3%
2010-11	490,059,000	582,122,000	1.19%
2011-12	539,628,000	553,506,000	1.03%
2012-13	565,586,000	550,646,018	0.97%
2013-14	585,933,000	648,112,990	1.11%

