

# JOINT BUDGET COMMITTEE



## STAFF BUDGET BRIEFING FY 2020-21

## DEPARTMENT OF TRANSPORTATION

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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# CONTENTS

Department Overview .....	1
Department Budget: Recent Appropriations.....	3
Department Budget: Graphic Overview .....	4
General Factors Driving the Budget.....	6
Summary: FY 2019-20 Appropriation & FY 2020-21 Request .....	21

## ISSUES

R1 Administration Efficiency Savings.....	24
Senate Bill 17-267 Update.....	27
Performance Audit.....	30

## APPENDICES

A. Numbers Pages.....	33
B. Recent Legislation Affecting Department Budget .....	44
C. Update on Long Bill Footnotes and Requests for Information.....	47
D. Department Annual Performance Report .....	48
E. Motor Fuel Tax History .....	49
F. 2017 State Motor Fuel Tax Rates.....	50
G. Department of Transportation Revenue Allocation Plan .....	51

# DEPARTMENT OF TRANSPORTATION

## DEPARTMENT OVERVIEW

In its [mission](#) statement, the Colorado Department of Transportation (CDOT) states that its mission is "To provide the best multimodal transportation system for Colorado that most effectively moves people, goods, and information." CDOT's primary responsibility, as measured by dollars expended, is the construction, maintenance, and operation of Colorado's state highway system under the policy direction of the eleven-member Transportation Commission, with additional responsibilities relating to aviation, transit, rail, and other modes of transportation.

CDOT's specific duties include:

- Planning, developing, and coordinating an integrated transportation system, a key component of which is the Statewide Transportation Improvement Program (STIP), a rolling 4-year planning document that identifies statewide transportation projects based on estimated revenues and priorities determined during the statewide planning process;
- Maintenance of the state highway system, including repairing road damage, plowing snow, and applying sand to icy roads;
- Management of the state's highway construction projects;
- 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;
- Assistance in the development of a statewide, multi-modal transportation system by providing grants and assistance to local transit systems and grants to other multi-modal recipients;
- Development and implementation of safety programs, including education programs, efforts to combat drunk driving, encourage seatbelt use, enforce speed limits, and generally promote highway safety; and
- Maintenance of the statewide aviation system plan, including the provision of technical support to local airports, administering reimbursement of aviation fuel tax revenues and discretionary grants to local airports.

CDOT staff provide support to the governor-appointed Transportation Commission as it adopts budgets, establishes policies, and implements Commission decisions.

Funds controlled by the Transportation Commission are shown for informational purposes in the Long Bill by three line items:

- Construction, Maintenance, and Operations;
- The High Performance Transportation Enterprise; and
- The Statewide Bridge Enterprise.

In the Long Bill, the General Assembly appropriates funding for

- The Administration Division, which is primarily funded from the State Highway Fund;

- The First Time Drunk Driving Offenders Account, which is funded with driver's license reinstatement fees connected with alcohol-related driving offenses;
- The Marijuana Impaired Driving Program, which is funded from the Marijuana Tax Cash Fund;
- The Southwest Chief Rail Commission, which is funded from the Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair and Maintenance Fund (Southwest Chief Rail Fund); and
- Transportation programs supported by the Multimodal Transportation Options Fund.

CDOT is created in Section 24-1-128.7, C.R.S., which enumerates its various divisions. The division structure in that section does not correspond particularly closely to the recently reorganized structure described on page 13 of CDOT's [FY 2020-21 Budget Allocation Plan](#).

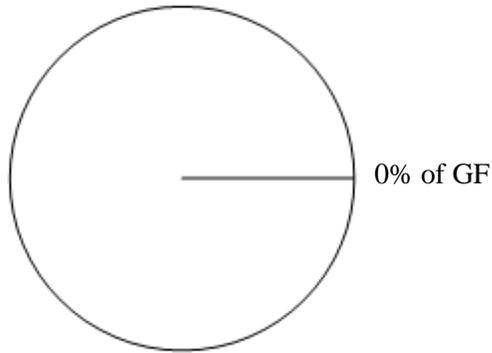
## DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21 *
General Fund	\$0	\$0	\$0	\$0
Cash Funds	851,844,882	1,209,197,195	1,483,476,167	1,361,451,591
Reappropriated Funds	8,552,189	6,672,645	7,078,096	7,078,096
Federal Funds	718,109,752	611,918,704	621,466,824	621,466,824
<b>TOTAL FUNDS</b>	<b>\$1,578,506,823</b>	<b>\$1,827,788,544</b>	<b>\$2,112,021,087</b>	<b>\$1,989,996,511</b>
Full Time Equiv. Staff	3,326.8	3,328.8	3,328.8	3,328.8

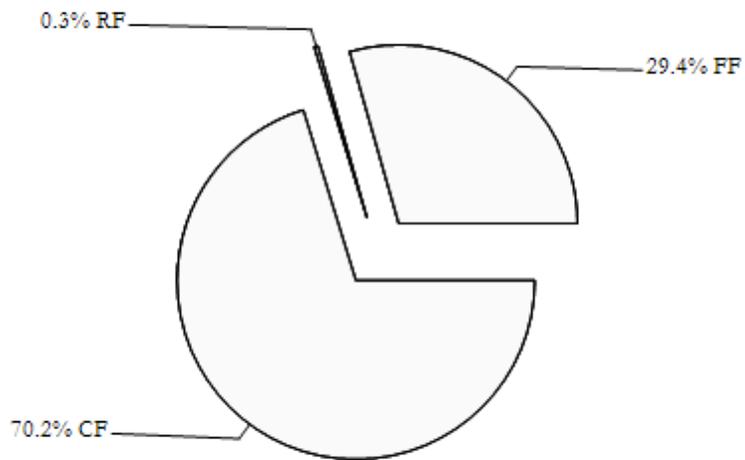
\*Requested Appropriation.

# DEPARTMENT BUDGET: GRAPHIC OVERVIEW

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



**Department Funding Sources**

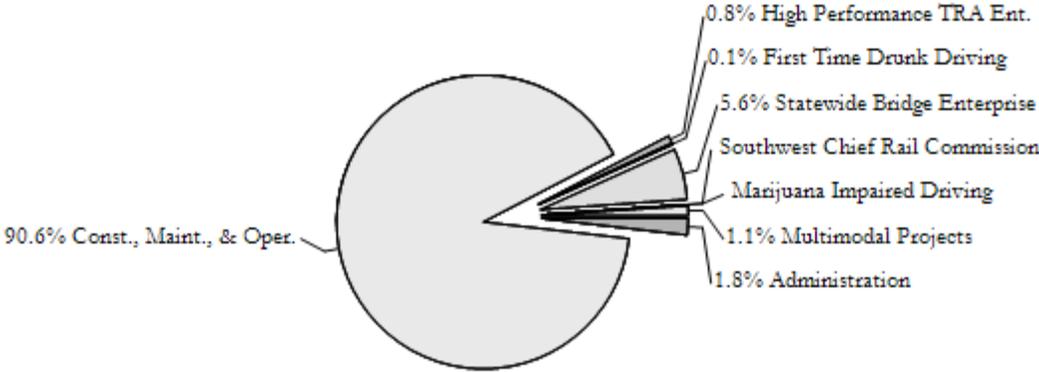


ALL CHARTS ARE BASED ON THE FY 2019-20 APPROPRIATION.

**Distribution of General Fund by Division**

*The Department of Transportation does not receive General Fund appropriations. Funding received pursuant to special bills like S.B. 17-267, S.B. 18-001 and S.B. 19-262 is received through transfers, not through General Fund appropriations.*

**Distribution of Total Funds by Division**



All charts are based on the FY 2019-20 appropriation.

## GENERAL FACTORS DRIVING THE BUDGET

The most important things to know about the CDOT budget that's presented in the Long Bill are:

- Most of CDOT's funding is continuously appropriated, which means that most parts of CDOT's Long Bill budget are informational; the real CDOT budget is the budget approved by the Transportation Commission.
- The line items in the Long Bill correspond to totals that are presented with supporting detail in the Transportation Commission budget, which is reproduced in Appendix G.
- The Transportation Commission budget, the Long Bill budget request from CDOT, and the Long Bill budget that the JBC approves all *allocate current revenues for future use*. Some lines in these budgets only show amounts that will be spent next year, but many lines include amounts that will be spent in subsequent years.

The last bullet point is important; Long Bill budget requests from other state agencies measure the amount that the agency will expend during the upcoming fiscal year in various areas. CDOT's request, and the Transportation Commission budget that underlies it, present the amount of revenue that CDOT expects to receive during the upcoming year and tell how it will allocate that revenue for future use, which could be several years in the future.

CDOT's expenditures fall into two categories: expenditures whose timing can be predicted with accuracy and those that cannot. Prime examples of the former are the salaries and benefits paid to CDOT employees; which are paid on a predictable basis. A prime example of unpredictable expenditures is payments to contractors who perform construction work.<sup>1</sup> Work on these projects often starts in the spring and continues past June 30<sup>th</sup> into the next fiscal year. Large projects like the I-25 South Gap can continue for five or six years. Forecasting when money will be paid to a contractor on a project can be challenging; a small delay due to weather or an unexpected difficulty can push a large expenditure into the next fiscal year. To provide financing for multi-year projects, the Department carries forward large amounts of prior-year revenue from one year to the next. CDOT's unspent continuously appropriated funding automatically rolls forward.<sup>2</sup> The State Auditor's [2019 audit of CDOT](#), found that in CDOT carried forward more than \$1 billion of funding from FY 2015-16 in FY 2016-17 and those funds accounted for more than 40 percent of the Department's total available FY 2016-17 funding (page 14).

There are several ways that the CDOT's budget could be presented.

- The budget could report **new revenue** expected to be received during the upcoming year. The revenue could be organized either by the revenue source or by the use to which the revenue is expected to be put during the upcoming year or in a future year. The source and use categories could be high-level aggregates or more detailed categories. CDOT calls a current-year revenue budget, classified by use, a "revenue allocation plan."

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<sup>1</sup> CDOT calls predictable, ongoing spending that mostly occurs in the fiscal year of the budget "cost centers;" it calls project-oriented, multi-year spending "budget centers."

<sup>2</sup> In general, projects begun a prior fiscal year are paid for out of previously received revenues. Unspent budget from the prior year rolls forward until the project is complete. With capital construction projects, the bulk of the expenditures occur about one year after the dollars are budgeted.

- The budget could report **new revenue plus roll-forward revenue** from prior years. CDOT calls this a “roll forward budget.”<sup>3</sup>
- The budget could present **projected expenditures during the upcoming fiscal year**, at an aggregated level or a detailed level. CDOT calls this a "spending plan".
- Part of the budget could be presented as a revenue allocation plan and another part as a projected expenditure plan.
- The budget could report **projected expenditure on new projects that are to begin during the upcoming year**. If a project will last several years, the budget would report the total multi-year cost at the time the project begins. This is how the capital-construction section of the Long Bill works; the JBC approves the total, often multi-year, cost of each project before it begins. Sometimes supplemental adjustments to funding are required in later years.

Each type of budget has advantages; each provides differing insights into spending. However, only one budget can be placed in the Long Bill and the Department and General Assembly have decided that it will be a revenue allocation budget. (Note that CDOT also produces different budgets that present its spending in different ways.)

For those parts of CDOT's budget with predictable expenditures during the upcoming year, there's no difference between a revenue-allocation budget and a budget based on annual expenditures. An example is spending by the Administration Division, the largest section of the CDOT Long Bill that the General Assembly controls. If the General Assembly decides CDOT's Administration Division should spend \$36 million next year, CDOT will spend \$36 million on the Division because the salaries, operating expenses and common policy expenditures that make up Division spending are predictable and controllable. A revenue-allocation budget will show \$36 million of revenue allocated to Administration and an expenditure-based budget will also show \$36 million.

In other cases there's a substantial difference between a revenue-allocation budget and an annual-expenditure budget. An example is the Multimodal Transportation Projects line item in the final section of CDOT's Long Bill. In FY 18-19 and FY 19-20, S.B. 18-001 transferred a net of \$94.25 million from the General Fund to the Multimodal Transportation Options Fund (the "Multimodal Fund"). The Multimodal Fund is not continuously appropriated; CDOT needs an appropriation to spend from it. For FY 18-19 and 19-20 the JBC decided to appropriate to CDOT the entire amount transferred by S.B. 18-001 from the General Fund, with roll-forward provisions that keep the appropriations available for five years. CDOT wasn't going to spend all this money in FY 18-19 and 19-20;<sup>4</sup> it planned to use the money over the next five years. Thus the Long Bill appropriations from the Multimodal Fund in FY 18-19 and 19-20 are an example *revenue allocation* budgeting; it allocates the entire amount of revenue received from S.B. 18-001 to Multimodal Transportation Projects at the time received without specifying the year in which the money will be spent. A budget based on projected expenditures might have appropriated the money annually in five chunks of \$18 or \$19 million.

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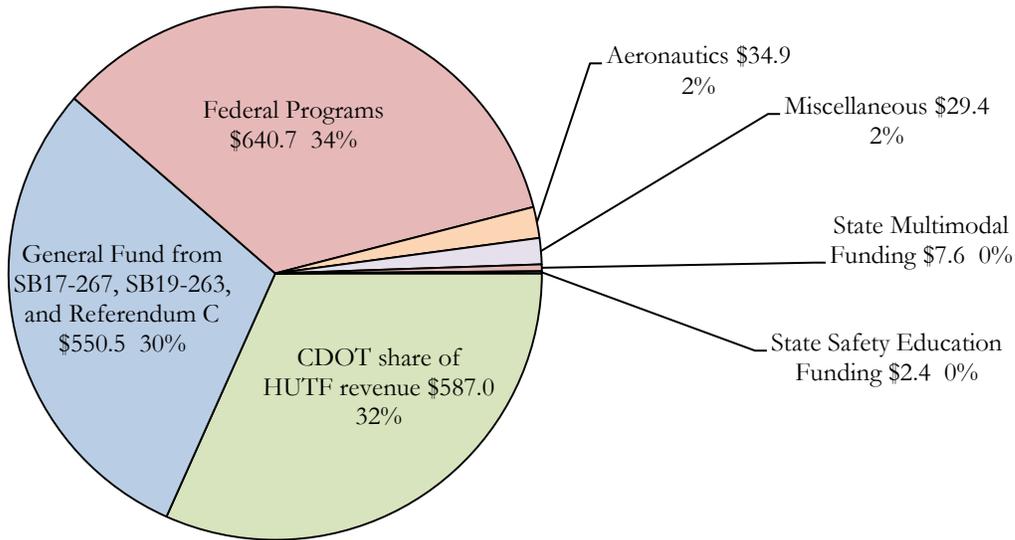
<sup>3</sup> It's difficult to put a roll-forward budget in a Long Bill written in March because fiscal years begin on July 1, in the middle of CDOT's building and maintenance season, which makes roll forwards very hard to predict

<sup>4</sup> In fact, CDOT's November 2019 budget submission indicates that none was spent in FY 18-19.

The following chart, based on CDOT's November 15, 2018 [Proposed Budget Plan for FY 2020-21](#), shows the projected revenue from CDOT's various funding sources for fiscal year FY 2020-21, in millions of dollars.

**Figure 1**

**CDOT Revenue Estimate, \$ millions, FY 2020-21**



The General Fund transfers in Figure 1 are based on current law and assume that the ballot measure that S.B. 18-001 and S.B. 19-263 refers to voters in 2020 fails.

**What does the General Assembly control?** Almost all of the revenue sources shown in Figure 1 are continuously appropriated to the Department by constitutional and statutory provisions. Budget decisions concerning these continuously appropriated items are mostly made by the Transportation Commission, which, working within the framework established by statute, decides such things as how much to spend on new construction and how much to spend on maintenance. The CDOT programs that these revenues fund are included in the Long Bill, but are presented for “informational purposes” only, which means that the General Assembly does not control these amounts.

The General Assembly does appropriate the following Long Bill items, which together make up less than 2.0 percent of the Department’s total FY 2020-21 budget request. The amounts in parentheses are the requested appropriations for FY 2020-21, which total \$39.2 million:

- Administration (\$35.7 million),
- First Time Drunk Driving Offenders program (\$1.5 million),
- Marijuana Impaired Driving Program (\$950 thousand), and
- Southwest Chief Rail Commission (\$100 thousand).

**The Administration Division** is the largest component of the CDOT budget that’s controlled by the General Assembly through annual appropriations; however, even there, legislative control is

limited. Section 43-1-113 (3) (a), C.R.S., creates the Administration Division line item and Section 43-1-113 (2) (c) (III), C.R.S., specifies that it consist of the expenditures for the salaries and expenses of the following offices and divisions:

- Transportation Commission
- Executive Director
- Chief Engineer
- District engineers
- Budget
- Internal audits
- Public relations
- Equal employment
- Accounting
- Administrative services
- Building operations
- Management systems
- Personnel
- Procurement
- Insurance
- Legal
- Central data processing

Statute further requires that the specified expenditures be contained in a single Long Bill line that “shall not be identified by project, program, or district.” This means that the General Assembly controls the total Administration appropriation, but CDOT has the discretion to freely move funds among the Administration's subdivisions, for example from Internal Audit to Legal to Procurement. Section 43-1-113 (6) (a), C.R.S., limits expenditures of the Administration line item to no more than 5.0 percent of the total CDOT budget; CDOT's FY 2020-21 request for the Administration Division is less than 2% of its total request.

### CDOT TOTAL FUNDING TRENDS

The next chart shows CDOT's funding per capita adjusted for increases in the price level. In both charts, FY 2019-20 is a projection.

Figure 2

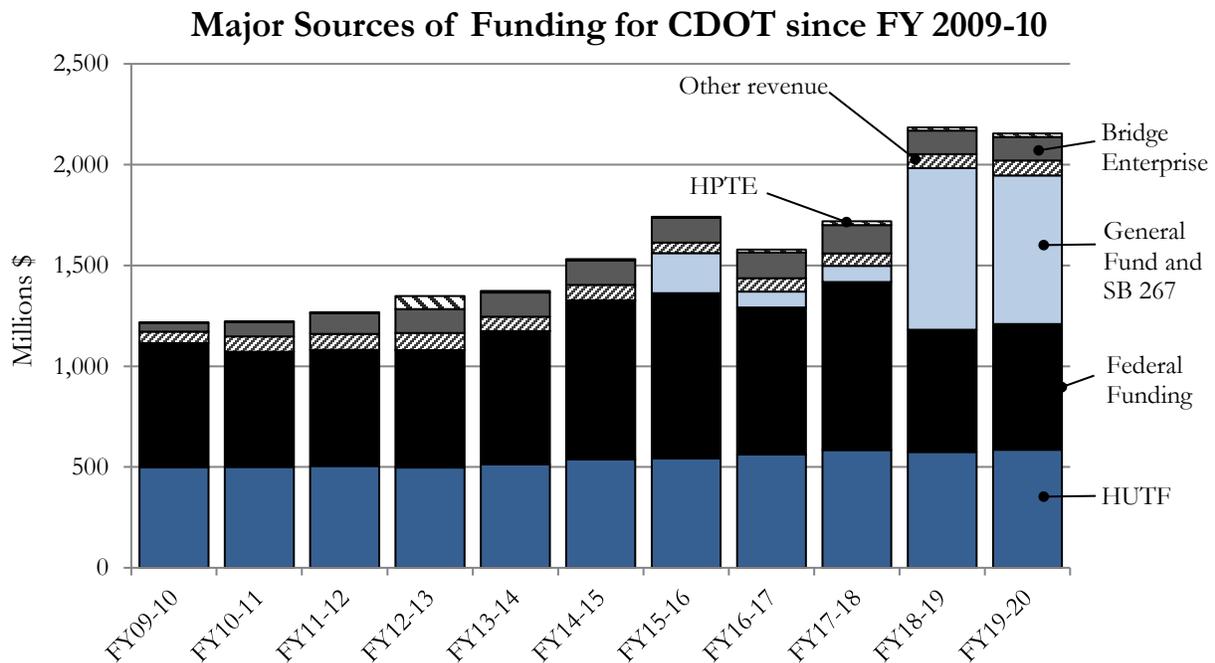
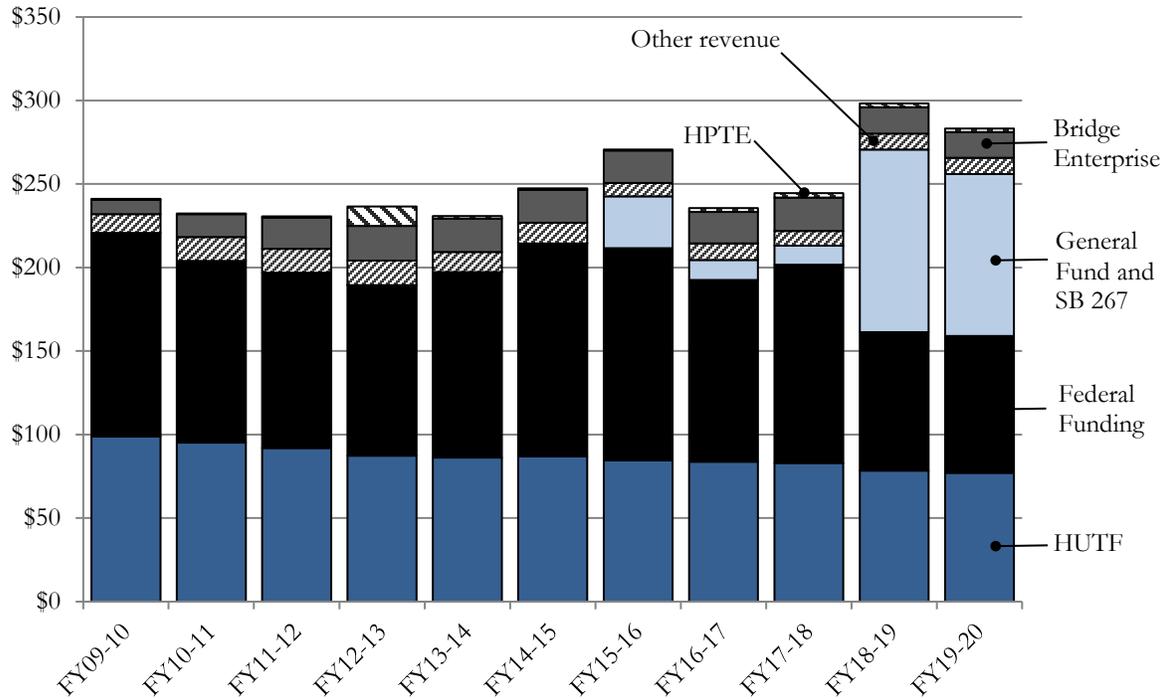


Figure 3

CDOT Funding Per Colorado Resident, Adjusted for Inflation



HUTF REVENUE SOURCES AND USES

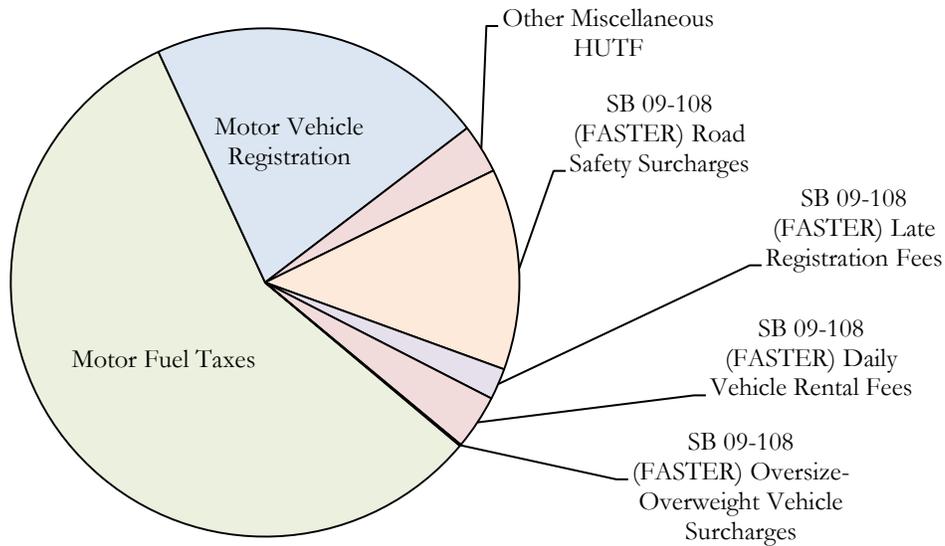
As Figure 1 shows, one of the largest sources of funding for CDOT is the HUTF, the Highway Users Tax Fund. It's also one of the most complex cash funds in the State. Revenue in the HUTF is distributed to CDOT, Counties, Municipalities, and, through "off-the-top" appropriations, to the Colorado State Patrol. The HUTF receives revenues from fines, license plate fees, driver's license fees, passenger-mile taxes, and other sources, but the most important sources of revenue are

- Motor fuel taxes,
- Registration fees for motor vehicles, which are based on vehicle age and weight, and
- Road safety surcharges.

The following pie chart and table show projected *total* HUTF revenues for FY 2020-21, including revenue that will be distributed to counties, municipalities, and the state patrol.

**Figure 4**

**FY 2020-21 HUTF Revenue Forecast (\$ million)**

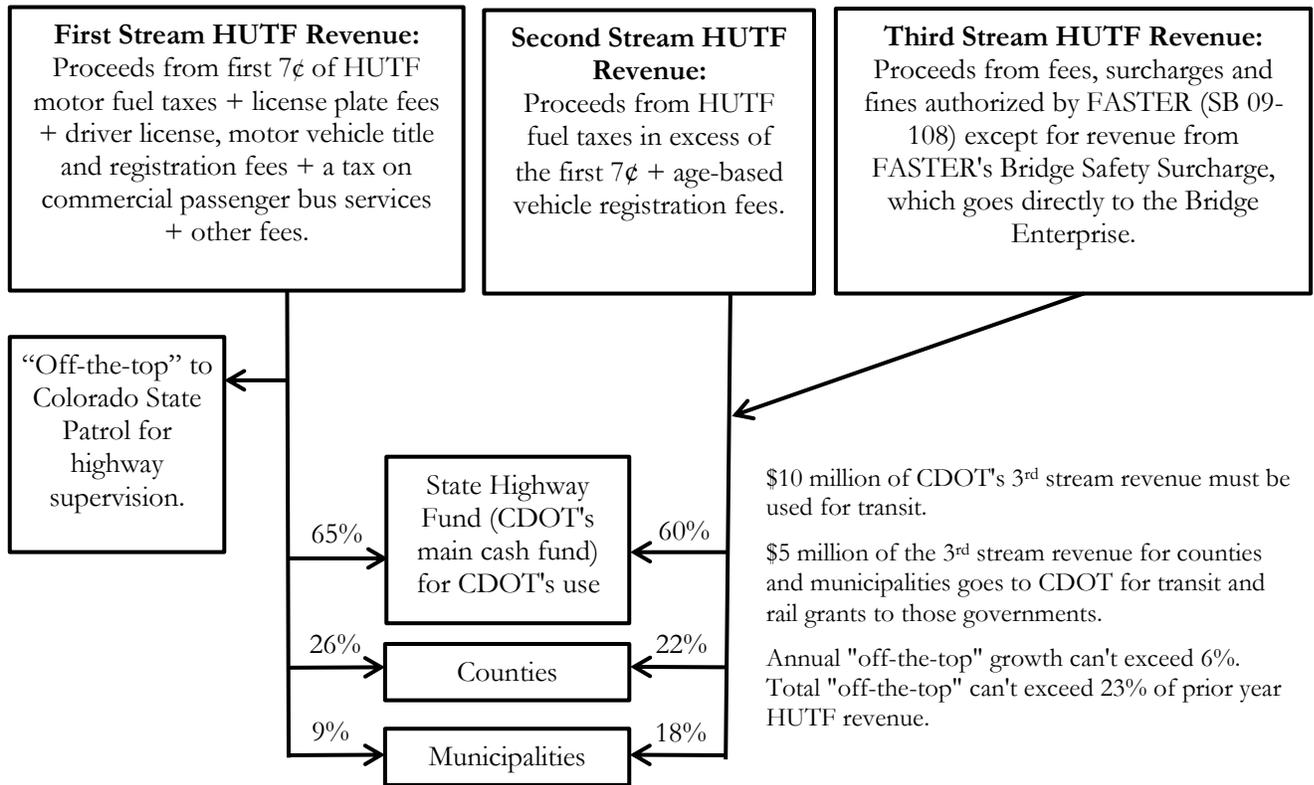


HUTF Funding Source	FY 2020-21 Revenue Forecast (\$ million)	Percent of Total
Motor Fuel Tax	\$623.0	57.0%
Motor Vehicle Registration	235.0	21.5%
Other Miscellaneous HUTF	34.2	3.1%
Sources added by SB 09-108 (FASTER, which is discussed below)		
Road Safety Surcharges	140.0	12.8%
Late Registration Fees	21.8	2.0%
Daily Vehicle Rental Fees	38.0	3.5%
Oversize/Overweight Vehicle Surcharges	1.0	0.1%
<b>TOTAL</b>	<b>\$1,093.0</b>	<b>100.0%</b>

Forecast provided by CDOT in response to a JBC staff request.

Formulas in Sections 43-4-205 through 43-4-208, C.R.S., divide HUTF fuel tax revenue into three "streams" that are allocated to CDOT, counties, and municipalities in the differing proportions shown in the following diagram.

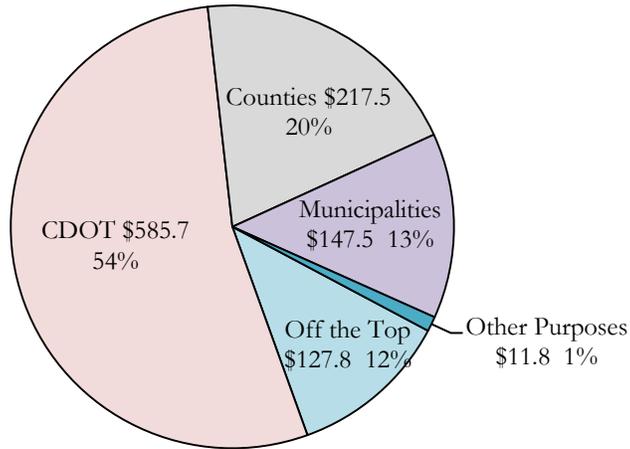
**Figure 5. Distribution of HUTF Revenue**



Note that the HUTF and the State Highway Fund (shown in the center of the previous diagram) are different cash funds. The HUTF receives revenues from numerous sources and passes part of it on to the State Highway Fund, which is the principal fund from which CDOT expends state moneys. Section 43-1-219, C.R.S., requires the Treasurer to transfer HUTF revenues that are earmarked for the Department of Transportation to the State Highway Fund and continuously appropriates the balance in that fund to CDOT.

In FY 2019-20 these formulas are projected to result in the following distribution of HUTF revenue (in \$ millions):

**Figure 6. Projected FY 2019-20 HUTF Distributions (\$ million)**



## DETAIL ON HUTF REVENUE SOURCES AND USES

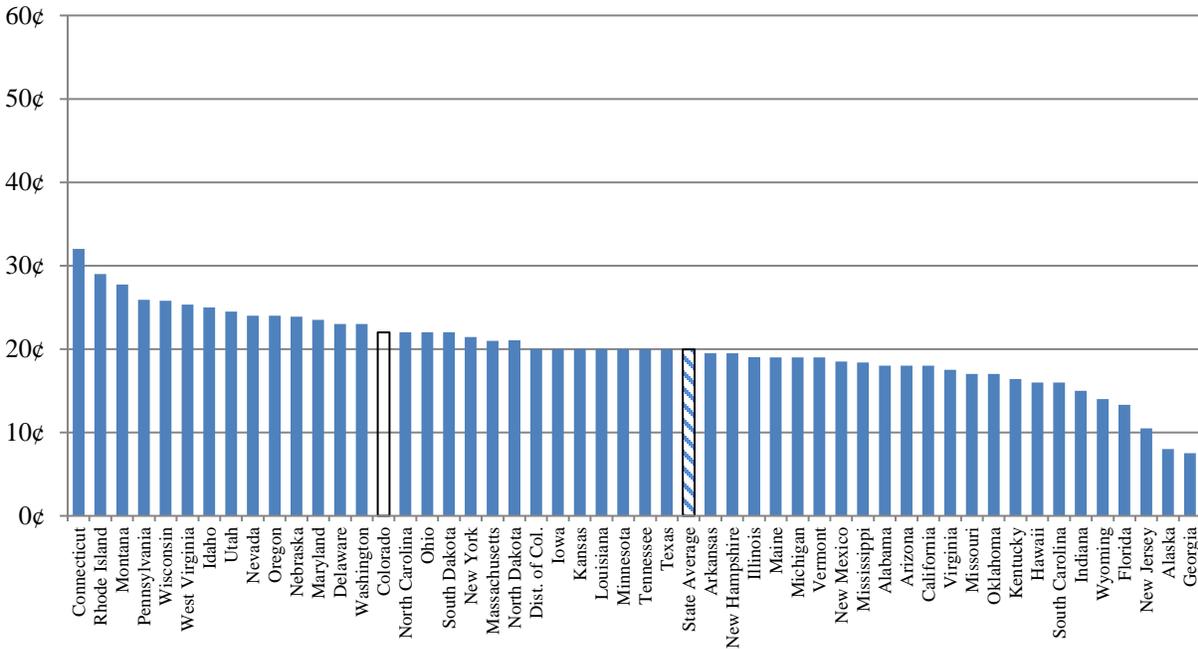
### MOTOR FUEL TAXES

The **motor fuel taxes** that make up more than half of HUTF revenue come from the State's 22¢ per gallon gasoline excise tax and 20.5¢ per gallon diesel excise tax. These rates have not changed since 1992, as shown in Appendix D. Article X, Section 18 of the Colorado Constitution requires that these fuel taxes, as well as vehicle registration fees, be used exclusively for the construction, maintenance, and supervision of the state highway system. Colorado courts have said that this implies continuous appropriation authority over these funds for CDOT. (*Johnson v. McDonald*, 97 Colo 324, 49 P.2<sup>nd</sup> 1017 (1935)).

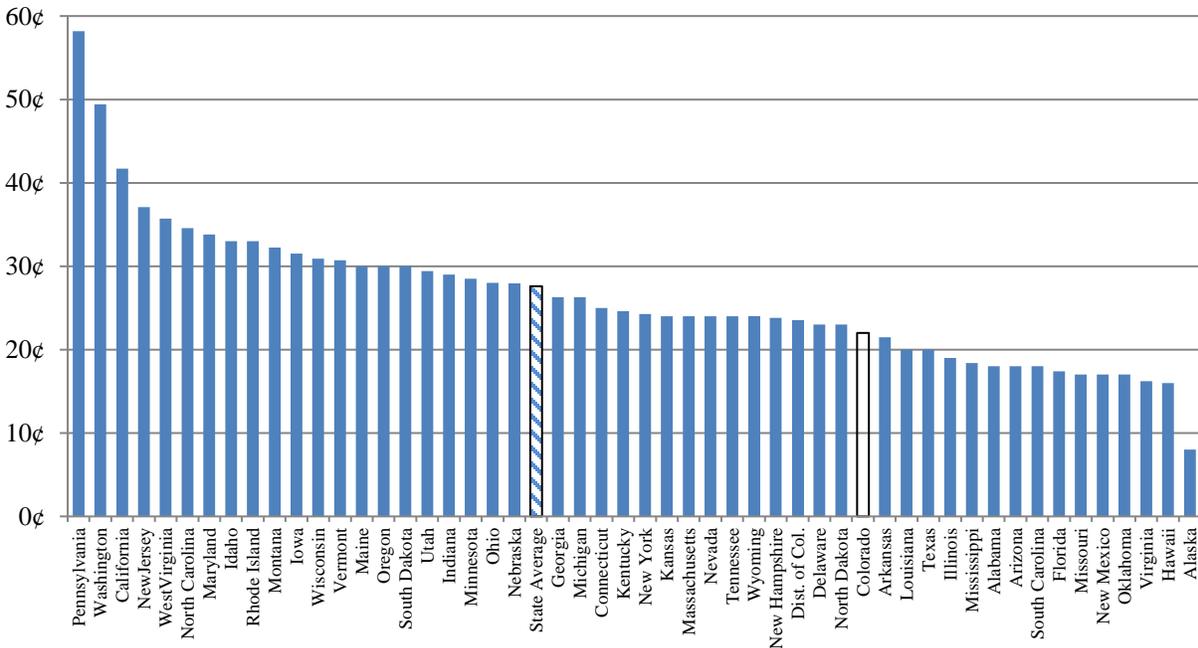
The following charts, based on data from the Federal Highway Administration, compares Colorado's gas tax rate with the rates of other states in 2000 and in 2017. As the charts show, Colorado's gasoline tax rate formerly ranked among the top third of states but now ranks in the bottom third.

Figure 7

State Gas Taxes in Cents Per Gallon, Dec. 2000



State Gas Taxes in Cents Per Gallon, Dec. 2017



CDOT notes that the purchasing power of Colorado's fuel excise tax revenue has decreased due to a combination of increased fuel efficiency, which results in lower tax revenue per vehicle mile, and increased construction costs. According to the Department, increases in construction costs, as measured by the Department's Construction Cost Index, have outpaced both the Department's revenues and general inflation.

## SENATE BILL 09-108 (FASTER)

The HUTF revenue pie chart in Figure 4 includes a number of slices labeled "Senate Bill 09-108 (FASTER)." FASTER, which stands for Funding Advancement for Surface Transportation and Economic Recovery, was a multifaceted bill that was enacted during the Great Recession. The bill

- Created two TABOR enterprises within CDOT:
  - The Statewide Bridge Enterprise (the "Bridge Enterprise"), and
  - The High Performance Transportation Enterprise (the "Transportation Enterprise").
- Authorized new transportation revenue sources:
  - New surcharges, fees, and fines that are deposited into the HUTF and distributed via second-stream rules (60 percent CDOT, 22 percent counties, 18 percent municipalities, no "off-the-top") :
    - Road safety surcharges;
    - A supplemental oversize/overweight vehicle surcharge;
    - A daily fee for the use of a rented motor vehicle;
    - An increased fee for the late registration of a motor vehicle; and
    - An increased unregistered vehicle fine.
  - A new Bridge Safety Surcharge that goes straight to the Bridge Enterprise created by FASTER, bypassing the HUTF.

Prior to enactment of FASTER, motor fuel taxes accounted for more than 70.0 percent of total HUTF revenues. Following FASTER, the motor-fuel-tax share fell below 60.0 percent.

## THE BRIDGE ENTERPRISE (ALSO CALLED THE "BE")

The Bridge Enterprise rebuilds, repairs, and rehabilitates bridges that are rated as being in “poor” condition<sup>5</sup>, functionally obsolete, or structurally deficient. The Enterprise is governed by a board of directors who are also on the Transportation Commission. The principal funding source for the Enterprise is Bridge Safety Surcharges, which are paid when vehicles are registered. Surcharge revenue is deposited directly in the Statewide Bridge Enterprise Special Revenue Fund; it does not pass through the HUTF. The Bridge Enterprise can borrow, using the proceeds to pay for bridge rebuilding and repair and using its revenue to repay note holders. The Enterprise issued revenue bonds in 2010 and is currently repaying the loans using its revenues.

## THE TRANSPORTATION ENTERPRISE (ALSO CALLED THE "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

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<sup>5</sup> The condition of the parts of a bridge are rated on a scale of 0 to 9 (9 = “excellent”). The bridge is rated on deck (riding surface), superstructure (supports immediately beneath the driving surface), substructure (foundation and supporting posts and piers), and culvert (tunnel carrying a stream under a road). The bridge is classified as “poor” if the lowest rating is 4 or less.

- Design-build contracting.

FASTER authorizes the Transportation Enterprise to use road pricing on existing highway capacity as a congestion management tool if the Enterprise secures approval from the federal government and from all affected local governments. The Transportation Enterprise is governed by a seven-member board consisting of four appointees of the Governor and three members of the Transportation Commission.

Like the Bridge Enterprise, the Transportation Enterprise is authorized to issue revenue bonds backed by its revenues. The Transportation Enterprise replaced the former Statewide Tolling Enterprise).

## FEDERAL FUNDS FOR CDOT

The CDOT revenue pie chart in Figure 1 includes a large slice labeled "Federal Programs". CDOT receives federal funding for four purposes:

- Highways (from the Federal Highway Administration funds),
- Safety (from the National Highway Traffic Safety Administration funds),
- Transit (from the Federal Transit Administration funds), and
- Aviation (from the Federal Aviation Administration funds).

Federal funds provide a significant share of the CDOT's resources and fluctuations in federal funds have a substantial impact on the Department's annual budget.

Federal Highway Administration funds trace to federal fuel taxes. As shown in Appendix E, federal fuel tax rates, like state fuel tax rates, have not changed since the 1990's. The federal rates per gallon equal 18.4¢ for gasoline and 24.4¢ for diesel. In combination, Colorado and federal excise taxes are 40.4¢ per gallon for gas and 44.9¢ per gallon for diesel.

Federal Funding to CDOT (\$ millions)								
Federal Program <sup>1</sup>	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Actual	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Actual	FY 19-20 Projected
FHWA	529.3	607.3	728.9	759.0	663.2	723.1	536.4	550.7
FTA	15.7	16.0	20.4	18.9	24.5	56.1	26.2	26.8
FAA	0.3	0.1	0.2	0.3	0.0	0.0	0.1	0.0
NHTSA	7.9	7.6	8.0	9.1	8.6	8.8	8.1	8.6
<b>Total</b>	<b>553.2</b>	<b>631.0</b>	<b>757.5</b>	<b>787.4</b>	<b>696.3</b>	<b>788.1</b>	<b>570.8</b>	<b>586.1</b>

<sup>1</sup> FHWA - Federal Highway Administration; FTA - Federal Transit Administration; FAA - Federal Aviation Administration; NHTSA - National Highway Traffic Safety Administration. Data provided by CDOT in response to JBC staff request.

## GENERAL FUND AND OTHER STATE SUPPORT FOR CDOT

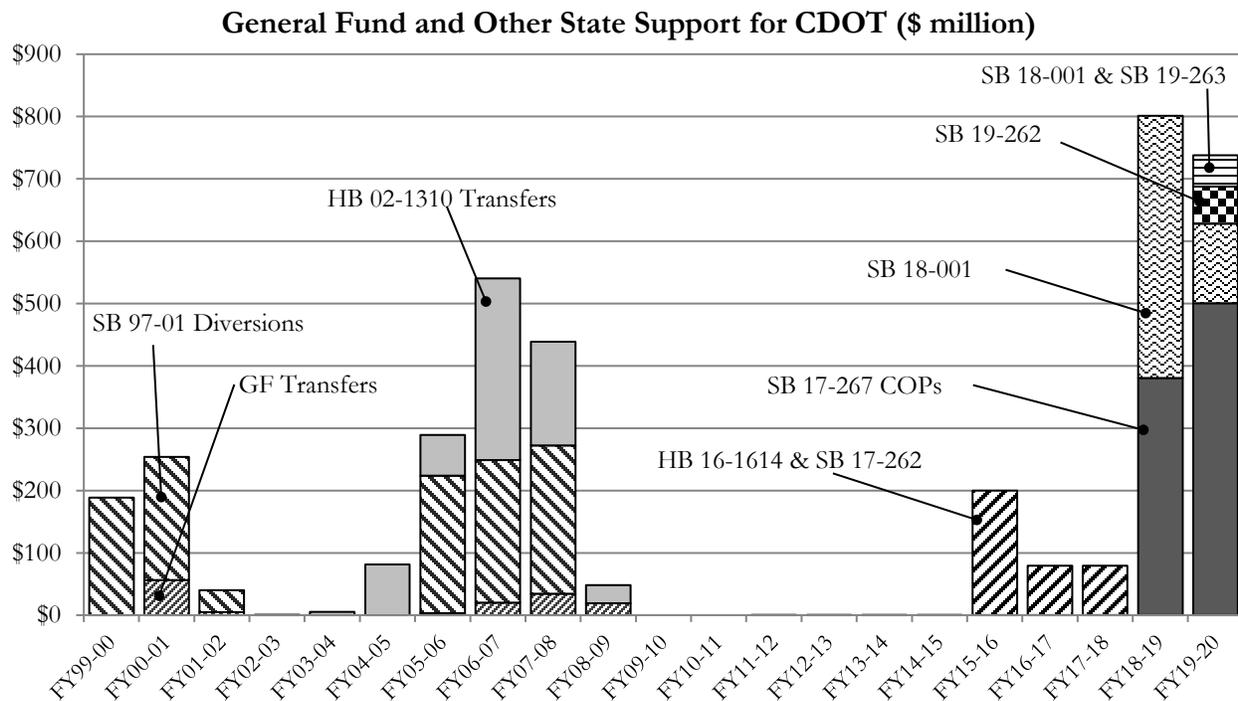
Since at least the 1970's, the General Assembly has approved bills that provide CDOT with additional funding, sometimes through transfers from the General Fund and sometimes by other means. These included

- Diversions of sales and use taxes from the General Fund to the HUTF pursuant to S.B. 97-001<sup>6</sup> (known as “SB 1 funding”);
- Limited Gaming Fund appropriations to the HUTF, which diverted cash funds that would otherwise be credited to the Clean Energy Fund; and
- H.B. 02-1310<sup>7</sup> funding, which directed two-thirds of the year-end General Fund surplus to the HUTF.

House Bill 99-1325, which received approval in a voter referendum, permitted CDOT to issue Tax Revenue Anticipation Notes (TRANS) to finance projects and use future federal and state revenues to pay back note holders over time.

The following chart shows the highly variable level of additional funding that the General Assembly has provided since FY 1999-00.

**Figures 8**



### GF TRANSFERS FROM REFERENDUM C

Referendums C and D went to voters in 2005. Had voters approved both, the referendums together would have allowed the state to borrow up to \$1.7 billion for transportation projects, with Referendum C providing the funding to repay the debt. When C passed and D failed, the JBC

<sup>6</sup> S.B. 97-1 diverted to the HUTF 10 percent of state sales and use tax revenue when General Fund revenue was sufficient to fund TABOR refunds, the statutory reserve, and a 6 percent increase in General Fund appropriations. It was repealed by S.B. 09-228.

<sup>7</sup> H.B. 02-1310 transferred to the HUTF two thirds of the excess General Fund reserve remaining after TABOR refunds, the statutory reserve, a 6 percent increase in General Fund appropriations, and the SB 97-1 diversion. It was repealed by S.B. 09-228.

decided, consistent with Sections 24-77-103.6 (2) and 24-77-104.5 (1) (a) (B), C.R.S., to appropriate modest amounts of capital construction funds to CDOT in the capital construction section of the Long Bill. These appropriations persist to this day and currently provide \$500,000 to CDOT, funding that traces to the General Fund. In earlier years, the appropriations were larger: \$20.0 million in FY 2007-08 and \$8.0 million in FY 2008-09.

### GF TRANSFERS FROM S.B. 09-228 AND SUBSEQUENT BILLS

In 2009, the General Assembly enacted S.B. 09-228 (Flexibility to Use State Revenues), which repealed the General Fund transfers associated with S.B. 97-001 and H.B. 02-1310. The bill required that five annual transfers<sup>8</sup> be made from the General Fund to the HUTF beginning one year after state personal income first grew at a rate of five percent or higher in a calendar year. Colorado achieved this growth rate in 2014, thus triggering five transfers that were set to begin late in FY 2015-16. The amount to be transferred each year equaled a percentage of State General Fund revenue and that percentage depended on the TABOR refund, as shown in the following table:

TABOR REFUND AS PERCENTAGE OF STATE GF REVENUE	S.B. 09-228 TRANSFER FROM GF TO HUTF AS PERCENTAGE OF STATE GF REVENUE
< 1.0%	2.0%
1.0% - 3.0%	1.0%
> 3.0%	No Transfer

Before the first "SB228" transfer took place, H.B. 16-1416 (State Infrastructure General Fund Transfers, a JBC bill) replaced the first two of these SB228 transfer formulas with specified transfers for the first two years: \$199.2 million for FY 2015-16 and \$158.0 million for FY 2016-17.

Senate Bill 17-262 (HUTF and Capital Construction Fund Transfers, a JBC bill) modified the General Fund transfers to the HUTF that were scheduled to be made late in FY 2016-17 and subsequent years, reducing the FY 2016-17 transfer to \$79.0 million while setting the FY 2017-18, FY 2018-19, and FY 2019-20 transfers at \$79.0 million, \$160.0 million, and \$160.0 million respectively.

Senate Bill 17-267 (Sustainability of Rural Colorado) further modified the transfers from the General Fund to the HUTF by eliminating the \$160.0 million FY 2018-19 and FY 2019-20 transfers. Senate Bill 17-267 also contained borrowing provisions that will be discussed in an issue.

Thus in combination, S.B. 09-228, as modified by H.B. 16-1416, S.B. 17-262, and S.B. 17-267 resulted in the following General Fund to HUTF transfers:

TRANSFERS TO THE HUTF IN \$ MILLIONS resulting from S.B. 09-228 and subsequent amendments in H.B. 16-1416, S.B. 17-262, and S.B. 17-267		
FY 2015-16	FY 2016-17	FY 2017-18
\$199.2	\$79.0	\$79.0

<sup>8</sup> The bill specified that transfers could not begin before FY 2012-13. Transferred HUTF funds were required to be expended for the implementation of the Strategic Transportation Project Investment Program (a collection of projects selected by the Transportation Commission) with no more than 90 percent spent for highway purposes and at least 10 percent for transit purposes.

## RECENT STATE TRANSPORTATION FUNDING

### SB 17-267 CERTIFICATES OF PARTICIPATION

Senate Bill 17-267 provided funding to CDOT through the issue of certificates of participation (COPs) that were expected to produce \$380.0 million of funding for CDOT in FY 2018-19 and \$500.0 million in each of fiscal years 2019-20, 2020-21, 2021-22. The ongoing issuance of these COP's is discussed in more detail in a subsequent issue.

### SENATE BILL 18-001

Senate Bill 18-001 (Transportation Infrastructure Funding) provided additional funding for transportation and, as amended by S.B. 19-263, will reduce the amount borrowed pursuant to S.B. 17-267 if voters approve a referred measure that is now scheduled to appear on the November 2020 ballot.

At the start of FY 2018-19, S.B. 18-001 transferred \$495.0 million from the General Fund to funds that support state and local transportation projects, with 70 percent (\$346.5 million) going to the State Highway Fund, 15 percent (\$74.25 million) to a new Multimodal Transportation Options Fund ("Multimodal Fund"), and 15 percent to the Highway Users Tax Fund (HUTF) for distribution to counties and municipalities. Of the \$74.25 million transferred to the Multimodal Fund, \$2.5 million is subsequently transferred to the Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair and Maintenance Fund, meaning that the net transfer to the Multimodal Fund equaled \$71.75 million (= \$74.25 - \$2.5). The entire transfer to the Multimodal Fund was appropriated to the Department in the FY 2018-19 Long Bill as amended by S.B. 19-125 (the CDOT supplemental bill).

At the start of FY 2019-20 the bill transferred an additional \$150.0 million from the General Fund, with \$105.0 million going to the State Highway Fund, \$22.5 million to the Multimodal Fund, and \$22.5 million to the HUTF for counties and municipalities. The entire transfer to the Multimodal Fund was appropriated to the Department in the FY 2019-20 Long Bill.

Other provisions in the bill were contingent on passage of Propositions 109 and/or 110 at the November 2018 election. Both failed.

### SENATE BILLS 19-262 AND 19-263

**Senate Bill 19-262** transferred \$100 million from the General Fund to the Highway Users Tax Fund on July 1, 2019, with 60 percent (\$60.0 million) directed to the State Highway Fund for use by CDOT, 22 percent to counties, and 18 percent to municipalities.

**S.B. 19-263** extends the \$50.0 million annual transfer from the General Fund to the State Highway fund required by S.B. 18-001 for one year so it ends in FY 2039-40. The bill also delayed and modified the 2019 referred measure contained in S.B. 18-001. The revised measure now goes to voters in November 2020 and asks for approval of a debt issue by CDOT of \$1.837 billion of Transportation Revenue Anticipation Notes (TRANs).

If the 2020 ballot measure passes, the lease-purchase agreements scheduled for FY 2020-21 and FY 2021-22 pursuant to S.B. 17-267, which have total value of \$1.0 billion, are cancelled but the \$500.0 million lease-purchase agreement scheduled to be issued this year, FY 2019-20, is not affected. CDOT can issue up to \$1.837 billion of TRANs with a maximum repayment cost of \$2.560 billion paid over 20 years, with debt-service payments coming from the State Highway Fund. If issued equally over 3 years, \$612.3 million will be issued per year, beginning as soon as FY 2020-21. If the 2020 ballot measure fails, there is no change to the four years of lease-purchase borrowing authorized by S.B. 17-267.

## SUMMARY: FY 2019-20 APPROPRIATION & FY 2020-21 REQUEST

DEPARTMENT OF TRANSPORTATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2019-20 APPROPRIATION:</b>						
SB 19-207 (Long Bill)	2,112,021,087	0	1,483,476,167	7,078,096	621,466,824	3,328.8
<b>TOTAL</b>	<b>\$2,112,021,087</b>	<b>\$0</b>	<b>\$1,483,476,167</b>	<b>\$7,078,096</b>	<b>\$621,466,824</b>	<b>3,328.8</b>
<b>FY 2020-21 REQUESTED APPROPRIATION:</b>						
FY 2019-20 Appropriation	\$2,112,021,087	0	\$1,483,476,167	\$7,078,096	\$621,466,824	3,328.8
<b>Revenue adjustments</b>						
Revenue adjustment for the Bridge Enterprise	2,770,162	0	2,770,162	0	0	0.0
Revenue adjustment for the Administration Division and the CM&O Division*	(100,952,038)	0	(100,952,038)	0	0	0.0
Reduced revenue available from the Multimodal Transportation Options Fund	(22,500,000)	0	(22,500,000)	0	0	0.0
Reduced revenue requested from Marijuana Tax Cash Fund	(1,000,000)	0	(1,000,000)	0	0	0.0
Revenue adjustment for the High Performance Transportation Enterprise	(342,700)	0	(342,700)	0	0	0.0
<b>Total revenue change</b>	<b>(\$122,024,576)</b>	<b>\$0</b>	<b>(\$122,024,576)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Offsetting expenditure adjustments</b>						
R1 Administration Efficiency Savings, effect in Administration Division	(1,124,675)	0	(1,124,675)	0	0	0.0
R1 Administration Efficiency Savings, effect in CM&O Division*	1,124,675	0	1,124,675	0	0	0.0
<b>Net effect of offsetting adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Non-offsetting expenditure adjustments</b>						
None	0	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$1,989,996,511</b>	<b>\$0</b>	<b>\$1,361,451,591</b>	<b>\$7,078,096</b>	<b>\$621,466,824</b>	<b>3,328.8</b>
<b>INCREASE/(DECREASE)</b>	<b>(\$122,024,576)</b>	<b>\$0</b>	<b>(\$122,024,576)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	(5.8%)	n/a	(8.2%)	0.0%	0.0%	0.0%

\* CM&O = Construction, Maintenance, and Operations Division.

### DESCRIPTION OF REQUESTED CHANGES

CDOT's Long Bill budget request is a revenue allocation plan that shows how projected revenues will be allocated among its divisions. When CDOT submits its request in November, the total amount requested is a forecast of the total amount of revenue that CDOT expects to receive in the next fiscal year. The budget request submitted this month, November 2019, forecasts the amount of revenue CDOT will receive in FY 2020-21. The budget request submitted a year ago, in November 2018, forecast the amount of revenue CDOT will receive in this fiscal year 2019-20, a fiscal year that's less than half complete, meaning that we still don't know exactly how much CDOT will receive from its revenue sources this year. It still doesn't know how much it will receive from the federal government this fiscal year, or how much it will receive from the HUTF, or exactly how much it will receive from the S.B. 17-267 certificates of participation that will probably be offered to investors in January or February.

The table above shows that CDOT is forecasting that its revenue will be \$122.0 million lower in FY 2020-21 than it thought its FY 2019-20 revenue would be in November 2018, when it submitted its last Long Bill budget request. To put it more succinctly, the change in CDOT's budget total equals the difference between this year's forecast of FY21 CDOT revenue and last year's forecast of FY20 revenue.

## REVENUE ADJUSTMENTS

The table shows that CDOT current revenue expectations are lower than its revenue expectations a year ago for almost all of its revenue sources.

**Revenue adjustment for the Bridge Enterprise.** This is the revenue bright spot. CDOT's current forecast of FY 20-21 revenues from bridge safety surcharge fees is more optimistic than its November 2018 forecast of Bridge Enterprise revenue.

**Revenue adjustment for the Administration Division and the CM&O Division** (CM&O = the Construction, Maintenance, and Operations Division.) A year ago, in November 2018, CDOT was looking forward to a FY 19-20 in which S.B. 17-267 would provide \$500,000,000 of revenue and S.B. 18-001 would provide another \$105 million for highways. Today it looks forward to a FY 20-21 in which it still expects \$500,000,000 from SB 17-267, but it can't count on \$105 million for highways from another bill like S.B. 18-001. So most of this reduction is due to the expiration of S.B. 18-001.

**Reduced revenue available from the Multimodal Transportation Options Fund.** A year ago, in November 2018, CDOT was looking forward to a FY 19-20 in which S.B. 18-001 would provide another \$22.5 million for multimodal transportation. S.B. 18-001 will provide no further multimodal funding for CDOT.

**Reduced revenue requested from Marijuana Tax Cash Fund.** A year ago, CDOT requested a one-time appropriation of \$1.0 million from the Marijuana Tax Cash Fund for a one time spending boost for the First Time Drunk Driving Offenders Account program. That one-time money won't be repeated in FY 20-21.

In summary, CDOT requests \$122.0 million less for FY 20-21, which reflects the difference between this year's forecast of next year's Departmental revenue and last year's forecast of this year's Departmental revenue.

## OFFSETTING EXPENDITURE ADJUSTMENTS

These adjustments move expenditures from one division of the Long Bill to another without altering the Department total. They usually arise in the Administration Division and the Construction, Maintenance, and Operations Division, which depend on the same revenue sources, meaning that a spending increase in one will be offset by an equal spending decrease in the other.

**R1 Administration Efficiency Savings.** CDOT requests a reduction of \$1,124,675 cash funds for FY 2020-21 and subsequent years within the appropriated Administration Division line item, which

represents a 5 percent reduction of spending on administrative activities that are paid from the State Highway Fund. The saving will be used to increase cash funds spending in the continuously appropriated Construction, Maintenance, and Operations Division by an offsetting amount.

#### NON-OFFSETTING EXPENDITURE ADJUSTMENTS

At least one of the revenue adjustments in the above table, *Reduced revenue requested from Marijuana Tax Cash Fund*, could alternately be presented as a negative Non-offsetting expenditure adjustment.

## ISSUE: R1 ADMINISTRATION EFFICIENCY SAVINGS

To increase funding for highway construction, maintenance, and operations, CDOT has identified \$25.5 million of reductions for its FY 2020-21 budget, of which \$1,124,675 is within the Administration line item. The resulting expenditure reductions will be directed to construction, maintenance and operations. Because most of the Department's state funds are continuously appropriated, the Department can implement most of these changes without approval of the General Assembly. However, since the Administration line item is annually rather than continuously appropriated, CDOT requests that the Administration appropriation be reduced by \$1,124,675 cash funds (5 percent) for FY 2020-21 and subsequent years.

### SUMMARY

- CDOT proposes to reduce spending in half-a-dozen areas by \$25.2 million, with \$1.1 million of the reductions occurring in the Administration Division.
- Because the Administration Division is annually rather than continuously appropriated, CDOT has requested an appropriation reduction for the Administration Division.
- A review of the proposed Administration reductions indicates that they are plausible but they may not produce the predicted expenditure reductions in the second year after implementation.

### RECOMMENDATION

Staff recommends that the Committee ask CDOT, at its hearing, whether it is realistic to expect this request, in the second and subsequent years, to generate as much extra revenue for highway construction, maintenance, and operations as the request projects. Staff also recommends that the Committee ask the Department to provide, in a written response, more information on the indirect cost adjustments it proposes.

### DISCUSSION

Over the summer, CDOT staff reviewed with the Transportation Commission the results of its efforts to find efficiencies and reprioritize funds to create \$25 million of expenditure reductions that could be used to increase funding for highway construction, maintenance, and operations. Many of these reductions have been incorporated into CDOT's November budget request. The following table shows the proposed sources of reduced spending and uses to which the extra funds will be put.

Source of Funds	Amount	Reallocated to
1. RoadX - Connected Vehicle Ecosystem Project	\$11,361,130	Maintenance and Operations
2. TSM&O Performance Programs and Services	2,794,888	Maintenance and Operations
3. State Planning and Research	2,929,300	TBD*
4. Indirect Budget	5,000,000	Capital Construction**
5. Administration	1,124,675	TBD*
6. Agency Operations	2,000,000	TBD*
<b>Total</b>	<b>\$25,209,993</b>	
*Decisions on the use of To Be Determine (TBD) items will be made in February by the Transportation Commission.		
**Indirect costs are charged to capital construction projects. CDOT plans to reduce indirect cost assessments by \$5 million, thus freeing \$5 million of funds for construction-related activities.		

These changes will not alter CDOT's total budget request, they will reallocate funds from the source listed in the first column to the use listed in the third column.

To implement the Administration reductions (item 5 in preceding table), CDOT plans the following adjustments:

1. \$500,000 of reductions for the Property Management Program, based on a review of prior year actual spending. There is no associated FTE reduction. Comment: CDOT states that the actual expenditures for the Property Management program in FY 2018-19 were \$1,867,394 and the current budget for the division is \$2,748,298. The Department writes "Now that the Department has actual data on operating expenditures for Property Management facilities, the budget is being reduced to match the current program." Thus the proposed reduction is feasible.
2. \$228,000 of reductions for the Division of Human Resources, based on a review of prior year actual spending. There is no associated FTE reduction. Comment: CDOT states that the actual expenditures for the Human Resources Division in FY 2018-19 were \$6,142,203 and the current budget for the division is \$7,043,482. Thus the proposed reduction is feasible.
3. \$231,675 of reductions from changed hiring practices. Instead of budgeting for vacant positions at the midpoint of the salary range, the Department will budget for these positions at the minimum of the salary range in accord with Section 24-50-104 (1) (c.7) (f), C.R.S., which states that "Initial hiring shall typically be at the minimum rate in the pay grade. On a showing of recruiting difficulty or other unusual condition, the appointing authority may authorize the appointment of a person at a higher base salary within the pay grade." Comment: In response to a JBC staff request, the Department submitted data on 21 Administration-division hires during FY 2018-19. The average hire received a salary 19 percent of the way through the range for the job classification. Two were hired at the range minimum and none were hired at a salary above the range midpoint. Thus it is possible that the Division will be able to hire at salaries closer to the range minimum, despite Colorado's tight job market.
4. \$134,438 of reductions associated with refinancing one manager-level position (salary and benefits) from the State Highway Fund in the Administration budget line to indirects in the CM&O line. This position manages the Federal Aid team that obligates federal funds for construction and maintenance projects so, CDOT notes, funding the position from the indirect budget is appropriate and reasonable. Comment: JBC staff has too little information about CDOT's indirect cost plan to evaluate the plausibility of this source of reduced spending.

5. \$30,562 in vacancy savings realized from retirements and other general turnover. Comment: JBC staff has too little information to evaluate the plausibility of this source of reduced spending.

Since unspent amounts budgeted for the Property Management Program, the Division of Human Resources, and new hires remain in the State Highway Fund and carry forward for expenditure in the next year, staff believes that the potential savings from changes 1 through 3 may be one-time rather than permanent. In FY 2020-21, budgeted costs for these activities will decline, but unspent amounts at the end of the year will also decline, leading to reduced carryforward of unspent amounts into the subsequent year and an offsetting reduction of spending from carryforward funds. Unless a tighter budget leads the Management Program and the Division of Human Resources to reduce their costs of operation below their current actual spending, there will be no net savings in the year following implementation. Unless the new hiring policy leads to reductions of initial salaries below the current level, there will again be no savings in the second year.

CDOT does not currently provide budget or actual expenditure information at a level of detail that allows JBC staff to see spending by the Property Management Program or the Division of Human Resources. When asked how the General Assembly will be able to verify in future years that the Department adjusted Property Management and Human Resources expenditures as proposed, CDOT wrote: "The Department is currently undertaking several initiatives to improve its transparency with regard to financial information. In the coming year, the Department's goal is to publish more financial information on its website, which could eventually include self-service reporting on how funds are spent within the various divisions and programs."

## ISSUE: SENATE BILL 17-267 UPDATE

Senate Bill 17-267 permits the State to enter into \$2 billion of lease-purchase agreements (Certificates of Participation or COP's) over the four years that began with FY 2018-19. That's \$500 million of COP's per year annually with all the proceeds in years 2 through 4 going to the Colorado Department of Transportation (CDOT). Colorado offered the first tranche of COP's in September, 2018, when it collateralized 25 buildings and received \$545.5 million in return, almost 10 percent more than expected. The second offering will probably occur in January 2020 and could again raise more than \$500 million. The State is still identifying properties for collateralization. A referred measure in S.B. 18-001 as amended by S.B. 19-263 would cancel the last two years of offerings if it passes at the polls in November 2020.

### SUMMARY

- Senate Bill 17-067 will provide CDOT with at least \$500 million of additional funding in January 2020 and it may provide \$500 million more in FY 2020-21 and again in FY 2021-22.
- If voters approve a referred measure contained in S.B. 18-001 as amended by S.B. 19-263, FY 2020-21 and FY 2021-22 COP offerings are cancelled and CDOT is authorized to issue Transportation Revenue Anticipation Notes (TRANs) in their place.

### RECOMMENDATION

This informational issue updates the Committee on the ongoing collateralization of state buildings pursuant to S.B. 17-267.

### DISCUSSION

This issue focuses on the lease-purchase agreements that S.B. 17-267 permits the state to execute during the four years FY 2018-19 through FY 2021-22. These agreements can last up to 20 years.

The bill states that payments for these agreements may not exceed \$150 million annually. The first \$9 million of interest and principal payments come from the General Fund or another legally available source of state money. The next \$50 million of payments will be paid from money under the control of the Transportation Commission that would otherwise be used for the construction, supervision, and maintenance of state highways, which effectively means it will come from the State Highway Fund. Remaining payments will be from the General Fund or from another legally available source of state money. Senate Bill 18-001 transfers \$50.0 million annually from the General Fund to the State Highway Fund for 20 years, beginning in FY 2019-20 and ending FY 2038-39, which compensates CDOT for its debt service payments on S.B. 17-267 borrowing. Thus CDOT is effectively not making debt service payments on the amounts it receives from S.B. 17-267 borrowing.

General Fund debt service payments on the borrowing appear in the State Treasury's section of the Long Bill. CDOT also makes payments, but its highly consolidated portion of the Long Bill does not separately state the amounts. CDOT also makes other payments on other debt, but it's never been possible to see any of these payments in the Long Bill.

For S.B. 267 borrowing in years 2, 3, and 4, CDOT receives all the proceeds from the agreements, i.e. approximately \$500 million annually for three years. CDOT must use the proceeds for projects that are identified as high priority by the transportation planning regions and the Transportation Commission. In addition,

- At least twenty-five percent of the highway-project expenditures from the proceeds must be in counties with populations of fifty thousand or less as of July 2015,
- No more than ninety percent of the proceeds can be expended for highway purposes or highway-related capital improvements, and
- At least ten percent of the proceeds must be used for transit projects.

The State Architect, working with OSPB and the Treasury, is compiling a list of state buildings to be offered for collateralization in January. This list is likely to include CSP II, the state prison in Canon City that is officially known as Centennial South.

When Colorado offered its certificates of participation for sale in September 2018, it presented investors with a group of tax exempt securities that paid very close to the maximum permitted by S.B. 267. The net sales price, after payments to the underwriters, equaled \$545.5 million, which was \$45.5 million more than the maturity value of the offering. The reason for the premium was simple: the coupons were large relative to the maturity value and the present value of the payment at maturity plus the large coupons exceeded \$500.0 million.

Since interest rates are now lower than they were in September 2018, the January 2020 offering is likely to also raise more than \$500 million, though the Treasury could reduce the coupon payments below the maximum permitted by SB 267 in order to borrow an amount that is closer to \$500 million.

Why didn't Colorado offer the COP's to investors earlier in FY 2019-20? First, the Treasury is now in the process of issuing COP's for the BEST program (Building Excellent Schools Today). If Colorado floods the market with too many COPs, it could reduce the amount it receives from investors. The Treasury and CDOT are also conscious of the IRS's 85% rule, which states that 85% of the proceeds from a COP offering must be used for their intended purpose within 3 years of the offering or the COP's lose their tax exempt status. CDOT's building and maintenance season starts in the spring, so none of the borrowed funds will be put to use until springtime. Thus there was reason to start the 3 year clock running last fall.

### **S.B. 18-001's referred measure**

Senate Bill 18-001, as amended by S.B. 19-263, refers a ballot measure to voters at the 2020 election, asking for approval of a debt issue by CDOT of \$1.837 billion of Transportation Revenue Anticipation Notes (TRANs) with 85 percent of the net proceeds allocated to the State Highway Fund and 15 percent to the Multimodal Fund. The notes have a maximum repayment cost of \$2.560 billion over 20 years with debt service payments coming from CDOT funds. At least a quarter of the amount deposited in the State Highway Fund must be spent on projects in counties with populations of 50,000 or less and a list of qualified transportation projects must be published in the Blue Book before the election. If this ballot measure fails, years 3 and 4 of SB 17-267 COP offerings

will continue unchanged. If the 2020 ballot measure passes, the last two SB 17-267 payments are cancelled.

## ISSUE: PERFORMANCE AUDIT

In May, the State Auditor released a multi-part [Performance Audit](#) of the Department of Transportation titled *Department of Transportation, Transportation Commission, Operational Risk Areas*. The audit identified a number of reporting and process improvements the Department can make in five areas: annual spending, budget transparency, fraud detection, construction debudgeting and closure, and master task order contracts. The Department is in the process of implementing all the auditor's recommendations. Staff believes implementation of the annual spending and budget recommendations will result in substantially improved Transportation-Commission budget documents that will much more closely tie to Department's Long Bill budget request, thus making it easier to provide additional detail on Long Bill appropriations when needed.

### SUMMARY

- In its May 2019 report, the State Auditor's found deficiencies with CDOT's budgeting practices and with its internal control.
- CDOT is implementing the Auditor's recommendations and staff believes the result will be substantially improved budget documents.

### RECOMMENDATION

This informational issue updates the Committee on upcoming improvements in budget practices and documents.

### DISCUSSION

The State Auditor's report found problems with the completeness and transparency of the Department's Budget Plan, i.e. the budget plan approved by the Transportation Commission and used as a guide by the Department. The Auditors did not focus as much on the Long Bill. Among the key problems the auditors discovered were the following:

- The Department spent \$582.7 million (37 percent) more than approved in the Fiscal Year 2017 Budget Plan by the Transportation Commission. This was primarily due to prior year revenue that was still available to spend but was not included in the Budget Plan. In addition, a budget-to-actuals analysis could not be performed for nearly \$1.3 billion (about 80 percent) of the Department's approved budget due to a lack of alignment between the Budget Plan and how the Department tracks expenses in the accounting system. In these cases it could not be determined whether the amounts actually expended were within approved limits.
- The Department did not include statutorily required information in the Fiscal Year 2017 Budget Plan, including more than \$1 billion carried forward from prior years, and construction and maintenance project information.
- The Budget Plan did not accurately reflect federal highway funding. In Fiscal Year 2017, the Department received \$718.6 million in federal funding—about \$43.7 million more than was included in the approved Budget Plan.

- Of less interest for budgeting, the audit found that the Department lacks processes to detect and deter employee fraud through data analysis, does not always close construction projects in a timely way, and does not always use master task order contracts as designed.

The auditors recommended that the Department include all required information in the Budget Plan or seek statutory changes, if needed; reflect all planned spending and revenue in the Budget Plan; and routinely analyze budget-to-actual data based on the Budget Plan categories. The Department is trying to implement all these recommendations.

**Of great interest for budgeting:**

In the category of Annual Spending, the Department is:

- implementing new monthly reporting comparing budget amounts to actual spending ("budget to actuals"); and
- identifying improvements to business processes and system configuration to improve the budget to actuals reporting process.

In the category of Budget Transparency, the Department is:

- reorganizing the budget and updating its format to increase transparency and include all statutorily required elements;
- incorporating roll-forward budget information to provide a complete, consolidated, and transparent view of the CDOT budget; and
- implementing a new amendment process to more frequently amend the budget to reflect updated revenue or changes in allocations.

**Of less interest for budgeting:**

In the category of Fraud Detection, the Department is/has:

- updating exception processes related to vendor tax identification numbers;
- deploying a risk and control analytics software program for fraud detection; and
- completed a review of suspicious payment and vendor records – no instances of fraud were found.

In the category of Construction Debudgeting and Closure, the Department is:

- developing guidance and procedures documenting the project closure process and requirements to comply with SB 16-122 (More Oversight of Department of Transportation);
- implementing new reporting to track project closure; and
- implementing a new project management platform (On-Track).

In the category of Master Task Order Contracts, the Department is:

- establishing a new procurement clearance process;
- implementing professional engineer review of contracts; and
- incorporating Master Price Agreements into contract templates.

The Department is in the process of developing new budget schedules. It has already produced a revamped "one-sheet budget," which is called "one-sheet" because it fits on a single *large* sheet of paper, or, if shrunk, fits on an 8.5 inch x 11 inch sheet of paper with a small font. This budget is

reproduced in Appendix G. Staff finds this new budget easier to follow than its one-sheet predecessor and easier to reconcile to the Long Bill budget request that the Department submitted in November. Transportation Commission's one-sheet budget is the budget that really matters for the continuously appropriated funds that are under the Transportation Commission's control. Staff particularly looks forward to receiving the new budget-to-actuals documents that the Department should soon start producing. The actual values that the Department has reported in the past have been prepared on an accounting basis which sometimes leads to surprising results. In recent years, for example, the actual expenditures that CDOT reported to the JBC for the Bridge Enterprise were about 10 percent of the appropriations that CDOT requested for those years. The roll forward budgets that the Department promises are also of great interest to staff.

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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### DEPARTMENT OF TRANSPORTATION Shoshana Lew, Executive Director

#### (1) ADMINISTRATION

This division includes personal services, operating expenses, and related central appropriations for the offices that perform the Department of Transportation's administrative functions. Though these numbers pages show some detail for this division, they are included for informational purposes only; the Long Bill contains a single appropriation for the entire division, which leaves the Transportation Commission with discretionary flexibility over allocation of the one-line appropriation. The Transportation Commission has appropriations authority over both the Administration Division appropriation and the Construction, Maintenance, and Operations Division appropriation. 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	<u>14,750,130</u>	<u>14,840,407</u>	<u>15,483,671</u>	<u>15,616,136</u>	
FTE	183.5	183.5	183.5	183.5	
Cash Funds	14,829,975	14,790,407	15,433,671	15,566,136	
Reappropriated Funds	(79,845)	50,000	50,000	50,000	
Operating Expenses	<u>8,439,642</u>	<u>11,314,806</u>	<u>13,032,038</u>	<u>10,043,732</u>	*
Cash Funds	8,379,414	11,302,078	13,019,310	10,031,004	
Reappropriated Funds	60,228	12,728	12,728	12,728	
<b>SUBTOTAL - (A) Administration</b>	23,189,772	26,155,213	28,515,709	25,659,868	(10.0%)
FTE	<u>183.5</u>	<u>183.5</u>	<u>183.5</u>	<u>183.5</u>	0.0%
Cash Funds	23,209,389	26,092,485	28,452,981	25,597,140	(10.0%)
Reappropriated Funds	(19,617)	62,728	62,728	62,728	0.0%

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
<b>(B) Centrally Appropriated Personal Services</b>					
Health, Life, and Dental	<u>1,332,162</u>	<u>1,320,728</u>	<u>1,344,811</u>	<u>1,458,525</u>	
Cash Funds	1,271,155	1,320,728	1,344,811	1,458,525	
Reappropriated Funds	61,007	0	0	0	
Short-term Disability	<u>20,425</u>	<u>17,765</u>	<u>18,123</u>	<u>18,893</u>	
Cash Funds	19,722	17,765	18,123	18,893	
Reappropriated Funds	703	0	0	0	
S.B. 04-257 Amortization Equalization Disbursement	<u>538,703</u>	<u>523,742</u>	<u>533,729</u>	<u>566,179</u>	
Cash Funds	520,152	523,742	533,729	566,179	
Reappropriated Funds	18,551	0	0	0	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>538,703</u>	<u>523,742</u>	<u>533,729</u>	<u>566,179</u>	
Cash Funds	520,152	523,742	533,729	566,179	
Reappropriated Funds	18,551	0	0	0	
Salary Survey	<u>204,885</u>	<u>339,690</u>	<u>347,649</u>	<u>248,851</u>	
Cash Funds	197,830	339,690	347,649	248,851	
Reappropriated Funds	7,055	0	0	0	
Parental Leave	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,120</u>	
Cash Funds	0	0	0	51,120	
Shift Differential	<u>14,046</u>	<u>27,275</u>	<u>15,711</u>	<u>30,643</u>	
Cash Funds	14,046	27,275	15,711	30,643	

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
PERA Direct Distribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	0	0	
Merit Pay	<u>84,507</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	81,283	0	0	0	
Reappropriated Funds	3,224	0	0	0	
<b>SUBTOTAL - (B) Centrally Appropriated Personal Services</b>	2,733,431	2,752,942	2,793,752	2,940,390	5.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Cash Funds	2,624,340	2,752,942	2,793,752	2,940,390	5.2%
Reappropriated Funds	109,091	0	0	0	0.0%

### (C) Miscellaneous Administration Accounts

Statewide Indirect Costs State Highway Funds	<u>92,660</u>	<u>100,179</u>	<u>91,268</u>	<u>82,538</u>
Cash Funds	92,124	100,179	90,773	82,079
Reappropriated Funds	536	0	495	459
Legal Services	<u>979,177</u>	<u>1,014,654</u>	<u>1,007,131</u>	<u>1,801,724</u>
Cash Funds	979,177	1,014,654	1,007,131	1,801,724
Payment to Risk Management and Property Funds	<u>3,944,744</u>	<u>5,633,942</u>	<u>5,576,327</u>	<u>4,019,972</u>
Cash Funds	3,944,744	5,633,942	5,576,327	4,019,972
Workers' Compensation	<u>334,185</u>	<u>338,513</u>	<u>297,320</u>	<u>268,948</u>
Cash Funds	334,185	338,513	297,320	268,948

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
<b>SUBTOTAL - (C) Miscellaneous Administration</b>					
<b>Accounts</b>	5,350,766	7,087,288	6,972,046	6,173,182	(11.5%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	5,350,230	7,087,288	6,971,551	6,172,723	(11.5%)
Reappropriated Funds	536	0	495	459	(7.3%)
<b>TOTAL - (1) Administration</b>					
	31,273,969	35,995,443	38,281,507	34,773,440	(9.2%)
<i>FTE</i>	<u>183.5</u>	<u>183.5</u>	<u>183.5</u>	<u>183.5</u>	<u>0.0%</u>
Cash Funds	31,183,959	35,932,715	38,218,284	34,710,253	(9.2%)
Reappropriated Funds	90,010	62,728	63,223	63,187	(0.1%)

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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### (2) CONSTRUCTION, MAINTENANCE, AND OPERATIONS

The single informational appropriation for this division reflects the revenues that are continuously appropriated to the Transportation Commission.

Construction Maintenance, And Operations	<u>1,658,910,443</u>	<u>1,543,047,404</u>	<u>1,912,606,932</u>	<u>1,814,279,396</u> *	
FTE	3,136.3	3,132.3	3,132.3	3,132.3	
General Fund	0	0	0	0	
Cash Funds	955,809,219	1,149,403,515	1,289,725,235	1,191,397,663	
Reappropriated Funds	1,341,731	1,261,906	1,414,873	1,414,909	
Federal Funds	701,759,493	392,381,983	621,466,824	621,466,824	

<b>TOTAL - (2) Construction, Maintenance, and Operations</b>	1,658,910,443	1,543,047,404	1,912,606,932	1,814,279,396	(5.1%)
<i>FTE</i>	<u>3,136.3</u>	<u>3,132.3</u>	<u>3,132.3</u>	<u>3,132.3</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	955,809,219	1,149,403,515	1,289,725,235	1,191,397,663	(7.6%)
Reappropriated Funds	1,341,731	1,261,906	1,414,873	1,414,909	0.0%
Federal Funds	701,759,493	392,381,983	621,466,824	621,466,824	0.0%

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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### (3) HIGH PERFORMANCE TRANSPORTATION ENTERPRISE

The High Performance Transportation Enterprise, created in S.B. 09-108, pursues public-private partnerships and other means of completing surface transportation projects, including collecting tolls on existing roadways (with approval by local transportation entities). The appropriations are included for informational purposes only and reflect anticipated Enterprise revenue.

High Performance Transportation Enterprise	<u>12,946,998</u>	<u>11,980,441</u>	<u>16,942,648</u>	<u>16,599,948</u>	
FTE	5.0	0.0	9.0	9.0	
Cash Funds	11,787,781	11,980,441	11,342,648	10,999,948	
Reappropriated Funds	1,159,217	0	5,600,000	5,600,000	
Federal Funds	0	0	0	0	

<b>TOTAL - (3) High Performance Transportation Enterprise</b>	12,946,998	11,980,441	16,942,648	16,599,948	(2.0%)
FTE	<u>5.0</u>	<u>0.0</u>	<u>9.0</u>	<u>9.0</u>	0.0%
Cash Funds	11,787,781	11,980,441	11,342,648	10,999,948	(3.0%)
Reappropriated Funds	1,159,217	0	5,600,000	5,600,000	0.0%
Federal Funds	0	0	0	0	0.0%

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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### (4) FIRST TIME DRUNK DRIVING OFFENDERS ACCOUNT

The single line item for this division 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	<u>1,251,978</u>	<u>1,354,316</u>	<u>2,500,000</u>	<u>1,500,000</u>	
Cash Funds	1,251,978	1,354,316	2,500,000	1,500,000	

<b>TOTAL - (4) First Time Drunk Driving Offenders</b>					
<b>Account</b>	1,251,978	1,354,316	2,500,000	1,500,000	(40.0%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	1,251,978	1,354,316	2,500,000	1,500,000	(40.0%)

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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### (5) STATEWIDE BRIDGE ENTERPRISE

olete. The appropriation is for informational purposes only and reflects anticipated Enterprise revenues.

Statewide Bridge Enterprise	<u>13,613,987</u>	<u>(616,166)</u>	<u>118,140,000</u>	<u>120,910,162</u>	
FTE	2.0	0.0	2.0	2.0	
Cash Funds	13,613,987	(616,166)	118,140,000	120,910,162	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

<b>TOTAL - (5) Statewide Bridge Enterprise</b>	13,613,987	(616,166)	118,140,000	120,910,162	2.3%
FTE	<u>2.0</u>	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	0.0%
Cash Funds	13,613,987	(616,166)	118,140,000	120,910,162	2.3%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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### (6) MARIJUANA IMPAIRED DRIVING PROGRAM

The Marijuana Impaired Driving Program aims to educate the public through marketing and partnerships about the risks of driving while marijuana impaired and helps to supply the Colorado State Patrol and local law enforcement agencies with the resources necessary to keep Colorado's roads safe from impaired drivers.

Marijuana Impaired Driving Program	<u>947,505</u>	<u>921,907</u>	<u>950,000</u>	<u>950,000</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	947,505	921,907	950,000	950,000	
<b>TOTAL - (6) Marijuana Impaired Driving Program</b>	947,505	921,907	950,000	950,000	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Cash Funds	947,505	921,907	950,000	950,000	0.0%

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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### (7) SOUTHWEST CHIEF AND FRONT RANGE PASSENGER RAIL COMMISSION

e 25 corridor and encourages Amtrak to continue the existing Southwest Chief rail line service and expand it to include stops in Pueblo and potentially Walsenburg.

Southwest Chief and Front Range Passenger Rail

Commission	<u>13,095</u>	<u>63,561</u>	<u>100,000</u>	<u>100,000</u>	
FTE	0.0	0.0	2.0	2.0	
Cash Funds	13,095	63,561	100,000	100,000	

<b>TOTAL - (7) Southwest Chief and Front Range Passenger Rail Commission</b>	13,095	63,561	100,000	100,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>0.0%</u>
Cash Funds	13,095	63,561	100,000	100,000	0.0%

## Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
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### (8) MULTIMODAL TRANSPORTATION PROJECTS

The Multimodal Transportation Options Fund, which was established and funded by S.B. 18-001, supports capital or operating costs for local and state multimodal transportation projects and studies, multimodal mobility projects, and bicycle or pedestrian projects.

Multimodal Transportation Projects	<u>0</u>	<u>0</u>	<u>22,500,000</u>	<u>0</u>	
Cash Funds	0	0	22,500,000	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

<b>TOTAL - (8) Multimodal Transportation Projects</b>	0	0	22,500,000	0	(100.0%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	0	0	22,500,000	0	(100.0%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

<b>TOTAL - Department of Transportation</b>	1,718,957,975	1,592,746,906	2,112,021,087	1,989,996,511	(5.8%)
<i>FTE</i>	<u>3,326.8</u>	<u>3,315.8</u>	<u>3,328.8</u>	<u>3,328.8</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	1,014,607,524	1,199,040,289	1,483,476,167	1,361,451,591	(8.3%)
Reappropriated Funds	2,590,958	1,324,634	7,078,096	7,078,096	0.0%
Federal Funds	701,759,493	392,381,983	621,466,824	621,466,824	0.0%

## APPENDIX B

### RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

#### 2017 SESSION BILLS

**S.B. 17-267 (SUSTAINABILITY OF RURAL COLORADO):** Contains provisions affecting several areas of state government. The transportation-related provisions require the state to execute lease-purchase agreements for state buildings for up to \$500 million per year for the four fiscal years 2018-19 through 2021-22 (up to \$2 billion in total). These agreements generate funding for transportation and capital construction projects.

- For FY 2018-19, the first \$120 million in proceeds are used for controlled maintenance and capital construction projects and the remaining proceeds for tier 1 transportation projects. For the three subsequent years, all proceeds go to tier 1 transportation projects.
- Of the transportation money, 25 percent must be expended for projects in rural counties and 10 percent must be expended for transit.
- The maximum term of the lease-purchase agreements is 20 years and the maximum total annual payment is \$150 million.
- Of the annual payment, the first \$9 million is from the General Fund (or other legal sources designated by the General Assembly), the next \$50 million is from funds under the control of the Transportation Commission, and the remaining \$91 million is from the General Fund (or other legal sources designated by the General Assembly).
- Eliminates two \$160 million transfers required by S.B. 17-262 from the General Fund to the Highway Users Tax Fund that were scheduled to occur on June 30, 2019 and June 30, 2020.

#### 2018 SESSION BILLS

**S.B. 18-001 (TRANSPORTATION INFRASTRUCTURE FUNDING):** Provides additional funding for transportation and conditionally modifies the lease-purchase provisions of S.B. 17-267.

- On July 1, 2018, transferred \$495.0 million from the General Fund to funds that support state and local transportation projects, with 70 percent (\$346.5 million) going to the State Highway Fund, 15 percent (\$74.25 million) to a new Multimodal Transportation Options Fund (“Multimodal Fund”), and 15 percent to the Highway Users Tax Fund (HUTF) for distribution to counties and municipalities. Of the \$74.25 million transferred to the Multimodal Fund, \$2.5 million is subsequently transferred to the Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair and Maintenance Fund.
- On July 1, 2019, transfers an additional \$150.0 million from the General Fund, with \$105.0 million going to the State Highway Fund, \$22.5 million to the Multimodal Fund, and \$22.5 million to the HUTF for counties and municipalities.
- Other provisions in the bill were contingent on passage of Propositions 109 or 110 at the 2018 election, which both failed, thus triggering other contingencies in the bill:

- \$50.0 million is annually transferred from the General Fund to the State Highway Fund for 20 years, beginning in FY 2019-20 and ending FY 2038-39, which compensates CDOT for its debt service payments on S.B. 17-267 borrowing.
- A ballot measure is sent to voters at the 2019 election, asking for approval of a debt issue by CDOT of \$2.34 billion of Transportation Revenue Anticipation Notes with a 20 year repayment period and with debt service payments coming from the State Highway Fund. This ballot measure was delayed and modified by S.B. 19-263. If voters had approved the measure contained in S.B. 18-001, the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> years of lease-purchase agreements issued pursuant to S.B. 17-267 would have been cancelled and \$72.6 million would have been annually transferred from the General Fund to the State Highway Fund for 20 years, in addition to the annual \$50.0 million transfer to the State Highway Fund for 20 years.

**S.B. 18-200 (ELIMINATE UNFUNDED LIABILITY IN PERA):** Makes changes to the defined benefit plan administered by the Colorado Public Employees' Retirement Association (PERA) with the goal of eliminating PERA's unfunded actuarial accrued liability within 30 years. Among other changes, on July 1, 2020, increases the monthly employer contribution to PERA on behalf of members by 0.25 percent of salary.

**H.B. 18-1351 (SIGNAGE FOR THE OLD SPANISH NATIONAL HISTORIC TRAIL):** Subject to the availability of gifts, grants, or donations, requires the Colorado Department of Transportation to mark significant route segments and sites associated with the Old Spanish Trail.

**H.B. 18-1349 (DEPARTMENT OF TRANSPORTATION WAIVER VALUATIONS):** Allows the Department to substitute a waiver valuation for a real estate appraisal when disposing of property with a value less than \$25,000. Reduces expenditures on an ongoing basis but requires no appropriation because the expenditures are continuously appropriated.

**H.B. 18-1322 (LONG BILL):** General appropriations act for FY 2018-19.

## 2019 SESSION BILLS

**S.B. 19-017 (REQUIREMENTS FOR CDOT LAND ACQUISITIONS):** Replaces the current requirement that CDOT provide a written report to the Transportation Commission whenever land is to be acquired to alter a state highway with the requirement that a report be provided only when negotiations to acquire the land have failed and CDOT determines that condemnation of the land is necessary. Saves CDOT an estimated \$75,000 cash funds per year, but appropriations are unchanged because CDOT will spend the savings.

**S.B. 19-125 (SUPPLEMENTAL BILL):** Modifies FY 2018-19 appropriations to the Department by appropriating \$71.75 million from the Multimodal Transportation Options Fund to the Department for FY 2018-19.

**S.B. 19-207 (LONG BILL):** General appropriations act for FY 2019-20.

**S.B. 19-262 (One-time Transfer of \$100 Million from GF to HUTF):** Transfers \$100 million from the General Fund to the Highway Users Tax Fund on July 1, 2019, with 60 percent directed to the State Highway Fund for use by CDOT, 22 percent to counties, and 18 percent to municipalities.

**S.B. 19-263 (DELAY REFERRAL OF TRANs BALLOT ISSUE TO 2020):** Extends the \$50.0 million annual transfer from the General Fund to the State Highway fund required by S.B. 18-001 for one year so it ends in FY 2039-40. Delays and modifies the 2019 referred measure contained in S.B. 18-001. The revised measure now goes to voters in November 2020 and asks for approval of a debt issue by CDOT of \$1.837 billion of Transportation Revenue Anticipation Notes (TRANs).

- If the 2020 ballot measure passes:
  - The lease-purchase agreements scheduled to be issued in FY 2020-21 and FY 2021-22 pursuant to S.B. 17-267, which have total value of \$1.0 billion, are cancelled. The \$500.0 million lease-purchase agreement scheduled to be issued in FY 2019-20 is not affected.
  - CDOT can issue up to \$1.837 billion of TRANs. The notes have a maximum repayment cost of \$2.560 billion paid over 20 years with debt-service payments coming from the State Highway Fund. If issued equally over 3 years, \$612.3 million will be issued per year, beginning as soon as FY 2020-21.
    - 85 percent of the TRANs borrowing will be allocated to the State Highway Fund and 15 percent to the Multimodal Transportation Options Fund.
    - At least a quarter of the amount deposited in the State Highway Fund must be spent on projects in counties with populations of 50,000 or less.
  - \$42.5 million will be transferred annually for 20 years from the General Fund to the State Highway Fund beginning in FY 2020-21 and ending in FY 2039-40. This is in addition to the \$50.0 million transferred annually to the State Highway Fund.
- If the 2020 ballot measure fails, there is no change to the four years of lease-purchase borrowing authorized by S.B. 17-267.

**H.B. 19-1257 (VOTER APPROVAL TO RETAIN REVENUE):** Contingent on voter approval in November 2019, would have permitted the state to retain all revenue collected in excess of the state TABOR limit. The revenue would have been spent in thirds for (1) public schools, (2) higher education, and (3) roads, bridges, and transit. The proposition, known as CC, failed at the polls.

**H.B. 19-1258 (ALLOCATE VOTER-APPROVED REVENUE):** Contingent on voter approval of H.B. 19-1257 in November 2019, would have transferred one third of the revenue retained by that bill for FY 2019-20 and subsequent years to the Highway Users Tax Fund for use in transportation projects, with 60 percent directed to the State Highway Fund for CDOT, 22 percent to counties, and 18 percent to municipalities. Of the State Highway Fund share, no more than 85 percent would have been spent for highway-related capital improvements, and at least 15 percent would have been spent for transit-related capital improvements. Also would have transferred retained revenue to public schools and higher education. The proposition failed at the polls.

## APPENDIX C

### FOOTNOTES AND INFORMATION REQUESTS

97 Department of Transportation, Multimodal Transportation Projects -- This appropriation remains available for expenditure until the close of the 2023-24 state fiscal year.

**COMMENT:** Senate Bill 18-001 created the Multimodal Transportation Options Fund (the “Multimodal Fund”) and, during FY 2019-20, transferred \$22.5 million from the General Fund into it. Footnote 97 gives the Department five years to expend the money transferred into the Multimodal Fund. The Department must spend the money on multimodal transportation projects, which include capital or operating costs for fixed route and on-demand transit, transportation demand management programs, multimodal mobility projects enabled by new technology, multimodal transportation studies, and bicycle or pedestrian projects. Money in the Fund is allocated 85 percent for local multimodal projects and 15 percent for state multimodal projects.

There were no requests for information from the Department of Transportation

## APPENDIX D

### DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(a)(I), C.R.S., by November 1 of each year, the Office of State Planning and Budgeting is required to publish an **Annual Performance Report** for the *previous* fiscal year for the Department of Transportation. This report must include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, 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 the plan for the *current* fiscal year 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 FY 2020-21 budget request, the [FY 2018-19 Annual Performance Evaluation dated November 2019](#) and the [FY 2019-20 Performance Plan dated July 1, 2018](#) and prior performance documents can be found at the following link:

<https://www.colorado.gov/performancemanagement/department-performance-plans>

# APPENDIX E

## HISTORY OF COLORADO MOTOR FUEL TAX RATES

### Colorado Motor Fuel Tax Rates

TAX RATE (¢ PER GALLON)	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.

### Federal Fuel Tax Rates

TAX RATE (¢ PER GALLON)	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.

## APPENDIX F

### 2017 STATE GAS TAX RATES

This table shows the tax rates for motor fuel as of December 31 2017. Tax rates include inspection fees and environmental cleanup fees when these fees are targeted at highway fuel use, and include local taxes when these taxes are uniform across all the counties in the state. *State Average* is a weighted average based on gallons taxed.

STATE	DEC. 2015 TAX (¢ PER GALLON)	STATE	DEC. 2015 TAX (¢ PER GALLON)
Alabama	18.0	Montana	32.3
Alaska	8.0	Nebraska	27.9
Arizona	18.0	Nevada	24.0
Arkansas	21.5	New Hampshire	23.8
California	41.7	New Jersey	37.1
Colorado	22.0	New Mexico	17.0
Connecticut	25.0	New York	24.3
Delaware	23.0	North Carolina	34.6
Dist. of Col.	23.5	North Dakota	23.0
Florida	17.4	Ohio	28.0
Georgia	26.3	Oklahoma	17.0
Hawaii	16.0	Oregon	30.0
Idaho	33.0	Pennsylvania	58.2
Illinois	19.0	Rhode Island	33.0
Indiana	29.0	South Carolina	18.0
Iowa	31.5	South Dakota	30.0
Kansas	24.0	Tennessee	24.0
Kentucky	24.6	Texas	20.0
Louisiana	20.0	Utah	29.4
Maine	30.0	Vermont	30.7
Maryland	33.8	Virginia	16.2
Massachusetts	24.0	Washington	49.4
Michigan	23.8	West Virginia	35.7
Minnesota	37.1	Wisconsin	30.9
Mississippi	17.0	Wyoming	24.0
Missouri	24.3		
		State Average	27.6

Source: [Federal Highway Administration](#).

APPENDIX G  
DEPARTMENT OF TRANSPORTATION REVENUE  
ALLOCATION PLAN

**Attachment A: FY 2020 - 2021 Colorado Department of Transportation One-Sheet**

Line	Budget Category / Program	Rollforward from FY19-20 *Estimated	FY 2020-21 Proposed Allocation Plan	Approved TC Amendments	EMT and Staff Approved Adjustments	Total FY21 Program Budget Available including Changes *Proposed	Funding Source
<b>1 COLORADO DEPARTMENT OF TRANSPORTATION</b>							
2	<b>Capital Construction</b>		<b>\$976.4 M</b>			<b>\$976.4 M</b>	
3	<b>Asset Management</b>		<b>\$327.3 M</b>			<b>\$327.3 M</b>	
4	Surface Treatment		\$223.2 M			\$223.2 M	FHWA / SH / SB 09-108
5	Structures		\$51.8 M			\$51.8 M	FHWA / SH / SB 09-108
6	System Operations		\$33.5 M			\$33.5 M	FHWA / SH
7	Geohazards Mitigation		\$12.3 M			\$12.3 M	SB 09-108
8	Permanent Water Quality Mitigation		\$6.5 M			\$6.5 M	FHWA / SH
9	Emergency Relief		\$0.0 M			\$0.0 M	FHWA
11	<b>Safety</b>		<b>\$128.3 M</b>			<b>\$128.3 M</b>	
12	Highway Safety Improvement Program		\$32.8 M			\$32.8 M	FHWA / SH
13	Railway-Highway Crossings Program		\$3.6 M			\$3.6 M	FHWA / SH
14	Hot Spots		\$2.2 M			\$2.2 M	FHWA / SH
13	FASTER Safety		\$68.3 M			\$68.3 M	SB 09-108
14	ADA Compliance		\$21.4 M			\$21.4 M	FHWA / SH
15	<b>Mobility</b>		<b>\$520.8 M</b>			<b>\$520.8 M</b>	
16	Regional Priority Program		\$48.4 M			\$48.4 M	FHWA / SH
17	Strategic Projects		\$450.0 M			\$450.0 M	SB 17-267 / SB 19-262
18	National Highway Freight Program		\$22.4 M			\$22.4 M	FHWA / SH
19	<b>Maintenance and Operations</b>		<b>\$349.2 M</b>			<b>\$349.2 M</b>	
20	<b>Asset Management</b>		<b>\$315.3 M</b>			<b>\$315.3 M</b>	
21	Maintenance Program Areas		\$260.7 M			\$260.7 M	
22	Roadway Surface		\$36.1 M			\$36.1 M	SH
23	Roadside Facilities		\$24.1 M			\$24.1 M	SH
24	Roadside Appearance		\$10.6 M			\$10.6 M	SH
25	Structure Maintenance		\$6.1 M			\$6.1 M	SH
26	Tunnel Activities		\$5.9 M			\$5.9 M	SH
27	Snow and Ice Control		\$78.4 M			\$78.4 M	SH
28	Traffic Services		\$64.8 M			\$64.8 M	SH
29	Materials, Equipment, and Buildings		\$17.1 M			\$17.1 M	SH
30	Planning and Scheduling		\$17.6 M			\$17.6 M	SH
31	Toll Corridor General Purpose Lanes		\$2.9 M			\$2.9 M	SH
32	Property		\$18.1 M			\$18.1 M	SH
33	Road Equipment		\$21.6 M			\$21.6 M	SH
34	Maintenance Reserve Fund		\$12.0 M			\$12.0 M	SH
35	<b>Safety</b>		<b>\$11.4 M</b>			<b>\$11.4 M</b>	
36	Strategic Safety Program		\$11.4 M			\$11.4 M	FHWA / SH
37	<b>Mobility</b>		<b>\$22.6 M</b>			<b>\$22.6 M</b>	
38	Real-Time Traffic Operations		\$12.6 M			\$12.6 M	SH
39	ITS Investments		\$10.0 M			\$10.0 M	FHWA / SH
40	<b>Multimodal Services</b>		<b>\$68.9 M</b>			<b>\$68.9 M</b>	
41	<b>Mobility</b>		<b>\$68.9 M</b>			<b>\$68.9 M</b>	
42	Innovative Mobility Programs		\$11.1 M			\$11.1 M	FHWA / SH
43	Strategic Transit and Multimodal Projects		\$50.0 M			\$50.0 M	SB 17-267
44	Rail Commission		\$0.1 M			\$0.1 M	SL
45	Bustang		\$7.7 M			\$7.7 M	SB 09-108 / Fare Rev.
46	<b>Suballocated Programs</b>		<b>\$226.2 M</b>			<b>\$226.2 M</b>	
47	<b>Aeronautics</b>		<b>\$33.3 M</b>			<b>\$33.3 M</b>	
48	Aviation System Programs		\$33.3 M			\$33.3 M	SA
49	<b>Highway</b>		<b>\$125.8 M</b>			<b>\$125.8 M</b>	
50	STP-Metro		\$55.7 M			\$55.7 M	FHWA / LOC
51	Congestion Mitigation and Air Quality		\$50.5 M			\$50.5 M	FHWA / LOC
52	Metropolitan Planning		\$9.2 M			\$9.2 M	FHWA / FTA / LOC
53	Off-System Bridge Program		\$10.5 M			\$10.5 M	FHWA / SH / LOC
54	<b>Transit and Multimodal</b>		<b>\$67.1 M</b>			<b>\$67.1 M</b>	
55	Recreational Trails		\$1.6 M			\$1.6 M	FHWA
56	Safe Routes to School		\$3.1 M			\$3.1 M	FHWA
57	Transportation Alternatives Program		\$12.3 M			\$12.3 M	FHWA / LOC
58	Transit Grant Programs		\$50.1 M			\$50.1 M	FTA / LOC / SB 09-108
59	Multimodal Options Program		\$0.0 M			\$0.0 M	SB 19-125
60	<b>Administration &amp; Agency Operations</b>		<b>\$93.9 M</b>			<b>\$93.9 M</b>	
61	Agency Operations		\$58.3 M			\$58.3 M	FHWA / SH / SA / SB 09-108
62	Administration		\$35.7 M			\$35.7 M	SH
63	<b>Debt Service</b>		<b>\$62.8 M</b>			<b>\$62.8 M</b>	
64	Debt Service		\$62.8 M			\$62.8 M	FHWA / SH
65	<b>Contingency Reserve</b>		<b>\$51.0 M</b>			<b>\$51.0 M</b>	
66	Contingency Fund		\$15.0 M			\$15.0 M	FHWA / SH
67	Reserve Fund		\$36.0 M			\$36.0 M	FHWA / SH
68	<b>Other Programs</b>		<b>\$24.0 M</b>			<b>\$24.0 M</b>	
69	Safety Education		\$11.9 M			\$11.9 M	NHTSA / SSE
70	Planning and Research		\$11.7 M			\$11.7 M	FHWA / SH
71	State Infrastructure Bank		\$0.4 M			\$0.4 M	SIB
72	<b>TOTAL - CDOT</b>		<b>\$1,852.5 M</b>			<b>\$1,852.5 M</b>	

**Key to Acronyms:**

TC = Transportation Commission  
 FR = Federal  
 SL = State Legislature  
 AB = Aeronautics Board  
 SH = State Highway

SIB = State Infrastructure Bank  
 LOC = Local  
 SB = Senate Bill  
 SA = State Aviation

73 COLORADO BRIDGE ENTERPRISE						
74	Construction		\$100.4 M			\$100.4 M
75	Asset Management		\$100.4 M			\$100.4 M
76	Bridge Enterprise Projects		\$100.4 M			\$100.4 M SB 09-108
77	Maintenance and Operations		\$0.5 M			\$0.5 M
78	Asset Management		\$0.5 M			\$0.5 M
79	Maintenance and Preservation		\$0.5 M			\$0.5 M SB 09-108
80	Administration & Agency Operations		\$1.8 M			\$1.8 M
81	Agency Operations		\$1.8 M			\$1.8 M SB 09-108
82	Debt Service		\$18.2 M			\$18.2 M
83	Debt Service		\$18.2 M			\$18.2 M FHWA / SH
84	<b>TOTAL - BRIDGE ENTERPRISE</b>		<b>\$120.9 M</b>			<b>\$120.9 M</b>

85 HIGH PERFORMANCE TRANSPORTATION ENTERPRISE						
86	Maintenance and Operations		\$11.0 M			\$11.0 M
87	Express Lanes Operations		\$11.0 M			\$11.0 M Tolls / Managed Lanes Rev.
88	Administration & Agency Operations		\$5.6 M			\$5.6 M
89	Agency Operations		\$5.6 M			\$5.6 M Fee for Service
90	Debt Service		\$0.0 M			\$0.0 M
91	Debt Service		\$0.0 M			\$0.0 M Fee for Service
92	<b>TOTAL - HIGH PERFORMANCE TRANSPORTATION ENTERPRISE</b>		<b>\$16.6 M</b>			<b>\$16.6 M</b>
93	<b>TOTAL - CDOT AND ENTERPRISES</b>		<b>\$1,990.0 M</b>			<b>\$1,990.0 M</b>

**Key to Acronyms:**

HPTEB = High Performance Transportation Enterprise Board

BEB = Bridge Enterprise Board