

Joint Budget Committee Staff

FY 2025-26 Budget Briefing Summary

Transportation

The Department of Transportation’s stated mission is "to provide the best multimodal transportation system for Colorado that most effectively moves people, goods, and information." While its mission covers a broad range of transportation functions, CDOT's primary responsibility—in terms of financial investment—is the construction, maintenance, and operation of the state’s highway system. This responsibility is overseen by the Transportation Commission, a policy-setting body with eleven members. CDOT’s duties also include managing other forms of transportation such as aviation, rail, and transit.

The Department’s FY 2024-25 appropriation represents approximately 0.0 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations. However, does receive *transfers* from the General Fund.

Summary of Request

Department of Transportation						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	\$2,063,783,439	\$0	\$1,197,797,806	\$5,283,672	\$860,701,961	3,328.5
Total	\$2,063,783,439	\$0	\$1,197,797,806	\$5,283,672	\$860,701,961	3,328.5
FY 2025-26 Requested Appropriation						
FY 2025-26 revenue forecast compared to FY 2024-25 forecast						
HPTE revenue update	\$57,795,294	\$0	\$57,795,294	\$0	\$0	0.0
CTE revenue update	51,541,717	0	51,541,717	0	0	0.0
BTE revenue update	23,877,445	0	18,503,684	0	5,373,761	0.0
CM&O revenue update	14,149,458	0	64,291,335	-101,916	-50,039,961	0.0
APE revenue update	2,495,940	0	2,495,940	0	0	0.0
MMOF revenue update	1,273,866	0	1,273,866	0	0	0.0
R1 Multimodal options fund spending authority	50,412,240	0	50,412,240	0	0	0.0
R2 Continuous spending authority for CTE	0	0	0	0	0	0.0
R3 Reduce SB 21-260 transfers and extend funding	-39,000,000	0	-39,000,000	0	0	0.0
R4 Reduce road safety surcharge & update distrib.	-65,059,678	0	-65,059,678	0	0	0.0
Total revenue adjustments	\$97,486,282	\$0	\$142,254,398	-\$101,916	-\$44,666,200	0.0
FY 2025-26 revenue forecast	\$2,161,269,721	\$0	\$1,340,052,204	\$5,181,756	\$816,035,761	3,328.5
Offsetting revenue allocation adjustments						
Other common policy changes in administration						
Admin impact	\$1,821,162	\$0	\$1,821,162	\$0	0	0.0

CM&O impact	-1,821,162	0	-1,821,162	0	0	0.0
Non-prioritized changes in administration						
Admin impact	-57,044	0	-57,044	0	0	0.0
CM&O impact	57,044	0	57,044	0	0	0.0
Total compensation in administration						
Admin impact	824,293	0	824,293	0	0	0.0
CM&O impact	-824,293	0	-824,293	0	0	0.0
Net impact of offsetting expenditure adjustments	\$0	\$0	\$0	\$0	\$0	0.0
TOTAL	\$2,161,269,721	\$0	\$1,340,052,204	\$5,181,756	\$816,035,761	3,328.5
Increase/-Decrease	\$97,486,282	\$0	\$142,254,398	-\$101,916	-\$44,666,200	0.0
Percentage Change	4.7%	0.0%	11.9%	-1.9%	-5.2%	0.0

The Department is forecasting that its revenue will be \$97.5 million higher in FY 2025-26 than its March 2024 projections for FY 2024-25. To put it more succinctly, the change in CDOT's budget total equals the difference between this year's preliminary forecast of FY 2025-26 revenue and last year's preliminary forecast of FY 2024-2025 revenue.

Revenue adjustments (FY 2025-26 revenue forecast compared to FY 2024-25 forecast)

High Performance Transportation Enterprise (HPTE) revenue update: CDOT's forecast of FY 2025-26 revenues from user fees generated on corridors owned by the Enterprise is up \$57.8 million compared to the previous year due to new tolled lanes coming online.

Clean Transit Enterprise (CTE) revenue update: CDOT estimates the Clean Transit Enterprise, created by S.B. 21-260 (Sustainability of the Transportation System), reflects an anticipated \$51.5 million net revenue increase from clean transit retail delivery fees in FY 2025-26 over FY 2024-25.

Bridge and Tunnel Enterprise (BTE) revenue update: CDOT's current forecast of FY 2025-26 revenue from bridge safety reflects an anticipated \$23.9 million net revenue increase due to increases in revenue from the bridge and tunnel impact fee imposed by S.B. 21-260.

CM&O (Construction, Maintenance, and Operations) revenue update: The request reflects an anticipated \$14.1 million net revenue increase for Construction, Maintenance, and Operations.

Air Pollution Enterprise (APE) revenue update: CDOT estimates the Nonattainment Area Air Pollution Mitigation Enterprise, created by Senate Bill 21-260, will collect \$2.5 million more from fees in FY 2025-26 than in FY 2024-25.

Multimodal Transportation and Mitigation Options Fund (MMOF) revenue update: CDOT's revenue forecast includes an increase of \$1.3 million. Of the revenue to this fund, 85% is granted out to local entities and 15% is retained by the state. The state portion of MMOF funding is currently allocated to Bustang operations.

R1 Multimodal Options Fund (MMOF) spending authority [Requires Legislation]:

The Department request is three-fold:

- An increase in cash fund spending authority of \$50.4 million for FY 2025-26 to align with the forecasted fund balance in the Multimodal Mitigation Options Fund (MMOF);

- One additional year of roll forward authority for the SB 21-260 American Rescue Plan Act (ARPA) appropriation that lapses in FY 2024-25; and
- JBC-sponsored legislation to provide CDOT continuous appropriation spending authority to the MMOF to eliminate future spending authority gaps and simplify their budget administration.

R2 Continuous spending authority for Clean Transit Enterprise (CTE) Cash Fund [Requires Legislation]:

The request is being submitted by the Department on behalf of the CTE Board. The Department and the Board are requesting JBC-sponsored legislation to allow the Clean Transit Enterprise Cash Fund to be continuously appropriated starting in FY 2025-26. With the enactment of Senate Bill 24-230 (Oil and Gas Production Fees), the Clean Transit Enterprise (CTE) has four cash funds, three of which are continuously appropriated and one that is annually appropriated:

- Local Transit Operations Cash Fund (continuously appropriated);
- Local Transit Grant Program Cash Fund (continuously appropriated);
- Rail Funding Program Cash Fund (continuously appropriated); and
- Clean Transit Enterprise Fund (annually appropriated).

R3 Reduce S.B. 21-260 transfers and extend the funding [Requires Legislation]:

The Department requests to reduce the transfers from the General Fund to the State Highway Fund pursuant to S.B. 21-260 (Sustainability of the Transportation System) by \$39.0 million in FY 2025-26 and \$24.5 million in FY 2026-27 (for a total of \$63.5 million over two years), as a one-time General Fund balancing measure by the following amounts:

These reductions would provide General Fund savings for FY 2025-26 and FY 2026-27. However, the reductions would be repaid in the following years by increasing the transfers in the out years as such:

- \$100 million each year from FY 2029-30 to FY 2031-32 (instead of the planned \$82.5 million per year); and
- an additional \$11 million in FY 2032-33 to fully repay the \$63.5 million reduced in FY 2025-26 and FY 2026-27.

This proposal spreads out the statutory funding over a longer period, allowing the state to have additional General Fund flexibility for two years, while retaining the full funding.

See the budget reduction options issue brief for additional details about this request.

R4 Reduce Road Safety Surcharge and Update Distribution [Requires Legislation]:

The Department requests reducing the Road Safety Surcharge to decrease FASTER revenue subject to TABOR, thus increasing General Fund availability in FY 2025-26 without impacting cities and counties. CDOT is requesting a \$11.10 reduction to all weight-based tiers of the Road Safety Surcharge, leading to a \$65.1 million reduction in FASTER revenue. The distribution of this revenue will be adjusted to ensure that local governments (cities and counties) are not

negatively impacted, and the reduction will be absorbed by the Department.
 See the budget reduction options issue brief for additional details about this request.

Offsetting Revenue Allocation Adjustments

The request reflects offsetting adjustments that move expenditures from one division to another without altering the Department total. The FY 2025-26 request includes an increase of \$2.6 million cash funds for Administration, which will be offset by a reduction to Construction, Maintenance, and Operations. These offsetting expenditures include total-compensation and other common policy changes and non-prioritized requests originating in other departments.

Other common policy changes in Administration: The request includes an increase of \$1.8 million to Administration for the following operating common policy adjustments, decreasing revenue for Construction, Maintenance, and Operations by the same amount.

Other common policy changes in administration						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Payments to OIT (Admin impact)	\$1,122,753	\$0	\$1,122,753	\$0	\$0	0.0
Risk management & property (Admin impact)	365,424	0	365,424	0	0	0.0
Legal services (Admin impact)	330,041	0	330,041	0	0	0.0
CORE Operating Resources (Admin impact)	65,447	0	65,447	0	0	0.0
Capitol Complex leased space (CM&O impact)	39,017	0	39,017	0	0	0.0
ALJ services (CM&O impact)	29,654	0	29,654	0	0	0.0
Workers' compensation (CM&O impact)	23,486	0	23,486	0	0	0.0
Payments to OIT (CM&O impact)	-1,122,753	0	-1,122,753	0	0	0.0
Risk management & property (CM&O impact)	-365,424	0	-365,424	0	0	0.0
Legal services (CM&O impact)	-330,041	0	-330,041	0	0	0.0
CORE Operating Resources (CM&O impact)	-65,447	0	-65,447	0	0	0.0
Capitol Complex leased space (Admin impact)	-39,017	0	-39,017	0	0	0.0
ALJ services (Admin impact)	-29,654	0	-29,654	0	0	0.0
Workers' compensation (Admin impact)	-23,486	0	-23,486	0	0	0.0
Total	\$0	\$0	\$0	\$0	\$0	0.0

Non-prioritized changes in Administration: The request includes a decrease of \$57,044 cash funds in Administration and a corresponding increase of \$57,044 cash funds from CM&O to account for non-prioritized changes and the Departments indirect costs assessment

Non-prioritized changes in administration						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Indirect cost assessment (CM&O impact)	\$57,276	\$0	\$57,276	\$0	\$0	0.0
NP2 OAC Staffing (Admin impact)	232	0	232	0	0	0.0
Indirect cost assessment (Admin impact)	-57,276	0	-57,276	0	0	0.0
NP2 OAC Staffing (CM&O impact)	-232	0	-232	0	0	0.0
Total	\$0	\$0	\$0	\$0	\$0	0.0

Total compensation in Administration: The request includes an increase of \$824,293 to Administration to pay for changes in compensation-related common policies shown below. To pay for the increase, revenue allocated to the CM&O Division is reduced by the same amount.

Total compensation in administration				
Item	Total Funds	General Fund	Cash Funds	FTE
Salary survey (Admin impact)	\$428,473	\$0	\$428,473	0.0
Health, life, and dental (Admin impact)	277,339	0	277,339	0.0
FY 2024-25 Step Plan (Admin impact)	90,387	0	90,387	0.0
AED (Admin impact)	27,187	0	27,187	0.0
Paid Family & Medical Leave Insurance (Admin impact)	1,223	0	1,223	0.0
PERA direct distribution (CM&O impact)	724	0	724	0.0
Short-term disability (Admin impact)	408	0	408	0.0
Salary survey (CM&O impact)	-428,473	0	-428,473	0.0
Health, life, and dental (CM&O impact)	-277,339	0	-277,339	0.0
FY 2024-25 Step Plan (CM&O impact)	-90,387	0	-90,387	0.0
AED (CM&O impact)	-27,187	0	-27,187	0.0
Paid Family & Medical Leave Insurance (CM&O impact)	-1,223	0	-1,223	0.0
PERA direct distribution (Admin impact)	-724	0	-724	0.0
Short-term disability (CM&O impact)	-408	0	-408	0.0
Total	\$0	\$0	\$0	0.0

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Budget Reduction Options: The Executive Budget Request does not include any General Fund appropriations to the Department of Transportation, and there is not a direct appropriation of General Fund to the Department for FY 2024-25. As a result, there is not an opportunity to reduce General Fund *appropriations* to the Department for FY 2025-26. However, the FY 2025-26 request does propose to reduce *transfers* from the General Fund to the Department and to reduce cash fund revenues collected by the Department in order to make more General Fund available. This issue brief reviews these proposals and additional options identified by staff.

The Department of Transportation is not receiving any General Fund *appropriations* for FY 2024-25. However, current law does transfer \$117.5 million per year from the General Fund to the State Highway Fund for FY 2024-25 through FY 2028-29, when the transfers start to decline. The Executive budget request proposes adjustments to the General Fund transfers to the State Highway Fund to make additional General Fund available in FY 2025-26 and FY 2026-27.

R3 proposes to reduce the General Fund transfer to the State Highway Fund by \$39.0 million in FY 2025-26 and by \$24.5 million in FY 2026-27 and instead transfer the funds in subsequent years. The State receives significant cash fund revenue from the Road Safety Surcharge, part of the FASTER program, which is subject to TABOR. When revenue exceeds the TABOR cap, additional FASTER funds reduce the General Fund's availability.

R4 proposes a fee reduction that would reduce the cash fund revenue by \$65.1 million in FY 2025-26 and by \$66.2 million in FY 2026-27, which would increase the amount of General Fund available by the same amount.

For More Information

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To read the entire briefing: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2024.