

To: House Transportation Committee
From: Neil Schickner
Date: Feb 26, 2020

re: HTC Committee spending

This memo describes two alternatives for funding FY-21 HTC “Committee Spending” above the total of TFunds and TIB in AOT’s FY21 budget. Instead of cutting funding for a specific project or program up front, the approach gives AOT flexibility in deciding where any cuts, if necessary, shall be made.

The first “hard” alternative funds the Committee Spending and forces AOT to re-allocate resources regardless of what happens to FY20 revenues in the final 5 months of the fiscal year and regardless of any downgrade to FY21 revenues in the July consensus forecast.

The second alternative follows the same model but makes the Committee Spending contingent upon actual FY20 revenues not falling off a cliff and/or the July Consensus forecast for FY21 not involving a major downgrade.

Part A – Committee Spending would be authorized in “Secs X-Y” of the Tbill. Under the first hard alternative the spending would simply be authorized. In the second alternative, the spending would be made contingent.

Part B – Hard Alternative: A new Tbill section would provide as follows – assume that Committee Spending in total amounts to “\$K” in TFunds.

- (a) To the extent that final FY20 TFund revenues come in above forecast, the surplus up to the amount of \$K is authorized to be expended as provided in Secs. X-Y of this Act.
- (b) In the event there is no final FY20 TFund revenue surplus or the TFund surplus is less than \$K, then to the extent that final FY20 TIB revenues come in above forecast, the TIB surplus up to the amount of \$K minus any final FY20 TFund surplus shall be allocated to projects funded with TFunds in the FY21 budget that qualify for TIB funding and used in place of the TFunds.
- (c) In the event that (1) FY20 TFunds made available for spending in FY21 through the operation of subsections (a) and (b) is less than \$K and (2) AOT has FY20 unexpended TFund appropriations, the administration may carry forward such unexpended appropriations in the amount of the \$K shortfall and shall reallocate such funds to the FY21 spending authorized in Secs. X-Y of this Act.
- (d) To the extent FY20 TFunds made available for spending in FY21 through the operation of subsections (a) through (c) is less than \$K, authorized spending of TFunds for maintenance in FY21 is reduced by the amount of the \$K shortfall.

Part B – Contingent Alternative: The reallocation of unexpended FY20 appropriations and the cut to maintenance could be made contingent on final FY20 revenue coming in with a deficit of less than \$X. Meaning if FY20 final revenues is a deficit less than \$X then AOT has to cover the deficit and implement the Committee Spending. If FY20 revenue is a deficit greater than \$X, none of the Committee Spending would occur. Another level of contingency could be added to cover revenue downgrades in the July consensus forecast.