



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF TRANSPORTATION
AND
MOTOR VEHICLE COMMISSION**

FISCAL YEAR

2015 - 2016

NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Authorities, Utilities, Transportation, and Communications Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Patrick Brennan.

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DEPARTMENT OF TRANSPORTATION AND MOTOR VEHICLE COMMISSION

Budget Pages..... C-3; C-6; C-14; C-22; C-24; C-26;
D-343 to D-362; H-5; H-7

Fiscal Summary (\$000)

	Expended FY 2014	Adjusted Appropriation FY 2015	Recommended FY 2016	Percent Change 2015-16
State Budgeted	1,345,776	1,411,779	1,293,096	(8.4%)
Federal Funds	721,945	788,291	791,900	.5%
<u>Other</u>	<u>2,370,259</u>	<u>2,354,069</u>	<u>2,357,902</u>	<u>.2%</u>
Grand Total	\$4,437,980	\$4,554,139	\$4,442,898	(2.4%)

Personnel Summary - Positions By Funding Source

	Actual FY 2014	Revised FY 2015	Funded FY 2016	Percent Change 2015-16
State	1,594	1,545	1,547	.1%
Federal	851	826	827	.1%
Other	2,816	2,766	2,765	(.0%)
<u>NJ Transit</u>	<u>11,044</u>	<u>11,093</u>	<u>11,397</u>	<u>2.7%</u>
Total Positions	16,305	16,230	16,536	1.9%

FY 2014 (as of December) and revised FY 2015 (as of January) personnel data reflect actual payroll counts. FY 2016 data reflect the number of positions funded.

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

Highlights

Motor Vehicle Commission (MVC)

- The MVC is recommended to receive gross operating revenues of \$352.9 million in FY 2016, a \$24.1 million decrease from FY 2015. Most MVC revenues are set by statute at a portion of a variety of driving and security related fees and fines. In FY 2016, the total amount being redirected through budget language from the MVC to the General Fund increases by \$38.426 million to \$82.979 million in addition to the proportional split of revenue from the luxury and fuel inefficient vehicle surcharge. The total amount of General Fund revenue derived from motor vehicle fees for FY 2016 is \$565.5 million, up from \$518.7 million in FY 2015, largely reflecting the increase in revenues being redirected from the MVC to the General Fund.

Department of Transportation (DOT)

- The recommended FY 2016 base State appropriation for DOT Maintenance and Operations is unchanged from FY 2015 at \$38.1 million. The current FY 2015 adjusted appropriation of \$82.1 million includes a \$44 million supplemental appropriation for winter storm expenses. Current and proposed budget language authorizes supplemental funding as needed for DOT winter operations. The actual amount required under this supplemental could be significantly higher due to late season storms.

Transportation Trust Fund (TTF)

- The FY 2016 budget recommends a \$1.196 billion appropriation to the Transportation Trust Fund Account for debt service, \$64 million less than the FY 2015 adjusted appropriation. This appropriation is composed of \$215 million from the petroleum products gross receipts tax, \$12 million from transportation oriented authorities, an estimated \$516 million in revenues from the motor fuels tax, and up to \$452.9 million from the sales and use tax. If the appropriation is larger than the TTF's required debt service payment, then the sales and use tax appropriation is to be reduced accordingly. The \$64 million reduction is possible due to \$83.7 million in unused funds from the FY 2015 debt service appropriation which under new budget language is to be re-appropriated for FY 2016 debt service (current budget language requires reducing the appropriation of sales tax revenue).
- There is no provision for pay-as-you-go funding of capital projects for the current fiscal year, meaning that the full \$1.247 billion portion of the capital program for FY 2016 that is to be supported through State transportation funds will derive from debt instruments. The Port Authority of New York and New Jersey will provide \$353 million in support of the capital program, bringing the non-federal portion of the capital plan to \$1.6 billion for FY 2016, the same level of non-federal funding as has been provided in the prior nine fiscal years.
- The Transportation Trust Fund Authority (TTFA) is permitted \$626.8 million in borrowing for FY 2016 under section 3 of P.L. 2012, c.13. With no pay-as-you-go funding identified in the proposed budget, sources totaling \$620.2 million in addition to

Highlights (Cont'd)

statutorily permitted bonding are required to support, in full, the State portion of the \$1.247 billion FY 2016 capital plan.

- The New Jersey Transportation Capital Plan for FY 2016 is \$4.057 billion, a \$354 million increase from FY 2015. This increase is largely attributable to a \$320 million increase in federal funding for State highway projects. This plan encompasses federal and State Transportation Trust funding that is appropriated in the budget, as well as resources not appropriated in the budget for certain projects undertaken by regional transportation agencies, (e.g., the Port Authority of New York and New Jersey) that benefit New Jersey.

New Jersey Transit (NJT)

- The recommended State operating subsidy to support NJT for FY 2016 is \$33.2 million, which is \$7.1 million less in General Fund support than was provided in FY 2015. The State operating subsidy is supplemented by \$295 million in support from the New Jersey Turnpike Authority and \$62.1 million from the Clean Energy Fund. Total Turnpike Authority support for NJ Transit operations is \$324 million, because \$29 million of the \$33.2 million in General Fund support is also derived from New Jersey Turnpike Authority funding.
- The overall NJT operations budget for FY 2016 is \$2.12 billion, a \$101.4 million increase over FY 2015. This increase is composed primarily of an \$87 million, or 7.4% increase in salaries and wages. The increase is largely supported by an \$81.4 million increase in farebox revenue. It is not clear whether this increase in farebox revenue reflects a possible NJT fare increase, or whether this represents estimated growth before the impacts of a potential fare increase currently under consideration.
- NJT states in notes to evaluation data that due to escalating employee health premiums and other costs, it is currently evaluating a range of savings and revenue-generating options that may include a fare increase. In media reports, NJT identified a \$120 million gap between expected operating costs and income. The appropriations data provided in the budget reflect a balanced NJT operating budget. It is not clear at this point whether the appropriations data provided reflects those escalating costs and assumes equivalent revenues, or whether the escalating costs have been left out of the appropriations data, pending the identification of budget solutions that will close the \$120 million gap.
- Transportation Assistance for Senior Citizens and Disabled Residents is recommended to increase to \$18.8 million in FY 2016 from \$18.3 million in FY 2015. This represents the first increase since FY 2008 when funding totaled \$36.9 million. The increase is linked to the growth of \$6.6 million in casino taxes from FY 2013 to FY 2014. Based on the Executive’s revised estimates for FY 2015 casino tax collections, the level of support in FY 2017 will decrease by approximately \$0.8 million.

Background Paper

- Transportation Trust Fund.....p. 16

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2014	Adj. Approp. FY 2015	Recom. FY 2016	Percent Change	
				2014-16	2015-16
General Fund					
Direct State Services	\$165,700	\$89,188	\$45,188	-72.7%	-49.3%
Grants-In-Aid	35,115	40,284	33,156	-5.6%	-17.7%
State Aid	0	0	0	0%	0%
Capital Construction	1,124,618	1,264,043	1,195,928	6.3%	-5.4%
Debt Service	-0-	-0-	-0-	0%	0%
Sub-Total	\$1,325,433	\$1,393,515	\$1,274,272	-3.9%	-8.6%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0%	0%
Grants-In-Aid	0	0	0	0%	0%
State Aid	0	0	0	0%	0%
Sub-Total	\$0	\$0	\$0	0%	0%
Casino Revenue Fund	\$20,343	\$18,264	\$18,824	-7.5%	3.1%
Casino Control Fund	\$0	\$0	\$0	0%	0%
State Total	\$1,345,776	\$1,411,779	\$1,293,096	-3.9%	-8.4%
Federal Funds	\$721,945	\$788,291	\$791,900	9.7%	0.5%
Other Funds	\$2,370,259	\$2,354,069	\$2,357,902	-0.5%	0.2%
Grand Total	\$4,437,980	\$4,554,139	\$4,442,898	0.1%	-2.4%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2014	Revised FY 2015	Funded FY 2016	Percent Change	
				2014-16	2015-16
State	1,594	1,545	1,547	(2.9%)	0.1%
Federal	851	826	827	(2.8%)	0.1%
All Other	2,816	2,766	2,765	(1.8%)	(0.0%)
NJ Transit	11,044	11,093	11,397	3.2%	2.7%
Total Positions	16,305	16,230	16,536	1.4%	1.9%

FY 2014 (as of December) and revised FY 2015 (as of January) personnel data reflect actual payroll counts. FY 2016 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	56.4%	56.3%	-%	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2015</u>	<u>Recomm. FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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I. Vehicular Safety – Motor Vehicle Commission

**Motor Vehicle
Services – Other
Funds**

	\$376,934	\$352,850	(\$24,084)	(6.4%)	D-350
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The decrease in this line item is driven primarily by a larger shift of Motor Vehicle Services revenues to the General Fund. Motor Vehicle Commission (MVC) funding is the result of a statutory formula which divides various motor vehicle related charges and fee revenue between the General Fund and the MVC. Combined MVC base revenues actually increased by \$13.7 million from \$770.1 million to \$783.9 million. The decrease in the portion that is provided to the MVC for its operating costs is attributable to additional monies being transferred to the General Fund. FY 2016 proposed language provisions diverting MVC revenues increased from \$38.426 million to \$82.979 million in addition to the proportional split of revenue from the luxury and fuel-inefficient vehicle surcharge.

II. State and Local Highway Facilities

**Maintenance and
Operations - DSS**

	\$82,056	\$38,056	(\$44,000)	(53.6%)	D-353
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The decrease in this line item reflects a FY 2015 supplemental funding adjustment of \$44.0 million for winter operations. Because winter operations are funded through annual supplemental appropriations authorized pursuant to budget language, the cost does not appear in the FY 2016 recommendation, and will not be known until some time in the 2016 calendar year. The actual base appropriation for FY 2016 is the same as in FY 2015. The FY 2015 supplemental appropriation for winter operations of \$44 million is \$42.2 million lower than the amount of the supplemental appropriation reflected in the FY 2014 budget of \$86.2 million. The FY 2015 supplemental could be significantly higher due to late season storms, resulting in a total snow removal costs at least \$40 million higher than budget evaluation data reported at the time the proposed budget was produced.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
III. Special Transportation Trust Fund					
Trust Fund Authority					
– Subaccount for					
Debt Service for					
Transportation					
Program Bonds	\$190,396	\$156,558	(\$33,838)	(17.8%)	D-354
Trust Fund Authority					
– Subaccount for					
Debt Service for Prior					
Bonds	\$1,069,647	\$1,039,370	(\$30,277)	(2.8%)	D-354

The line item for debt service on program bonds reflects debt service for bonding amounts permitted under P.L. 2012, c.13. When combined with the line item for debt service on prior bonds, these amounts comprise the total debt service cost for the Transportation Trust Fund Authority. The program bond line item represents the annual debt service costs on \$2.832 billion in par bond issuance under P.L.2012, c.13 to date. Pursuant to statute, there is no remaining bond authorization for FY 2015, and \$626.8 million in program bonding authorization is permitted for FY 2016. In FY 2015 the final \$326.3 million in remaining prior bond authorization was issued.

\$83.7 million of the \$1.26 billion appropriated in FY 2015 for combined debt service was not needed in FY 2015. Budget language provides that these amounts be carried forward into FY 2016, resulting in actual debt service resources in FY 2016 of \$1.280 billion, reflecting the \$1.196 billion recommended above and the \$83.7 million in FY 2015 carry forward amount.

IV. Public Transportation – NJ Transit**D-358 to D-359****NJ Transit – Distribution by Fund and Object****A. Expenditures***

1. Bus Operations	\$688,872		n/a	n/a	n/a
2. Rail Operations	\$797,938		n/a	n/a	n/a
3. Light Rail Operations	\$26,700		n/a	n/a	n/a
4. Corporate Operations	\$279,806		n/a	n/a	n/a
5. Purchased Transportation	\$225,400		n/a	n/a	n/a
	\$2,018,716	\$2,120,156	\$101,440	5.0%	

*note: Appropriations data by business operation was not provided in the FY 2016 budget recommendation. FY 2015 represents data provided in the FY 2015 recommended budget.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
B. Revenues					
1. State Subsidy		\$40,284	\$33,156	(\$7,128)	(17.7%)
2. NJT Resources:					
Farebox Revenue	\$928,650	\$1,010,000	\$81,350	8.8%	
Other Commercial Revenue	\$113,700	\$114,600	\$ 900	.8%	
Other Reimbursements	\$608,193	\$605,311	(\$2,882)	(.5%)	
3. All Other Funds	\$327,889	\$357,089	\$29,200	8.9%	
Subtotal	\$2,018,716	\$2,120,156	\$101,440	5.0%	
C. Transportation Assistance for Senior Citizens and Disabled Residents (Casino Revenue Fund)					
		\$18,264	\$18,824	\$ 560	3.1%

Analysis of NJ Transit expenditures is not possible this year, because NJ Transit failed to provide the budget data necessary to discern how NJ Transit plans to allocate FY 2016 funds across its lines of business. Budget data was only provided in the aggregate on an agency-wide basis.

NJ Transit's operating budget is proposed to increase by 5.0% or \$101.4 million in FY 2016, while NJ Transit's operating subsidy will increase from \$368.2 million to \$390.2 million. The FY 2016 subsidy is composed of \$295 million in support from the NJ Turnpike Authority, \$62.1 million from the Clean Energy Fund, and \$33.2 million in support from the General Fund. The increase in NJ Transit's operating budget is made possible by an \$81.4 million increase in farebox revenue and a \$22 million increase in State support.

Casino Revenue Fund dollars provide the full State support for the county transportation systems, which are responsible for providing transportation to elderly and disabled residents. This year's 3.1% increase marks the reversal of a downward trend in funding since FY 2008 as a result of declining casino tax revenues. The amount provided in FY 2008 was \$36.9 million; hence, the recommended appropriation of \$18.8 million for FY 2016 still reflects a decline of nearly 50% since the FY 2008 peak. The response to the funding reduction has varied by county, with most engaging in a combination of reduced services, and increased funding from a variety of sources, including county, federal, and commercial (advertising) revenue.

Significant Language Changes

Commercial Vehicle Enforcement Fund – Funding Shift

Revision

2015 Handbook: p. B-165
2016 Budget: p. D-350

Notwithstanding the provisions of any law or regulation to the contrary, ~~\$5,000,000~~ of monies received in the "Commercial Vehicle Enforcement Fund" established pursuant to section 17 of P.L.1995, c.157 (C.39:8-75) shall be deposited in the General Fund as State revenue and appropriated for New Jersey Transit Corporation, and existing Commercial Vehicle Enforcement Fund balances are appropriated to offset all reasonable and necessary expenses of the Division of State Police, the New Jersey Motor Vehicle Commission, the Department of Transportation, and the Department of Environmental Protection in the performance of commercial vehicle safety and emission inspections and Other-Clean Air purposes, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The recommended budget language removes a diversion of MVC revenue to the General Fund. \$5 million in FY 2015 was shifted to the General Fund as State revenue, to then be used for NJ Transit operating support. This change decreases the amount of Motor Vehicle Fees available to the General Fund which, as a result, are now available to support the departments, including the MVC, that are responsible for State commercial vehicle inspections and other clean air purposes.

Motor Vehicle Revenue – Funding Shift

Revision

2015 Handbook: p. B-165
2016 Budget: p. D-351

Notwithstanding the provisions of section 105 of P.L.2003, c.13 (C.39:2A-36) or any law to the contrary, ~~\$31,388,000~~ \$72,979,000 is appropriated from the revenues appropriated to the New Jersey Motor Vehicle Commission for deposit in the General Fund to reflect continuing savings initiatives, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The recommended budget language directs an additional \$41.591 million in MVC revenue to the General Fund as State revenue. This change increases the amount of Motor Vehicle Fees available to the General Fund which, as a result, are no longer available to support commission operations. The total amount of Motor Vehicle Fees being directed to the General Fund in FY 2016 is \$82.979 million in addition to the MVC's proportional share of luxury and fuel inefficient vehicle fees, a \$38.426 million increase over FY 2015.

Motor Vehicle Revenue – Funding Shift

Deletion

2015 Handbook: p. B-165
2016 Budget: n/a

~~Notwithstanding the provisions of section 105 of P.L.2003, c.13 (C.39:2A-36) or any law to the contrary, \$3,165,000 is appropriated from the revenues appropriated to the Motor Vehicle Commission for deposit in the General Fund as State revenue, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

The recommended budget language removes \$3.165 million in MVC revenue that was directed to the General Fund as State revenue in FY 2015. This change decreases the amount of Motor Vehicle Fees available to the General Fund which, as a result, are now available to support commission operations. The total amount of Motor Vehicle Fees being directed to the General Fund in FY 2016 is \$82.979 million in addition to the MVC's proportional share of luxury and fuel inefficient vehicle fees, a \$38.426 million increase over FY 2015.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

State and Local Highway Facilities – Funding Shift

Revision	2015 Handbook: p. B-167 2016 Budget: p. D-355
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Notwithstanding the provisions of section 12 of P.L.1962, c.73 (C.12:7-34.47) or any law or regulation to the contrary, of the amount hereinabove appropriated for Maintenance and Operations, ~~\$2,200,000~~ \$2,000,000 is payable from the revenue from the fee increase pursuant to the amendatory provisions of section 12 of P.L.2002, c.34 (C.12:7-34.47) deposited into the "Maritime Industry Fund."

Explanation

The recommended budget language reduces by \$200,000, the amount of boat registration fee revenue that is directed to the department for maintenance and operations. The total amount of revenue to be generated by Maritime Program Receipts is estimated to be \$2,000,000, leaving no estimated amount available for deposit into the "Maritime Industry Fund" in FY 2016.

Capital Program – Debt Service

Addition	2015 Handbook: n/a 2016 Budget: p. D-355
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The unexpended balance of \$47,788,000 in the Transportation Trust Fund Subaccount for Debt Service for Transportation Program Bonds is hereby appropriated to the Transportation Trust Fund Subaccount for Debt Service for Transportation Program Bonds to pay debt service on the Transportation Program Bonds.

Explanation

The recommended language proposes to carry forward \$47.788 million in unused debt service appropriation for Transportation Program Bonds in FY 2015 to be used in FY 2016. This will increase the total amount available for debt service payments on Transportation Program Bonds from the \$156.558 million in the FY 2016 recommended appropriation to \$204.346 million, \$61.7 million more than projected expenditures in FY 2015. Transportation program bonds represent bonding amounts permitted under P.L. 2012, c.13. By the end of FY 2016, this is expected to represent \$3.459 billion in aggregate bond issuance.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

Capital Program – Debt Service	
Addition	2015 Handbook: n/a 2016 Budget: p. D-355
<p><u>The unexpended balance of \$35,934,000 in the Transportation Trust Fund Subaccount for Debt Service for the Prior Bonds is hereby appropriated to the Transportation Trust Fund Subaccount for Debt Service for the Prior Bonds to pay debt service on the Prior Bonds.</u></p>	

Explanation

The recommended language proposes to carry forward \$35.934 million in unused debt service appropriation for Prior Bonds in FY 2015 to be used in FY 2016. This will increase the total amount available for debt service payments on Prior Bonds from \$1,039,370,000 in the FY 2016 recommended appropriation to \$1,075,304,000, \$41.6 million more than projected FY 2015 expenditures. Prior bonds represent all bonding amounts authorized prior to the enactment P.L. 2012, c.13. As of November 2014, all bonding authority linked to prior bonds has been issued, and will require \$26.5 billion in aggregate debt service payments through FY 2042.



Capital Program – Dedicated Revenues	
Revision	2015 Handbook: p. B-167 2016 Budget: p. D-355
<p>The amount hereinabove appropriated for the Transportation Trust Fund Subaccount for Debt Service for Prior Bonds and for the Transportation Trust Fund Subaccount for Debt Service for Transportation Program Bonds shall be provided from revenues from (i) motor fuel taxes, which are hereby appropriated for such purposes pursuant to Article VIII, Section II, paragraph 4 of the State Constitution; (ii) \$215,000,000 from the petroleum products gross receipts tax, which is hereby appropriated for such purposes pursuant to Article VIII, Section II, paragraph 4 of the State Constitution; and (iii) \$517,043,000 <u>\$452,928,000</u> from the sales and use tax which is hereby appropriated for such purposes pursuant to Article VIII, Section II, paragraph 4 of the State Constitution.</p>	

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

As in past years, the FY 2016 Budget recommends language directing the appropriation to the TTF account to be provided from revenues dedicated under the Constitution and under specified State laws, and from funds receivable under contract from various "transportation-oriented" (i.e., toll road) authorities. The minimum amounts dedicated under the Constitution include: (1) \$200 million from sales and use tax revenue, (2) \$200 million from petroleum products gross receipts tax revenue, and (3) an amount equal to \$0.105 per gallon of revenue from the motor fuels tax, or a minimum of \$483 million, pursuant to P.L.2006, c.3. These amounts together provide a minimum of \$883 million.

In addition to the minimum constitutionally required amounts dedicated to the TTF, the recommended budget language provides for further increases to the amounts appropriated from the above sources of revenue. The language increases the contribution from the petroleum products gross receipts tax by \$15 million to \$215 million and the sales and use tax appropriation by \$252.9 million to \$452.9 million. The amount contributed from the motor fuels tax is not specified through language but calculates to be \$516 million, \$33 million over the minimum established in P.L.2006, c.3. Language also provides \$12 million through payments from toll road authorities. These additional amounts appropriated for debt service represent amounts that would have otherwise been available in the General Fund.

The total amount of funding provided to the Transportation Trust Fund Account is \$1.196 billion in FY 2016, of which the entire amount is dedicated to FY 2016 debt service. The appropriation is \$64 million less than the debt service appropriation for FY 2015 which is made possible by \$83.7 million in FY 2015 debt service appropriations which are being carried forward into FY 2016. (p. D-354).



EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

Capital Program – General Fund	
Revision	2015 Handbook: p. B-169 to B-171 2016 Budget: p. D-356
<p>Notwithstanding the provisions of P.L.1984, c.73 (C.27:1B-1 et al.) or any law or regulation to the contrary, there is appropriated up to \$1,225,000,000 <u>the sum of \$1,247,000,000</u> from the revenues and other funds of the New Jersey Transportation Trust Fund Authority, for capital purposes as follows:</p> <ul style="list-style-type: none"> Airport Assets Bridge Assets Capital Program Delivery Congestion Relief Local System Support Mass Transit Assets Multimodal Programs Road Assets Safety Management Transportation Support Facilities 	

Explanation

The recommended language authorizes Transportation Trust Fund Authority support for the FY 2016 transportation capital program and establishes \$1.247 billion as the maximum level of such support. The language indicates the categories of “capital purposes” to be funded from the TTFA. (In the Appropriations Act, the projects within the several categories will be individually specified; as in past years, the list of proposed projects was not finalized in time for its inclusion in the budget recommendations.)

The recommended budget language continues a \$1.6 billion level of annual appropriations for the FY 2016 State transportation capital program, composed of \$1.247 billion in State support through the Transportation Trust Fund (referenced above) and \$353 million in support from the Port Authority of New York and New Jersey for State projects in the port region. The language increases the amount appropriated from the Transportation Trust Fund for capital purposes by \$22 million from FY 2015. This mirrors a corresponding \$22 million decrease to \$353 million in anticipated capital project expenses by the Port Authority (p. D-354 – Project Costs – Other Parties). The Port Authority funding is part of a \$1.8 billion funding agreement between the State and Port Authority over the FY 2012 to FY 2016 period. The specific projects to be funded by the Port Authority can be found in the language provision on page D-357 of the FY 2016 Governor’s Budget Message.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

Capital Program – Freight Rail	
Revision	2015 Handbook: p. B-169 2016 Budget: p. D-357

The amount appropriated from the revenues and other funds of the New Jersey Transportation Trust Fund Authority for the New Jersey Freight Rail Assistance Program in FY ~~2015~~ 2016 shall fund eligible project applications where the sponsor received funding for a related phase or portion of rail construction in any prior fiscal year before funding new projects that have not received prior funding under the program.

Explanation

The recommended language requires the department to prioritize funding for previously funded freight rail projects before grants are issued for new rail projects under the freight rail program. The FY 2015 capital program appropriated \$8 million for the freight rail program. It is not known at this point how much the program will be proposed to receive in capital program funding in FY 2016, because a draft FY 2016 capital program has not submitted to the Legislature by the March 1 deadline required under N.J.S.A.27:1B-22.



Capital Program – General Fund	
Deletion	2015 Handbook: p. B-169 2016 Budget: n/a

~~The amount appropriated hereinabove for Supplementary County Highway Aid shall be allocated in order that each county allocation from Supplementary County Highway Aid and from the revenues and other funds of the New Jersey Transportation Trust Fund Authority for the county aid program shall not be less than the aid received by each county in FY 2013 under the county aid program provided, however, in the event that the amount appropriated for Supplementary County Highway Aid is insufficient for this purpose the aid that would have been received for each county pursuant to this provision shall be proportionately reduced.~~

Explanation

The recommended language required the department to provide additional funding for certain urban counties that were appropriated less county aid after FY 2013 due to a change in the county aid formula in N.J.S.A.27:1B-25. In FY 2015 an additional \$4 million was appropriated for the county aid program, which

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

permitted these urban counties to receive a level of aid equal to their FY 2013 aid award. This language has been removed, so the distribution formula in N.J.S.A.27:1B-25 will apply to whatever amount is appropriated in FY 2016 for the county aid program. It is not known at this point how much the county aid program will be proposed to receive in capital program funding in FY 2016, because a draft FY 2016 capital program has not submitted to the Legislature by the March 1 deadline required under N.J.S.A.27:1B-22.



Public Transportation – General Fund	
Revision	2015 Handbook: p. B-172 2016 Budget: p. D-360

Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amount hereinabove appropriated for New Jersey Transit Corporation, there is appropriated ~~\$32,889,000~~ \$62,089,000 from the Clean Energy Fund for utility costs associated with New Jersey Transit Corporation operations.

Explanation

The recommended language shifts \$62.1 million from the Clean Energy Fund to the operating subsidy for NJ Transit in FY 2016. This proposed funding shift offsets a reduction in General Fund support required to fund NJ Transit operations which is recommended to decline by \$7.1 million in FY 2016 to \$33.2 million from \$40.3 million in FY 2015. The total State operating support for NJ Transit in FY 2016 is \$390.2 million, a \$22 million increase over the \$368.2 million in State support provided in FY 2015.

New Jersey ratepayers finance the Clean Energy Program via the societal benefits charge included in their electric and natural gas bills. Operative since April 2001, the program was authorized as part of the “Electric Discount and Energy Competition Act,” P.L.1999, c.23 (N.J.S.A.48:3-49 et seq.) to promote increased energy efficiency and the use of renewable energy sources. The Governor’s FY 2016 Budget anticipates \$468.1 million in available Clean Energy Fund resources in FY 2016; and \$333.0 million in expenditures, including \$120.6 million in transfers to the State General Fund (see page 70 of the “Supplementary Information: Other Governmental Funds and Proprietary Funds” section of the Governor’s FY 2016 Budget, available in the online version only).



EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Background Paper: Transportation Trust Fund

Budget Pages.... D-353 to D-356; D-358, D-359;
H-7

Introduction

The Transportation Trust Fund (“trust fund” or TTF) established pursuant to P.L.1984, c.73, (N.J.S.A. 27:1B-1 et al.) was originally created during the Kean Administration to administer State and federal transportation funds and maintain a separate, dedicated stream of funding to protect transportation investments. The trust fund supports the State transportation capital program, which is the itemized list of capital construction projects authorized each fiscal year. The mix of funding sources to support annual appropriations to the TTF has varied greatly from year to year with some years relying more heavily on current tax revenue (pay-as-you-go funding), and other years relying more on bonded indebtedness. Over the 31 year life of the TTF, while additional revenues have been made available, most revenue growth has gone toward debt service costs. At present, current revenues are insufficient to augment authorized borrowing.

State Transportation Capital Budgeting Process

Statutory Authorization

The Transportation Trust Fund Authority (TTFA) is the entity responsible for financing the TTF. The purpose and powers of the TTFA, enumerated in N.J.S.A.27:1B-5 and N.J.S.A.27:1B-6 respectively are essentially to receive revenues dedicated to the funding of transportation capital projects and then to expend those revenues on transportation capital projects. The issuance of and repayment of bonded debt are crucial to that function. This process is made possible on an ongoing basis through periodic legislation known informally as TTFA “renewal” legislation. The period of time covered by a renewal law is also referred to as a capital plan. Each TTFA renewal amends the existing TTFA statutes in various ways to set the financial and policy needs of the transportation financing system; however, each renewal has always amended three specific provisions of law pertaining to the annual functions of the TTFA. The first is N.J.S.A.27:1B-21.1 which sets annual levels of authorized appropriations from the TTF for capital projects. The second N.J.S.A.27:1B-20 which identifies dedicated sources of revenue to support TTFA expenditures, some of which are also constitutionally required. The third is N.J.S.A.27:1B-9 which, since 1995, establishes annual limits on bonding authority. Because the appropriations of revenues to and from the TTF can be and frequently are superseded by the annual appropriations act, the annual bonding limitation (which cannot be superseded in an appropriations act) constrains the structure of each capital program during the period of the renewal, particularly as the capital program has relied heavily on bonding revenue to support expenditures on new projects in recent years.

The most recent TTFA reauthorization (P.L.2012 c.13) covers the fiscal years from 2013 through 2016. It provides for annual appropriation levels equal to \$1.6 billion per year, less annual contractual contributions from the Port Authority of New York and New Jersey (PANYNJ) for specified Department of Transportation (department or DOT) capital projects; minimum annual deposits of State revenues equal to \$997.5 million; and annual bonding authority of \$1.247 billion for FY 2013, \$849.2 million for FY 2014, \$735.3 million for FY 2015, and \$626.8 million in FY 2016.

Background Paper: Transportation Trust Fund (Cont'd)

Annual Budget Process

The trust fund renewal legislation establishes a framework for multi-year transportation funding. The annual appropriations act provides the details of how the plan is to be implemented from year to year. The appropriations act provides a specific appropriation level for annual debt service and capital projects, an itemized list of capital projects, and an amount of State and federal revenues to be deposited into the trust fund. In each year of the current capital plan, the amount of State revenue deposited into the trust fund has been altered through budget language from the amounts identified in the trust fund renewal legislation. This language has reduced or eliminated some sources of statutory revenue dedications, while increasing others above the statutory minimum. The size of the appropriation for new capital projects each year has adhered to the amounts identified in the capital plan.

The TTFA is required to issue an annual financial plan in which it identifies expected sources and uses of funds. The financial plan projects financial activity in two ways. The first is on a budgetary basis, where annual appropriations to and from the trust fund are reconciled on a fiscal year basis. The second way is on a cash flow basis, where the cash position of the trust fund is reconciled based on actual cash received and disbursed. This is the document where anticipated levels of bond issuance are identified. The amount of bonding activity is driven by cash need, and therefore adheres to the cash flow based activity.

The department is required to issue a draft capital plan by March 1 of each year which details each capital project that the department intends to complete with State and federal funds appropriated in that year. The draft plan serves as the recommendation to the Legislature for the itemized project list that is listed in the annual appropriations act. Once the Legislature approves a project list in the appropriations act, the federal items in this project list are subject to further revision through the federal transportation funding process. These revisions are not subject to Legislative approval due to language provisions annually placed into the appropriations act. Once the list has been approved through the State and federal process, it is officially adopted by the department as is known as the State transportation capital plan.

FY 2012-2016 Capital Program

When the Governor proposed the FY 2012-2016 transportation capital plan, it was proposed that 100 percent of the motor fuels tax (gas tax) and the petroleum products gross receipts (PPGR) tax collections, and a gradually increasing amount of sales tax revenue be appropriated to the TTF. Because these three additional revenues are constitutionally dedicated sources of revenue, additional bonding under the plan was not subject to the voter approval requirement in Article VIII, Section II, Paragraph 3 of the State Constitution. However, not all of these amounts are constitutionally required to be appropriated to the TTF so they would otherwise have been available for other budgetary purposes.

Two other major sources of revenue in the FY 2012-2016 transportation capital plan were made possible by the cancellation of the Access to the Region's Core (ARC) tunnel project. Funding from the New Jersey Turnpike Authority (turnpike authority) and PANYNJ was originally intended to finance the construction of the ARC tunnel. Once that project was cancelled, those funds became available for other purposes, and an agreement was formed with each agency to provide support to the State transportation system. One agreement was for the provision of

Background Paper: Transportation Trust Fund (Cont'd)

\$1.8 billion between 2012 and 2016 by the PANYNJ for the Pulaski Skyway, the Wittpenn Bridge, and New Road projects. This agreement was made official on July 29, 2011 and provides direct reimbursements to the department of an amount between \$343 and \$376 million per year. This funding bypasses the TTF for the FY 2012-2016 period, allowing the TTF funded portion of State supported capital funding to be reduced from \$1.6 billion per year by the amount provided by PANYNJ. Additionally, in September 2011, the turnpike authority board officially approved \$1.25 billion in additional funding to the State for transportation systems improvements from FY 2012-2016. Funding from the turnpike authority was expected to be expended either as debt service on TTFA bonds or pay-as-you-go funding on State capital projects. Neither agreement provided for a level of financial support to the State or TTF beyond FY 2016.

The original FY 2012-2016 capital plan relied heavily on the infusion of PANYNJ and turnpike authority revenues combined with a substantially increased appropriation of sales tax revenue to fund the program, a declining reliance on borrowing from \$1.6 billion in FY 2011 to \$627 million in FY 2016, and a growing portion of the plan to be supported through pay-as-you-go funding.

The actual funding activities from FY 2012-2016, both through the appropriations process and TTF bonding activities have diverged from the plan. Most of the funding sources in excess of what was needed for debt service were directed to the General Fund to be used for other purposes. Amounts from the motor fuels tax and sales tax were both appropriated only to meet debt service costs, and revenues from the turnpike authority were redirected for New Jersey Transit (NJ Transit) operating expenses in order to reduce General Fund support for NJ Transit.

Initial FY 2012-2016 Capital Plan

(millions) Expenditures				Funding Sources						
Fiscal Year	Projects	Debt Service	Total	Bonds	PANYNJ	Gas Tax	PPGR	Sales	NJ Tpk	Total
2012	\$1,600	\$1,035	\$2,635	\$1,181	\$343	\$535	\$223	\$266	\$88	\$2,635
2013	\$1,600	\$1,111	\$2,711	\$986	\$353	\$524	\$223	\$353	\$273	\$2,711
2014	\$1,600	\$1,155	\$2,755	\$849	\$376	\$524	\$223	\$448	\$336	\$2,756
2015	\$1,600	\$1,200	\$2,800	\$735	\$375	\$524	\$223	\$607	\$336	\$2,800
2016	\$1,600	\$1,244	\$2,844	\$627	\$368	\$524	\$223	\$766	\$336	\$2,844
Total	\$8,000	\$5,745	\$13,745	\$4,378	\$1,815	\$2,630	\$1,113	\$2,440	\$1,369	\$13,745

source: DOT response to FY 2012 discussion points

Actual Appropriations and Financing Activity as of FY 2016 Proposed Budget

(millions) Expenditures				Funding Sources*						
Fiscal Year	Projects	Debt Service	Total	Bond Rev**	PANYNJ	Gas Tax	PPGR	Sales	NJ Tpk	Total
2012	\$1,590	\$957	\$2,547	\$1,367	\$343	\$522	\$223	\$200	\$78	\$2,733
2013	\$1,600	\$971	\$2,571	\$1,449	\$353	\$520	\$206	\$233	\$12	\$2,773
2014	\$1,600	\$1,125	\$2,725	\$867	\$376	\$530	\$217	\$366	\$12	\$2,368
2015	\$1,604	\$1,176	\$2,780	\$1,124	\$375	\$516	\$209	\$443	\$12	\$2,679
2016	\$1,600	\$1,280	\$2,880	\$627	\$353	\$516	\$215	\$537	\$12	\$2,260
Total 12-16	\$7,994	\$5,509	\$13,503	\$5,434	\$1,800	\$2,604	\$1,070	\$1,779	\$126	\$12,813

*note: 2012-2014 reflect actual revenues reported in the budget with sales tax adjusted to meet minimum debt service need

**Current bond revenue represents par bond issuance and net bond premiums

2016 amounts based on Governor's proposed 2016 Budget

The reduction in funding, particularly from the sales tax and turnpike authority, resulted in a level of funding that was lower than the amount needed to support planned project appropriations and debt service costs. The resultant gap between planned costs and funding sources was reduced in a number of ways: (1) overall debt service costs were lower than

Background Paper: Transportation Trust Fund (Cont'd)

planned (\$5.5 billion vs. \$5.7 billion), despite increased bond issuance, due to a favorable interest rate environment; (2) remaining bond authorization from prior capital programs were utilized (\$1.64 billion from FY 2012-2016), allowing for larger total bond issuance than envisioned under the plan; (3) bonds were issued at above market interest rates in order to obtain bond premiums, increasing total bond revenues. Despite these actions, a \$690 million gap persists, as reflected in the Actual Appropriations and Financing Activity table above, between total funding sources and appropriated expenditures.

FY 2012-2016 Pay-as-you-go: Initial plan vs. Actual

(millions)	Initial Plan				Actual Amounts				
	Fiscal Year	Projects	Bond Rev	Pay-go	PANYNJ	Projects	Bond Rev	Pay-go	PANYNJ
2012	\$1,600	\$1,181	\$76	\$343	\$1,590	\$1,367	\$66	\$343	\$186
2013	\$1,600	\$986	\$261	\$353	\$1,600	\$1,449	\$0	\$353	\$202
2014	\$1,600	\$849	\$375	\$376	\$1,600	\$867	\$0	\$376	-\$357
2015	\$1,600	\$735	\$490	\$375	\$1,604	\$1,124	\$4	\$375	-\$101
2016	\$1,600	\$627	\$605	\$368	\$1,600	\$627	\$0	\$353	-\$620
Total	\$8,000	\$4,378	\$1,807	\$1,815	\$7,994	\$5,434	\$70	\$1,800	-\$690

note: Initial Plan based on DOT response to FY 2012 discussion points

Current bond revenue represents par bond issuance and net bond premiums

Under the 2012-2016 plan, pay-as-you-go financing was expected to account for \$1.8 billion from FY 2012-2016 in addition to funds from the PANYNJ. Due primarily to the reduction in appropriations from the sales tax and diversion of turnpike authority funds to NJ Transit operations, the actual amount of pay-as-you-go funding has been just \$70 million. In place of pay-as-you-go funding, the TTF has utilized more than \$1 billion in additional bond revenue. Despite this increased reliance on bond revenue, there is an unfunded gap of \$700 million over the period covered by the plan.

Status of Trust Fund after FY 2016

At the completion of FY 2016, in order for the TTFA to continue funding transportation projects, it will be necessary to pass renewal legislation providing new bonding authority for FY 2017 and/or provide funding to support new projects on a pay-as-you-go basis. It will also be necessary to identify new funding sources that will allow the TTFA to meet its debt service needs.

Accumulated TTF Debt and Impending FY 2017 Shortfall for Current Debt Service

Beginning with FY 2017, the TTF will have about \$16.5 billion in outstanding bond principal and about \$32 billion in outstanding debt service to be paid through FY 2045. The TTFA will owe about \$1.27 billion per year, in addition to the debt service cost of FY 2016 bond issuances, in debt service through 2024 before any reduction is realized in the annual debt service burden. The FY 2016 budget provides just \$1.196 billion in revenues to the TTF (excluding prior year balances). This means that there will be a deficit of \$70 to \$100 million for the TTF coming into FY 2017 if FY 2016 appropriations are continued.

Contributions from Turnpike Authority and PANYNJ

The amounts provided to the capital program by the PANYNJ and to the State by the turnpike authority that were diverted from the capital program, are not as yet recurring sources of funding. The agreements with both of those agencies expire in FY 2016, and in the absence of

Background Paper: Transportation Trust Fund (Cont'd)

another agreement, there will be no money coming from those sources in FY 2017. In FY 2017 and thereafter the State will need to identify \$648 million to replace these revenues. The amount from the PANYNJ will directly impact the capital program, while \$295 million in revenue from the Turnpike Authority will impact the General Fund because that revenue has been used as a supplement to the annual General Fund appropriation to support NJ Transit operating expenses. If a new source of revenue is not identified, this gap will have a substantial impact on NJ Transit operations. NJ Transit is already considering a fare increase in FY 2016, which will limit their ability to replace lost turnpike authority revenue through further fare increases. If NJ Transit were to attempt to replace \$295 million in support with fare increases, the size of the increase may need to be on the order of 30 percent or more.

Extremely Limited Cash Balance

Information provided by the administration appears to indicate that the TTFA plans to utilize its entire cash balance going into FY 2016 on projects. The TTFA also plans to use the full amount of its bonding authority and \$241 million from a cash advance it provided to NJ Transit in FY 2015. This means that by the end of FY 2016 the only cash that the TTFA will retain going into FY 2017 will be any bond premiums generated by FY 2016 bond issuances, and \$40 million in debt service subsidies on Build America Bonds.

No Bonding Authority in FY 2017 and Beyond

The TTFA will enter FY 2017 with no bonding authority. In order to support new projects going forward it will be necessary to either identify additional revenues sufficient to support these projects on a pay-as-you-go basis, or to approve additional bonding authority, and subsequently the amount of revenue necessary to pay debt service on that bonding.

Typically, additional bonding authority has been provided through statute as part of TTF renewal legislation. Once annual debt service costs exceed constitutionally pledged sources of revenue, voter approval will be required in order to continue providing additional bonding authority to the TTFA. If the next increase in bonding authority is large enough that it requires voter approval, the amount of time needed to obtain such an approval becomes a concern given the extremely low cash balance currently being maintained by the TTF.

Accumulated Gap Between Resources and Obligations

Gap Between TTF Resources and Commitments					
(thousands)	Cum. Thru 2013	FY 2014 est.	Cum. Thru 2014	FY 2015 prj	Cum. Thru 2015
Total Authority Resources	\$ 34,438,781	\$ 2,024,148	\$ 36,462,929	\$ 2,360,675	\$ 38,823,604
Appropriated Revenues	\$ 15,324,919	\$ 1,124,566	\$ 16,449,485	\$ 1,260,043	\$ 17,709,528
Bonds and Other Sources	\$ 19,113,862	\$ 899,582	\$ 20,013,444	\$ 1,100,632	\$ 21,114,076
Total Authority Obligations	\$ 36,060,897	\$ 2,293,159	\$ 38,354,056	\$ 2,523,393	\$ 40,877,449
Project Authorizations	\$ 26,051,685	\$ 1,227,492	\$ 27,279,177	\$ 1,263,350	\$ 28,542,527
Debt Service	\$ 10,009,212	\$ 1,065,667	\$ 11,074,879	\$ 1,260,043	\$ 12,334,922
Net Balance	\$ (1,622,116)	\$ (269,011)	\$ (1,891,127)	\$ (162,718)	\$ (2,053,845)

Because of the time lag between when projects are authorized through the budget and when amounts are actually invoiced to the TTF for capital work that has been performed, the TTF carries a certain amount of unexpended appropriation balances. In theory, this amount represents the dollar value of construction activity currently taking place and approved to take place. The TTF does not hold a dedicated reserve to cover unexpended appropriations, but a reserve usually exists in the form of authorized but unissued debt or cash balances. The TTFA

Background Paper: Transportation Trust Fund (Cont'd)

financial plan has not been released with updated figures for FY 2015 and projections for FY 2016; however, information provided indicates that there will be a gap of \$101 million in FY 2015 between appropriated spending levels and sources of revenue. In FY 2016, the plan assumes a gap of \$620 million between spending levels and revenue. This gap is likely to be resolved by spending down TTF cash balances and increasing the amount of unexpended appropriations.

Unfunded TTF Obligations and Cash Balance					
(thousands)	Thru 2013	FY 2014	Thru 2014	FY 2015	Thru 2015
Unfunded Commitments	\$ (2,299,914)		\$ (2,209,727)		\$ (2,209,726)
Cash	\$ 677,798		\$ 318,600		\$ 155,881
Net Balance	\$ (1,622,116)	\$ (269,011)	\$ (1,891,127)	\$ (162,718)	\$ (2,053,845)
Ratio of Cash to Unfunded Commitments	29.5%		14.4%		7.1%

Although the timing of invoicing for unexpended appropriations can be partially identified based on construction and payment schedules in the various contracts issued by the department and NJ Transit and because the agencies have some control over when they invoice the TTF for their own internal capital expenses for staff salary and overhead, there is still a degree of uncertainty in when cash needs of the TTF will arise throughout the year. As a result, it is important to maintain a level of cash balance to secure against that uncertainty. At the end of 2013, the TTF maintained a cash reserve equal to 29.5% of those outstanding commitments. By the end of FY 2016 that coverage ratio could be less than 2% of outstanding commitments, if the cash balance is allowed to fall to \$40 million, and the negative net balance is greater than \$2 billion. Additionally, the TTF will have little flexibility to meet this unmet need because it will have exhausted its outstanding statutory bonding authority, increasing the risk that the TTF could have insufficient cash to pay capital construction costs invoiced to the TTF.

The TTFA has not issued a financial plan for FY 2016 yet, so it is not possible at this time to estimate the amount of unfunded TTF obligations that will exist going into FY 2017; however given the large difference between available TTF funding sources in FY 2014-2016 and the size of TTF appropriations, it is likely to be as high as \$2.5 billion. That means that over the entire life of the trust fund, \$2.0 to \$2.5 billion in capital projects where the State has made appropriations but no work has been done have accumulated. Some portion of that amount represents construction in progress, and some portion represents uncommitted funds that are not in progress. Unless the Legislature provides additional funding, there is no reasonable path to those projects in progress or not in progress ever being completed.

Post FY 2016 Summary

At the end of FY 2016, the TTF will carry forward little to no cash balance, no bonding authority, and no capacity to support future construction. The TTFA will require at least \$70 million in new revenues in FY 2017 to meet debt service on already issued debt. Spending levels from the TTF will have to increase by approximately \$350 million to maintain current funding levels and replace PANYNJ funding, if the agreement is not renewed. The FY 2017 bonding or pay-as-you-go funding level will likely need to be as much as \$1 billion more than in FY 2016 in order to support the same \$1.6 billion capital program. Additionally, actual cash spending levels have been below appropriation levels, adding to a gap of over \$2 billion between appropriations and funding that represents a need for additional future revenues, a need to cancel authorized projects, or some combination thereof.

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Individuals wishing information and committee schedules on the FY 2016 budget are encouraged to contact:

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