



Dave Heineman
Governor

STATE OF NEBRASKA

DEPARTMENT OF ROADS

Monty W. Fredrickson, P.E., Director – State Engineer

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January 15, 2010

The Honorable Lavon Heidemann
Senator, State of Nebraska
District 1, State Capitol
PO Box 94604
Lincoln, NE 68509-4604

Dear Senator Heidemann:

In response to your memo of December 4, 2009 concerning budget reallocations of \$12.3 million, the Department of Roads provides the following information regarding LB 1 that was recently passed during the special session. The attachments provide a detailed breakdown by funding and reduction item.

IMPACT ON SERVICES

The Department of Roads will make budget cuts to meet these reductions. No reduction in essential services is anticipated in the short term. These budget reallocations will be made through reductions in staffing, operating costs and equipment purchases.

Reductions in aid to transit systems will impact both Lincoln and Omaha as these funds are provided to offset their operating losses.

Inter-city bus systems will be impacted by this reduced level of funding.

IMPACT ON STAFFING

The reductions to the Administration Program will require 8 to 12 staffing positions to be eliminated through vacancy savings, attrition, retirements and possible layoffs. In FY-10, two vacant positions are being eliminated resulting in a savings of \$53,543. In FY-11, six to ten additional positions will be eliminated resulting in further savings of approximately \$573,237. The elimination of FTE's will come from various areas, but will not affect our construction and maintenance programs.

IMPACT ON FEDERAL FUNDS

No impact on federal funds is anticipated as a result of these budget reductions.

IMPACT ON FEES

No impact on fees is anticipated as a result of these budget reductions.

In addition to the information as required by LB 1, reallocation of resources to the highway construction program was included in our original budget request and part of the previously enacted budget plan pursuant to LB 315 of the 2009 Regular Session for FY-2010 and FY-2011. These reallocations were as follows:

| | | FY-2010 | FY-2011 |
|-----|--|--------------|--------------|
| 1. | Reduction of staff by 20 FTE and associated benefits | \$1,000,000 | \$1,000,000 |
| 2. | Reduction of Contractual Services for IT and others | 2,000,000 | 2,000,000 |
| 3. | Reduction of Highway Maintenance Contracts | 1,000,000 | 1,500,000 |
| 4. | Reduced Out-of-State Travel | 100,000 | 100,000 |
| 5. | Reduced taking home NDOR vehicles (fuel savings) | 100,000 | 100,000 |
| 6. | Eliminated Annual Snow Roadeo | 80,000 | 80,000 |
| 7. | Reduced printing of State Map to every 4 years | 50,000 | 50,000 |
| 8. | Reduced roadside mowing (fuel savings) | 100,000 | 100,000 |
| 9. | Eliminated all new building construction projects | 5,000,000 | 5,000,000 |
| 10. | Reduced purchase of Heavy Road Equipment/Cars/Vans/Pickups | 5,000,000 | 5,000,000 |
| 11. | Delayed purchase of new digital aerial camera | 500,000 | 500,000 |
| | TOTAL REALLOCATION OF FUNDS FOR HIGHWAY CONSTRUCTION | \$14,930,000 | \$15,430,000 |

These budget actions resulting from LB 315 and LB 1 total over \$42.6 million for the FY-2010 and FY-2011 biennium. These actions make more funds available for the maintenance and construction of highways.

The Nebraska Department of Roads continues to review, monitor and evaluate expenditures at all levels to become more efficient in our daily operations and to maximize funds available for the maintenance and construction of the State Highway System.

Sincerely,

Monty W. Fredrickson, P.E.
Director – State Engineer

MWF:SM:MH:FRE4-NQQ

Attachments

cc: Senator Harms
Senator Fulton
Senator Hansen
Senator Mello
Senator Conrad
Senator Nelson
Senator Nordquist
Senator Wightman
Mike Lovelace, Legislative Fiscal Office
Dave Spatz, DAS Budget Office

**DEPARTMENT OF ROADS
AGENCY27 SUMMARY
PER LB 1, SPECIAL SESSION - NOVEMBER 2009**

BUDGET REDUCTIONS

| | Pgm | Fund | Category | FY09 Reappropriation Reductions | FY10 Appropriation Reductions | FY11 Appropriation Reductions | Totals |
|-------------------------|-------|---------|------------|---------------------------------------|-------------------------------------|-------------------------------------|----------------------|
| ADMINISTRATION | 568 | Cash | Operations | 181,553 | 491,268 | 1,002,537 | |
| SERVICES & SUPPORT | 572 | Cash | Operations | 9,789,679 | 200,000 | 400,000 | |
| TRANSIT - AID | 305-1 | Cash | Aid | | 73,098 | 146,195 | |
| TRANSIT - INTERCITY BUS | 305-1 | Cash | Aid | | 2,504 | 5,009 | |
| MIDWEST RAIL COMPACT | 305 | General | Operations | 574 | | | |
| BRANCH RAIL | 113 | General | Operations | 835 | 65 | 131 | |
| TOTAL REDUCTIONS | | | | \$ 9,972,641 | \$ 766,935 | 1,553,872 | \$ 12,293,448 |

A.) Total funds of \$12,291,843 to be reallocated for highway maintenance and construction.

\$ 9,971,232 \$ 766,870 \$ 1,553,741 \$ 12,291,843

FUND TRANSFERS

From the State Recreation Road Fund 2672 to the General Fund:
 FY-2010 378,306 On December 18, 2009
 FY-2011 1,064,006 On or before June 30, 2011

BUDGET REDUCTIONS BY FUND AND OBJECT of \$12,293,448

| | | FY-10 | FY-11 | |
|--|-------------------------|---------------------|---------------------|----------------------|
| Cash Funds, Operations | | | | |
| Permanent Salaries | | 42,160 | 509,620 | |
| Temporary Salaries | | 211,850 | 314,850 | |
| Overtime Salaries | | 141,000 | 226,000 | |
| Benefits for FTE elimination | | 11,383 | 137,597 | |
| Benefits for Temp & OT reduction | | 52,928 | 81,128 | |
| Operating Expenses | | 22,800 | 89,300 | |
| Awards Expense | | 37,000 | 37,000 | |
| Rent Expense | | 2,500 | 30,000 | |
| Repair of Buildings | | 100,000 | 224,749 | |
| Office / Household Supplies | | 321,120 | 290,400 | |
| Technical & Lab Supplies | | 95,500 | 128,000 | |
| Legal Expenses | | 43,500 | 2,000 | |
| IT Contractual Services, equivalent of 2 FTE | | 75,000 | 260,000 | |
| Educational Contracts | | 2,100 | 464,500 | |
| Contractual Services | | 530,350 | 1,100,500 | |
| Travel | | 76,462 | 79,010 | |
| Office Equipment | | 20,000 | 10,000 | |
| Communication Equipment | | 125,000 | 211,450 | |
| IT Equipment | | 767,917 | 336,456 | |
| Engineering Equipment | | 395,425 | 439,700 | |
| Lab Testing Equipment | | 102,897 | 77,897 | |
| Other Technical Equipment | | 16,000 | 20,680 | |
| Automotive / Heavy Road Equipment | | 3,801,308 | | |
| Total Cash Funds, Operations | | \$ 6,994,200 | \$ 5,070,837 | \$ 12,065,037 |
| Cash Funds, Aid | | | | |
| Aid to Transit Systems, operation loss | | 73,098 | 146,195 | |
| | <i>Omaha MAT</i> | \$51,478 | \$102,955 | |
| | <i>Lincoln StarTran</i> | \$21,620 | \$43,240 | |
| Aid to Inter-City Bus Systems, match federal funds | | 2,504 | 5,009 | |
| Total Cash Funds, Aid | | \$ 75,602 | \$ 151,204 | \$ 226,806 |
| General Funds, Operations | | | | |
| Travel | | 1,474 | 131 | |
| Total General Funds, Operations | | \$ 1,474 | \$ 131 | \$ 1,605 |
| GRAND TOTAL | | \$ 7,071,276 | \$ 5,222,172 | \$ 12,293,448 |

**BUDGET REDUCTIONS TO ADMINISTRATION and
SERVICES & SUPPORT PROGRAMS
by FISCAL YEAR**

FY-10

FY-11

Total

ADMINISTRATION

| | | | |
|-------------------------------------|-------------------|---------------------|---------------------|
| Permanent Salaries & Benefits | 53,543 | 573,237 | |
| Temporary Salaries | 63,500 | 63,500 | |
| Awards Expense | 37,000 | 37,000 | |
| Operating Expenses | 7,500 | 13,000 | |
| Office / DP / Household Supplies | 293,725 | 279,800 | |
| SOS Temporary Services | 21,000 | 21,000 | |
| Travel | 15,000 | 15,000 | |
| Total Administration Program | \$ 491,268 | \$ 1,002,537 | \$ 1,493,805 |

SERVICES & SUPPORT

| | | | |
|---|-------------------|---------------------|---------------------|
| Educational Professional Services | - | 70,000 | |
| IT Contractual Services | 75,000 | 260,000 | |
| Other Contractual Services | 125,000 | 70,000 | |
| Total Services & Support Program | \$ 200,000 | \$ 400,000 | \$ 600,000 |
| Grand Total | \$ 691,268 | \$ 1,402,537 | \$ 2,093,805 |