
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR
FROM: BOYD
SUBJECT: TRANSPORTATION MANAGEMENT
DATE: 7/14/2000
CC: SIMMONS

The Mississippi Transportation Commission has let more contracts than it has received in revenues in recent years.

- **According to Mississippi Department of Transportation, the commission has spent \$259 million above its revenues in fiscal years 1996 – 1999.**
- **MDOT estimates that the commission will let more than \$256 million than it has revenues in fiscal years 2000 and 2001.**

At the close of Fiscal Year 1995, the Mississippi Department of Transportation had a budgetary cash balance exceeding \$242 million. The FY 2001 budgetary recommendation cash balance is \$81 million, a reduction of \$161 million. If the Commissioners authorize the contracts of \$101 million over their revenues—as suggested in their briefing materials—the commission will completely deplete its cash reserves and be **unable to pay \$20 million** in contracts.

The Department attributes this aggressive approach as a result of increased demand (traffic and politics). Traffic has increased in the last ten years (1989-1998)—truck traffic, 99%; automobile traffic, 35.7%.

SOLUTIONS & RECOMMENDATIONS

As Governor, you have no responsibility for the administration of the Department of Transportation or its Commissioners; therefore, you could:

1. Do nothing;
2. Ask Bond Commission to approve \$100 million for gaming bonds (authority exists);
3. Include MDOT's proposed changes in the upcoming special session or separate special session (e.g., extend repealer for gaming revenue beyond 2012; authority for \$200 million); or,
4. Any combination of each.

Should you choose option 1, the commission could choose not to let more contract than they have financing (\$81 million) or choose not to let any contracts.

OTHER ISSUES

DEPARTMENT STRUCTURE

The Commissioners as elected officials have a fiscal responsibility to ensure

STATE BUDGETING

Lee Lindell suggested that the Department and the Commission needed a little more oversight, especially regarding their budget. He described the department and commissioners at odds with the Transportation Committees.

FEDERAL ISSUES

In discussions with Danny Miller, MDOT Finance Director, the department would like to see a dedicated source for matching federal dollars. He fears with the demand increasing for Gaming and 1987 Highway Program state funds will be diverted from federal matching programs.

The department receives federal Congestion Mitigation and Air Quality funds for “non-attainment” areas as designated by the EPA. As Mississippi does not have any non-attainment areas, the department is able to use these funds as discretionary. If non-attainment areas are to be designated (DeSoto, Hancock, Harrison, Jackson, and Lee), the department will have to demonstrate that CMAQ funds are going only to these areas and for specified purposes.

Under Transportation Equity Act-21st Century, Mississippi is a donor state. That is Mississippians pay more in federal gasoline taxes than they receive back from the federal government. TEA-21 will be reauthorized in 2004.