



BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION

September 2, 2026

Cash Management System & Project Funding Authorization

Cash Management Budget Bill Language

Road Fund Cash Management: ...Notwithstanding KRS Chapter 45, specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial Highway Construction Plan by employing management techniques that maximize the Cabinet's ability to contract for and effectively administer the project work. Under the approved Cash Management Plan, the Secretary shall continuously ensure that the unspent project and Road Fund balances available to the Transportation Cabinet are sufficient to meet expenditures consistent with appropriations provided.

CASH MANAGEMENT SYSTEM

- Established for 2000-02, modified in 2002-04 to specify minimum Road Fund balance of \$100 million, included in subsequent budget bills
- Permits KYTC to initiate work on highway projects by employing a cash flow financing program, which allows projects and payments to extend beyond the biennium with future funds

CASH MANAGEMENT SYSTEM

- KYTC estimates balances in future periods using anticipated:
 - Monthly Road Fund Revenues
 - Federal Reimbursements
 - Non-Six-Year Highway Plan Program Outflows (maintenance, revenue sharing, resurfacing, vehicle regulation, debt service, other state agencies, etc.)
 - Active Project (Six-Year Plan) Spending

CASH MANAGEMENT SYSTEM

As presented in the State Highway Plan:

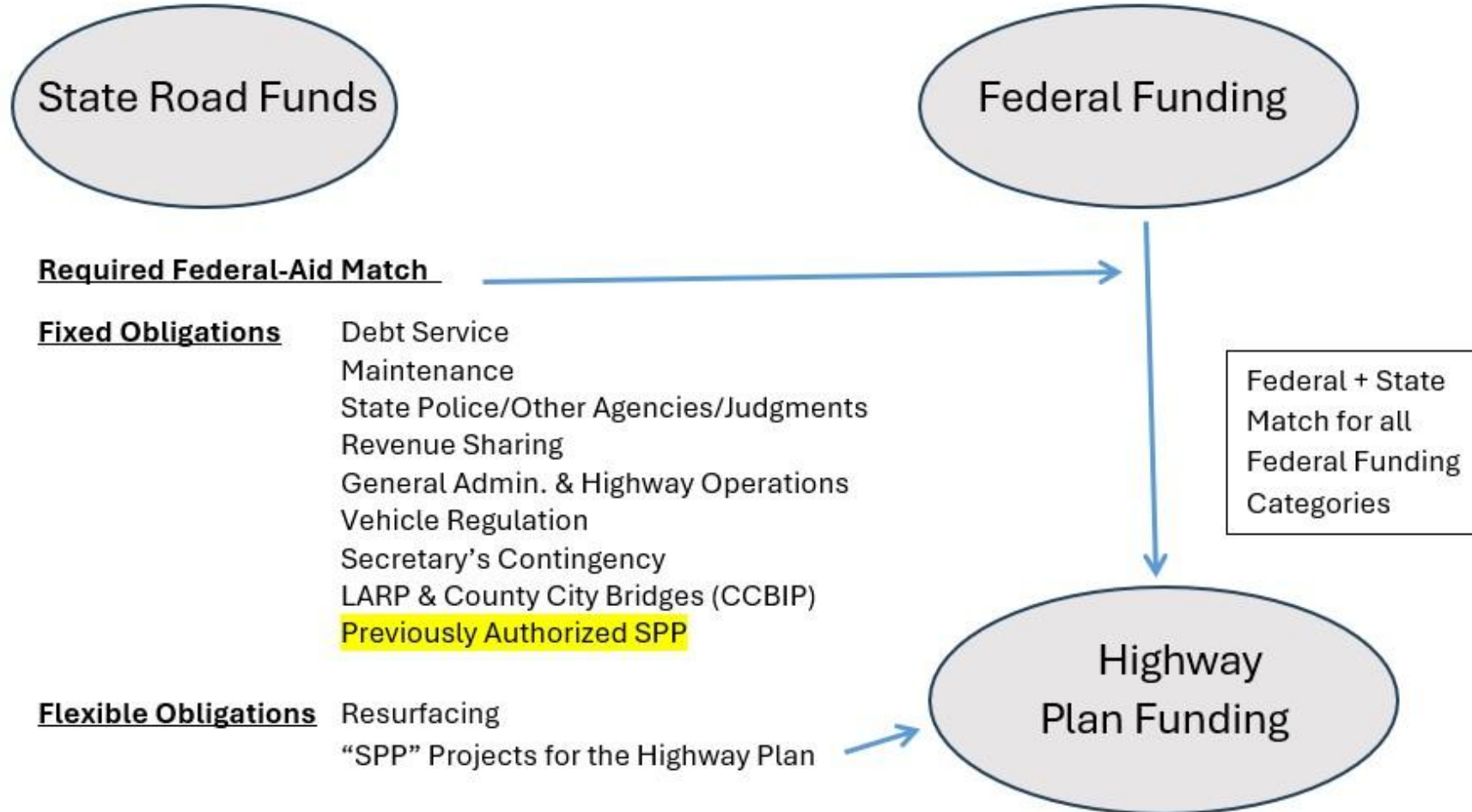
Decisions about when to obligate state project dollars and how much state project work can be afforded at any point will be made by the Secretary of Transportation and based on monthly cash management evaluations received from KYTC's Authorization Review Team (ART).

The ART consists of the Cabinet's:

- Secretary
- Deputy Secretaries
- State Highway Engineer
- Deputy State Highway Engineers
- KYTC Budget Director

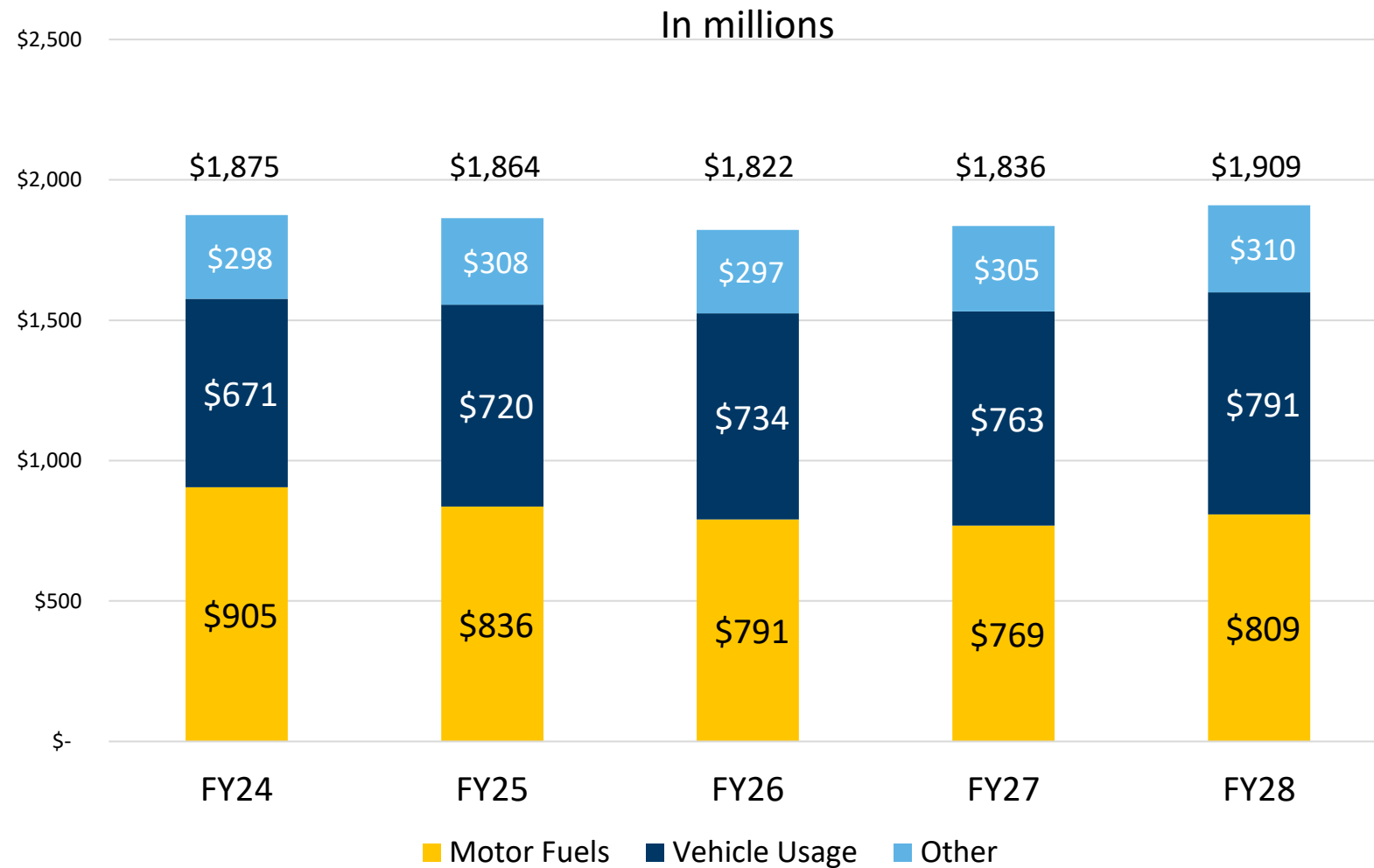
ART Team gauges system capacity

Highway Plan Funding



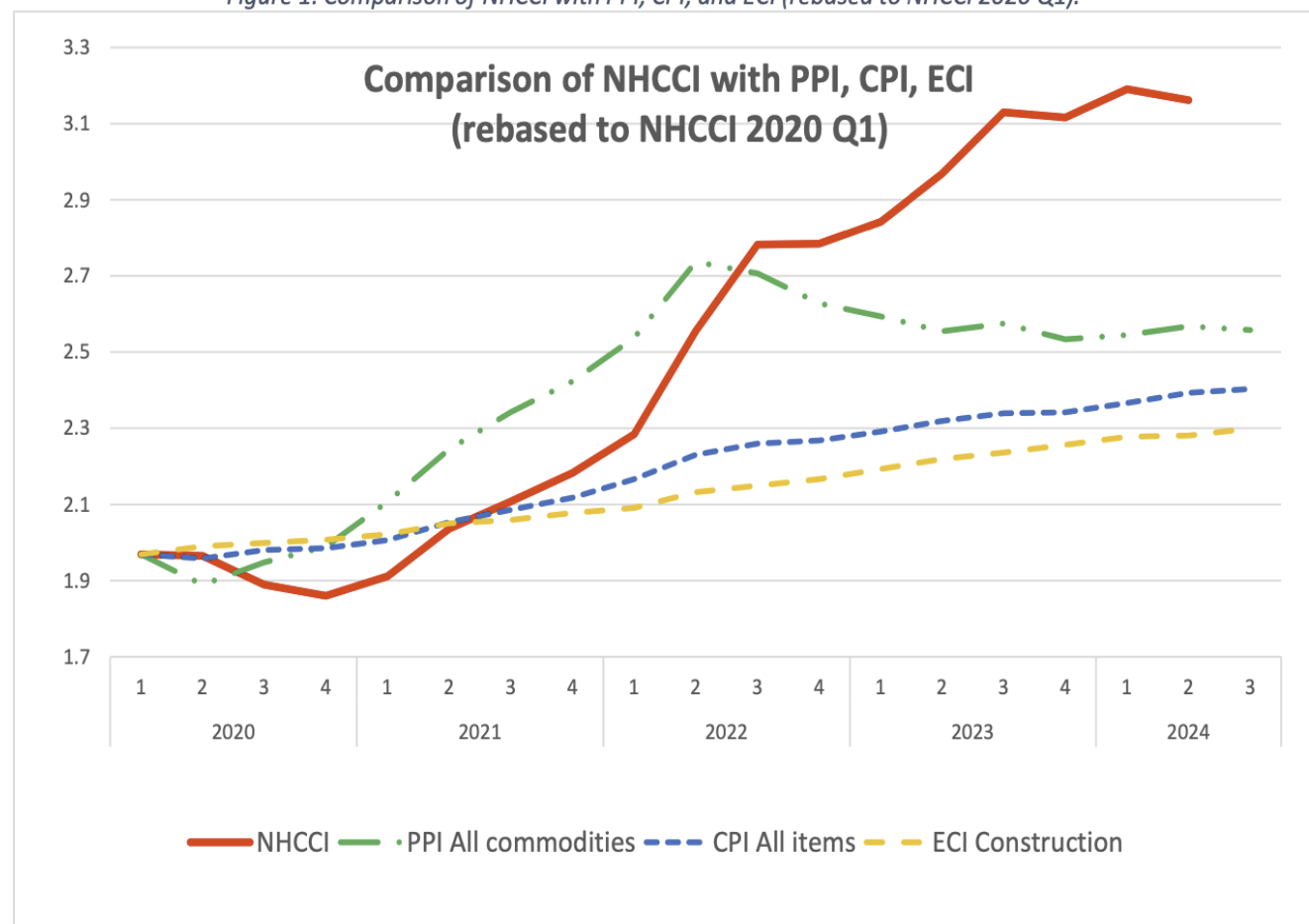
*NOTE: "SPP" availability is determined by the cash model's analysis of Road Fund expenditures already in the pipeline vs. new biennial funding.

Road Fund Revenue



National Highway Construction Cost Index

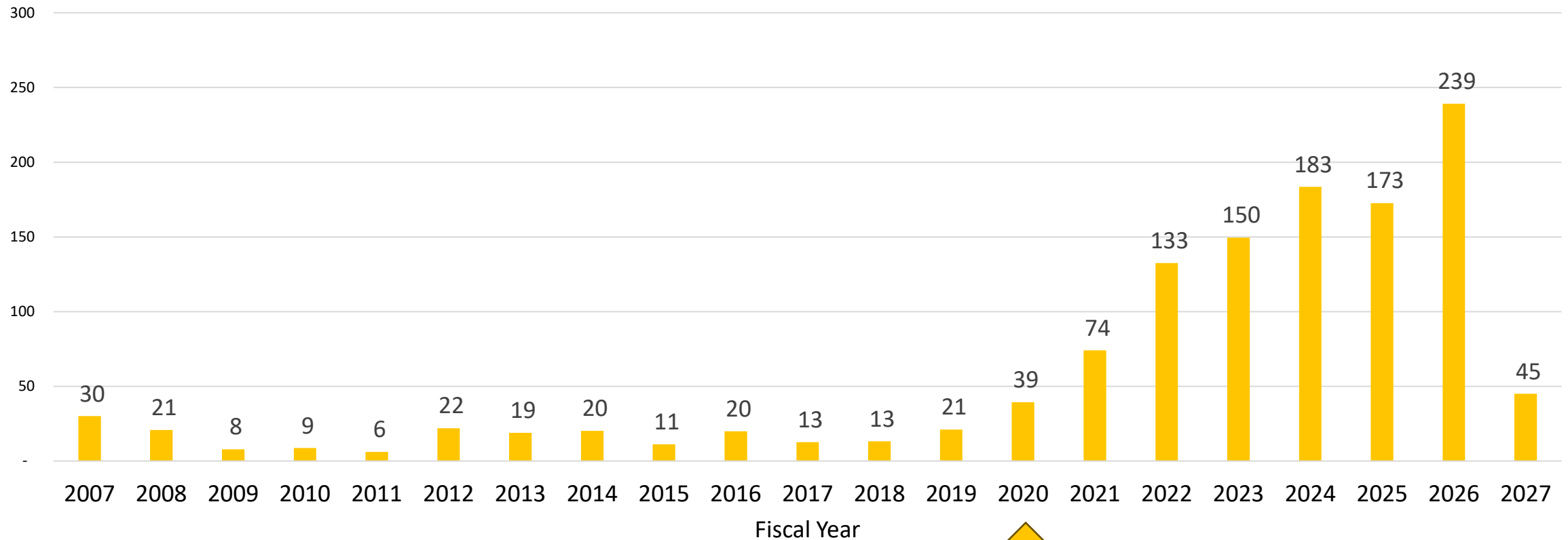
Figure 1. Comparison of NHCCI with PPI, CPI, and ECI (rebased to NHCCI 2020 Q1).



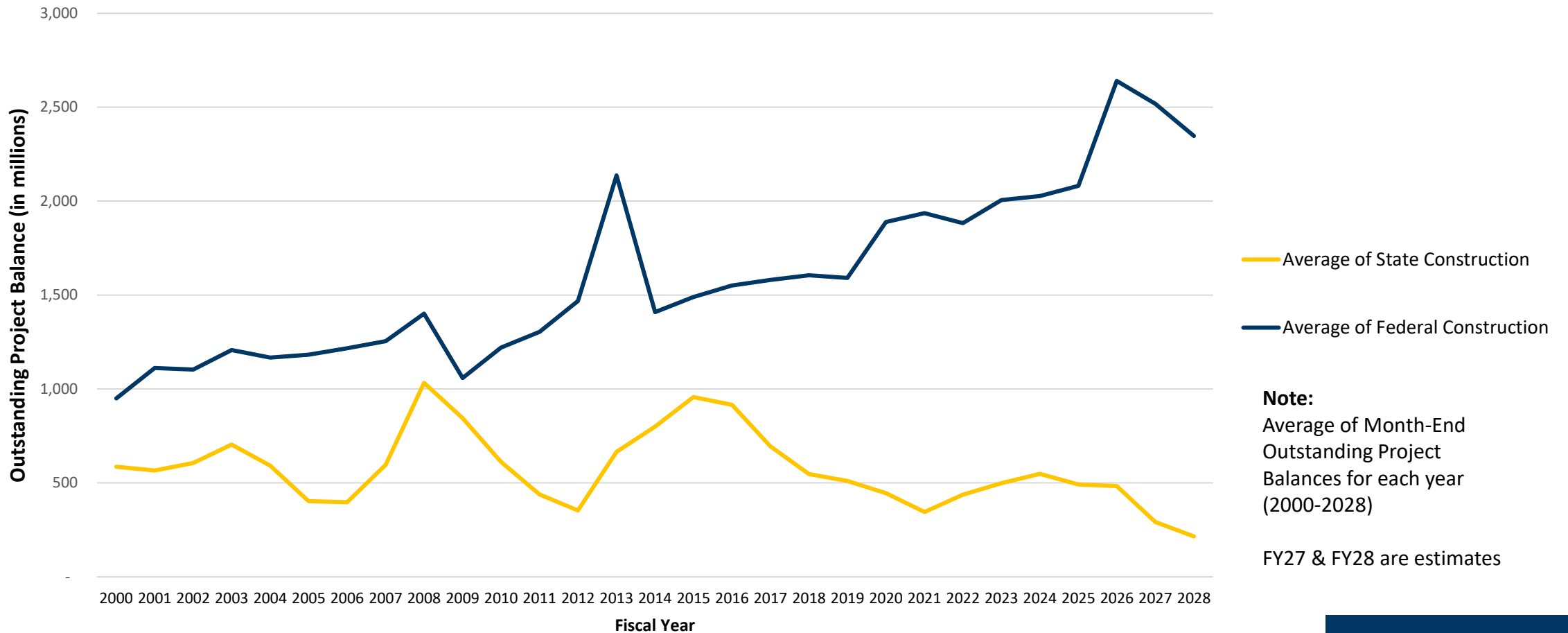
Sources: NHCCI: FHWA, Office of Transportation Policy Studies, National Highway Construction Cost Index (NHCCI) 2024 Q2 Estimates. CPI and PPI Indexes: BLS, Consumer Price Index, and Producer Price Indexes, available at <https://www.bls.gov>.

Road Fund Match for Federal Construction

Annual Expenditures, in Millions



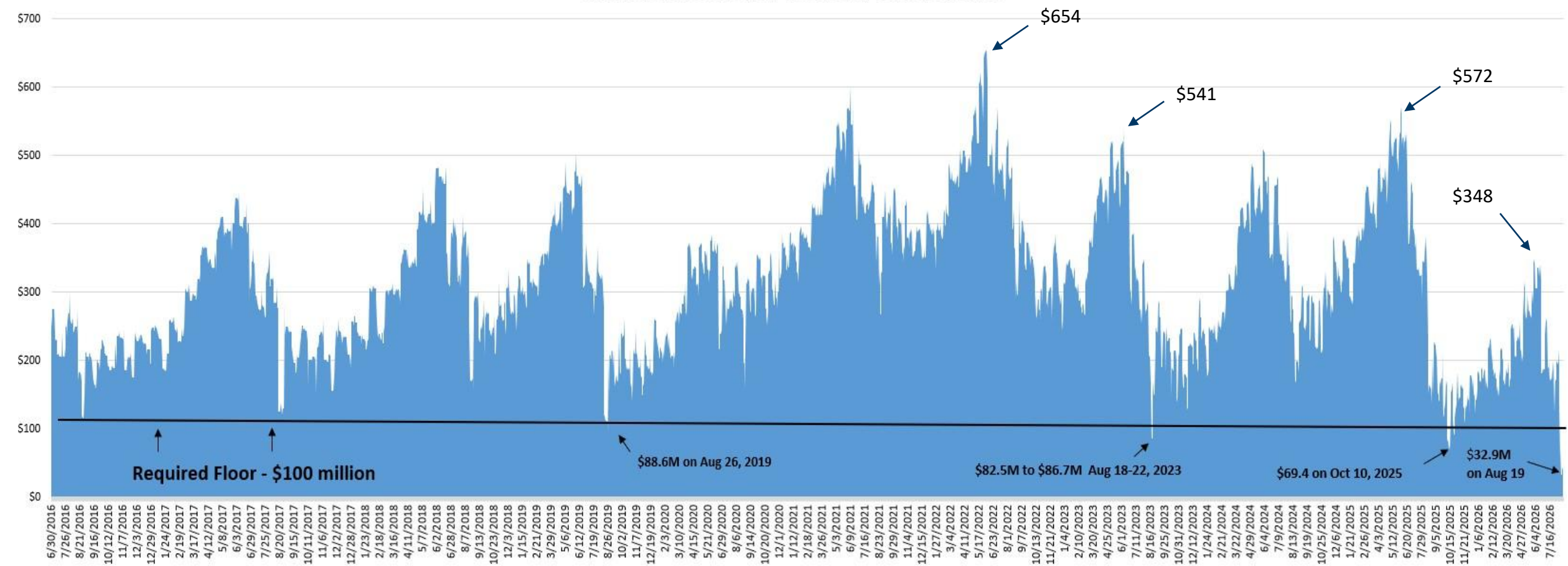
The Project Expenditure Pipeline



CASH MANAGEMENT SYSTEM

Daily Monitoring

Historical Net Road Fund Daily Cash Balance



CASH MANAGEMENT SYSTEM

Project Funding Request

All planned, project funding requests follow the same basic steps:

1. Project or Program Manager requests the Division of Program Management to authorize funds for the identified scope of project and identified phase of project.
2. The Division of Program Management checks funding availability:
 - a) Is the requested project phase scheduled within the Enacted Highway Plan Biennium? If yes,
 - b) Is the current project status ready to move forward with requested funding? If yes,
 - c) Is project eligible for requested funding? If yes,
 - d) Are funds available when evaluated against the cash management constraints?

YES

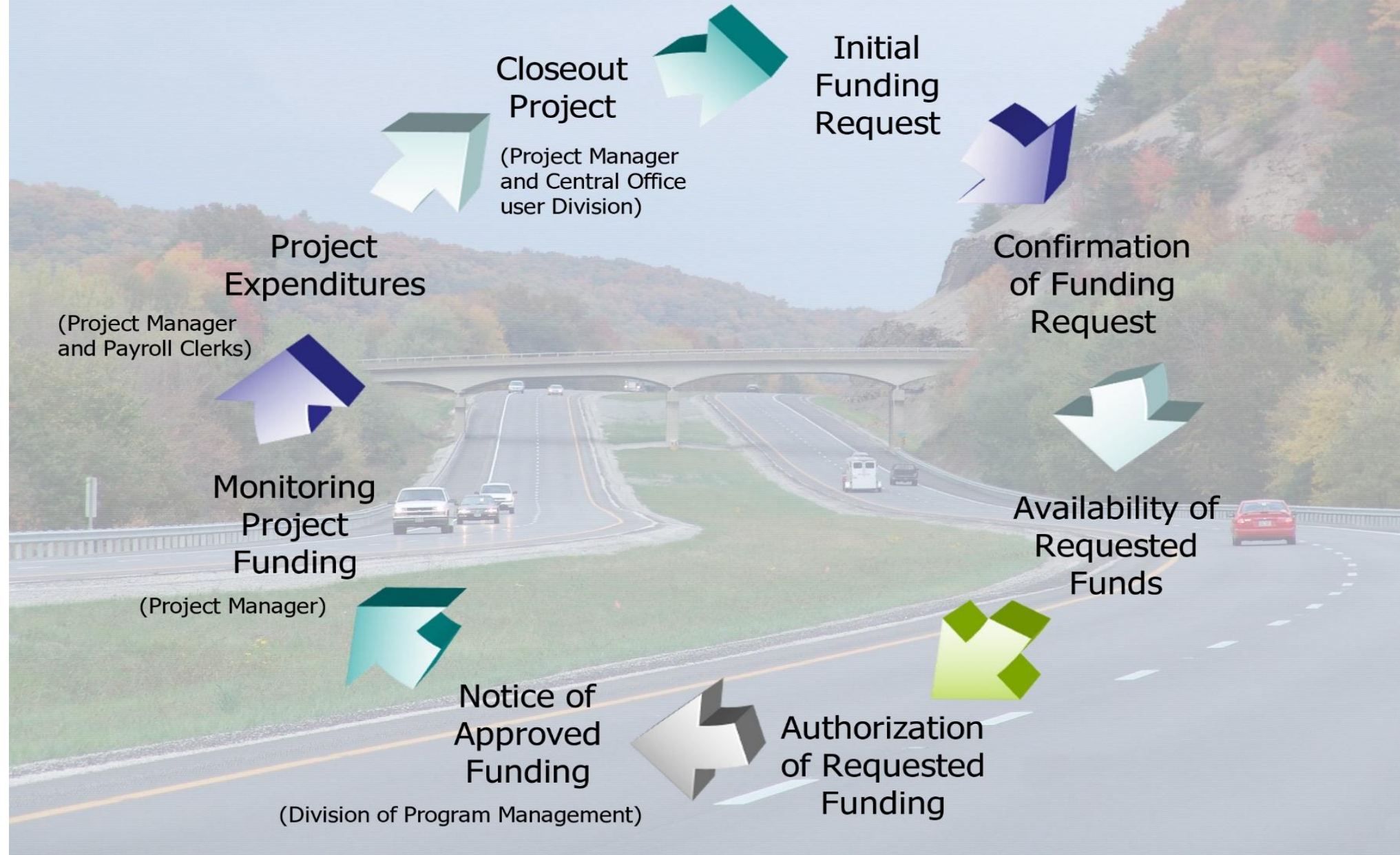
Program Management prepares authorization document for the Secretary's approval

NO

Program Management delays the project funding request until:

- funding issue has been resolved
- funding for the project phase can be scheduled in the next highway plan

FUNDING CYCLE



Federal-aid Highway Funding

- The Federal-aid Highway funding requires 20% state matching funds
- The Federal-aid Highway Funding is a “Reimbursement” program.
- KYTC must first use state road funds to pay for project expenditures and then seek reimbursement from FHWA for project expenditures, less the required state matching funds.
- KYTC submits a weekly combined request to FHWA for federal reimbursements of previously paid eligible federal project expenditures, less the required state matching funds.
- Weekly reimbursements from FHWA are normally received within 3 to 5 days.



transportation.ky.gov

BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION

September 2, 2026

Cash Management System & Project Funding Authorization