

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

| Program Budget Comparison | | | | | | | | |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|--------------------|-------------------|
| Budget Item | Base Fiscal 2014 | Approp. Fiscal 2015 | Budget Fiscal 2016 | Budget Fiscal 2017 | Biennium Fiscal 14-15 | Biennium Fiscal 16-17 | Biennium Change | Biennium % Change |
| FTE | 134.00 | 134.00 | 128.94 | 128.94 | 134.00 | 128.94 | (5.06) | (3.78)% |
| Personal Services | 7,717,304 | 8,413,326 | 8,756,757 | 8,758,033 | 16,130,630 | 17,514,790 | 1,384,160 | 8.58 % |
| Operating Expenses | 2,474,895 | 3,255,065 | 3,104,412 | 3,104,468 | 5,729,960 | 6,208,880 | 478,920 | 8.36 % |
| Equipment & Intangible Assets | 197,716 | 16,233 | 197,716 | 197,716 | 213,949 | 395,432 | 181,483 | 84.83 % |
| Transfers | 6,216 | 41,850 | 6,216 | 6,216 | 48,066 | 12,432 | (35,634) | (74.14)% |
| Total Costs | \$10,396,131 | \$11,726,474 | \$12,065,101 | \$12,066,433 | \$22,122,605 | \$24,131,534 | \$2,008,929 | 9.08 % |
| State/Other Special Rev. Funds | 7,952,960 | 8,530,431 | 9,203,534 | 9,203,399 | 16,483,391 | 18,406,933 | 1,923,542 | 11.67 % |
| Federal Spec. Rev. Funds | 2,443,171 | 3,196,043 | 2,861,567 | 2,863,034 | 5,639,214 | 5,724,601 | 85,387 | 1.51 % |
| Total Funds | \$10,396,131 | \$11,726,474 | \$12,065,101 | \$12,066,433 | \$22,122,605 | \$24,131,534 | \$2,008,929 | 9.08 % |

Program Description

The Motor Carrier Services Program enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, dyed fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses and oversize/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance, and size/weight laws. The Motor Carrier Safety Assistance Program (MCSAP) conducts commercial motor carrier safety compliance reviews and safety audits to ensure commercial vehicles, drivers, and motor carriers are compliant with state safety laws and federal regulations by conducting vehicle and driver inspections and motor carrier compliance reviews and safety audits.

Program Highlights

| Motor Carrier Division Major Budget Highlights |
|--|
| <ul style="list-style-type: none"> • Personal services increase explained by the executive implementation of HB 13 approved by the 2013 Legislature • Bakken region staff housing allowance would provide assistance to 6.00 FTE |

Program Discussion -

The change in this budget compared to FY 2015 is approximately 3.0%. Personal service costs are the primary factor for the growth. The change in personal service costs attributable to the executive implementation of the pay plan explains the increase in this budget. The program experienced near full employment in FY 2014, despite recruitment and retention issues in Eastern Montana. The motor carrier budget request includes a proposal for a housing allowance in the Bakken region in an effort to address the retention issues. The proposal would provide an allowance of \$500/month for 6.00 FTE.

Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base

The following table highlights the differences between the FY 2015 appropriations as shown in the main table and the FY 2015 legislative appropriations used for purposes of the budget base.

| FY 2015 Appropriation Transactions - Department of Transportation | | | | | |
|---|---------------------------|------------------------|-------------------|----------------|--------------------------------|
| Program | Legislative Appropriation | Legislative Approp OTO | House Adjustments | Operation Plan | Total Executive Implementation |
| 22 MOTOR CARRIER SVCS DIV | \$11,712,316 | | | | \$11,712,316 |
| Add back of OTO Appropriation | | 14,158 | | | 14,158 |
| Move Authority from OpExp | | | | (32,600) | (32,600) |
| Move Authority to Equip. | | | | 32,600 | 32,600 |
| Move Authority Between State Spc. | | | (\$15,100) | | (15,100) |
| Move Authority Between State Spc. | | | 15,100 | | 15,100 |
| Move Authority Between Fed. Spc. | | | (11,100) | | (11,100) |
| Move Authority Between Fed. Spc. | | | 11,100 | | 11,100 |
| Program Total | \$11,712,316 | \$14,158 | - | - | \$11,726,474 |

For the purposes of developing the FY 2015 starting point, the one-time-only (OTO) appropriation is added back into the executive FY 2015 for agreement with the legislative starting point in the figure above. The reduction of the OTO appropriation is made in the present law adjustments. Other changes seen in the figure above include the movement of authority between state special and federal special funds, as authorized in HB 2 language.

Comparison of FY 2014 Actual Expenditures to FY 2015 Appropriations

Relevant personal service statistics and attributes include:

- 98.7% of FTE time used in FY 2014
- 95.7% of personal services budget used in FY 2014
 - Personal services were paid 76.7% state special and 23.3% federal special
- 4.00 FTE were provided career ladder raises

Funding

The following table shows proposed program funding by source from all sources of authority.

| Department of Transportation, 22-Motor Carrier Services Program Funding by Source of Authority | | | | | | |
|---|---------------------|--------------------------|-------------------------|---------------------|-------------------|--|
| Funds | HB2 | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | |
| General Fund | 0 | 0 | 0 | 0 | 0.00 % | |
| 02294 UCR Fund | 1,833,041 | 0 | 0 | 1,833,041 | 9.96 % | |
| 02349 Highway Non-Restricted Account | 87,556 | 0 | 0 | 87,556 | 0.48 % | |
| 02422 Highways Special Revenue | 16,486,336 | 0 | 0 | 16,486,336 | 89.57 % | |
| State Special Total | \$18,406,933 | \$0 | \$0 | \$18,406,933 | 76.28 % | |
| 03292 MCS FEDERAL GRANTS | 5,435,065 | 0 | 0 | 5,435,065 | 94.94 % | |
| 03407 Highway Trust - Sp Rev | 289,536 | 0 | 0 | 289,536 | 5.06 % | |
| Federal Special Total | \$5,724,601 | \$0 | \$0 | \$5,724,601 | 23.72 % | |
| Proprietary Total | \$0 | \$0 | \$0 | \$0 | 0.00 % | |
| Total All Funds | \$24,131,534 | \$0 | \$0 | \$24,131,534 | | |

The Motor Carrier Services Division is funded by the highways state special revenue fund and federal special revenue. State funds are revenue from highway user fees such as motor fuel taxes and gross vehicle weight fees. Most of the funding in the 2017 biennium is derived from the constitutionally restricted highway state special revenue account (02422). Other state special revenues supporting program activities include unified carrier registration fees and the highway non-restricted account. Federal funds are derived from federal grants programs and distributions from the federal highway trust.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

| Budget Summary by Category | | | | | | | | |
|----------------------------|-------------------------|-------------------------|----------------------------|-------------------|-------------------------|-------------------------|----------------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Leg. Budget Fiscal 2016 | Leg. Budget Fiscal 2017 | Leg. Biennium Fiscal 16-17 | Percent of Budget | Leg. Budget Fiscal 2016 | Leg. Budget Fiscal 2017 | Leg. Biennium Fiscal 16-17 | Percent of Budget |
| 2015 Budget | 0 | 0 | 0 | 0.00 % | 11,712,316 | 11,712,316 | 23,424,632 | 0.00 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 352,785 | 354,117 | 706,902 | 0.00 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 0 | 0 | 0 | 0.00 % |
| Total Budget | \$0 | \$0 | \$0 | | \$12,065,101 | \$12,066,433 | \$24,131,534 | |

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------|------------------|--------------------|-----------------------|-------------|--------------|------------------|--------------------|------------------|
| | -----Fiscal 2016----- | | | | -----Fiscal 2017----- | | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 98 - LEG. Personal Services Present Law | 0.00 | 0 | 669,039 | (325,608) | 343,431 | 0.00 | 0 | 668,867 | (324,160) | 344,707 |
| DP 99 - LEG. Present Law | 0.00 | 0 | 18,222 | (8,868) | 9,354 | 0.00 | 0 | 18,259 | (8,849) | 9,410 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$687,261 | (\$334,476) | \$352,785 | 0.00 | \$0 | \$687,126 | (\$333,009) | \$354,117 |

DP 98 - LEG. Personal Services Present Law -

The Personal Services Present Law Adjustments (PSPL) in the table below includes all present law adjustments related to personal services, including statewide present law personal services adjustments. This adjustment has been broken out by some of its component parts for a more detailed understanding of the adjustments. FY 2016 and FY 2017 contain the reductions in FTE made by the executive to implement the boilerplate language in HB 2.

| Personal Services Present Law Adjustments | | | | |
|--|---------------|------------------|--------------------|------------------|
| FY 2016 | | | | |
| CP 98 PSPL Item | FTE | State Special | Federal Special | Total Funds |
| State Share Health Insurance | 128.94 | \$48,310 | \$14,355 | \$62,665 |
| Executive Implementation of 2015 Pay Increase | | 110,234 | 32,755 | 142,988 |
| Fully Fund 2015 Legislatively Authorized FTE | | 119,776 | 40,566 | 160,342 |
| Other | | 390,719 | (413,283) | (22,564) |
| Personal Services Present Law Adjustments | 128.94 | \$669,039 | (\$325,608) | \$343,431 |
| FY 2017 | | | | |
| CP 98 PSPL Item | FTE | State Special | Federal Special | Total Funds |
| State Share Health Insurance | 128.94 | \$48,310 | \$14,355 | \$62,665 |
| Executive Implementation of 2015 Pay Increase | | 110,234 | 32,755 | 142,988 |
| Fully Fund 2015 Legislatively Authorized FTE | | 119,776 | 40,566 | 160,342 |
| Other | | 390,547 | (411,835) | (21,288) |
| Personal Services Present Law Adjustments | 128.94 | \$668,867 | (\$324,160) | \$344,707 |

The personal services budget would increase by an average of \$344,069/FY under legislative present law adjustments. Adjustments include:

- The impacts of HB 13, employee health care, and the increase associated with the add-back of the 2015 biennium additional 2% vacancy savings - \$365,995/year

The column titled "other, includes:

- A funding switch from federal special to state special.
- An adjustment of negative \$14,667 per year for overtime and differential pay; the budget includes \$170,413 each year for overtime and differential pay.

The row titled "other" in the figure above provides a reduction averaging \$21,926 over the biennium. Also apparent in the other amounts is a funding switch from federal funds to state special funds.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

| Legislative Present Law Adjustments | | | |
|-------------------------------------|------------------|--------------------|----------------|
| LGPL - CP 99 Item | FY 2016 | | |
| | State Special | Federal Special | Total Funds |
| Other Decision Points: | | | |
| BCD - Elimination of OTO Funding | \$14,158 | \$0 | \$14,158 |
| DP 22133 - Bakken Housing Allowance | 30,000 | 6,000 | 36,000 |
| DP 22122 - Equipment Rental | 21,917 | 22,843 | 44,760 |
| Miscellaneous Other | (47,853) | (37,711) | (85,564) |
| Total LGPL | \$18,222 | (\$8,868) | \$9,354 |
| FY 2017 | | | |
| Other Decision Points: | | | |
| BCD - Elimination of OTO Funding | \$14,158 | \$0 | \$14,158 |
| DP 22133 - Bakken Housing Allowance | 30,000 | 6,000 | 36,000 |
| DP 22122 - Equipment Rental | 21,032 | 22,569 | 43,601 |
| Miscellaneous Other | (46,931) | (37,418) | (84,349) |
| Total LGPL | \$18,259 | (\$8,849) | \$9,410 |

The figure above includes all present law adjustments requested for operating expenses, equipment, grants, transfers, and debt service. The adjustments are shown in decision points to provide a mechanism for legislative discussion and decision. Other decision points include:

- DP 133 - Bakken Housing Allowance - Program 22 – This request would provide an increase to operating expenses for a new allowance to provide staff housing assistance in the Glendive District (Sidney, Glendive, Baker, Wolf Point, Culbertson, etc.), which has been impacted by the oil and gas development of the Bakken region. The allowance is requested to improve employee retention in the competitive labor market of the Bakken. This program has 11.00 FTE in the Bakken region. This appropriation would provide an allowance of \$500/month/qualified employee or \$6,000/year. The appropriation would provide an allowance for 6.00 FTE in each year of the biennium

LFD COMMENT The \$72,000 biennial cost of Bakken Housing Allowance proposal would become a continuing base expenditure if passed as requested. The legislature may want to consider restricting the appropriation for the stated use, ensuring more efficient tracking, and/or asking the program to report back on whether the allowance helped to resolve issues of employee retention.

- DP 122 - Equipment Rental - Program 22 – This request would fund an increase to operating expenses for the cost increases of equipment rentals through the MDT equipment program. This request represents the increase costs of the equipment program allocated based on the anticipated equipment needs of the program

The miscellaneous other amount represents a general reduction of an average of approximately \$85,000 per year in the 2017 biennium.