

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	923.72	923.72	923.72	923.72	923.72	923.72	0.00	0.00%
Personal Services	63,336,896	68,400,681	66,827,805	66,919,871	131,737,577	133,747,676	2,010,099	1.53%
Operating Expenses	366,040,300	394,653,099	366,066,739	366,162,770	760,693,399	732,229,509	(28,463,890)	(3.74%)
Equipment & Intangible Assets	4,678,597	2,233,088	4,678,597	4,678,597	6,911,685	9,357,194	2,445,509	35.38%
Capital Outlay	8,467,785	30,450,603	19,753,263	19,654,263	38,918,388	39,407,526	489,138	1.26%
Grants	13,058,612	6,909,952	13,058,612	13,058,612	19,968,564	26,117,224	6,148,660	30.79%
Benefits & Claims	500	0	500	500	500	1,000	500	100.00%
<b>Total Costs</b>	<b>\$455,582,690</b>	<b>\$502,647,423</b>	<b>\$470,385,516</b>	<b>\$470,474,613</b>	<b>\$958,230,113</b>	<b>\$940,860,129</b>	<b>(\$17,369,984)</b>	<b>(1.81%)</b>
State Special	75,004,645	83,568,478	79,700,873	79,820,096	158,573,123	159,520,969	947,846	0.60%
Federal Special	380,578,045	419,078,945	390,684,643	390,654,517	799,656,990	781,339,160	(18,317,830)	(2.29%)
<b>Total Funds</b>	<b>\$455,582,690</b>	<b>\$502,647,423</b>	<b>\$470,385,516</b>	<b>\$470,474,613</b>	<b>\$958,230,113</b>	<b>\$940,860,129</b>	<b>(\$17,369,984)</b>	<b>(1.81%)</b>

### Program Description

The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project designs, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is responsible for the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work is approved. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare.

### Program Highlights

<b>Construction Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget for this program in the 2015 biennium reduces appropriations by 1.8% from the 2013 biennium</li> <li>◆ Total reductions from operating expenses are primarily related to completion of ARRA program work</li> <li>◆ Although the budget is reduced from the appropriations of the 2013 biennium, it provides a 3.2% growth from the base</li> <li>◆ The budget includes a present law, combined state and federal special revenue funded adjustment of \$22.5 million for right-of-way land acquisition</li> </ul>

### Program Narrative

The budget for the Construction Program is reduced by \$17.4 million, or 1.8%. The primary costs of the program are payments to contractors for road construction projects. In the base year, personal services are approximately 14% of the total budget and much of the remaining budget can be tied to highway construction projects. The significant amount of federal funding in the program supports construction projects on the interstate highway system. The reduction in operating expenses results from reduced contractor payments as MDT winds down the work resulting from the federal government's 2009 American Relief and Recovery Act (ARRA). While the budget is reduced from the 2013 biennium, it is an increase from the base expenditures of approximately 3.2% in both years of the biennium. Further adjustments are based on planned construction activities of the tentative construction plan (TCP) approved in November 2011, and

includes \$22.5 million in appropriations for right-of-way acquisition. While the TCP was updated in November 2012, the priorities and costs did not change substantially from the plan used in the development of the 2015 biennium budget.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Construction Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$159,520,969	\$0	\$200,000	\$159,720,969	16.4%		
02422 Highways Special Revenue	\$159,520,969	\$0	\$200,000	\$159,720,969	16.4%	15-70-101	Pass Thru
Federal Special Total	\$781,339,160	\$0	\$31,001,851	\$812,341,011	83.6%		
03407 Highway Trust - Sp Rev	\$781,339,160	\$0	\$31,001,851	\$812,341,011	83.6%	17-7-502	Direct
Total All Funds	\$940,860,129	\$0	\$31,201,851	\$972,061,980	100.0%		
<b>Percent - Total All Sources</b>	<b>96.8%</b>	<b>0.0%</b>	<b>3.2%</b>				

Costs eligible for reimbursement under the federal-aid construction program are funded with highways state special revenue funds and federal special revenue funds apportioned to Montana and distributed by the U.S. Department of Transportation. Construction design, construction, and construction management costs, as well as direct administrative costs for construction activities, are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 86.6% federal with a 13.4% state match for most direct construction related costs. The program also provides a maintenance-of-effort highway construction program funded entirely with highways state special revenue. The primary sources of revenue for the highways state special revenue funds are highway-user fees derived from motor fuel taxes and gross vehicle weight fees.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	455,582,690	455,582,690	911,165,380	96.84%
Statewide PL Adjustments	0	0	0	0.00%	170,093	268,402	438,495	0.05%
Other PL Adjustments	0	0	0	0.00%	14,632,733	14,623,521	29,256,254	3.11%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$470,385,516</b>	<b>\$470,474,613</b>	<b>\$940,860,129</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					2,840,877					2,936,776
Vacancy Savings					(2,647,127)					(2,650,960)
Inflation/Deflation					(9,454)					(4,060)
Fixed Costs					(14,203)					(13,354)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$1,539,438</b>	<b>(\$1,369,345)</b>	<b>\$170,093</b>		<b>\$0</b>	<b>\$1,594,825</b>	<b>(\$1,326,423)</b>	<b>\$268,402</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(1,539,438)	1,369,345	(170,093)	0.00	0	(1,594,825)	1,326,423	(268,402)
DP 51 - Adjustment to Statewide Personal Services	0.00	0	31,897	161,853	193,750	0.00	0	47,055	238,761	285,816
DP 52 - Adjustment for Statewide Operations	0.00	0	(3,895)	(19,762)	(23,657)	0.00	0	(2,867)	(14,547)	(17,414)
DP 53 - Base Funding Switch	0.00	0	1,511,436	(1,511,436)	0	0.00	0	1,550,637	(1,550,637)	0
DP 204 - Equipment Rental	0.00	0	(48,986)	(40,764)	(89,750)	0.00	0	(31,636)	(26,326)	(57,962)
DP 205 - Overtime/Differential	0.00	0	1,753,429	1,543,730	3,297,159	0.00	0	1,753,429	1,543,730	3,297,159
DP 206 - Licensing Fees	0.00	0	139,846	0	139,846	0.00	0	197,846	0	197,846
DP 208 - Right of Way Land Acquisition	0.00	0	1,312,501	9,972,977	11,285,478	0.00	0	1,300,987	9,885,491	11,186,478
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$3,156,790</b>	<b>\$11,475,943</b>	<b>\$14,632,733</b>	<b>0.00</b>	<b>\$0</b>	<b>\$3,220,626</b>	<b>\$11,402,895</b>	<b>\$14,623,521</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$4,696,228</b>	<b>\$10,106,598</b>	<b>\$14,802,826</b>	<b>0.00</b>	<b>\$0</b>	<b>\$4,815,451</b>	<b>\$10,076,472</b>	<b>\$14,891,923</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment to Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 204 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 205 - Overtime/Differential - The legislature approved an increase in personal services to reestablish base year overtime and differential pay with associated benefits.

DP 206 - Licensing Fees - The legislature approved an increase in state and federal special revenue authority for the increased costs of third party software licensing fees.

DP 208 - Right of Way Land Acquisition - The legislature approved restoration of the core federal aid program. The adjustment provides sufficient funding for right of way acquisitions expected for the 2015 biennium project schedule.