

Program Budget Comparison

The following table summarizes the total executive 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	186.37	186.37	186.37	186.37	186.37	186.37	0.00	0.00%
Personal Services	11,598,457	15,030,406	13,435,427	13,443,040	26,628,863	26,878,467	249,604	0.94%
Operating Expenses	11,820,138	11,643,503	12,639,959	12,398,205	23,463,641	25,038,164	1,574,523	6.71%
Equipment & Intangible Assets	5,287	63,253	5,287	5,287	68,540	10,574	(57,966)	(84.57%)
Grants	360,666	428,064	360,666	360,666	788,730	721,332	(67,398)	(8.55%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	151,412	151,414	151,412	151,412	302,826	302,824	(2)	0.00%
Total Costs	\$23,935,960	\$27,316,640	\$26,592,751	\$26,358,610	\$51,252,600	\$52,951,361	\$1,698,761	3.31%
State Special	22,477,591	25,148,228	25,452,097	25,217,586	47,625,819	50,669,683	3,043,864	6.39%
Federal Special	1,458,369	2,168,412	1,140,654	1,141,024	3,626,781	2,281,678	(1,345,103)	(37.09%)
Total Funds	\$23,935,960	\$27,316,640	\$26,592,751	\$26,358,610	\$51,252,600	\$52,951,361	\$1,698,761	3.31%

The General Operations Program provides overall policy direction and management to the agency, administers motor fuel taxes, and provides administrative support services for the department, including general administration and management, accounting and budgeting, public affairs, information technology services, human resources activities, compliance review, and goods and services procurement.

Program Highlights

General Operations Program Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Total funds would increase by \$1.7 million, or 3.3% in the 2015 biennium compared to the 2013 biennium ◆ Fixed cost adjustments would be responsible for over half of the 6.7% increase in operating expenses ◆ Federal special funds would be reduced by \$1.3 million or 37.1% from the 2013 biennium due to a decentralization of federal training grants and reduced funding of grant awards 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ Significant vacancies in the program would require \$4.7 million in personal services present law adjustments 	

Program Discussion

There are several reasons why federal funding in this program would be reduced from the 2013 biennium. First, in past biennia federal training grant expenditures were centralized in the program, and those funds would now be appropriated to the benefiting programs. Next, the funding from the federal government for two grant programs was less than anticipated by the 2011 Legislature. The affected grants programs include On the Job Training and Disadvantaged Business Enterprises Grants.

**LFD
ISSUE**

Under-Utilization of Personal Services

The General Operations program is budgeted for 186.37 FTE, but in the base year the program significantly under-utilized the personal services budget, resulting in a \$4.7 million present law adjustment for personal services as seen in the figure above. In FY 2012, the personal services use rate for the department was 85.8% of budgeted FTE hours. The program had 22.50 FTE positions that showed use rates of less than 25%, which provides a vacancy savings in the program of approximately 12.0%. Additionally, in the middle of FY 2012, the program reported 27.05 vacant FTE positions. The legislature may wish to discuss vacancies in the General Operations Program with the agency and how those vacancies are impacting the program work to determine if funding for the positions should be continued.

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - General Operations Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$50,669,683	\$0	\$41,557,452	\$92,227,135	97.6%	18-11-112	Pass Thru
02301 Tribal Motor Fuels Admin.	\$0	\$0	\$82,610	\$82,610	0.1%	18-11-112	Pass Thru
02303 Tribal Motor Fuels Tax Acct	\$0	\$0	\$8,142,842	\$8,142,842	8.6%	15-70-101	Pass Thru
02422 Highways Special Revenue	\$50,669,683	\$0	\$33,332,000	\$84,001,683	88.9%		
Federal Special Total	\$2,281,678	\$0	\$0	\$2,281,678	2.4%		
03407 Highway Trust - Sp Rev	\$2,281,678	\$0	\$0	\$2,281,678	2.4%		
Total All Funds	\$52,951,361	\$0	\$41,557,452	\$94,508,813	100.0%		
Percent - Total All Sources	56.0%	0.0%	44.0%				

The General Operations Program is funded from the highways state special revenue fund and federal special revenue. The highways state special revenue fund receives revenue primarily from motor fuel taxes, gross vehicle weight permit fees, and reimbursements for indirect costs associated with the federal-aid highway program via a Federal Highways Administration (FHWA) approved indirect cost plan. Federal funding is available for assistance for disadvantaged businesses, training, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

The General Operations Program is also responsible for \$41.6 million of pass through statutory appropriations from the HSRA-R fund. The figure above includes the statutory reference for each of the appropriations. A total of \$8.2 million is expected to be distributed to tribal entities as a revenue sharing agreement for fuels sold on tribal lands. Another estimated \$33.2 million is anticipated to be distributed to cities, towns, counties, and consolidated city-county governments.

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%	23,935,960	23,935,960	47,871,920	90.41%
Statewide PL Adjustments	0	0	0	0.00%	2,395,512	2,126,808	4,522,320	8.54%
Other PL Adjustments	0	0	0	0.00%	110,169	144,732	254,901	0.48%
New Proposals	0	0	0	0.00%	151,110	151,110	302,220	0.57%
Total Budget	\$0	\$0	\$0		\$26,592,751	\$26,358,610	\$52,951,361	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,359,015					2,366,938
Vacancy Savings					(558,174)					(558,484)
Inflation/Deflation					3,082					6,819
Fixed Costs					591,589					311,535
Total Statewide Present Law Adjustments		\$0	\$2,713,227	(\$317,715)	\$2,395,512		\$0	\$2,444,153	(\$317,345)	\$2,126,808
DP 101 - Overtime/Differential	0.00	0	36,129	0	36,129	0.00	0	36,129	0	36,129
DP 102 - Equipment Rental	0.00	0	(460)	0	(460)	0.00	0	(297)	0	(297)
DP 107 - Credit Card Fees	0.00	0	62,000	0	62,000	0.00	0	96,000	0	96,000
DP 108 - Contract Increases	0.00	0	12,500	0	12,500	0.00	0	12,900	0	12,900
Total Other Present Law Adjustments	0.00	\$0	\$110,169	\$0	\$110,169	0.00	\$0	\$144,732	\$0	\$144,732
Grand Total All Present Law Adjustments	0.00	\$0	\$2,823,396	(\$317,715)	\$2,505,681	0.00	\$0	\$2,588,885	(\$317,345)	\$2,271,540

DP 101 - Overtime/Differential – The executive requests an increase in personal services costs to reestablish base year overtime and differential pay with associated benefits. Overtime is removed from the base and all anticipated expenditures must be requested in a decision package.

DP 102 - Equipment Rental – The executive requests a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program. For more information, refer to the LFD Comments in the Agency Summary, Agency-Wide Decision Packages section of this report.

DP 107 - Credit Card Fees – An increase to credit card fees due to escalating volume of credit card transactions is requested.

DP 108 - Contract Increases – The executive includes an increase for the built-in maintenance increases associated with the Xerox contract and TEAMMATE software contract.

New Proposals

New Proposals										
Program	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 106 - Small Business Enterprise										
01	0.00	0	92,248	0	92,248	0.00	0	92,248	0	92,248
DP 6101 - Professional Development Center Training Fee Alloc										
01	0.00	0	58,862	0	58,862	0.00	0	58,862	0	58,862
Total	0.00	\$0	\$151,110	\$0	\$151,110	0.00	\$0	\$151,110	\$0	\$151,110

DP 106 - Small Business Enterprise – The executive requests additional funding in response to a federal directive that gives guidance to the Disadvantaged Business Enterprise, Small Business Element supportive services program.

DP 6101 - Professional Development Center Training Fee Allocation - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.