

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	2,111.26	2,111.26	2,111.26	2,111.26	2,111.26	2,111.26	0.00	0.00%
Personal Services	126,893,928	147,102,387	142,727,955	142,766,309	273,996,315	285,494,264	11,497,949	4.20%
Operating Expenses	318,017,294	435,509,385	497,840,044	516,829,344	753,526,679	1,014,669,388	261,142,709	34.66%
Equipment & Intangible Assets	2,974,142	3,027,679	2,987,467	2,974,142	6,001,821	5,961,609	(40,212)	(0.67%)
Capital Outlay	28,099,207	16,132,424	23,216,343	23,216,343	44,231,631	46,432,686	2,201,055	4.98%
Grants	19,468,999	22,012,246	21,806,679	21,806,679	41,481,245	43,613,358	2,132,113	5.14%
Transfers	1,407,892	1,013,328	1,418,710	1,418,710	2,421,220	2,837,420	416,200	17.19%
Total Costs	\$496,861,462	\$624,797,449	\$689,997,198	\$709,011,527	\$1,121,658,911	\$1,399,008,725	\$277,349,814	24.73%
General Fund	0	0	0	0	0	0	0	n/a
State Special	199,536,189	258,100,949	264,090,903	265,786,203	457,637,138	529,877,106	72,239,968	15.79%
Federal Special	297,325,273	366,696,500	425,906,295	443,225,324	664,021,773	869,131,619	205,109,846	30.89%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$496,861,462	\$624,797,449	\$689,997,198	\$709,011,527	\$1,121,658,911	\$1,399,008,725	\$277,349,814	24.73%

Agency Description

Agency Mission: To serve the public by providing a transportation system and services that emphasize quality, safety, cost effectiveness, economic vitality, and sensitivity to the environment.

The Department of Transportation is the agency responsible for administering the multimodal transportation network in Montana. The department plans, designs, builds, and maintains the statewide network of highways. It is responsible for collecting and distributing highway user fees and fuel taxes. The department enforces state and federal laws for commercial motor carriers and registers interstate fleet vehicles. The department also facilitates the operation and infrastructure of airports and airways in Montana, registers aircraft and pilots, and maintains several state-owned airports. The department represents Montana interests in railroad planning issues and supports local entities in overall transportation planning and transit assistance.

The Department of Transportation constructs and maintains the state highway infrastructure. The department also provides for the other aspects of a statewide multimodal transportation system through:

- Aeronautics safety protection and promotion
- General aviation airport planning, promotion, and maintenance facilitation
- Rail infrastructure coordination, monitoring, and planning
- Highway traffic safety promotion, planning, and administration
- Vehicle weight and dimension permitting and law enforcement
- Transit assistance

The five-member transportation commission, whose members are appointed by the Governor, establishes department priorities and apportions funding among the five state financial districts according to statutory guidelines, department recommendations, and community input. The nine-member Board of Aeronautics, whose members are appointed by the Governor, establishes priorities for department aeronautics activities.

The department provides the above services through the following programs:

- General Operations Program
- Construction Program
- Maintenance Program
- State Motor Pool (entirely funded with non-budgeted proprietary funds)
- Equipment Program (entirely funded with non-budgeted proprietary funds)

- Motor Carrier Services Division
- Aeronautics Program (a portion of this program is funded with non-budgeted proprietary funds)
- Rail, Transit, and Planning Division

Agency Highlights

Department of Transportation Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Total funds increase by \$277.3 million, or 24.7%, ◆ State special revenue increases by \$72.2, or 15.8%, and these increases are dominated by increases of: <ul style="list-style-type: none"> ● \$60.0 million for the 100% state funded construction program ● \$32.1 million to match increased federal funding for the federal-aid highway construction program ● \$20.2 million for statewide present law adjustments ● \$8.3 million for funding payments to the proprietary Equipment Program ◆ Federal special revenue increases by \$205.1 million, or 30.9%, primarily because of additions of: <ul style="list-style-type: none"> ● \$273.7 million to increase federal-aid funding for highway construction contractor payments ● \$2.1 million to increase transit funding for assistance to local transit providers ● \$1.5 million of border enforcement grants associated with enforcement of commercial motor carriers around the border with Canada 	

Summary of Legislative Action

The budget for this agency includes funding to obligate and match all federal-aid highway funding anticipated. Included in the funding is an increase to the 100% state funded construction program to raise the annual level from \$10.0 million to \$40.0 million -- \$15.0 million annually is designated as one time only. The total fund budget grows by \$277.4 million, or 24.7%, primarily because of the growth in the state funded and federal-aid highway construction programs. The growth is comprised of increases of \$72.2 million or 15.8% in state special revenue and \$205.1 million or 30.9% in federal special revenue. Staffing levels in this agency do not change and it has no general fund. A non-budgeted proprietary funded program that acquires, maintains, and disposes of equipment used by the other programs of this agency increases the cost to user programs by \$9.4 million of total funds.

Agency Discussion

Highways State Special Revenue Account Working Capital Analysis

Montana has a vast network of highways that plays a major role in Montana's transportation needs. Montana has nearly 70,000 centerline miles of public roads, of which the Department of Transportation (DOT) has responsibility for nearly 11,000. The remaining roughly 59,000 miles are mostly rural and municipal roads maintained by local governments or private citizens. The legislature has provided roughly \$1.4 billion in the 2013 biennium to maintain, rebuild, and operate the 11,000 miles of paved roads under its responsibility. To a large extent, funding to support construction activities comes from federal funding with state matching funds from the highways state special revenue account. The state special revenue account also supports highway maintenance and operation costs to help keep the highways in good repair and safe for the traveling public. Because of the strong reliance on highways state special revenue funding, the legislature pays a particular interest in this funding source. Among other things, the legislature includes estimates of the three most dominant revenue sources for the account in its HJR 2 revenue estimates of key non-general fund sources.

The following provides a summary of the two accounts that make up the highways state special revenue account: the restricted account funded with revenues that are protected by the state constitution (HSRA-R) and the nonrestricted account funded with revenues that are not constitutionally protected (HSRA-NR).

Sources of Revenue

The Constitution of the State of Montana states that revenues from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways are to be used solely for paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Constitutionally protected revenues are deposited in HSRA-R and are expended for purposes specified in the constitution. Nonrestricted revenues are derived from special use permits and motor fuel penalties and interest payments and are deposited in HSRA-NR and expended for other purposes not restricted by the constitution.

Analysis Results

The following figure shows the result of a working capital analysis of the highways state special revenue account. The figure shows individual and combined balances for both the restricted and nonrestricted accounts after legislative action. As shown, with \$47.4 million more appropriations made during the 2013 biennium from the account compared to the anticipated revenues, the account is not structurally balanced and the \$100.7 million combined balance that existed at the end of FY 2010 would be reduced to \$25.2 million at the end of the 2013 biennium. However, with \$30.4 million of the appropriations designated as one time only, the risks into the 2015 biennium from the imbalance are reduced significantly.

Working Capital Balance Highways Special Revenue Account Fiscal Years 2010 - 2013				
Description	FY 2010 Actual	FY 2011 Approp.	FY 2012 Budget	FY 2013 Budget
<u>Combined Account (\$ millions)</u>				
Beginning Balance	\$66.5	\$100.7	\$72.6	\$45.1
Revenues	289.3	286.2	288.7	292.3
Expenditures	252.0	314.4	316.2	312.3
Revenues less Expenditures	37.3	(28.2)	(27.5)	(19.9)
Adjustments	<u>(3.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Ending Balance	<u>\$100.8</u>	<u>\$72.5</u>	<u>\$45.1</u>	<u>\$25.2</u>
<u>Restricted Account (\$ millions)</u>				
Beginning Working Capital Balance	\$65.4	\$99.6	\$79.4	\$47.3
Revenues				
Gasoline tax (net of refunds)	130.2	132.7	135.2	137.7
Diesel tax (net of refunds)	64.3	66.7	67.4	68.1
Gross Vehicle Weight (GVW)	22.0	22.3	22.7	23.1
Federal indirect cost recovery	53.4	49.8	48.4	48.2
All other revenues	<u>11.6</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>
Total Revenues	\$281.5	\$278.0	\$280.2	\$283.6
Expenditures				
Department of Transportation (DOT)				
Statutory appropriations	17.4	17.4	17.4	17.4
HB 2	196.0	250.1	257.3	259.4
Total DOT	213.4	267.5	274.6	276.8
Department of Justice	29.2	29.7	31.8	31.6
Fish, Wildlife & Parks Long-range Projects	0.6	0.0	1.5	0.0
Department of Transportation Long-range Projects	<u>1.1</u>	<u>1.0</u>	<u>4.3</u>	<u>0.0</u>
Total Expenditures	\$244.3	\$298.3	\$312.3	\$308.4
Revenues less expenditures	37.2	(20.2)	(32.1)	(24.8)
Adjustments	<u>(2.9)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Ending Working Capital Balance	<u>\$99.6</u>	<u>\$79.4</u>	<u>\$47.3</u>	<u>\$22.5</u>
<u>Nonrestricted Account</u>				
Beginning Working Capital Balance	\$1.1	\$1.2	(\$6.8)	(\$2.2)
Total Revenues	\$7.8	\$8.2	\$8.4	\$8.8
Expenditures				
Department of Transportation (HB 2)	7.6	16.0	3.4	3.4
Department of Justice (HB 2)	0.0	0.0	0.3	0.3
Statutory transfer to noxious weed state special revenue account	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Expenditures	\$7.7	\$16.1	\$3.9	\$3.9
Revenues less expenditures	0.1	(7.9)	4.6	4.9
Adjustments	<u>(0.1)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Ending Working Capital Balance	<u>\$1.2</u>	<u>(\$6.8)</u>	<u>(\$2.2)</u>	<u>\$2.7</u>

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2013 Biennium Budget				
Agency Program	State Spec.	Fed Spec.	Grand Total	Total %
01 General Operations Program	\$ 47,779,718	\$ 4,368,197	\$ 52,147,915	3.73%
02 Construction Program	158,717,469	799,271,839	957,989,308	68.48%
03 Maintenance Program	291,861,229	15,174,766	307,035,995	21.95%
22 Motor Carrier Services Div.	16,238,223	5,809,745	22,047,968	1.58%
40 Aeronautics Program	3,522,392	909,779	4,432,171	0.32%
50 Rail, Transit, & Planning Division	<u>11,758,075</u>	<u>43,597,293</u>	<u>55,355,368</u>	<u>3.96%</u>
Grand Total	<u>\$529,877,106</u>	<u>\$869,131,619</u>	<u>\$ 1,399,008,725</u>	<u>100.00%</u>

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	496,861,462	496,861,462	993,722,924	71.03%
Statewide PL Adjustments	0	0	0	0.00%	10,660,152	10,537,538	21,197,690	1.52%
Other PL Adjustments	0	0	0	0.00%	181,385,821	200,522,695	381,908,516	27.30%
New Proposals	0	0	0	0.00%	1,089,763	1,089,832	2,179,595	0.16%
Total Budget	\$0	\$0	\$0		\$689,997,198	\$709,011,527	\$1,399,008,725	

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	2,111.26	2,111.26	2,111.26	0.00	2,111.26	2,111.26	0.00	
Personal Services	126,893,928	143,603,117	142,727,955	(875,162)	143,641,471	142,766,309	(875,162)	(1,750,324)
Operating Expenses	318,017,294	486,429,132	497,840,044	11,410,912	485,418,363	516,829,344	31,410,981	42,821,893
Equipment & Intangible Assets	2,974,142	2,987,467	2,987,467	0	2,974,142	2,974,142	0	0
Capital Outlay	28,099,207	23,216,343	23,216,343	0	23,216,343	23,216,343	0	0
Grants	19,468,999	20,652,379	21,806,679	1,154,300	20,652,379	21,806,679	1,154,300	2,308,600
Transfers	1,407,892	1,418,710	1,418,710	0	1,418,710	1,418,710	0	0
Total Costs	\$496,861,462	\$678,307,148	\$689,997,198	\$11,690,050	\$677,321,408	\$709,011,527	\$31,690,119	\$43,380,169
General Fund	0	0	0	0	0	0	0	0
State/Other Special	199,536,189	262,436,600	264,090,903	1,654,303	262,091,900	265,786,203	3,694,303	5,348,606
Federal Special	297,325,273	415,870,548	425,906,295	10,035,747	415,229,508	443,225,324	27,995,816	38,031,563
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$496,861,462	\$678,307,148	\$689,997,198	\$11,690,050	\$677,321,408	\$709,011,527	\$31,690,119	\$43,380,169

The legislative budget is \$43.4 million in total funds higher than the executive budget with the increase primarily in federal funds. The most significant revisions from the executive budget are summarized below.

The legislature approved a request to fund the federal-aid highway construction program after it was revised by the executive after the December 15 budget was submitted. The request was revised to reflect the most recent update to the department’s long-range tentative construction plan linked to agency assumptions of federal funding for highways. The revision increased state special funding by \$4.5 million and federal special funding by \$39.5 million over the biennium.

Other revisions included the following:

- Emergency medical services grants were added, resulting in a biennium increase of \$2.0 million from the non-restricted highways state special revenue account
- Overtime in the Construction Program was reduced by \$1.7 million in total funds to correct an error in the executive request
- Various programs were reduced by \$945,000 due to acceptance of the agency 5% reduction plans
- Funding for biodiesel research grants added \$400,000 in state special revenue
- Corridor studies were reduced by \$360,000 in total funds
- Funding for operations of the Rail Service Competition Council was added, resulting in a biennium increase of \$100,000 from the non-restricted highways state special revenue account

Language and Statutory Authority

The legislature included the following language in HB 2.

"The department may adjust appropriations in the general operations, construction, maintenance, and transportation planning programs between state special revenue and federal special revenue funds if the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program."

"All federal special revenue appropriations in the department are biennial."

"All appropriations in the general operations, construction, maintenance, and transportation planning programs are biennial."

"All remaining federal pass-through grant appropriations for highway traffic safety, including reversions for the 2011 biennium, are authorized to continue and are appropriated in FY 2012 and FY 2013."

"Tongue River Road Preconstruction funds may be used only to survey and provide design and preliminary engineering work to improve state secondary highway 332."

"Biodiesel Fuel Research may be used only to provide grants to Montana State University-Northern to test and develop biodiesel and related technology in support of Montana agriculture, refining, transportation, and other related emerging industries."

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	186.37	186.37	186.37	186.37	186.37	186.37	0.00	0.00%
Personal Services	12,203,608	13,189,454	13,345,817	13,344,945	25,393,062	26,690,762	1,297,700	5.11%
Operating Expenses	11,811,027	13,103,299	12,441,057	12,196,826	24,914,326	24,637,883	(276,443)	(1.11%)
Equipment & Intangible Assets	62,770	40,948	62,770	62,770	103,718	125,540	21,822	21.04%
Grants	339,479	304,563	346,865	346,865	644,042	693,730	49,688	7.72%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$24,416,884	\$26,638,264	\$26,196,509	\$25,951,406	\$51,055,148	\$52,147,915	\$1,092,767	2.14%
General Fund	0	0	0	0	0	0	0	n/a
State Special	22,560,630	24,997,272	23,972,499	23,807,219	47,557,902	47,779,718	221,816	0.47%
Federal Special	1,856,254	1,640,992	2,224,010	2,144,187	3,497,246	4,368,197	870,951	24.90%
Total Funds	\$24,416,884	\$26,638,264	\$26,196,509	\$25,951,406	\$51,055,148	\$52,147,915	\$1,092,767	2.14%

Program Description

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	
◆	Total funds increase by \$1.1 million, or 2.1% from the 2011 biennium
◆	Federal special revenue increases are roughly \$871,000, or 24.9%, due to the following: <ul style="list-style-type: none"> • Increases to align funding for federal grant programs to allowable costs for disadvantaged business enterprise, training grants, and the Salish Kootenai College on-the-job training • Increases in funding associated with fuel tax evasion grants

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table General Operations Program						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
02000 Total State Special Funds	22,560,630	92.4%	23,972,499	91.5%	23,807,219	91.7%
02422 Highways Special Revenue	22,560,630	92.4%	23,972,499	91.5%	23,807,219	91.7%
03000 Total Federal Special Funds	1,856,254	7.6%	2,224,010	8.5%	2,144,187	8.3%
03407 Highway Trust - Sp Rev	1,813,927	7.4%	2,179,530	8.3%	2,100,241	8.1%
03828 Traffic Safety	42,327	0.2%	44,480	0.2%	43,946	0.2%
Grand Total	<u>\$ 24,416,884</u>	<u>100.0%</u>	<u>\$ 26,196,509</u>	<u>100.0%</u>	<u>\$ 25,951,406</u>	<u>100.0%</u>

The General Operations Program is funded from the highways state special revenue fund, 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.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	24,416,884	24,416,884	48,833,768	93.64%
Statewide PL Adjustments	0	0	0	0.00%	1,235,106	992,710	2,227,816	4.27%
Other PL Adjustments	0	0	0	0.00%	544,519	541,812	1,086,331	2.08%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$26,196,509	\$25,951,406	\$52,147,915	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted by the legislature. "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 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,679,737					1,678,834
Vacancy Savings					(555,334)					(555,303)
Inflation/Deflation					1,457					1,525
Fixed Costs					109,246					(132,346)
Total Statewide Present Law Adjustments		\$0	\$1,140,703	\$94,403	\$1,235,106		\$0	\$921,730	\$70,980	\$992,710
DP 103 - Overtime/Differential	0.00	0	17,806	0	17,806	0.00	0	17,806	0	17,806
DP 104 - Equipment Rental	0.00	0	6,328	0	6,328	0.00	0	6,709	0	6,709
DP 106 - Merchant Credit Card Fees	0.00	0	52,590	0	52,590	0.00	0	84,383	0	84,383
DP 107 - Federal Grants Programs	0.00	0	0	208,853	208,853	0.00	0	0	208,853	208,853
DP 111 - Restore Computer Services Contract Funding	0.00	0	194,442	0	194,442	0.00	0	215,961	0	215,961
DP 112 - Fuel Tax Evasion Grant	0.00	0	0	64,500	64,500	0.00	0	0	8,100	8,100
Total Other Present Law Adjustments	0.00	\$0	\$271,166	\$273,353	\$544,519	0.00	\$0	\$324,859	\$216,953	\$541,812
Grand Total All Present Law Adjustments	0.00	\$0	\$1,411,869	\$367,756	\$1,779,625	0.00	\$0	\$1,246,589	\$287,933	\$1,534,522

DP 103 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 104 - Equipment Rental - The legislature approved an increase to fund the program's share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 106 - Merchant Credit Card Fees - The legislature approved funding for increased merchant credit card fees.

DP 107 - Federal Grants Programs - The legislature approved federal special revenue for the following federal programs: disadvantaged business enterprise (\$162,595), training grants (\$38,872), and the Salish Kootenai College on-the-job training (\$7,386).

DP 111 - Restore Computer Services Contract Funding - The legislature approved funding for scheduled maintenance and system enhancements for permitting, registration, and licensing systems. The systems associated with this adjustment are for permitting of commercial motor vehicles and other entities, International Fuel Tax Agreement (IFTA) licenses, and International Registration Plan (IRP) vehicle registrations.

DP 112 - Fuel Tax Evasion Grant - The legislature approved federal fuel tax evasion grant funds to make enhancements to motor fuel administration systems to allow electronic filing of International Fuel Tax Agreement (IFTA) and special fuel user tax returns, and to address increased costs of IFTA decals and other costs associated with fuel tax evasion.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	924.72	924.72	924.72	924.72	924.72	924.72	0.00	0.00%
Personal Services	54,877,333	69,612,472	65,951,609	65,950,336	124,489,805	131,901,945	7,412,140	5.95%
Operating Expenses	230,071,884	337,067,326	371,860,999	391,955,042	567,139,210	763,816,041	196,676,831	34.68%
Equipment & Intangible Assets	1,829,537	1,044,091	1,829,537	1,829,537	2,873,628	3,659,074	785,446	27.33%
Capital Outlay	28,059,193	15,858,138	23,059,193	23,059,193	43,917,331	46,118,386	2,201,055	5.01%
Grants	6,246,931	5,070,775	6,246,931	6,246,931	11,317,706	12,493,862	1,176,156	10.39%
Total Costs	\$321,084,878	\$428,652,802	\$468,948,269	\$489,041,039	\$749,737,680	\$957,989,308	\$208,251,628	27.78%
State Special	55,225,282	95,014,597	78,293,634	80,423,835	150,239,879	158,717,469	8,477,590	5.64%
Federal Special	265,859,596	333,638,205	390,654,635	408,617,204	599,497,801	799,271,839	199,774,038	33.32%
Total Funds	\$321,084,878	\$428,652,802	\$468,948,269	\$489,041,039	\$749,737,680	\$957,989,308	\$208,251,628	27.78%

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

Construction Program Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Total funds increase by \$208.3 million, or 27.8% from the 2011 biennium ◆ Federal special revenue increases \$199.8 million, or 33.3%, due primarily to: <ul style="list-style-type: none"> • A \$273.7 million biennium increase in funding for contractor payments on highway construction projects • A \$12.2 reduction that off sets a portion of the contractor payment increases due to the completion of several large projects during the base year • A \$1.0 million increase to the federal portion of increased costs to rent equipment from the agency's proprietary funded Equipment Program • A nearly \$317,000 increase to adjust for staff support of American Recovery and Reinvestment Act funded projects in the base year that is not included in the base ◆ State special revenue increases by \$8.5 million, or 5.6%, primarily due to increased funding to match federal funds 	

Program Narrative

Assumed Federal-aid Highway Funding

Some present law adjustments for the Construction Program are based on existing construction contracts and future planned construction activity, construction contract bid letting dates, and estimates of staff resource needs to support the planned construction contracts during the 2013 biennium.

Based on planned construction activities, the department uses several management systems to estimate resource usage and payout schedules on highway construction projects. Each year after receiving updated federal-aid highway construction apportionment levels from the Federal Highways Administration, the department updates and balances the projects and funding in the highway construction plan, referred to as the tentative construction plan (TCP). The TCP indicates when the various highway construction projects will be let and the type of work to be completed. This construction contract information is used in the Project Cost Scheduling (PCS) system, one of many computerized management systems of the department, to estimate when and at what amounts actual contractor payments will be made. The estimates from these management systems form the basis for the contractor payments budget approved in both the federal-aid and 100% state funded construction programs. The management system estimates also form the basis for determining staff resources needed to support the planned construction contracts and activities for the biennium.

The last updated and balanced TCP was prepared at the end of 2010 and was the basis for funding levels of the federal-aid program for the 2013 Biennium. As the legislature was meeting, federal-aid for highways was operating on a temporary extension of the multi-year authorization legislation known as Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). That legislation had expired at the end of federal fiscal year 2009 and Congress had not yet passed legislation for a multi-year program to replace SAFETEA-LU. As such, the federal-aid construction program is based on assumptions of the amount of funding Montana may receive in the 2013 biennium under yet-to-be-determined federal requirements.

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013
02000 Total State Special Funds	\$ 55,225,282	17.2%	\$ 78,293,634	16.7%	\$ 80,423,835	16.4%
02422 Highways Special Revenue	55,225,282	17.2%	78,293,634	16.7%	80,423,835	16.4%
03000 Total Federal Special Funds	265,859,596	82.8%	390,654,635	83.3%	408,617,204	83.6%
03407 Highway Trust - Sp Rev	265,795,010	82.8%	390,654,635	83.3%	408,617,204	83.6%
03828 Traffic Safety	64,586	0.0%	-	-	-	-
Grand Total	<u>\$ 321,084,878</u>	<u>100.0%</u>	<u>\$ 468,948,269</u>	<u>100.0%</u>	<u>\$ 489,041,039</u>	<u>100.0%</u>

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 87% federal with a 13% 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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	321,084,878	321,084,878	642,169,756	67.03%
Statewide PL Adjustments	0	0	0	0.00%	8,159,918	8,162,645	16,322,563	1.70%
Other PL Adjustments	0	0	0	0.00%	139,703,473	159,793,516	299,496,989	31.26%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$468,948,269	\$489,041,039	\$957,989,308	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted by the legislature. "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 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					10,774,377					10,773,065
Vacancy Savings					(2,625,958)					(2,625,919)
Inflation/Deflation					(3,015)					2,604
Fixed Costs					14,514					12,895
Total Statewide Present Law Adjustments		\$0	\$7,730,231	\$429,687	\$8,159,918		\$0	\$7,757,227	\$405,418	\$8,162,645
DP 202 - Contractor Payments/Federal Aid	0.00	0	14,524,981	127,876,795	142,401,776	0.00	0	16,564,981	145,836,795	162,401,776
DP 205 - Equipment Rental	0.00	0	511,664	515,777	1,027,441	0.00	0	524,889	529,104	1,053,993
DP 206 - Overtime/Differential	0.00	0	1,054,187	1,871,670	2,925,857	0.00	0	1,054,187	1,871,670	2,925,857
DP 207 - Program Reductions	0.00	0	(907,600)	(6,092,400)	(7,000,000)	0.00	0	(907,600)	(6,092,400)	(7,000,000)
DP 208 - Licensing Fees	0.00	0	130,357	35,239	165,596	0.00	0	180,337	48,750	229,087
DP 209 - Federal Aid Project Delivery	0.00	0	24,532	158,271	182,803	0.00	0	24,532	158,271	182,803
Total Other Present Law Adjustments	0.00	\$0	\$15,338,121	\$124,365,352	\$139,703,473	0.00	\$0	\$17,441,326	\$142,352,190	\$159,793,516
Grand Total All Present Law Adjustments	0.00	\$0	\$23,068,352	\$124,795,039	\$147,863,391	0.00	\$0	\$25,198,553	\$142,757,608	\$167,956,161

DP 202 - Contractor Payments/Federal Aid - The legislature approved increases of state special and federal special revenue to fund payments to highway construction contractors based on department estimates of federal-aid funding and the corresponding highway construction plan.

DP 205 - Equipment Rental - The legislature approved an increase to fund the program's share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 206 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 207 - Program Reductions - The legislature reduced funding for utility relocation and land payments associated with two major projects that were completed in the base year, Shiloh Road and Kalispell Bypass.

DP 208 - Licensing Fees - The legislature approved funding for licensing fee increases for several engineering systems used to deliver the highway construction program.

DP 209 - Federal Aid Project Delivery - The legislature approved increases in the federal-aid construction program for base expenditures that were funded with non-base sources of funding, such as Grant Anticipation Revenue Vehicle (GARVEE) bond proceeds and American Reinvestment and Recovery Act stimulus funds.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	765.67	765.67	765.67	765.67	765.67	765.67	0.00	0.00%
Personal Services	44,840,938	49,214,309	48,388,996	48,430,878	94,055,247	96,819,874	2,764,627	2.94%
Operating Expenses	69,769,773	76,328,268	103,778,900	104,076,765	146,098,041	207,855,665	61,757,624	42.27%
Equipment & Intangible Assets	1,023,078	1,578,013	1,023,078	1,023,078	2,601,091	2,046,156	(554,935)	(21.33%)
Capital Outlay	40,014	274,286	157,150	157,150	314,300	314,300	0	0.00%
Total Costs	\$115,673,803	\$127,394,876	\$153,348,124	\$153,687,871	\$243,068,679	\$307,035,995	\$63,967,316	26.32%
State Special	108,455,027	119,467,016	145,760,741	146,100,488	227,922,043	291,861,229	63,939,186	28.05%
Federal Special	7,218,776	7,927,860	7,587,383	7,587,383	15,146,636	15,174,766	28,130	0.19%
Total Funds	\$115,673,803	\$127,394,876	\$153,348,124	\$153,687,871	\$243,068,679	\$307,035,995	\$63,967,316	26.32%

Program Description

The Maintenance Program is responsible for the repair, maintenance and preservation of approximately 25,000 lane miles of roadways. Activities include but are not limited to: winter maintenance, reactive and preventive pavement preservation, pavement marking, signing, roadway striping, noxious weed control, traveler information, and other necessary roadway and roadside repairs and maintenance.

Program Highlights

Maintenance Program Major Budget Highlights	
◆	State special revenue increases \$64.0 million, or 26.3%, from the 2011 biennium due to the following: <ul style="list-style-type: none"> • Funding to increase the 100% state funded construction program from \$10.0 million to \$40.0 million per year • Increases to make payments to the proprietary funded Equipment Program, \$7.1 million • Increased maintenance costs for secondary road miles added to the agency's maintenance responsibilities after counties converted gravel roads to paved roads and prior year's construction, \$647,000 • Increased maintenance costs for new and reconstructed rest areas, \$388,000

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table							
Maintenance Program							
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013	
02000 Total State Special Funds	\$ 108,455,027	93.8%	\$ 145,760,741	95.1%	\$ 146,100,488	95.1%	
02349 Highway Non-Restricted Account	7,315,611	6.3%	2,234,219	1.5%	2,234,219	1.5%	
02422 Highways Special Revenue	101,139,416	87.4%	143,526,522	93.6%	143,866,269	93.6%	
03000 Total Federal Special Funds	7,218,776	6.2%	7,587,383	4.9%	7,587,383	4.9%	
03407 Highway Trust - Sp Rev	7,218,480	6.2%	7,587,087	4.9%	7,587,087	4.9%	
03828 Traffic Safety	296	0.0%	296	0.0%	296	0.0%	
Grand Total	<u>\$ 115,673,803</u>	<u>100.0%</u>	<u>\$ 153,348,124</u>	<u>100.0%</u>	<u>\$ 153,687,871</u>	<u>100.0%</u>	

The Maintenance Program is primarily funded with the state special revenue from highways state special revenue funds. Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway. The maintenance of effort to secure a more favorable match rate for federal-aid highway funding has been accomplished through the state funded construction program administered through this program. Historically, this fully state funded program has been approved at around \$10.0 million per year. For the 2013 biennium the legislature approved a state funded construction program of \$40.0 million per year, with \$15.0 million of the annual funding designated as one time only.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	115,673,803	115,673,803	231,347,606	75.35%
Statewide PL Adjustments	0	0	0	0.00%	1,393,420	1,507,968	2,901,388	0.94%
Other PL Adjustments	0	0	0	0.00%	36,646,682	36,871,881	73,518,563	23.94%
New Proposals	0	0	0	0.00%	(365,781)	(365,781)	(731,562)	(0.24%)
Total Budget	\$0	\$0	\$0		\$153,348,124	\$153,687,871	\$307,035,995	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted by the legislature. “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 2012				Fiscal 2013					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,399,801					3,443,446
Vacancy Savings					(1,929,611)					(1,931,374)
Inflation/Deflation					(76,770)					(4,104)
Total Statewide Present Law Adjustments		\$0	\$1,289,447	\$103,973	\$1,393,420		\$0	\$1,403,995	\$103,973	\$1,507,968
DP 301 - Secondary Roads - Maintenance costs	0.00	0	253,050	0	253,050	0.00	0	270,550	0	270,550
DP 304 - Rest Area Maintenance	0.00	0	193,826	0	193,826	0.00	0	193,826	0	193,826
DP 305 - Additional Maintenance Miles	0.00	0	34,128	27,624	61,752	0.00	0	34,128	27,624	61,752
DP 314 - State Funded Construction	0.00	0	30,000,000	0	30,000,000	0.00	0	30,000,000	0	30,000,000
DP 315 - Equipment Rental	0.00	0	3,456,762	0	3,456,762	0.00	0	3,664,461	0	3,664,461
DP 316 - Overtime/Differential	0.00	0	2,077,868	0	2,077,868	0.00	0	2,077,868	0	2,077,868
DP 317 - Pavement Marking Program	0.00	0	35,415	237,010	272,425	0.00	0	35,415	237,010	272,425
DP 318 - Noxious Weed Program	0.00	0	150,009	0	150,009	0.00	0	150,009	0	150,009
DP 319 - Billings City Contract	0.00	0	50,014	0	50,014	0.00	0	50,014	0	50,014
DP 320 - Land Purchase	0.00	0	117,136	0	117,136	0.00	0	117,136	0	117,136
DP 321 - Janitorial Service Contracts	0.00	0	13,840	0	13,840	0.00	0	13,840	0	13,840
Total Other Present Law Adjustments	0.00	\$0	\$36,382,048	\$264,634	\$36,646,682	0.00	\$0	\$36,607,247	\$264,634	\$36,871,881
Grand Total All Present Law Adjustments	0.00	\$0	\$37,671,495	\$368,607	\$38,040,102	0.00	\$0	\$38,011,242	\$368,607	\$38,379,849

DP 301 - Secondary Roads - Maintenance costs - The legislature approved increased funds to maintain additional secondary road miles projected to be added to the agency's responsibility during the 2013 biennium. The funding is to address maintenance needs for 149 lane miles of additional secondary roads that have been or will be converted by the 2013 biennium from gravel roads to paved roads and moved from being the responsibility of counties to the responsibility of the department.

DP 304 - Rest Area Maintenance - The legislature approved funding for caretaker services and upkeep of the new Harlowton, Lima, and reconstructed Dearborn rest areas.

DP 305 - Additional Maintenance Miles - The legislature approved funding for additional road maintenance added due to the increase in lane miles from highway construction projects. Funding is to address additional operational costs associated with increased utility costs for luminaries and traffic signal lights along with the purchase of materials for winter maintenance operations.

DP 314 - State Funded Construction - The legislature approved increasing the state funded construction program by \$30.0 million each year. Of this increase, the legislature designated \$15.0 million annually as one time only.

DP 315 - Equipment Rental - The legislature approved an increase to fund the program's share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 316 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 317 - Pavement Marking Program - The legislature approved funding to increase the pavement marking program to the annual level authorized by the previous legislature.

DP 318 - Noxious Weed Program - The legislature approved funding to increase the noxious weed program to the annual level authorized by the previous legislature.

DP 319 - Billings City Contract - The legislature approved funding increases for the maintenance contract the department has with the City of Billings.

DP 320 - Land Purchase - The legislature approved funding for land purchases for materials stockpile and communication sites that were expected to be made in FY 2010 but were not made.

DP 321 - Janitorial Service Contracts - The legislature approved funding for anticipated increases for caretaker and janitorial services for three contracts that will re-bid in the 2013 biennium.

New Proposals

Program	FTE	Fiscal 2012				Fiscal 2013				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 325 - Shift Funding Non-restricted to Restricted Account										
03	0.00	0	0	0	0	0.00	0	0	0	0
DP 330 - Tongue River Road Preconstruction										
03	0.00	0	0	0	0	0.00	0	0	0	0
DP 95108 - 5% Plan - Reduce Pavement Preservation										
03	0.00	0	(365,781)	0	(365,781)	0.00	0	(365,781)	0	(365,781)
Total	0.00	\$0	(\$365,781)	\$0	(\$365,781)	0.00	\$0	(\$365,781)	\$0	(\$365,781)

DP 325 - Shift Funding Non-restricted to Restricted Account - The legislature switched funding for highway maintenance activities by reducing non-restricted highways state special revenue by \$5.0 million each year and increasing restricted highways state special revenue by \$5.0 million each year.

DP 330 - Tongue River Road Preconstruction - The legislature approved a restriction in the use of a portion of the state funded construction program for preconstruction work to upgrade the Tongue River Road (state secondary highway 332). Funding for this purpose was also designated as biennial.

DP 95108 - 5% Plan - Reduce Pavement Preservation - The legislature reduced funding for pavement preservation. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. Funding for this reduction is non-restricted highways state special revenue.

Proprietary Rates

Proprietary Program Description

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components: 1) the daily rental fleet; and 2) the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment (biennial lease) to agencies statewide.

Requirements affecting State Motor Pool responsibilities for the acquisition, operation, maintenance, repair, and administration of all motor vehicles in their custody do not apply to motor vehicles used in the service of the Governor, attorney general, or the highway patrol.

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). Other options for use by state employees are: 1) other state-owned vehicles not part of the State Motor Pool fleet; 2) personal vehicles, with authorization provided by the agency director; or 3) vehicles from a private rental agency contract. When individuals use their own private vehicles for state business travel the reimbursement rates are set at 52% of the rate established by the Internal Revenue Service for the current year less \$0.03 unless:

- A motor pool or other state-owned vehicle is not available
- Use of a personal vehicle is considered to be in the best interest of the state
- They are legislators while traveling between their residence and Helena or members of the general public on official state business

State Motor Pool Major Budget Highlights
<ul style="list-style-type: none"> ◆ Rates approved result in inflation reductions of 21.22% in FY 2012 and 20.92% in FY 2013 for motor pool cost items in the budgets of agencies that use the State Motor Pool ◆ Several tiers of rates were approved with triggers at increasingly higher gasoline prices ◆ Excess fund balance is the cause for 2013 biennium rates that are lower than the 2011 biennium rates despite rising costs

Proprietary Revenues and Expenses

The major expenses of the program for the two years of the 2013 biennium are budgeted to be for:

- Personal services for 6.00 FTE, \$700,000 or 5.9% of total biennium funding
- Operating costs, \$5.2 million with 89.9% of these costs due to:
 - Gasoline, \$3.5 million
 - Repair costs, \$565,000
 - Contracted services to support the motor pool management system, \$446,000
 - Insurance and bonds, \$237,000
- Equipment costs, \$5.5 million or 46.1 % of total biennium funding, to purchase vehicles for the fleet
- Debt service costs, \$0.5 million or 4.3% of total biennium funding

Direct costs from vehicle usage include fuel, oil, repairs, and tires, and are supported by the usage rates. Indirect costs such as administrative overhead costs, insurance, interest payments, and utility costs are supported by the vehicle possession rates.

Revenues of the program are derived from fees charged to all state agencies that use the program. Fees are charged for both possession and use of vehicles using a dual rate structure that collects fixed costs under a possession charge and variable costs under a usage charge. Fixed costs are for expense items such as insurance, depreciation, and indirect costs.

User agencies are budgeted for payments to the State Motor Pool via their base funding as adjusted by inflation/deflation adjustments contained in their statewide present law adjustments. For the 2013 biennium the corresponding adjustments linked to the rates approved for the State Motor Pool are deflation factors of 21.22% in FY 2012 and 20.92% for FY 2013.

User fees provide roughly 98% of the revenues with the remaining funding from the sale of surplus property and accident damages reimbursed by private individuals or insurance companies.

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. Separate rates are charged for the time a vehicle is in the possession of a user (assigned time rate) and for the miles driven (usage rate). The tier 1 rates are based on an assumed gasoline pump price of \$2.85 per gallon. The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

For the State Motor Pool, base rates were approved and two additional tiers of rates were provided with language that allows progressively higher rates if the retail price of gasoline increases above \$3.35 per gallon (tier 2) and again above \$3.85 per gallon (tier 3). The following language was approved to delegate authority to the executive to trigger tier 2 and tier 3 rates:

“In the Motor Pool Program, if the price of gasoline goes above \$3.35 per gallon, Tier 2 may be charged if approved by the Office of Budget and Program Planning. If the price of gasoline goes above \$3.85 per gallon, Tier 3 rates may be charged if approved by the Office of Budget and Program Planning.”

Proprietary Rates

Proprietary Program Description

The Equipment Program is responsible for the acquisition, disposal, repair, and maintenance of a fleet of 4,555 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. Exclusively, the Department of Transportation's various programs such as Construction, Motor Carrier Services, Maintenance, and Right-of-Way use the fleet. All units are assigned to the various user programs and are charged rental on a bi-weekly basis.

Equipment Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ Increases in the Equipment Program results in \$9.4 million in increases to appropriated programs of the Department of Transportation for the 2013 biennium ◆ Statewide present law adjustments are the major factors behind the growth and are primarily due to personal services and inflation for motor fuels

Proprietary Revenues and Expenses

The major expenses of the program for the two years of the 2013 biennium are budgeted to be for:

- Personal services for 123.00 FTE, \$15.4 million or 27.8% of total biennium funding
- Operating costs, \$24.8 million with 91.1% of these costs due to:
 - Gasoline and diesel fuel, \$14.2 million
 - Equipment repair costs, \$8.0 million
 - Insurance and bonds, \$481,000
- Equipment costs, \$15.3 million or 27.5% of total biennium funding

Revenues of the program are derived from fees charged exclusively to other programs of the Department of Transportation. Fees are charged for both possession and use of equipment using a dual rate structure that collects fixed cost under an assigned (time of possession) charge and variable costs under a usage charge. Fixed costs are for expense items such as insurance, depreciation, and indirect costs.

Proprietary Rate Explanation

For the 2013 biennium the legislature approved allowing the Equipment Program the flexibility to charge various rates while operating at no more than a 60-day working capital balance.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	123.00	123.00	123.00	123.00	123.00	123.00	0.00	0.00%
Personal Services	7,226,320	7,361,859	7,192,547	7,196,732	14,588,179	14,389,279	(198,900)	(1.36%)
Operating Expenses	1,487,194	3,818,641	4,426,825	3,218,539	5,305,835	7,645,364	2,339,529	44.09%
Equipment & Intangible Assets	0	166,102	13,325	0	166,102	13,325	(152,777)	(91.98%)
Total Costs	\$8,713,514	\$11,346,602	\$11,632,697	\$10,415,271	\$20,060,116	\$22,047,968	\$1,987,852	9.91%
State Special	7,038,309	8,291,393	8,450,002	7,788,221	15,329,702	16,238,223	908,521	5.93%
Federal Special	1,675,205	3,055,209	3,182,695	2,627,050	4,730,414	5,809,745	1,079,331	22.82%
Total Funds	\$8,713,514	\$11,346,602	\$11,632,697	\$10,415,271	\$20,060,116	\$22,047,968	\$1,987,852	9.91%

Program Description

The Motor Carrier Services Division 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 Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Total funds increase by nearly \$2.0 million, or 9.9% from the 2011 biennium ◆ State special revenue increases by \$908,521 or 5.9%, due to the following: <ul style="list-style-type: none"> • Unified carrier registration funds to deploy and maintain commercial motor vehicle related systems (\$1.6 million) • One-time funding to replace obsolete VHS audio/video equipment (\$170,000) • Cost increases associated with operations of the Dietz port of entry contract (\$115,000) ◆ Federal special revenue increases by nearly \$1.1 million, or 22.8%, due to the following: <ul style="list-style-type: none"> • Federal funds for projects to deploy and maintain commercial motor vehicle related systems (\$1.1 million) • Border enforcement of commercial motor carriers (\$1.5 million) 	

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
02000 Total State Special Funds	\$ 7,038,309	80.8%	\$ 8,450,002	72.6%	\$ 7,788,221	74.8%
02294 Ucr Fund	340,089	3.9%	1,377,333	11.8%	868,130	8.3%
02349 Highway Non-Restricted Account	-	-	27,000	0.2%	27,000	0.3%
02422 Highways Special Revenue	6,698,220	76.9%	7,045,669	60.6%	6,893,091	66.2%
03000 Total Federal Special Funds	1,675,205	19.2%	3,182,695	27.4%	2,627,050	25.2%
03166 Mcsap-Truck Inspection Program	423,377	4.9%	-	-	-	-
03292 Mcs Federal Grants	1,251,828	14.4%	3,182,695	27.4%	2,627,050	25.2%
Grand Total	\$ 8,713,514	100.0%	\$ 11,632,697	100.0%	\$ 10,415,271	100.0%

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. Other state special revenue is from unified carrier registration state special revenue, which receives an allocation of funds associated with registration by for-hire motor carriers, freight forwarders, leasing companies, and brokers who operate in interstate or international commerce in the United States. Federal funds are from federal border enforcement grants.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	8,713,514	8,713,514	17,427,028	79.04%
Statewide PL Adjustments	0	0	0	0.00%	(212,698)	(206,351)	(419,049)	(1.90%)
Other PL Adjustments	0	0	0	0.00%	3,148,885	1,925,112	5,073,997	23.01%
New Proposals	0	0	0	0.00%	(17,004)	(17,004)	(34,008)	(0.15%)
Total Budget	\$0	\$0	\$0		\$11,632,697	\$10,415,271	\$22,047,968	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted by the legislature. "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 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					82,421					86,797
Vacancy Savings					(292,342)					(292,533)
Inflation/Deflation					(2,777)					(615)
Total Statewide Present Law Adjustments		\$0	(\$39,551)	(\$173,147)	(\$212,698)		\$0	(\$25,341)	(\$181,010)	(\$206,351)
DP 2201 - United Carrier Registration (UCR) - ECVISN	0.00	0	1,076,201	807,895	1,884,096	0.00	0	568,038	272,250	840,288
DP 2203 - Digital Audio/Video Recorder OTO	0.00	0	170,000	0	170,000	0.00	0	0	0	0
DP 2205 - Purchase License Plates	0.00	0	27,000	0	27,000	0.00	0	27,000	0	27,000
DP 2206 - Equipment Rental	0.00	0	36,139	19,765	55,904	0.00	0	38,311	20,953	59,264
DP 2207 - Overtime/Differential	0.00	0	101,437	86,410	187,847	0.00	0	101,437	86,410	187,847
DP 2208 - Dietz Port of Entry Contract	0.00	0	57,471	0	57,471	0.00	0	57,471	0	57,471
DP 2209 - Border Enforcement Grant	0.00	0	0	766,567	766,567	0.00	0	0	753,242	753,242
Total Other Present Law Adjustments	0.00	\$0	\$1,468,248	\$1,680,637	\$3,148,885	0.00	\$0	\$792,257	\$1,132,855	\$1,925,112
Grand Total All Present Law Adjustments	0.00	\$0	\$1,428,697	\$1,507,490	\$2,936,187	0.00	\$0	\$766,916	\$951,845	\$1,718,761

DP 2201 - United Carrier Registration (UCR) - ECVISN - The legislature approved an increase of state special revenue to fund Motor Carrier Safety Assistance Program (MCSAP) and Expanded Commercial Vehicle Information Systems and Networks (ECVISN) projects. The projects funded are: 1) International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP) automated payment project; 2) automated vehicle screening project; and 3) virtual weigh station project.

The following information was provided so that the legislature could consider various performance measurement principles when examining this proposal. It was submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification – This request would deploy and maintain commercial motor vehicle related systems. Two projects are planned in FY 2012 and one in FY 2013. An automated payment capability project for the International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP) would provide automated payment capability for a one stop shopping cart interface. This would allow customers an easy system to do multiple transactions related to IFTA and IRP. The other FY 2012 project is a weigh station automated vehicle screening project at two existing weigh stations, which will identify problem carriers, vehicles, and drivers to keep the traveling public safe. The FY 2013 project is virtual weigh station automated screening system deployment at existing weigh in motion sites. This would target overweight and unsafe vehicles, protecting the infrastructure and keeping the traveling public safe. The proposal is needed to reduce the cost and streamline payment processes to improve customer service.

Goals – Improve administrative processes and safety and size/weight compliance of commercial vehicles operating on Montana highways.

Performance Criteria – IFTA and IRP automated payment project will improve customer service by providing new automated payment options to meet customer business needs when paying licensing and registration transactions. Customer and government efficiencies will be measured by the reduction in the amount of time needed to issue credentials and improvements in the number of errors currently experienced with manual transactions. Customers are expected to experience a reduction in the time needed to receive their credentials.

The intent is to acknowledge safe commercial vehicle operations and focus on high-risk operations thereby improving customer service and highway safety for the travelling public by reducing truck crashes. Customer service improvements will be measured by decreasing the percentage of vehicles stopped without compliance issues. It is expected that fewer safe vehicles will be stopped for compliance checks.

Virtual weigh stations will allow compliant vehicles to avoid being stopped needlessly. Fewer compliant carriers will be stopped for weight and safety checks. Customer service improvements will be measured by decreasing the percentage of vehicles stopped without compliance issues. It is expected that fewer safe vehicles will be stopped for compliance checks.

Milestones – the following milestones are provided for the three projects contained in this request

IFTA and IRP Automated payment project:

- | | |
|----------------------------------|--------------------------|
| ○ Project plan | Complete July 31, 2012 |
| ○ Contract with service provider | Complete August 31, 2012 |
| ○ Implement project plan | Complete June 30, 2013 |

Automated vehicle screening project:

- | | |
|----------------------------------|-----------------------------|
| ○ Project plan | Complete September 30, 2012 |
| ○ Contract with service provider | Complete October 31, 2012 |
| ○ Implement project plan | Complete June 30, 2013 |

Virtual weigh station project:

- | | |
|---------------------------------------|--------------------------|
| ○ Project plan | Complete July 31, 2013 |
| ○ Contract with service provider | Complete August 31, 2013 |
| ○ Implement project plan | Complete June 30, 2014 |
| ○ Deploy Commercial Vehicle Systems | Ongoing through May 2021 |
| ○ Maintain Commercial Vehicle Systems | Ongoing |

FTE – The work will be completed by technology consultants under oversight of the department.

Funding – Federal participation is at 50% with a 50% state match requirement

Future Funding – Maintenance costs associated with these projects are estimated at \$115,000 annually, using future UCR funds.

Obstacles - A plan has been drafted that addresses the challenges ready for implementation. The challenges for projects associated with this DP are technical - securing the grant and associated budget authority. The technical challenge can be mitigated by working closely with the Montana Department of Transportation Information Services Division and Department of Administration Information Technology Services Division to develop the requirements to assure compatibility with Montana information technology infrastructure. In addition, it is paramount that the agency hires qualified vendors to deploy the technology by working through the groups mentioned above.

Regarding the grant securement challenge, the agency will work closely with the Montana Federal Motor Carrier Services Administration (FMCSA) division office to secure the grant. The agency has already received tentative approval from FMCSA. Once FMCSA approves the final design and plan, FMCSA will award the funds. UCR funds are available to meet the federal match requirements.

Risks - If the proposal is not adopted the risks to Montana for each project are:

IFTA and IRP automated payment project: Currently customers have few payment options to remit payment for fuel licensing and vehicle registrations. Not implementing the automated payment capability will cause continued or increased delays and inefficiencies in issuing credentials to customers.

Automated vehicle screening project: Currently safety inspectors identify vehicles passing by weigh stations using manually operated systems, sometimes causing undue stops for safe and compliant vehicles and drivers and causing a customer service issue. Motor carrier operators operating in compliance with state and federal rules will continue to experience undue delays if this project is not adopted. These delays will adversely impact customer service. Conversely, unsafe or non-compliant operators may continue to operate unchecked.

Virtual weigh station project: Currently officers will stop commercial vehicles if they suspect non-compliance for size, weight, or safety, sometimes causing undue delays for compliant operators. This is a customer service issue for compliant operators. If this technology is not deployed, safe and compliant operators will continue to experience undue delays, and unsafe or non-compliant operators may continue to operate unchecked.

DP 2203 - Digital Audio/Video Recorder OTO - The legislature approved funding for the replacement of outdated VHS audio/video technology equipment used by Motor Carrier Services officers for training and during interactions with the public. In approving funding the legislature directed the agency to include microphones for all officers as part of the initiative. The legislature designated funding for this request as one time only.

DP 2205 - Purchase License Plates - The legislature approved funding to purchase license plates for issuance under the International Registration Plan (IRP).

DP 2206 - Equipment Rental - The legislature approved an increase to fund the program’s share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 2207 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 2208 - Dietz Port of Entry Contract - The legislature approved an increase in funding for the contract with the State of Wyoming to operate the MT / WY port of entry at Dietz, WY.

DP 2209 - Border Enforcement Grant - The legislature approved federal special revenue for the border enforcement grant.

New Proposals

Program	Fiscal 2012					Fiscal 2013					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 95104 - 5% Plan - Reduce UCR Funds	22	0.00	0	(17,004)	0	(17,004)	0.00	0	(17,004)	0	(17,004)
Total	0.00	\$0	(\$17,004)	\$0	(\$17,004)	0.00	\$0	(\$17,004)	\$0	(\$17,004)	

DP 95104 - 5% Plan - Reduce UCR Funds - The legislature reduced funding for Uniform Carrier Registration activities. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	626,939	586,421	645,198	643,652	1,213,360	1,288,850	75,490	6.22%
Operating Expenses	356,231	484,801	664,291	711,966	841,032	1,376,257	535,225	63.64%
Equipment & Intangible Assets	0	10,104	0	0	10,104	0	(10,104)	(100.00%)
Grants	829,705	1,028,295	872,714	872,714	1,858,000	1,745,428	(112,572)	(6.06%)
Transfers	0	13,701	10,818	10,818	13,701	21,636	7,935	57.92%
Total Costs	\$1,812,875	\$2,123,322	\$2,193,021	\$2,239,150	\$3,936,197	\$4,432,171	\$495,974	12.60%
State Special	1,707,843	1,943,354	1,738,166	1,784,226	3,651,197	3,522,392	(128,805)	(3.53%)
Federal Special	105,032	179,968	454,855	454,924	285,000	909,779	624,779	219.22%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$1,812,875	\$2,123,322	\$2,193,021	\$2,239,150	\$3,936,197	\$4,432,171	\$495,974	12.60%

Program Description

The Aeronautics Division: 1) facilitates the operation and infrastructure of airports and airways, both public and private, throughout Montana; 2) provides mechanisms for funding airport and aviation related projects throughout the state; 3) registers aircraft and pilots in accordance with Montana laws and regulations, and fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 4) coordinates and supervises aerial search and rescue operations. The division administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The division serves as a liaison between the State of Montana and various other entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines in order to assure the retention and continuation of airline service to Montana's rural communities. The division is also responsible for operation of the air carrier airport at West Yellowstone and for 14 other state-owned airports.

Program Highlights

Aeronautics Program Major Budget Highlights	
◆	Total funds increase nearly \$496,000, or 12.6% primarily increased federal funds for: <ul style="list-style-type: none"> • An aviation system plan (\$75,000) • A wildlife hazard assessment and an airport master plan for the West Yellowstone Airport (\$149,776) • Infrastructure projects at the West Yellowstone Airport (\$475,000)

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013
02000 Total State Special Funds	\$ 1,707,843	94.2%	\$ 1,738,166	79.3%	\$ 1,784,226	79.7%
02286 Aeronautical Loan Account	327,534	18.1%	383,623	17.5%	383,623	17.1%
02287 Aeronautical Grant Account	410,671	22.7%	399,466	18.2%	399,466	17.8%
02349 Highway Non-Restricted Account	135,999	7.5%	128,569	5.9%	128,569	5.7%
02827 Aeronautics Division	746,139	41.2%	740,883	33.8%	786,943	35.1%
02962 Airport Pvmnt. Preservation	87,500	4.8%	85,625	3.9%	85,625	3.8%
03000 Total Federal Special Funds	105,032	5.8%	454,855	20.7%	454,924	20.3%
03060 Aeronautics Division	105,032	5.8%	454,855	20.7%	454,924	20.3%
Grand Total	\$ 1,812,875	100.0%	\$ 2,193,021	100.0%	\$ 2,239,150	100.0%

The Aeronautics Program, excluding the operations of the West Yellowstone Airport, is funded by both state and federal special revenue funds. State special revenue funds are derived primarily from state aviation fuel taxes and aviation license fees. Federal special revenue comes from Federal Aviation Administration grants. Operations of the West Yellowstone Airport are funded from an enterprise type proprietary fund with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Because the proprietary funds do not require an appropriation, they are not included in the above table.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	1,812,875	1,812,875	3,625,750	81.81%
Statewide PL Adjustments	0	0	0	0.00%	18,181	18,241	36,422	0.82%
Other PL Adjustments	0	0	0	0.00%	135,003	181,003	316,006	7.13%
New Proposals	0	0	0	0.00%	226,962	227,031	453,993	10.24%
Total Budget	\$0	\$0	\$0		\$2,193,021	\$2,239,150	\$4,432,171	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted by the legislature. "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 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					44,599					42,989
Vacancy Savings					(26,790)					(26,726)
Inflation/Deflation					2,742					4,282
Fixed Costs					(2,370)					(2,304)
Total Statewide Present Law Adjustments		\$0	\$18,181	\$0	\$18,181		\$0	\$18,241	\$0	\$18,241
DP 4002 - Aeronautics Board Per Diem	0.00	0	450	0	450	0.00	0	450	0	450
DP 4003 - Aero Grants, Loans, & Pavement Preservation (BIEN)	0.00	0	84,295	0	84,295	0.00	0	84,295	0	84,295
DP 4005 - Aeronautics Tax Transfer	0.00	0	10,818	0	10,818	0.00	0	10,818	0	10,818
DP 4006 - Aeronautical Maps & Charts (OTO)	0.00	0	0	0	0	0.00	0	46,000	0	46,000
DP 4007 - State Aviation System Plan (BIEN)	0.00	0	1,972	37,468	39,440	0.00	0	1,972	37,468	39,440
Total Other Present Law Adjustments	0.00	\$0	\$97,535	\$37,468	\$135,003	0.00	\$0	\$143,535	\$37,468	\$181,003
Grand Total All Present Law Adjustments	0.00	\$0	\$115,716	\$37,468	\$153,184	0.00	\$0	\$161,776	\$37,468	\$199,244

DP 4002 - Aeronautics Board Per Diem - The legislature approved funding for Aeronautics Board per diem.

DP 4003 - Aero Grants, Loans, & Pavement Preservation (BIEN) - The legislature approved funding for the aeronautics loan, grant, and pavement preservation grant programs at \$30,000 lower for the biennium than the legislature appropriated for the 2011 biennium. The legislature designated funding for these programs, including the base amounts, as biennial.

DP 4005 - Aeronautics Tax Transfer - The legislature approved funding to establish tax transfers associated with the West Yellowstone Airport.

DP 4006 - Aeronautical Maps & Charts (OTO) - The legislature approved funding for the production of an aeronautical chart that incorporates the latest federal FAA aeronautical information and identifies and graphically depicts aeronautical items unique to Montana that are not reflected on other federally produced charts. Since the charts are produced every four years the legislature designated funding as one time only.

DP 4007 - State Aviation System Plan (BIEN) - The legislature approved an increase to update the annual state aviation system plan that provides both voluntary and mandated infrastructure and capital improvement plans that the FAA, state, and local communities use to develop individual airport projects around the state. The legislature designated this increase and the base amount as biennial.

New Proposals

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4001 - West Yellowstone Airport Improvements	40	0.00	0	0	237,500	237,500	0.00	0	0	237,500	237,500
DP 4004 - WY Airport Wildlife Assessment & Master Plan	40	0.00	0	0	118,750	118,750	0.00	0	0	118,750	118,750
DP 4009 - FWP Urban Wildlife	40	0.00	0	0	(43,895)	(43,895)	0.00	0	0	(43,826)	(43,826)
DP 95102 - 5% Plan - Reduce Loans	40	0.00	0	(16,377)	0	(16,377)	0.00	0	(16,377)	0	(16,377)
DP 95103 - 5% Plan - Reduce Airport Development Grants	40	0.00	0	(20,534)	0	(20,534)	0.00	0	(20,534)	0	(20,534)
DP 95106 - 5% Plan - Reduce Aeronautics Operations	40	0.00	0	(37,307)	0	(37,307)	0.00	0	(37,307)	0	(37,307)
DP 95107 - 5% Plan - Reduce Runway Pavement Preservation	40	0.00	0	(4,375)	0	(4,375)	0.00	0	(4,375)	0	(4,375)
DP 95109 - 5% Plan - Reduce Aeronautics Administration	40	0.00	0	(6,800)	0	(6,800)	0.00	0	(6,800)	0	(6,800)
Total	0.00	\$0	(\$85,393)	\$312,355	\$226,962	0.00	\$0	(\$85,393)	\$312,424	\$227,031	

DP 4001 - West Yellowstone Airport Improvements - The legislature approved federal special revenue from a Federal Aviation Administration’s Airport Improvement Program grant to fund improvements to the West Yellowstone Airport (WYA). Funding is to construct a storage building for snow removal equipment and airport firefighting vehicles.

DP 4004 - WY Airport Wildlife Assessment & Master Plan - The legislature approved federal special revenue to fund an airport wildlife hazard assessment and an airport master plan for the West Yellowstone Airport.

DP 4009 - FWP Urban Wildlife - The legislature reduced funding for the wildlife hazard assessment funded in DP 4004 and used these funds for an urban wildlife planner in Fish, Wildlife & Parks to provide the wildlife assessment at the West Yellowstone Airport along with other wildlife issues. See DP 1251 in the Fish and Wildlife Administration Program of Fish, Wildlife & Parks for further discussion.

DP 95102 - 5% Plan - Reduce Loans - The legislature reduced funding for aeronautic loans. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95103 - 5% Plan - Reduce Airport Development Grants - The legislature reduced funding for airport development grants. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95106 - 5% Plan - Reduce Aeronautics Operations - The legislature reduced funding for operations and administration of the Aeronautics Division. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95107 - 5% Plan - Reduce Runway Pavement Preservation - The legislature reduced funding for runway pavement preservation grants. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95109 - 5% Plan - Reduce Aeronautics Administration - The legislature reduced funding for administration and operations of the Aeronautics Division. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. Funding for this reduction is non-restricted highways state special revenue.

Proprietary Rates

Proprietary Program Description

The West Yellowstone Airport provides a fly-in gateway to the town of West Yellowstone, Yellowstone Park, and surrounding US Forest Service area recreational opportunities. The airport is seasonal in its operation, matching the peak tourist demand of the area from June 1 to September 30. The airport serves as an inter-agency fire control center with both smoke jumpers and fire retardant bombers located at the airport. The airport accomplishes these missions with extensive facilities to accommodate aircraft of various sizes. The airport has a terminal building with tenants that provide the following functions: cafe, gift shop, two car rental agencies, fixed base operation (FBO) serving general aviation, and Skywest Airlines. The operation of the West Yellowstone Airport is funded from an enterprise type proprietary fund.

Proprietary Revenues and Expenses

The major expenses of the program for the two years of the 2013 biennium are budgeted to be for:

- Personal services for 2.00 FTE, \$315,423 or 62.5% of total biennium funding
- Operating costs, \$141,817 with 56.5% of these costs due to:
 - Electricity and natural gas, \$42,698
 - Consultant and professional services, \$37,488

The West Yellowstone Airport is funded from revenue derived from landing fees, building space rental fees, fuel flowage fees, sales receipts, and non-aero rentals.

Proprietary Rate Explanation

The program is funded with an enterprise type proprietary fund. As such, the legislature did not appropriate funds or approve rates for the program. Instead, the legislature reviewed the financial report for the enterprise fund and identified no concerns with the financial position of the fund.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	102.50	102.50	102.50	102.50	102.50	102.50	0.00	0.00%
Personal Services	7,118,790	7,137,872	7,203,788	7,199,766	14,256,662	14,403,554	146,892	1.03%
Operating Expenses	4,521,185	4,707,050	4,667,972	4,670,206	9,228,235	9,338,178	109,943	1.19%
Equipment & Intangible Assets	58,757	188,421	58,757	58,757	247,178	117,514	(129,664)	(52.46%)
Grants	12,052,884	15,608,613	14,340,169	14,340,169	27,661,497	28,680,338	1,018,841	3.68%
Transfers	1,407,892	999,627	1,407,892	1,407,892	2,407,519	2,815,784	408,265	16.96%
Total Costs	\$25,159,508	\$28,641,583	\$27,678,578	\$27,676,790	\$53,801,091	\$55,355,368	\$1,554,277	2.89%
State Special	4,549,098	8,387,317	5,875,861	5,882,214	12,936,415	11,758,075	(1,178,340)	(9.11%)
Federal Special	20,610,410	20,254,266	21,802,717	21,794,576	40,864,676	43,597,293	2,732,617	6.69%
Total Funds	\$25,159,508	\$28,641,583	\$27,678,578	\$27,676,790	\$53,801,091	\$55,355,368	\$1,554,277	2.89%

Program Description

The Rail, Transit, and Planning Division provides: 1) a continuous statewide multimodal transportation planning process used to allocate highway program resources to ensure highway system performance goals are maintained and federal-aid highway and transit grant eligibility is maintained within the federal surface transportation programs; 2) an inventory of transportation infrastructure for the allocation of state fuel taxes to local governments; 3) support for the state's comprehensive statewide highway safety plan including technical analysis, performance tracking, and coordination with multiple administrative agencies and jurisdictions; 4) the point of contact for MDT for major developers seeking access onto the state's highway system; 5) mapping functions to aid in the publication of the state tourist map and geo-spatial infrastructure inventories; 6) transportation planning and programming assistance to metropolitan and urban areas; 7) administration and implementation of safety programs that help reduce traffic deaths, injuries, and property losses resulting from traffic crashes; 8) administration and implementation of environmental services that assure environmental compliance with all relative laws, rules, regulations, policies, orders, and agreements; and 9) responses to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US Department of Transportation, the Surface Transportation Board, and others. The planning function addresses system areas that include buses for transit systems, street and highway improvements, railroad track rehabilitation, and transportation enhancements for non-motorized and beautification improvements.

Program Highlights

Rail, Transit, and Planning Division	
Major Budget Highlights	
◆	Total funds in this program are nearly \$1.6 million or 2.9% higher than the 2011 biennium
◆	State special revenue declines by nearly \$1.2 million, or 9.1% from the 2011 biennium due to an overstated FY 2011 appropriation with the more significant increases in state special revenue for: <ul style="list-style-type: none"> ● Emergency medical services grants (\$2.0 million) ● One-time funding for biodiesel fuel research (\$400,000) ● Funding for the Rail Service Competition Council (\$100,000)
◆	Federal special revenue increases by \$2.7 million, or 6.7% primarily due to funding for transit assistance for local transit providers because 100% federal stimulus funding led to low base year expenditures (\$2.4 million)

Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
02000 Total State Special Funds	\$ 4,549,098	18.1%	\$ 5,875,861	21.2%	\$ 5,882,214	21.3%
02282 Fta Local Match	88,282	0.4%	134,228	0.5%	134,087	0.5%
02349 Highway Non-Restricted Account	-	-	1,050,000	3.8%	1,050,000	3.8%
02422 Highways Special Revenue	4,190,347	16.7%	4,420,062	16.0%	4,426,988	16.0%
02795 Trans Aid Special Revenue	270,469	1.1%	271,571	1.0%	271,139	1.0%
03000 Total Federal Special Funds	20,610,410	81.9%	21,802,717	78.8%	21,794,576	78.7%
03147 Fta Grants	7,488,080	29.8%	8,559,679	30.9%	8,548,328	30.9%
03407 Highway Trust - Sp Rev	7,840,056	31.2%	7,936,892	28.7%	7,945,888	28.7%
03828 Traffic Safety	<u>5,282,274</u>	<u>21.0%</u>	<u>5,306,146</u>	<u>19.2%</u>	<u>5,300,360</u>	<u>19.2%</u>
Grand Total	<u>\$ 25,159,508</u>	<u>100.0%</u>	<u>\$ 27,678,578</u>	<u>100.0%</u>	<u>\$ 27,676,790</u>	<u>100.0%</u>

The Rail, Transit, and Planning Division is funded with a combination of state and federal special revenue funds. Federal transit grants are based on a sliding scale, which for Montana is a federal participation rate of 86.58% funded with Federal Transit Administration funds. The state match is provided by the local entity receiving services or on a rare occasion with the constitutionally restricted highways state special revenue funds. Traffic safety functions are generally funded 100% with National Highway Traffic Safety Administration grant funds. The exception is that a 50% state special revenue match is required for roughly 1% of the administrative costs. The remaining division activities are funded with federal planning and research funds and state special revenue funds. State special revenue funds are for local match for pass-through transit authority, transportation aid for seniors and disabled individuals, and grants for emergency medical services providers.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	25,159,508	25,159,508	50,319,016	90.90%
Statewide PL Adjustments	0	0	0	0.00%	66,225	62,325	128,550	0.23%
Other PL Adjustments	0	0	0	0.00%	1,207,259	1,209,371	2,416,630	4.37%
New Proposals	0	0	0	0.00%	1,245,586	1,245,586	2,491,172	4.50%
Total Budget	\$0	\$0	\$0		\$27,678,578	\$27,676,790	\$55,355,368	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted by the legislature. “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 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					368,624					364,433
Vacancy Savings					(299,496)					(299,327)
Inflation/Deflation					(2,978)					(2,856)
Fixed Costs					75					75
Total Statewide Present Law Adjustments		\$0	\$5,233	\$60,992	\$66,225		\$0	\$11,269	\$51,056	\$62,325
DP 5003 - Overtime/Differential	0.00	0	8,764	7,106	15,870	0.00	0	8,764	7,106	15,870
DP 5004 - Equipment Rental	0.00	0	5,275	34,889	40,164	0.00	0	5,592	36,684	42,276
DP 5006 - Restore Corridor Studies	0.00	0	11,905	47,621	59,526	0.00	0	11,905	47,621	59,526
DP 5007 - Restore Transit Base	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 5008 - Transit Base Operating Adjustment	0.00	0	0	1,041,699	1,041,699	0.00	0	0	1,041,699	1,041,699
Total Other Present Law Adjustments	0.00	\$0	\$75,944	\$1,131,315	\$1,207,259	0.00	\$0	\$76,261	\$1,133,110	\$1,209,371
Grand Total All Present Law Adjustments	0.00	\$0	\$81,177	\$1,192,307	\$1,273,484	0.00	\$0	\$87,530	\$1,184,166	\$1,271,696

DP 5003 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 5004 - Equipment Rental - The legislature approved an increase to fund the program’s share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 5006 - Restore Corridor Studies - The legislature approved funding for corridor studies and assistance to local entities in the development of community transportation plans.

DP 5007 - Restore Transit Base - The legislature approved state special revenue to establish annual local match funding for transit capital assistance grants for local transit providers.

DP 5008 - Transit Base Operating Adjustment - The legislature approved federal special revenue to restore funding for transit operating assistance to local transit providers to nearly the level appropriated by the previous legislature.

New Proposals

New Proposals											
	-----Fiscal 2012-----					-----Fiscal 2013-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 5009 - Emergency Medical Services Grants	50	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 5010 - Fund Rail Council (Restricted)	50	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 5011 - Biodiesel Fuel Research - OTO	50	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 95101 - 5% Plan - Reduce Transit Assistance Local Match	50	0.00	0	(4,414)	0	(4,414)	0.00	0	(4,414)	0	(4,414)
DP 95105 - 5% Plan - Reduce Transportation Aid	50	0.00	0	(13,523)	0	(13,523)	0.00	0	(13,523)	0	(13,523)
DP 96105 - Restore 5% - Transportation Aid Funding	50	0.00	0	13,523	0	13,523	0.00	0	13,523	0	13,523
Total	0.00	\$0	\$1,245,586	\$0	\$1,245,586	0.00	\$0	\$1,245,586	\$0	\$1,245,586	

DP 5009 - Emergency Medical Services Grants - The legislature approved funding for emergency medical services grants. The legislature designated funding as biennial.

DP 5010 - Fund Rail Council (Restricted) - The legislature approved funding for the Rail Service Competition Council and restricted the funding only for this purpose.

DP 5011 - Biodiesel Fuel Research - OTO - The legislature approved an increase of state special revenue to fund grants to Montana State University-Northern to test and develop biodiesel and related technology in support of Montana agriculture, refining, transportation, and other related emerging industries. The funding was restricted to this purpose only and designated as biennial and one time only.

DP 95101 - 5% Plan - Reduce Transit Assistance Local Match - The legislature reduced funding for local match of federal transit assistance. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95105 - 5% Plan - Reduce Transportation Aid - The legislature initially reduced funding for transportation aid for senior citizens and persons with disabilities in local communities. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. These funds were restored in DP 96105.

DP 96105 - Restore 5% - Transportation Aid Funding - The legislature reversed a 5% reduction by restoring funding for transportation aid for senior citizens and persons with disabilities in local communities.