

Agency Legislative Budget

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

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	2,238.56	(59.22)	7.00	2,186.34	(109.60)	7.00	2,135.96	2,135.96
Personal Services	113,361,139	16,643,421	4,543,540	134,548,100	14,582,185	9,644,567	137,587,891	272,135,991
Operating Expenses	335,018,576	28,839,941	4,338,980	368,197,497	30,591,777	2,285,498	367,895,851	736,093,348
Equipment	1,705,344	(221,804)	0	1,483,540	(56,804)	0	1,648,540	3,132,080
Capital Outlay	14,298,598	101,500	0	14,400,098	100,000	0	14,398,598	28,798,696
Local Assistance	382,400	0	0	382,400	0	0	382,400	764,800
Grants	10,418,174	1,788,664	7,051,169	19,258,007	480,664	7,771,805	18,670,643	37,928,650
Transfers	10,283	0	0	10,283	0	0	10,283	20,566
Debt Service	250	0	0	250	0	0	250	500
Total Costs	\$475,194,764	\$47,151,722	\$15,933,689	\$538,280,175	\$45,697,822	\$19,701,870	\$540,594,456	\$1,078,874,631
General Fund	0	0	3,000,000	3,000,000	0	0	0	3,000,000
State/Other Special	233,537,178	(8,302,871)	4,908,948	230,143,255	(14,640,624)	8,827,623	227,724,177	457,867,432
Federal Special	241,657,586	55,454,593	8,024,741	305,136,920	60,338,446	10,874,247	312,870,279	618,007,199
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$475,194,764	\$47,151,722	\$15,933,689	\$538,280,175	\$45,697,822	\$19,701,870	\$540,594,456	\$1,078,874,631

Agency Description

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.

Agency Highlights

Department of Transportation Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Increases associated with the updated highway construction plan add \$70.7 million in total funds to bring funding levels in line with the most recent federal-aid funding authorization, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) <ul style="list-style-type: none"> • Statewide present law adjustments add \$29.5 million • The state employee pay plan provided for in HB 13 and employer contribution increases to retirement systems provided for in HB 131, both of the regular session, add \$13.5 million • \$3.0 million general fund is added for legal costs to address rail competition and captive shipper rates in Montana and no general fund existed prior • Agency costs to rent equipment from an internal equipment pool increase \$7.3 million or about 16.2 percent compared to the 2007 biennium • State special revenue is reduced by \$30.8 million to align expenditures and revenues of the highways state special revenue account through: 1) reductions in the state funded construction 	

<p>program; and 2) unspecified reductions in the maintenance and construction programs</p> <ul style="list-style-type: none"> • Federal special revenue is increased by \$23.5 million or 4.0 percent primarily due to: 1) contractor payments for the increased federal-aid construction program under SAFETEA-LU; 2) increased transit funds; and 3) new planning requirements of SAFETEA-LU ◆ Staffing is reduced by 52.22 FTE in FY 2008 and 102.6 FTE in FY 2009 to reflect the latest construction plan and the reduced number of projects in the plan ◆ Highways state special revenue account (HSRA) funding is balanced between revenues and expenditures <ul style="list-style-type: none"> • Reductions to state special revenue are included to keep HSRA solvent while still matching all federal funds available to Montana ◆ A supplemental appropriation of \$1.33 million general fund was approved for FY 2007 to help repay an operating loan taken out in the 2007 biennium by the State Motor Pool due to the impacts of high gasoline prices
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Summary of Legislative Action

The legislative budget for total funds is \$16.3 million less than the 2007 biennium and includes funding for HB 2 of the special session and HB 13 of the regular session. HB 13 funds the pay plan increases for the 2009 biennium. The legislative budget includes the following:

- Program reductions totaling \$30.8 million of state funds that are intended to improve the balance of expenditures from the highways state special revenue account with revenues into the account
- Appropriations to fully expend all federal-aid funding for highway construction and maintenance, including all state matching funds
- Appropriations for significantly increased federal transit funding, including all state matching funds passed through from local governments
- Appropriations to address the impacts of new requirements of SAFETEA-LU for federal-aid highways funding
- Movement of the traffic safety function from the Construction Program to the Transportation Planning Program
- Funding to address rail competition and captive shipper rates in Montana

Agency Discussion

Working Capital Projections

After legislative action, the revised analysis of the highways state special revenue account (HSRA) projects that the working capital balance of the account would be \$19.9 million by the end of FY 2009 if historical reversions occur in FY 2007. Anticipated revenues exceed appropriations by \$7.3 million for the two years of the 2009 biennium. These estimates are based on the budget as approved by the legislature, and assume revenue estimates adopted in HJ 2 for gross vehicle weight (GVW) fees, gasoline taxes, and diesel taxes for FY 2007 and the 2009 biennium. The impacts of the statewide pay plan (HB 13 of the regular session) for the transportation and justice departments are included as is other legislation with fiscal impacts on the account.

The analysis shown of the following figure presents two pictures for the financial condition of HSRA: 1) one that assumes all FY 2007 appropriations are expended; and 2) one that assumes a portion of FY 2007 appropriations would revert at the average historical level. Both pictures assume the department will fully match all federal funds available to Montana. Because the department operates with biennial appropriations in the programs that are funded with HSRA, the portion of FY 2006 appropriations that were not expended in FY 2006 continue into FY 2007. This explains the apparently high appropriation levels for FY 2007 in the Construction and Transportation Planning programs. Under the assumption of full expenditure of appropriations the executive would need to revert more than \$22.7 million in order to end the 2007 biennium without expending all available working capital. However, if historical reversions occurred in FY 2007, the FY 2007 ending balance would be roughly \$12.5 million. Through May, cumulative revenues are trending above revenues for all previous fiscal years through May, except for FY 2005. Also, expenditures of HB 2 appropriations

are lagging behind appropriations as prorated to the current proportion of the fiscal year, which indicates that historical reversion rates would likely occur for FY 2007.

Working Capital Analysis - Highways State Special Revenue Account						
Fiscal Years 2006- 2011						
(in Millions)						
Description	FY 2006 Actual	FY 2007 Approp.	FY 2008 Approp.	FY 2009 Approp.	FY 2010 Forecast	FY 2011 Forecast
Beginning Working Capital Balance	\$43.6	\$27.2	(\$22.7)	(\$20.1)	(\$15.4)	(\$8.6)
Revenues						
Gasoline tax (net of refunds)	\$129.4	\$129.9	\$130.3	\$130.9	\$131.4	\$131.9
Diesel tax (net of refunds)	67.8	71.3	75.0	78.9	83.0	87.4
Gross vehicle weight fees (GVW)	27.6	27.4	27.5	29.0	30.5	32.2
Indirect cost recovery (based on agency input)	31.2	29.5	32.0	30.7	35.5	35.5
Other revenues	15.6	15.6	15.6	15.6	15.6	15.6
Revenue deductions						
Gasahol tax reduction (based on agency input)	(0.3)	(0.5)	(0.7)	(0.7)		
Alcohol production incentives (15-70-522, MCA)	0.0	0.0	(0.9)	(4.0)	(6.0)	(6.0)
Total Revenues	<u>\$271.2</u>	<u>\$273.2</u>	<u>\$279.0</u>	<u>\$280.3</u>	<u>\$290.1</u>	<u>\$296.6</u>
Expenditures						
Department of Transportation (DOT)						
Statutory Appropriations	\$21.7	\$22.0	\$20.6	\$20.6	\$20.6	\$20.6
General Operations Program	19.8	20.8	22.4	23.5	24.2	24.9
Construction Program	113.1	147.5	89.6	85.3	87.9	90.5
Maintenance Program	94.6	92.0	101.5	103.1	106.2	109.4
Motor Carriers Services	5.2	6.2	7.0	7.2	7.4	7.6
Transportation Planning	2.0	3.4	4.4	4.5	4.7	4.8
Department of Transportation (HB 2 and HB 13)	\$256.5	\$291.8	\$245.4	\$244.1	\$250.8	\$257.7
Governor's Office (Rail Service Competition Council)	0.1	0.1	0.0	0.0	0.0	0.0
Department of Commerce (Main Street Program)	0.1	0.1	0.0	0.0	0.0	0.0
Department of Justice (HB 2 and HB 13)	24.4	26.1	28.2	28.7	29.5	30.4
HB 131 (2007 Legislature)			0.1	0.1	0.2	0.2
Long-Range Building Program						
Maintenance and repair of DOT buildings	1.7	3.1	1.9	1.9	1.9	1.9
Department of Fish, Wildlife & Parks	0.8	1.7	0.8	0.8	0.8	0.8
Total Long-Range Building Program	\$2.5	\$4.9	\$2.6	\$2.6	\$2.6	\$2.6
Transfer for noxious weeds (80-7-823, MCA)	0.1	0.1	0.1	0.1	0.1	0.1
Total Expenditures	<u>\$283.6</u>	<u>\$323.1</u>	<u>\$276.4</u>	<u>\$275.6</u>	<u>\$283.3</u>	<u>\$291.1</u>
Revenues less expenditures	(12.4)	(49.9)	2.6	4.7	6.8	5.5
Adjustments	4.1					
Ending Working Capital Balance	<u>\$27.2</u>	<u>(\$22.7)</u>	<u>(\$20.1)</u>	<u>(\$15.4)</u>	<u>(\$8.6)</u>	<u>(\$3.1)</u>
Average reversions (FY 2000 through FY 2006)		\$35.2				
Ending Working Capital Balance (with average reversions)		<u>\$12.5</u>	<u>\$15.1</u>	<u>\$19.8</u>	<u>\$26.6</u>	<u>\$32.2</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 2009 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 General Operations Program	\$ 3,000,000	\$ 45,880,369	\$ 3,195,399	\$ 52,075,768	4.83%
02 Construction Program	-	174,972,027	552,302,786	727,274,813	67.41%
03 Maintenance Program	-	204,707,024	14,685,660	219,392,684	20.34%
22 Motor Carrier Services Div.	-	14,159,553	4,355,871	18,515,424	1.72%
40 Aeronautics Program	-	3,927,486	2,041,704	5,969,190	0.55%
50 Transportation Planning Divisi	-	14,220,973	41,425,779	55,646,752	5.16%
Grand Total	<u>\$ 3,000,000</u>	<u>\$ 457,867,432</u>	<u>\$ 618,007,199</u>	<u>\$ 1,078,874,631</u>	<u>100.00%</u>

Other Legislation

Senate Bill 62 - SB 62 of the regular session increased the daily rate paid to advisory board members from \$25 to \$50. SB 62 impacts the design-build advisory council of the department and would add \$300 annually to the costs of the department. No increase over the executive budget was provided for the direct impacts of SB 62 and the costs will be absorbed in the agency's operating budget. SB 62 has become law.

Senate Bill 302 – SB 302 of the regular session removed the daytime speed limit restriction on Highway 93 near Whitefish. The fiscal note indicates SB 302 would cost \$4,525 state special revenue in FY 2008 to implement. The costs are for materials and labor to replace the speed limit signs on the affected section of Highway 93. No additional funding was added to HB 2 for SB 302 impacts. SB 302 has become law.

House Bill 3 - A supplemental appropriation of \$1.33 million general fund for FY 2007 was approved in HB 3 of the regular session to provide relief for the State Motor Pool due to financial impacts on motor pool operations that resulted from higher than anticipated gasoline prices during the 2007 biennium. The 2005 legislature approved rates based on assumptions of significantly lower gasoline prices and since the legislative rates are the maximum that can be charged, the State Motor Pool was limited from raising rates in response to higher than anticipated gasoline prices, which caused the State Motor Pool to operate on debt financing. The supplemental appropriation will be used to repay a portion of the operating loan taken out during the 2007 biennium. HB 3 has become law.

House Bill 4 – HB 4 of the special session includes funding for capital projects that support department facilities statewide and includes \$4.185 million in funding for department facilities. HB 4 has become law.

House Bill 26 – HB 26 of the regular session expanded the size of the rail service competition council from six to seven members and transferred the administrative responsibilities from the Governor's Office to the department. For the 2009 biennium, the fiscal impact on the department is an increase of \$50,000 state special revenue per year, which was appropriated directly in HB 26. For future biennia, the administrative costs would be included in the department's operating budget. HB 26 has become law.

House Bill 531 – HB 531 of the regular session designates a portion for Highway 212 as the Warrior Trail Highway. One-time funding to install signs for the highway has been included in HB 2 by new proposal DP 325 in the Maintenance Program. HB 531 has become law.

House Bill 556 – HB 556 of the regular session allows special fuel users to use dyed fuel on certain off highway construction projects with a permit issued by the department. To administer HB 556, the department has stated the need to modify the department's computerized permitting system at an estimated cost of \$20,000 in FY 2008. One-time funding for the computer system modification has been included in HB 2 by new proposal DP 2215 in the Motor Carrier Services Program. HB 556 has become law.

Executive Budget Comparison

The following table compares the legislative budget in the 2009 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2006	Executive Budget Fiscal 2008	Legislative Budget Fiscal 2008	Leg – Exec. Difference Fiscal 2008	Executive Budget Fiscal 2009	Legislative Budget Fiscal 2009	Leg – Exec. Difference Fiscal 2009	Biennium Difference Fiscal 08-09
FTE	2,238.56	2,186.34	2,186.34	0.00	2,135.96	2,135.96	0.00	
Personal Services	113,361,139	130,372,755	134,548,100	4,175,345	128,311,925	137,587,891	9,275,966	13,451,311
Operating Expenses	335,018,576	368,018,685	368,197,497	178,812	367,762,425	367,895,851	133,426	312,238
Equipment	1,705,344	1,483,540	1,483,540	0	1,648,540	1,648,540	0	0
Capital Outlay	14,298,598	14,400,098	14,400,098	0	14,398,598	14,398,598	0	0
Local Assistance	382,400	382,400	382,400	0	382,400	382,400	0	0
Grants	10,418,174	19,258,007	19,258,007	0	18,670,643	18,670,643	0	0
Transfers	10,283	10,283	10,283	0	10,283	10,283	0	0
Debt Service	250	23,250	250	(23,000)	23,250	250	(23,000)	(46,000)
Total Costs	\$475,194,764	\$533,949,018	\$538,280,175	\$4,331,157	\$531,208,064	\$540,594,456	\$9,386,392	\$13,717,549
General Fund	0	3,000,000	3,000,000	0	0	0	0	0
State/Other Special	233,537,178	227,167,089	230,143,255	2,976,166	220,968,102	227,724,177	6,756,075	9,732,241
Federal Special	241,657,586	303,781,929	305,136,920	1,354,991	310,239,962	312,870,279	2,630,317	3,985,308
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$475,194,764	\$533,949,018	\$538,280,175	\$4,331,157	\$531,208,064	\$540,594,456	\$9,386,392	\$13,717,549

For the biennium, the legislative budget is \$13.5 million more in total funds than the executive budget. Besides the pay plan in HB 13 of the regular session that adds \$13.2 million, the difference is due to the following:

- Items included in the legislative budget that were not in the executive budget:
 - Funding for a federal civil rights grant that was not in the executive budget at the time of the Legislative Budget Analysis. The federal civil rights grant provides funding for services to disadvantaged businesses and for an on-the-job training program for Native Americans and women to obtain employment as entry-level heavy equipment operators and truck drivers (\$369,000)
 - Funding to address the fiscal impacts of HB 531 that designates a portion of Highway 212 as the Warrior Trail Highway (\$25,000)
 - Funding to address the fiscal impacts of HB 556 that allows special fuel users to use dyed fuel on certain off highway construction projects with a permit issued by the department (\$20,000)
 - Funding reduction for State Motor Pool payments (\$3,000)
- Executive requests that were not funded:
 - An increase in the clothing allowance for Motor Carrier Services Division officers (\$75,000)
 - Debt service on a loan to purchase an airplane (\$46,000)
 - Rental payments for a mobile portable weigh station office and truck to pull it (\$14,500)
 - Travel of a new management position added during a reorganization in the current biennium (\$10,000)

Language

HB 2 of the special session includes the following language for the department:

“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 state special revenue 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 2007 biennium are authorized to continue and are appropriated in fiscal year 2008 and fiscal year 2009.”

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	181.77	6.00	0.00	187.77	6.00	0.00	187.77	187.77
Personal Services	8,978,523	2,559,810	386,489	11,924,822	2,594,669	870,820	12,444,012	24,368,834
Operating Expenses	10,958,742	930,417	3,000,000	14,889,159	1,283,533	0	12,242,275	27,131,434
Equipment	394,152	(284,152)	0	110,000	(79,152)	0	315,000	425,000
Grants	75,000	0	0	75,000	0	0	75,000	150,000
Debt Service	250	0	0	250	0	0	250	500
Total Costs	\$20,406,667	\$3,206,075	\$3,386,489	\$26,999,231	\$3,799,050	\$870,820	\$25,076,537	\$52,075,768
General Fund	0	0	3,000,000	3,000,000	0	0	0	3,000,000
State/Other Special	19,516,004	2,501,333	385,044	22,402,381	3,094,271	867,713	23,477,988	45,880,369
Federal Special	890,663	704,742	1,445	1,596,850	704,779	3,107	1,598,549	3,195,399
Total Funds	\$20,406,667	\$3,206,075	\$3,386,489	\$26,999,231	\$3,799,050	\$870,820	\$25,076,537	\$52,075,768

Program Description

The General Operations Program 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

Department of Transportation General Operations Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ \$3.0 million general fund is added for legal costs to address rail competition and captive shipper rates in Montana and no general fund existed prior ◆ Budget adjustments increase state special revenue by \$6.8 million primarily due to: 1) statewide present law adjustments; 2) maintenance contract increases and enhancement for the management system that administers interstate motor carrier registrations; and 3) information technology maintenance costs ◆ Budget adjustments increase federal special revenue by \$1.4 million primarily to: 1) consolidate most department training in the program and fund it with federal funds; and 2) fund increases to federal civil rights grants that provide on-the-job training and services to disadvantaged businesses and individuals engaged in transportation related fields ◆ Staffing is increased by 6.00 FTE ◆ Training costs are consolidated from other programs to leverage federal funds

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table						
General Operations Progr						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ -	-	\$ 3,000,000	11.1%	\$ -	-
01100 General Fund	-	-	3,000,000	11.1%	-	-
02000 Total State Special Funds	19,516,004	95.6%	22,402,381	83.0%	23,477,988	93.6%
02422 Highways Special Revenue	19,516,004	95.6%	22,402,381	83.0%	23,477,988	93.6%
03000 Total Federal Special Funds	890,663	4.4%	1,596,850	5.9%	1,598,549	6.4%
03407 Highway Trust - Sp Rev	890,663	4.4%	1,596,850	5.9%	1,598,549	6.4%
Grand Total	\$ 20,406,667	100.0%	\$ 26,999,231	100.0%	\$ 25,076,537	100.0%

The General Operations Program is typically funded from the highways state special revenue fund and federal special revenue. For the 2009 biennium, general fund supports efforts to address Montana rail shipping rates. The highways state special revenue fund receives revenue primarily from motor fuel taxes, gross vehicle weight permit fees, and reimbursements for indirect costs associated with the federal-aid highway program via a Federal Highways Administration (FHWA) approved indirect cost plan. Federal funding is available for assistance for disadvantaged businesses, training, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved 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.

	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					2,530,009					2,565,834
Vacancy Savings					(460,343)					(461,766)
Inflation/Deflation					15,559					16,452
Fixed Costs					740,311					715,134
Total Statewide Present Law Adjustments					\$2,825,536					\$2,835,654
DP 1101 - Overtime/Differential	0.00	0	56,544	0	56,544	0.00	0	56,544	0	56,544
DP 1102 - Equipment Rental	0.00	0	11,865	0	11,865	0.00	0	10,025	0	10,025
DP 1302 - Training Program	0.00	0	0	540,238	540,238	0.00	0	0	540,238	540,238
DP 1303 - Civil Rights Federal Grants Increase	0.00	0	0	184,680	184,680	0.00	0	0	184,680	184,680
DP 1401 - Software Upgrade - OTO	0.00	0	51,000	0	51,000	0.00	0	0	0	0
DP 1407 - Motor Fuels System Enhancements	0.00	0	0	15,000	15,000	0.00	0	0	10,000	10,000
DP 1502 - ACS Contract - Restricted	0.00	0	234,449	0	234,449	0.00	0	256,151	0	256,151
DP 1503 - Convert Modified FTE to Permanent	6.00	0	(500,000)	0	(500,000)	6.00	0	(500,000)	0	(500,000)
DP 1508 - IT Cost Reductions	0.00	0	(173,003)	0	(173,003)	0.00	0	(173,003)	0	(173,003)
DP 1509 - IT Equipment Replacement	0.00	0	(79,789)	0	(79,789)	0.00	0	540,911	0	540,911
DP 1510 - Software Cost Reduction	0.00	0	(97,220)	0	(97,220)	0.00	0	(107,220)	0	(107,220)
DP 1511 - Print Shop Reduction	0.00	0	(18,760)	0	(18,760)	0.00	0	(18,760)	0	(18,760)
DP 1512 - IT Maintenance Costs	0.00	0	155,642	0	155,642	0.00	0	163,940	0	163,940
DP 6015 - State Motor Pool Rate Change	0.00	0	(103)	(4)	(107)	0.00	0	(106)	(4)	(110)
Total Other Present Law Adjustments	6.00	\$0	(\$359,375)	\$739,914	\$380,539	6.00	\$0	\$228,482	\$734,914	\$963,396
Grand Total All Present Law Adjustments					\$3,206,075					\$3,799,050

DP 1101 - Overtime/Differential - The legislative budget includes \$113,100 state special revenue to reestablish base year overtime, differential pay, and associated benefits and taxes.

DP 1102 - Equipment Rental - The legislative budget includes an increase of \$21,900 state special revenue to fund the program share of proposed increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 1302 - Training Program - The legislative budget includes an increase of \$1.1 million federal special revenue to consolidate training for the General Operations, Construction, Motor Carrier Services, and Transportation Planning Programs. Corresponding requests in the other listed programs eliminate state special revenue funded base training expenditures for a net biennium increase of \$0.5 million.

DP 1303 - Civil Rights Federal Grants Increase - The legislative budget includes an increase of \$369,400 federal special revenue for federal civil rights grants in two program areas: 1) on-the-job training (OJT) program; and 2) disadvantaged business entity support services (DBE/SS) program. The OJT funding would provide Native Americans and women training to obtain employment as entry-level heavy equipment operators and truck drivers. The DBE/SS funding provides a variety of services to disadvantaged businesses to assist in making them more competitive in the project bidding process.

DP 1401 - Software Upgrade - OTO - The legislative budget includes an increase of \$51,000 state special revenue to fund enhancements to the Personal Services Budget Monitoring (PSBM) system that would allow the system to capture actual expenditures from the State Accounting, Budgeting, and Human Resources System (SABHRS) rather than from a payroll system internal to the agency. The funding is designated as one time only.

DP 1407 - Motor Fuels System Enhancements - The legislative budget includes an increase of \$25,000 federal special revenue to fund enhancements, including the development of new reports, to the computerized management systems used to process motor fuel distributor and dyed fuel information.

DP 1502 - ACS Contract - Restricted - The legislative budget includes an increase of \$490,600 state special revenue to fund increases for the system maintenance contract (\$90,600) and enhancements (\$400,000) for the software used by the department to administer and enforce state and federal commercial motor carrier laws and regulations and administer interstate motor carrier registration and motor fuel tax agreements. The funding is restricting only to this purpose.

DP 1503 - Convert Modified FTE to Permanent - The legislative budget includes a net reduction of \$1.0 million state special revenue to add 6.00 FTE staff and reduce contracted services for computer programmers.

DP 1508 - IT Cost Reductions - The legislative budget includes a reduction of \$346,000 state special revenue to address funding impacts of a methodology change in the Department of Administration (DOA) for allocating charges for information technology resources to agencies and to reallocate costs due to migration of financial applications off the mainframe environment to Oracle applications in the mid-tier environment.

DP 1509 - IT Equipment Replacement - The legislative budget includes a net increase of \$461,000 state special revenue to fund: 1) an increase to replace agency-owned video equipment used for video conferencing; 2) an increase to replace desktop computer units that were not funded through the four-year replacement cycle funding in the base year; and 3) a reduction associated with the purchase of network equipment purchased in the base year by the department but which will be funded by the Department of Administration in the future.

DP 1510 - Software Cost Reduction - The legislative budget includes a reduction of \$204,400 state special revenue because expenditures for software purchased in the base year as part of a major software rollout will not occur during the biennium and other software will now be purchased by the Department of Administration as part of services funded through desktop services charge.

DP 1511 - Print Shop Reduction - The legislative budget includes a reduction of \$37,500 state special revenue to eliminate base funding that will no longer be needed due to a consolidation of equipment in the print shop.

DP 1512 - IT Maintenance Costs - The legislative budget includes an increase of \$319,600 state special revenue to annualize funding for maintenance of new computer equipment and applications that were in operation for only part of the base year.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

Program	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1103 - Agency's Goals and Objectives Reporting										
01	0.00	0	0	0	0	0.00	0	0	0	0
DP 1501 - Surface Transportation Litigation (OTO/Biennial)										
01	0.00	3,000,000	0	0	3,000,000	0.00	0	0	0	0
DP 6013 - 2009 Biennium Pay Plan - HB 13										
01	0.00	0	372,481	1,444	373,925	0.00	0	854,654	3,106	857,760
DP 6014 - Retirement Employer Contributions - HB 131										
01	0.00	0	12,563	1	12,564	0.00	0	13,059	1	13,060
Total	0.00	\$3,000,000	\$385,044	\$1,445	\$3,386,489	0.00	\$0	\$867,713	\$3,107	\$870,820

DP 1103 - Agency's Goals and Objectives Reporting - The legislative budget included an increase of \$5,000 general fund to provide reporting to the Legislative Finance Committee on progress toward attainment of agency goals and objectives. The Governor subsequently vetoed the funding and the associated language that required and defined the reporting requirements.

DP 1501 - Surface Transportation Litigation (OTO/Biennial) - The legislative budget includes an increase of \$3.0 million in the general fund to retain consultants, experts and specialized legal counsel to analyze rail rate and service issues and to pursue legal remedies, including litigation before the Surface Transportation Board and the courts, against unreasonable rail rates and practices, and remedies for regulatory inaction. The funding is designated as biennial, restricted, and one time only.

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 131 - The legislature adopted HB 131, which increases the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund the increased contribution. Appropriations were included in the bill and not added to HB 2.

Language

The legislative budget included the following language for the General Operations Program, but the Governor subsequently vetoed the language and associated line-item appropriation:

"Agency's Goals and Objectives Reporting provides funding for a report to the legislative finance committee relevant to goals and objective presented to the appropriations subcommittee on general government and transportation of the 2007 legislature in the agency's and programs' templates and the decision package narratives presented in the legislative budget analysis 2009 biennium for present law decision package 1503 and new proposal decision packages 2204, 5001, and 5004. The report must address the following:

- (1) progress toward the goals; and
- (2) attainment of measurable objectives.

If the report is not received by June 30, 2008, \$2,500 of general fund money in fiscal year 2009 for Agency's Goals and Objectives Reporting is void."

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	1,105.52	(80.72)	0.00	1,024.80	(131.10)	0.00	974.42	974.42
Personal Services	57,034,086	6,582,029	2,009,944	65,626,059	4,073,789	4,349,046	65,456,921	131,082,980
Operating Expenses	260,631,173	19,827,365	0	280,458,538	23,798,714	0	284,429,887	564,888,425
Equipment	1,027,634	0	0	1,027,634	0	0	1,027,634	2,055,268
Capital Outlay	14,294,241	0	0	14,294,241	0	0	14,294,241	28,588,482
Local Assistance	382,400	(382,400)	0	0	(382,400)	0	0	0
Grants	4,917,935	(4,588,106)	0	329,829	(4,588,106)	0	329,829	659,658
Total Costs	\$338,287,469	\$21,438,888	\$2,009,944	\$361,736,301	\$22,901,997	\$4,349,046	\$365,538,512	\$727,274,813
State/Other Special	113,075,193	(24,465,359)	1,023,941	89,633,775	(29,962,705)	2,225,764	85,338,252	174,972,027
Federal Special	225,212,276	45,904,247	986,003	272,102,526	52,864,702	2,123,282	280,200,260	552,302,786
Total Funds	\$338,287,469	\$21,438,888	\$2,009,944	\$361,736,301	\$22,901,997	\$4,349,046	\$365,538,512	\$727,274,813

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, environmental documents and permits, 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 as meeting established construction standards. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare.

Program Highlights

Department of Transportation Construction Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ Budget adjustments reduce state special revenue by \$54.4 million primarily due to reductions in state funded construction program expenditures and reduced state matching requirements in the federal-aid construction program ◆ Budget adjustments increase federal special revenue by \$98.8 million primarily due to higher federal-aid funding levels and participation percentages of SAFETEA-LU ◆ Staffing is reduced by 70.72 FTE in FY 2008 and by 121.10 FTE in FY 2009 primarily because high construction cost inflation has reduced the number of construction projects, even with more federal funds ◆ State funded construction funding is reduced to about \$10.0 million per year to align revenues and expenditures to maintain fund solvency

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table						
Construction Program						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 113,075,193	33.4%	\$ 89,633,775	24.8%	\$ 85,338,252	23.3%
02422 Highways Special Revenue	113,075,193	33.4%	89,633,775	24.8%	85,338,252	23.3%
03000 Total Federal Special Funds	225,212,276	66.6%	272,102,526	75.2%	280,200,260	76.7%
03407 Highway Trust - Sp Rev	219,251,650	64.8%	272,098,399	75.2%	280,200,260	76.7%
03828 Traffic Safety	5,960,626	1.8%	4,127	0.0%	-	-
Grand Total	\$ 338,287,469	100.0%	\$ 361,736,301	100.0%	\$ 365,538,512	100.0%

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 percent federal with a 13 percent 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. Traffic safety functions are generally funded 100 percent with National Highway Traffic Safety Administration grant funds. The exception is that a 50 percent state special revenue match is required for roughly 1 percent of the administrative costs.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved 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.

	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					9,416,210					9,701,530
Vacancy Savings					(2,657,989)					(2,669,415)
Inflation/Deflation					35,614					44,046
Fixed Costs					4,056					3,287
Total Statewide Present Law Adjustments					\$6,797,891					\$7,079,448
DP 201 - Contractor Payments/Federal Aid Construction Prog	0.00	0	4,752,267	28,115,565	32,867,832	0.00	0	4,695,861	33,171,971	37,867,832
DP 202 - Contractor Payments/State Construction Program	0.00	0	(11,267,261)	0	(11,267,261)	0.00	0	(11,267,261)	0	(11,267,261)
DP 203 - Construction Management FTE Adjustments	(73.72)	0	(1,426,110)	(1,767,149)	(3,193,259)	(124.10)	0	(2,910,466)	(3,629,907)	(6,540,373)
DP 208 - Overtime/Differential	0.00	0	2,308,645	2,000,137	4,308,782	0.00	0	2,325,450	1,983,332	4,308,782
DP 209 - Equipment Rental	0.00	0	117,759	509,286	627,045	0.00	0	86,460	416,509	502,969
DP 210 - Program Reductions	0.00	0	(90,485)	(391,332)	(481,817)	0.00	0	(142,989)	(688,828)	(831,817)
DP 211 - Training Reductions	0.00	0	(251,879)	0	(251,879)	0.00	0	(251,879)	0	(251,879)
DP 226 - NHTSA Transfer	(7.00)	0	(1,935,768)	(6,031,436)	(7,967,204)	(7.00)	0	(1,935,199)	(6,029,228)	(7,964,427)
DP 6015 - State Motor Pool Rate Change	0.00	0	(347)	(895)	(1,242)	0.00	0	(342)	(935)	(1,277)
Total Other Present Law Adjustments	(80.72)	\$0	(\$7,793,179)	\$22,434,176	\$14,640,997	(131.10)	\$0	(\$9,400,365)	\$25,222,914	\$15,822,549
Grand Total All Present Law Adjustments					\$21,438,888					\$22,901,997

DP 201 - Contractor Payments/Federal Aid Construction Prog - The legislative budget includes an increase of about \$70.7 million combined 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 last updated at the end of 2006.

DP 202 - Contractor Payments/State Construction Program - The legislative budget includes a reduction of \$22.5 million state special revenue to reduce the state funded construction program to the minimum amount of state maintenance of effort required to receive a favorable federal participation rate on federal aid projects.

DP 203 - Construction Management FTE Adjustments - The legislative budget includes net reductions of 73.72 FTE in FY 2008 and 124.10 FTE in FY 2009, in combination with adjustments for preliminary and construction engineering functions in support of highway construction. The adjustment results in reductions of \$9.7 million combined state special and federal special revenue for the biennium. Included in the adjustment are gross reductions of 78.72 FTE in FY 2008 and 129.10 FTE in FY 2009 associated with construction activity of the tentative construction plan of the department. Offsetting a portion of the reductions are increases of 5.00 FTE in each year to address increased workload issues associated with expanded requirements in the SAFETEA-LU.

DP 208 - Overtime/Differential - The legislative budget includes \$8.6 million combined state special and federal special revenue to reestablish base year overtime, differential pay, and associated benefits and taxes.

DP 209 - Equipment Rental - The legislative budget includes an increase of \$1.1 million combined state special and federal special revenue to fund the program share of proposed increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 210 - Program Reductions - The legislative budget includes a reduction of \$1.3 million combined state special and federal special revenue to remove funding for one-time expenditures in the base. The one-time expenditures are for such items as hook-up costs for the poly com system, remodels, and rental of a snooper truck.

DP 211 - Training Reductions - The legislative budget includes a reduction of \$504,000 state special revenue to consolidate funding for training in the General Operations Program. The adjustment removes base funding for training.

DP 226 - NHTSA Transfer - The legislative budget includes a reduction of \$15.9 million combined state and federal special revenue to transfer 7.00 FTE each year and associated operating costs of the National Highway Traffic Safety Administration (NHTSA) function from the Construction Program to the Transportation Planning Division.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

Program	Fiscal 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
02	0.00	0	987,839	952,418	1,940,257	0.00	0	2,188,292	2,088,634	4,276,926
DP 6014 - Retirement Employer Contributions - HB 131										
02	0.00	0	36,102	33,585	69,687	0.00	0	37,472	34,648	72,120
Total	0.00	\$0	\$1,023,941	\$986,003	\$2,009,944	0.00	\$0	\$2,225,764	\$2,123,282	\$4,349,046

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 131 - The legislature adopted HB 131, which increases the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund the increased contribution. Appropriations were included in the bill and not added to HB 2.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	760.17	6.50	0.00	766.67	6.50	0.00	766.67	766.67
Personal Services	38,986,900	5,148,458	1,415,537	45,550,895	5,524,328	3,224,625	47,735,853	93,286,748
Operating Expenses	61,180,268	1,586,708	209,236	62,976,212	1,004,132	189,764	62,374,164	125,350,376
Equipment	252,673	40,000	0	292,673	0	0	252,673	545,346
Capital Outlay	4,357	101,500	0	105,857	100,000	0	104,357	210,214
Total Costs	\$100,424,198	\$6,876,666	\$1,624,773	\$108,925,637	\$6,628,460	\$3,414,389	\$110,467,047	\$219,392,684
State/Other Special	93,411,584	6,546,450	1,624,773	101,582,807	6,298,244	3,414,389	103,124,217	204,707,024
Federal Special	7,012,614	330,216	0	7,342,830	330,216	0	7,342,830	14,685,660
Total Funds	\$100,424,198	\$6,876,666	\$1,624,773	\$108,925,637	\$6,628,460	\$3,414,389	\$110,467,047	\$219,392,684

Program Description

The Maintenance Program is responsible for preserving and maintaining a safe and environmentally sound state highway transportation system and related facilities. Major activities include sign maintenance and repair, and patching, repairing, and periodic sealing of highway surfaces and structures; snow removal; and sanding.

Program Highlights

Department of Transportation Maintenance Program Major Budget Highlights	
◆	Budget adjustments increase state special revenue by \$17.9 million primarily due to: 1) higher equipment rental costs; 2) assumption of maintenance for more secondary roads; 3) low base expenditures for weed control; and 4) communication equipment and remote weather information system maintenance costs
◆	Budget adjustments increase federal special revenue by \$0.7 million primarily because base year pavement marking activity was lower compared to the plan for the 2009 biennium
◆	Staffing is increased by 6.5 FTE because of workload impacts from assuming responsibility for more secondary roads <ul style="list-style-type: none"> • The department would assume maintenance responsibility from the counties for 168 additional center line miles of roads

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Maintenance Program							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
02000 Total State Special Funds	\$ 93,411,584	93.0%	\$ 101,582,807	93.3%	\$ 103,124,217	93.4%	
02422 Highways Special Revenue	93,411,584	93.0%	101,582,807	93.3%	103,124,217	93.4%	
03000 Total Federal Special Funds	7,012,614	7.0%	7,342,830	6.7%	7,342,830	6.6%	
03407 Highway Trust - Sp Rev	7,012,614	7.0%	7,342,830	6.7%	7,342,830	6.6%	
Grand Total	\$ 100,424,198	100.0%	\$ 108,925,637	100.0%	\$ 110,467,047	100.0%	

The Maintenance Program is primarily funded with highways state special revenue. Federal special revenue also funds a portion of the costs associated with the road reporter functions as well as qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget approved 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 2008-----					-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					4,521,584					4,911,022
Vacancy Savings					(1,740,385)					(1,755,912)
Inflation/Deflation					272,346					319,260
Fixed Costs					(325)					(325)
Total Statewide Present Law Adjustments					\$3,053,220					\$3,474,045
DP 301 - Additional Secondary Roads	6.50	0	618,280	0	618,280	6.50	0	608,072	0	608,072
DP 305 - Communications Replacements	0.00	0	127,710	0	127,710	0.00	0	127,710	0	127,710
DP 307 - Contracted Maintenance	0.00	0	69,803	0	69,803	0.00	0	69,803	0	69,803
DP 308 - Land Purchases	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 313 - Overtime/Differential	0.00	0	2,054,453	0	2,054,453	0.00	0	2,054,453	0	2,054,453
DP 314 - Equipment Rental	0.00	0	3,329,455	0	3,329,455	0.00	0	2,670,635	0	2,670,635
DP 315 - Pavement Markings	0.00	0	246,972	865,535	1,112,507	0.00	0	246,972	865,535	1,112,507
DP 316 - RWIS System Maintenance	0.00	0	77,328	0	77,328	0.00	0	77,328	0	77,328
DP 317 - Noxious Weed Control	0.00	0	236,015	0	236,015	0.00	0	236,015	0	236,015
DP 318 - Travelers Information Program	0.00	0	0	52,328	52,328	0.00	0	0	52,328	52,328
DP 319 - State Special Revenue Funding Reduction	0.00	0	(4,000,000)	0	(4,000,000)	0.00	0	(4,000,000)	0	(4,000,000)
DP 320 - Training	0.00	0	45,692	0	45,692	0.00	0	45,692	0	45,692
DP 6015 - State Motor Pool Rate Change	0.00	0	(117)	(8)	(125)	0.00	0	(120)	(8)	(128)
Total Other Present Law Adjustments	6.50	\$0	\$2,905,591	\$917,855	\$3,823,446	6.50	\$0	\$2,236,560	\$917,855	\$3,154,415
Grand Total All Present Law Adjustments					\$6,876,666					\$6,628,460

DP 301 - Additional Secondary Roads - The legislative budget includes an increase of \$1.2 million state special revenue to add 6.50 FTE and to purchase materials to maintain 168 additional centerline miles of paved secondary roads assumed from counties under the authority of 60-2-203, MCA. Materials that would be purchased include such items as traffic paint, winter materials, replacement signs, and sand.

DP 305 - Communications Replacements - The legislative budget includes an increase of \$255,400 state special revenue to: 1) establish a 10-year replacement cycle for two-way communications equipment; and 2) offset the higher costs of communications equipment that meet interoperability requirements.

DP 307 - Contracted Maintenance - The legislative budget includes an increase of \$140,000 state special revenue to fund increases associated with maintenance contracts with the cities of Missoula and Billings and increases to a luminary lighting maintenance contract with NorthWestern Energy.

DP 308 - Land Purchases - The legislative budget includes an increase of \$200,000 state special revenue to purchase land for stockpile sites and facility sites associated with the Long-range Building Program.

DP 313 - Overtime/Differential - The legislative budget includes \$4.1 million state special revenue to reestablish base year overtime, differential pay, and associated benefits and taxes.

DP 314 - Equipment Rental - The legislative budget includes an increase of \$6.0 million combined state special and federal special revenue to fund the program share of proposed increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 315 - Pavement Markings - The legislative budget includes an increase of \$2.2 million combined state special and federal special revenue to provide funding for pavement markings at the planned level of activity for the 2009 biennium. The department contracts for pavement markings, and the base year expenditures were lower than planned because of payment delays associated with a number of contract disputes. Weather delays and product delivery problems resulted in base year expenditures falling below plan levels.

DP 316 - RWIS System Maintenance - The legislative budget includes an increase of \$155,000 state special revenue to expand and enhance the system by adding more web cameras to the system.

DP 317 - Noxious Weed Control - The legislative budget includes an increase of \$472,000 state special revenue to increase annual funding to \$1.3 million for controlling noxious weeds on state highway rights of ways. The department contracts with the county weed control boards to perform noxious weed control. The increase would be used to offset cost increases for chemicals, equipment, and manpower, and to restore funding for expenditures that were not made when some counties were not able to spray due to rainy spring weather.

DP 318 - Travelers Information Program - The legislative budget includes an increase of \$105,000 federal special revenue to fund additional long distance costs due to growing demand by the public for the 511 program.

DP 319 - State Special Revenue Funding Reduction - The legislative budget includes a reduction of \$8.0 million to help maintain solvency of the highways state special revenue fund.

DP 320 - Training - The legislative budget includes an increase of \$91,400 state special revenue to maintain job related training for the maintenance academy, the maintenance management mentoring program, and training on diagnostic equipment. The program under spent the base contracted training budget due to scheduling conflicts with the training providers.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals Program	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 306 - Facility Costs										
03	0.00	0	183,894	0	183,894	0.00	0	189,764	0	189,764
DP 325 - House Bill No. 531 (OTO)										
03	0.00	0	25,342	0	25,342	0.00	0	0	0	0
DP 6013 - 2009 Biennium Pay Plan - HB 13										
03	0.00	0	1,373,823	0	1,373,823	0.00	0	3,181,073	0	3,181,073
DP 6014 - Retirement Employer Contributions - HB 131										
03	0.00	0	41,714	0	41,714	0.00	0	43,552	0	43,552
Total	0.00	\$0	\$1,624,773	\$0	\$1,624,773	0.00	\$0	\$3,414,389	\$0	\$3,414,389

DP 306 - Facility Costs - The legislative budget includes an increase of \$373,700 state special revenue to lease additional office space near the department headquarters. Funding would be used for rent, utilities, supplies and materials, and repair and maintenance, and includes a five percent inflation factor for rent.

DP 325 - House Bill No. 531 (OTO) - The legislative budget includes an increase of \$25,342 state special revenue for FY 2008 for signs to designate a portion of Highway 212 as the Warrior Trail Highway per HB 531 of the regular session. The funding is designated as one time only. Contingency language was included in HB 2 of the special session to void the funding if HB 531 is not passed and approved. HB 531 has become law, so the funding is valid.

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 131 - The legislature adopted HB 131, which increases the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund the increased contribution. Appropriations were included in the bill and not added to HB 2.

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.

Program Highlights

Department of Transportation State Motor Pool Major Budget Highlights
<ul style="list-style-type: none"> ◆ High motor fuel costs are driving up vehicle rental rates ◆ A supplemental appropriation of \$1.33 million general fund was approved for FY 2007 to help repay an operating loan taken out in the 2007 biennium due to the impacts of high gasoline prices

Funding

State Motor Pool is funded entirely with internal service type proprietary funds. Because the proprietary funds do not require an appropriation, they are not typically included in appropriation tables. Instead, the legislature approves the fees and charges that support the revenues for the program. The fees and charges approved in the general appropriations act are the maximum fees and charges that may be charged in the biennium. The proprietary funded program is discussed below in the Proprietary Rates section.

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.

Other Options to Use of the Program

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. Other options for 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. State law encourages use of the program through a reimbursement rate for use of personal vehicles for state business travel that is set at 48.15 percent of the low mileage rate allowed by the United States Internal Revenue Services unless a State Motor Pool vehicle is not available.

Historical Program Growth

The program has increased from 318 units in FY 1994 to 884 in FY 2006. During that time, annual mileage increased from 4.1 million to 13.6 million miles. This growth in the number of vehicles and miles traveled is largely due to the practice of the Office of Budget and Program Planning stipulating that agencies lease new vehicles from the State Motor Pool instead of purchasing vehicles directly. This practice began following a legislative audit that identified significant inconsistency and associated risk in how various agencies maintained and managed state-owned vehicles.

Proprietary Revenues and Expenses

Revenues

Revenue is generated through vehicle rental fees and from the gain on sale of surplus assets. Vehicle rental fees provide roughly 98 percent of the revenue for the program in FY 2006. Rental fee revenues are functionally tied to the travel requirements of various user agencies. The program also receives revenue from accident damages reimbursed by private individuals or insurance companies. These damage reimbursement revenues generally cover only the expenses to repair the damage.

Vehicle rental fees come from two service classes: 1) short-term rentals; and 2) long-term leases. Short-term rentals serve agency personnel generally located in the Helena area who travel to other state locations and return to Helena at the culmination of the travel event. Long-term leases serve agencies with personnel housed in offices in Helena and in other parts of the state and who frequently travel as a normal part of their work assignments. Long-term vehicles are typically housed and managed out of agency office locations and only returned to the State Motor Pool facilities for maintenance or reassignment.

Expenses

The State Motor Pool is responsible for expenses associated with the acquisition, repair, maintenance, and routine operating costs for the fleet. The program pays all costs directly associated with vehicle operations including liability insurance. The program is reimbursed for costs directly attributable to operator abuse and accident costs caused by an outside party. User agencies can pay for optional full coverage insurance costs associated with employee use of State Motor Pool vehicles.

The majority of the costs of the program are indirect costs, as they cannot be traced directly to specific miles driven by State Motor Pool vehicles. Indirect costs are supported by the assigned rates allocated to the seven classes of vehicles. The State Motor Pool supports 6.00 FTE. Administrative overhead and service activities that cannot be tied directly to a vehicle receive an allocation of 75 percent of the personal service costs with the remaining 25 percent allocated to specific units as specific maintenance and repair activities are tracked. Direct costs include gasoline, oil, and tires and are supported by the usage rates for all seven classes of vehicles. Expenses for gasoline and other vehicle maintenance costs, such as oil and tires, accounted for 27.8 percent of FY 2006 total expenses. The allocations of indirect costs and direct costs use the same methodology for all rates to which they apply. The program has included a 4 percent increase in projections for indirect costs and a 7 percent increase in projections for direct costs, except gasoline is estimated to cost the program \$2.65 per gallon in each year. In FY 2006, gasoline comprised nearly 24.0 percent of all program costs. These growth factors are based on industry trends in which vehicle purchase costs are expected to increase, as are costs for repairs and maintenance. Rising oil prices are expected to keep oil, grease, and fuel costs higher than the base year expenditures.

The program uses loans from the Board of Investments (BOI) to fund vehicle purchases. Interest rates on BOI loans are adjusted annually and vary from one purchase cycle to the next. The outstanding loan balance and interest payments have a significant impact on motor pool assigned time rental rates. The program currently operates with a general fund loan to allow cash flow. The current general fund loan will be repaid over the next three years.

Working Capital Discussion

Rental rates are set to recover sufficient revenue to meet loan principal and interest payments and operating costs, and to allow maintaining no more than a 60-day working capital balance. If the program does not generate sufficient revenue to make interest and principal payments, a short-term loan would be requested or assets would be sold to satisfy the loan obligations. The program billing and payment cycles support the accumulation of a 60-day working capital balance. User agencies are billed monthly and payments are requested to pay for services by the end of the next month. This allows the program to make monthly expense payments and accumulate adequate working capital to pay quarterly interest payments on the BOI loans and the annual payment on loan principal due June 15.

Fund Balance and Reserve Fund Balance

The program rents vehicles for use by other state government entities. The number of vehicles in the program has grown to 884 vehicles, nearly three times the 1994 fleet size. Because of this growth, the program has borrowed funds to purchase new vehicles. As such, the balance sheet for the program at the end of FY 2006 has \$16.2 million in equipment assets with vehicles comprising nearly 100 percent of total assets. The equipment assets are now depreciated to approximately 20 percent of their cost, which in previous years they were depreciated to 30 percent of their cost. This is estimated to bring the book value of all assets to approximately \$10.6 million financed by \$6.6 million of long-term debt. The resultant fund equity is \$1.0 million or 10.6 percent of total assets. An adjustment to decrease the fund equity balance was included in the rates for the 2005 biennium. The adjustment was for net income gains from 1998 to 2002. The program decreased fund equity by nearly \$2.0 million from FY 2004 to FY 2006. The fund is expecting a loss in FY 2007. These losses have contributed to the depletion of the cash balance in the fund and have lead to the program requesting an operating loan to bring its cash back into balance.

Proprietary Rate Explanation*Rate Structure*

The State Motor Pool rental rates are based on a two-tiered structure. Users pay a usage rate and an assigned rate. The usage rate is charged for actual miles driven and allows the program to recover costs directly related to the operation of the vehicle, such as repair labor and parts, fuel, lubricants, tires, and tubes. The assigned rate allows the program to cover fixed costs associated with state ownership, such as insurance, interest payments on BOI loans, depreciation, and other indirect expenses.

The equipment vehicle management system (EVMS) provides cost information related to direct and indirect costs for each vehicle class. These costs were used to project final costs for the 2007 biennium and budgeted costs for the 2009 biennium. For the 2009 biennium, projected costs were adjusted for: 1) anticipated additional lease vehicle purchases; 2) increases to direct and indirect costs; and 3) repayment of the operating loan from the general fund.

The rates using the two-tiered structure are applied as follows for the two components of the State Motor Pool:

Daily rental:

Cost (per occurrence) = (HR x AR) + (AM x MR),

Out-stationed lease:

Cost (annual) = (2920 x AR) + (AM x MR), where:

HR = number of hours the vehicle was used (flat rate of 8 hours for each day the vehicle is checked out from the motor pool, including weekends)

AR = per hour assigned rate

AM = actual miles traveled

MR = per mile operated rate

Rates for the 2009 Biennium

The rates for the State Motor Pool for the 2009 biennium are shown in Section R of HB 2.

The rates for the State Motor Pool are based on \$2.65 per gallon.

The rates are higher than the 2007 biennium rates because of higher operating costs resulting from the following factors:

- Higher costs for maintenance and repair supplies and materials
- Higher gasoline costs expected for the 2009 biennium and experienced during the 2007 biennium

Gasoline costs above those anticipated when the 2007 biennium rates were developed lead to operating losses which necessitated debt financing during the 2007 biennium. Portions of the operating loans taken out for the 2007 biennium would be repaid in three ways: 1) the 2009 biennium rates fund debt service on the operating loans; 2) the loans are repaid over several biennia; and 3) a supplemental appropriation of \$1.33 million general fund has been approved for FY 2007 to help repay a portion of the debt.

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.

Program Highlights

<p>Department of Transportation Equipment Program Major Budget Highlights</p>
<p>◆ High motor fuel and steel costs are driving up equipment rental rates</p>

Funding

The Equipment Program is funded entirely with internal service type proprietary funds. Because the proprietary funds do not require an appropriation, they are not typically included in appropriation tables. Instead, the legislature approves the fees and charges that support the revenues for the program. The fees and charges approved in the general appropriations act are the maximum fees and charges that may be charged in the biennium. The proprietary funded program is discussed below in the Proprietary Rates section.

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 that serve functions of the department. Other programs of the Department of Transportation are the exclusive users of the fleet. Costs for the program are financed through rental fees charged to user programs.

The program has increased the fleet size over the last several biennia due to: 1) increased federal-aid highway construction funding; and 2) the assumption of secondary roads by the department. At fiscal year end 1997, the program had 4041 units operated for more than 20.1 million miles per year. At the end of FY 2006, the fleet had grown to 4,555 units operated for nearly 21.8 million miles per year, but has remained relatively stable since FY 2001.

Proprietary Revenues and Expenses

Revenue

Revenue is generated through the vehicle and equipment rental fees and from the gain on sale of surplus assets. Rental fees provide the majority of the revenue for the program. Revenues for the fleet are functionally tied to the severity of the winters, construction program workload, and travel requirements of the various programs using the equipment. As such, annual mileage and hours of usage can vary significantly. The program anticipates an increase in miles of travel and hour of usage due to the factors listed above for increased fleet size.

Expenses

The program is responsible for expenses associated with the acquisition, repair, maintenance, and routine operating costs for the fleet, including funding for 122.00 FTE. Approximately 40.0 percent of staff costs are allocated to administrative overhead and service activities that cannot be functionally tied directly to a piece of equipment. The remaining 60.0 percent of staff costs are allocated to specific units according to maintenance and repair activity. The program pays all costs directly associated with vehicle and equipment operations, including liability insurance and fuel. The Equipment Program is reimbursed for accident costs caused by an outside party and is reimbursed for any warranty work completed by department personnel.

Indirect costs, costs that cannot be traced directly to specific usage of the vehicles and equipment, are supported by the assigned rates and are allocated to each of the equipment fleet class and subclass. Direct costs, costs that can be traced directly to a particular unit use, include fuel, oil, and tires and are supported by usage rates. Indirect costs consist mainly of overhead costs and are allocated equally to all units of the fleet. Direct costs are tracked by the equipment management system and are allocated to the particular vehicle class for which they apply.

Working Capital Discussion

Equipment rental rates are set to recover sufficient revenue to purchase assets, cover normal operating expenses, and maintain no more than a 60-day working capital balance. Revenue is generated through rental rates, gain on sale of surplus assets, and damage settlements. The primary source of revenue is from user rental fees charged for the use and possession of vehicles and equipment. Rental fees are based on a dual rate structure for actual miles driven (usage rate) and a possession rate (assigned rate). Actual miles of travel and hours of usage are reported biweekly and billings are generated on the same schedule as payrolls. Approximately \$950,000 in rental revenue is generated every two weeks. Rental revenue varies with the season, weather conditions, and workloads. Auction revenue varies depending on the number and types of units being sold. The program also receives incidental revenues for accident damages that are reimbursed by private individuals or insurance companies. The amount generally covers the expenditures to repair the damage. If the program does not generate sufficient revenue to meet these obligations, the program would either liquidate assets or receive a loan.

Fund Equity and Reserved Fund Balance

The fund equity balance shows an increase due primarily to the increased fleet size that resulted when the department assumed maintenance responsibility for paved secondary roads. Revenues are anticipated to equal operation expenses and the working cash is projected to be less than the 60 days maximum allowable by the end of each fiscal year. In each fiscal year since 1999, federal money has been available to purchase equipment. The equipment is then donated to the Equipment Program and the donated equipment contributes to the increase in the fund equity balance. With this federally funded equipment, the Equipment Program is obligated to maintain the equipment and will replace the units when their life cycles and costs dictate replacement.

Cash Flow Discussion

The Equipment Program serves only other programs of the Department of Transportation. The cash flow is dependent on rental revenue and auction proceeds. If Montana experiences a harsh winter season, usage is higher and corresponding rental revenues are higher. The Equipment Program cash balance is generally less than the allowable 60-day maximum. With less than 60-day cash, the program occasionally does not have sufficient cash to cover obligations due at the beginning of each fiscal year. One significant expense that is paid at the beginning of the year is liability insurance paid to the Department of Administration Risk Management and Tort Claims Division for vehicle insurance. When needed for cash flow purposes, the program negotiates, at no interest, an inter-entity loan from the highway state special revenue account. The loan is repaid by fiscal year end. The programs rental rates will generate sufficient revenues to purchases assets, cover normal operating expenses and not exceed the 60-day operating cash balance.

Proprietary Rate Explanation

The rental rates are based on a two-tiered rate structure. Equipment users pay a usage rate and an assigned rate. The usage rate is a per mile or hourly rate that is applied to a vehicle or piece of equipment for the actual miles or hours used and is designed to recover direct costs such as labor, parts, fuel, lubricants, tires, and tubes. The assigned rate is designed to recover fixed costs such as insurance, depreciation, and indirect costs. Rental rates are adjusted each year based on the previous year operating experience. The rates are based on the actual operational costs for each sub-class for the base rental period. These costs are adjusted to reflect changes in operations or operating costs from the base. The program's financial position also is considered in the rate development process in order to maintain a cash balance that will not exceed the 60-day maximum cash balance requirement.

The rates listed in Section R of HB 2 are not specific rental rates for each piece of equipment or equipment class, but a program operating parameter that limits the program from charging rental rates that collect more than 20 days of working capital.

Significant Present Law Adjustments

The 2009 biennium rates for the Equipment Program are based on a present law budget with operating costs that are 8.0 percent higher for the biennium than the base. The present law adjustments impacting the operating costs are for:

- Personal services
- Additional vehicles and equipment for secondary roads
- Equipment maintenance costs
- Adjustment for fuel cost increases

Personal Services

Personal services increase by about \$559,000 or 9.0 percent, driven primarily by statewide impacts of health insurance contribution increases included in the pay plan bill for the 2007 biennium. The program also gave pay raises above the pay plan bill that totaled about \$192,000 on an annualized basis and comprised 34 percent of the increase. These pay raises given outside of legislative funding were comprised of 84 percent for classification upgrades and 16 percent for market adjustments. Personal services costs comprise about 27 percent of operating costs and are allocated to both the assigned time and usage rates. Personal services increases account for 15 percent of the revenue increase from FY 2006 to FY 2008.

Additional Vehicle and Equipment

The Maintenance Program anticipates adding secondary roads to the state maintenance inventory as they are paved and responsibility is assumed from the counties under authority of Montana law. The operating expenses would increase by \$314,000 in FY 2008 to purchase the additional equipment to support the Maintenance Program. Refer to present law decision package 301 in the Maintenance Program for further discussion of the assumption of secondary roads and the budgetary impact for the 2009 biennium. Adding equipment to maintain secondary roads would account for 8 percent of the revenue increase from FY 2006 to FY 2008.

Equipment Maintenance Costs

The revenues include an increase of more than \$600,000 per year to fund anticipated increases in equipment maintenance costs. The expected increases are due to inflationary factors for oil-related products and steel. The key drivers of the cost increase are cutting edges for snowplows, equipment repair parts, and tires and tubes. Equipment maintenance cost increases would account for 16 percent of the revenue increase from FY 2006 to FY 2008.

Adjustment of Fuel Cost Increase

Fuel prices are expected to increase. Revenues include an increase of \$1.6 million per year to fund anticipated increases in gasoline and diesel fuel. Fuel costs represent about 60.0 percent of program operating costs after deducting equipment and personal services costs and are allocated to the usage rates. Fuel cost increases would account for 43 percent of the revenue increase from FY 2006 to FY 2008.

Additional Rate Impacts

In addition to the significant present law adjustment for which the program would need appropriations approved by the Office of Budget and Program Planning with the implied approval as a result of legislative acceptance of the rates in the bill, another item is implied that would explain a portion of the rate increases and revenue generation for the program. The program experienced an operating loss in FY 2006 due to revenues falling below expenses. About \$680,000 of the revenue increase over FY 2006 would adjust revenues to match expenses. The revenue not explained by a cost adjustment accounts for about 18 percent of the revenue increase from FY 2006 to FY 2008.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	123.00	0.00	0.00	123.00	0.00	0.00	123.00	123.00
Personal Services	5,001,461	1,056,117	195,721	6,253,299	1,080,703	452,453	6,534,617	12,787,916
Operating Expenses	1,506,769	837,703	20,000	2,364,472	831,581	979,990	3,318,340	5,682,812
Equipment	0	22,348	0	22,348	22,348	0	22,348	44,696
Total Costs	\$6,508,230	\$1,916,168	\$215,721	\$8,640,119	\$1,934,632	\$1,432,443	\$9,875,305	\$18,515,424
State/Other Special	5,201,642	1,561,698	199,462	6,962,802	1,580,028	415,081	7,196,751	14,159,553
Federal Special	1,306,588	354,470	16,259	1,677,317	354,604	1,017,362	2,678,554	4,355,871
Total Funds	\$6,508,230	\$1,916,168	\$215,721	\$8,640,119	\$1,934,632	\$1,432,443	\$9,875,305	\$18,515,424

Program Description

The Motor Carrier Services Division enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, 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.

Program Highlights

Department of Transportation Motor Carrier Services Division Major Budget Highlights	
◆	State special revenue funding increases \$3.8 million due to: 1) statewide present law adjustments; 2) maintenance and staffing costs at the Dietz, WY joint port of entry; and 3) installation and maintenance of enforcement equipment on program vehicles
◆	Federal special revenue funding increases \$1.7 million due to: 1) delayed movements of the MCSAP program from the Department of Justice; and 2) a new unified carrier registration program that replaces the Single State Registration System

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Motor Carrier Services D						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 5,201,642	79.9%	\$ 6,962,802	80.6%	\$ 7,196,751	72.9%
02422 Highways Special Revenue	5,201,642	79.9%	6,962,802	80.6%	7,196,751	72.9%
03000 Total Federal Special Funds	1,306,588	20.1%	1,677,317	19.4%	2,678,554	27.1%
03407 Highway Trust - Sp Rev	1,306,588	20.1%	1,677,317	19.4%	2,678,554	27.1%
Grand Total	\$ 6,508,230	100.0%	\$ 8,640,119	100.0%	\$ 9,875,305	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. Federal funds are from federal Motor Carrier Safety Assistance Program grants.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved 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 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,207,385					1,233,002
Vacancy Savings					(248,363)					(249,394)
Inflation/Deflation					7,981					10,021
Total Statewide Present Law Adjustments					\$967,003					\$993,629
DP 2201 - MCSAP Grants	0.00	0	26,763	164,403	191,166	0.00	0	26,763	164,403	191,166
DP 2203 - Dietz Joint Port		0	550,750	0	550,750	0.00	0	550,750	0	550,750
DP 2206 - Overtime/Differential	0.00	0	83,502	13,593	97,095	0.00	0	83,502	13,593	97,095
DP 2207 - Equipment Rental	0.00	0	41,249	0	41,249	0.00	0	33,087	0	33,087
DP 2208 - Credit Card Fee Increase	0.00	0	18,000	0	18,000	0.00	0	18,000	0	18,000
DP 2209 - Enforcement Capital Purchases	0.00	0	53,986	0	53,986	0.00	0	53,986	0	53,986
DP 2210 - IRP Dues Increase	0.00	0	4,600	0	4,600	0.00	0	4,600	0	4,600
DP 2213 - Training Reduction	0.00	0	(7,650)	0	(7,650)	0.00	0	(7,650)	0	(7,650)
DP 6015 - State Motor Pool Rate Change	0.00	0	(25)	(6)	(31)	0.00	0	(25)	(6)	(31)
Total Other Present Law Adjustments	0.00	\$0	\$771,175	\$177,990	\$949,165	0.00	\$0	\$763,013	\$177,990	\$941,003
Grand Total All Present Law Adjustments					\$1,916,168					\$1,934,632

DP 2201 - MCSAP Grants - The legislative budget includes an increase of about \$382,000 combined state special and federal special revenue to annualize funding for the Motor Carrier Safety Assistance Program (MCSAP), which was transferred from the Department of Justice to the department for three-quarters of FY 2006.

DP 2203 - Dietz Joint Port - The legislative budget includes an increase of \$1.1 million state special revenue to pay half of the maintenance expenses and contracted services for half of the salaries of up to 10 Wyoming state employees operating the new port of entry station operating at Dietz, Wyoming, on the Montana and Wyoming border. The Dietz facility is operated as a joint enforcement effort between the two states. Montana contracts with Wyoming to staff and operate the joint port-of-entry. The contract calls for Wyoming personnel to enforce Montana size and weight laws, issue Montana permits, and collect Montana gross vehicle weight fees.

DP 2206 - Overtime/Differential - The legislative budget includes \$194,000 combined state special and federal special revenue to reestablish base year overtime and differential pay.

DP 2207 - Equipment Rental - The legislative budget includes an increase of nearly \$74,400 state special revenue to fund the program share of proposed increases in the Equipment Program - - an internal service program exclusively serving programs of the Department of Transportation.

DP 2208 - Credit Card Fee Increase - The legislative budget includes an increase of \$36,000 state special revenue to fund credit card fees associated with increased use of automated transactions by the commercial motor carrier industry.

DP 2209 - Enforcement Capital Purchases - The legislative budget includes an increase of nearly \$108,000 state special revenue to fund installation and maintenance of enforcement equipment for Motor Carrier Services vehicles and increased long distance telephone and facility maintenance costs for remote weigh stations.

DP 2210 - IRP Dues Increase - The legislative budget includes an increase of nearly \$9,200 state special revenue to fund increased cost of participation in the international registration plan (IRP).

DP 2213 - Training Reduction - The legislative budget includes a reduction of \$15,300 state special revenue to consolidate funding for training in the General Operations Program. The adjustment removes base funding for training.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2204 - Unified Carrier Registration										
22	0.00	0	0	0	0	0.00	0	0	979,990	979,990
DP 2215 - House Bill No. 556 (OTO)										
22	0.00	0	20,000	0	20,000	0.00	0	0	0	0
DP 6013 - 2009 Biennium Pay Plan - HB 13										
22	0.00	0	176,728	16,259	192,987	0.00	0	412,238	37,372	449,610
DP 6014 - Retirement Employer Contributions - HB 131										
22	0.00	0	2,734	0	2,734	0.00	0	2,843	0	2,843
Total	0.00	\$0	\$199,462	\$16,259	\$215,721	0.00	\$0	\$415,081	\$1,017,362	\$1,432,443

DP 2204 - Unified Carrier Registration - The legislative budget includes an increase of nearly \$980,000 federal special revenue in FY 2009 to fund motor carrier safety activities administered through the Motor Carrier Safety Assistance Program.

DP 2215 - House Bill No. 556 (OTO) - The legislative budget includes an increase of \$20,000 state special revenue to address the fiscal impacts of HB 556 of the regular session that allows special fuel users to use dyed fuel under certain conditions. The funding is designated as biennial and one time only. Contingency language was included in HB 2 of the special session to void the funding if HB 556 is not passed and approved. HB 556 has become law, so the funding is valid.

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 131 - The legislature adopted HB 131, which increases the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund the increased contribution. Appropriations were included in the bill and not added to HB 2.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	9.00	0.00	0.00	9.00	0.00	0.00	9.00	9.00
Personal Services	503,302	70,942	20,231	594,475	72,770	44,106	620,178	1,214,653
Operating Expenses	(785,005)	3,072,617	0	2,287,612	1,097,764	0	312,759	2,600,371
Equipment	12,800	0	0	12,800	0	0	12,800	25,600
Grants	602,310	1,105,690	0	1,708,000	(202,310)	0	400,000	2,108,000
Transfers	10,283	0	0	10,283	0	0	10,283	20,566
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$343,690	\$4,249,249	\$20,231	\$4,613,170	\$968,224	\$44,106	\$1,356,020	\$5,969,190
State/Other Special	279,805	2,306,177	19,981	2,605,963	997,880	43,838	1,321,523	3,927,486
Federal Special	63,885	1,943,072	250	2,007,207	(29,656)	268	34,497	2,041,704
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$343,690	\$4,249,249	\$20,231	\$4,613,170	\$968,224	\$44,106	\$1,356,020	\$5,969,190

Program Description

The Montana 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

Department of Transportation Aeronautics Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ Budget adjustments added \$3.3 million state special revenue primarily to: 1) offset the impacts of an accounting transaction timing issue at the end of the base year; and 2) make airport loans in the aeronautical loan program ◆ Budget adjustments added \$1.9 million federal special revenue primarily to finance capital improvement at the Lincoln and West Yellowstone airports

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Aeronautics Program						
Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2006	FY 2006	FY 2008	FY 2008	FY 2009	FY 2009
02000 Total State Special Funds	\$ 279,805	81.4%	\$ 2,605,963	56.5%	\$ 1,321,523	97.5%
02286 Aeronautical Loan Account	127,800	37.2%	400,000	8.7%	400,000	29.5%
02287 Aeronautical Grant Account	382,697	111.3%	800,000	17.3%	-	-
02827 Aeronautics Division	(318,505)	-92.7%	1,155,963	25.1%	921,523	68.0%
02962 Airport Pvmnt. Preservation	87,813	25.6%	250,000	5.4%	-	-
03000 Total Federal Special Funds	63,885	18.6%	2,007,207	43.5%	34,497	2.5%
03060 Aeronautics Division	63,885	18.6%	2,007,207	43.5%	34,497	2.5%
Grand Total	\$ 343,690	100.0%	\$ 4,613,170	100.0%	\$ 1,356,020	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.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget approved 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 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					89,375					91,278
Vacancy Savings					(23,707)					(23,782)
Inflation/Deflation					2,909					3,473
Fixed Costs					(8,089)					(5,663)
Total Statewide Present Law Adjustments					\$60,488					\$65,306
DP 4004 - Lincoln Airport Development	0.00	0	14,994	300,006	315,000	0.00	0	0	0	0
DP 4005 - Overtime/Differential	0.00	0	5,274	0	5,274	0.00	0	5,274	0	5,274
DP 4006 - Program/Service Cost Adjustments	0.00	0	23,724	(32)	23,692	0.00	0	48,631	(32)	48,599
DP 4010 - Biennial Appropriation Adjustments	0.00	0	705,690	0	705,690	0.00	0	(602,310)	0	(602,310)
DP 4011 - Statewide Plan Update	0.00	0	13,020	247,390	260,410	0.00	0	(1,980)	(37,610)	(39,590)
DP 4012 - Federal Portion of Proprietary	0.00	0	0	1,387,750	1,387,750	0.00	0	0	0	0
DP 4013 - Accounting Adjustment	0.00	0	1,090,947	0	1,090,947	0.00	0	1,090,947	0	1,090,947
DP 4014 - Aeronautics Loans	0.00	0	400,000	0	400,000	0.00	0	400,000	0	400,000
DP 6015 - State Motor Pool Rate Change	0.00	0	(2)	0	(2)	0.00	0	(2)	0	(2)
Total Other Present Law Adjustments	0.00	\$0	\$2,253,647	\$1,935,114	\$4,188,761	0.00	\$0	\$940,560	(\$37,642)	\$902,918
Grand Total All Present Law Adjustments					\$4,249,249					\$968,224

DP 4004 - Lincoln Airport Development - The legislative budget includes an increase of \$315,000 combined state special and federal special revenue for taxiway improvements at the Lincoln Airport. The funding is designated as a biennial appropriation.

DP 4005 - Overtime/Differential - The legislative budget includes \$10,548 state special revenue to reestablish base year overtime, differential pay, and per diem.

DP 4006 - Program/Service Cost Adjustments - The legislative budget includes a net increase of nearly \$72,300 state special revenue offset by a \$64 reduction of federal special revenue to adjust overall operating expenses to maintain present law services at the expect levels of activity in the 2009 biennium.

DP 4010 - Biennial Appropriation Adjustments - The legislative budget includes a net increase of nearly \$103,400 state special revenue to align grants to communities and air-carrier airports with expected revenue from dedicated sources. Airport grants are used for airport safety and development projects, pavement preservation projects, and for purchasing courtesy cars at qualified airports where rental cars are not available. The funding is designated as a biennial appropriation for this adjustment and the associated base.

DP 4011 - Statewide Plan Update - The legislative budget includes a net increase of \$220,820 combined state special and federal special revenue to update the Montana aeronautics system plan. The system plan is a cooperative effort of the Aeronautics Division of the Department of Transportation and the Federal Aviation Administration. This report is intended to identify the current resources and trends in the state aviation system. The funding is designated as a biennial appropriation for this adjustment and the associated base.

DP 4012 - Federal Portion of Proprietary - The legislative budget includes an increase of nearly \$1.4 million federal special revenue to fund projects to build a wildlife fence and expand the apron at the West Yellowstone airport. The state match for the project would be funded by the West Yellowstone Airport proprietary fund, which is not budgeted and does not appear in the appropriation tables for the program. Refer to the Proprietary Rates section of this program for a discussion of the proprietary fund.

DP 4013 - Accounting Adjustment - The legislative budget includes an increase of \$2.2 million state special revenue to adjust base funding for an accounting transaction that recorded a negative expenditure transaction for state special revenue during the process of paying a vendor and billing the Federal Aviation Administration on a federal reimbursement project at the end of FY 2006.

DP 4014 - Aeronautic Loans - The legislative budget includes an increase of \$800,000 state special revenue to establish an appropriation to distribute aeronautical loan program funds. Funding is designated as a biennial appropriation.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals	-----Fiscal 2008-----					-----Fiscal 2009-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13	40	0.00	0	19,333	0	19,333	0.00	0	43,163	0	43,163
DP 6014 - Retirement Employer Contributions - HB 131	40	0.00	0	648	250	898	0.00	0	675	268	943
Total	0.00	\$0	\$19,981	\$250	\$20,231	0.00	\$0	\$43,838	\$268	\$44,106	

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program’s allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 131 - The legislature adopted HB 131, which increases the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund the increased contribution. Appropriations were included in the bill and not added to HB 2.

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 based 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

Revenues

Revenues for the operation of the West Yellowstone Airport are derived from landing fees, building space rental fees, fuel flowage fees, sales receipts, and non-aero rentals.

Expenses

Expenses from the fund are for personal services for 1.29 FTE and operating expenses such as janitorial supplies, insurance, facility maintenance, and matching funds for federally funded capital improvement projects at the airport. FY 2008 operating expenses include matching funds for federal funding in DP 4012 of the appropriation section of the program and are higher than FY 2007 and FY 2009 for that reason.

Fund Equity and Reserved Fund Balance

The West Yellowstone Airport proprietary fund balance is forecast to remain about even. Management objectives are to use part of the available fund balance as needed to satisfy recent necessary federal airport certification requirements. There is no anticipated fluctuation of cash into the program and conservation of fund equity is to remain a high priority to offset additional Federal Airport Certification and Security requirements and airport improvement.

Proprietary Rate Explanation

Fees for the provided services are market based. The program for the operation of the West Yellowstone Airport charges the fees shown on the following figure which are presented for information only. No changes in fees are requested for the 2009 biennium. Because the proprietary funded portion of the program is funded with an enterprise type proprietary fund, the legislature does not approve fees in the appropriations bill.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	59.10	9.00	7.00	75.10	9.00	7.00	75.10	75.10
Personal Services	2,856,867	1,226,065	515,618	4,598,550	1,235,926	703,517	4,796,310	9,394,860
Operating Expenses	1,526,629	2,585,131	1,109,744	5,221,504	2,576,053	1,115,744	5,218,426	10,439,930
Equipment	18,085	0	0	18,085	0	0	18,085	36,170
Local Assistance	0	382,400	0	382,400	382,400	0	382,400	764,800
Grants	4,822,929	5,271,080	7,051,169	17,145,178	5,271,080	7,771,805	17,865,814	35,010,992
Total Costs	\$9,224,510	\$9,464,676	\$8,676,531	\$27,365,717	\$9,465,459	\$9,591,066	\$28,281,035	\$55,646,752
General Fund	0	0	0	0	0	0	0	0
State/Other Special	2,052,950	3,246,830	1,655,747	6,955,527	3,351,658	1,860,838	7,265,446	14,220,973
Federal Special	7,171,560	6,217,846	7,020,784	20,410,190	6,113,801	7,730,228	21,015,589	41,425,779
Total Funds	\$9,224,510	\$9,464,676	\$8,676,531	\$27,365,717	\$9,465,459	\$9,591,066	\$28,281,035	\$55,646,752

Program Description

The Transportation Planning Division provides: 1) an inventory of transportation infrastructure to allocate funds, maintain Department of Transportation eligibility for grants and federal funds, and aid in the process of project prioritization and selection; 2) a statewide planning program and assistance to local area transportation planning; and 3) response to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US Department of Transportation, the Surface Transportation Board, and others. The planning 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

Department of Transportation Transportation Planning Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ Budget adjustments added \$10.0 million state special revenue primarily to: 1) provide transit assistance grants for the disabled and elderly; 2) match federal funds for urban planning updates; 3) match significant increases in federal transit assistance funds; and 4) match federal funds for corridor studies ◆ Budget adjustments added \$26.8 million federal special revenue primarily to: 1) additional urban planning requirements; 2) significantly increased transit assistance funding; 3) workload impacts of increased funds from SAFETEA-LU; 4) corridor studies; and 5) safe routes for schools funding ◆ New and expanded programs and new requirements of the SAFETEA-LU increase staffing and funding levels <ul style="list-style-type: none"> • 4.00 FTE are added to address planning requirements • 2.00 FTE are added to administer transit funding increases • 1.00 FTE and \$2.0 million of one-time funding are added to coordinate and implement a project to link traffic safety data between systems of state agencies that collect the data • \$13.5 million total funds are added for transit assistance • \$1.0 million total funds are added for corridor studies • \$0.8 million federal funds are added for the Safe Route to School program • \$0.7 million total funds are added to address urban planning requirements

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Transportation Planning						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	2,052,950	22.3%	6,955,527	25.4%	7,265,446	25.7%
02282 Fta Local Match	275,426	3.0%	2,586,222	9.5%	2,730,549	9.7%
02422 Highways Special Revenue	1,777,524	19.3%	4,369,305	16.0%	4,534,897	16.0%
03000 Total Federal Special Funds	7,171,560	77.7%	20,410,190	74.6%	21,015,589	74.3%
03147 Fta Grants	2,271,428	24.6%	7,426,265	27.1%	8,002,758	28.3%
03407 Highway Trust - Sp Rev	4,900,132	53.1%	7,097,999	25.9%	7,134,788	25.2%
03828 Traffic Safety	-	-	5,885,926	21.5%	5,878,043	20.8%
Grand Total	\$ 9,224,510	100.0%	\$ 27,365,717	100.0%	\$ 28,281,035	100.0%

The Transportation Planning Division is funded with a combination of state and federal special revenue funds. Transit grants are based on a sliding scale, which for Montana is a federal participation rate of 86.58 percent funded with Federal Transit Administration funds. The state match is provided by the local entity receiving services or on a rare occasion with highways state special revenue funds. The remaining division activities after deducting federal transit grants and local matching funds are funded with federal planning and research funds and state special revenue funds at a ratio of 72.9 percent federal and 27.1 percent state special revenue for the 2009 biennium. State special revenue funds include just over \$5.3 million in local match pass-through authority for the 2009 biennium.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget approved 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 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					814,050					822,947
Vacancy Savings					(146,835)					(147,190)
Inflation/Deflation					1,468					1,773
Fixed Costs					444					444
Total Statewide Present Law Adjustments					\$669,127					\$677,974
DP 5002 - Overtime/Differential	0.00	0	6,330	16,909	23,239	0.00	0	6,330	16,909	23,239
DP 5003 - Equipment Rental	0.00	0	8,046	19,187	27,233	0.00	0	6,455	15,391	21,846
DP 5007 - State Transit Assistance	0.00	0	381,988	0	381,988	0.00	0	381,988	0	381,988
DP 5008 - Statewide Urban Planning Update	0.00	0	74,301	256,685	330,986	0.00	0	74,301	256,685	330,986
DP 5009 - Training Reduction	0.00	0	(31,178)	0	(31,178)	0.00	0	(31,178)	0	(31,178)
DP 5010 - NHTSA Transfer	7.00	0	1,935,768	6,031,436	7,967,204	7.00	0	1,935,199	6,029,228	7,964,427
DP 5012 - NHTSA FTE	2.00	0	19,695	76,470	96,165	2.00	0	19,716	76,552	96,268
DP 6015 - State Motor Pool Rate Change	0.00	0	(26)	(62)	(88)	0.00	0	(27)	(64)	(91)
Total Other Present Law Adjustments	9.00	\$0	\$2,394,924	\$6,400,625	\$8,795,549	9.00	\$0	\$2,392,784	\$6,394,701	\$8,787,485
Grand Total All Present Law Adjustments					\$9,464,676					\$9,465,459

DP 5002 - Overtime/Differential - The legislative budget includes \$46,500 combined state special and federal special revenue to reestablish base year overtime and differential pay.

DP 5003 - Equipment Rental - The legislative budget includes an increase of \$49,000 combined state special and federal special revenue to fund the program share of proposed increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 5007 - State Transit Assistance - The legislative budget includes an increase of \$477,000 state special revenue to increase funding for transportation assistance grants for the disabled and elderly to projected revenue levels. The increase is based on distributing increased revenues collected from a fee for this purpose.

DP 5008 - Statewide Urban Planning Update - The legislative budget includes an increase of \$662,000 combined state special and federal special revenue to fund the impacts of increased requirements for transportation planning and programming of SAFETEA-LU. Of the funding, 90 percent would be distributed to cities in the form of grants for metropolitan and urban area planning and the remaining 10 percent would be for consultant services to develop new processes for providing consultation with local governments on safety, security, visualization, and mitigation strategies.

DP 5009 - Training Reduction - The legislative budget includes a reduction of nearly \$62,400 state special revenue to consolidate funding for training in the General Operations Program. The adjustment removes base funding for training.

DP 5010 - NHTSA Transfer - The legislative budget includes an increase of \$15.9 million combined state and federal special revenue to transfer 7.00 FTE each year and associated operating costs of the National Highway Traffic Safety Administration (NHTSA) function to the Transportation Planning Division from the Construction Program.

DP 5012 - NHTSA FTE - The legislative budget includes an increase of about \$192,400 combined state special and federal special revenue to add 2.00 FTE to address increased workload issues associated with expanded traffic safety requirements in SAFETEA-LU.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals Program	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5001 - Rail, Transit & Planning FTE										
50	4.00	0	47,656	190,623	238,279	4.00	0	47,698	190,792	238,490
DP 5004 - Corridor Studies										
50	0.00	0	100,000	400,000	500,000	0.00	0	100,000	400,000	500,000
DP 5005 - Passage of SAFETEA-LU act FTA										
50	2.00	0	1,252,276	5,119,839	6,372,115	2.00	0	1,396,566	5,696,309	7,092,875
DP 5006 - Safe Routes to School										
50	0.00	0	0	419,000	419,000	0.00	0	0	425,000	425,000
DP 5011 - HWY Traffic Safety Sec. -408-OTO										
50	1.00	0	208,040	791,673	999,713	1.00	0	208,055	791,728	999,783
DP 6013 - 2009 Biennium Pay Plan - HB 13										
50	0.00	0	46,519	97,105	143,624	0.00	0	107,215	223,769	330,984
DP 6014 - Retirement Employer Contributions - HB 131										
50	0.00	0	1,256	2,544	3,800	0.00	0	1,304	2,630	3,934
Total	7.00	\$0	\$1,655,747	\$7,020,784	\$8,676,531	7.00	\$0	\$1,860,838	\$7,730,228	\$9,591,066

DP 5001 - Rail, Transit & Planning FTE - The legislative budget includes an increase of nearly \$476,700 combined state special and federal special revenue to fund personal services and operating costs to add 4.00 FTE to address new federal transportation planning requirements of SAFETEA-LU.

DP 5004 - Corridor Studies - The legislative budget includes an increase of \$1.0 million combined state special and federal special revenue to fund contracted services to conduct corridor studies intended to evaluate the existing transportation system within and along specific corridors, and identify how the system could be improved to meet existing and long-term needs.

DP 5005 - Passage of SAFETEA-LU act FTA - The legislative budget includes an increase of nearly \$13.5 million combined state special and federal special revenue to fund personal services and operating costs to add 2.00 FTE and grant funding due to a nearly 240 percent increase in general rural public transit program funding for Montana. Of the increase, \$13.2 million is for grants to cities, counties, local transit agencies, and special projects. The FTE would administer the grants and coordinate transit systems in communities across Montana. State match funds are from local pass-through funds.

DP 5006 - Safe Routes to School - The legislative budget includes an increase of \$844,000 federal special revenue to fund contracted services for a program coordinator and non-infrastructure-related activities to encourage walking and bicycling to school under the Safe Routes to School program. In addition, over 70 percent of the funding would be used to provide grants for planning, design, and construction of infrastructure-related projects of the program.

DP 5011 - HWY Traffic Safety Sec. -408-OTO - The legislative budget includes an increase of nearly \$2.0 million combined state special and federal special revenue to contract to design a workflow that would allow the department to be linked to other departments and systems for identifying highway safety problems, trends in crash patterns, components of highway infrastructure that produce unsafe conditions, and other significant safety concerns. Included is funding for 1.00 FTE to coordinate the project. The funding is designated as one time only.

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 131 - The legislature adopted HB 131, which increases the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund the increased contribution. Appropriations were included in the bill and not added to HB 2.