

### Agency Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	349,258,285	364,219,665	14,961,380	4.28 %
Operating Expenses	1,121,708,807	1,427,592,171	305,883,364	27.27 %
Equipment & Intangible Assets	9,019,722	9,339,372	319,650	3.54 %
Capital Outlay	25,913,730	26,543,730	630,000	2.43 %
Grants	47,925,583	60,955,286	13,029,703	27.19 %
Transfers	3,924,692	5,629,512	1,704,820	43.44 %
<b>Total Expenditures</b>	<b>\$1,557,750,819</b>	<b>\$1,894,279,736</b>	<b>\$336,528,917</b>	<b>21.60 %</b>
State/Other Special Rev. Funds	552,075,502	636,618,236	84,542,734	15.31 %
Federal Spec. Rev. Funds	1,005,675,317	1,257,661,500	251,986,183	25.06 %
<b>Total Funds</b>	<b>\$1,557,750,819</b>	<b>\$1,894,279,736</b>	<b>\$336,528,917</b>	<b>21.60 %</b>
<b>Total Ongoing</b>	<b>\$1,537,150,819</b>	<b>\$1,890,409,736</b>	<b>\$353,258,917</b>	<b>22.98 %</b>
<b>Total OTO</b>	<b>\$20,600,000</b>	<b>\$3,870,000</b>	<b>(\$16,730,000)</b>	<b>(81.21)%</b>

### Mission Statement

MDT's mission is to plan, build, operate, and maintain a safe and resilient transportation infrastructure to move Montana forward.

## Agency Highlights

**Department of Transportation  
Major Budget Highlights**

The executive requests an increase to the MDT HB 2 budget authority of 21.6% or \$336.6 million over 2023 appropriations. This is comprised of \$84.7 million in state special funds, and \$252.0 million in federal funds. MDT's budget includes 0.0% general fund. Most of the agency's state special funding is derived from fuel taxes.

One primary driver of the increase is the Infrastructure, Investment and Jobs Act (IIJA) which was passed in the Fall of 2021 and materially increased federal highway and infrastructure funding. However, this also requires an increase in state expenditures for match requirements. This affects multiple programs, The total increase is comprised of around 70.0% federal funds and 30.0% state special funds. Approximately half of this is for contractor payments with the balance being split between other federal transportation programs

Decision packages (DP)s related to **federal program expansion** are in the construction and safety programs, aeronautics, transit, and various other services and include:

- General operations: DP 105 fuel tax evasion program expansion \$320,000 for the bien, operating costs/federal
- Construction Program: DP 205 contractor payments increase. \$180.4 million due to the large increase in the federal program and includes a request for \$23.7 in million state special authority and \$156.7 million in federal appropriation authority
- Maintenance Program: DP 305 Maintenance of Effort \$15.1 million state special, operating expenses
- MCS Program: DP 2205 Federal Motor Carrier Safety Assistance Program (MCSAP) program expansion \$3.1 million federal for the biennium, split between operating expenses and equipment
- Aeronautics Program: DP 4005 FAA (Federal Aviation Administration) program expansion \$1.6 million federal
- Rail Transit & Planning Program: DP 5005 FHWA (Federal Highway Administration) program expansion \$6.7 million for biennium, \$1.0 million state special, \$5.7 million federal
- DP 5006 FTA (Federal Transit Authority) program expansion \$5.0 million for the biennium, \$500,000 state special, \$4.5 million federal
- DP 5007 NHTSA (National Highway Traffic Safety Administration) program expansion

\*These will be discussed by program

Inflation

The other main reason for the increase in the MDT budget is inflationary adjustments. In addition to DP 3, the SWPL for inflation. There are requests in various programs for inflation affected items such as for commodities, maintenance contracts, equipment rental. The total of all inflation authority for the 2025 biennium is in excess of \$87.0 million.

DPs related to inflation include:

- DP 3 SWPL inflation/deflation: \$18.5 state special, \$48.1 federal
- DP 4 (agencywide) equipment rental inflation: \$13.0 state special, \$952,482 federal
- DP 315 noxious weed contract inflation: \$400,000 state special
- DP 311 commodity inflation: \$5.9 million operating costs, \$4.6 million state special, \$1.3 million federal

The statewide present law adjustment for fixed costs, DP 2, is negative due to rate holiday of risk management and tort insurance premiums for the biennium

- The agency is requesting to make the OTO for consultant design from the previous biennium a permanent item in the base and increase the appropriation from \$20.6 million in the 2023 biennium to a total of \$45.0 million for the 2025 biennium. The FY 2022 appropriation of \$10.3 million was fully expended
- Statutory distribution of fuel tax revenues to tribes, cities and counties totals \$81.4 million for the biennium
- An increase to the TransADE program for seniors due to increases in rental car tax collections of \$3.6 million state special

**Agency Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	2,018.27	2,018.27	2,018.27	2,018.27
Personal Services	161,040,532	173,434,519	175,823,766	181,611,984	182,607,681
Operating Expenses	482,474,983	567,431,926	554,276,881	687,224,918	740,367,253
Equipment & Intangible Assets	2,243,410	5,156,536	3,863,186	4,712,186	4,627,186
Capital Outlay	4,112,129	12,956,865	12,956,865	13,586,865	12,956,865
Grants	18,150,068	24,172,940	23,752,643	30,227,643	30,727,643
Transfers	1,753,744	1,984,936	1,939,756	2,689,756	2,939,756
<b>Total Expenditures</b>	<b>\$669,774,866</b>	<b>\$785,137,722</b>	<b>\$772,613,097</b>	<b>\$920,053,352</b>	<b>\$974,226,384</b>
State/Other Special Rev. Funds	254,708,165	278,821,881	273,253,621	313,938,133	322,680,103
Federal Spec. Rev. Funds	415,066,701	506,315,841	499,359,476	606,115,219	651,546,281
<b>Total Funds</b>	<b>\$669,774,866</b>	<b>\$785,137,722</b>	<b>\$772,613,097</b>	<b>\$920,053,352</b>	<b>\$974,226,384</b>
<b>Total Ongoing</b>	<b>\$659,474,866</b>	<b>\$774,837,722</b>	<b>\$762,313,097</b>	<b>\$916,358,352</b>	<b>\$974,051,384</b>
<b>Total OTO</b>	<b>\$10,300,000</b>	<b>\$10,300,000</b>	<b>\$10,300,000</b>	<b>\$3,695,000</b>	<b>\$175,000</b>

**Agency Discussion**

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

Personal services were 92.9% expended for FY 2022. Operating expenses were 85.0% expended. Most unused operating

expense authority was federal funding slated for contractor payments in the construction program. These funds are still available as all MDT appropriations are biennial. Categories with comparatively lower expenditures include: Equipment and intangible assets: Planned purchase for snow removal equipment for the Yellowstone airport did not happen and the construction program had lower equipment expenditures than expected. Less than one-third of capital outlay authority was expended. This was not unusual as this expenditure category is used for right of way purchases which can vary in need and cost. Grant spending was low in the construction program.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The overall FY 2023 appropriation is 1.6% lower than the FY 2022 appropriation. Increases in personal services per the pay plan were offset by decreases in most other spending categories. MDT appropriations are biennial.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

Department of Transportation				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
<u>Program</u>	<u>Legislative Budget</u>	<u>Executive Modifications</u>	<u>Base Budget</u>	<u>Percent Change</u>
<b><u>General Operations</u></b>				
Personal Services	17,426,820	\$344,199	17,771,019	2.0%
Operating Expenses	17,568,608	45,803	17,614,411	0.3%
Equipment & Intangit	45,803	(45,803)	-	
Grants	75,000		75,000	0.0%
<b>General Operations Total</b>	<b>35,116,231</b>	<b>344,199</b>	<b>35,460,430</b>	<b>1.0%</b>
<b><u>Highways and Engineering</u></b>				
Personal Services	78,248,442	(497,999)	77,750,443	-0.6%
Operating Expenses	431,298,008		431,298,008	0.0%
Equipment & Intangit	2,665,262		2,665,262	0.0%
Capital Outlay	12,956,865		12,956,865	0.0%
Grants	4,130,628		4,130,628	0.0%
<b>Highways and Engineering Total</b>	<b>529,299,205</b>	<b>(497,999)</b>	<b>528,801,206</b>	<b>-0.1%</b>
<b><u>Maintenance Division</u></b>				
Personal Services	60,154,165	96,357	60,250,522	0.2%
Operating Expenses	83,984,730	(40,000)	83,944,730	0.0%
Equipment & Intangit	370,208	-	370,208	0.0%
<b>Maintenance Total</b>	<b>144,509,103</b>	<b>56,357</b>	<b>144,565,460</b>	<b>0.0%</b>
<b><u>Motor Carrier Services</u></b>				
Personal Services	9,527,566	57,443	9,585,009	0.6%
Operating Expenses	2,958,860	(26,300)	2,932,560	-0.9%
Equipment & Intangit	277,716		277,716	0.0%
Transfers	46,730	66,300	113,030	141.9%
<b>Motor Carrier Services Total</b>	<b>12,810,872</b>	<b>97,443</b>	<b>12,908,315</b>	<b>0.8%</b>
<b><u>Aeronautics</u></b>				
Personal Services	859,689	-	859,689	0.0%
Operating Expenses	1,606,417	(22,800)	1,583,617	-1.4%
Grants	4,000	16,000	20,000	400.0%
Transfers	7,000	6,800	13,800	97.1%
<b>Aeronautics Total</b>	<b>2,477,106</b>	<b>-</b>	<b>2,477,286</b>	<b>0.0%</b>
<b><u>Rail, Transit, and Planning</u></b>				
Personal Services	9,607,084		9,607,084	0.0%
Operating Expenses	6,580,386	23,169	6,603,555	0.4%
Equipment & Intangit	673,669	(123,669)	550,000	-18.4%
Grants	19,567,015	(40,000)	19,527,015	-0.2%
Transfers	1,672,426	140,500	1,812,926	8.4%
<b>Rail, Transit &amp; Planning Total</b>	<b>38,100,580</b>	<b>-</b>	<b>38,100,580</b>	<b>0.0%</b>
<b>Agency Total</b>	<b>762,313,097</b>	<b>-</b>	<b>762,313,277</b>	<b>0.0%</b>

The department made several modifications to the FY 2023 legislative budget that net to \$0.0. Most of these modifications involve moving positions to different programs within the agency. A total of 3.00 FTE was transferred to general operations, from construction and 1.00 FTE was transferred from general operations to Motor carrier services (MCS). MCS also had transfers to assist with the SmartCop program.

#### *Executive Request*

The executive requests an increase beyond the MDT base budget of 19.1% in FY 2024 and 26.1% in FY 2025 This includes \$84.5 in state special funds and \$252.0 in federal funds for the biennium. The agency does not utilize general fund. The increase is driven in large part by the new federal infrastructure package, IJJA, which expanded several federal programs substantially.

Over 90% of the increase is in operating expenses, at \$336.7 million for the biennium. This includes approximately \$180.0 million in contractor payment increases including \$45.0 million for consultant design and \$15.1 million in increased Maintenance of effort (MOE) in the 100% state funded construction program. The balance of operating expense increases is attributed to inflation.

*5.0% Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. However, because MDT does not transfer investment earnings or fund balances to the general fund in any of their state special funds, the agency is principally exempt from submission of the 5% reduction plan.

*Right to Know Requests*

MDT spends 50-60 hours per week at an average of \$1,750 per week responding to public right-to-know requests. On average MDT collects about \$150 in revenue per week from entities requesting public right-to-know information.

*Agency Goals and Objectives*

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile [webpage](#).

**Agency Personal Services**

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal services funding to or from other expenditure categories (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Statewide Present Law Adjustment for Personal Services				
FY 2024 Decision Package 1				
Program	Legislative Changes	Management Decisions	Budget Modification	Decision Package 1
01 General Operations	297,180	73,492		370,672
02 Construction Program	1,911,423	516,139		2,427,562
03 Maintenance Program	1,158,963	1,445,659		2,604,622
22 Motor Carrier Services	90,345	(46,428)		43,917
40 Aeronautics Program	(1,112)	(22,440)		(23,552)
50 Rail, Transit & Planning	141,307	30,189		171,496
<b>Grand Total</b>	<b>3,598,106</b>	<b>1,996,611</b>	<b>-</b>	<b>5,594,717</b>

The personal services budget request for MDT is \$181.6 million in FY 2024 and \$182.6 million in FY 2025, a total biennial increase of \$15.0 million or 4.3%. The SWPL increase in personal services of \$6.0 million in FY 2024 and \$7.1 million in FY 2025 is requested through DP 1. The employee pay plan increase of \$2.3 million per year is partially offset by a negative adjustment to longevity of \$587,170, likely due to long time employees retiring or leaving positions. Per diem increased by \$2.0 million. Career ladder changes and market changes make up most of the balance of the increase. MDT has a total of 2018.27 FTE and is not requesting additional FTE. Personal services will be discussed further in each program.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Total Department of Transportation Funding by Source of Authority 2025 Biennium Budget Request - Department of Transportation						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.00 %
State Special Total	636,268,236	350,000	0	98,202,652	734,820,888	35.21 %
Federal Special Total	1,254,141,500	3,520,000	0	0	1,257,661,500	60.26 %
Proprietary Total	0	0	94,669,510	0	94,669,510	4.54 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$1,890,409,736</b>	<b>\$3,870,000</b>	<b>\$94,669,510</b>	<b>\$98,202,652</b>	<b>\$2,087,151,898</b>	
<b>Percent - Total All Sources</b>	<b>90.57 %</b>	<b>0.19 %</b>	<b>4.54 %</b>	<b>4.71 %</b>		

The department is funded from a combination of state special revenue and federal special revenue. Included in the figure above is the funding for the three proprietary programs, the State Motor Pool internal service program, the MDT Equipment internal service program, and the Yellowstone Airport enterprise program. Statutory appropriations consist of distributions of gasoline taxes to local and tribal governments (state special funds) and federal debt service payments. Currently there is a negative adjustment as Highway 93 bond debt payments are complete as of FY 2023.

MDT's state special revenue appropriations are primarily financed through three state special revenue accounts. The three major accounts make up 98.0% of the agency's HB 2 state special revenues. The revenues that fund the accounts can be grouped in two general categories, constitutionally restricted and non-restricted revenues.

Restricted revenues are derived from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways. These funds are deposited into the highway state special revenue restricted account (HSSRA-Restricted) and the bridge and road safety and accountability act/account (BaRSAA Restricted) They can only be used for:

- Paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs
- Use of these funds for other purposes can be made through a 3/5th vote of the members of each chamber of the legislature.

Non-restricted revenues are derived from special use permits and motor fuel penalties and interest payments. The funds are deposited into the highway state special revenue non-restricted account (HSSRA-Non-Restricted). MDT relies on these funds for functions that are not directly related to road and highway construction and maintenance, such as emergency services and transit grants. They can be used for any purpose for which the legislature sees fit.

MDT Major State Special Revenue Accounts Working Capital Analysis

The figure below provides the working capital balance for the two-restricted highway state special revenue accounts (HSSRA and BaRSAA) and the highway state special revenue non-restricted account (HSSRA-NR). This analysis differs from a regular fund balance analysis because it includes only those actual expenditures in the year when they occur. It

does not include amounts that are encumbered for projects started in the current year but completed in the next. In such a case, the continued project costs would be included in the following year. As such, the analysis provides a more accurate assessment of funding availability.

2025 Biennium Projected Working Capital Balances MDT Major State Special Revenue Accounts				
Item	HSSRA - Non- Rest.	HSSRA - Restricted	BaRSAA - Restricted	All Major Funds
	Total 2025 Bien.	Total 2025 Bien.	Total 2025 Bien.	Total 2025 Bien.
Beginning Balance	\$5,712,655	\$149,055,690	\$2,099,966	\$156,868,311
Revenues <sup>1</sup>				
Gasoline Tax	0	206,166,651	0	206,166,651
Diesel Tax	0	167,912,693	0	167,912,693
BaRSAA Fuel Tax		0	27,931,183	27,931,183
Gross Vehicle Weight Fees (GVW)	20,080,131	62,453,079	0	82,533,210
Federal Cost Recovery	0	100,000,000	0	100,000,000
Other Revenues	440,000	13,400,000	0	13,840,000
Total Revenue	20,520,131	549,932,424	27,931,183	598,383,738
HB 2				
Department of Transportation (MDT)				
General Operations Program	0	65,319,110	0	65,319,110
Construction Program	290,008	179,592,688	25,600,000	205,482,696
Maintenance Program	15,484,321	302,471,959	0	317,956,280
Motor Carrier Services	190,056	16,733,916	0	16,923,972
Rail, Transit, & Planning Program	2,450,242	12,014,334	0	14,464,576
Lincoln Airport Remediation	0			0
Pay Plan Adjustment		0		0
Non-Budgeted Authority	200,000	0	0	200,000
Total MDT HB 2	18,614,627	576,132,007	25,600,000	620,346,634
		0	0	
Total MDT Other Leg. (HB5, HB 10)	0	40,819,439	0	40,819,439
Total Expenditures / Appropriations	18,614,627	616,951,446	25,600,000	661,166,073
Revenue less Expenditures/Appropriation	1,905,504	(67,019,022)	2,331,183	(62,782,335)
Actual / Projected Ending Balance	\$7,618,159	\$82,036,668	\$4,431,149	\$94,085,976

<sup>1</sup>Revenues based HJ 2 projections. Other revenues and federal indirect cost recovery are projected by MDT.

To some degree, the MDT major accounts are managed in tandem. When revenues are not sufficient in one of the accounts, authority may be moved to another, while considering the constraints of the restricted nature of the two accounts. As such, a combined balance is included for informational purposes. The combined balance of the MDT major accounts is projected to be \$156.9 million at the beginning of the 2025 biennium. If the agencies fully expend appropriations as currently planned in the 2025 budgets and the anticipated revenues are realized as projected, the combined balance would be \$94.1 million at the end of the 2025 biennium.

#### Constitutionally Restricted HSSRA

As shown in the figure, HSSRA is expected to start the 2025 biennium with a positive working capital balance of \$149.1 million. The revenue estimates included in HJ 2 would provide \$549.9 million in the biennium. The budget requests include \$617.0 million of appropriations. The difference between anticipated ongoing revenues and requested appropriations



results in a negative structural balance of \$67.0 million, decreasing the projected working capital balance to \$82.0 million.

Constitutionally Restricted BaRSAA

The BaRSAA account was established in HB 473 from the 2017 Session (fuel tax legislation). When the legislature increased fuel taxes, 35% of the new revenues were directed to MDT. The new revenue was designated to a separate account and are to be expended only as a match to federal-aid highway funding. BaRSAA is expected to start the 2025 biennium with a balance of \$2.1 million. The revenue estimates included in HJ 2 would provide \$27.9 million in the biennium. Budget requests are \$25.6 million, reducing the balance to \$4.4 million by the end of the biennium.

Non-restricted HSSRA-NR

HSSRA-NR supports the operations of four programs in MDT. As shown in the figure, the account is expected to start the 2025 biennium with a balance of \$5.7 million. Total revenue in the biennium is projected to be \$20.5 million and total appropriations requested are \$18.6 million, increasing the fund balance by \$1.9 million over the biennium and providing a projected balance of \$7.6 million by the end of the 2025 biennium.

The MDT major funds figure provides a high-level view of the working capital balances of the highway state special revenue accounts, a more detailed view of account activities and budgeting is found online.

Federal Aid Highway Funding

The Infrastructure, Investment and Jobs Act (IIJA) was signed into law in the fall of 2021. IIJA provides approximately a 20% increase to funding for Montana over the previous highway spending bill and is expected to be the new level from which federal transportation funding grows. Montana currently has a 13/87 state/federal match for a majority of its federal funding.

**Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	762,313,097	762,313,097	1,524,626,194	80.49 %
SWPL Adjustments	0	0	0	0.00 %	30,716,502	40,297,257	71,013,759	3.75 %
PL Adjustments	0	0	0	0.00 %	106,953,784	146,546,061	253,499,845	13.38 %
New Proposals	0	0	0	0.00 %	20,069,969	25,069,969	45,139,938	2.38 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$920,053,352</b>	<b>\$974,226,384</b>	<b>\$1,894,279,736</b>	

**HB 2 Language -**

The following language is requested in HB 2:

"The department may adjust appropriations between state special revenue and federal special revenue funds if the total state special revenue authority by program is not increased by more than 10% of the total appropriations established by the legislature."

"All appropriations in the department are biennial."

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	35,329,759	36,780,482	1,450,723	4.11 %
Operating Expenses	35,188,505	31,796,884	(3,391,621)	(9.64)%
Grants	150,000	150,000	0	0.00 %
Transfers	3,180	0	(3,180)	(100.00)%
<b>Total Expenditures</b>	<b>\$70,671,444</b>	<b>\$68,727,366</b>	<b>(\$1,944,078)</b>	<b>(2.75)%</b>
State/Other Special Rev. Funds	68,025,748	65,319,110	(2,706,638)	(3.98)%
Federal Spec. Rev. Funds	2,645,696	3,408,256	762,560	28.82 %
<b>Total Funds</b>	<b>\$70,671,444</b>	<b>\$68,727,366</b>	<b>(\$1,944,078)</b>	<b>(2.75)%</b>
<b>Total Ongoing</b>	<b>\$70,671,444</b>	<b>\$68,377,366</b>	<b>(\$2,294,078)</b>	<b>(3.25)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>100.00 %</b>

**Program Description**

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

**Program Highlights**

<b>General Operations Major Budget Highlights</b>
<p>The general operations budget request for the 2025 biennium is \$1.9 million, or 2.8% less than the 2023 biennium. This consists of:</p> <ul style="list-style-type: none"> <li>• A decrease of \$2.7 million, or 4.0% in state special funds</li> <li>• An increase of \$762,560 federal special funds or 28.8%</li> </ul> <p>The decrease is due to approximately \$8.0 million in fixed costs reductions but is offset by several increases including:</p> <ul style="list-style-type: none"> <li>• An increase of approximately \$2.6 million for inflation costs</li> <li>• An increase of \$360,000 for the fuel tax evasion program</li> <li>• Approximately \$1.3 million in technology related present law increases</li> <li>• An increase of \$400,000 for the intern program.</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	182.80	182.80	182.80	182.80
Personal Services	16,602,775	17,558,740	17,771,019	18,335,191	18,445,291
Operating Expenses	15,792,717	17,574,094	17,614,411	15,898,487	15,898,397
Grants	75,000	75,000	75,000	75,000	75,000
Transfers	2,634	3,180	0	0	0
<b>Total Expenditures</b>	<b>\$32,473,126</b>	<b>\$35,211,014</b>	<b>\$35,460,430</b>	<b>\$34,308,678</b>	<b>\$34,418,688</b>
State/Other Special Rev. Funds	31,600,619	33,945,251	34,080,497	32,609,522	32,709,588
Federal Spec. Rev. Funds	872,507	1,265,763	1,379,933	1,699,156	1,709,100
<b>Total Funds</b>	<b>\$32,473,126</b>	<b>\$35,211,014</b>	<b>\$35,460,430</b>	<b>\$34,308,678</b>	<b>\$34,418,688</b>
<b>Total Ongoing</b>	<b>\$32,473,126</b>	<b>\$35,211,014</b>	<b>\$35,460,430</b>	<b>\$34,133,678</b>	<b>\$34,243,688</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$175,000</b>	<b>\$175,000</b>

**Program Discussion -**

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The general operations program expended a total of 92.2% of its FY 2022 appropriation of \$35.2 million. The personal services budget of \$17.6 million was 94.6% expended, and operating expenses of \$17.6 million were 89.9% expended. Funding for the general operations program included 96.4% state special funds and 3.6% federal funds.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation of \$35.5 million is 0.7% above the FY 2022 appropriation. Personal services were 1.2% greater. Operating costs in FY 2023 are 0.2% higher.

*Executive Request*

The executive request for the 2025 biennium is \$1.9 million or 2.8% lower than the 2023 biennium budget. The decrease is due to a reduction of approximately \$8.0 million in fixed costs for an insurance payment holiday. This is offset by a \$2.5 million increase for inflation/deflation and approximately \$1.3 million in technology related increases which include professional IT services, software maintenance and hosting fees, and 5G cellular network upgrades.

**Program Personal Services**

Personal services make up 53.5% of budgeted expenditures for general operations. The executive requests an increase of \$1.5 million for the biennium. This is a \$1.2 million increase over the base established in FY 2023. More than half of the increase is DP 1, the statewide present law personal services increase which totals \$851,444 for the biennium and includes negative adjustments to longevity and hours offset by legislative pay plan changes, career ladder adjustments, reclassifications, and promotion adjustments. Other increases to personal services include \$193,500 in each year for the re-alignment of authority for an intern program within the human resources and occupational safety division.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Transportation, 01-General Operations Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02301 Tribal Motor Fuels Admin.	0	0	0	0	0	0.00 %	
02303 Tribal Motor Fuels Tax Acct	0	0	0	12,262,202	12,262,202	7.58 %	
02422 Highways Special Revenue	64,969,110	350,000	0	0	65,319,110	40.39 %	
02440 Refunds/IFTA Suspense	0	0	0	0	0	0.00 %	
02439 BaRSAA Local Fuel Tax	0	0	0	35,813,286	35,813,286	22.15 %	
02437 Local Govt/LTAP	0	0	0	48,311,000	48,311,000	29.88 %	
<b>State Special Total</b>	<b>\$64,969,110</b>	<b>\$350,000</b>	<b>\$0</b>	<b>\$96,386,488</b>	<b>\$161,705,598</b>	<b>97.94 %</b>	
03407 Highway Trust - Sp Rev	3,408,256	0	0	0	3,408,256	100.00 %	
<b>Federal Special Total</b>	<b>\$3,408,256</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,408,256</b>	<b>2.06 %</b>	
06004 Electronic Government Services	0	0	0	0	0	0.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$68,377,366</b>	<b>\$350,000</b>	<b>\$0</b>	<b>\$96,386,488</b>	<b>\$165,113,854</b>		

The general operations program is primarily funded from HSSRA (02422) and federal highway trust special revenue. HSSRA receives revenue 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, on-the-job training programs, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

The general operations program is also responsible for \$81.4 million of statutory appropriations. Most of the statutory appropriations, \$69.1 million, are the distributions of fuel taxes to cities, towns, counties, and consolidated city-county governments. The remaining \$12.3 million is distributed through the tribal motor fuels accounts are a function of the revenue sharing agreements between the tribes and the state. For more information on the local government distributions, see the statutory appropriations section of the MDT summary.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	35,460,430	35,460,430	70,920,860	103.19 %
SWPL Adjustments	0	0	0	0.00 %	(2,230,921)	(2,120,911)	(4,351,832)	(6.33)%
PL Adjustments	0	0	0	0.00 %	1,009,200	1,009,200	2,018,400	2.94 %
New Proposals	0	0	0	0.00 %	69,969	69,969	139,938	0.20 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$34,308,678</b>	<b>\$34,418,688</b>	<b>\$68,727,366</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	359,736	10,936	370,672	0.00	0	466,590	14,182	480,772
DP 2 - Fixed Costs	0.00	0	(3,779,180)	0	(3,779,180)	0.00	0	(4,003,683)	0	(4,003,683)
DP 3 - Inflation Deflation	0.00	0	1,140,300	37,287	1,177,587	0.00	0	1,358,015	43,985	1,402,000
DP 105 - Fuel Tax Evasion Federal Program Expansion	0.00	0	0	160,000	160,000	0.00	0	0	160,000	160,000
DP 108 - Professional IT Services	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 109 - Software Maintenance and Hosting Fees	0.00	0	224,200	0	224,200	0.00	0	224,200	0	224,200
DP 110 - 5G Cellular Network (OTO)	0.00	0	175,000	0	175,000	0.00	0	175,000	0	175,000
DP 112 - Intern Program	0.00	0	89,000	111,000	200,000	0.00	0	89,000	111,000	200,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$1,540,944)</b>	<b>\$319,223</b>	<b>(\$1,221,721)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$1,440,878)</b>	<b>\$329,167</b>	<b>(\$1,111,711)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 105 - Fuel Tax Evasion Federal Program Expansion -

The executive requests an increase in the federal special revenue appropriation for the expected 25% increase in the Fuel Tax Evasion Program funding allocation.

DP 108 - Professional IT Services -

The increased state special revenue appropriation will support additional initiatives not currently budgeted, software licenses such as CADD, implementing the SITSD security risk assessment, moving MDT to a 100% digital environment, and a strategic evaluation and recommended roadmap for MDT's IT portfolio.

DP 109 - Software Maintenance and Hosting Fees -

The executive requests a state special revenue appropriation increase to fund the ongoing annual software maintenance and hosting fees for the internal audit software and ePART system.

DP 110 - 5G Cellular Network (OTO) -

The executive requests a one-time-only increase to the state special revenue appropriation in FY 2024 and FY 2025 to carry out program delivery functions. The increase will fund 5G cellular network upgrades. The 5G network will provide greater data transmission speeds, lower latency, and the ability to expand the number of connected devices across the state.

DP 112 - Intern Program -

This request will establish necessary authority for MDT's intern program within the Human Resources and Occupational Safety Division. The goal for the intern program is to transition successfully trained interns into full-time employment.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	69,969	0	69,969	0.00	0	69,969	0	69,969
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$69,969</b>	<b>\$0</b>	<b>\$69,969</b>	<b>0.00</b>	<b>\$0</b>	<b>\$69,969</b>	<b>\$0</b>	<b>\$69,969</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests \$69,969 in FY 2024 and \$69,969 in FY 2025 to provide funding for the agency to pay for new fixed cost allocation related to the Chief Data Office and the State Management Training Center. Rates for the fix costs are reviewed by the Section A subcommittee.

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	154,505,085	160,790,535	6,285,450	4.07 %
Operating Expenses	890,842,981	1,143,725,528	252,882,547	28.39 %
Equipment & Intangible Assets	5,330,524	5,330,524	0	0.00 %
Capital Outlay	25,913,730	25,913,730	0	0.00 %
Grants	8,261,256	8,261,256	0	0.00 %
<b>Total Expenditures</b>	<b>\$1,084,853,576</b>	<b>\$1,344,021,573</b>	<b>\$259,167,997</b>	<b>23.89 %</b>
State/Other Special Rev. Funds	172,998,463	205,482,696	32,484,233	18.78 %
Federal Spec. Rev. Funds	911,855,113	1,138,538,877	226,683,764	24.86 %
<b>Total Funds</b>	<b>\$1,084,853,576</b>	<b>\$1,344,021,573</b>	<b>\$259,167,997</b>	<b>23.89 %</b>
<b>Total Ongoing</b>	<b>\$1,064,253,576</b>	<b>\$1,344,021,573</b>	<b>\$279,767,997</b>	<b>26.29 %</b>
<b>Total OTO</b>	<b>\$20,600,000</b>	<b>\$0</b>	<b>(\$20,600,000)</b>	<b>(100.00)%</b>

**Program Description**

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

Program Highlights

**Construction Program  
Major Budget Highlights**

The construction program is the largest program at MDT, making up two-thirds to three-quarters of the agency budget. This program is funded primarily with federal special funds. The current request is 84.7% federal with the balance being state special funds, mostly HSSRA, the highway state special revenue account that is funded with fuel tax revenue.

The executive request for the 2025 biennium budget is \$259.2 million or 23.9% greater than the 2023 biennium HB 2 budget. This includes the following:

- An increase of roughly \$180.0 million in contractor payments per the tentative construction plan (TCP) which is based on large increases in expected federal funding from the new IJJA (infrastructure investment and jobs act)
- The statewide present law increase for inflation/deflation,
- DP 3 totals \$53.3 million over the biennium. In addition to DP 3 the executive is also requesting approximately \$918,000 in each year for equipment rental inflation.
- An increase of \$20.0 million in FY 2024 and \$25.0 million in FY 2025 to establish the consultant design OTO appropriation from the previous biennium as permanent.
- Additional state special revenue authority in the amount of \$250,000 in FY 2024 and \$300,000 in FY 2025 for facility rental for construction staff.

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	860.72	860.72	860.72	860.72
Personal Services	70,664,622	76,754,642	77,750,443	80,178,006	80,612,529
Operating Expenses	383,776,739	449,244,973	441,598,008	544,014,473	599,711,055
Equipment & Intangible Assets	1,518,490	2,665,262	2,665,262	2,665,262	2,665,262
Capital Outlay	4,112,129	12,956,865	12,956,865	12,956,865	12,956,865
Grants	295,513	4,130,628	4,130,628	4,130,628	4,130,628
<b>Total Expenditures</b>	<b>\$460,367,493</b>	<b>\$545,752,370</b>	<b>\$539,101,206</b>	<b>\$643,945,234</b>	<b>\$700,076,339</b>
State/Other Special Rev. Funds	81,908,827	89,914,981	83,083,482	99,046,912	106,435,784
Federal Spec. Rev. Funds	378,458,666	455,837,389	456,017,724	544,898,322	593,640,555
<b>Total Funds</b>	<b>\$460,367,493</b>	<b>\$545,752,370</b>	<b>\$539,101,206</b>	<b>\$643,945,234</b>	<b>\$700,076,339</b>
<b>Total Ongoing</b>	<b>\$450,067,493</b>	<b>\$535,452,370</b>	<b>\$528,801,206</b>	<b>\$643,945,234</b>	<b>\$700,076,339</b>
<b>Total OTO</b>	<b>\$10,300,000</b>	<b>\$10,300,000</b>	<b>\$10,300,000</b>	<b>\$0</b>	<b>\$0</b>

Program Discussion -

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*



In FY 2022 the construction program expended 84.4% of its \$545.8 million in appropriation authority. The personal services budget expenditures were 92.1% expended at \$70.7 million, and operating expenses were 85.4% expended at \$383.8 million. FY 2022 expenditures consisted of 82.2% federal special funds with the remaining 17.8% consisting of state special funds. Unique to MDT is the ability to adjust appropriations between state special and federal special funding in order to leverage available federal funds and save state special revenue. This is often used to take advantage of redistributed funds from states with unobligated federal funding authority.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation of \$539.1 million is 1.2% below the FY 2022 appropriation of \$545.8 million. FY 2023 was lower in operating costs than FY 2022 due to the second budget submission from the completed TCP was \$7.6 million lower in FY 2023 than the previous year.

*Executive Request*

The executive requests an increase of \$259.2 million or 23.9% over the 2023 biennium budget. The increase is in large part due to IIJA, which increased the federal highway funding package for Montana over 25%. State special revenue is needed in order to provide state match and pay contractors prior to federal reimbursement. The executive requests \$53.3 million to fund the statewide present law increase for inflation. Additionally a new proposal requests roughly \$918,000 in each year of the biennium for construction equipment rental inflation. Increases to personal services of \$2.4 million in FY 2024 and \$2.9 in FY 2025 are entirely due to DP 1, the statewide present law adjustment for personal services, which will be discussed in the next section.

**Program Personal Services**

The executive request for personal services increases in the construction program is limited to DP 1, the statewide present law adjustment for personal services. DP 1 totals \$2.4 million in FY 2024 and \$2.9 million in FY 2025. The adjustment is comprised of roughly two-thirds state special funds and one-third federal funds. Increases are due to the legislatively approved pay plan, benefit changes, career ladder increases, and market changes, but are offset by negative changes to longevity and other impacts of turnover and retirements.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Transportation, 02-Highways & Engineering Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02349 Highway Non-Restricted Account	290,008	0	0	0	290,008	0.14 %	
02422 Highways Special Revenue	179,592,688	0	0	0	179,592,688	87.27 %	
02447 BaRSAA MDT Fuel Tax	25,600,000	0	0	0	25,600,000	12.44 %	
02437 Local Govt/LTAP	0	0	0	300,000	300,000	0.15 %	
<b>State Special Total</b>	<b>\$205,482,696</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$205,782,696</b>	<b>15.31 %</b>	
03407 Highway Trust - Sp Rev	1,108,445,274	0	0	0	1,108,445,274	97.36 %	
03489 FHWA - CARES Act II	30,093,603	0	0	0	30,093,603	2.64 %	
<b>Federal Special Total</b>	<b>\$1,138,538,877</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,138,538,877</b>	<b>84.69 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$1,344,021,573</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$1,344,321,573</b>		

Costs eligible for reimbursement under the federal-aid construction program are funded with the restricted highway state special revenue accounts (HSSRA and BaRSAA) and federal special revenue funds distributed by the U.S. Department

of Transportation and apportioned to Montana. Construction design, construction, and construction management costs, as well as indirect administrative costs for construction activities, are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 86.6% federal with a 13.4% state match for most direct construction related costs. The primary sources of revenues in the restricted state special revenue accounts are highway-user fees derived from motor fuel taxes and gross vehicle weight fees. Statutory appropriations include \$300,000 to be distributed for the purposes and functions of the Montana Local Technical Assistance Transportation Program at Montana State University. Although the reduction is not visible in the table, the division had an additional \$7.8 million in statutory authority in the 2023 biennium for federally funded debt service costs associated with previous work on Hwy 93. The federal debt service obligation will reach maturity in FY 2023 and is no longer needed and therefore is included as a reduction in statutory appropriation authority.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	528,801,206	528,801,206	1,057,602,412	78.69 %
SWPL Adjustments	0	0	0	0.00 %	25,343,763	33,283,537	58,627,300	4.36 %
PL Adjustments	0	0	0	0.00 %	69,800,265	112,991,596	182,791,861	13.60 %
New Proposals	0	0	0	0.00 %	20,000,000	25,000,000	45,000,000	3.35 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$643,945,234</b>	<b>\$700,076,339</b>	<b>\$1,344,021,573</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	1,577,916	849,647	2,427,563	0.00	0	1,860,356	1,001,730	2,862,086
DP 3 - Inflation Deflation	0.00	0	2,979,106	19,937,094	22,916,200	0.00	0	3,954,789	26,466,662	30,421,451
DP 4 - Equipment Rental Inflation	0.00	0	486,774	431,667	918,441	0.00	0	486,606	431,518	918,124
DP 205 - Contractor Payments	0.00	0	9,099,634	59,532,190	68,631,824	0.00	0	14,530,551	97,242,921	111,773,472
DP 209 - Construction Employee Facility Rental	0.00	0	250,000	0	250,000	0.00	0	300,000	0	300,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$14,393,430</b>	<b>\$80,750,598</b>	<b>\$95,144,028</b>	<b>0.00</b>	<b>\$0</b>	<b>\$21,132,302</b>	<b>\$125,142,831</b>	<b>\$146,275,133</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental Inflation -

The executive requests an increase to state and federal special revenue appropriations due to an increase in equipment rental usage and associated rate changes. This request will be used across several programs within the department.

DP 205 - Contractor Payments -

The executive requests an increase in state and federal special revenue appropriation in FY 2024 and FY 2025 based on the analysis of the department's tentative construction plan that includes the anticipated increase in the FHWA formula-based funding programs.

DP 209 - Construction Employee Facility Rental -

The executive requests an increase in state special revenue appropriation that will allow the department to provide office space in improved facilities.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 208 - Consultant Design	0.00	0	2,600,000	17,400,000	20,000,000	0.00	0	3,250,000	21,750,000	25,000,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,600,000</b>	<b>\$17,400,000</b>	<b>\$20,000,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$3,250,000</b>	<b>\$21,750,000</b>	<b>\$25,000,000</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 208 - Consultant Design -

This request will restore state and federal special revenue appropriation from a one-time-only decision package from the 2023 biennium. The request will establish the base for on-going consultant expenditures.

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	119,644,726	126,041,529	6,396,803	5.35 %
Operating Expenses	167,783,328	219,073,540	51,290,212	30.57 %
Equipment & Intangible Assets	740,416	740,416	0	0.00 %
Capital Outlay	0	630,000	630,000	0.00 %
<b>Total Expenditures</b>	<b>\$288,168,470</b>	<b>\$346,485,485</b>	<b>\$58,317,015</b>	<b>20.24 %</b>
State/Other Special Rev. Funds	270,254,570	318,251,978	47,997,408	17.76 %
Federal Spec. Rev. Funds	17,913,900	28,233,507	10,319,607	57.61 %
<b>Total Funds</b>	<b>\$288,168,470</b>	<b>\$346,485,485</b>	<b>\$58,317,015</b>	<b>20.24 %</b>
<b>Total Ongoing</b>	<b>\$288,168,470</b>	<b>\$342,965,485</b>	<b>\$54,797,015</b>	<b>19.02 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$3,520,000</b>	<b>\$3,520,000</b>	<b>100.00 %</b>

**Program Description**

The Maintenance Program is responsible for the repair, maintenance, and preservation of over 25,000 lane miles of roadways. Activities include but are not limited to: winter maintenance, reactive and preventive pavement preservation, pavement marking, signing, roadway striping, noxious weed control, traveler information, disaster and emergency services coordination, the long-range building program and state funded construction program, communications program, quality control, and any other necessary roadway and roadside repairs and maintenance. The Maintenance Program is authorized by Section 2-15-2501(1), MCA; Title 60, MCA, and 23 USC 116.

**Program Highlights**

<b>Maintenance Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The executive request for the maintenance program is \$58.3 million or 20.2% greater than the 2023 biennium budget</li> <li>• The request includes a \$51.5 million increase in operating expenses. This includes but is not limited to:                             <ul style="list-style-type: none"> <li>◦ An increase of \$7.5 million in each fiscal year to meet the required maintenance of effort (MOE) for the increased federal infrastructure package IIJA. This MOE increase will go to the 100% state-funded construction program.</li> <li>◦ Several increases to contracts</li> <li>◦ A one-time-only request to expend the remaining authority for CARES Act II funded maintenance projects</li> <li>◦ \$2.9 million in each year for commodity inflation</li> <li>◦ \$5.9 million in each year for equipment rental inflation</li> </ul> </li> </ul> <p style="text-align: center;">Personal services increase in the amount of \$2.6 million in FY 2024 and \$2.9 million in FY 2025 as a result of DP 1</p>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	741.55	741.55	741.55	741.55
Personal Services	55,493,702	59,394,204	60,250,522	62,855,144	63,186,385
Operating Expenses	75,298,825	83,838,598	83,944,730	110,792,974	108,280,566
Equipment & Intangible Assets	252,232	370,208	370,208	370,208	370,208
Capital Outlay	0	0	0	630,000	0
<b>Total Expenditures</b>	<b>\$131,044,759</b>	<b>\$143,603,010</b>	<b>\$144,565,460</b>	<b>\$174,648,326</b>	<b>\$171,837,159</b>
State/Other Special Rev. Funds	125,130,685	134,632,258	135,622,312	158,536,031	159,715,947
Federal Spec. Rev. Funds	5,914,074	8,970,752	8,943,148	16,112,295	12,121,212
<b>Total Funds</b>	<b>\$131,044,759</b>	<b>\$143,603,010</b>	<b>\$144,565,460</b>	<b>\$174,648,326</b>	<b>\$171,837,159</b>
<b>Total Ongoing</b>	<b>\$131,044,759</b>	<b>\$143,603,010</b>	<b>\$144,565,460</b>	<b>\$171,128,326</b>	<b>\$171,837,159</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,520,000</b>	<b>\$0</b>

**Program Discussion -**

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The maintenance program expended a total of 91.3% or \$131.0 million of its \$143.6 million in appropriation authority in FY 2022. The personal services budget expenditures were 93.4% expended at \$55.5 million, and operating expenses were 89.8% expended at \$75.3 million. The equipment and intangible assets budget was 68.1% expended.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation of \$144.6 million is 0.7% or \$962,450 greater than the FY 2022 appropriation of \$143.6 million. The growth between the budgets is mainly in personal services which increased by 1.4% while operating costs increased by 0.1%.

*Executive Request*

The executive request for the maintenance program is \$58.5 million or 20.3% greater than the 2023 biennium budget. In total the proposal is \$57.5 million above the FY 2023 base budget. This includes a 5.4% increase to personal services and a 30.7% increase in operating costs. The increase to personal services is due to DP 1. Operating costs are increasing for several reasons, but chiefly inflation and an increase to the federal MOE required for receiving federal highway funds. The executive is requesting adjustments for inflation for equipment rental, and commodities above and beyond the statewide present law inflation/deflation adjustment.

**Program Personal Services**

The executive requests an increase in personal services of 4.3% in FY 2024 and 4.9% in FY 2025. Primary drivers to the increase include market changes, the pay plan increase, and career ladder and promotion adjustments. As in many programs there is a negative adjustment to longevity due to retirements and turnover.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Transportation, 03-Maintenance Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02349 Highway Non-Restricted Account	15,780,019	0	0	0	15,780,019	4.96 %	
02422 Highways Special Revenue	302,471,959	0	0	0	302,471,959	95.00 %	
02121 Shared-Use Path	0	0	0	121,111	121,111	0.04 %	
02044 Antilittering Signs	0	0	0	4,578	4,578	0.00 %	
<b>State Special Total</b>	<b>\$318,251,978</b>	<b>\$0</b>	<b>\$0</b>	<b>\$125,689</b>	<b>\$318,377,667</b>	<b>91.85 %</b>	
03407 Highway Trust - Sp Rev	24,713,507	0	0	0	24,713,507	87.53 %	
03489 FHWA - CARES Act II	0	3,520,000	0	0	3,520,000	12.47 %	
<b>Federal Special Total</b>	<b>\$24,713,507</b>	<b>\$3,520,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,233,507</b>	<b>8.15 %</b>	
06506 Motor Pool - Int Svc	0	0	0	0	0	0.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$342,965,485</b>	<b>\$3,520,000</b>	<b>\$0</b>	<b>\$125,689</b>	<b>\$346,611,174</b>		

The state special revenue funding for the maintenance program is derived from highway state special revenue accounts. The funding proposal includes state special support from HSSRA (02422). Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway system.

The maintenance program also has a statutory appropriation that allows expenditures for shared-use paths. The funding for this appropriation is derived from an opt-in vehicle license fee for the maintenance and construction of shared use paths.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	144,565,460	144,565,460	289,130,920	83.45 %
SWPL Adjustments	0	0	0	0.00 %	6,816,783	8,080,045	14,896,828	4.30 %
PL Adjustments	0	0	0	0.00 %	23,266,083	19,191,654	42,457,737	12.25 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$174,648,326</b>	<b>\$171,837,159</b>	<b>\$346,485,485</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	2,578,576	26,046	2,604,622	0.00	0	2,906,504	29,359	2,935,863
DP 3 - Inflation Deflation	0.00	0	3,875,261	336,900	4,212,161	0.00	0	4,732,759	411,423	5,144,182
DP 4 - Equipment Rental Inflation	0.00	0	5,942,454	0	5,942,454	0.00	0	5,940,398	0	5,940,398
DP 305 - Maintenance of Effort (MOE)	0.00	0	7,570,000	0	7,570,000	0.00	0	7,570,000	0	7,570,000
DP 309 - Variable Message Signs (VMS)	0.00	0	81,081	548,919	630,000	0.00	0	0	0	0
DP 311 - Commodity Inflation	0.00	0	2,270,054	670,766	2,940,820	0.00	0	2,270,054	670,766	2,940,820
DP 312 - Epoxy Project Expansion	0.00	0	320,312	2,066,516	2,386,828	0.00	0	320,312	2,066,516	2,386,828
DP 313 - Rest Area Contract	0.00	0	23,635	0	23,635	0.00	0	75,754	0	75,754
DP 314 - City of Missoula Contract	0.00	0	52,346	0	52,346	0.00	0	77,854	0	77,854
DP 315 - Noxious Weed Contracts Inflation	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 317 - CARES Act II Maintenance Projects OTO	0.00	0	0	3,520,000	3,520,000	0.00	0	0	0	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$22,913,719</b>	<b>\$7,169,147</b>	<b>\$30,082,866</b>	<b>0.00</b>	<b>\$0</b>	<b>\$24,093,635</b>	<b>\$3,178,064</b>	<b>\$27,271,699</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental Inflation -

The executive requests an increase to state special revenue appropriations due to an increase in equipment rental usage and associated rate changes. This request will be used across several programs within the department.

DP 305 - Maintenance of Effort (MOE) -

The executive requests an increase in state special revenue appropriation to fund the higher required MOE target, which is the result of the increased FHWA formula based federal-aid program. With the increased appropriation, the department will be able to deliver the State Funded Construction Program and pavement preservation projects at the levels necessary to meet the target MOE and receive a higher federal share for FHWA projects and programs.

DP 309 - Variable Message Signs (VMS) -

The executive requests an appropriation in the first year of the biennium to fund two permanent Variable Message Signs, one in Miles City and one in Belle Fourche, SD. The signs will provide the travelling public with advanced communications related to roadways US 212, MT 59, and I-94 that are adversely impacted by hazardous conditions.

DP 311 - Commodity Inflation -

The executive requests an increase to fund current materials contracts. Highway materials essential to maintain Montana roadways and serve the traveling public are increasing and consequently this impacts the current contracts used to acquire the materials.

DP 312 - Epoxy Project Expansion -

The executive requests an increase for contractor expenditures incurred to complete epoxy projects across the state. Montana Department of Transportation (MDT) contracts roughly 3,300 miles of durable epoxy striping each year. The increased funds will allow the department to cover more miles of highway.

DP 313 - Rest Area Contract -

The executive requests additional appropriation authority for rest area needs and upgrades. Upgrades and new facilities include reconstruction of the Miles City rest area, year-round availability of the Hardin rest area beginning in FY 2025, and a new rest area near Bozeman to replace the current 19th Street Bozeman rest area.

DP 314 - City of Missoula Contract -

The executive requests additional funding for the increased cost of the route maintenance agreement with the City of Missoula for the maintenance of department routes within the city.

DP 315 - Noxious Weed Contracts Inflation -

The executive requests an increase in state special revenue appropriation to meet contract and supply increases for controlling noxious weeds along right-of-ways.

DP 317 - CARES Act II Maintenance Projects OTO -

The executive requests an increase to the federal special revenue appropriation in FY2024 based on the remaining CARES Act II projects authorized through HB 630 from the Sixty-seventh Legislature.



**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,158,014	1,141,336	(16,678)	(1.44)%
Operating Expenses	4,390,505	4,642,391	251,886	5.74 %
Equipment & Intangible Assets	7,603,506	7,603,506	0	0.00 %
Debt Service	38,898	238,898	200,000	514.17 %
<b>Total Expenditures</b>	<b>\$13,190,923</b>	<b>\$13,626,131</b>	<b>\$435,208</b>	<b>3.30 %</b>
Proprietary Funds	13,190,923	13,626,131	435,208	3.30 %
<b>Total Funds</b>	<b>\$13,190,923</b>	<b>\$13,626,131</b>	<b>\$435,208</b>	<b>3.30 %</b>

**Program Description**

**Motor Pool Program - 06506**

*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 to agencies statewide.

Section 2-17-411, MCA, establishes that the Department of Transportation’s Motor Pool is responsible for the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the Motor Pool (this does not apply to motor vehicles used in the service of the Governor, Attorney General, or the highway patrol).

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). Other options for 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. The rate for the use of personal vehicles for state business travel are set by the Internal Revenue Service for the current year if the State employee qualifies according to the conditions as discussed in the Employee Travel policy of the MOM manual.

**Program Highlights**

<b>State Motor Pool Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• This program is operated with internal service funds</li> <li>• The rates requested in Section R of HB 2 for inflationary adjustments of 9.45% in FY 2024 and 14.5% in FY 2025. These rates will be applied to the agencies’ motor pool base budget</li> <li>• Rate increases are driven primarily by fuel prices</li> <li>• The motor pool has a tiered rate structure based on expenses and mechanisms in place to mitigate risk should unexpected changes in cost occur</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	7.00	7.00	7.00	7.00
Personal Services	508,688	575,787	582,227	569,503	571,833
Operating Expenses	2,903,470	2,197,214	2,193,291	2,312,846	2,329,545
Equipment & Intangible Assets	73,485	3,801,753	3,801,753	3,801,753	3,801,753
Debt Service	116,722	19,449	19,449	119,449	119,449
<b>Total Expenditures</b>	<b>\$3,602,365</b>	<b>\$6,594,203</b>	<b>\$6,596,720</b>	<b>\$6,803,551</b>	<b>\$6,822,580</b>
Proprietary Funds	3,602,365	6,594,203	6,596,720	6,803,551	6,822,580
<b>Total Funds</b>	<b>\$3,602,365</b>	<b>\$6,594,203</b>	<b>\$6,596,720</b>	<b>\$6,803,551</b>	<b>\$6,822,580</b>

**Program Discussion -**

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The state motor pool expended 54.6% of its FY 2022 appropriation. Of the \$3.8 million appropriation for equipment the agency only spent \$73,485. This was due to the inability to purchase vehicles for the fleet. Despite operating below budget, the operating expense expenditures were 32.1% above the appropriation, primarily due to fuel costs in FY 2022 being above the highest rate tier.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation is not materially different from the FY 2022 appropriation.

*Executive Request*

The executive requests a 3.1% increase in FY 2024 and a 3.4% increase in FY 2025. This is approximately a \$200,000 increase in each year of the biennium. The primary reason for the increase is the adjustment to debt service due to a request for additional interest for INTERCAP loans. An adjustment to inflation is partially offset by negative adjustments to personal services and fixed costs.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Transportation, 07-State Motor Pool Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
06506 Motor Pool - Int Svc	0	0	13,626,131	0	13,626,131	100.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,626,131</b>	<b>\$0</b>	<b>\$13,626,131</b>	<b>100.00 %</b>	
<b>Total All Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,626,131</b>	<b>\$0</b>	<b>\$13,626,131</b>		

Funding for the state motor pool is generated through rental and lease fees charged to the state agencies, which are deposited in a proprietary fund.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
08508	Motor Pool Internal Service	54010	Transportation	State Motor Pool		
					Actual	Actual
					FY 20	FY 21
					Actual	Estimated
					FY 22	FY 23
					Proposed	Proposed
					FY 24	FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
	Fee Revenue A - Services				4,657,719	4,161,468
	Other Operating Revenues					
	Fines & Forfeits					156,729
	<b>Total Operating Revenues</b>				<b>4,657,719</b>	<b>4,318,195</b>
<b>Expenses</b>						
	Personal Services				424,259	454,222
	Other Operating Expense				4,010,411	3,632,008
	Equipment					
	<b>Total Operating Expense</b>				<b>4,434,670</b>	<b>4,086,227</b>
	<b>Operating Income (Loss)</b>				<b>223,050</b>	<b>231,968</b>
	<b>Nonoperating Revenues</b>					
	Sale of Documents				41,498	133,253
	Grants/Transfers/Misc				97,886	32,209
	<b>Nonoperating Expenses</b>					
	Debt Service				(134,369)	(151,114)
	Other Expense B					
	<b>Total Nonoperating Revenues (Expenses)</b>				<b>5,015</b>	<b>14,348</b>
	<b>Income (Loss) Before Contributions and Transfers</b>				<b>228,065</b>	<b>246,315</b>
	<b>Capital Contributions</b>					
	Transfers In					
	Transfers Out					
	Loans and Lease Payments					
	<b>Change in Net Position</b>				<b>228,065</b>	<b>246,315</b>
	<b>Beginning Net Position - July 1</b>				<b>5,870,245</b>	<b>6,098,310</b>
	Prior Period Adjustments					
	<b>Change in Net Position</b>				<b>228,065</b>	<b>246,315</b>
	<b>Ending Net Position - June 30</b>				<b>6,098,310</b>	<b>6,344,625</b>
<b>Net Position (Fund Balance) Analysis</b>						
	Restricted Net Position (Enterprise Funds Only)					
	Unrestricted Net Position					

**Revenues**

Program revenues are generated through vehicle rental fees charged to the state agencies. Vehicle rental fees come from two service classes: 1) short-term rentals; and 2) long-term leases. On occasion, the program receives revenues resulting from the sale of surplus property and accident damages reimbursed by private individuals or insurance companies.

**Proprietary Proposed Budget**

The 2025 Biennium Report on Internal Service and Enterprise Funds for Motor Pool shows the financial information for the fund from FY 2020 through FY 2025. The report is provided as submitted by the executive. Statute requires that agencies

providing enterprise/internal service functions provide information related to the use of revenues obtained through rates and charges and the estimated fund balance of the proprietary fund.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	6,596,720	6,596,720	13,193,440	96.82 %
SWPL Adjustments	0	0	0	0.00 %	106,831	125,860	232,691	1.71 %
PL Adjustments	0	0	0	0.00 %	100,000	100,000	200,000	1.47 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$6,803,551</b>	<b>\$6,822,580</b>	<b>\$13,626,131</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(12,724)	0.00	0	0	0	(10,394)
DP 2 - Fixed Costs	0.00	0	0	0	(143,730)	0.00	0	0	0	(143,723)
DP 3 - Inflation Deflation	0.00	0	0	0	263,285	0.00	0	0	0	279,977
DP 708 - Interest on INTERCAP Loans	0.00	0	0	0	100,000	0.00	0	0	0	100,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$206,831</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$225,860</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 708 - Interest on INTERCAP Loans -

The executive requests an increase in State Motor Pool proprietary fund appropriation in FY 2024 and FY 2025. The program applies for an INTERCAP loan each year from the Board of Investments to purchase replacement vehicles for the fleet. This budget was set in FY 2014, and the department is requesting the budget be increased to be more consistent with recent expenditures.

**Other Issues -**

*Proprietary Rates*

As shown in the figure, the state motor pool rental rates are based on a dual rate 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 repairs, parts, fuel, lubricants, and tires. The assigned rate is charged for hours the vehicle was used and allows the program to cover fixed costs associated with state ownership, such as insurance, interest payments on BOI loans, depreciation, and utilities. The dual rate structure provides: 1) more stable revenue to make loan payments and other cost obligations; and 2) equity among all vehicle classes so that one vehicle class does not subsidize another vehicle class. The rates approved by the legislature are the maximum the program may charge during the biennium, not the rates the program must charge. When approved by the Legislature, the rates are included in HB 2, Section R.

<b>Proposed Motor Pool Rates</b>									
<b>Class</b>	<b>FY 2024</b>				<b>Class</b>	<b>FY2025</b>			
	<b>Assigned Rate</b>	<b>Usage Rate</b>				<b>Assigned Rate</b>	<b>Usage Rate</b>		
		<b>4.94/gal</b>	<b>5.44/gal</b>	<b>5.94/gal</b>			<b>4.94/gal</b>	<b>5.44/gal</b>	<b>5.94/gal</b>
02	1.064	0.242	0.263	0.283	02	1.171	0.243	0.264	0.285
04	1.313	0.350	0.381	0.412	04	1.497	0.352	0.383	0.414
05	0.933	0.229	0.248	0.267	05	1.013	0.231	0.250	0.268
06	0.999	0.236	0.256	0.277	06	1.089	0.237	0.258	0.278
07	0.415	0.385	0.417	0.449	07	0.428	0.388	0.420	0.452
11	1.407	0.358	0.390	0.421	11	1.505	0.359	0.391	0.423
12	1.162	0.294	0.321	0.347	12	1.192	0.296	0.322	0.349

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	19,602,814	20,668,058	1,065,244	5.43 %
Operating Expenses	31,904,407	35,137,399	3,232,992	10.13 %
Equipment & Intangible Assets	18,230,256	24,230,256	6,000,000	32.91 %
<b>Total Expenditures</b>	<b>\$69,737,477</b>	<b>\$80,035,713</b>	<b>\$10,298,236</b>	<b>14.77 %</b>
Proprietary Funds	69,737,477	80,035,713	10,298,236	14.77 %
<b>Total Funds</b>	<b>\$69,737,477</b>	<b>\$80,035,713</b>	<b>\$10,298,236</b>	<b>14.77 %</b>

**Program Description**

**Equipment Program – 06508**

The Equipment Program is responsible for the acquisition, disposal, repair, and maintenance of a fleet of approximately 4,700 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 various programs within the Montana Department of Transportation (MDT), such as Construction, Motor Carrier Services, Maintenance, and Planning use the fleet. All units are assigned to the various user programs and are charged rental on a bi-weekly basis. Alternate sources for vehicles and equipment include renting heavy equipment from a rental company and renting or leasing light duty vehicles from a private rental agency contract.

The Equipment Program is funded under the rules and guidelines of HB 576. No specific statutory authority is established for the program as the program is strictly internal to the Department of Transportation and is not used by any outside entity.

**Program Highlights**

<b>Equipment Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The executive request for the equipment program includes an increase of 14.8% over the biennium.</li> <li>• The majority of the increase is for the purchase and maintenance of equipment</li> <li>• Equipment rates will likely increase and equipment rental inflation is a change package in many of the other programs</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	123.00	123.00	123.00	123.00
Personal Services	9,164,329	9,727,836	9,874,978	10,303,162	10,364,896
Operating Expenses	18,913,595	17,954,960	13,949,447	17,490,271	17,647,128
Equipment & Intangible Assets	8,142,874	9,115,128	9,115,128	12,115,128	12,115,128
<b>Total Expenditures</b>	<b>\$36,220,798</b>	<b>\$36,797,924</b>	<b>\$32,939,553</b>	<b>\$39,908,561</b>	<b>\$40,127,152</b>
Proprietary Funds	36,220,798	36,797,924	32,939,553	39,908,561	40,127,152
<b>Total Funds</b>	<b>\$36,220,798</b>	<b>\$36,797,924</b>	<b>\$32,939,553</b>	<b>\$39,908,561</b>	<b>\$40,127,152</b>

**Program Discussion -**

The equipment program rents and leases equipment only to the MDT. The costs of the program would increase in the 2025 biennium by \$10.3 million from the 2023 biennium, mostly to maintain and replace equipment. This can be seen in a \$6.0 million increase for equipment and a \$3.2 million increase in the appropriation for operating costs. Personal services also increase by 5.4%.

*Expenses*

Program costs from the state accounting system for FY 2022 include:

- Personal services for 123.00 FTE of \$9.2 million or 25.4% of total expenditures
- Operating costs of \$18.9 million or 52.2% of total expenditures,
- Equipment and intangible assets of \$8.1 million for repairs and purchases

Changes between the 2023 biennium budget and the 2025 biennium budget include:

- Personal services – projected to increase by 5.4%
- Operating costs – projected to increase by 10.1%
- Equipment purchases – projected to increase by 32.9%

*Revenues*

Revenue is generated through the vehicle/equipment rental fees, from the gain on sale of surplus assets, and from reimbursements from accidents caused by an outside party. Revenues for the fleet are functionally tied to the severity of the winter, construction program workload and travel requirements of the various department users. The rental rates will be set to recover revenue to meet the program’s obligations.

*Proprietary Proposed Budget*

The 2023 Biennium Report on Internal Service and Enterprise Funds for 06508 at the end of this section shows the financial information for the fund from FY 2020 through FY 2025. The report is provided as submitted by the executive. Statute requires that agencies providing enterprise/internal service functions provide information related to the use of revenues obtained through rates and charges and the estimated fund balance of the proprietary fund.

**Funding**

The following table shows proposed agency funding for all sources of authority.



Department of Transportation, 08-Equipment Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02422 Highways Special Revenue	0	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
06508 Highway Equipment - Int Svc.	0	0	80,035,713	0	80,035,713	100.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,035,713</b>	<b>\$0</b>	<b>\$80,035,713</b>	<b>100.00 %</b>	
<b>Total All Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,035,713</b>	<b>\$0</b>	<b>\$80,035,713</b>		

Funding for the equipment program is generated through user fees charged to programs and divisions in MDT, which are deposited in a proprietary fund. The source for the majority of funding for this program are state special funds, this is because the maintenance program is the primary customer of the equipment program.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	32,939,553	32,939,553	65,879,106	82.31 %
SWPL Adjustments	0	0	0	0.00 %	1,969,008	2,187,599	4,156,607	5.19 %
PL Adjustments	0	0	0	0.00 %	5,000,000	5,000,000	10,000,000	12.49 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$39,908,561</b>	<b>\$40,127,152</b>	<b>\$80,035,713</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2024-----				-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	428,184	0.00	0	0	0	428,184
DP 2 - Fixed Costs	0.00	0	0	0	(294,860)	0.00	0	0	0	(294,860)
DP 3 - Inflation Deflation	0.00	0	0	0	1,835,684	0.00	0	0	0	1,835,684
DP 809 - Equipment Fleet Maintenance	0.00	0	0	0	2,000,000	0.00	0	0	0	2,000,000
DP 810 - Replacement Equipment	0.00	0	0	0	3,000,000	0.00	0	0	0	3,000,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,969,008</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,187,599</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 1 - Personal Services -**

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

**DP 2 - Fixed Costs -**

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

**DP 3 - Inflation Deflation -**

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

**DP 809 - Equipment Fleet Maintenance -**

This request is for an increase in the department's equipment proprietary fund appropriation in FY 2024 and FY 2025. The department's fleet is aging and in need of replacement parts that are often more expensive due to their uniqueness and supply chain issues. This request will allow the program to make the necessary purchases to maintain the fleet. Rental rates will be calculated to cover the increased budget amount.

**DP 810 - Replacement Equipment -**

This request is for an increase in the department's equipment proprietary fund appropriation in FY 2024 and FY 2025. The department has an aging fleet, and some pieces of equipment are beyond the useful life and need to be replaced. This request will allow for the purchase of new and replacement equipment. Rental rates will be calculated to cover the increased budget amount.

**Other Issues -*****Proprietary rates***

The equipment program rental rates are based on a dual rate structure. The users pay a usage rate and an assigned rate.

The usage rate is a mileage rate that is applied according to the actual miles/hours of use for vehicle or piece of equipment. The usage rate is designed to recover "direct costs" that include labor, parts, fuel, lubricants, and tires. The assigned rate is a per hour rate designed to recover "fixed costs" such as insurance, depreciation, and administrative overhead costs. Rental rates are adjusted yearly. Rates are based on the actual operational costs for each vehicle sub-class during the base rental period. Costs are adjusted to reflect changes in operating expenses from the base. The effects are internal to the MDT and the program is held accountable to ensure the rates recover only needed operational monies.

The equipment program rates are calculated to be commensurate with costs each year using data from the equipment vehicle management system (EVMS) to identify indirect and direct costs for each class. The EVMS data is reconciled to the statewide accounting, budgeting, and human resource system (SABHRS) financial data and inflation factors are applied

using Inflation.com information. The rates are also adjusted for any gains or losses from previous years. The equipment program financial team reviews the rates monthly to determine if they are commensurate with costs.

The equipment program calculates new rates at the end of the fiscal year. As a result, rates that will apply to the 2025 biennium have not been calculated at this time. A table showing the rates charged in FY 2023 is available upon request.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
D6508	Highway Equipment	54010	Transportation	Equipment Program		
	Actual	Actual	Actual	Estimated	Proposed	Proposed
	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
Services	31,061,634	20,041,526	31,400,221	32,030,553	40,186,122	40,373,076
Other Operating Revenues						
Fines & Forfeits	100,000	80,000	665,875	-	-	-
<b>Total Operating Revenues</b>	<b>32,064,634</b>	<b>29,124,526</b>	<b>32,075,096</b>	<b>32,936,553</b>	<b>40,186,122</b>	<b>40,373,076</b>
<b>Expenses</b>						
Personal Services	9,201,619	9,228,495	8,804,818	9,874,978	10,303,162	10,364,896
Other Operating Expense	21,036,922	20,590,618	25,328,277	13,946,447	17,767,832	17,893,052
Equipment				9,115,128	12,115,128	12,115,128
<b>Total Operating Expense</b>	<b>30,238,541</b>	<b>29,819,313</b>	<b>34,133,095</b>	<b>32,936,553</b>	<b>40,186,122</b>	<b>40,373,076</b>
<b>Operating Income (Loss)</b>	<b>1,826,093</b>	<b>(694,787)</b>	<b>(2,057,999)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Nonoperating Revenues</b>						
Sale of Documents	141,268	187,911	466,186	-	-	-
Grants/Transfers/Misc	12,378	12,623	2,008,805	-	-	-
<b>Nonoperating Expenses</b>						
Other Expense B						
<b>Total Nonoperating Revenues (Expenses)</b>	<b>153,646</b>	<b>200,534</b>	<b>2,474,991</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>1,979,739</b>	<b>(494,253)</b>	<b>416,992</b>	<b>-</b>	<b>-</b>	<b>-</b>
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments						
<b>Change in Net Position</b>	<b>1,979,739</b>	<b>(494,253)</b>	<b>416,992</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Net Position - July 1</b>	<b>77,264,591</b>	<b>79,244,330</b>	<b>78,750,077</b>	<b>79,167,069</b>	<b>79,167,069</b>	<b>79,167,069</b>
Prior Period Adjustments						
Change in Net Position	1,979,739	(494,253)	416,992	-	-	-
<b>Ending Net Position - June 30</b>	<b>79,244,330</b>	<b>78,750,077</b>	<b>79,167,069</b>	<b>79,167,069</b>	<b>79,167,069</b>	<b>79,167,069</b>
<b>Net Position (Fund Balance) Analysis</b>						
Restricted Net Position (Enterprise Funds Only)						
Unrestricted Net Position						

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	19,121,343	19,311,573	190,230	0.99 %
Operating Expenses	5,775,320	8,096,587	2,321,267	40.19 %
Equipment & Intangible Assets	618,300	2,083,432	1,465,132	236.96 %
Transfers	258,060	226,060	(32,000)	(12.40)%
<b>Total Expenditures</b>	<b>\$25,773,023</b>	<b>\$29,717,652</b>	<b>\$3,944,629</b>	<b>15.31 %</b>
State/Other Special Rev. Funds	19,131,601	19,828,613	697,012	3.64 %
Federal Spec. Rev. Funds	6,641,422	9,889,039	3,247,617	48.90 %
<b>Total Funds</b>	<b>\$25,773,023</b>	<b>\$29,717,652</b>	<b>\$3,944,629</b>	<b>15.31 %</b>
<b>Total Ongoing</b>	<b>\$25,773,023</b>	<b>\$29,717,652</b>	<b>\$3,944,629</b>	<b>15.31 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The Motor Carrier Services (MCS) Program has the responsibility for commercial motor carrier safety, infrastructure protection, fuel regulation, and provides credentials to the trucking industry. The MCS Commercial Vehicle Operations (CVO) Bureau registers interstate fleet vehicles, issues licenses and oversize/overweight permits, and collects and distributes fees and taxes. Additionally, the CVO Bureau ensures compliance with multiple federal commercial vehicle programs, as well as submits and provides oversight for various grant programs. The MCS Enforcement Bureau operates a statewide weigh station and mobile enforcement. MCS officers inspect commercial vehicles for compliance with state and federal safety, registration, fuel, and size/weight laws. The Motor Carrier Safety Assistance Program (MCSAP) conducts commercial motor carrier safety compliance reviews and safety audits to ensure commercial vehicles, drivers, and motor carriers are compliant with state safety laws and federal regulations.

**Program Highlights**

<b>Motor Carrier Services Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The MCS Program budget request is \$3.9 million or 15.3%, higher than the 2023 biennium</li> <li>• Most of the increase is from federal funding to support the MCSAP program. The appropriation is split between equipment and operating expenses</li> <li>• A request of \$130,000 state special funds over the biennium for scale replacement and pit wall repair</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	124.44	124.44	124.44	124.44
Personal Services	8,769,035	9,536,334	9,585,009	9,628,926	9,682,647
Operating Expenses	2,036,487	2,842,760	2,932,560	4,029,951	4,066,636
Equipment & Intangible Assets	222,656	340,584	277,716	1,041,716	1,041,716
Transfers	128,096	145,030	113,030	113,030	113,030
<b>Total Expenditures</b>	<b>\$11,156,274</b>	<b>\$12,864,708</b>	<b>\$12,908,315</b>	<b>\$14,813,623</b>	<b>\$14,904,029</b>
State/Other Special Rev. Funds	8,188,208	9,514,202	9,617,399	9,881,400	9,947,213
Federal Spec. Rev. Funds	2,968,066	3,350,506	3,290,916	4,932,223	4,956,816
<b>Total Funds</b>	<b>\$11,156,274</b>	<b>\$12,864,708</b>	<b>\$12,908,315</b>	<b>\$14,813,623</b>	<b>\$14,904,029</b>
<b>Total Ongoing</b>	<b>\$11,156,274</b>	<b>\$12,864,708</b>	<b>\$12,908,315</b>	<b>\$14,813,623</b>	<b>\$14,904,029</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Discussion -**

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The motor carrier services program expended a total of 86.7% or \$11.2 million of its \$12.9 million in appropriation authority. The personal services budget was 92.0% expended at \$8.8 million, and operating expenses were 71.6% expended at \$2.0 million. Equipment and intangible assets were 65.3% expended. During FY 2022 appropriation authority was transferred from the general operations program operating expenses into equipment and intangible assets as part of the fuel tax evasion grant. Transfers were 88.3% expended.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation is not materially different than the FY 2022 appropriation.

*Executive Request*

The executive requests an increase over the FY 2023 base appropriation of 14.8% in FY 2024 and 15.5% in FY 2025, totaling \$3.9 million for the biennium. The increase has the biggest impact on operating expenses and equipment & intangible assets. The primary driver of the increase is the federal expansion of the Motor Carrier Safety Assistance Program (MCSAP), which is intended for states to use in order to reduce the number and severity of crashes involving commercial motor vehicles. This request of \$1.5 million in each year and is split between operating expenses and, equipment and intangible assets. The request also includes roughly \$88,000 in each year for equipment rental inflation.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Transportation, 22-Motor Carrier Services Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0	0.00 %	
02294 Unified Carrier Registration	2,904,641	0	0	0	2,904,641	14.65 %	
02349 Highway Non-Restricted Account	190,056	0	0	0	190,056	0.96 %	
02422 Highways Special Revenue	16,733,916	0	0	0	16,733,916	84.39 %	
<b>State Special Total</b>	<b>\$19,828,613</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,828,613</b>	<b>66.72 %</b>	
03292 MCS Federal Grants	9,448,718	0	0	0	9,448,718	95.55 %	
03407 Highway Trust - Sp Rev	440,321	0	0	0	440,321	4.45 %	
<b>Federal Special Total</b>	<b>\$9,889,039</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,889,039</b>	<b>33.28 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$29,717,652</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,717,652</b>		

MCS is funded by the highway state special revenue accounts and federal special revenue. Two-thirds of the funding for the program is state special revenue, primarily the constitutionally restricted highway state special revenue account (HSSRA). Other state special revenues supporting program activities include unified carrier registration fees and the highway non-restricted account. Federal funds make up the remaining third and are derived from federal grant programs and distributions from the federal highway trust.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	12,908,315	12,908,315	25,816,630	86.87 %
SWPL Adjustments	0	0	0	0.00 %	205,282	295,718	501,000	1.69 %
PL Adjustments	0	0	0	0.00 %	1,700,026	1,699,996	3,400,022	11.44 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$14,813,623</b>	<b>\$14,904,029</b>	<b>\$29,717,652</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	33,816	10,101	43,917	0.00	0	75,182	22,456	97,638
DP 3 - Inflation Deflation	0.00	0	107,507	53,858	161,365	0.00	0	131,968	66,112	198,080
DP 4 - Equipment Rental Inflation	0.00	0	57,678	30,758	88,436	0.00	0	57,664	30,742	88,406
DP 2205 - MCSAP Federal Program Expansion	0.00	0	0	1,546,590	1,546,590	0.00	0	0	1,546,590	1,546,590
DP 2208 - Scale Replacement and Pitwall Repair	0.00	0	65,000	0	65,000	0.00	0	65,000	0	65,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$264,001</b>	<b>\$1,641,307</b>	<b>\$1,905,308</b>	<b>0.00</b>	<b>\$0</b>	<b>\$329,814</b>	<b>\$1,665,900</b>	<b>\$1,995,714</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 4 - Equipment Rental Inflation -

The executive requests an increase to state and federal special revenue appropriations due to an increase in equipment rental usage and associated rate changes. This request will be used across several programs within the department.

DP 2205 - MCSAP Federal Program Expansion -

This request is for an increase of federal special revenue appropriation due to an expansion of the federal Motor Carrier Safety Assistance Program (MCSAP). The increase will be used to enhance MCSAP's safety program.

DP 2208 - Scale Replacement and Pitwall Repair -

The executive requests an increase in state special revenue appropriations to support maintenance through the replacement of weigh station scales. Scales originally installed in 1984 are being replaced with new scales on an annual schedule, along with a newly designed retrofit for the pit walls.

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,709,610	1,677,602	(32,008)	(1.87)%
Operating Expenses	9,022,493	5,949,162	(3,073,331)	(34.06)%
Equipment & Intangible Assets	1,548,800	85,000	(1,463,800)	(94.51)%
Grants	40,000	40,000	0	0.00 %
Transfers	27,600	27,600	0	0.00 %
<b>Total Expenditures</b>	<b>\$12,348,503</b>	<b>\$7,779,364</b>	<b>(\$4,569,139)</b>	<b>(37.00)%</b>
State/Other Special Rev. Funds	3,866,672	4,072,501	205,829	5.32 %
Federal Spec. Rev. Funds	8,481,831	3,706,863	(4,774,968)	(56.30)%
<b>Total Funds</b>	<b>\$12,348,503</b>	<b>\$7,779,364</b>	<b>(\$4,569,139)</b>	<b>(37.00)%</b>
<b>Total Ongoing</b>	<b>\$12,348,503</b>	<b>\$7,779,364</b>	<b>(\$4,569,139)</b>	<b>(37.00)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The Aeronautics Program: 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; 4) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 5) coordinates and supervises aerial search and rescue operations. The program administers a loan and grant program to airport sponsors to fund airport improvement projects. The Aeronautics Board approves loan and grant requests.

The program 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), US Forest Service, 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 program is also responsible for operation of the commercial service airport just north of West Yellowstone, MT and for 15 other state-owned or operated airports.

**Program Highlights**

<b>Aeronautics Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The executive requests a decrease in total HB 2 budget authority of 37.0%</li> <li>• The program had empty federal authority last biennium it was unable to utilize. The program will use a different funding strategy this biennium instead of asking for unrealized authority</li> <li>• Federal funds in the amount \$1.6 million for expansion of the FAA program, this will be matched with proprietary funds</li> <li>• \$750,000 in the first year of the biennium for an economic impact study of Montana's airports</li> </ul>

**Program Actuals and Budget Comparison**



The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	9.00	9.00	9.00	9.00
Personal Services	711,731	849,921	859,689	836,137	841,465
Operating Expenses	836,140	7,438,876	1,583,617	3,186,908	2,762,254
Equipment & Intangible Assets	18,350	1,548,800	0	85,000	0
Grants	19,888	20,000	20,000	20,000	20,000
Transfers	11,622	13,800	13,800	13,800	13,800
<b>Total Expenditures</b>	<b>\$1,597,731</b>	<b>\$9,871,397</b>	<b>\$2,477,106</b>	<b>\$4,141,845</b>	<b>\$3,637,519</b>
State/Other Special Rev. Funds	1,172,088	1,941,016	1,925,656	2,078,199	1,994,302
Federal Spec. Rev. Funds	425,643	7,930,381	551,450	2,063,646	1,643,217
<b>Total Funds</b>	<b>\$1,597,731</b>	<b>\$9,871,397</b>	<b>\$2,477,106</b>	<b>\$4,141,845</b>	<b>\$3,637,519</b>
<b>Total Ongoing</b>	<b>\$1,597,731</b>	<b>\$9,871,397</b>	<b>\$2,477,106</b>	<b>\$4,141,845</b>	<b>\$3,637,519</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Discussion -**

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The aeronautics program expended 16.2% of it's FY 2022 appropriation. Lower spending, particularly in the first year of the biennium is not unusual due to inconsistencies in FAA grant funding. However, economic circumstances impacted the program funding and expenditures.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The ongoing base year appropriation of \$2.5 million is lower than the previous biennium base appropriation of \$2.6 million. In FY 2022 the program had federal authority in the amount of \$5.5 million in order to fund the construction of the Yellowstone Airport runway, and an additional appropriation of \$918,800 in federal funds for snow removal equipment for the new runway was not expended due to inconsistencies in federal funding and a shift in focus to the terminal project.

*Executive Request*

The executive requests a decrease of 37.0% for the biennium. The aeronautics program has tried to plan for federal disbursements in the past by placing enough budget authority in the first year for expected federal funding. However, this has resulted in empty authority in the past, so the program is going to utilize the budget amendment process for additional federal authority moving forward.

**Program Personal Services**

The aeronautics program has 9.00 FTE. DP 1 for this program is approximately negative \$42,000 for the biennium due to vacancy savings.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Transportation, 40-Aeronautics Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02286 Aeronautical Loan Account	700,000	0	0	0	700,000	12.88 %	
02287 Aeronautical Grant Account	0	0	0	1,360,196	1,360,196	25.04 %	
02827 Aeronautics Division	3,372,501	0	0	0	3,372,501	62.08 %	
<b>State Special Total</b>	<b>\$4,072,501</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,360,196</b>	<b>\$5,432,697</b>	<b>53.54 %</b>	
03060 Aeronautics Division	3,706,863	0	0	0	3,706,863	100.00 %	
03714 FAA CARES Act O&M	0	0	0	0	0	0.00 %	
03699 FAA ARPA	0	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$3,706,863</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,706,863</b>	<b>36.53 %</b>	
06007 Yellowstone Airport	0	0	1,007,666	0	1,007,666	100.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,007,666</b>	<b>\$0</b>	<b>\$1,007,666</b>	<b>9.93 %</b>	
<b>Total All Funds</b>	<b>\$7,779,364</b>	<b>\$0</b>	<b>\$1,007,666</b>	<b>\$1,360,196</b>	<b>\$10,147,226</b>		

The aeronautics program is funded with state and federal special revenues. State special revenue funds are derived primarily from state aviation fuel taxes and aircraft registration fees. Federal special revenue comes from Federal Aviation Administration grants. The Yellowstone Airport enterprise program, is supported by proprietary funding and is a not budgeted in HB 2.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	2,477,106	2,477,106	4,954,212	63.68 %
SWPL Adjustments	0	0	0	0.00 %	22,239	42,913	65,152	0.84 %
PL Adjustments	0	0	0	0.00 %	1,642,500	1,117,500	2,760,000	35.48 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$4,141,845</b>	<b>\$3,637,519</b>	<b>\$7,779,364</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(22,845)	(707)	(23,552)	0.00	0	(17,677)	(547)	(18,224)
DP 2 - Fixed Costs	0.00	0	(21,726)	0	(21,726)	0.00	0	(21,714)	0	(21,714)
DP 3 - Inflation Deflation	0.00	0	37,114	30,403	67,517	0.00	0	45,537	37,314	82,851
DP 4005 - FAA Program Expansion	0.00	0	0	807,500	807,500	0.00	0	0	807,500	807,500
DP 4008 - Pavement Condition Index	0.00	0	0	0	0	0.00	0	27,500	247,500	275,000
DP 4009 - Economic Impact Study	0.00	0	75,000	675,000	750,000	0.00	0	0	0	0
DP 4012 - Lincoln Pavement Maintenance	0.00	0	0	0	0	0.00	0	35,000	0	35,000
DP 4017 - Bonanza A36 Engine Replacement Bien	0.00	0	85,000	0	85,000	0.00	0	0	0	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$152,543</b>	<b>\$1,512,196</b>	<b>\$1,664,739</b>	<b>0.00</b>	<b>\$0</b>	<b>\$68,646</b>	<b>\$1,091,767</b>	<b>\$1,160,413</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4005 - FAA Program Expansion -

This request is due to Federal Aviation Administration (FAA) program expansion. The increase will fund FAA required planning and equipment to increase safety through projects such as an airport master plan, airport rescue and firefighting equipment, and Automated Weather Observation System replacement. The federal special revenue would be matched with the Yellowstone Airport proprietary fund.

DP 4008 - Pavement Condition Index -

The increase will fund the Pavement Condition Index (PCI) study. This asphalt study is done every three years at federally funded airports to get a snapshot of current asphalt conditions.

DP 4009 - Economic Impact Study -

The increase will fund the Economic Impact Study (EIS). Last conducted in 2015 and 2016, the EIS analyzes the economic contributions of Montana's airports to determine the benefits airports provide throughout the state.

DP 4012 - Lincoln Pavement Maintenance -

This request is for state special revenue appropriation in FY 2025 for funding pavement maintenance activities on the apron, taxiway, and runway at the Lincoln Airport. These improvements will assist the airport in maintaining compliance with FAA mandated requirements and assure the viability of future aviation operations at the airport. This provides the match source for a federal grant.

DP 4017 - Bonanza A36 Engine Replacement Bien -

The executive requests an increase in state special revenue appropriations in FY 2024. The increase will fund replacement of the Bonanza A36 airplane engine with an overhauled engine, per the manufacturer's recommendation. The aircraft is used to carry out the mission and goals of the Aeronautics Division and as a secondary search and rescue asset.

**Other Issues -**

Other Issues –

Yellowstone Airport – 06007

## Program Description

The Yellowstone Airport located two miles north of the Town of West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, as well as service for a multitude of other recreational opportunities in the surrounding greater Yellowstone area. The airport is closed during the winter months, conducting limited snow removal in fringe seasons. The airport is typically open for six months each year with seasonal commercial air service provided by SkyWest Air Lines dba Delta Connection and SkyWest Air Lines dba United Express from early-May to mid-October. The airport accomplishes its mission with facilities to accommodate all sized aircraft and operations ranging from large four engine commercial service jets to small single engine aircraft.

Airside facilities at the airport include an 8,400' runway and taxiway, as well as large parking apron and hangar areas for all types of aircraft operations. The runway is equipped with a precision approach instrument landing system (ILS) and a GPS approach accommodating air traffic even during inclement weather conditions. The airport also supports and maintains an Automated Weather Observing System (AWOS) which reports directly to the National Weather Service (NWS) and broadcasts locally to air traffic over a VHF transmission. Other airport facilities include a commercial terminal building with tenants that include a restaurant, rental car agencies, Transportation Security Administration (TSA) offices, airline offices, and airport administration and operations. Also located on the field are several outbuildings and other facilities housing bulk fuel storage, a fixed based operator (FBO), an air ambulance base, and Airport Rescue Fire Fighting (ARFF) services. The US Forest Service operates an inter-agency fire control center with direct through the fence access to the airfield. A wildlife fence surrounds the entire airport property.

## Revenues and Expenses

Fees for leases and other business services are both market and recovery based. Additional operating expenses are planned in the 2025 biennium to keep the airport in compliance with FAA mandates and advisory circulars.

The Yellowstone Airport is an enterprise proprietary fund. There is one airport manager who works full time, year-round. The airport also has two other employees, an airport operation chief and an airport fire fighter/maintenance specialist who are employed seasonally.

2025 Biennium Report on Internal Service and Enterprise Funds

<b>Fund</b>	<b>Fund Name</b>	<b>Agency #</b>	<b>Agency Name</b>	<b>Program Name</b>
06007	YELLOWSTONE AIRPORT	54010	Transportation	Aeronautics

	Actual FY 20	Actual FY 21	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
Fee Revenue A (FR01)	69,154	101,931	116,523	120,019	120,019	120,019
Other Operating Revenues (FR07)	351,014	365,023	481,129	495,563	495,563	495,563
<b>Total Operating Revenues</b>	<b>420,168</b>	<b>466,953</b>	<b>597,653</b>	<b>615,582</b>	<b>615,582</b>	<b>615,582</b>
<b>Expenses</b>						
Personal Services (EP01)	91,900	19,912	(9,280)	222,056	236,076	237,721
Other Operating Expense (EX01)	86,188	66,818	79	211,129	265,551	225,818
<b>Total Operating Expense</b>	<b>178,088</b>	<b>86,730</b>	<b>(9,201)</b>	<b>433,185</b>	<b>501,627</b>	<b>463,539</b>
<b>Operating Income (Loss)</b>	<b>242,080</b>	<b>380,223</b>	<b>606,853</b>	<b>182,397</b>	<b>113,955</b>	<b>152,043</b>
<b>Nonoperating Revenues (NR01)</b>	<b>446,957</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Nonoperating Expenses (NE01)</b>	<b>(242,234)</b>	<b>(441,347)</b>	<b>(424,971)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>204,723</b>	<b>(441,347)</b>	<b>(424,971)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>446,803</b>	<b>(61,123)</b>	<b>181,882</b>	<b>182,397</b>	<b>113,955</b>	<b>152,043</b>
Capital Contributions (CA01)	226,106	71,781	31,360	-	-	-
Transfers In (CA02)	9,260	13,729	11,622	13,800	13,800	13,800
Transfers Out	-	-	-	-	-	-
Loans and Lease Payments	-	-	-	-	-	-
<b>Change in Net Position</b>	<b>682,169</b>	<b>24,387</b>	<b>224,864</b>	<b>196,197</b>	<b>127,755</b>	<b>165,843</b>
<b>Beginning Net Position - July 1 (BN01)</b>	<b>9,868,559</b>	<b>10,550,729</b>	<b>10,575,116</b>	<b>10,799,980</b>	<b>10,996,177</b>	<b>11,123,932</b>
Prior Period Adjustments	-	-	-	-	-	-
Change in Net Position	682,169	24,387	224,864	196,197	127,755	165,843
<b>Ending Net Position - June 30</b>	<b>10,550,729</b>	<b>10,575,116</b>	<b>10,799,980</b>	<b>10,996,177</b>	<b>11,123,932</b>	<b>11,289,775</b>
<b>Net Position (Fund Balance) Analysis</b>						
Restricted Net Position (Enterprise Funds Only)						
Unrestricted Net Position						

Rates for the Yellowstone Airport are as shown in the tale below.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06007	West Yellowstone	54010	Transportation	Aeronautics Program
Fee/Rate Information				
Fee & Revenue Group	Actuals FY 2022	Budgeted FY 2023	Proposed FY 2024	Proposed FY 2025
Landing Fees - Air Carrier	\$1.75 / 1,000lbs	\$1.75 / 1,000lbs	\$1.75 / 1,000lbs	\$1.75 / 1,000lbs
Landing Fees - Other Users	\$2.00 / 1000lbs. - \$25 min. (piston powered exempt)	\$2.25 / 1000lbs. - \$25 min. (piston powered exempt)	\$2.25 / 1000lbs. - \$25 min. (piston powered exempt)	\$2.25 / 1000lbs. - \$25 min. (piston powered exempt)
Fuel Flowage Fee - Air Carrier	\$0.07/Gallon	\$0.06/Gallon	\$0.06/Gallon	\$0.06/Gallon
Fuel Flowage Fee	\$0.10/Gallon	\$0.10/Gallon	\$0.10/Gallon	\$0.10/Gallon
Building Leases - Car rental, Airline	\$3.00/sq.ft.	\$3.25/sq.ft.	\$3.25/sq.ft.	\$3.25/sq.ft.
Building Leases - FBO, Hangar Ground	\$0.14/sq.ft. (improved) \$0.07 (unimproved)	\$0.14/sq.ft. (improved) \$0.07 (unimproved)	\$0.14/sq.ft. (improved) \$0.07 (unimproved)	\$0.14/sq.ft. (improved) \$0.07 (unimproved)
Adboards	\$225 ad board - \$400 special	\$225 ad board - \$400 special	\$225 ad board - \$400 special	\$225 ad board - \$400 special
Tax Transfers	\$11,622	\$13,800	\$12,000	\$12,000
Sales Receipts - Café	12% of Gross Sales	12% of Gross Sales	12% of Gross Sales	12% of Gross Sales
Sales Receipts - Other Users	10% of Gross Sales	10% of Gross Sales	10% of Gross Sales	10% of Gross Sales
<b>Non-Aero Rentals</b>				
Nevada Testing	\$27,100 + utilities + usage fee	\$28,050 + utilities + usage fee	\$29,100 + utilities + usage fee	\$30,050 + utilities + usage fee
City	\$41,209/Year	\$41,827/Year	\$41,827/Year	\$41,827/Year
Energy West	\$19,831.83/Year	\$20,129.30/Year	\$20,431.4/Year	\$20,738/Year
Chamber - Snow Shoot	\$2,500 + \$220.00 per day occupancy	\$2,750 + \$235.00 per day occupancy	\$2,750 + \$235.00 per day occupancy	\$2,750 + \$235.00 per day occupancy

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	18,947,762	19,617,944	670,182	3.54 %
Operating Expenses	13,096,180	18,950,470	5,854,290	44.70 %
Equipment & Intangible Assets	781,682	1,100,000	318,318	40.72 %
Grants	39,474,327	52,504,030	13,029,703	33.01 %
Transfers	3,635,852	5,375,852	1,740,000	47.86 %
<b>Total Expenditures</b>	<b>\$75,935,803</b>	<b>\$97,548,296</b>	<b>\$21,612,493</b>	<b>28.46 %</b>
State/Other Special Rev. Funds	17,798,448	23,663,338	5,864,890	32.95 %
Federal Spec. Rev. Funds	58,137,355	73,884,958	15,747,603	27.09 %
<b>Total Funds</b>	<b>\$75,935,803</b>	<b>\$97,548,296</b>	<b>\$21,612,493</b>	<b>28.46 %</b>
<b>Total Ongoing</b>	<b>\$75,935,803</b>	<b>\$97,548,296</b>	<b>\$21,612,493</b>	<b>28.46 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

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

Program Highlights

<b>Rail, Transit, and Planning Major Budget Highlights</b>
<p>The executive requests a 28.5% increase in budget authority to the Rail, Transit and Planning Program over the 2023 biennium budget.</p> <ul style="list-style-type: none"> <li>• Of the increase, approximately \$16.0 million is related to federal program expansion from IIJA. This includes:                             <ul style="list-style-type: none"> <li>◦ DP 5005 FHWA (Federal Highway Administration) program expansion \$6.7 million for the biennium, \$1.0 million state special, \$5.7 million federal</li> <li>◦ DP 5006 FTA (Federal Transit Authority) program expansion \$5.0 million for the biennium, \$500,000 state special, \$4.5 million federal</li> <li>◦ DP 5007 NHTSA (National Highway Traffic Safety Administration) program expansion \$4.5 million federal</li> </ul> </li> <li>• \$1.3 million in SWPL adjustments including:                             <ul style="list-style-type: none"> <li>◦ \$959,160 in inflation costs, including approximately \$85,000 for equipment rental inflation</li> <li>◦ An increase of \$3.6 million in TransADE funding due to greater collections of rental car tax</li> </ul> </li> </ul>

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	99.76	99.76	99.76	99.76
Personal Services	8,798,667	9,340,678	9,607,084	9,778,580	9,839,364
Operating Expenses	4,734,075	6,492,625	6,603,555	9,302,125	9,648,345
Equipment & Intangible Assets	231,682	231,682	550,000	550,000	550,000
Grants	17,759,667	19,947,312	19,527,015	26,002,015	26,502,015
Transfers	1,611,392	1,822,926	1,812,926	2,562,926	2,812,926
<b>Total Expenditures</b>	<b>\$33,135,483</b>	<b>\$37,835,223</b>	<b>\$38,100,580</b>	<b>\$48,195,646</b>	<b>\$49,352,650</b>
State/Other Special Rev. Funds	6,707,738	8,874,173	8,924,275	11,786,069	11,877,269
Federal Spec. Rev. Funds	26,427,745	28,961,050	29,176,305	36,409,577	37,475,381
<b>Total Funds</b>	<b>\$33,135,483</b>	<b>\$37,835,223</b>	<b>\$38,100,580</b>	<b>\$48,195,646</b>	<b>\$49,352,650</b>
<b>Total Ongoing</b>	<b>\$33,135,483</b>	<b>\$37,835,223</b>	<b>\$38,100,580</b>	<b>\$48,195,646</b>	<b>\$49,352,650</b>
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The rail, transit and planning program expended a total of 87.6% of its \$37.8 million in FY 2022 appropriation authority.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*



The FY 2023 appropriation is 0.7% greater than the FY 2024 appropriation.

*Executive Request*

The executive requests an increase of \$10.1 million in FY 2024 and \$11.2 million in FY 2025 over the base appropriation. Most of the increase is due to expansion of several of the federal programs that are administered out of the rail transit and planning division. Most of the federal program increases are split between grants and operating costs. Inflation accounts for nearly \$1.0 million of the increase in operating costs.

**Program Personal Services**

The RTP division has 99.76 FTE. The executive is requesting an increase to the personal services budget of 3.5% for the biennium. Most of the change is due to pay plan, career ladder, and market changes.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Transportation, 50-Rail Transit & Planning Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.00 %
03147 FTA Grants	0	0	0	0	0	0.00 %
02282 FTA Local Match	2,208,512	0	0	0	2,208,512	9.32 %
02349 Highway Non-Restricted Account	2,450,242	0	0	0	2,450,242	10.34 %
02422 Highways Special Revenue	12,014,334	0	0	0	12,014,334	50.71 %
02436 County DUI Prevention Programs	990,250	0	0	0	990,250	4.18 %
02795 TransADE Special Revenue	6,000,000	0	0	0	6,000,000	25.32 %
02121 Shared-Use Path	0	0	0	30,279	30,279	0.13 %
<b>State Special Total</b>	<b>\$23,663,338</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,279</b>	<b>\$23,693,617</b>	<b>24.28 %</b>
03060 Aeronautics Division	0	0	0	0	0	0.00 %
03147 FTA Grants	31,452,384	0	0	0	31,452,384	42.57 %
03407 Highway Trust - Sp Rev	27,694,663	0	0	0	27,694,663	37.48 %
03828 Traffic Safety	14,737,911	0	0	0	14,737,911	19.95 %
03133 FTA CARES Act	0	0	0	0	0	0.00 %
03439 FTA ARPA	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$73,884,958</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$73,884,958</b>	<b>75.72 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$97,548,296</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,279</b>	<b>\$97,578,575</b>	

The rail, transit, and planning division is funded with a combination of state and federal special revenue funds. Highway state special revenue from both the restricted and non-restricted accounts support the overall administrative and operational costs of the program. Other funding includes:

- Federal transit authority (FTA) local match funds provided from local transit providers to match their FTA grants
- TransADE special revenue, which in large part provides funding for transit services that serve the elderly and disabled (and can be also used to match federal transit funds)
- County DUI prevention funds, for providing assistance to county DUI task force activities
- Federal highway trust fund (03407), which provides for costs of highway program administration, activities, and projects

The RTP program also has a statutory appropriation that allows expenditures for shared-use paths. The funding for this appropriation is derived from an opt-in vehicle license fee for the maintenance and construction of shared use paths.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	38,100,580	38,100,580	76,201,160	78.12 %
SWPL Adjustments	0	0	0	0.00 %	559,356	715,955	1,275,311	1.31 %
PL Adjustments	0	0	0	0.00 %	9,535,710	10,536,115	20,071,825	20.58 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$48,195,646</b>	<b>\$49,352,650</b>	<b>\$97,548,296</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	57,027	114,469	171,496	0.00	0	77,050	155,230	232,280
DP 2 - Fixed Costs	0.00	0	(900)	0	(900)	0.00	0	(900)	0	(900)
DP 3 - Inflation Deflation	0.00	0	84,690	304,070	388,760	0.00	0	105,593	378,982	484,575
DP 4 - Equipment Rental Inflation	0.00	0	28,877	13,833	42,710	0.00	0	29,151	13,964	43,115
DP 5005 - FHWA Programs Expansion	0.00	0	517,100	2,827,900	3,345,000	0.00	0	517,100	2,827,900	3,345,000
DP 5006 - FTA Program Expansion	0.00	0	225,000	2,123,000	2,348,000	0.00	0	275,000	2,323,000	2,598,000
DP 5007 - NHTSA Program Expansion	0.00	0	0	1,850,000	1,850,000	0.00	0	0	2,600,000	2,600,000
DP 5008 - TransADE Funding	0.00	0	1,800,000	0	1,800,000	0.00	0	1,800,000	0	1,800,000
DP 5009 - Blackfoot Post Yard Facility Remediation	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,861,794</b>	<b>\$7,233,272</b>	<b>\$10,095,066</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,952,994</b>	<b>\$8,299,076</b>	<b>\$11,252,070</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental Inflation -

The request includes an increase to state and federal special revenue appropriations due to an increase in equipment rental usage and associated rate changes. This request will be used across several programs within the department.

DP 5005 - FHWA Programs Expansion -

This request is for an increase to state and federal special revenue appropriation in FY 2024 and FY 2025 due to the Federal Highway Administration (FHWA) program expansion. The increase will fund the state match and federal authority for projects in the FHWA federal aid formula-based programs.

DP 5006 - FTA Program Expansion -

This request is for the Federal Transit Administration (FTA) program expansion. The increase in grants will require state match and federal authority needed for projects in the FTA federal aid program that includes Formula Grants for Rural Areas, Metropolitan and Statewide Planning, Enhanced Mobility of Seniors and Individuals with Disabilities, and Grants for Buses and Bus Facilities Programs.

DP 5007 - NHTSA Program Expansion -

This request is for an increase to federal special revenue appropriation in FY 2024 and FY 2025 due to the National Highway Traffic Safety Administration (NHTSA) program expansion. The increase will provide the federal authority needed for projects in the NHTSA federal aid program that includes the Highway Safety Programs and impaired driving, occupant protection, traffic records and data collection, and motorcycle safety programs of the National Priority Safety Programs.

DP 5008 - TransADE Funding -

The Transportation Assistance for the Disabled and Elderly (TransADE) Program provides match or operating assistance to transportation providers that serve the disabled and elderly throughout Montana. The request is due to increased revenue collected from the statutory rental car tax law.

DP 5009 - Blackfoot Post Yard Facility Remediation -

The executive requests \$150,000 in state special revenue in each year of the biennium for conducting remedial actions required by the Department of Environmental Quality. The site has not been fully characterized and cleanup standards have not been established. The cleanup will likely involve the excavation and possible treatment of contaminated soils and long-term groundwater monitoring beyond 2050.