

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	153,987,050	160,760,746	6,773,696	4.40 %
Operating Expenses	720,424,626	749,061,602	28,636,976	3.98 %
Equipment & Intangible Assets	5,330,524	5,330,524	0	0.00 %
Capital Outlay	29,413,730	25,913,730	(3,500,000)	(11.90)%
Grants	8,261,256	8,261,256	0	0.00 %
Transfers	150,000	0	(150,000)	(100.00)%
Total Expenditures	\$917,567,186	\$949,327,858	\$31,760,672	3.46 %
State/Other Special Rev. Funds	173,728,948	152,493,310	(21,235,638)	(12.22)%
Federal Spec. Rev. Funds	743,838,238	796,834,548	52,996,310	7.12 %
Total Funds	\$917,567,186	\$949,327,858	\$31,760,672	3.46 %
Total Ongoing	\$917,567,186	\$949,327,858	\$31,760,672	3.46 %
Total OTO	\$0	\$0	\$0	0.00 %

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 to promote public safety, health, and welfare.

Construction Program Major Budget Highlights
<ul style="list-style-type: none"> • The construction program budget request is \$31.8 million or 3.5% higher than the 2021 biennium • At 846.72 FTE, the program has the greatest number of FTE in the agency and the highest personal services budget • Personal services cost increases of \$6.8 million or 4.4% resulted primarily from the annualization of the 2021 biennium pay plan, and a request for 20.00 additional FTE to support bridge inspection work, utility permitting, broadband infrastructure deployment as required by the Making Opportunities for Broadband Investment and Limiting Excessive and Needless Obstacles to Wireless (MOBILE NOW) Act, and unmanned aerial systems among other functions • An increase of \$1.0 million state special funds and \$9.3 million in federal funds in each year of the biennium for the increased use of consultants during the design phase of projects • A request of \$687,500 in each year of the biennium consisting of \$102,500 state special funds and \$585,000 federal special funds to fund the purchase of updated research materials and to cover research consultant costs • The legislature may be asked to provide an increased appropriation for contractor payments in a second budget submission based on the 2020 tentative construction plan, expected to be completed before subcommittee work begins

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	846.72	846.72	866.72	866.72
Personal Services	71,218,395	76,424,950	77,562,100	80,264,591	80,496,155
Operating Expenses	339,726,616	358,371,339	362,053,287	374,889,819	374,171,783
Equipment & Intangible Assets	2,014,084	2,665,262	2,665,262	2,665,262	2,665,262
Capital Outlay	14,381,252	16,456,865	12,956,865	12,956,865	12,956,865
Grants	1,848,834	4,130,628	4,130,628	4,130,628	4,130,628
Transfers	0	150,000	0	0	0
Total Expenditures	\$429,189,181	\$458,199,044	\$459,368,142	\$474,907,165	\$474,420,693
State/Other Special Rev. Funds	80,468,824	100,184,374	73,544,574	76,482,253	76,011,057
Federal Spec. Rev. Funds	348,720,357	358,014,670	385,823,568	398,424,912	398,409,636
Total Funds	\$429,189,181	\$458,199,044	\$459,368,142	\$474,907,165	\$474,420,693
Total Ongoing	\$429,189,181	\$458,199,044	\$459,368,142	\$474,907,165	\$474,420,693
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

In the FY 2020 budget the construction program expended a total of 93.7% of its \$458.2 million in appropriation authority. The personal services budget expenditures were 93.2% expended at \$71.2 million, and operating expenses were 94.8% expended at \$339.7 million. FY 2020 expenditures consisted of 81.3% federal special funds with the remaining 18.7% 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. Redistributed federal authority became available in FY 2020 and an adjustment for additional state special match authority was made to allow redistributed federal dollars to be utilized. Although this allowed for the completion of more projects it causes the appearance of a lower level of spending relative to the appropriation than actually occurred. This is further discussed in the following section.

FY 2020 Appropriations compared to FY 2021 Appropriations

The FY 2021 appropriation of \$459.4 million is 0.3% above the FY 2020 appropriation of \$458.2 million. The FY 2021 appropriation request consists of a higher ratio of federal to state special funds. In 2020 the construction program appropriation consisted of 21.9% state special funds totaling \$100.2 million and 78.1% federal special funds totaling \$358.0 million. In contrast the FY 2021 appropriation consists of 16.0% state special funding totaling \$73.5 million and 84.0% federal special funds totaling \$385.8 million. This is mainly due to a fund shift of \$31.9 million in authority from federal special to state special funds during FY 2020. Montana benefitted from greater availability of federal funding due to redistribution from other states with unused funding. MDT had projects waiting for funding. Additionally, mild weather allowed for an unusually long construction season and the competition of more projects than expected. The transfer of authority allowed the use of state special funds to meet federal match requirements for the newly available funds.

FY 2021 Legislative Appropriations - Department of Transportation-Construction				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
02 HIGHWAYS & ENGINEERING				
61000 Personal Services	77,562,100	-	77,562,100	0.0%
62000 Operating Expenses	362,287,694	(234,407)	362,053,287	-0.1%
63000 Equipment & Intangible Assets	2,665,262	-	2,665,262	0.0%
64000 Capital Outlay	12,956,865	-	12,956,865	0.0%
66000 Grants	4,130,628	-	4,130,628	0.0%
02 HIGHWAYS & ENGINEERING Total	459,602,549	(234,407)	459,368,142	-0.1%

The FY 2021 base budget of \$459.4 million is 0.1% lower than the FY 2021 Legislative budget appropriation of \$459.6 million. Operating expense authority was transferred to the general operations program in order to centralize SITSD and DOA expenses. See figure.

Executive Request

The construction program is the largest user of federal funds in MDT, accounting for 89.1% of agency-wide federal special revenue appropriations in MDT and having a program funding split of approximately 84.0% federal special revenue and 16.0% state special revenue. The Fixing America's Surface Transportation or FAST Act passed and approved in December 2015 continues to provide the overall allocation plan for federal funding. The FAST Act was scheduled to expire on September 30, 2020 but has been extended for an additional year.

The proposed construction program budget includes an increase of \$31.8 million or 3.5% from the 2021 biennium budget. The program has the largest workforce in the agency, with 42.5% of the total FTE, and the largest personal services budget, 44.3% of the total agency personal services. The increase in the budget is primarily related to increased costs related to consultant payments. There are several new proposals that include FTE requests, totaling an additional 20.00 FTE.

Also included in the request is \$1.1 million in state and federal special for increases in costs for equipment rental from the MDT equipment program.

Program Personal Services

The construction program personal services proposal is \$80.3 million for FY 2022 and \$80.5 for FY 2023, a biennial increase of \$6.8 million or 4.4%. Of this total \$2.0 million is being requested through DP 1 and is a result of annualization of the 2021 biennium pay plan and career ladder wage increases.

The construction program is the largest in the agency with 846.72 FTE under present law.

An additional 20.00 FTE are requested through new proposals, the total to fund these FTE would be \$1.8 million for each year of the 2023 biennium. The FTE would be funded with an average of approximately \$377,000 in state special funds each year, with federal special funds covering the balance. The requested positions include 12.00 FTE to implement new bridge safety performance measures as required by the FAST act, these include 7.00 FTE to support the bridge inspection program, 3.00 FTE to staff a bridge load rating team, and 2.00 FTE as bridge reviewers in the bridge construction program. The request also includes 2.00 FTE for a new partnering program that provides training and coordination with the Federal Highway Administration (FHWA) and the contracting community, 3.00 FTE for the unmanned aerial system (UAS) program, 2.00 FTE as utility agents to speed and streamline the utility permitting process, and 1.00 FTE for a broadband coordinator to facilitate the development of broadband infrastructure registration in right of way (ROW).

Funding

The following table shows proposed program funding by source of authority.

Department of Transportation, 02-Construction 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 %	
02058 Petroleum Storage Tank Cleanup	0	0	0	0	0	0.00 %	
02349 Highway Non-Restricted Account	290,008	0	0	0	290,008	0.19 %	
02422 Highways Special Revenue	126,603,302	0	0	0	126,603,302	82.86 %	
02447 BaRSAA MDT Fuel Tax	25,600,000	0	0	0	25,600,000	16.75 %	
02437 Local Govt/LTAP	0	0	0	300,000	300,000	0.20 %	
State Special Total	\$152,493,310	\$0	\$0	\$300,000	\$152,793,310	15.96 %	
03407 Highway Trust - Sp Rev	796,834,548	0	0	7,846,750	804,681,298	100.00 %	
03999 COVID General	0	0	0	0	0	0.00 %	
Federal Special Total	\$796,834,548	\$0	\$0	\$7,846,750	\$804,681,298	84.04 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$949,327,858	\$0	\$0	\$8,146,750	\$957,474,608		

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. The Construction Program is also responsible for \$8.1 million of statutory appropriations. 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. Another \$7.5 million is for federally funded debt service costs associated with previous work on Hwy 93. The federal debt service obligation will reach maturity in FY 2023

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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	
2021 Base Budget	0	0	0	0.00 %	459,368,142	459,368,142	918,736,284	96.78 %	
SWPL Adjustments	0	0	0	0.00 %	850,936	1,084,911	1,935,847	0.20 %	
PL Adjustments	0	0	0	0.00 %	544,186	547,517	1,091,703	0.12 %	
New Proposals	0	0	0	0.00 %	14,143,901	13,420,123	27,564,024	2.90 %	
Total Budget	\$0	\$0	\$0		\$474,907,165	\$474,420,693	\$949,327,858		

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 2022-----					-----Fiscal 2023-----				
	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	310,108	551,302	861,410	0.00	0	392,933	698,547	1,091,480
DP 3 - Inflation Deflation	0.00	0	(3,346)	(7,128)	(10,474)	0.00	0	(2,099)	(4,470)	(6,569)
DP 211 - Equipment Rental	0.00	0	349,095	195,091	544,186	0.00	0	351,232	196,285	547,517
Grand Total All Present Law Adjustments	0.00	\$0	\$655,857	\$739,265	\$1,395,122	0.00	\$0	\$742,066	\$890,362	\$1,632,428

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

DP 1 - Personal Services -

The budget includes an increase of \$861,410 in FY 2022 and \$1,091,480 in FY 2023 to annualize various personal services costs including FY 2021 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. Additional factors contributing to the budget request include overtime, differential and per diem.

DP 3 - Inflation Deflation -

This change package includes a reduction of \$10,474 in FY 2022 and \$6,569 in FY 2023 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide motor pool operated by the Department of Transportation.

DP 211 - Equipment Rental -

The request includes an increase of \$544,186 in FY 2022 and \$547,517 FY 2023 for an increase of operational expenses for equipment usage and associated rate changes from MDT's equipment program. This request impacts a combination of state special and federal special revenues.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 201 - Software Licensing, Maintenance, & Implementation	0.00	0	764,051	412,469	1,176,520	0.00	0	221,048	304,500	525,548
DP 202 - NBI Bridge Inspection Program	7.00	0	85,743	573,844	659,587	7.00	0	82,343	551,090	633,433
DP 203 - Bridge Load Rating & Overweight Permit Analysis	3.00	0	42,314	283,180	325,494	3.00	0	40,880	273,587	314,467
DP 204 - Construction Bridge Reviewer FTEs	2.00	0	27,593	183,551	211,144	2.00	0	26,623	177,062	203,685
DP 205 - Partnering Program	2.00	0	27,395	183,329	210,724	2.00	0	26,426	176,844	203,270
DP 206 - Utility Permitting Administration System (UPAS)	2.00	0	150,383	0	150,383	2.00	0	144,581	0	144,581
DP 207 - Unmanned Aerial System (UAS) Program	3.00	0	41,547	278,044	319,591	3.00	0	40,093	268,317	308,410
DP 208 - Consultant Design	0.00	0	1,030,000	9,270,000	10,300,000	0.00	0	1,030,000	9,270,000	10,300,000
DP 209 - Research	0.00	0	102,500	585,000	687,500	0.00	0	102,500	585,000	687,500
DP 210 - Broadband Infrastructure Deployment	1.00	0	10,296	92,662	102,958	1.00	0	9,923	89,306	99,229
Total	20.00	\$0	\$2,281,822	\$11,862,079	\$14,143,901	20.00	\$0	\$1,724,417	\$11,695,706	\$13,420,123

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

DP 201 - Software Licensing, Maintenance, & Implementation -

This request includes an increase of \$1,176,520 in FY 2022 and \$525,548 in FY 2023 in state and federal special revenue funds. This request is to fund multiple software implementations in the Engineering Division.

DP 202 - NBI Bridge Inspection Program -

This request includes an increase of \$659,587 in FY 2022 and \$633,433 in FY 2023 in state and federal special revenue funds and 7.00 FTE. This proposal will develop a more robust bridge inspection program that can meet the demands of the National Bridge Inspection (NBI) Standards by consolidating and adding adequate staff to complete in-service bridge and safety inspections statewide for more than 4,500 publicly owned bridges.

DP 203 - Bridge Load Rating & Overweight Permit Analysis -

This request includes an increase of \$325,494 in FY 2022 and \$314,467 in FY 2023 in state and federal special revenue funds and 3.00 FTE. This proposal will develop a more responsive bridge load rating team that will meet NBI Performance Metrics and respond to the commercial vehicle permit demands by adding adequate staff to complete load rating and overweight vehicle analysis for more than 4,500 publicly owned bridges statewide.

DP 204 - Construction Bridge Reviewer FTEs -

This request includes an increase of \$211,144 in FY 2022 and \$203,685 in FY 2023 in state and federal special revenue funds. This request includes 2.00 FTE needed to provide construction oversight, direct training, and support of MDT's bridge construction program. Bridge reviewer positions require a Professional Engineering (PE) license due to the need to understand and provide decisions on the structure integrity and design during construction of bridges.

DP 205 - Partnering Program -

This request includes an increase of \$210,724 in FY 2022 and \$203,270 in FY 2023 in state and federal special revenue funds. This request will provide 2.00 FTE needed to develop, implement, manage, maintain, and improve MDTs' future partnering program. There are about 150 projects let a year that will have either Level 1 partnering facilitation or Level 2 partnering facilitation.

DP 206 - Utility Permitting Administration System (UPAS) -

This request includes an increase of \$150,383 in FY 2022 and \$144,581 in FY 2023 in state special revenue and 2.00 FTE. MDT is in the process of implementing a new system in the Utility Section that will require electronic permitting and as-built of utilities requesting to be located in state's rights-of-way. The electronic permitting module will allow utility owners to apply for and receive approval within three days, compared to two to four weeks with the paper process. The as-built requirement will allow MDT to manage which utilities are located where within the state's rights-of-way. With more and more utilities requesting occupancy in the state's rights-of-way, these tools will allow MDT to better manage the state's rights-of-way.

DP 207 - Unmanned Aerial System (UAS) Program -

This request includes an increase of \$319,591 in FY 2022 and \$308,410 in FY 2023 in state and federal special revenue funds. This request will provide 3.00 FTE needed to develop, implement, manage, maintain, and finance MDT's future UAS Program.

DP 208 - Consultant Design -

This request includes an increase of \$10.3 million in FY 2022 and in FY 2023 in state and federal special revenue funds. Due to increasing use of consultants used for design related issues due to loss of FTE, or specialization of contracts/work additional funding is needed. This budget category has been overrun for the past several fiscal years and will continue to do so without a funding solution.

DP 209 - Research -

This request includes an increase of \$687,500 in FY 2022 and \$687,500 in FY 2023 in state and federal special revenue funds. Increased costs for research books and reference materials due to needing replacements. A portion of this request is to fund increased research consultant costs due to the specialization of research related to MDT projects. The related research projects are the following: projects involving bridge components which can help build stronger and longer lasting bridges; traffic safety projects involving reducing wildlife vehicle collisions, decreasing serious injuries and fatalities, decreasing wildlife mortality, and improving wildlife habitat connectivity; and improving roadway and work zone safety and traffic safety culture for all road users.

DP 210 - Broadband Infrastructure Deployment -

This request includes an increase of \$102,958 in FY 2022 and \$99,229 in FY 2023 in state and federal special revenue funds and 1.00 FTE. The Federal Register Vol. 85, No. 157 dated 8/13/20 contained a Notice of Proposed Rulemaking (NPRM) requiring Broadband Infrastructure Deployment from the MOBILE NOW Act. This requires State DOT's to have a broadband utility coordinator responsible for facilitating infrastructure Right-of-way (ROW) efforts within the state. This FTE will assist with establishing a registration process for broadband infrastructure, and work with broadband infrastructure entities regarding installation of broadband utilities in the right of way applicable federal-aid highway projects.