

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	874,019	897,884	23,865	2.73 %
Operating Expenses	4,453,660	4,390,505	(63,155)	(1.42)%
Equipment & Intangible Assets	7,487,506	7,603,506	116,000	1.55 %
Debt Service	154,898	38,898	(116,000)	(74.89)%
Total Expenditures	\$12,970,083	\$12,930,793	(\$39,290)	(0.30)%
Proprietary Funds	12,970,083	12,930,793	(39,290)	(0.30)%
Total Funds	\$12,970,083	\$12,930,793	(\$39,290)	(0.30)%

Program Description

Motor Pool Program-06506

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.

The Motor Pool supports 6.00 FTE.

MCA 2-17-411 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 available to 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 at \$0.575 per mile 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.

The program does not expect any major changes to the customer base.

State Motor Pool Program Major Budget Highlights
<ul style="list-style-type: none"> • The rates requested in the program translate to inflationary adjustments of -12.74% in FY 2022 and -7.99% in FY 2023 that would be applied to the agencies' motor pool base budget. • Rate decreases are primarily driven by fuel cost savings • The motor pool has a tiered rate structure based on expenses and mechanisms in place to mitigate risk should unexpected changes in costs occur. • The rates are requested in Sec. R of HB 2

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	6.00	6.00	6.00	6.00
Personal Services	425,753	432,828	441,191	448,525	449,359
Operating Expenses	2,161,039	2,226,911	2,226,749	2,197,214	2,193,291
Equipment & Intangible Assets	3,069,108	3,685,753	3,801,753	3,801,753	3,801,753
Debt Service	135,101	135,449	19,449	19,449	19,449
Total Expenditures	\$5,791,001	\$6,480,941	\$6,489,142	\$6,466,941	\$6,463,852
Proprietary Funds	5,791,001	6,480,941	6,489,142	6,466,941	6,463,852
Total Funds	\$5,791,001	\$6,480,941	\$6,489,142	\$6,466,941	\$6,463,852

Program Discussion -

The state motor pool program fleet consists of 1021 vehicles. The daily rental program operates out of the Helena headquarters facility and provides a fleet of 177 vehicles for short-term use. The leasing program provides vehicles for extended assignment (biennial lease) to agencies statewide, and in FY 2020 was leasing 844 vehicles to state agencies. The program does not expect any major changes to the customer base.

Expenses

Program costs from the state accounting system for FY 2020 include:

- Personal services for 6.00 FTE of \$425,753 or 7.3% of total expenditures
- Operating costs (including debt service costs) of \$2.3 million or 39.7% of total expenditures, and included gasoline \$1.1 million after adjusting for fuel discounts
- Vehicle and equipment purchases in the amount of \$3.1 million
- Vehicle maintenance activities totaling \$524,000

◦ Insurance and bonds, \$159,635

Changes between the 2021 biennium budget and the 2023 biennium budget include:

- Personal services – projected to increase by 23,865 or 2.7%
- Operating costs – projected to decline by \$63,155 or 1.4%
- Total expenses – projected to decrease by \$39,290 or 0.3%

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 2021 Biennium Report on Internal Service and Enterprise Funds for 06506 shows the financial information for the fund from FY 2018 through FY 2023. 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.

2023 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: Motor Pool Program			
	Fund 06506	Fund Name Motor Pool - Int Svc					
		Actual FY18	Actual FY19	Actual FY20	Budgeted FY21	Budgeted FY22	Budgeted FY23
Operating Revenues:							
Fee and Charges							
Revenue A		4,274,327	4,648,207	4,657,719	4,825,045	4,946,744	5,211,076
Revenue B		8,414	1,504	97,886	35,935	35,935	35,935
Total Operating Revenues		4,282,741	4,649,711	4,755,605	4,860,980	4,982,679	5,247,011
Expenses:							
Personal Services							
		393,159	424,501	424,259	441,191	448,525	449,359
Other Operating Expenses							
		4,142,695	4,355,892	4,010,411	4,206,338	4,320,703	4,584,201
Expense B		208,516	189,664	134,369	177,516	177,516	177,516
Total Operating Expenses		4,744,370	4,970,057	4,569,039	4,825,045	4,946,744	5,211,076
Operating Income (Loss)		(461,629)	(320,346)	186,566	35,935	35,935	35,935
Nonoperating Revenues:							
Other Revenue A							
		97,692	57,439	41,498	65,543	65,543	65,543
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		97,692	57,439	41,498	65,543	65,543	65,543
Income (Loss) Before Contributions and Transfers		(363,937)	(262,907)	228,064	101,478	101,478	101,478
Change in Net Position		(363,937)	(262,907)	228,064	101,478	101,478	101,478
Beginning Net Position - July 1		6,516,094	6,133,151	5,870,244	6,098,308	6,199,786	6,301,264
Prior Period Adjustments		(19,006)	-	-	-	-	-
Change in Net Position		(363,937)	(262,907)	228,064	101,478	101,478	101,478
Ending Net Position - June 30		6,133,151	5,870,244	6,098,308	6,199,786	6,301,264	6,402,742
Net Position (Fund Balance) Analysis							

The motor pool fund is managed with a 60-day working capital as required by state law. The motor pool owns its vehicles, as seen in the total assets, and is a significant factor in the income statement of the fund.

Funding

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

Department of Transportation, 07-Motor Pool 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 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06007 Yellowstone Airport	0	0	0	0	0	0.00 %	
06506 Motor Pool - Int Svc	0	0	12,930,793	0	12,930,793	100.00 %	
Proprietary Total	\$0	\$0	\$12,930,793	\$0	\$12,930,793	100.00 %	
Total All Funds	\$0	\$0	\$12,930,793	\$0	\$12,930,793		

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.

Funding Sources: The following sources of funding were used to pay for the services provided by this program in FY 2020:

- General fund (58.3%)
- State special revenue (19.5%)
- Federal special revenue (19.9%)
- Proprietary (1.7%)
- Other (0.6%)

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 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 %	6,489,142	6,489,142	12,978,284	100.37 %
SWPL Adjustments	0	0	0	0.00 %	(22,201)	(25,290)	(47,491)	(0.37)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$6,466,941	\$6,463,852	\$12,930,793	

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 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	0	0	7,334	0.00	0	0	0	8,168
DP 2 - Fixed Costs	0.00	0	0	0	(29,535)	0.00	0	0	0	(33,458)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$22,201)	0.00	\$0	\$0	\$0	(\$25,290)

**"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 \$7,334 in FY 2022 and \$8,168 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 2 - Fixed Costs -

The request includes a reduction of \$29,535 in FY 2022 and \$33,458 in FY 2023 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, SITSD charges, and others. The rates charged for these services are approved in a separate portion of the budget.

Other Issues -

LFD Budget Analysis

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.

Motor Pool Rate Request								
Class	FY 2022				FY 2023			
	Assigned Rate	Usage Rate			Assigned Rate	Usage Rate		
		2.26/gal	2.76/gal	3.26/gal		2.26/gal	2.76/gal	3.26/gal
02	1.408	0.113	0.132	0.152	1.522	0.113	0.133	0.153
04	1.688	0.163	0.192	0.221	1.812	0.164	0.193	0.221
05	1.005	0.103	0.116	0.130	1.074	0.104	0.117	0.130
06	1.161	0.113	0.131	0.149	1.244	0.114	0.132	0.149
07	0.496	0.162	0.190	0.218	0.514	0.163	0.191	0.219
11	1.314	0.177	0.209	0.242	1.428	0.178	0.210	0.242
12	1.453	0.139	0.165	0.190	1.571	0.140	0.165	0.191