

The Legislative Fiscal Division Presents an Agency Profile of: The Department of Transportation

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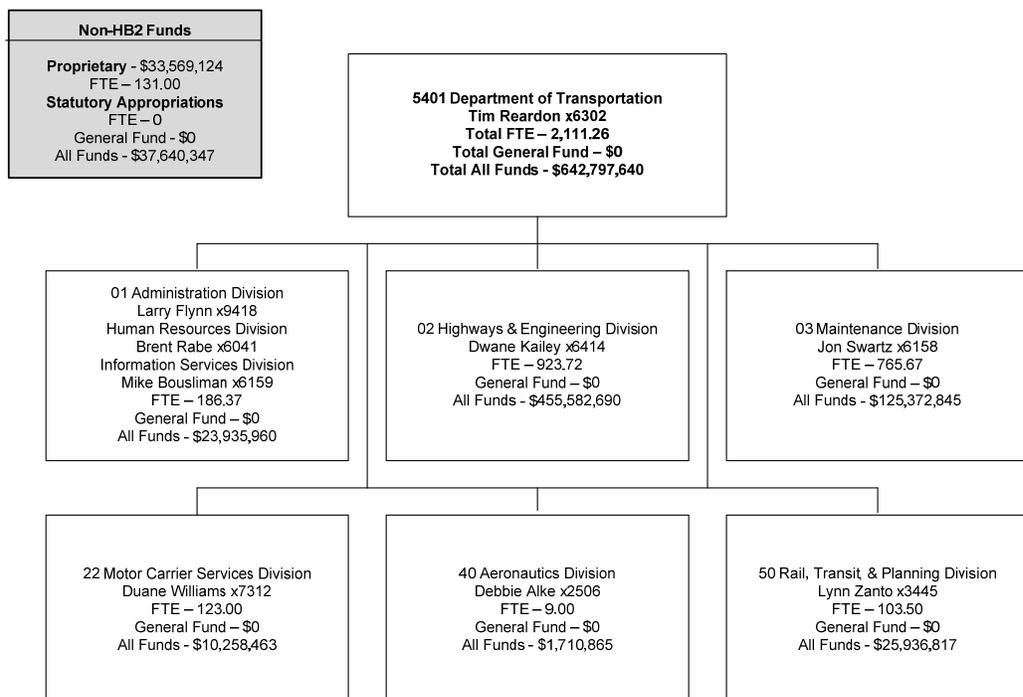
Agency Description

Definition of Terms

The Montana Department of Transportation (MDT) is responsible for administering the multimodal transportation network in Montana. The department plans, designs, builds, and maintains the statewide network of highways with the guidance from the five member transportation commission, appointed by the Governor. The department also provides for the other aspects of a statewide multimodal transportation system through:

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

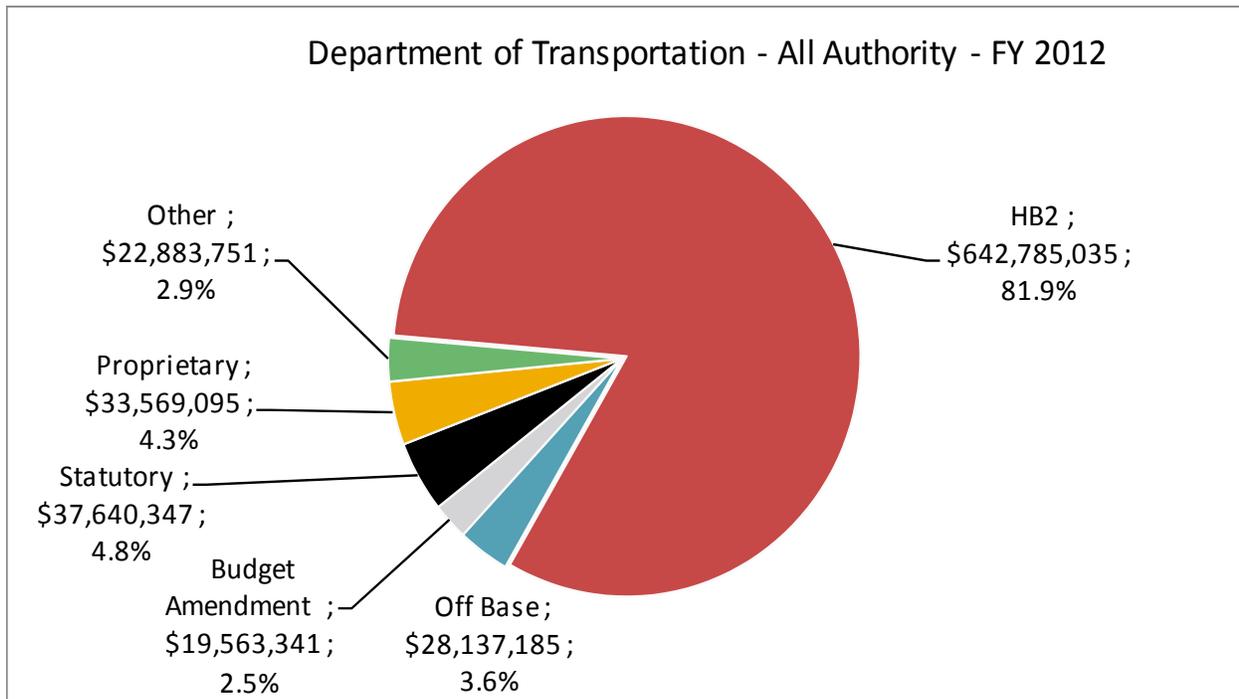
The primary statutory references include - Article VIII, Section 6, Montana Constitution, 2-15-2505, 15-70, Titles 60, 61, and 67, MCA.



How Services are Provided

The director acts as liaison between the Transportation Commission (commission) and the department. The commission is comprised of five members appointed by the Governor and confirmed by the Senate for four-year terms. The commission determines construction priorities, selects construction projects, awards construction contracts, and allocates funding to state, local, and national highway system projects. The commission also classifies highways as federal aid, primary, and off-system in the state maintenance system.

Sources of Spending Authority



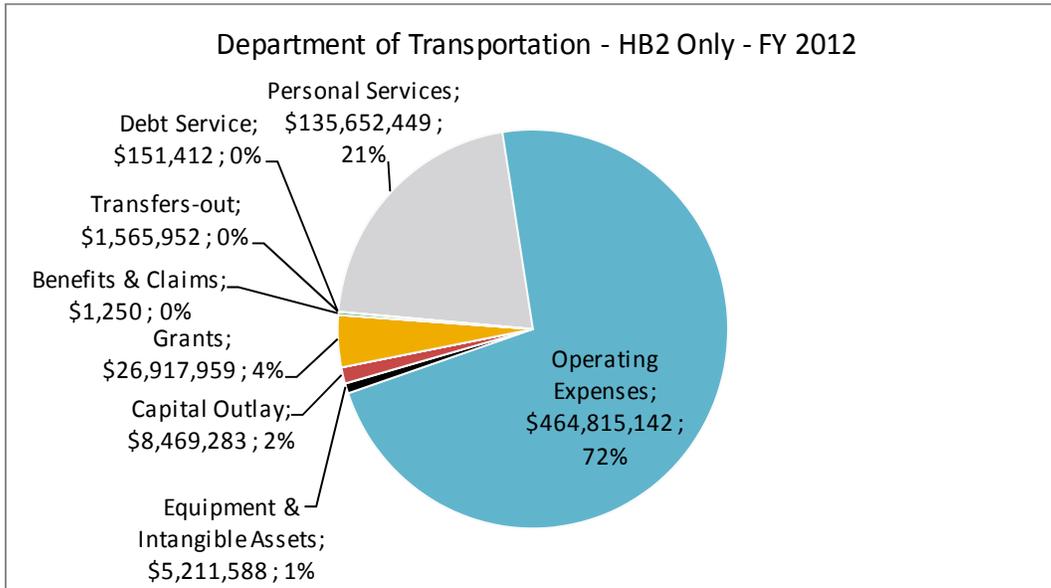
The above chart shows the sources of authority for the Montana Department of Transportation. As illustrated, the primary source of authority for MDT is HB 2. Off base authority is related to one-time-only authority provided by the legislature in the 2011 legislative session. The budget amendments shown in the figure is authority provided that allows use of federal funds not anticipated by the 2011 Legislature. The statutory appropriations are primarily distributions of fuel taxes to local and tribal governments and the proprietary authority is the spending authority for the three MDT proprietary programs: 1) the state motor pool; 2) the MDT equipment program; and 3) the West Yellowstone Airport. Other authority is primarily for debt service on the U.S. Highway 93 project totaling \$16.0 million, which is reimbursed by the federal highway trust fund, and authority of \$5.4 million related to the 2009 American Recovery and Reinvestment Act projects.

For a detailed description of accounting terminology, please refer to the definition of terms.

Expenditures

The next chart explains how the HB 2 authority is spent.

- \$363.2 million (87.5% federal funds) of the operating expenses were highway construction contractor payments
- \$23.0 million of grant funds were distributed to local governments and school districts



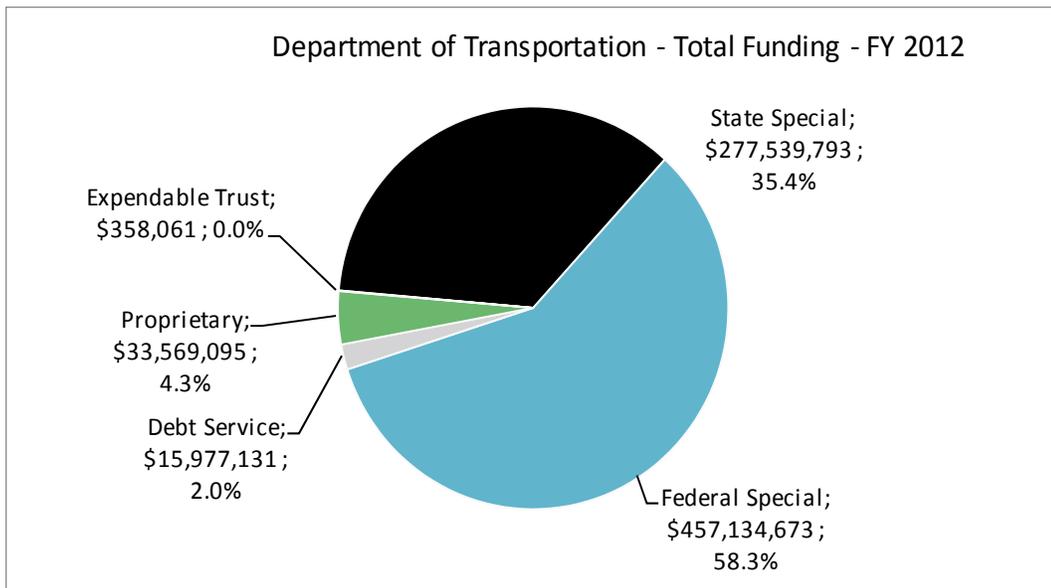
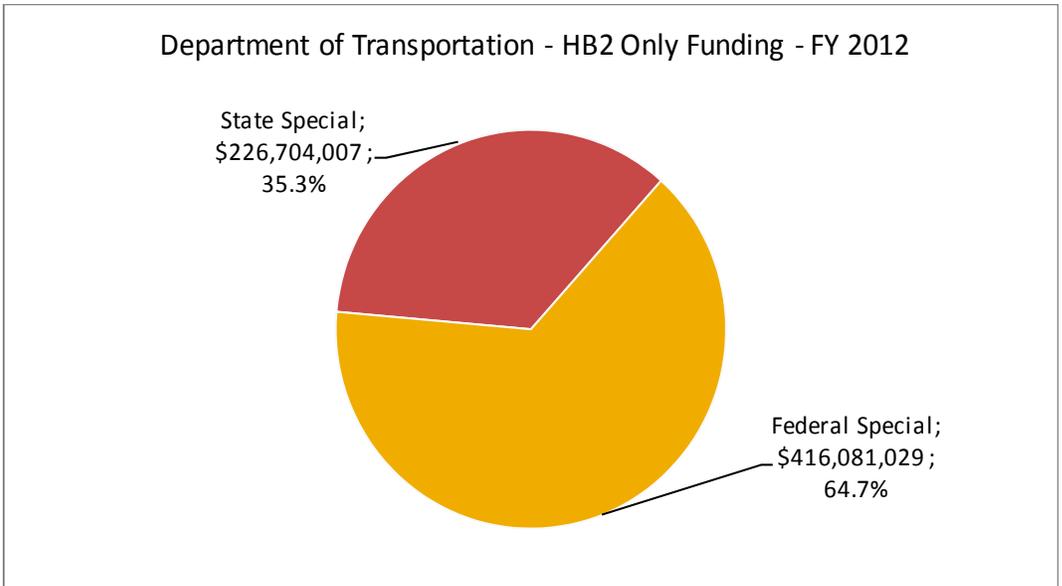
This chart matches the agency base expenditures found in the 2015 Budget Analysis with the exception of a slight difference caused by a clearing account adjustment in personal services and rounding errors.

Funding

The following charts show the agency's HB 2 funding authority by fund type and all sources of its total funding authority.

MDT's primary funding is derived from fuel taxes and user fees collected by the state and reimbursements from the federal government. State funds are used for operations, federal matching requirements, and preservation of the existing state and federal highway system. Federal funds are primarily available for construction, reconstruction, and preservation of federal-aid highways and selected maintenance activities.

State funding comes primarily from gasoline and diesel fuel taxes, motor vehicle taxes, registration fees, and gross vehicle weight fees. Federal funds are primarily from the federal highway trust.



Total funding was increased in FY 2012 by a small business development grant from the federal government to assist the state in increasing the amount of capital made available by private lenders to small businesses. State special funding is increased by statutory appropriations and federal special through budget amendments and un-anticipated federal stimulus funding. The total funding figure includes the proprietary funds that support the three MDT proprietary programs.

How the 2013 Legislature Can Effect Change

If the legislature is to change the cost of the elements that drive costs, it must address the factors that influence the level of the cost drivers. For example, what determines the level of highway maintenance expenditures? As a consequence, what range of policy choices does the legislature have if it wishes to change the level of highway maintenance expenditures? The following lists the primary factors influencing the drivers of costs for the agency. Please note that the list is not exhaustive.

- Smoothness of highway surface
- Acceptable level of snow/ice cover
- Distance between and service condition of rest areas
- Traffic congestion/flow
- Transportation system safety expectations
- Highway user services

Major Cost Drivers

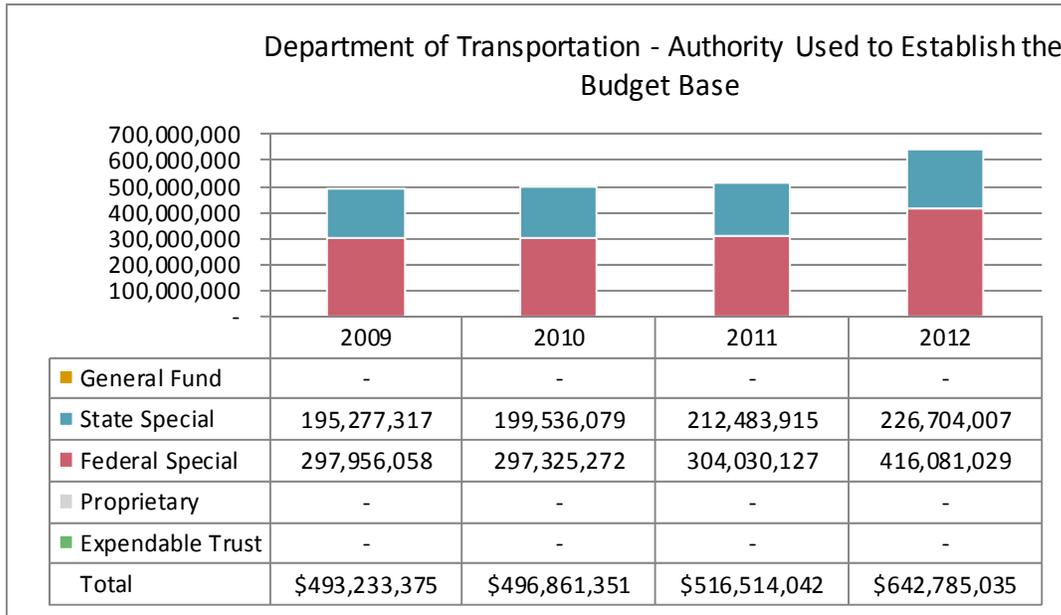
<i>Driver</i>	<i>2000</i>	<i>2010</i>	<i>Significance of Data</i>
Total lane-miles - Montana	141,871	152,573	Shows amount of roads supported by state tax base
Total lane-miles – U.S.	8,295,171	8,581,158	Shows national road system to compare with state system
Population per lane-mile - Montana	6.3	6.5	Shows how few people are available to fund highway costs in Montana
Population per lane mile – U.S. average	33.9	36.0	Shows there are five times as many people available to fund highway costs on average in the U.S.

The table above provides some cost drivers that can indirectly impact the operating costs of MDT. Other factors include the amount of federal funding available for highway work and the amount of fuel taxes collected in any given year.

Funding/Expenditure History

The table below shows historical changes in the agency’s base budget authority. Major reasons for change are:

- 2009 through 2011 total expenditures relatively were consistent
- 36% increase in federal funding in FY 2012 from prior years’ average, primarily attributable to distributions from the Federal Highway Trust Fund for highway construction



Major Legislative Changes in the Last Ten Years

2011

- \$60.0 million in one-time-only funding for the state funded construction program

2007

- Transferred the functions of the Motor Carrier Safety Assistance Program to Department of Justice
- A portion of Highway 93 project funded with Grant Anticipation Revenue Vehicles (GARVEE) bond proceeds funded in the Long-Range Building Program

2005

- \$78.7 million of GARVEE bond proceeds were used in the Highway 93 project

For further information, you may wish to contact the agency at:

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