

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	2,116.66	62.14	(11.27)	2,167.53	65.80	(11.02)	2,171.44	2,171.44
Personal Services	80,918,034	9,618,298	1,354,642	91,890,974	10,171,342	1,378,092	92,467,468	184,358,442
Operating Expenses	321,866,888	38,821,126	7,776,767	368,464,781	47,477,934	9,407,883	378,752,705	747,217,486
Equipment	1,308,305	313,437	0	1,621,742	(35,063)	0	1,273,242	2,894,984
Capital Outlay	12,319,921	0	0	12,319,921	0	0	12,319,921	24,639,842
Local Assistance	250,000	0	(250,000)	0	0	(250,000)	0	0
Grants	6,253,311	1,681,009	6,670,525	14,604,845	1,090,900	9,021,750	16,365,961	30,970,806
Transfers	15,143	0	0	15,143	0	0	15,143	30,286
Debt Service	6,445	0	0	6,445	0	0	6,445	12,890
Total Costs	\$422,938,047	\$50,433,870	\$15,551,934	\$488,923,851	\$58,705,113	\$19,557,725	\$501,200,885	\$990,124,736
General Fund	250,000	0	(250,000)	0	0	(250,000)	0	0
State/Other Special	179,411,483	21,345,211	(26,826,774)	173,929,920	21,871,481	(25,863,645)	175,419,319	349,349,239
Federal Special	243,276,564	29,088,659	42,628,708	314,993,931	36,833,632	45,671,370	325,781,566	640,775,497
Total Funds	\$422,938,047	\$50,433,870	\$15,551,934	\$488,923,851	\$58,705,113	\$19,557,725	\$501,200,885	\$990,124,736

Agency Description

The Department of Transportation (MDT) is responsible for serving the public by establishing and maintaining a transportation system that emphasizes safety, environmental preservation, cost-effectiveness, and quality.

Summary of Legislative Action

The legislative budget reflects staffing increases of 54.78 FTE and total budget increases of \$144.2 million for the biennium over the base (\$117.0 million or 13.4 percent over the 2001 biennium). Present law increases account for roughly \$109.1 million or 75.7 percent of the budget growth. Nearly 86 percent of the present law increases can be explained by the four more significant adjustments: 1) increases for contractor payments that are directly tied to the increased federal highway construction funding from the Transportation Equity Act for the 21st Century (TEA-21) (\$37.2 million); 2) an accounting policy change related to a legislative audit finding (\$29.7 million); 3) an adjustment to fully implement the department's assumption of maintenance of paved secondary roads (\$15.3 million); and 4) overtime and differential pay across the agency (\$11.6 million). Statewide adjustments and all other present law adjustments account for the remaining \$15.3 million present law increases.

Two new proposals approved by the legislature added federal funds totaling \$28.4 million, or nearly 80.9 percent of the growth resulting from all new proposals. Montana's local communities and its congressional delegates succeeded in obtaining \$11.3 million in federal funds for earmarked local transportation and economic development projects. A sanction on federal highway construction funds resulted in an increase of \$17.1 million because Montana law does not meet federal requirements associated with open container and repeat intoxicated driver sentencing laws. This sanction directs that a percentage of Montana's federal authorization of highway construction funds must be used for projects directed to state and local law enforcement for enhancements of driving under the influence enforcement or for hazard elimination activities. The funding was taken from the current allocation that has not yet been committed by the department, so it will effectively impact future year projects.

The legislature also removed all general fund for the department. In doing so, \$250,000 general fund was removed for each fiscal year of the 2003 biennium. The funding had previously been used to fund grants for county drinking and driving prevention programs in accordance with 61-2-106, MCA.

The legislature directed that FTE positions that were vacant for more than seven months should be removed from the base budget when building the 2005 biennium Executive Budget. The language that directed this action is contained in HB 2, Section 9, and reduces the department by 49.27 FTE.

Other legislation passed by the legislature would have a positive impact on the highways state special revenue account of \$792,091 for the 2003 biennium. Other legislation would have a negative impact in the 2005 biennium of nearly \$1.5 million. The legislation with impacts on revenue or expenditures of the department are described below under the heading, Other Legislation.

Agency Discussion

Agency Funding

Sources of Revenue

The department is primarily funded from a combination of state special revenue and federal special revenue funds. State special revenue funds can be grouped into two general categories: those that are constitutionally-protected and those that are not. The Constitution of the State of Montana states that revenues 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 are to be used solely 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. Constitutionally protected revenues comprise roughly 93 percent of MDT total state special revenues. The remaining 7 percent of state special revenues are derived from special use permits and motor fuel penalties and interest payments. Federal aid for highway construction is primarily realized from the distribution of revenue derived from the federally-imposed excise tax on motor fuels. Montana has historically received significantly more federal-aid highway construction funds than are collected in federal motor fuels excise taxes from Montana sources.

Transportation Equity Act for the 21st Century

The department receives federal-aid construction funding from the Federal Highway Administration (FHWA). The federal legislation that authorizes this funding is the Transportation Equity Act for the 21st Century (TEA-21). Montana receives, on average, roughly \$260 million per year in federal apportionment for highway construction and related activities. TEA-21 is a 6-year authorization act and is scheduled to expire at the end of federal fiscal 2003. As such, TEA-21 expires in the first quarter of state fiscal 2004.

Sliding Scale Match

Montana receives federal highway construction funds based on a sliding scale match formula that includes factors for the amount of federal land in the state and the amount of financial contribution the state makes to maintain the federal-aid highway system with state dollars. Montana's current match ratio is 87 percent federal to 13 percent state for reimbursable federal-aid projects. In order to maintain this favorable match, Montana must fully fund a certain level of construction activity with state funds. The department estimates that roughly \$10 million is the annual level of 100 percent state construction funds needed to maintain the current match ratio.

In order to utilize all of the federal funds apportioned to the state, state funds must be available to provide: 1) planning functions required in TEA-21; 2) maintenance of the federal-aid highway system to FHWA standards; 3) adequate management and oversight of federal-aid construction projects; 4) a minimum construction program supported by 100 percent state funds (\$10 million annually); 5) matching funds for federal-aid construction funds; and 6) adequate working capital to pay operating expenses with 100 percent state funds until federal reimbursement is provided. In the past, the department has stated that it needs a minimum working capital balance of \$10 million to pay operating expenses.

Highways State Special Revenue Account Financial Condition

Working Capital Projections

An analysis of the highways state special revenue account projects that the working capital balance of the account would be depleted and the account would be in a position in which short-term borrowing would be needed to cover operating expenses during the 2003 biennium and beyond. The analysis indicates that the account will remain, as it is now, in a financial position in which expenditures exceed revenues. The projections show that revenues are short by roughly \$6.4 million to maintain a positive account balance and fully expend the appropriation authority for the 2003 biennium.

Assumptions

Expenditures used in the analysis are:

- ?? Appropriations for fiscal 2001
- ?? Legislative budget for the 2003 biennium
- ?? 2003 estimates inflated by 3 percent annually for the 2005 biennium, except for the pay plan, capital projects, and where a specified distribution is included in law

Revenues used in the analysis are:

- ?? Revenue estimates contained in HJR 2 for gross vehicle weight (GVW) fees, gasoline taxes, and diesel taxes for fiscal 2001 and the 2003 biennia
- ?? HJR 2 fiscal 2003 estimates for GVW fees, gasoline taxes, and diesel taxes inflated annually for the 2005 biennium by the same annual inflation factors included in the adopted estimates
- ?? Fiscal 2000 actual revenues without any inflation for the remaining revenues

Impacts of legislation are amounts contained in the most recent fiscal notes that accompany the legislation. The legislation included in the analysis are those listed below under the heading, Other Legislation. The analysis does not include potential impacts for HB 578 and HB 644. HB 578 extended the tax incentive for production of alcohol but would not have a fiscal impact until an alcohol production facility begins producing alcohol to be blended with motor fuels. There are currently no facilities that are licensed or seeking a license to produce alcohol that would qualify for the tax incentive of HB 578. HB 644 provides reduced taxes for gasohol and bio-diesel. The tax reductions from HB 644 do not become effective until an ethanol plant begins producing ethanol and until the net working capital in the highway state special revenue account reaches \$20 million on the last day of a fiscal year. As the analysis indicates, the working capital balance is not projected to reach \$20 million in the foreseeable future, so the tax reductions of HB 644 are not anticipated to become effective.

Highways State Special Revenue Account Stability

Table 1 shows projections of revenues, expenditures, and working capital for the highways state special revenue account. The table shows that expenditures are projected to continue to exceed revenues through the 2005 biennium. This imbalance will decrease somewhat in fiscal years 2003 and 2004 when, in fiscal 2003, the final payment on long-term debt is made. In fiscal 2004, the imbalance is projected to be at its lowest point, but is projected to grow after fiscal 2004 as the growth rate of expenditures continues to exceed the growth rate of revenues.

If debt service and transfers and other uses of funds are ignored, the growth rate for expenditures has exceeded and is expected to continue to exceed the growth rate for revenues. The primary factors for this disparity are: 1) growth in revenue from the highest revenue sources of gasoline and diesel taxes and GVW fees are reliant on usage increases, which are inversely tied to inflationary increases; 2) 34 percent of department expenditures from the account are for personal services costs, which have consistently grown at or above the rate of inflation; 3) construction cost increases are more closely tied to inflationary growth factors, which have consistently outpaced growth in usage; and 4) construction and maintenance costs are linked to usage factors and tend to compound the impacts of inflation.

Without some type of intervention to bring the revenue and expenditure growth in line with one another, the account is projected to remain in a situation where expenditures are greater than revenues. Given this scenario, working capital reserves would be further depleted each year thereafter. Eventually, this would lead to the need for either a fee or tax increase to increase revenues or a reduction of services to reduce expenditures.

Table 1						
Working Capital Analysis - Highways State Special Revenue Account						
Fiscal Years 2000 - 2005						
	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
	Actual	Approp.	Estimate	Estimate	Estimate	Estimate
Beginning Working Capital Balance	\$48,974,472	\$23,542,223	\$5,643,614	(\$3,669,597)	(\$6,429,222)	(\$7,838,648)
Revenues						
Gasoline tax	124,679,120	121,419,000	122,739,000	123,382,000	124,376,459	125,378,933
Diesel tax	54,259,213	55,345,000	56,452,000	58,145,000	59,598,625	61,088,591
G. V. W.	33,934,696	32,366,000	29,666,000	29,821,000	29,976,666	30,133,144
Other revenue	6,266,231	6,266,231	6,266,231	6,266,231	6,266,231	6,266,231
Interest	-	-	-	-	-	-
Total Revenues	\$219,139,260	\$215,396,231	\$215,123,231	\$217,614,231	\$220,217,981	\$222,866,899
Expenditures						
Department of Transportation (MDT)						
General Operations Program	14,010,603	14,247,946	17,035,495	16,736,844	17,238,949	17,756,118
Tribal refunds - SA	24,435	28,036	24,720	24,798	25,542	26,308
Construction Program	90,891,133	71,687,402	71,584,203	74,292,575	76,521,352	78,816,993
Maintenance Program	69,930,872	79,608,356	76,038,112	76,230,890	78,517,817	80,873,351
Motor Carrier Services Program	4,823,500	5,040,654	4,977,367	4,994,990	5,144,840	5,299,185
Transportation Planning Program	1,560,620	1,846,743	2,111,352	1,819,985	1,874,585	1,930,822
Debt service/ bond principle and interest	13,536,080	13,935,352	13,936,852	3,798,551	-	-
Total MDT Expenditures	\$194,777,243	\$186,394,489	\$185,708,101	\$177,898,633	\$179,323,084	\$184,702,777
County gasoline tax distribution - SA	10,389,000	10,389,000	10,360,000	10,360,000	10,360,000	10,360,000
City gasoline tax distribution - SA	6,323,000	6,323,000	6,306,000	6,306,000	6,306,000	6,306,000
Local technical assistance - SA	54,000	54,000	100,000	100,000	100,000	100,000
Total Local Distribution	\$16,766,000	\$16,766,000	\$16,766,000	\$16,766,000	\$16,766,000	\$16,766,000
Department of Justice (DOJ)	16,494,329	17,081,042	17,968,013	18,233,782	18,780,795	19,344,219
HB 5 Long-Range Building Program (construction, maintenance, and repair of MDT buildings)	1,897,948	2,509,907	2,500,000	2,500,000	1,150,000	1,150,000
HB 5 Long-Range Building Program (Dept. of Fish, Wildlife & Parks)	502,091	1,656,504	200,000	200,000	200,000	200,000
MDT estimated 4% pay plan and benefits			1,533,285	4,123,298	4,123,298	4,123,298
DOJ estimated 4% pay plan and benefits			327,053	878,224	878,224	878,224
Transfers and other uses of funds	5,482,201	8,886,898	-	-	-	-
Total Expenditures	\$235,919,812	\$233,294,840	\$225,002,452	\$220,599,937	\$221,221,402	\$227,164,518
Impacts of Legislation (2001 legislature)			\$566,010	\$226,081	(\$406,005)	(\$1,073,369)
Adjustments for prior year activity	(8,651,697)					
Ending Working Capital Balance	\$23,542,223	\$5,643,614	(\$3,669,597)	(\$6,429,222)	(\$7,838,648)	(\$13,209,637)
Structural Balance (Imbalance)	(16,780,552)	(17,898,609)	(9,313,211)	(2,759,625)	(1,409,426)	(5,370,989)

Other Legislation

Senate Bill 115 - SB 115 repealed the terminating language associated with Chapter 461, Laws of 1999, and made permanent the revised definitions of agricultural use for gasoline and special fuel tax refund purposes. The 1999 legislature provided one time funding for 1.0 FTE to administer the revised refund process. However, the 2001 legislature did not provide funding to continue the 1.0 FTE to administer the process made permanent by SB 115. The department estimated the cost for the 1.0 FTE at \$39,368 for the 2003 biennium.

Senate Bill 150 - SB 150 imposes a penalty on retail fuel outlets for failing to properly mark pumps that dispense untaxed diesel fuel (dyed diesel). The net fiscal impact of SB 150 is estimated to be increased revenues of \$13,000 for the 2003 biennium. The department did not request funding for the estimated \$2,350 costs to implement SB 150.

Senate Bill 153 - SB 153 increased the penalty for late payment of gasoline and special fuel taxes from \$25 to \$100, but added a provision that allowed the penalty to be prorated. The department estimates that SB 153 will result in \$9,100 revenue reduction for the 2003 biennium.

Senate Bill 280 - SB 280 reinstated the \$0.01 per gallon tax on aviation fuel that sunset when the tax proceeds into the aeronautics loan account reached \$1 million on January 1, 2001. The reinstated tax will be used to fund airport development grants to airports in Montana. The department estimates that \$300,000 revenue will be generated from the reinstated tax. The legislature provided budget authority to provide \$300,000 in grants for the biennium. For a further discussion of this budget item, refer to new proposal DP 43 in the Aeronautics Program.

Senate Bill 326 - SB 326 revised laws governing weed management. In doing so, SB 326 directs that \$100,000 is transferred each year from the non-restricted highways state special revenue account to the noxious weed state special revenue account. SB 326 terminates on March 1, 2006, so \$500,000 will be transferred from the highways state special revenue account prior to the current law sunset. During the 2003 biennium, \$200,000 will be transferred out of the highways state special revenue account.

Senate Bill 380 - SB 380 revised the length restrictions and fees for triple trailers. The department estimates that the revised restrictions will result in \$13,256 lower revenues for the highways state special revenue account during the 2003 biennium.

Senate Bill 448 - SB 448 increased the vehicle registration fee by \$0.25 a year and designated that the funds from the increased tax are to be deposited into the highways state special revenue account. The proceeds from the increased tax are designated to fund transportation services for senior citizens and persons with disabilities. The department estimates that the registration fee increase will increase revenues by \$518,411 for the biennium. The legislature increased the budget authority by \$518,411 for the department to provide grants for transportation services designated by the bill.

House Bill 5 - For the 2003 biennium, HB 5 appropriated to the department \$2.7 million highways state special revenue for construction equipment storage buildings statewide and \$2.3 million highways state special revenue for maintenance, repair, and small capital improvement projects statewide. The bill also appropriated \$400,000 highways state special revenue to the Department of Fish, Wildlife and Parks for state park roads.

House Bill 124 - HB 124 revised local government funding laws. HB 124 changed where revenues from fees and taxes previously collected by the counties are to be deposited. For the most part, these revenues are to be deposited in the state general fund. Impacts on counties are offset by entitlement payments made from the state general fund. Impacts to state accounts are offset by fund transfers from the general fund to the impacted fund. However, some revenues are deposited in other designated accounts such as the highways state special revenue account. The effects of HB 124 must be taken in context with the effects of HB 247. The net effect of HB 124 in combination with HB 247 for the highways state special revenue account is a revenue reduction of \$680,303 for the 2003 biennium. The net effect in the 2005 biennium increases to a revenue reduction of \$2,970,668 for the highways state special revenue account. The impacts of HB 124 and HB 247 shown here are different than that shown on the latest fiscal notes and are based on an analysis of the bills by the Legislative Fiscal Division.

House Bill 131 - HB 131 provides authority for department motor carrier enforcement personnel to stop and inspect diesel-powered motor vehicles for the presence of non-taxed dyed diesel fuel in their supply tanks. The department estimates that the increased enforcement provided by HB 131 would increase revenues for the highways state special revenue account by \$1,736,950 for the biennium, after netting out the costs to administer the provisions of the bill.

House Bill 148 - HB 148 revised laws on electronic filing for gasoline and special fuels taxes. The department estimates that HB 148 would result in a \$55,200 revenue reduction to the highways state special revenue account primarily due to reduced interest revenues. Costs to implement electronic filing of fuel taxes were approved by the legislature in present law decision packages DP 4, Contracted Services, and DP 7, Lockheed Martin.

House Bill 247 - HB 247 provided a phase-in reduction of fees in lieu of taxes for heavy trucks. HB 247 will result in reduced revenues to the highways state special revenue account beginning in fiscal 2003. The reduced revenue impact of HB 247 on the highways state special revenue account is included in the above discussion for HB 124.

House Bill 392 - HB 392 increased the amount of gasoline and vehicle fuel tax allocated to the local technical assistance transportation program from \$54,000 per year to \$100,000 per year. Instead of increasing the overall amount of funds distributed through the statutory provisions of 15-70-101, MCA, the distributions to cities and counties were reduced proportionally.

House Bill 430 - HB 430 directed the Aeronautics Program of the department to provide grants for airport courtesy cars at Montana rural airports. The legislature approved funding for the department to provide two \$2,000 grants during each year of the biennium. For further discussion of the HB 430 budget item, refer to new proposal DP 42 in the Aeronautics Program.

House Bill 447 - HB 447 appropriated up to \$1 million federal special revenue to the department to plan for reconstructing and paving the road from state secondary Highway 29 to Marysville, Montana. HB 447 made the appropriation contingent upon Montana receiving federal funding specifically for this purpose.

House Bill 578 - HB 578 extended the tax incentive for the production of alcohol used to blend with gasoline for sale as gasohol or the production of ethyl butyl for use in reformulated gasoline. HB 578 extended the tax incentive from terminating in 2005 so it now terminates in 2010. Since there are no facilities currently licensed or planned to be licensed to produce alcohol, there is no fiscal impact of HB 578 for the 2003 biennium. However, if a facility is licensed in the future, the impact could be up to \$6 million revenue reduction from the highways state special revenue account until the incentive program terminates on July 1, 2010.

House Bill 644 - HB 644 reduces the state fuel tax on ethanol and biodiesel fuels to 85 percent of the tax rate on unblended fuels. There are no projected impacts from HB 644 during the 2003 biennium since the bill has an effective date that is contingent upon the occurrence of two conditions: 1) an ethanol plant being in operation and producing fuel in Montana; and 2) the net working capital in the restricted highway state special revenue account, excluding any proceeds obtained through debt financing, being at least \$20 million on June 30 after the ethanol plant begins producing fuels. When these conditions are satisfied, HB 644 is estimated to result in annual revenue reductions of \$593,074 to the highways state special revenue account, at the current level of gasohol consumption.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg - Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg - Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	2,116.66	2,226.80	2,167.53	(59.27)	2,231.71	2,171.44	(60.27)	
Personal Services	80,918,034	92,357,794	91,890,974	(466,820)	92,932,425	92,467,468	(464,957)	(931,777)
Operating Expenses	321,866,888	363,481,382	368,464,781	4,983,399	371,513,048	378,752,705	7,239,657	12,223,056
Equipment	1,308,305	1,700,864	1,621,742	(79,122)	1,297,138	1,273,242	(23,896)	(103,018)
Capital Outlay	12,319,921	12,319,921	12,319,921	0	12,319,921	12,319,921	0	0
Local Assistance	250,000	250,000	0	(250,000)	250,000	0	(250,000)	(500,000)
Grants	6,253,311	7,933,714	14,604,845	6,671,131	7,343,605	16,365,961	9,022,356	15,693,487
Transfers	15,143	15,143	15,143	0	15,143	15,143	0	0
Debt Service	6,445	7,791	6,445	(1,346)	7,791	6,445	(1,346)	(2,692)
Total Costs	\$422,938,047	\$478,066,609	\$488,923,851	\$10,857,242	\$485,679,071	\$501,200,885	\$15,521,814	\$26,379,056
General Fund	250,000	250,000	0	(250,000)	250,000	0	(250,000)	(500,000)
State/Other Special	179,411,483	174,782,385	173,929,920	(852,465)	176,159,067	175,419,319	(739,748)	(1,592,213)
Federal Special	243,276,564	303,034,224	314,993,931	11,959,707	309,270,004	325,781,566	16,511,562	28,471,269
Total Funds	\$422,938,047	\$478,066,609	\$488,923,851	\$10,857,242	\$485,679,071	\$501,200,885	\$15,521,814	\$26,379,056

Executive Budget Comparison

The legislative budget reflects a net increase over the Executive Budget of nearly \$26.4 million for the 2003 biennium. The major factors for the difference are: 1) addition of \$17.1 million federal funds for a federal sanction associated with open container and repeat drunk driving laws; 2) elimination of \$0.5 million general fund associated with the Governor's drinking and driving prevention program; and 3) addition of \$11.3 million in federal funds earmarked for local

transportation and economic development needs. Federal funds increased by nearly \$28.5 million, while general fund and state special revenue decreased by \$0.5 million and nearly \$1.6 million respectively as compared to the Executive Budget.

Language

The department may adjust appropriations in the Construction, Maintenance, and Transportation Planning Programs between state special and federal special revenue fund types if the total state special revenue authority for these programs is not increased by more than 10 percent of the total appropriations established by the legislature for each program. All transfers between fund types must be fully explained and justified by budget documents submitted to the Office of Budget and Program Planning, and all fund transfers of more than \$1 million in any 30-day period must be communicated to the Legislative Finance Committee in a written report.

All federal special revenue appropriations in the department are biennial.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	151.27	0.00	5.00	156.27	0.00	5.00	156.27	156.27
Personal Services	5,899,056	554,355	320,451	6,773,862	597,504	321,578	6,818,138	13,592,000
Operating Expenses	7,926,923	2,746,728	294,450	10,968,101	2,621,132	365,950	10,914,005	21,882,106
Equipment	172,010	294,937	0	466,947	(60,063)	0	111,947	578,894
Grants	75,606	0	0	75,606	0	0	75,606	151,212
Debt Service	750	0	0	750	0	0	750	1,500
Total Costs	\$14,074,345	\$3,596,020	\$614,901	\$18,285,266	\$3,158,573	\$687,528	\$17,920,446	\$36,205,712
State/Other Special	13,356,684	3,063,910	614,901	17,035,495	2,692,632	687,528	16,736,844	33,772,339
Federal Special	717,661	532,110	0	1,249,771	465,941	0	1,183,602	2,433,373
Total Funds	\$14,074,345	\$3,596,020	\$614,901	\$18,285,266	\$3,158,573	\$687,528	\$17,920,446	\$36,205,712

Program Description

The General Operations Program provides administrative support services for the department, including general administration and management; accounting and budgeting; public affairs; computer systems support; personnel; goods and services procurement; and administration of motor fuel taxes.

Funding

The General Operations Program is funded primarily from the highways state special revenue fund. The highways state special revenue fund receives revenue primarily from motor fuel taxes and gross vehicle weight permit fees. Federal funding is available for assistance for disadvantaged businesses, training, and fuel tax evasion prevention efforts. The General Operations Program receives federal funds for fuel tax evasion prevention efforts via a \$15,000 grant and 0.25 percent of the state's allotment of Surface Transportation Program funds. The program also receives federal reimbursement of certain administrative expenses that are directly related to a federal-aid project. For the 2003 biennium, state special revenue provides roughly 93.3 percent of the program's total funding; federal special revenue provides the remaining 6.7 percent.

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					749,769					789,230
Vacancy Savings					(183,216)					(184,400)
Inflation/Deflation					(34,618)					(28,799)
Fixed Costs					1,310,910					1,317,550
Total Statewide Present Law Adjustments					\$1,842,845					\$1,893,581
DP 1 - Overtime/Differential	0.00	0	71,707	0	71,707	0.00	0	77,080	0	77,080
DP 2 - Computer/Networking Equipment/Softw	0.00	0	294,937	0	294,937	0.00	0	(60,063)	0	(60,063)
DP 3 - PC and Laser Printer Replacement	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 4 - Contracted Services - ISB	0.00	0	356,958	0	356,958	0.00	0	313,134	0	313,134
DP 5 - Federal Training and HazMat Communication Program	0.00	0	85,374	143,497	228,871	0.00	0	49,874	143,497	193,371
DP 6 - Software	0.00	0	62,531	0	62,531	0.00	0	62,531	0	62,531
DP 7 - Lockheed Martin	0.00	0	462,929	0	462,929	0.00	0	474,645	0	474,645
DP 9 - EEO/ADA Training and Compliance	0.00	0	10,979	0	10,979	0.00	0	11,119	0	11,119
DP 10 - Equipment Rental	0.00	0	7,540	0	7,540	0.00	0	7,601	0	7,601
DP 12 - Fuel Tax Evasion	0.00	0	0	154,344	154,344	0.00	0	0	84,344	84,344
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(13,716)	0	(13,716)	0.00	0	(14,364)	0	(14,364)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(79,290)	(4,615)	(83,905)	0.00	0	(79,772)	(4,634)	(84,406)
Total Other Present Law Adjustments	0.00	\$0	\$1,459,949	\$293,226	\$1,753,175	0.00	\$0	\$1,041,785	\$223,207	\$1,264,992
Grand Total All Present Law Adjustments					\$3,596,020					\$3,158,573

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Overtime/Differential - The legislature approved overtime and differential pay at the historical level.

DP 2 - Computer/Networking Equipment/Softw - The legislature approved funding to purchase additional servers and enhance networking capabilities within the Helena headquarters to support expanded needs of the department for computerized management systems, as a result of the growth of the federal-aid construction program, and staff growth. The legislature designated \$218,500 in fiscal 2002 as a one-time-only appropriation.

DP 3 - PC and Laser Printer Replacement - The legislature approved funding to increase the number of personal computers and printers included in the department's annual personal computer replacement plan by 75 additional personal and laptop computers and 75 laser printers.

DP 4 - Contracted Services - ISB - The legislature approved funding for contracted services for the following information technology related projects: 1) fuel tax distribution; 2) fuel tax refund processing and tracking; 3) fuel distributor licensing; 4) administrative hearing module for managing delinquent accounts; 5) personal services budget monitoring; and 6) work flow processing. These systems would integrate with the department fund and cash management systems; the Statewide Accounting, Budgeting and Human Resource System; document management with workflow processing

systems; and electronic commerce related systems.

DP 5 - Federal Training and HazMat Communication Program - The legislature approved funding for a Hazardous Materials Communications Program and increased training costs for department staff. The legislature designated \$35,500 in fiscal 2002, associated with costs to develop the Hazardous Materials Communications Program, as a one-time-only appropriation.

DP 6 - Software - The legislature approved funding for the acquisition of software for field and mobile devices that are not attached to the statewide network, and are not included in the network rate paid to Information Services Division of the Department of Administration.

DP 7 - Lockheed Martin - The legislature approved a funding increase to pay for a contract with Lockheed Martin - IMS for services and system support to MDT for the Montana Tax and Revenue System (MOTRS).

DP 9 - EEO/ADA Training and Compliance - The legislature approved increased funding for travel by compliance staff and to provide specialized Equal Employment Opportunity (EEO) and Americans with Disabilities Act (ADA) training for departmental administrative staff and Transportation Commission members.

DP 10 - Equipment Rental - The legislature approved funding for increased allocations of costs for the department's Equipment Program.

DP 12 - Fuel Tax Evasion - The legislature approved funding for the federal grant program that funds initiatives directed at reducing the evasion of motor fuel taxes.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1 - IT Personnel Support											
01	4.00	0	191,028	0	191,028	4.00	0	191,709	0	191,709	
DP 2 - FTMA Crossmatch/Compliance Program											
01	2.00	0	57,037	0	57,037	2.00	0	57,233	0	57,233	
DP 7 - GASB 34 Implementation											
01	1.00	0	236,193	0	236,193	1.00	0	236,318	0	236,318	
DP 8 - Contracts Officer											
01	1.00	0	39,693	0	39,693	1.00	0	36,318	0	36,318	
DP 10 - Investigative Services											
01	0.00	0	75,000	0	75,000	0.00	0	150,000	0	150,000	
DP 20 - HB 131 - Diesel Fuel Violations											
01	0.00	0	15,950	0	15,950	0.00	0	15,950	0	15,950	
DP 689 - FTE Reduction											
01	(3.00)	0	0	0	0	(3.00)	0	0	0	0	
Total	5.00	\$0	\$614,901	\$0	\$614,901	5.00	\$0	\$687,528	\$0	\$687,528	

New Proposals

DP 1 - IT Personnel Support - The legislature approved funding to add 4.0 FTE information technology (IT) staff. The new IT staff would support the following agency functions:

?? One grade 16, programmer/analyst to assist in maintaining the statewide network of desktop and laptop computers

for the Motor Carriers Services (MCS) program

- ?? One grade 15, information system support specialist to support the Global Positioning System (GPS) and public roads transportation layer of the Geographic Information Systems (GIS)
- ?? One grade 16, information system support specialist to administer management information system work order contracts and projects
- ?? One grade 15, programmer/analyst to develop and provide ongoing support for the department's computerized management systems

DP 2 - FTMA Crossmatch/Compliance Program - The legislature approved funding to add 2.0 FTE grade 12, administrative officers for the Fuel Tax Management and Analysis Bureau to cross-match motor fuel tax returns with motor fuel tax information on file. The legislature designated \$7,000 in fiscal 2002, identified to purchase a computer and office equipment for the increased staff, as a one-time-only appropriation.

DP 7 - GASB 34 Implementation - The legislature approved funding to add 1.0 FTE grade 15, accountant, as well as contracted services in support of implementing Governmental Accounting Standards Board Statement 34 (GASB 34). The legislature designated \$200,000 in each year for funding contracted services as a one-time-only appropriation.

DP 8 - Contracts Officer - The legislature approved funding to add 1.0 FTE grade 15, contracts officer in the Purchasing Services Bureau to handle the increased workload associated with the assumption of maintenance for paved secondary highways and the use of federal-aid highway construction funds for preventive maintenance of highways. The legislature designated \$3,500 in fiscal 2002, for the purchase of a personal computer and office furniture, as a one-time-only appropriation.

DP 10 - Investigative Services - The legislature approved funding for a contract with the Department of Justice, through which suspected internal and external irregularities relative to contract administration and fuel tax enforcement would be investigated, as would fuel tax fraud.

DP 20 - HB 131 - Diesel Fuel Violations - The legislature provided funding to implement HB 131. HB 131 authorizes the department to stop and inspect vehicles for diesel fuel violations. The funding will be used to cover costs associated with providing notices of assessment, programming, and appeals.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	1,055.23	(2.21)	(13.44)	1,039.58	1.45	(12.44)	1,044.24	1,044.24
Personal Services	41,389,329	2,657,046	923,348	44,969,723	2,957,549	963,320	45,310,198	90,279,921
Operating Expenses	270,122,733	28,759,315	1,590,199	300,472,247	38,025,738	1,364,989	309,513,460	609,985,707
Equipment	934,442	0	0	934,442	15,000	0	949,442	1,883,884
Capital Outlay	12,253,537	0	0	12,253,537	0	0	12,253,537	24,507,074
Local Assistance	250,000	0	(250,000)	0	0	(250,000)	0	0
Grants	2,834,614	626,901	6,195,432	9,656,947	626,901	8,670,432	12,131,947	21,788,894
Debt Service	5,695	0	0	5,695	0	0	5,695	11,390
Total Costs	\$327,790,350	\$32,043,262	\$8,458,979	\$368,292,591	\$41,625,188	\$10,748,741	\$380,164,279	\$748,456,870
General Fund	250,000	0	(250,000)	0	0	(250,000)	0	0
State/Other Special	90,693,250	6,428,285	(25,537,332)	71,584,203	7,893,263	(24,293,938)	74,292,575	145,876,778
Federal Special	236,847,100	25,614,977	34,246,311	296,708,388	33,731,925	35,292,679	305,871,704	602,580,092
Total Funds	\$327,790,350	\$32,043,262	\$8,458,979	\$368,292,591	\$41,625,188	\$10,748,741	\$380,164,279	\$748,456,870

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 actual construction. Program responsibilities include such tasks as project design, accessing environmental documents and permits, making right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is 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.

Funding

Costs eligible for reimbursement under the federal-aid construction program are funded with highways state special revenue funds and federal special revenue funds apportioned to Montana under the federal transportation funding laws authorized in the Transportation Equity Act for the 21st Century (TEA-21). Construction design, construction, and construction management costs as well as direct administrative costs for construction activities are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 87 percent federal with a 13 percent state match. The 100 percent state-funded construction program is funded entirely with the highways state special revenue fund. The primary sources of revenue for the highways state special revenue funds are highway-user fees derived from motor fuel taxes and gross vehicle weight fees. Traffic safety functions are generally funded 100 percent with National Highway Traffic Safety Administration grant funds. The exception for traffic safety functions is that a small portion (1 percent) of the administrative costs is matched at 50 percent with highways state special revenue funds. The remaining funding for the 2003 biennium is approximately 20 percent state special revenue and 80 percent federal special revenue.

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					644,965					863,220
Vacancy Savings					(1,148,457)					(1,155,004)
Inflation/Deflation					51,865					82,265
Fixed Costs					6,380					7,495
Total Statewide Present Law Adjustments					(\$445,247)					(\$202,024)
DP 2 - Contracted Services for Legal Services	0.00	0	10,103	2,497	12,600	0.00	0	10,115	2,485	12,600
DP 3 - Environmental Consultant Services	0.00	0	25,046	25,258	50,304	0.00	0	25,182	25,122	50,304
DP 5 - Traffic Signal Design Training	0.00	0	20,000	0	20,000	0.00	0	0	0	0
DP 7 - Overtime/Differential	0.00	0	1,219,454	2,523,393	3,742,847	0.00	0	1,240,320	2,518,587	3,758,907
DP 8 - CMS Adjustment	(2.21)	0	23,254	20,860	44,114	1.45	0	51,516	99,661	151,177
DP 12 - CADD	0.00	0	150,833	0	150,833	0.00	0	189,459	0	189,459
DP 13 - Accounting Change - Accruals	0.00	0	2,656,270	10,625,080	13,281,350	0.00	0	2,656,270	10,625,080	13,281,350
DP 14 - Contractor Payments	0.00	0	2,090,946	11,820,867	13,911,813	0.00	0	3,611,767	19,720,059	23,331,826
DP 15 - Research	0.00	0	41,363	222,713	264,076	0.00	0	42,439	221,637	264,076
DP 16 - Crest Stage Gage	0.00	0	21,303	1,197	22,500	0.00	0	21,307	1,193	22,500
DP 17 - Accounting Change-Traffic Safety Bureau	0.00	0	270,680	655,117	925,797	0.00	0	78,469	617,328	695,797
DP 18 - Equipment Rental	0.00	0	198,054	402,111	600,165	0.00	0	201,207	408,511	609,718
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	0	(1,682)	0	(1,682)	0.00	0	(1,688)	0	(1,688)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(174,053)	(362,155)	(536,208)	0.00	0	(177,162)	(361,652)	(538,814)
Total Other Present Law Adjustments	(2.21)	\$0	\$6,551,571	\$25,936,938	\$32,488,509	1.45	\$0	\$7,949,201	\$33,878,011	\$41,827,212
Grand Total All Present Law Adjustments					\$32,043,262					\$41,625,188

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Contracted Services for Legal Services - The legislature approved funding for contracted services for the department to hire expert witnesses and private legal counsel to assist the department defend against contract claim legal cases.

DP 3 - Environmental Consultant Services - The legislature approved funding for a wetlands mitigation program to monitor and maintain areas identified as wetlands that are impacted by highway construction projects.

DP 5 - Traffic Signal Design Training - The legislature approved funding to provide an on-site training course for traffic signal design staff. The legislature designated the appropriation for this purpose as a one-time-only appropriation.

DP 7 - Overtime/Differential - The legislature approved funding for overtime and differential pay at the level equivalent to the average per FTE level for the previous three base years.

DP 8 - CMS Adjustment - The legislature approved funding for FTE and engineering costs estimated via the department's Construction Management System to implement the proposed construction plan for the 2003 biennium.

DP 12 - CADD - The legislature approved funding for software and hardware maintenance contracts for the Computer Aided Drafting and Design system (CADD) and photogrammetry.

DP 13 - Accounting Change - Accruals - The legislature approved funding for increased consultant services to address a budget deficit resulting from an accounting policy change that was made by the department to address a legislative audit finding.

DP 14 - Contractor Payments - The legislature approved increased funding for contractor payments associated with projected payouts for highway construction projects contained in the department's Tentative Construction Program (TCP).

DP 15 - Research - The legislature approved increased funding for research provided by State Planning and Research (SPR) grants.

DP 16 - Crest Stage Gage - The legislature approved funding for the department to make payments to the United States Geological Service (USGS) for crest-stage gage maintenance, under an agreement between the department and the USGS.

DP 17 - Accounting Change-Traffic Safety Bureau - The legislature approved funding for the Governor's Highway Traffic Safety Program to compensate for a budget deficit that resulted from an accounting policy change the department made in response to a legislative audit finding.

DP 18 - Equipment Rental - The legislature approved funding for increased allocations of costs for the department's Equipment Program.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals Prgm	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1 - Engineering Oversight Bureau 02	5.00	0	279,618	165,109	444,727	5.00	0	242,242	130,706	372,948
DP 2 - Increase Preliminary Survey 02	6.00	0	130,600	129,598	260,198	6.00	0	131,747	129,404	261,151
DP 4 - Right/Way FTE 02	6.00	0	112,405	107,941	220,346	7.00	0	133,893	123,921	257,814
DP 5 - Traffic Engineer FTE 02	4.00	0	78,811	69,525	148,336	4.00	0	79,442	69,410	148,852
DP 7 - Computer Software for Safety Management 02	0.00	0	30,000	120,000	150,000	0.00	0	0	0	0
DP 8 - Legal Services FTE 02	1.00	0	20,212	8,303	28,515	1.00	0	17,896	7,700	25,596
DP 9 - Pavement Analysis/Research Software 02	1.00	0	48,150	2,290	50,440	1.00	0	48,322	2,279	50,601
DP 10 - Materials Bureau FTE 02	3.00	0	22,197	88,788	110,985	3.00	0	22,269	89,078	111,347
DP 11 - Funding Adjustments 02	0.00	0	(26,259,325)	26,259,325	0	0.00	0	(24,969,749)	24,969,749	0
DP 12 - Open Container and Repeat Intoxicated Driver Laws 02	0.00	0	0	7,295,432	7,295,432	0.00	0	0	9,770,432	9,770,432
DP 30 - Eliminate Funding - DUI Prevention Program 02	0.00	(250,000)	0	0	(250,000)	0.00	(250,000)	0	0	(250,000)
DP 689 - FTE Reduction 02	(39.44)	0	0	0	0	(39.44)	0	0	0	0
Total	(13.44)	(\$250,000)	(\$25,537,332)	\$34,246,311	\$8,458,979	(12.44)	(\$250,000)	(\$24,293,938)	\$35,292,679	\$10,748,741

New Proposals

DP 1 - Engineering Oversight Bureau - The legislature approved funding to add 5.0 FTE grade 18 engineering managers and to create an Engineering Oversight Bureau to: 1) review, evaluate, and make recommendations for improvements relative to the department construction project processes; 2) develop and implement a constructability plan and create a review process aimed at improving the quality of project plans; and 3) implement a formal post-construction review process facilitating the exchange of information between construction and design personnel with an eye to improving the design and plan quality.

DP 2 - Increase Preliminary Survey - The legislature approved funding for the addition of 6.0 FTE grade 13 surveyors and operating costs for preliminary land surveying functions in each district.

DP 4 - Right/Way FTE - The legislature approved funding for the addition of 6.0 FTE in fiscal 2002 and 7.0 FTE in fiscal 2003 and for operating costs for the department's right-of-way functions.

DP 5 - Traffic Engineer FTE - The legislature approved funding for the addition of 4.0 FTE to support construction design, traffic corridor studies, traffic improvement engineering, and traffic access management.

DP 7 - Computer Software for Safety Management - The legislature approved funding to modify computer programs that perform accident analysis so the programs are compatible with process changes adopted by the Montana Highway Patrol (MHP) that provide short forms for reporting traffic accidents involving only property damage. The legislature designated the appropriation for this purpose as a one-time-only appropriation.

DP 8 - Legal Services FTE - The legislature approved funding for the addition of 1.0 FTE grade 10, legal secretary to provide administrative support for agency legal staff. The legislature designated \$3,000 of the fiscal 2002 amount as a one-time-only appropriation.

DP 9 - Pavement Analysis/Research Software - The legislature approved funding for the addition of 1.0 FTE grade 15, information systems support position to provide support and development for four specialized software packages and four large databases used by the pavement analysis and research section.

DP 10 - Materials Bureau FTE - The legislature approved funding for the addition of 3.0 FTE to provide project level analysis of surfacing design and materials performance.

DP 11 - Funding Adjustments - The legislature approved a funding switch from state to federal special revenue to more closely match funding anticipated with delivery of projects included in the Tentative Construction Plan.

DP 12 - Open Container and Repeat Intoxicated Driver Laws - The legislature approved funding for priority alcohol and other drug impaired driver counter-measures, directed to state and local law enforcement for enhancements of driving under the influence (DUI) enforcement, or for hazard elimination activities. This funding is associated with a federally imposed sanction on federal highway construction funds. The federal sanction has been imposed because the state does not have laws that meet the federal requirements regarding sentencing of open container and repeat intoxicated driver offenses. The funding comes from a mandatory allocation for these hazard elimination activities from the total state allocation of federal-aid highway construction funds. With this sanction, the amount of federal-aid highway construction funds available for use on highway construction projects has been reduced and moved to required use in these activities.

DP 30 - Eliminate Funding - DUI Prevention Program - The legislature eliminated funding for the distribution to the counties of one-half of the fee collected for reinstating driver's licenses that were suspended or revoked for drinking and driving.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Language

Item [Construction Program] includes a total of \$63,690 for the 2003 biennium for the Montana Natural Resources Information System. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.

All appropriations in the Construction Program are biennial.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	717.93	64.35	(1.70)	780.58	64.35	(1.70)	780.58	780.58
Personal Services	26,665,520	6,155,301	28,401	32,849,222	6,326,320	28,498	33,020,338	65,869,560
Operating Expenses	42,079,789	5,693,598	279,300	48,052,687	5,865,104	129,456	48,074,349	96,127,036
Equipment	160,428	0	0	160,428	0	0	160,428	320,856
Capital Outlay	66,384	0	0	66,384	0	0	66,384	132,768
Total Costs	\$68,972,121	\$11,848,899	\$307,701	\$81,128,721	\$12,191,424	\$157,954	\$81,321,499	\$162,450,220
State/Other Special	68,159,583	10,432,944	(2,554,415)	76,038,112	10,775,469	(2,704,162)	76,230,890	152,269,002
Federal Special	812,538	1,415,955	2,862,116	5,090,609	1,415,955	2,862,116	5,090,609	10,181,218
Total Funds	\$68,972,121	\$11,848,899	\$307,701	\$81,128,721	\$12,191,424	\$157,954	\$81,321,499	\$162,450,220

Program Description

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

Funding

The Maintenance Program is primarily funded with highways state special revenue. Federal special revenue also funds a portion of the costs associated with the road reporter functions as well as qualifying highway maintenance activities. For the 2003 biennium, state special revenue provides roughly 93.7 percent of the program's funding; federal special revenue provides the remaining 6.3 percent.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					2,772,276					2,941,904
Vacancy Savings					(806,776)					(811,865)
Inflation/Deflation					128,810					139,675
Fixed Costs					(438)					(438)
Total Statewide Present Law Adjustments					\$2,093,872					\$2,269,276
DP 1 - Secondary Roads Implementation	36.35	0	6,224,326	1,352,914	7,577,240	36.35	0	6,355,911	1,352,914	7,708,825
DP 2 - Temporary Winter Maintenance FTE	26.00	0	947,360	0	947,360	26.00	0	950,681	0	950,681
DP 3 - Road Reporting	2.00	0	262,475	0	262,475	2.00	0	262,677	0	262,677
DP 4 - Road Reporting "IT"	0.00	0	7,005	63,041	70,046	0.00	0	7,005	63,041	70,046
DP 5 - Overtime	0.00	0	1,899,570	0	1,899,570	0.00	0	1,899,570	0	1,899,570
DP 7 - Preventive Maintenance Reduction	0.00	0	(4,180,000)	0	(4,180,000)	0.00	0	(4,180,000)	0	(4,180,000)
DP 10 - Operating Expenses	0.00	0	472,127	0	472,127	0.00	0	472,127	0	472,127
DP 11 - Rest Areas	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 12 - Equipment Rental	0.00	0	2,811,435	0	2,811,435	0.00	0	2,834,000	0	2,834,000
DP 13 - Rent for Annex Building	0.00	0	122,599	0	122,599	0.00	0	133,744	0	133,744
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(377,825)	0	(377,825)	0.00	0	(379,522)	0	(379,522)
Total Other Present Law Adjustments	64.35	\$0	\$8,339,072	\$1,415,955	\$9,755,027	64.35	\$0	\$8,506,193	\$1,415,955	\$9,922,148
Grand Total All Present Law Adjustments					\$11,848,899					\$12,191,424

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Secondary Roads Implementation - The legislature approved funding for the addition of 36.35 FTE grade 7, maintenance technicians and other resources to maintain paved secondary roads in the state.

DP 2 - Temporary Winter Maintenance FTE - The legislature approved funding for the addition of 26.0 FTE grade 7, maintenance technicians to fill temporary winter maintenance positions.

DP 3 - Road Reporting - The legislature approved funding for the addition of 2.0 FTE grade 8, administrative support positions and operating costs to provide road information services to the traveling public in Montana.

DP 4 - Road Reporting "IT" - The legislature approved funding for the toll-free telephone lines for travelers who use the road reporting services in Montana.

DP 5 - Overtime - The legislature approved funding overtime and differential pay at the base level plus associated benefits.

DP 7 - Preventive Maintenance Reduction - The legislature approved the department's recommendation to reduce pavement preservation activities to offset a projected shortage in the highways state special revenue account.

DP 10 - Operating Expenses - The legislature approved funding for increased costs of highway maintenance supplies and to add telephone lines for computers in maintenance section houses.

DP 11 - Rest Areas - The legislature approved funding for increased costs of rest area maintenance contracts.

DP 12 - Equipment Rental - The legislature approved funding for increased allocations of costs for the department's Equipment Program.

DP 13 - Rent for Annex Building - The legislature approved funding for rent of additional office space in Helena that is used to house staff added due to the increased federal-aid construction program.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals										
Prgm	FTE	Fiscal 2002				Fiscal 2003				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2 - Funding Adjustments										
03	0.00	0	(2,862,116)	2,862,116	0	0.00	0	(2,862,116)	2,862,116	0
DP 3 - Radio Replacement Bozeman and Butte										
03	0.00	0	167,700	0	167,700	0.00	0	0	0	0
DP 5 - Weed Coordination FTE										
03	1.00	0	28,401	0	28,401	1.00	0	28,498	0	28,498
DP 8 - Highway Lighting Agreement										
03	0.00	0	111,600	0	111,600	0.00	0	129,456	0	129,456
DP 689 - FTE Reduction										
03	(2.70)	0	0	0	0	(2.70)	0	0	0	0
Total	(1.70)	\$0	(\$2,554,415)	\$2,862,116	\$307,701	(1.70)	\$0	(\$2,704,162)	\$2,862,116	\$157,954

New Proposals

DP 2 - Funding Adjustments - The legislature approved a funding shift to reduce state special revenue and increase federal special revenue by an equal amount in order to establish state to federal funding levels as anticipated for the 2003 biennium as the department uses federal funds for qualified maintenance activities.

DP 3 - Radio Replacement Bozeman and Butte - The legislature approved funding to replace one mobile two-way radio units in either the Butte or Bozeman district. The legislature designated the appropriation for this purpose as a one-time-only appropriation.

DP 5 - Weed Coordination FTE - The legislature approved funding for the addition of 1.0 FTE grade 12, position to coordinate noxious weed management along highway right-of-ways.

DP 8 - Highway Lighting Agreement - The legislature approved funding for contracted services to provide maintenance of roadway lighting.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Language

All appropriations in the Maintenance Program are biennial.

Funding

The State Motor Pool is funded with an internal service proprietary fund.

Proprietary Rates**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. The program has 6.0 FTE.

Revenues and Expenses

The State Motor Pool is responsible for expenditures associated with the acquisition, repair, maintenance, and routine operating costs for a fleet of 640 vehicles. The operating costs and revenues for the fleet are functionally tied to the travel requirements of the various user agencies. The program has increased from 318 units in fiscal 1994 to 640 in fiscal 2000. During that time, mileage increased from 4.1 million to 10.2 million miles; the program projects an additional 2.5 million miles by the end of fiscal 2003. This growth in the number of miles traveled is largely due to the practice of the Office of Budget and Program Planning requiring agencies to lease new vehicles from the State Motor Pool instead of allowing agencies to purchase vehicles directly.

The program uses loans from the Board of Investments (BOI) to fund vehicle purchases. Interest rates on BOI loans are adjusted annually and vary from one purchase cycle to the next. The outstanding loan balance and interest and principal payments have the greatest impacts on motor pool rental rates. Rental rates are set to recover sufficient revenue to meet loan principal and interest payments, operating costs, and allow maintenance of no more than a 60-day working capital balance. If the program does not generate sufficient revenue to make interest and principal payments, assets would have to be sold to satisfy the loan obligations.

Revenue is generated through rentals and sales of surplus assets. Vehicle rental rates provide the majority of the revenue for the program. The motor pool also receives revenues resulting from accident damages reimbursed by private individuals or insurance companies. The amount generally covers the expenditures to repair the damage.

Rate Explanation

The motor pool rental rates are based on a two-tiered rate structure. Users pay a usage rate and a possession rate. The usage rate is charged for actual miles driven and allows the program to recover variable costs directly related to the operation of the vehicle, such as repair labor and parts, fuel, lubricants, tires, and tubes. The possession rate allows the program to cover fixed costs associated with state ownership, such as insurance, principal and interest payments on BOI loans, depreciation, and other indirect expenses. The two-tiered rate structure was adopted for the 2003 biennium to: 1) provide adequate revenue to make loan payments and other cost obligations; and 2) provide equity among all vehicle classes so that one vehicle class does not subsidize another vehicle class. During the 2001 biennium, the legislature approved rates based on the higher of a per mile rate or a daily rate imposed if a vehicle traveled less than 33 miles per day.

The rates for the 2003 biennium using the two-tiered structure are applied as follows for the two components of the motor pool:

Daily rental:

$$\text{Cost (per occurrence)} = (\text{HR} \times \text{AR}) + (\text{AM} \times \text{MR}),$$

Out-stationed lease:

$$\text{Cost (annual)} = (2920 \times \text{AR}) + (\text{AM} \times \text{MR}),$$

where:

HR = number of hours the vehicle was used (maximum of 8 hours for each day of use, including weekends);

AR = per hour assigned rate;

AM = actual miles traveled; and

MR = per mile operated rate.

The legislature approved the rates listed in Table 7A for the State Motor Pool during the 2003 biennium.

Vehicle Class	Description	Assigned Rental Hours	2002		2003	
			Per Hour Assigned	Per Mile Operated	Per Hour Assigned	Per Mile Operated
02	Small Utilities	2920	1.597	0.022	1.600	0.022
04	Large Utilities	2920	2.116	0.056	2.335	0.056
06	Passenger Cars	2920	1.501	0.054	1.643	0.054
07	Small or Std Size Pickups	2920	1.270	0.030	1.260	0.030
11	Large 4X4 Pickups	2920	1.832	0.056	2.334	0.056
12	Vans	2920	1.449	0.071	1.632	0.071

Significant Present Law

PL 1 - Vehicle Acquisition - In approving the rates for this proprietary funded program, the legislature concurred with the proposed replacement of 111 vehicles in fiscal 2002 and 110 vehicles in fiscal 2003. The legislature also concurred with the recommendation to increase the out-stationed vehicle fleet by 138 vehicles in fiscal 2002 and by 56 vehicles in fiscal 2003.

PL 2 - Overtime for Motor Pool - When the legislature approved the rates for the Motor Pool, it also concurred with the expenditure of funds for overtime and differential pay at the base level plus associated benefits.

PL 3 - Operating Costs - In approving the 2003 biennium rates for the State Motor Pool, the legislature concurred with the executive's recommendation to fund the increased operating costs resulting from the expanded daily rental and out-station leased vehicle fleets.

PL 4 - Increase in Interest Payment - The legislature concurred with the increased funding to pay interest costs for operating loans from the Board of Investment (BOI), which result from the need to use loans from the BOI to acquire vehicles for the expansion of the motor pool daily rentals and agency assigned leased fleets.

New Proposals

NP 1 - Motor Pool Reservation System - When it approved the rates for the State Motor Pool, the legislature concurred with the executive's recommendation to fund the acquisition of an automated vehicle reservation system for the Helena motor pool fleet.

NP 2 - Equipment/Motor Pool Management System - The legislature concurred with the replacement of the Motor Pool Management System (MPMS) with a new management system integrated with the Equipment Management System (EMS).

Funding

The Equipment Program is funded with an internal service proprietary fund.

Proprietary Rates**Program Description**

The Equipment Program is responsible for the acquisition, disposal, and repair and maintenance of a fleet of approximately 4,000 individual units used by other programs of the Department of Transportation. 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. The program has 120.0 FTE.

Revenues and Expenses

The Equipment Program fleet size is projected to increase over the 2003 biennium because the department will be taking over maintenance of secondary roads. Operation costs and revenue for the fleet are functionally tied to the severity of the winter, construction program workload, and travel requirements of the various department users. Annual mileage and hours of usage can vary significantly. The program anticipates an increase in miles of travel and hours of usage due to the secondary road program. Additional funding would be used to cover the increased expenditures for fuel, cutting edges for snowplows, and repair parts anticipated as a result of the increased usage.

The program rental rates are set to recover sufficient revenue to purchase assets, cover normal operating expenses, and maintain no more than a 60-day working capital balance. Revenue is generated through rental rates, sale of surplus assets, and damage settlements. The primary source of revenue is user rentals charged for the use and possession of vehicles and equipment.

The Equipment Program is internal to the Department of Transportation. The cash flow is dependent on the rental revenue received and from the auction proceeds of fleet units sold. Rental revenue varies with the season, weather conditions, and workloads. If there is a light winter season, there is low use and little revenue. If there is a heavy winter season, there is high use and additional rental received. The program cash balance is generally less than the allowable 60-day working capital balance. With less than 60 days of working capital, the program does not have sufficient cash to cover obligations that must be met at the beginning of each fiscal year. To meet those obligations, the program negotiates an inter-entity loan from the Construction Program. The loan covers day-to-day operating expenses and the annual insurance payment until revenues have a chance to catch up with expenses. The loan is repaid by fiscal year end. The program rental rates will generate sufficient revenue to purchase assets and cover normal operating expenses, without exceeding the 60-day working capital balance.

Rate Explanation

The legislature approved a 60-day working capital rate for all vehicles and equipment provided by the Equipment Program.

Significant Present Law

PL 1 - Vehicle Equipment Replacement - The legislature, in approving the rates for the Equipment Program, concurred in the executive's recommendation to fund the replacement of fleet equipment items that are projected to be at the end of their economic lives during the 2003 biennium.

PL 2 - Adjustment in Operating Expenses - In approving the rates for the Equipment Program, the legislature concurred with increased funding for operating costs that are rising as a direct result from the assumption of maintenance responsibilities for paved secondary roads.

PL 3 - Overtime for Equipment - When the legislature approved the rates for the Equipment Program, it also concurred with the expenditure of funds for overtime and differential pay at the base level plus associated benefits. However, the legislature expressed concern with the amount of overtime used by the program and directed it to minimize the use of overtime.

New Proposals

NP 1 - New Equipment/Motor Pool Management - In approving the rates for the Equipment Program, the legislature concurred with the executive's recommendation to replace the Equipment Management System (EMS) with a new management system integrated with the Motor Pool Management System (MPMS).

NP 2 - Vehicle & Equipment Mechanics - When the legislature approved the rates for the Equipment Program it concurred with the executive's request to fund the addition of 2.0 FTE grade 10, machinist/mechanics to address workload issues resulting from the equipment fleet expansions to support the expanded federal-aid construction program and the assumption by the department of maintenance on paved secondary roads.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	112.63	0.00	(0.13)	112.50	0.00	(0.13)	112.50	112.50
Personal Services	3,958,614	99,871	0	4,058,485	122,513	0	4,081,127	8,139,612
Operating Expenses	839,889	62,793	16,200	918,882	63,974	10,000	913,863	1,832,745
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$4,798,503	\$162,664	\$16,200	\$4,977,367	\$186,487	\$10,000	\$4,994,990	\$9,972,357
State/Other Special	4,798,503	162,664	16,200	4,977,367	186,487	10,000	4,994,990	9,972,357
Total Funds	\$4,798,503	\$162,664	\$16,200	\$4,977,367	\$186,487	\$10,000	\$4,994,990	\$9,972,357

Program Description

The Motor Carrier Services Division enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses, issues oversize/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance and size/weight laws.

Funding

The Motor Carrier Services Division is funded by the highways state special revenue fund, which receives revenue from highway user fees such as motor fuel taxes and gross vehicle weight fees.

Present Law Adjustments										
	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					219,670					243,256
Vacancy Savings					(113,348)					(114,056)
Inflation/Deflation					2,312					3,334
Fixed Costs					(270)					(270)
Total Statewide Present Law Adjustments					\$108,364					\$132,264
DP 1 - Overtime/Differential	0.00	0	47,333	0	47,333	0.00	0	47,333	0	47,333
DP 2 - Credit Card Charge Fees	0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
DP 3 - Enforcement Minor Equipment	0.00	0	9,288	0	9,288	0.00	0	9,288	0	9,288
DP 4 - MCS Repair & Maintenance Increase	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
DP 5 - Equipment Rental	0.00	0	21,463	0	21,463	0.00	0	21,622	0	21,622
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(53,784)	0	(53,784)	0.00	0	(54,020)	0	(54,020)
Total Other Present Law Adjustments	0.00	\$0	\$54,300	\$0	\$54,300	0.00	\$0	\$54,223	\$0	\$54,223
Grand Total All Present Law Adjustments					\$162,664					\$186,487

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Overtime/Differential - The legislature approved funding for overtime and differential pay at the level equivalent to the average per FTE level for the previous three base years.

DP 2 - Credit Card Charge Fees - The legislature approved funding for credit card merchant fees that result when motor carriers use credit cards to pay for licenses, registrations, and permits.

DP 3 - Enforcement Minor Equipment - The legislature approved funding for increased costs of replacement equipment used by motor carrier weigh station and mobile enforcement personnel.

DP 4 - MCS Repair & Maintenance Increase - The legislature approved funding for increased costs of maintaining and repairing static (permanent) scales, portable scales, slow-speed weigh-in-motion, high speed weigh-in-motion, and automated vehicle identification (AVI) equipment.

DP 5 - Equipment Rental - The legislature approved funding for increased allocations of costs for the department's Equipment Program.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals											
Prgm	FTE	Fiscal 2002				Fiscal 2003					
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 1 - IRP Clearinghouse Dues											
22	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000	
DP 2 - Laptop Computers for the MOVE Progr											
22	0.00	0	6,200	0	6,200	0.00	0	0	0	0	
DP 689 - FTE Reduction											
22	(0.13)	0	0	0	0	(0.13)	0	0	0	0	
Total	(0.13)	\$0	\$16,200	\$0	\$16,200	(0.13)	\$0	\$10,000	\$0	\$10,000	

New Proposals

DP 1 - IRP Clearinghouse Dues - The legislature approved funding for service fees of the International Registration Plan (IRP) Clearinghouse.

DP 2 - Laptop Computers for the MOVE Progr - The legislature approved funding to purchase two laptop computers for the Mobile Officer Vehicle Enforcement (MOVE) program. The legislature designated an appropriation for this purpose as a one-time-only appropriation.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00	10.00
Personal Services	377,421	28,160	0	405,581	29,687	0	407,108	812,689
Operating Expenses	324,931	65,851	346,667	737,449	90,267	0	415,198	1,152,647
Equipment	1,105	18,500	0	19,605	10,000	0	11,105	30,710
Grants	58,550	641,450	304,000	1,004,000	(58,550)	4,000	4,000	1,008,000
Transfers	15,143	0	0	15,143	0	0	15,143	30,286
Total Costs	\$777,150	\$753,961	\$650,667	\$2,181,778	\$71,404	\$4,000	\$852,554	\$3,034,332
State/Other Special	712,150	733,461	323,667	1,769,278	50,904	4,000	767,054	2,536,332
Federal Special	65,000	20,500	327,000	412,500	20,500	0	85,500	498,000
Total Funds	\$777,150	\$753,961	\$650,667	\$2,181,778	\$71,404	\$4,000	\$852,554	\$3,034,332

Program Description

The Montana Aeronautics Division: 1) facilitates the maintenance of airports and the various components of airport infrastructure, including visual and electronic navigational facilities and flying aids; 2) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; 3) registers aircraft and pilots in accordance with Montana laws and regulations; and 4) coordinates and supervises aerial search and rescue operations. In accordance with the maintenance and safety aspects of the division's purpose, it administers a loan and grant program to municipal governments to provide funding for airport improvement projects. The Aeronautics Board approves all loans and grant requests and advises on matters pertaining to aeronautics.

The division serves as a liaison between the State of Montana and various other entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines in order to assure the retention and continuation of airline service to Montana's rural communities. The division is also responsible for operation of the air carrier airport at West Yellowstone and for 14 other state-owned airports.

Funding

The Aeronautics Program, excluding the operations of the West Yellowstone Airport, is funded by both state and federal special revenue funds. State special revenue funds are derived primarily from state aviation fuels taxes and aviation license fees. Federal special revenue funds come from federal aviation administration grants. Operations of the West Yellowstone Airport are funded from an enterprise type proprietary fund with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Because the proprietary funds do not require an appropriation, they are not included in the above table.

For the 2003 biennium, state special revenue provides 83.6 percent of the program's funding and federal special revenue provides the remaining 16.4 percent.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					36,725					38,316
Vacancy Savings					(11,362)					(11,410)
Inflation/Deflation					1,304					1,526
Fixed Costs					(5,081)					(4,542)
Total Statewide Present Law Adjustments					\$21,586					\$23,890
DP 1 - Overtime/Differential	0.00	0	3,500	0	3,500	0.00	0	3,500	0	3,500
DP 2 - Airport Development Grants	0.00	0	391,450	0	391,450	0.00	0	(58,550)	0	(58,550)
DP 3 - Increases Due to Recent Tax Legislation	0.00	0	72,128	20,500	92,628	0.00	0	87,283	20,500	107,783
DP 4 - Airport Pavement Preservation Grant	0.00	0	250,000	0	250,000	0.00	0	0	0	0
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(5,203)	0	(5,203)	0.00	0	(5,219)	0	(5,219)
Total Other Present Law Adjustments	0.00	\$0	\$711,875	\$20,500	\$732,375	0.00	\$0	\$27,014	\$20,500	\$47,514
Grand Total All Present Law Adjustments					\$753,961					\$71,404

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Overtime/Differential - The legislature approved funding for overtime and differential pay at the base level plus associated benefits.

DP 2 - Airport Development Grants - The legislature approved funding for grants to municipalities for airport safety and development projects. The legislature designated an appropriation for airport development grants as a biennial appropriation.

DP 3 - Increases Due to Recent Tax Legislation - The legislature approved funding to restore programs the division reduced during the base year in its efforts to contain costs due to a projected revenue shortfall.

DP 4 - Airport Pavement Preservation Grant - The legislature approved funding for airport pavement preservation grants at airports that support commercial air-carriers. The legislature designated the appropriation for airport pavement preservation grants as a biennial appropriation.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 40 - Capital Improvement Plan Update											
40	0.00	0	3,000	27,000	30,000	0.00	0	0	0	0	0
DP 41 - Federal Airport Improvement Grants (Biennial)											
40	0.00	0	16,667	300,000	316,667	0.00	0	0	0	0	0
DP 42 - HB 430 - Airport Courtesy Cars											
40	0.00	0	4,000	0	4,000	0.00	0	4,000	0	4,000	0
DP 43 - SB 280 - Airport Loan and Grant Funding											
40	0.00	0	300,000	0	300,000	0.00	0	0	0	0	0
Total	0.00	\$0	\$323,667	\$327,000	\$650,667	0.00	\$0	\$4,000	\$0	\$4,000	\$0

New Proposals

DP 40 - Capital Improvement Plan Update - The legislature increased funding to review and update the Capital Improvement Plan required every five years by the Federal Aviation Administration.

DP 41 - Federal Airport Improvement Grants (Biennial) - The legislature approved funding for a federal airport improvement grant to upgrade the Lincoln and West Yellowstone Airport facilities. The legislature designated this funding as a biennial appropriation.

DP 42 - HB 430 - Airport Courtesy Cars - The legislature provided funding to implement HB 430. HB 430 authorizes the department to provide grants to small airports for airport courtesy cars. The funding will be used to provide two \$2000 grants per year.

DP 43 - SB 280 - Airport Loan and Grant Funding - The legislature provided funding to implement SB 280. SB 280 increased the aviation fuel tax by \$0.01 per gallon with the proceeds to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and for other aeronautical purposes for airports and landing fields and for the state's airways. The legislature approved funding for SB 280 as a biennial appropriation.

Language

Item [Aeronautics Program] includes \$4,000 of state special revenue in fiscal 2000 and \$4,000 of state special revenue in fiscal 2003 that are contingent upon passage and approval of HB 430.

Item [Aeronautics Program - Airport Development Grants line item] includes \$300,000 of state special revenue in fiscal 2002 that is contingent upon passage and approval of SB 280.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	69.60	0.00	(1.00)	68.60	0.00	(1.75)	67.85	67.85
Personal Services	2,628,094	123,565	82,442	2,834,101	137,769	64,696	2,830,559	5,664,660
Operating Expenses	572,623	1,492,841	5,249,951	7,315,415	811,719	7,537,488	8,921,830	16,237,245
Equipment	40,320	0	0	40,320	0	0	40,320	80,640
Grants	3,284,541	412,658	171,093	3,868,292	522,549	347,318	4,154,408	8,022,700
Total Costs	\$6,525,578	\$2,029,064	\$5,503,486	\$14,058,128	\$1,472,037	\$7,949,502	\$15,947,117	\$30,005,245
State/Other Special	1,691,313	523,947	310,205	2,525,465	272,726	432,927	2,396,966	4,922,431
Federal Special	4,834,265	1,505,117	5,193,281	11,532,663	1,199,311	7,516,575	13,550,151	25,082,814
Total Funds	\$6,525,578	\$2,029,064	\$5,503,486	\$14,058,128	\$1,472,037	\$7,949,502	\$15,947,117	\$30,005,245

Program Description

The Transportation Planning Division provides: 1) an inventory of transportation infrastructure to allocate funds, maintain Department of Transportation eligibility for grant and federal funds, and aid in the process of project prioritization and selection; 2) a statewide planning program and assistance to local area transportation planning; and 3) response to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US Department of Transportation, the Surface Transportation Board, and others. This planning results in a program that includes buses for transit systems, street and highway improvements, railroad track rehabilitation, and transportation enhancements for non-motorized and beautification improvements.

Funding

The Transportation Planning Division is funded with a combination of state and federal special revenue funds. Transit grants are generally fully funded (100 percent) with Federal Transit Administration funds. However, if a match is required it is provided by the local entity receiving services or on a rare occasion with highways state special revenue funds. The remaining division activities are funded with federal planning and research funds and state special revenue funds at a ratio that has averaged approximately 74 percent federal and 26 percent state special revenue. State special revenue funds include nearly \$473,000 in local match pass-through authority for the 2003 biennium.

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					229,594					244,482
Vacancy Savings					(78,297)					(78,743)
Inflation/Deflation					5,542					9,136
Fixed Costs					(2,212)					(2,212)
Total Statewide Present Law Adjustments					\$154,627					\$172,663
DP 1 - Urban Planning Program	0.00	0	24,324	95,676	120,000	0.00	0	24,324	95,676	120,000
DP 3 - Overtime/Differential	0.00	0	2,833	5,764	8,597	0.00	0	2,815	5,693	8,508
DP 4 - Great Falls Bike/Ped. Facility Improvement Project	0.00	0	10,765	39,235	50,000	0.00	0	10,765	39,236	50,001
DP 5 - Software and Field Data Collection	0.00	0	60,000	240,000	300,000	0.00	0	0	0	0
DP 6 - Adjustment Required by Accounting Policy Changes	0.00	0	286,757	641,343	928,100	0.00	0	166,809	376,191	543,000
DP 7 - TEA 21 Funding Increases	0.00	0	102,717	540,544	643,261	0.00	0	95,885	657,620	753,505
DP 8 - Federal Grant Closure	0.00	0	0	(155,094)	(155,094)	0.00	0	0	(155,191)	(155,191)
DP 9 - Equipment Rental	0.00	0	8,031	7,871	15,902	0.00	0	8,095	7,934	16,029
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(11,556)	(24,773)	(36,329)	0.00	0	(11,604)	(24,874)	(36,478)
Total Other Present Law Adjustments	0.00	\$0	\$483,871	\$1,390,566	\$1,874,437	0.00	\$0	\$297,089	\$1,002,285	\$1,299,374
Grand Total All Present Law Adjustments					\$2,029,064					\$1,472,037

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Urban Planning Program - The legislature approved funding for contracted services to conduct transportation plan updates in the smaller urban areas and to conduct small-scale transportation studies in outlying urban communities.

DP 3 - Overtime/Differential - The legislature approved funding for overtime and differential pay for the total program at the level equivalent to the average per FTE level for the previous three base years.

DP 4 - Great Falls Bike/Ped. Facility Improvement Project - The legislature approved funding for a congestion management and air quality project to improve bicycle and pedestrian facilities in Great Falls.

DP 5 - Software and Field Data Collection - The legislature approved funding for the development of data management software and to provide for contracted services to hire a consultant to assist in field data collection of infrastructure information for use in the Highway Performance Monitoring System. The legislature designated an appropriation for this purpose as a one-time-only and biennial appropriation.

DP 6 - Adjustment Required by Accounting Policy Changes - The legislature approved increased funding for consultant services to compensate for a budget deficit that resulted from an accounting policy change the department made in response to a legislative audit finding.

DP 7 - TEA 21 Funding Increases - The legislature approved increased funding for transportation planning activities that have increased as a direct result of an increase in federal-aid construction funding.

DP 8 - Federal Grant Closure - The legislature approved a reduction of authority to reflect several federal grants that will not continue into the 2003 biennium.

DP 9 - Equipment Rental - The legislature approved funding for increased allocations of costs for the department's Equipment Program.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals	-----Fiscal 2002-----					-----Fiscal 2003-----					
	Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1 - Performance Programming Implementation	50	0.00	0	12,000	48,000	60,000	0.00	0	12,000	48,000	60,000
DP 2 - Planning Processes/Requirements	50	0.00	0	24,000	96,000	120,000	0.00	0	24,000	96,000	120,000
DP 3 - Statewide Truck Activity Reporting System (STARS)	50	3.00	0	173,212	573,068	746,280	2.25	0	115,323	381,544	496,867
DP 4 - TranPlan 21 Public Involvement Survey	50	0.00	0	0	0	0	0.00	0	3,400	13,600	17,000
DP 6 - Funding Adjustments	50	0.00	0	(70,100)	70,100	0	0.00	0	(69,114)	69,114	0
DP 7 - Federal Earmarked Funding Authority	50	0.00	0	0	4,406,113	4,406,113	0.00	0	0	6,908,317	6,908,317
DP 20 - SB 448 - Transportation Grants	50	0.00	0	171,093	0	171,093	0.00	0	347,318	0	347,318
DP 689 - FTE Reduction	50	(4.00)	0	0	0	0	(4.00)	0	0	0	0
Total	(1.00)	\$0	\$310,205	\$5,193,281	\$5,503,486	(1.75)	\$0	\$432,927	\$7,516,575	\$7,949,502	

New Proposals

DP 1 - Performance Programming Implementation - The legislature approved funding for consultant services to complete the development of the performance programming process.

DP 2 - Planning Processes/Requirements - The legislature approved funding for anticipated increased costs related to planning regulations promulgated by the Federal Highway Administration (FHWA).

DP 3 - Statewide Truck Activity Reporting System (STARS) - The legislature approved funding for the addition of 3.00 FTE in fiscal 2002 and 2.25 FTE in fiscal 2003 and operating costs to expand, evaluate, and maintain the Statewide Truck Activity Reporting System (STARS) program. The legislature designated an appropriation for STARS as a one-time-only appropriation.

DP 4 - TranPlan 21 Public Involvement Survey - The legislature approved funding for contracted services to conduct a statewide random sample telephone survey to measure public opinions on transportation issues.

DP 6 - Funding Adjustments - The legislature approved a funding shift from state special revenue to federal special revenue to more appropriately match funding anticipated for the 2003 biennium.

DP 7 - Federal Earmarked Funding Authority - The legislature approved additional federally earmarked authority that Montana received for local transportation and economic development needs.

DP 20 - SB 448 - Transportation Grants - The legislature provided funding for SB 448. SB 448 added a \$0.25 fee on vehicle registrations to fund grants for transportation services for senior citizens and persons with disabilities.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Language

All appropriations in the Transportation Planning Program are biennial.

Item [Transportation of Seniors and Persons with Disabilities line item] is contingent upon passage and approval of SB 448.