MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION

Call to Order: By **CHAIRMAN ED GRADY**, on February 9, 1995, at 8:25 a.m.

ROLL CALL

Members Present:
Rep. Edward J. "Ed" Grady, Chairman (R)
Sen. Thomas A. "Tom" Beck, Vice Chairman (R)
Rep. Gary Feland (R)
Sen. Eve Franklin (D)
Rep. Joe Quilici (D)

Members Excused: None

Members Absent: None

Staff Present: Skip Culver, Legislative Fiscal Analyst
Dan Gengler, Office of Budget & Program Planning
Rosa Fields, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: Montana Department of Transportation (MDT)
Executive Action: Introduction of a Committee Bill

{Tape: 1; Side: A; Approx. Counter: 000; Comments: n/a.}

Miscellaneous Committee Business:

Skip Culver, Legislative Fiscal Analyst (LFA), informed the chairman and subcommittee what the schedule prior to transmittal would be in order to hear the legislative agencies and the Department of Transportation.

CHAIRMAN GRADY discussed with the subcommittee the upcoming meeting schedule and agenda items.

{Tape: 1; Side: A; Approx. Counter: 158; Comments: n/a.}

Mr. Culver said there would be presentations from **Marvin Dye, Director, Montana Department of Transportation (MDT)** and **Bill Salisbury, Division Administrator, Administration Division**, and suggested a schedule for hearing the various programs of this agency.

EXECUTIVE ACTION TO INTRODUCE A COMMITTEE BILL

CHAIRMAN GRADY said they have been asked to write up a committee bill which would be an act to repeal the state's authority to contract for a state credit card, repealing Section 31-601 and 31-602 and 31-603. He said this credit card program was set up by then **REP. MARK O'KEEFE** which has never been implemented as a program, and a committee bill is necessary to clean it up and take it off the books.

Motion/Vote: **REP. FELAND MOVED THE INTRODUCTION OF A COMMITTEE BILL TO REPEAL SECTIONS 31-601, 31-602 AND 31-603. The motion carried 4-1.**

{Tape: 1; Side: A; Approx. Counter: 230; Comments: n/a.}

HEARING ON MONTANA DEPARTMENT OF TRANSPORTATION

Agency Presentation:

Bill Salisbury, Division Administrator, Administration Division, Montana Department of Transportation (MDT), said he would be discussing the budget process from a historical perspective, and the funding scenarios for this agency. He used the starting date of 1981, because the 1981 legislative session brought about some significant changes in how the Department was operated. He distributed handouts describing Montana Session Laws. **EXHIBIT 1** Prior to 1982, the Department's budget was difficult to justify and was not on the State Budget and Accounting System (SBAS). Gary Wicks became the director and implemented the session laws as shown in the handout. **Mr. Salisbury** began working for the Department in August 1981, at which time he converted the Department to SBAS. At that time, an engineering consulting firm was hired to observe the Department's construction program and cash forecasting.

Mr. Salisbury distributed a diagram showing the financial system of the MDT and highlighting the various management systems. **EXHIBIT 2** He said they have to plan ahead to meet the September 1 deadline for projects that must start in the spring. He stated they have approximately 800 projects amounting to nearly $1.2 billion on their billing system. Four hundred of these are currently in some phase of construction. He said they try to estimate when project expenditures will occur, and that it is often a gamble. **EXHIBIT 3**

{Tape: 1; Side: A; Approx. Counter: 430; Comments: n/a.}

Mr. Salisbury described the bidding process. He said the budgeting for the construction program was based on a partial funding system by the 1981 legislature. The department used to use full funding accounting for construction projects--when they

let a construction project, the entire state share was put into another accounting entity with the federal funds. Now they use partial funding and only budget for and anticipate those expenditures that will occur in the biennium, even though a billion dollars is "out there." There is a carryover of about $600 million and if they fully accrued the projects, the highway trust fund would be at zero, so they don't practice full project funding, instead these funds are used as leverage. It makes good financial sense, but there are drawbacks.

Mr. Salisbury referred to a handout he distributed, a 1996/97 biennium budget request. **EXHIBIT 4** He then mentioned the gas taxes that generate revenue for the Department of Transportation. **EXHIBIT 5** He indicated that a GAO study documented fuel tax evasion on the federal level of 15% to 40% He said that the Department estimated a fuel tax evasion rate at probably 15% when forecasting revenues. The 15% amount was used for two reasons: 1) the state lacks significant organized crime who are the primary reasons for higher fuel tax fraud in eastern states; and 2) because no historical basis exists on which to estimate tax evasion, the department used the more conservative amount. The department recorded a 30% increase in taxable gallons for diesel fuel for the first six months after the legislation became effective, that has now stabilized at 25%.

{Tape: 1; Side: A; Approx. Counter: 680; Comments: n/a.}

REP. FELAND asked who in Montana was evading payment of the fuel tax on diesel fuel. **Mr. Salisbury** said that was hard to answer, he mentioned that dyed fuel inspections show a 15% noncompliance rate and that amount has been across the board, including waste haulers, agricultural business owners, motor carriers--anyone who uses diesel fuel. The distributors didn't report it either. He said rather than being a user's tax, gasoline is a distributor's license fee, "for the privilege of doing business in the state of Montana."

Mr. Salisbury discussed the federal rule that waives agricultural users from paying the tax on clear fuel. If the state adopted that federal rule, that would open a "huge loophole" and the federal government is working to close that hole. A five-gallon can is considered bulk and could be purchased tax-free.

He distributed information on cash flow balances and explained the figures shown therein. **EXHIBIT 6**

{Tape: 1; Side: B; Approx. Counter: 000; Comments: n/a.}

Mr. Salisbury continued discussing cash flow situations that have occurred over the years. He stated that the department proposed to decrease $40 million in bonds in fiscal 1995. This amount, which was in line with the Governor's plan, would save them about $20 million in interest, and would eliminate the Department's debt by the year 2003 rather than 2006. He referred to a

spreadsheet showing the combined working cash flow for highway special revenue funds. **EXHIBIT 7**

He described the spreadsheets stating that the last three pages add up to the first page. He explained the Reconstruction Trust Fund (RTF) on page 3 of this handout and the item called transfers, which is taken out of the highway earmarked revenue account and put into the RTF account. He explained that there was a large increase in this account, from $13 million in fiscal 1993 to $35 million in fiscal 1997. This is caused by double accounting; expenditures in the construction program and the cash transfer to the other entity. He said they would discuss transfers more in depth at the next meeting, since an appropriation is required to transfer the cash from one area to another.

The highway construction program experienced a growth of $190 million in fiscal 1993 to $272 million in fiscal 1997. He explained some of the finer details of the financial condition of the Department's budget.

{Tape: 1; Side: B; Approx. Counter: 175; Comments: n/a.}

CHAIRMAN GRADY said he heard him say they projected their budget far in advance, so most of the figures being presented were projected before the additional money came in. **Mr. Salisbury** said it wasn't. The original projection was a $20 million RTF program, and there has never been any more than that. The additional was put in as a modified budget request made in September.

CHAIRMAN GRADY said he thought it was designed to rebate the influx of dollars that were not anticipated.

{Tape: 1; Side: B; Approx. Counter: 231; Comments: n/a.}

REP. JOE QUILICI asked about the working cash balance and the lack of negative balances until the year 2000. **Mr. Salisbury** explained the spreadsheet and the carryover figures that apply to this issue. He said the highway program is a reimbursement program; they spend the money, then the federal government reimburses them. With legislative proposals to-date, there is a decrease of $31 million available.

CHAIRMAN GRADY asked how much it would be "outside" the Governor's plan. **Mr. Salisbury** responded $27 million, counting **SEN. JERGESON'S** bill. He continued describing budget details and increased costs in other programs.

REP FELAND asked where the coal tax money is being allocated. **Mr. Salisbury** responded to the long range building program.

CHAIRMAN GRADY asked what other funding they receive besides the gas tax. **Mr. Salisbury** replied that they get federal funds and

recover damages from insurance companies, for instance, when guard rails are damaged.

Dan Gengler, OBPP, referred to the Long Range Plan graph and emphasized that based on the fuel tax revenue estimates at the end of the 1993 session, the account would go negative in fiscal 1997. The fear was that a gas tax increase in the 1995 legislative session would be required. The additional revenues that have been raised helped the department avoid a request for a fuel tax increase. The extent of **SEN. JERGESON'S** bill, besides taking away the additional revenue, would be to put them in a negative situation whereby they would have to ask for a tax increase.

SEN. BECK referred to **SEN. JERGESON'S** bill with the amendment and wondered how it would impact the department in four years, once an accelerated payment on the bond is made. **Mr. Salisbury** said they could purchase the bonds a number of ways. **SEN. BECK** asked if the plan was to put the money in escrow for payment of bonds. **Mr. Salisbury** said he didn't know, but they might buy on the open market if that's the more economical option.

SEN. BECK said the equivalent of the five cent tax reduction would be made up in payment of bonds, and wondered how it will impact them in four years, since they wouldn't have cash carryover. **Mr. Salisbury** said they wouldn't be able to pay the bills.

CHAIRMAN GRADY said what the Jergeson bill would do is disrupt the construction program. **Mr. Salisbury** said the bottom line is that they would be broke in four years if the bill is passed, and the 1999 legislature would probably have to either eliminate the RTF program or increase the fuel tax.

Dan Gengler said the other point he wished to make was that this was the first time the Executive Budget adopted a 12-year planning horizon for a highway special revenue account and there are good reasons to have such a long-term planning horizon. The Governor's plan currently gets them to the year 2006 without a gas tax increase. This is significant because as long as they're maintaining the same level of programming, future gas tax increases are inevitable. This is because the revenues don't rise with inflation. The tax on fuel remains 27 cents for each gallon of fuel, regardless of any increases in the prices of a gallon of gas. Therefore, due to inflation, the account will at some time in the future go negative. He stressed with careful management, guided by the 12-year plan, they can manage over the long term without a tax increase.

CHAIRMAN GRADY said he had a hard time understanding why the excess revenue could not be used for purposes other than that intended by the department. He said if they give them the money they're asking for, they're still going to spend it all. **Mr. Salisbury** did not disagree.

{Tape: 2; Side: A; Approx. Counter: 000; Comments: n/a.}

Mr. Salisbury said they would have to stop letting projects in this calendar year since the payments would not occur for several years.

REP. QUILICI asked if they went with the projections as shown in the exhibits, they would need a gas increase until 2006. In the event they cut five cents, would the department be able to redeem the bonds early, thereby saving approximately $20 million? **Mr. Salisbury** said they would not redeem the bonds if the gas tax was reduced by five cents.

Mr. Gengler clarified that the original fiscal note for the bill showed that the account wouldn't necessarily show a negative balance. The maintenance program could be severely cut back and future highway construction reduced to avoid a negative balance.

SEN. BECK said the reducing the gas tax is all politics and it's unfortunate that the department is caught in the middle. He said the department needs the money and he is upset about the bill that would decrease the revenue. He said the amendment might help, but he hoped the bill would be killed before they are done. He said he hoped they wouldn't look like a "bunch of fish out of water." He wanted these comments noted for the minutes.

CHAIRMAN GRADY said he agreed in part because it appeared that the bill includes more than the unanticipated increase in revenue, but if it did address this, then it would be like the income tax refund that was just passed. He said the legislature has the prerogative to say where this extra revenue should go, and now the department is telling us that if we were to divert it elsewhere, that the legislature would be putting the MDT in a bind. He thought the legislature should decide what to do with these funds.

Mr. Salisbury said he wouldn't disagree, but that apparently there was more fuel tax evasion going on than they thought, now that the department is collecting more of these funds, it doesn't seem logical to refund revenue received from the reduction of fraud.

CHAIRMAN GRADY mentioned the exact figure that he requested and were promised to him. They are not included in the fiscal note.

{Tape: 2; Side: A; Approx. Counter: 208; Comments: n/a.}

Carl Schweitzer, Montana Contractor's Association, spoke regarding the perspective of the construction industry. **Mr. Schweitzer** stated that the additional revenue allows the construction industry a longterm future to invest in, they can plan through to 2006. If the state didn't have the extra revenue for highway construction, they couldn't make long-term planning

decisions through the year 2006. A real benefit for the highway construction industry.

REP. QUILICI said when he first saw the possibility of a cut in the gas tax, he thought that he would support it. He said the gas price dropped ten cents in Butte recently, and while it was appreciated, the price did not fluctuate. He thought it would be easier for consumers to deal with the changes in gas prices rather than put the construction program's budget in danger of losing critical funds.

Mr. Gengler said a key difference between the Jergeson bill and the income tax refund is that the refund is a one-time refund, but **SEN. JERGESON'S** proposal is an ongoing reduction. The income tax refund as a percentage of total revenues is very small, but the five cent decrease of a 27-cent tax is nearly 20% of the total revenues. He said the comparison is a matter of degrees.

{Tape: 2; Side: A; Approx. Counter: 327; Comments: n/a.}

SEN. BECK added that the one-time refund is going directly back to the taxpayer, but the five-cent decrease in gas is not necessarily going to drop the pump price five cents. He received affirmative answers. He said the drop in the gas price in Butte had nothing to do with the tax. **Mr. Salisbury** said the 27 cents per gallon is not a user tax, it's a business license fee for distributors, who are not obligated to attach this expense to the gas price.

Mr. Dye summarized all the points made and reiterated the value of the plan and the desire to avoid a fuel tax increase.

CHAIRMAN GRADY said if they divert some of these funds, they may have to lower their spending costs.

REP. QUILICI said that with the removal of 12% coal tax revenues from the highway account and into the long range building program, the department would really be in trouble if they didn't have the fuel tax increase. **Mr. Dye** agreed.

{Tape: 2; Side: A; Approx. Counter: 496; Comments: n/a.}

Mr. Marvin Dye, MDT, read and submitted written testimony.
EXHIBIT 8

<u>Questions</u>:

CHAIRMAN GRADY asked about the budget new proposals amounting to $50 million and wondered how many are new programs. **Mr. Dye** replied that he didn't know and could produce a list. **Mr. Dye** described problems they've encountered with fulfilling the wishes of local communities who need rest areas, etc., for which there is inadequate funding. He said if everyone paid their fair share, the fuel tax would not need to be increased. He said there is a

lot of fuel coming into the state that is not being taxed. He said this system needs to be put in place or they won't qualify for the federal funds.

CHAIRMAN GRADY asked why it isn't mandated under present law. **Mr. Gengler** replied that even though it's mandated, they define it as a new proposal rather than at present law base adjustment.

CHAIRMAN GRADY asked why rest areas would be new proposals. **Mr. Dye** explained that this is a state-funded city parks rest area and the $100,000 in funds they are requesting to establish this rest area, is done in lieu of building a federal-aid rest area, which would cost $500,000 or more. This is good because the community would maintain it, not the MDT.

{Tape: 2; Side: B; Approx. Counter: 000; Comments: n/a.}

REP. FELAND asked how they monitor the fuel that comes across the Canadian border. **Mr. Salisbury** said distributors are supposed to report when they import fuel. **REP. FELAND** asked why they don't request the amount of fuel that's being transported across the border. **Mr. Dave Galt, Division Administrator, Motor Carrier Services Division,** said Customs is the only entity able to check what is crossing the border. There are way stations that check trucks and the bills of lading are submitted to the department who, in turn, send that information to the auditor. The auditor matches the information to make sure distributors are in compliance. **Mr. Salisbury** said in November they caught one million gallons from one distributor who was not in compliance, representing $170,000 in fuel tax.

Mr. Dye said the longterm effect of enforcement efforts is that people know the department is monitoring and enforcing compliance, that alone reduces illegal activity.

REP. QUILICI said when they look at the Executive Budget new proposals what stands out is the request for 7.0 FTE for motor fuel tax compliance, and then when they look at the total Executive new proposals, there are 47 FTE being reduced, so the workforce is decreasing, not increasing. **Mr. Dye** said that was correct, the administration is proposing FTE reductions in the department.

{Tape: 2; Side: B; Approx. Counter: 166; Comments: n/a.}

CHAIRMAN GRADY asked about the rest areas and how some are privatized and wondered if any of the department's rest areas on the highway are privatized. **Mr. Dye** said they build the rest stops and then contract out the maintenance. State parks rest areas are different, because the Department of Transportation helps with the construction, however the Fish, Wildlife and Parks department pays the bill for maintenance.

Mr. Gengler said as they look at the list of 47 new proposals, they will find that some are currently being funded this biennium, and the reason they are listed as new proposals not in the base are because: 1) some of them were identified in the appropriations report in the 1993 session as being one-time-only, so they were required to take them out of the base. The agency felt there was good reason to continue them, so they had to ask for them as new proposals; and 2) there are others that should be reauthorized every year, for example, the hazardous waste clean-up for $2 million over the biennium. This kind of activity won't last forever, so rather than allow it to fall into the base budget, they take it out every biennium and ask for reauthorization each session. Eventually, they won't need to spend that much money on that activity. That's why some items are in the new proposals list that are currently funded in the department.

CHAIRMAN GRADY asked how many of the new proposals have federal funds connected with them. **Mr. Gengler** said virtually all do, but there are exceptions. **CHAIRMAN GRADY** then asked what would happen to the federal dollars if they didn't approve these expenditures. **Mr. Dye** said there are some projects that don't fall under the federal guidelines and so federal funds are not an issue, but there are some where federal requirements are such that the funds would be removed. He said the management systems all have deadlines for submission of plans and project completion.

REP. BECK asked if the federal government will ever "come to their senses" on some of the environmental "stuff." He referred to wetland mitigation, storm water discharge, environmental impact specialists, wetland acquisition--and wondered if they were not approved, would the state lose highway funds. **Mr. Dye** said most of those activities are necessary in order to write their environmental documents, working out problems with wetlands. If they don't get them done, they can't let the project out on bid.

REP. BECK asked about the increased RTF program and if state funds are going into that. **Mr. Dye** responded yes. **REP. BECK** asked if that would be matching money, maybe it would be better spent by investing in a trust. **Mr. Dye** replied that they are talking about those funds being added to a completely state-funded construction program, to build some high priority projects.

REP. BECK asked if RTF wasn't a trust account. **Mr. Salisbury** explained how the RTF trust account works. At one time it was funded by coal and the balance was made up of state funds. Now with coal funds being eliminated, it's 100% fuel funded from fuel revenues and is not a trust account with interest revenue. It receives transfers from the state highway earmarked account to fund it; a double budget.

REP. BECK said he understood and thought the money was going into a trust account for which they could draw the interest.

REP. QUILICI said it is just a state fund and is used for secondary and primary highways that are state roads, for which no federal money is applied.

CHAIRMAN GRADY said these funds could be diverted to something else and they wouldn't lose any federal money.

Mr. Salisbury said they keep about $6.5 million and one of the requirements is an 83/17 match. Montana is eligible for additional match that would amount to 87/13. $6.5 million in state funds must be spent for construction projects. If they eliminated the RTF program completely, they would change the ratio to 83/17 with a higher state share for construction.

{Tape: 2; Side: B; Approx. Counter: 424; Comments: n/a.}

CHAIRMAN GRADY asked what they have in the state fund. **Mr. Salisbury** said there is approximately $10 million to $13 million. They spent $20 million on RTF, with $5 million from coal money.

The committee took a break at this point in the meeting.

{Tape: 2; Side: B; Approx. Counter: 488; Comments: n/a.}

Testimony:

Louis Fontana, Professional Engineer, read and submitted his written testimony. **EXHIBIT 9**

Questions:

REP. BECK asked what the hourly charge is for a private engineer. **Mr. Fontana** said many of the jobs can be done cheaper because there would be less people. **REP. BECK** asked if he thought the hourly charge would be higher but could do the work in less time. **Mr. Fontana** said he thought so, but didn't feel that all highway jobs can or should be privatized, the MDT should take care of inspections and construction jobs. He thought the highway department could save money by privatizing their engineering.

REP. QUILICI asked **Mr. Fontana** if he knew of any engineering firms that have the CAD system. **Mr. Fontana** said he did and he mentioned some of the firms that do. He thought consulting firms might charge $125 - $200 per hour for their services using the CAD. **REP. QUILICI** asked **Mr. Dye** if he knew what the per hour cost of the MDT engineering positions. **Mr. Dye** deferred the question to **Tom Barnard, Administrator, Engineering Division,** said that the average cost per hour of an in-house employee doing design work for wetland mitigation is about $35 per hour which includes overhead costs.

CHAIRMAN GRADY asked what the overhead includes. **Mr. Barnard** said telephone, heat, lights, and space.

CHAIRMAN GRADY asked **Mr. Fontana** about the hourly rate for engineering firms, and wondered if that was an average cost. **Mr. Fontana** said that projects vary in time and complexity, and some might take over nine years to complete. He thought a private firm could do the design work faster.

Mr. Dye said he wished to put this issue to rest. He said privatization is not new and they can prove that they are trying very hard to keep costs down. The last legislature asked them to do studies, which they did and they provided their records to the legislative finance committee, who had the auditor's office review them. He said the report found that it cost them about 60% more to contract projects to the private sector. He said some people did not like the studies, so they asked for a second opinion, which he endorsed. He said **REP. SONNY HANSON** expressed the desire to introduce a bill requiring MDT to get a second opinion on their studies. **Mr. Dye** thought it was unnecessary to use legislation to get this information because the department is willing to comply with their wishes. They asked the highway commission if they would pay for an independent study whereby someone from an objective standpoint could look at their books and produce an unbiased report. He wished to put to rest the issue whether it costs more or not. He said their records show that it does. He said they are all working together to get this new study completed by an independent, objective firm. Whatever the study concludes, they'll use it for direction.

REP. QUILICI said that made sense to him.

CHAIRMAN GRADY said he knew what he was talking about, but some people at this session felt that they should move toward privatization sooner than this study could be accomplished.

{Tape: 3; Side: A; Approx. Counter: 000; Comments: n/a.}

CHAIRMAN GRADY continued discussing the privatization issue and thought this committee needed to consider it. He said there would be other people testifying on this issue the next day. He asked about the 85% figure. **Mr. Dye** said that was the construction program. **CHAIRMAN GRADY** asked if they had a breakdown of all other privatized activities of the department. **Mr. Dye** said the rest area maintenance is shown at 55%. He said the trouble is that there are accurate governmental records showing the costs of doing a project. He said this has been called into question, and they are about to get a final opinion. He asked how it would look for government to privatize some activities that cost taxpayers more and then when the report comes out. He wondered if it was wise of the committee to make this decision knowing that the audit is about to be done. He asked if they wouldn't rather wait for the audit before making this decision.

REP. QUILICI stated that in all the years he's sat on this committee, this session the issue of privatization is a panacea that could cost taxpayers millions of dollars. He said he thought they were coming into the session to save millions of dollars and to do things efficiently. He said if MDT or any other agency isn't doing it right, then they'll put pressure on them. He said enough was enough, and thought there was adequate documentation that has justified that privatization in some cases doesn't work and in some cases it does work. He said they shouldn't think that taxpayers want more privatization, but that they want their money spent wisely and the job done right. He said if an independent audit says privatization is the way to go, then go that way. But if they say no, "let's fine-tune MDT or any other state agency and go that way."

{Tape: 3; Side: A; Approx. Counter: 99; Comments: n/a.}

HEARING ON
MONTANA DEPARTMENT OF TRANSPORTATION
Construction Program

Tom Barnard, Chief Engineer, MDT, said he would be discussing the construction program with the committee. **Mr. Culver** said the construction program in the LFA book begins on page A-83. **Mr. Barnard** stated this program involves all the design, right-of-way acquisition, utility relocation, construction and contract administration of the highway program. They also have a research program, five management systems (two of which they discussed the day before--preconstruction and the construction management systems, required by the 1981 legislature). The other three systems, mandated by the ISTEA are safety, pavement, and bridge management systems. There are actually six management systems mandated by ISTEA, but only three are in the construction program.

Mr. Barnard said the bridge management program is required to inspect semi-annually all public bridges in the state and keep records of their condition. There are many field personnel stationed throughout the state as well as staff in Helena. He said their budget request is based on an anticipated $160 million in federal aid. $157 million is a base program with an additional $3 million which is called "grab bag money." Those states that have obligated their federal aid prior to the end of the federal fiscal year, if they put additional projects on within 90 days, they can apply for this additional federal funding. They have been successful in doing this and have received up to $30 million in additional federal aid. It averages a much lower figure though, so they've put $3 million in the requested amount.

Mr. Barnard said the budget request includes $20 million of a state funded program that has existed for a long time. $5 million is allocated to pavement preservation. The other $15

million is going to the SOS program, Save our Secondaries (pavement preservation on the secondary program). In some districts, primarily Missoula, they have caught up with pavement preservation, so would now like to put those funds into bridge rehabilitation work. The day before he discussed this in detail, but summarized again for the committee the need for bridge rehabilitation. They also proposed an increase to the state-funded RTF program in the amount of $10 million annually and $15 million each year thereafter to complete projects throughout the state. After this next biennium, the money would be used to accelerate major reconstruction projects throughout Montana.

{Tape: 3; Side: A; Approx. Counter: 310; Comments: n/a.}

Mr. Barnard then referred to the LFA book, page A-84 and walked the committee through each item as follows. The 10 FTE are based on the increased federal programs. Construction payments showed an increase in fiscal 1996 of $48 million and explained that they are not proposing to increase the program by that much, and he said the three-year retirement program had an impact on this figure. He explained this situation.

CHAIRMAN GRADY asked if some of these funds are for ongoing construction. **Mr. Barnard** said a lot of it is ongoing. He said a system called Project Cost Scheduling takes every project that they let to contract and predicts the payout schedule. He said some big projects cover three fiscal years, and some have gone four.

REP. BECK asked about construction payments and wondered if the gas tax bill with the amendment to pay off the bonds is passed, would it affect the 5% gas tax reduction. **Mr. Barnard** said if the 5% reduction went through, in the fall of 1995, when they normally let the $20 million base program, they would have to cut that back to $15 million. He said that would be the end of the state-funded program and by the fall of 1996 there would not be enough money for any state-funded program.

CHAIRMAN GRADY asked if the gas tax refund only returned the unanticipated revenue, how would it impact the state-funded construction projects. **Mr. Barnard** said they would have to cut back by that amount and if the cut was less than the five cents tax, it probably would not affect the figures he was discussing, but it would affect the figures shown on A-85, line 20, increase RTF Program.

Mr. Barnard said lines 5 and 6 show a reduction of $4.8 million in utility relocation payment and an increase on line 6 for consultant engineering to $6,166,000 and said this was just to adjust the miscoding of funds that was made. The net result is that the relocation payments will not be significantly different than they were in the base year. These figures only reflect needed accounting adjustments.

{Tape: 3; Side: A; Approx. Counter: 532; Comments: n/a.}

REP. QUILICI asked if the consultant engineering were contracted positions or in-house. **Mr. Barnard** said this would be payments to contracts they have with individual companies. He explained that there were some errors in the base year figures that made it confusing, but if they proceed with the program as well as the increased program, the net result would be that the consultant payment budget will be $8.2 million in fiscal 1996 and $8.4 million in fiscal 1997, and is the highest it's ever been. Lines 7 and 8 show figures that reflect the increased size of the federal program: operating expenses, rent for survey crews, travel, etc.

SEN. EVE FRANKLIN asked for clarification on the increased size of federal programs and what it really means. **Mr. Barnard** said when they budgeted for fiscal 1994-95 it was based on $150 million, and they are now basing it on $160 million. This reflects an anticipated increase in federal aid of $10 million.

Mr. Barnard referred to ISTEA and the expectation that there would be a massive increase in federal funds for Montana in the amount of $200 million or more each year. He said it takes four or five years to complete major construction jobs, so to plan for that, they added additional projects into the program. The design program was up to $220 million each year. Every time they sign an agreement with the Federal Highway Administration (FHWA) to pay for preliminary engineering, they end up tying up the total amount of the anticipated preliminary engineering costs for that project. In 1991 and 1992 they tied up federal money in preliminary engineering, and when they find out they're not going to have the program, they can release some of that federal money and put into construction. He said they don't need to set aside as much this year, because they've already got a number of projects in the program. About $30 million of federal aid can be put toward construction this year than they would have for a normal year.

{Tape: 3; Side: A; Approx. Counter: 724; Comments: n/a}

Mr. Barnard said the next items were decreases. **CHAIRMAN GRADY** asked about the real estate right-of-way and was surprised at the figure. **Mr. Barnard** said it varies depending upon the project, and they used to try to budget by individual projects, but when they're trying to do budgeting four years in advance, they don't know how much right-of-way they'll need. So they stopped doing that and started looking at historical data, which said that about 3% of the anticipated construction program will be needed to buy the right-of-way. He referred to the decrease in grants and said a pot of money called "CMAC", which can only be used in areas of air quality nonattainment, primarily Missoula. With the blessing of that city and the EPA they were able to use CMAC

money that the city can't spend to buy mobile brooms to control dust. This is a one-time expenditure.

Mr. Barnard said on page A-85, the budget new proposals show environmental engineers, 5 FTE, new environmental regulations and permitting processes that have been imposed on the department and would document and evaluate the time it takes to go through each process for each project, the project management system requires five more people in the environmental section who would be biologists.

SEN. FRANKLIN asked about the addition of the five FTE for environmental compliance, and wondered if that's because of more rules or because the projects are bigger. **Mr. Barnard** said it's because of more rules and modified rules that are more difficult to comply with. Two of the major ones are the federal clean air act and clean water act, and other regulations, such as streambed preservation and historic clearances. **SEN. FRANKLIN** asked if this occurred over the past two years. **Mr. Barnard** replied that the new requirements have come about in the last two years.

Mr. Barnard said item #2 includes two additional designers. **CHAIRMAN GRADY** asked if the subcommittee were not to approve the new proposals with federal funds, where would the federal money go. **Mr. Barnard** said they have requirements and have no choice but to comply with them. If they do not, the federal money is returned to the federal government and reallocated to states in compliance with the federal guidelines.

{Tape: 3; Side: B; Approx. Counter: 000; Comments: n/a.}

CHAIRMAN GRADY wondered if the federal government was requiring the additional staff or if the state was needing to add them on to comply with the federal guidelines. **Mr. Barnard** said there are federal laws that tell them what they must do to comply with the laws in order to utilize the federal funds.

REP. QUILICI said the previous day they looked at a spreadsheet that showed the project management system that projected the number of employees it would take to do a specific job. He said this is a computerized system and rather than a hit-and-miss on how many people it should take to do a specific job, this project management system tells them how much personnel is needed for a specific job. **Mr. Barnard** said that was correct and reminded the committee of the charts he had that showed how many employee hours they need for project completion. **REP. QUILICI** asked how the computer comes up with these projections. **Mr. Barnard** said they know by law what the requirements are, and know from experience how long it will take to a certain activity. A standard is put into the computer and it takes that from each individual project and activity and totals the number of employee hours needed from each position.

REP. QUILICI asked if the computer ever looks at a minimum or maximum to give them the option of getting away with less. **Mr. Barnard** said when a new requirement comes on line with no historical data, they enter numbers that are considered conservative estimates. After some experience, they modify that standard up or down based on the actual employee hours.

Mr. Salisbury said they may hire temporary employees or put it out to consultants, so it sets the hours based on the minimum of their permanent staff. He mentioned that these activities are like fiscal notes and this system doesn't look at employee hours like FTE's. He said an individual project might show the need for a certain number of personnel, but what they do instead of multiplying the number of personnel by each project, they have what they call multi-project cost scheduling, which is run once or twice a year, which enables them to consolidate positions to work on more than one project.

CHAIRMAN GRADY asked if the five FTE being requested couldn't also be consultants. He asked if the federal government was mandating how many state employees they had to have. **Mr. Barnard** said the computer doesn't tell them they have to hire a certain number of FTE's, it only tells them how many employee hours are needed to get the work done. The federal government says if it costs more to do the work by consultant, hire in-house. It doesn't tell them to contract out, but to do the opposite. If the department does have to hire a consultant, however, the state law says the state they cannot consider the cost.

CHAIRMAN GRADY asked for proof that in order to get the federal money, they have to hire the 5.0 FTE. **Mr. Barnard** said he could get them a letter from the Federal Highway Administration. He said there is also a bill being introduced, and if it passes, they would then be allowed to consider cost in the event of having to contract for services. He said they do use consultants and their proposed budget is the largest it's ever been. They can be used to manage peaks in the workload even though it costs more, and the federal government does not object to that. He provided an example from the project management system, a summation of all projects in the program and activities that have to be completed by this group and employee hours required through the time period. The average beginning at fiscal 1995 shows they have the right number of employees, but it also indicates how far behind schedule they are.

{Tape: 3; Side: B; Approx. Counter: 300; Comments: n/a.}

SEN. FRANKLIN asked how the data is generated and who evaluates its relevancy. **Mr. Salisbury** said several performance audits have been conducted by the auditor's office, as well as Clayton Schenck, LFA. **SEN. FRANKLIN** asked what they came up with. **Mr. Barnard** said those standards have gone up because they've learned to be more efficient. He said he's in charge of all engineering and construction and spends time visiting with other state

highway departments and they do far better job than the rest of them. He welcomed their comparison of the department's costs to adjacent states.

{Tape: 3; Side: B; Approx. Counter: 406; Comments: n/a.}

Mr. Barnard said the management systems mandated by ISTEA required a work plan by October 1, 1994, and the system fully implemented. The pavement management system takes data gathered on the conditions of all federal aid routes in Montana and evaluates the type and level of work needed to be done in specific areas. On the positive end, the increase in FTE would result in better decisions on where to spend money for the pavement preservation program.

SEN. FELAND asked if district personnel monitor the condition of state roads. **Mr. Barnard** said for maintenance purposes they do, but for the statewide management system it doesn't work well to have five district offices doing condition surveys, because they all have a different opinion and they would end up with five different sets of data. If they did choose to have the district personnel do the survey, their staff would have to be increased. The benefit of doing it from Helena is the efficiency and consistency that would result.

Mr. Barnard said Item #4, bridge design, includes a new method called resistance factor design, which takes more engineering but results in a less expensive bridge to construct. Item #5, erosion control, the Montana pollutant discharge elimination system, requires that nearly all projects with a certain level of soil disturbance near a drainage have an erosion control plan as part of the construction plan. This has to be approved and they have to apply for a permit. This is a new requirement as part of the clean water act.

Item #6, wetlands mitigation, includes two items: requirements of the federal clean water act and an executive order requiring the agency to mitigate damages to any wetlands. Avoidance is their priority; if that's not possible, they must minimize the impact. Whatever impacts there are must be mitigated which entails building replacement wetlands. He said this is very difficult.

{Tape: 3; Side: B; Approx. Counter: 580; Comments: n/a.}

REP. QUILICI asked how they build replacement wetlands. **Mr. Barnard** said they have to find the right area with the right soil conditions, vegetation, and a suitable water supply. Then they build dikes to create ponds. **REP. QUILICI** asked if this is under federal regulations. **Mr. Barnard** said there are federal regulations that define wetlands and the proper soil type, water conditions, and vegetation. He said anytime they destroy wetlands, such as a stand of cattails in a ditch alongside the highway, they have to replace them.

SEN. FRANKLIN asked if they are able to evaluate if the replacement of wetlands eventually functions as a wetland; she wondered if that's what the wetland mitigation personnel do. **Mr. Barnard** said they do have to return to the area to evaluate it, and under the clean water act the Corps of Engineers controls that process. They will not accept the replacement wetlands until the vegetation and aquatic habitat is replaced. **SEN. FRANKLIN** asked if their wetlands mitigation work has been adequate. **Mr. Barnard** said work done to-date has been adequate, but they are finding that the easy wetlands development projects are gone and it is becoming more difficult to find good locations to replace them.

REP. FELAND asked if the conservation districts are doing similar work that they could pool efforts with. **Mr. Barnard** said no, the MDT has more experience and knowledge concerning wetlands that even Fish, Wildlife and Parks or the Department of Natural Resources and Conservation. **REP. FELAND** wondered if county conservation districts couldn't serve as a resource for the replacement of wetlands. **Mr. Barnard** said when they have to replace wetlands, they go to government agencies and private citizens and ask if they know of areas that would be suitable for this purpose, such as the Soil Conservation Service, Bureau of Land Management, local planning boards, and Indian tribes. Regarding Item #6, on page 86, there is a brief description of the request for two biologists at $31,500 each. He said there are no private consultants that will furnish an FTE for that price. He didn't believe there was an engineering firm in the state that has as much wetland experience as MDT.

Mr. Barnard discussed Item #7, stormwater discharge which is tied to Item #5, erosion control. The person in that position takes care of the permitting process and the Department is required by both state and federal law to do this work.

{Tape: 3; Side: B; Approx. Counter: 802; Comments: n/a.}

REP. QUILICI referred to the permit applications at the Department of Health and Environmental Sciences (DHES). The request includes $250,000 annually for permit fees which is $5,000 per project. He asked about the funds going to DHES and what they are used for. **Mr. Barnard** said they use these fees to pay for their staff to issue the permit and monitor their compliance with stormwater discharge law.

Adjourned 11:45 a.m.

ADJOURNMENT

Adjournment: 11:45 a.m.

REP. ED GRADY, Chairman

PATTI BORNEMAN, Recording Secretary

EG/pb

EXHIBIT 1
DATE 2/9/95
HB ~~NO. 500~~ MDT

	Fiscal Year 1982 General Fund	Fiscal Year 1982 Other Appropriated Funds	Fiscal Year 1983 General Fund	Fiscal Year 1983 Other Appropriated Funds
5. Preconstruction Division		12,435,358		12,198,196
6. Service Revolving Division		2,426,004		2,537,543
7. Motor Pool Division		1,036,727		1,160,844
8. Equipment Division		11,369,034		12,113,491
9. Stores Inventory		13,341,876		14,518,052
10. Capital Outlay		570,072		571,153
11. Audit		20,625		61,875
Total Department of Highways		203,134,272		207,556,940

The department of highways is directed to:

(1) Develop and institute a comprehensive construction project planning system. This system will be operational no later than July 1, 1985, and will be the basis for:

(a) project scheduling
(b) project monitoring
(c) manpower planning
(d) work measurement and evaluation
(e) cash flow projections
(f) long- and short-range construction goals; and
(g) budget preparation.

(2) Utilize the partial funding method for construction projects.

(3) Institute a cash forecasting system to minimize cash reserves.

(4) Maintain a surplus of completed construction plans in order to obligate and expend the maximum amount of federal dollars available for construction during the biennium.

(5) Submit to the 1983 legislature a construction work plan for the 1985 biennium that is detailed by year, project phase, and fund. This work plan must specify, by road system or project area, proposed projects on which $1 million or more would be spent during the 1985 biennium and an aggregate cost for projects with anticipated expenditures of less than $1 million. Costs must be detailed by year, fund, and project phase.

	Fiscal Year 1982		Fiscal Year 1983	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds

(6) Institute a maintenance management system for the maintenance division that incorporates equipment needs and usage. This system will be operational no later than July 1, 1985.

(7) Conduct a thorough assessment of equipment needs based on maintenance needs by geographic area.

(8) Submit to the 1983 legislature a maintenance work plan for all operational systems that ties directly to the maintenance division budget request for the 1985 biennium.

(9) Report quarterly to the legislative finance committee regarding the progress of the above-mentioned items.

Should additional federal money become available during the 1983 biennium for highway construction, highway earmarked funds shall be budget amended to the extent of matching requirements.

Earmarked revenue within the equipment division must be reduced dollar for dollar by revenue collected from the auction of equipment. This is contingent upon passage of SB 169.

The Helena headquarters van pool project administered by the department of highways may continue in operation and is to be operated on a self-supporting basis.

Funds may be transferred between line items 1, 3, 4, 5, 6, 7, and 8 to reflect actual personal service expense. No other transfers between line items may be made. This is not to be construed as permitting the transfer of full-time equivalent employees between programs, nor may there be an increase in the total number of appropriated full-time equivalent employees.

The conservation education program is funded.

The maintenance division is directed to establish a separate revolving account to reflect collections and expenditures related to damaged structures. One million dollars per year in highway earmarked funds will be replaced with revolving authority.

STATEMENT OF REVENUE

Federal Operations	12,340,311	1,325,313	12,490,050	1,359,671
	16,500	8,500	49,500	25,500
	[illegible]		25,000	

"37-41-212. **Enforcement responsibility — penalty — deposit of fines.** *(1)* State and local health officers *shall enforce* this chapter.

(2) A person who violates this chapter or a rule of the department is guilty of a misdemeanor and upon conviction shall be fined not more than $500.

(3) All fines collected under this section shall be deposited in the general fund of the county in which the action is brought."

Section 8. **Exclusions.** This chapter does not prohibit the owner or lessee of the property from which the septage was removed from disposing or contracting for the disposal of his own septage upon land owned or leased by him if it does not create a nuisance or public health hazard.

Section 9. **Saving clause.** This act does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before the effective date of this act.

Section 10. **Severability.** If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

Section 11. **Codification instruction.** Sections 1 and 8 are intended to be codified as an integral part of Title 37, chapter 41, and the provisions of Title 37, chapter 41, apply to sections 1 and 8.

Section 12. **Repealer.** Sections 37-41-102, 37-41-203, and 37-41-204, MCA, are repealed.

Approved April 18, 1983.

CHAPTER NO. 557

THE MONTANA HIGHWAY REVENUE BONDS ACT OF 1983; PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. **Short title.** [This act] may be cited as the "Montana Highway Revenue Bonds Act of 1983".

Section 2. **Purpose.** The purpose of [this act] is to provide for the financing of the cost of state highway and federal-aid highway projects through the issuance of highway revenue bonds secured by a pledge and appropriation of highway revenue.

Section 3. **Definitions.** As used in [this act], the following definitions apply:

(1) "Board" means the board of examiners created under 2-15-1007.

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These instructions outline the procedures which must be followed in developing the 97 Biennium budget request (fiscal years 1996 and 1997). The Governor's Office of Budget and Program Planning (OBPP) is scheduled to distribute the official 1997 Biennium Executive Budget instructions on July 1, 1994.

As the Department of Transportation is one of the largest and most complex agencies in the Executive Branch of State government, and because it is the department's philosophy to develop the budget from the "bottom up", it is important to begin the budget planning and development process as early as possible. Given the information we have already received from OBPP, we will make every attempt to ensure our budget planning and development process coincides with the executive budget instructions to the largest extent possible.

As used in this memo, the term "Area Manager" denotes the individual responsible for the activity of a specific area; for example, a District Engineer, Division Administrator, Bureau Chief, Section Supervisor, or Unit Manager. The term "area" is synonymous with responsibility center in SBAS (Statewide Budgeting and Accounting System). The "base year" for the 1997 Biennium is Fiscal Year 94 (FY94).

The planning and development process for the 97 Biennium budget request will incorporate a combination of three budgeting methods; 1) base year expenditure levels (historical), 2) zero base, and 3) planned performance levels (management systems).

Historical Base Budget Method

This method is based on the premise that the function is on-going and the base year financial activity reflects current level activities. This process uses the "base year" (FY94) actual expenditures; adjusts for 1) inflation, 2) one time expenditures, and 3) expenditures which reflect the normal activities for a partial year only, then automatically reflects this amount in the current level executive budget request. These amounts may be adjusted only with adequate documentation and justification.

All one-time-only or abnormal expenditures (relocation expense, office repairs, leased office equipment payoffs, one time computer processing charges, etc.) must be identified and removed from current level base year expenditures unless similar future expenditures can be justified.

All base year expenditures which represent only a partial

years activity (rental agreements or contracts which became effective during the year, or utility costs for structures which were completed and occupied during the year) should be explained and adjusted to reflect a full year's activity.

It is vital that all known base level adjustments be submitted in accordance with the attached time schedule. Only extremely large or unusual base level adjustments will be considered after the specified submission date. This department's budget development process is extremely complex, therefore time constraints do not permit processing large volumes of last minute base adjustments.

Motor Pool and Equipment program expenditures are to be projected at current level rates. Base level adjustments in these areas should identify changes in usage. The Budget Section will adjust individual area costs to reflect the budgets of these areas.

All current level base adjustments must be approved, modified or disapproved by the applicable Division Administrator.

Base level adjustments must be made at third level Object of Expenditure. In addition, separate base level adjustments must be made for each fiscal year (FY96 & FY97).

Do not make adjustments for inflation. Inflation factors will be applied by this office electronically when distributed by OBPP on or about August 1, 1994.

The department will no longer utilize the manually prepared Form B-1 to justify and submit base level adjustment requests. Instead, an ORACLE based automated Budget Development System will be used. This system will permit on-line development, submission and approval of base level adjustments. This system is nearing design completion, and additional instruction and training on the use of this system will be provided in the near future.

The automated Budget Development System will accept base adjustment requests until 5:00pm, July 31, 1994. After that date, the system will "lock out" any further area manager attempts to input base adjustment requests. Requests of a significant amount or a critical nature may be input into the system after this date by Budget Section personnel only, and only with Division Administrator approval.

ZERO BASED BUDGETING METHOD

The "Zero Base" method of budgeting requires that the levels of each budget be developed by starting at zero and

specifically identifying and justifying, 100% of all requested amounts. The executive budget instructions received from OBPP require certain specific objects of expenditure be zero based. **Preliminary instructions from OBPP have identified only the following Objects of Expenditures which <u>must</u> be zero based for the 97 Biennium:**

2102 .....Consulting and Professional Services
2175 .....System Development/DofA
2176 .....System Development/Non-DofA
4000 Series .....Capital Outlay
5000 Series .....Local Assistance
6000 Series .....Grants
7000 Series .....Benefits and Claims
8000 Series .....Transfers
9000 Series .....Debt Service

Additional objects will be added or deleted from the zero base requirement, if necessary, when the Executive budget instructions are received.

Justification for each zero based object request should specify; 1) purpose of the request, 2) who will provide the services, 3) whether changes in Federal regulations affected the request, 4) what benefits will be realized, and 5) the method of funding. If Federal reimbursement is anticipated, include the percentage of reimbursable funds.

The amount of each zero based request should be calculated using estimated FY96 and FY97 dollars. While inflation factors are permitted on most third level objects of expenditure that are developed using an historical base method, **objects that are zero based must include an adjustment for inflationary increases.**

<u>The department will no longer utilize the manually prepared Form B-2 to justify and submit zero base adjustment requests.</u> <u>Instead, an ORACLE based automated Budget Development System will be used. This system will permit on-line development, submission and approval of zero base adjustments. This system is nearing design completion, and additional instruction and training on the use of this system will be provided in the near future.</u>

Zero base adjustments must be made at third level Object of Expenditure. In addition, separate zero base adjustments must be made for each fiscal year (FY96 & FY97).

All zero based requests must be entered into the automated Budget Development System by 5:00pm, July 1, 1994.

Performance Budgeting Method

Performance budgeting is based on the projected activity level within a division or program. In the DOT, performance budgeting is associated with "management systems" (the Construction Management System (CMS), the Project Management System (PMS), the Maintenance Management System (MMS), and the Equipment Management System (EMS).

The Highways Division will coordinate the 97 biennium budget requirements with the Construction Districts. The "green book", identifying projects to be initiated through the 97 biennium will be completed by May 15, 1994. The 97 biennium budget requests for the Field Construction Districts will be developed through the use of the Construction Management System (CMS), which will contain the projects listed in the "green book". The Budget Section will coordinate with the Highways Division in developing the 97 biennium request based on the information contained in the CMS once the "green book" is finalized. Budget requests for those areas not specifically affected by the CMS will be based on the "historical based" and "zero based" budget methods.

The construction contractor payments budget requests will be based on the Project Cost Scheduling System.

The Highways Division will determine the budget for the Utility Relocation program based on the long term construction plan.

Management system adjustments may be base adjustments or zero base requests, depending on the Object of Expenditure involved. The Budget Section will coordinate with the Highways Division Administrator to ensure all management system adjustments are entered into the automated Budget Development System.

Maintenance Program - Special Instructions

The Field Maintenance Divisions will use the "historical base" or "zero base" budget methods, and will develop the requests based on the procedures outline in exhibit A.

Division Administrator Review and Approval

Once the deadline dates are reached for base adjustment requests and zero base adjustment requests (July 1 and July 31 respectively), the automated Budget Development System will "lock out" and not permit any further adjustments by area managers. The system now contains all of the necessary information for Division Administrator review and approval. **This review must be conducted and required adjustments made**

to the automated Budget Development System by 5:00pm, August 8, 1994. After this date, the system will "lock out" any further Division Administrator adjustments.

Director Review and Approval

Once the deadline date for Division Administrator review and approval is reached, the system will be available for the Director's review and approval of each program budget. The Budget Section will work with, and assist the Director by insuring the necessary information is available to conduct an agency wide review. This information may include program summary information, historical information, revenue projections and cash flow analyses. **Due to the compressed time line for budget submission this year, the Director's review and approval must be completed by 5:00pm August 15, 1994.**

General Information

Capital Equipment:

All capital equipment items must be submitted and justified through the Executive Planning Process (EPP). For planning purposes, this department defines Capital Equipment as "an item valued at greater than $999 which does not lose its identity when used". The Equipment funding level ultimately approved through the EPP will automatically be added to your current level budget request by this office. **Only capital equipment approved through the EPP process may be included in the current level budget request. No additional requests may be made.**

Those equipment items valued at less than $1,000 should be included in you FY94 base, and should be addressed through base adjustments if necessary.

Miscellaneous Objects of Expenditures:

Most expenditure categories have miscellaneous Objects of Expenditure; e.g., 2299, 2599, 2799, etc. Expenditures in these objects are generally questioned and often disallowed by OBPP and LFA Budget Analysts. It is therefore important to avoid recording expenditures in these areas if possible, and to transfer already recorded expenditures to non-miscellaneous Objects of Expenditures prior to fiscal year end. Please contact the Accounting Services Bureau for assistance on these types of expenditures.

All 97 biennium budget requests generated through the automated Budget Development System will be approved, modified, or disapproved by the Division Administrator.

Personal Services Budget:

SBAS should be used to determine the amount to be base level adjusted for Overtime, and Differential. **Note:** Be sure all appropriate objects of expenditure associated with Overtime are addressed and be sure all benefits associated with the adjusted overtime are included. All other objects of expenditure within the Personal Services category will be projected automatically from the Position Control Report snap shot.

The Position Control containing the schedule of positions, current grade and rate, and longevity increment as of June 24, 1994, will be used as a basis for projecting personal service budgets for the 97 Biennium. Changes in position grade and rate after June 24, 1994 may not be reflected in the 97 Biennium personal services appropriation. Requests for Objects of Expenditure 1133, Termination Sick and 1134, Termination Vacation are not permitted. These expenses are budgeted for and considered part of Object of Expenditure 1101, Salaries.

As in the past, the District Construction and Laboratory FTE levels and classifications will be based on the active and scheduled projects in each District as recorded on the Construction Management System. The Personal Services budget will then be developed based on the FTE levels and classifications.

Executive Planning Process:

The Director will conduct an initial review of Executive Planning Process (EPP) requests on April 28, 1994, and will forward approved requests to the Governor's Office for consideration by May 2, 1994. The Governor's Office will return approved EPP requests to the department on July 1, 1994. Division Administrators, with the aid of the Budget Section, will include approved EPP requests as modified requests in the final budget submission in August, 1994.

The following schedule lists the assigned Budget Coordinator for each Program:

Program		Assigned Budget Analyst
General Operations	#01	Brent Doig.....Ext. 7255
Construction Program	#02	Brent Doig.....Ext. 7255
Maintenance Program	#03	Ray Daigen.....Ext. 6026
Motor Pool Program	#07	Ray Daigen.....Ext. 6026

Equipment Program	#08	Ray Daigen.....Ext. 6026
Transfers Out	#11	Jim Currie.....Ext. 6031
Stores Program	#12	Ray Daigen.....Ext. 6026
Motor Carriers Program	#22	Beckie Beckert..Ext. 7249
Aeronautics Program	#40	Brent Doig.....Ext. 7255
Transportation Program	#50	Jim Currie .....Ext. 6031
Budget Section Supervisor		Jim Currie.....Ext. 6031
Financial Mgmt. Bureau Chief		Monte Brown.....Ext. 6373

FY94 year to date SBAS figures will be down loaded into the automated Budget Development System in mid-July for use in completing base adjustments.

The following hints may be helpful in preparing the 97 biennium budget request:

1. Review the activities (performance factors) each area will achieve in FY94. Compare these activities to the achievement plan in each fiscal year of the 97 biennium.

2. List the major changes in activities between FY94 and each year of the 97 biennium.

3. Identify the expenditure categories affected by changes listed in step 2. For example, category 2200, supplies and materials, may increase because of data processing supplies, however, category 2100, other services, may decrease because the main frame services are lower.

4. Once category changes have been identified, individual third level object of expenditure adjustments within each category can be determined. These adjustments are completed as follows:

   a. Base level adjustments will be requested and justified on the automated Budget Development System through 5:00pm, July 31, 1994.

   b. Zero based objects of expenditure will be requested and justified on the automated Budget Development System through 5:00pm, July 1, 1994.

5. Only major base level and zero base adjustments ($250 or more per object of expenditure) should be processed. Consideration should be given to the net effect base adjustments will have on the total Operating budget. If the net effect of all adjusted increases and decreases is minimal, no adjustments should be submitted.

Should you have any questions or require clarification concerning this process, please call the Budget Section, 444-6031.

DEPARTMENT OF TRANSPORTATION
97 BIENNIUM TIMETABLE

Note: Particular attention should be given those dates and activities which are in "bold".

DATE:	ACTIVITY
3/25/94	**OBPP must be notified of all "permanent" program transfers.**
4/18/94	**EPP requests and Legislative proposals must be completed and electronically transferred to the Budget Section by this date.**
4/28/94	EPP requests and Legislative proposals will be review and prioritized by the Director.
5/02/94	**Budget Section will transmit a completed and approved EPP package and Legislative proposal package to OBPP.**
5/06/94	Deadline for all agency reorganizations to be completed if they are to be reflected in the 97 Biennium.
5/15/94	**Deadline for updated Goals and Objectives to be electronically transferred to the Budget Section.**
5/16/94	Budget Section will develop, schedule and begin providing training on the automated Budget Development System.
5/23/94	Goals and Objectives are reviewed, modified and/or approved by the Director and Division Administrators.
5/27/94	**Deadline for submission of revised State Motor Pool rates to the Budget Section.**
5/31/94	**Deadline for submission of updated Goals and Objectives to OBPP.**
6/01/94	**Deadline for submission of revised State Motor Pool rates to OBPP.**
6/01/94	**Construction Management System (CMS) staffing requests are to be transmitted to the Budget Section by this date.**
6/10/94	OBPP sends responsibility center and position

	crossover matrix requests to the Budget Section.
6/17-24/94	Governor reviews all EPP new proposals, requests, and legislation recommendations and makes final decisions.
6/24/94	**Pay period ending date for P/P/P snapshot for 1997 biennium personal services.**
7/01/94	OBPP sends EPP approvals and legislation authorized to agencies.
7/01/94	**OBPP sends 97 Biennium budget instructions to agencies.**
7/01/94	Fixed and indirect costs schedules finalized with provider/managing agencies.
7/01/94	**Last day area managers will have the ability to enter zero base requests into the automated Budget Development System.**
7/05/94	Approved EPP requests will be distributed to the Division Administrators.
7/06/94	**P/P/P FTE snapshot for June 24 pay period ending to be used in 1997 biennium Executive Budget. There will be no upgrade/downgrade adjustments to snapshot.**
7/11/94	OBPP sends approved fixed costs schedules to agencies for Control Variable allocation.
7/19/94	**Last day for FY94 B212s to be submitted to OBPP for processing.**
7/23/94	**FY94 base year data is downloaded into the automated Budget Development System.**
7/25/94	Budget Section staff will attend training on the operation of the Electronic Executive Budgeting System.
7/31/94	**Last day area managers will have the ability to enter base level adjustments into the automated Budget Development System.**
8/01/94	**Equipment Bureau rates for the 97 biennium are submitted to the Budget Section.**
8/01/94	OBPP sends budget request package to

	agencies.
8/05/94	OBPP sends information regarding submission of requests for the supplemental appropriations (SA) bill, budget amendment (BA) bill, and stripper well oil overcharge applications.
8/08/94	**Last day Division Administrators will have the ability to enter adjustments to base level adjustment or zero base requests into the automated Budget Development System.**
8/10-15/94	Director, with the support of the Budget Section, will review the summarized program requests, revenue projections and cash flow analyses with the Division Administrators.
8/15/94	**Final day for Director review and approval of the 97 Biennium budget request.**
8/26/94	**Finalized department budget submitted to OBPP.**
9/02/94	**Agencies submit draft legislation with detailed statements of fiscal impact to OBPP.**
9/06/94	**Requests for supplementals, budget amendments and stripper well applications due to OBPP.**
9/20-30/94	OBPP conferences with agencies on budgets, supplemental requests, budget amendment requests, and legislation.
10/12-14/94	Agencies meet with OBPP/Governor to resolve any outstanding budget/legislation issues.
12/19-20/94	OBPP conducts fiscal note training for all agencies.

EXHIBIT A

DEPARTMENT OF TRANSPORTATION
ADDITIONAL BUDGET PROCEDURES
97 BIENNIUM BUDGET PREPARATION
HIGHWAYS DIVISION BUDGET SECTION

PROCEDURE FOR DEVELOPMENT OF THE MAINTENANCE PROGRAM BUDGET

Purpose

To establish a systematic procedure for developing, distributing and monitoring the maintenance program budget and biennium work plan.

Objective

To utilize the Maintenance Management System to develop, implement and monitor, at responsibility center level, a performance budget, based on defined priorities, levels of service, and both needs assessments and workload models and ensures that field managers have an active role in the development of the biennium budget and work plan.

I. Initial Preparation

A. Conduct needs assessments, solicit special projects or needs from field forces, update workload models and review historical data for the program and responsibility centers.

1. Needs assessments will be conducted by field forces.

2. The field will develop supporting documentation and estimated costs for any special projects or needs.

3. Workload models will be updated by the Management System Committee using historical performance data and other information and experience. The Management System Committee will consist of the departments MMS Steering Committee, and one individual from the departments Budget Section. The Office of Budget and Program Planning and the Office of the Legislative Fiscal Analyst will be apprised of the meetings and may elect to send an observer.

4. Historical data will be developed by the Management System and Budget Section of the

Maintenance and Equipment Bureau.

B. Using the needs assessments, special projects, updated workload models and historical data, the Budget Component of the Maintenance Management System will produce a budget that represents 100% of needs. A time-line for budget preparation will be established so that identified needs may be addressed in the EPP process.

C. Based on needs assessments, department priorities, funding levels in other programs, projected revenues, anticipated cash flows and cash balances, the Director of Transportation and the Highways Division Administrator will, for initial planning purposes, determine the level of funding for maintenance that will be requested from the legislature.

D. The Highways Division Administrator, and selected members of the Highways Division staff, will establish maintenance priorities and levels of service, for the new biennium based on identified needs and anticipated funding.

E. Using the approved priorities and levels of service, the 100% MMS budget will be adjusted as required to remain within overall funding levels.

F. Guidelines and instructions for development of the Budget/Work Plan, conforming to department and OBPP budget preparation and submission requirements, will be jointly prepared by the Maintenance Engineer and Administration Division and will be submitted to each responsibility center manager along with the performance budget.

II. MMS Area Budget/Biennium Work Plan

A. Using the guidelines, instructions and performance budget, each maintenance chief will tailor the MMS Area Budget/Biennium Work Plan for their respective area.

B. The Work Plan will follow a standard format and will describe the anticipated work to be performed using MMS activity units of measure -- gallons, square yards, cubic yards, lane miles, etc. Pavement preservation work will include specific routes and mile posts.

C. Material quantities for planned work that are not generated by the budget component will be identified and listed.

D. The end result will be an MMS Area Budget/Biennium Work

Plan, tailored by the maintenance chief, that satisfies department priorities and does not exceed predetermined monetary limits.

E. The District Engineer will review and approve the MMS Area Budget/Biennium Work Plan.

F. The completed field MMS Area Budget/Biennium Work Plan will be submitted to the Maintenance Engineer. Copies of the submittal will be provided as required by the department's budget procedure.

III. MMS Program Budget/Biennium Work Plan

A. The Maintenance Engineer will consolidate the field work plans and performance budgets, along with the other responsibility centers in the Maintenance Program, into a composite work plan and program budget. The composite budget and work plan will reflect all responsibility centers and the program total.

1. Once the work plans and budget information have been received from the field and consolidated with the work plans and budget information from the other responsibility centers, the Maintenance Engineer will continue budget development in accordance with department budget development instructions and guidelines.

B. The Maintenance Engineer will ensure all of the responsibility center budgets meet the intent of the published guidelines and instructions and do not exceed the allocated funds. The Management System and Budget Section will document deviations from the guidelines and instructions.

C. The Maintenance Engineer will review and approve the MMS Program Budget/Biennium Work Plan and will resolve the issues documented by the Management System and Budget Section.

D. The Maintenance Engineer will present the completed MMS Program Budget/Biennium Work Plan to the Highways Division Administrator.

E. The Highways Division Administrator will review and approve the MMS Program Budget/Biennium Work Plan.

F. The Maintenance Engineer will re-format the MMS Program Budget/Biennium Work Plan into SBAS. At this time, there will be a SBAS biennium budget and an MMS biennium budget. The MMS budget will be used as

supporting documentation for the SBAS budget. The Maintenance Engineer will enter the SBAS budget into the automated Budget Development System.

IV. Department Budget

A. The Maintenance Engineer will present and explain both the SBAS and MMS Program Budget/Biennium Work Plan to the Management System Committee. Copies of both will be provided to the Administration Division and to the field.

B. At this stage of the process, because of the direct contact with OBPP and the office of the Legislative Fiscal Analyst, and the focal point of legislative inquiries, the Administration Division has primary responsibility for all budget issues. The Maintenance Engineer will respond to all budget issue requests.

C. The department budget will be reviewed and approved by the Director of Transportation prior to submission to OBPP. Any revisions or modifications made by the Director will be communicated to, and made with the knowledge and input of, the Highways Division Administrator.

D. The department is statutorily required to submit its budget to OBPP by September 1, on even numbered years.

E. The OBPP has until December 15th to review, revise and finalize the departments budget request. Although the departments intent is to work closely with OBPP on any revisions or modifications, OBPP is not obligated to seek or allow our participation.

V. Legislative Process

A. The Office of Budget and Program Planning has until December 15th to formally propose and publish the Governor's Executive Budget Request. This budget becomes the starting point for legislative deliberations.

B. The Director may assign various department employees to represent the department during the legislative process. They will inform, testify, offer advice and respond to inquiries or issues raised or considered by the legislature.

C. At the conclusion of the legislative session in late April, both the House of Representatives and the Senate

will have approved a compromised version of an appropriations bill, of which, the department's budgets are a part. The appropriations bill then has to be approved and signed by the Governor to become law.

1. The legislature places/removes restrictions on agency budgets which dictate how authority can be expended. These restrictions can be in the form of "boiler plate" language in the appropriation bill, other statutory restrictions, other language contained in the appropriations bill that pertains to a specific program or the department, or legislative intent, as identified in the Legislative Fiscal Analyst's Appropriation Report.

D. Once signed into law, and barring special legislative sessions, the budget remains in effect for two fiscal years.

VI. Post-Legislative Process

A. If there are changes in the budget, and unless directed otherwise by the Highways Division Administrator, the priorities and levels of service used in the budget development process will be the basis for changes in the distribution.

B. Approved modified budget requests (EPP items) will be distributed on the basis of the information that was used to develop the request.

C. The SBAS budget will be converted to an MMS budget.

D. Both budgets, by responsibility center and program, will be distributed and explained so that all responsibility center managers will be knowledgeable of their specific center, as well as, the overall program.

E. Budget responsibility is now transferred to the responsibility center manager.

VII. MONITORING

A. Except for the months of July and August, the District Centralized Services Supervisors will send monthly SBAS budget projections to the Highways Division Administrator or his designee. Explanations of overruns and underruns will be provided that includes what action will be taken to ensure the responsibility center budget will not be exceeded.

B. Each maintenance chief will submit quarterly

budget/work plan projections to the Maintenance engineer, which must include a comparison and explanation of the differences between the approved work plan and work accomplished to date.

1. All budget projections, and work plan comparisons, will be made on a standard form in accordance with published instructions.

2. All projected overruns must be fully explained as to the cause and effect to the work plan and must be covered by a reduction in other budget items. Budget items selected for reduction will also impact the work plan. An explanation will be required of the impact on the work plan as a result of the reductions. Together, both explanations must provide a comprehensive understanding of what action will be taken to ensure the responsibility center budget will not be exceeded and what impact the changes have on the approved work plan.

3. If, after achieving the planned level of service, funding in a given budget category has not been expended, it may not be expended for other budget items without written approval of the Maintenance Engineer.

4. Responsibility center managers are responsible for planning and organizing their work in a manner that ensures accomplishment of the approved work plan and levels of service.

C. The Maintenance Engineer will consolidate all field reports into a composite program report that reflects all responsibility centers in the program. The report format will be designed to meet the needs of all users.

D. The Maintenance Engineer will review the field information and will make comments or recommendations where appropriate.

E. The consolidated report and accompanying synopsis will be forwarded by the Maintenance Engineer to the Highways Division Administrator within 5 working days of the field suspense date. Copies of the report will be distributed as required by the departments budget procedure.

F. Compliance with the departments approved work plan will be monitored using the MMS System.

TMENT OF TRANSPORTATION

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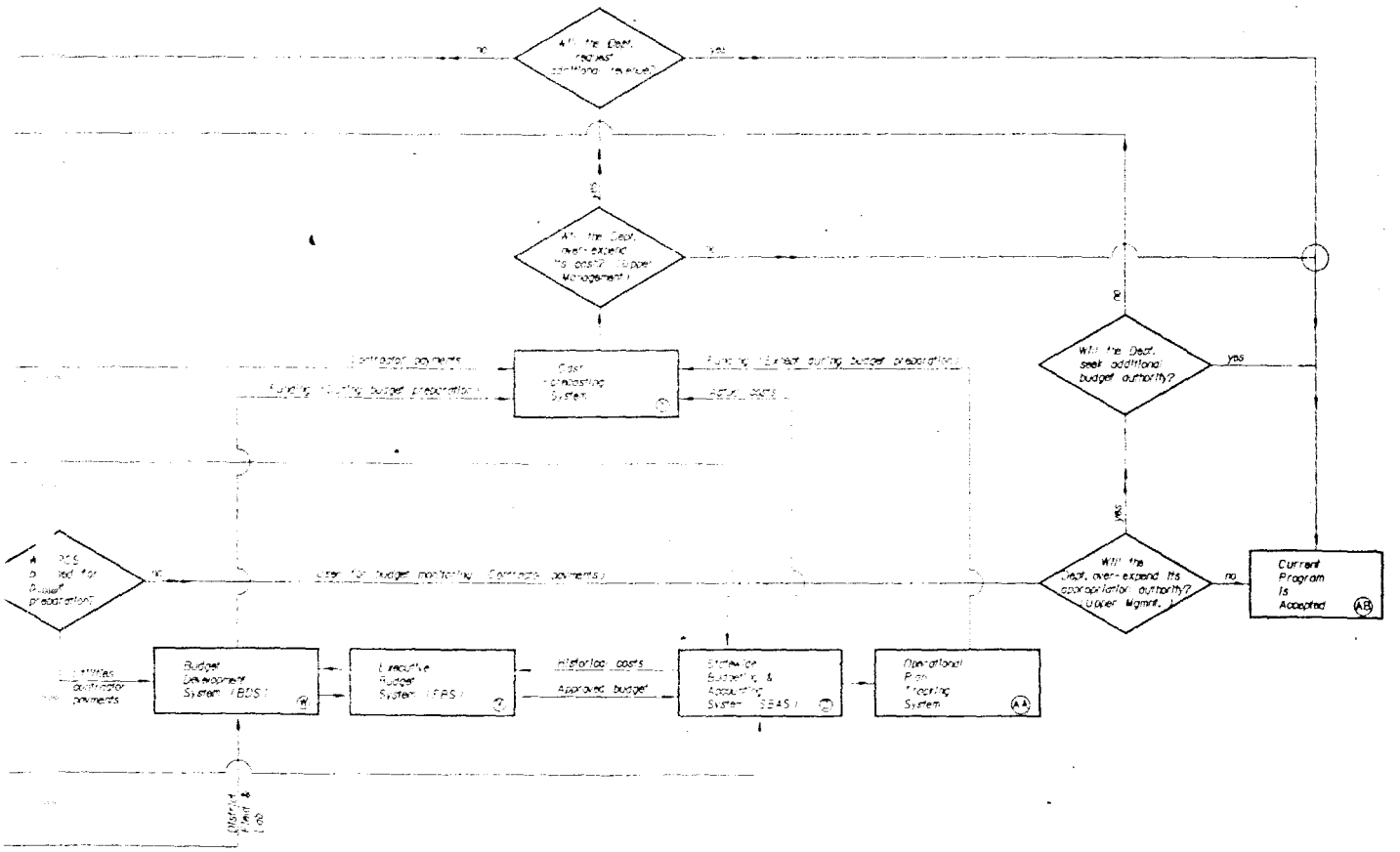
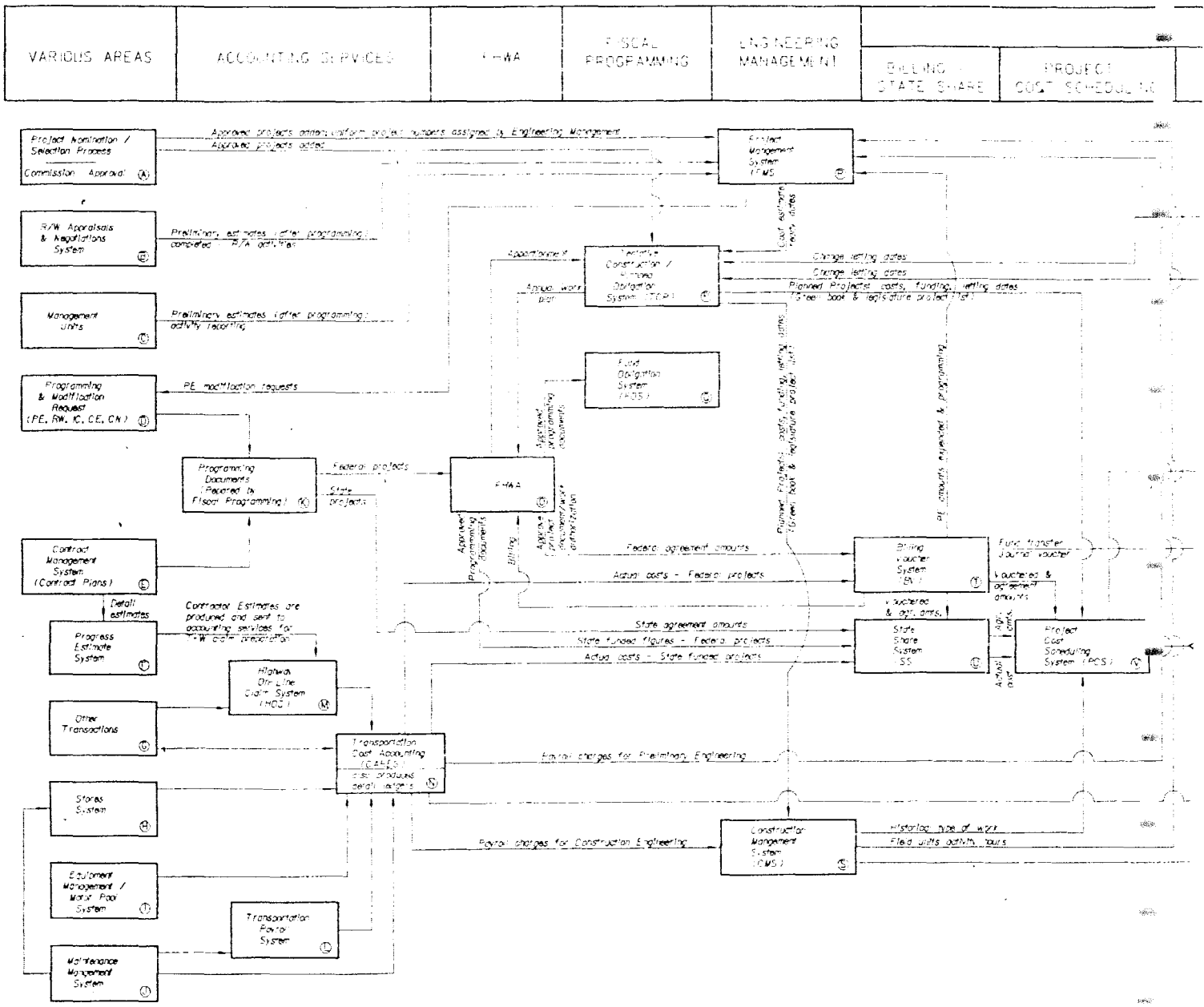
FIN C AL MANAGEMENT		SEAS
BUDGETING	CASH FORECASTING	



MONTANA DEPA



Acct Sum	Fund Sum	Est Exp Sum	Tcdt Sum	Projtd Sum	Fy Sum	1995	1996	1997	1998	1999	2000
9502	999	126,874,189	60,699,201	67,446,764	432,135-	14,964,144	19,087,197	18,537,526	12,990,291	1,654,612	212,994
	A01	8,935,979	7,723,154	1,263,185	900	1,117,545	145,640				
	A02	309,861	1,120	309,861	1,120	135,330	154,354	17,525	19,601	3,051	
	B01	312,058	312,058								
	B04	6,156,293	6,158,094								
	F01	910,147,432	396,919,684	518,215,600	3,858,430	129,930,731	153,905,097	132,955,947	88,202,430	11,686,537	1,534,856
	M01	494,933	334,942	170,654		170,654					
	R01	100,315,683	33,824,310	67,393,127	600,899	21,824,146	18,361,919	18,001,430	9,205,632		
	R02	39,081,672	39,083,080								
	R03										
	Sum	1,192,628,100	545,055,643	654,799,201	4,229,214	168,142,560	191,634,207	169,512,428	110,417,954	13,344,200	1,747,852
Sum		1,192,628,100	545,055,643	654,799,201	4,229,214	168,142,560	191,634,207	169,512,428	110,417,954	13,344,200	1,747,852

EXHIBIT 3
DATE 2/4/95
HB MBT

30-Sep-94

EXHIBIT 2 DATE 1/19/95 HB

DEPARTMENT OF TRANSPORTATION
1996/97 BIENNIUM BUDGET REQUEST
TOTAL AGENCY

09:10 AM

	FY94 BUDGET	FY94 ACTUAL	FY96 REQUEST	DIFFERENCE	FY97 REQUEST	DIFFERENCE	FY96 MOD. REQUEST	FY97 MOD. REQUEST	FY96 TOT. REQUEST	FY97 TOT. REQUEST	FY96 CMS NEEDS	FY97 CMS NEEDS
PERSONAL SERVICES:											24.65 FTE	24.65 FTE
SALARIES	$52,591,511	$51,771,092	$55,459,059	$3,687,967	$55,663,326	$3,892,234	($1,414,478)	($1,407,505)	$54,044,581	$54,255,821	$405,063	$406,620
BENEFITS	$14,770,471	$17,001,348	$15,232,100	($1,769,248)	$15,282,388	($1,718,960)	($573,817)	($571,809)	$14,658,283	$14,710,579	$132,469	$132,717
TOTAL PERSONAL SVCS	$67,361,982	$68,772,440	$70,691,159	$1,918,719	$70,945,714	$2,173,274	($1,988,295)	($1,979,314)	$68,702,864	$68,966,400	$537,532	$539,337
OPERATING:												
OTHER SERVICES	$174,937,236	$162,774,759	$212,833,185	$50,058,426	$190,856,010	$28,081,251	$5,874,321	$948,421	$218,707,506	$191,804,431	$0	$0
SUPPLIES AND MATERIALS	$8,672,284	$7,319,369	$8,173,366	$853,997	$8,525,487	$1,206,118	$135,640	$4,123,022	$8,309,006	$12,648,509	$0	$0
COMMUNICATIONS	$1,427,472	$1,166,705	$1,315,662	$148,957	$1,303,759	$137,054	($10,000)	($10,000)	$1,305,662	$1,293,759	$0	$0
TRAVEL	$2,693,875	$2,168,161	$2,630,005	$461,844	$2,690,772	$522,611	$83,794	$63,000	$2,713,799	$2,753,772	$0	$0
RENT	$15,914,086	$14,684,666	$15,391,253	$706,587	$14,861,825	$177,159	$0	$0	$15,391,253	$14,861,825	$0	$0
UTILITIES	$1,838,987	$1,701,540	$1,854,835	$153,295	$1,943,453	$241,913	$0	$0	$1,854,835	$1,943,453	$0	$0
REPAIRS & MAINTENANCE	$38,711,599	$31,881,740	$37,215,577	$5,333,837	$38,882,778	$7,001,038	$11,000	$11,000	$37,226,577	$38,893,778	$0	$0
OTHER	$544,779	$674,459	$858,006	$183,547	$856,508	$182,049	$106,150	$41,250	$964,156	$897,758	$0	$0
TOTAL OPERATING	$244,740,318	$222,371,399	$280,271,889	$57,900,490	$259,920,592	$37,549,193	$6,200,905	$5,176,693	$286,472,794	$265,097,285	$0	$0
EQUIPMENT:												
EQUIPMENT	$9,883,498	$9,348,502	$6,996,015	($2,352,487)	$7,677,792	($1,670,710)	$2,044,287	$1,245,361	$9,040,302	$8,923,153	$0	$0
TOTAL EQUIPMENT	$9,883,498	$9,348,502	$6,996,015	($2,352,487)	$7,677,792	($1,670,710)	$2,044,287	$1,245,361	$9,040,302	$8,923,153	$0	$0
CAPITAL IMPROVEMENTS:												
CAPITAL IMPROVEMENTS	$6,058,434	$5,837,226	$5,510,102	($327,124)	$5,510,102	($327,124)	$246,000	$246,000	$5,756,102	$5,756,102	$0	$0
TOTAL CAPITAL IMPROVEMENTS	$6,058,434	$5,837,226	$5,510,102	($327,124)	$5,510,102	($327,124)	$246,000	$246,000	$5,756,102	$5,756,102	$0	$0
LOCAL ASSISTANCE:												
LOCAL ASSISTANCE	$243,000	$221,706	$240,000	$18,294	$240,000	$18,294	$0	$0	$240,000	$240,000	$0	$0
TOTAL LOCAL ASSISTANCE	$243,000	$221,706	$240,000	$18,294	$240,000	$18,294	$0	$0	$240,000	$240,000	$0	$0
GRANTS:												
GRANTS	$19,850,221	$19,846,435	$18,984,784	($861,651)	$18,984,784	($861,651)	$400,000	$500,000	$19,384,784	$19,484,784	$0	$0
TOTAL GRANTS	$19,850,221	$19,846,435	$18,984,784	($861,651)	$18,984,784	($861,651)	$400,000	$500,000	$19,384,784	$19,484,784	$0	$0
TRANSFERS:												
TRANSFERS	$17,601	$6,726	$13,453	$6,727	$13,453	$6,727	$0	$0	$13,453	$13,453	$0	$0
TOTAL TRANSFERS	$17,601	$6,726	$13,453	$6,727	$13,453	$6,727	$0	$0	$13,453	$13,453	$0	$0
DEBT SERVICE:												
DEBT SERVICE	$12,641	$12,101	$12,101	$0	$6,558	($5,543)	$0	$0	$12,101	$6,558	$0	$0
TOTAL DEBT SERVICE	$12,641	$12,101	$12,101	$0	$6,558	($5,543)	$0	$0	$12,101	$6,558	$0	$0
TOTAL PROGRAM	$348,167,695	$326,416,535	$382,719,503	$56,302,968	$363,298,995	$36,882,460	$6,902,897	$5,188,740	$389,622,400	$368,487,735	$537,532	$539,337
BUDGET AUTHORITY SUMMARY:												
GENERAL FUND	$131,289	$127,002	$0	($127,002)	$0	($127,002)	$150,000	$250,000	$150,000	$250,000	$0	$0
STATE SPECIAL REVENUE FUND	$167,675,338	$157,324,010	$174,888,955	$17,564,945	$176,053,348	$18,729,338	($84,587)	($482,295)	$174,804,368	$175,571,053	$107,507	$107,867
FEDERAL SPECIAL REVENUE FUND	$163,472,885	$152,531,232	$191,664,652	$39,133,420	$170,246,163	$17,714,931	$5,984,427	$5,080,188	$197,649,079	$175,326,351	$430,025	$431,470
PROPRIETARY FUND	$16,888,181	$16,434,291	$16,165,896	($268,395)	$16,999,484	$565,193	$853,057	$340,847	$17,018,953	$17,340,331	$0	$0
TOTAL PROGRAM FUNDING	$348,167,693	$326,416,535	$382,719,503	$56,302,968	$363,298,995	$36,882,460	$6,902,897	$5,188,740	$389,622,400	$368,487,735	$537,532	$539,337

1996/97 BIENNIUM BUDGET REQUEST
CONSTRUCTION PROGRAM

	FY94 BUDGET	FY94 ACTUAL	FY96 REQUEST	DIFFERENCE	FY97 REQUEST	DIFFERENCE	FY96 MOD. REQUEST	FY97 MOD. REQUEST	FY96 TOT. REQUEST	FY97 TOT. REQUEST	FY96 CMS NEEDS	FY97 CMS NEEDS
PERSONAL SERVICES:											24.65 FTE	24.65 FTE
SALARIES	$23,833,796	$23,341,289	$24,505,577	$1,164,288	$24,621,974	$1,280,685	$547,286	$562,401	$25,052,863	$25,184,375	$405,063	$406,620
BENEFITS	$5,751,664	$7,186,555	$6,004,235	($1,182,320)	$6,022,625	($1,163,930)	$139,497	$143,347	$6,143,732	$6,165,972	$132,469	$132,717
TOTAL PERSONAL SVCS.	$29,585,460	$30,527,844	$30,509,812	($18,032)	$30,644,599	$116,755	$686,783	$705,748	$31,196,595	$31,350,347	$537,532	$539,337
OPERATING:												
OTHER SERVICES	$168,873,953	$156,026,148	$205,417,533	$49,391,385	$183,461,725	$27,435,577	$3,401,447	($750,785)	$208,818,980	$182,710,940		
SUPPLIES AND MATERIALS	$913,255	$650,820	$761,020	$110,200	$780,721	$129,901	$111,000	$4,105,000	$872,020	$4,885,721		
COMMUNICATIONS	$421,274	$400,957	$412,373	$11,416	$407,579	$6,622	$0	$0	$412,373	$407,579		
TRAVEL	$1,987,864	$1,567,758	$1,946,674	$378,916	$2,001,740	$433,982	$23,000	$23,000	$1,969,674	$2,024,740		
RENT	$2,648,067	$2,021,176	$2,506,545	$485,369	$2,332,220	$311,044	$0	$0	$2,506,545	$2,332,220		
UTILITIES	$34,181	$29,207	$35,734	$6,527	$39,054	$9,847	$0	$0	$35,734	$39,054		
REPAIRS & MAINTENANCE	$433,534	$352,866	$358,494	$5,628	$378,962	$26,096	$11,000	$11,000	$369,494	$389,962		
OTHER	$135,430	$137,382	$198,570	$61,188	$189,408	$52,026	$98,900	$34,000	$297,470	$223,408		
TOTAL OPERATING	$175,447,558	$161,186,314	$211,636,943	$50,450,629	$189,591,409	$28,405,095	$3,645,347	$3,422,215	$215,282,290	$193,013,624		
EQUIPMENT:												
EQUIPMENT	$1,701,513	$1,520,578	$548,302	($972,276)	$798,166	($722,412)	$563,295	$251,880	$1,111,597	$1,050,046		
TOTAL EQUIPMENT	$1,701,513	$1,520,578	$548,302	($972,276)	$798,166	($722,412)	$563,295	$251,880	$1,111,597	$1,050,046		
CAPITAL IMPROVEMENTS:												
CAPITAL IMPROVEMENTS	$5,950,000	$5,741,034	$5,400,000	($341,034)	$5,400,000	($341,034)	$246,000	$246,000	$5,646,000	$5,646,000		
TOTAL CAPITAL IMPROVEMENTS	$5,950,000	$5,741,034	$5,400,000	($341,034)	$5,400,000	($341,034)	$246,000	$246,000	$5,646,000	$5,646,000		
LOCAL ASSISTANCE:												
LOCAL ASSISTANCE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
TOTAL LOCAL ASSISTANCE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
GRANTS:												
GRANTS	$876,000	$869,724	$110,000	($759,724)	$110,000	($759,724)	$400,000	$500,000	$510,000	$610,000		
TOTAL GRANTS	$876,000	$869,724	$110,000	($759,724)	$110,000	($759,724)	$400,000	$500,000	$510,000	$610,000		
TRANSFERS:												
TRANSFERS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
TOTAL TRANSFERS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
DEBT SERVICE:												
DEBT SERVICE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
TOTAL DEBT SERVICE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
TOTAL PROGRAM	$213,560,531	$199,845,494	$248,205,057	$48,359,563	$226,544,174	$26,698,680	$5,541,425	$5,125,843	$253,746,482	$231,670,017	$537,532	$539,337
BUDGET AUTHORITY SUMMARY:												
GENERAL FUND				$0		$0			$0	$0		
STATE SPECIAL REVENUE FUND	$55,668,533	$52,096,104	$60,461,957	$8,365,853	$60,203,313	$8,107,209	$315,230	$222,714	$60,777,187	$60,426,027	$107,507	$107,867
FEDERAL SPECIAL REVENUE FUND	$157,891,998	$147,749,390	$187,743,100	$39,993,710	$166,340,861	$18,591,471	$5,226,195	$4,903,129	$192,969,295	$171,243,990	$430,025	$431,470
PROPRIETARY FUND				$0		$0			$0	$0		
TOTAL PROGRAM FUNDING	$213,560,531	$199,845,494	$248,205,057	$48,359,563	$226,544,174	$26,698,680	$5,541,425	$5,125,843	$253,746,482	$231,670,017	$537,532	$539,337

EXHIBIT 5
DATE 2/9/95
HB MDT

State Gas Taxes

As of January 1, 1995

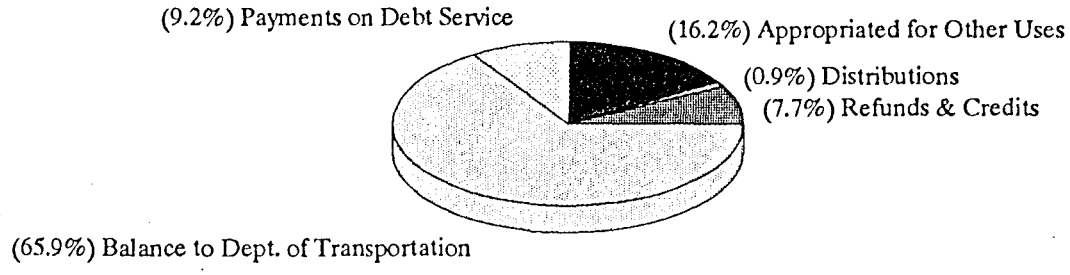
State	Total Gas Tax	Special Breakdowns and Comments
Connecticut	32.00	
New York	30.81	8 base + 7% (8.3) sales tax + 14.51; may vary quarterly (1st quarter)
Pennsylvania	28.40	12 base + 11.5% (10.4) franchise tax + 6 surcharge (over 17,000 gvw)
Rhode Island	28.00	may vary quarterly
Montana	**27.00**	
California	26.00	18 base + 7.25% (8) sales tax
West Virginia	25.35	20.5 base + 5% (4.85) sales tax; may vary annually
Illinois	24.50	19 base + 6.25% (5.5) part B portion at 6.25% of retail sales price; May vary annually.
Nebraska	24.20	may vary quarterly (1st quarter)
Oregon	**24.00**	
Maryland	23.50	
Wisconsin	23.10	may vary annually
Delaware	23.00	
Nevada	23.00	local taxes may be added at pump
Washington	**23.00**	
Colorado	22.00	
Ohio	22.00	
North Carolina	21.95	21.7 base + 0.25 inspection fee; base may vary semiannually
Michigan	21.60	15 base + 6% (6.6)
Idaho	**21.00**	
Massachusetts	21.00	may vary quarterly
Tennessee	21.00	base 20 + 1 inspection fee
Dist. of Columbia	20.00	
Iowa	20.00	
Louisiana	20.00	
Minnesota	20.00	
New Mexico	20.00	
Texas	20.00	
Virginia	19.50	17.5 base + 2 surcharge
Maine	19.00	
Utah	19.00	
Arkansas	18.50	
Alabama	18.00	16 base + 2 inspection fee
Arizona	18.00	
Kansas	18.00	
Mississippi	18.00	
New Hampshire	18.00	
North Dakota	**18.00**	
South Dakota	**18.00**	
Hawaii	16.00	base tax shown. 4% gross receipts tax will add to tax at pump
Oklahoma	16.00	plus 1 tank fee as needed
South Carolina	16.00	
Vermont	16.00	15 base + 1 cleanup fee
Indiana	15.00	
Kentucky	15.00	
Missouri	15.00	
Florida	12.30	4 base + 6% (8.3) sales tax + (local tax may be added at pump)
Georgia	11.90	7.5 base + 4% (4.4) sales tax
New Jersey	10.50	
Wyoming	**9.00**	**8 base + 1 tank fee**
Alaska	8.00	

State Diesel Taxes

As of January 1, 1995

State	Total Diesel Tax	Special Breakdowns and Comments
New York	33.71	10 base + 7% (9.2) sales tax + 14.51; may vary quarterly (1st quarter)
Pennsylvania	28.40	12 base + 11.5% (10.4) franchise tax + 6 surcharge (over 17,000 gvw) may vary quarterly
Rhode Island	28.00	may vary quarterly
Montana	**27.75**	
Illinois	27.50	21 base + 6.25% (6) part B portion at 6.25% of retail sales price; May vary annually.
Indiana	27.00	16 base + 11 surcharge (carriers not subject to 5% sales tax)
Nevada	27.00	local taxes may be added at pump
Arizona	26.00	18 base + 8 surcharge
California	26.00	18 base + 7.25% (8) sales tax
Vermont	26.00	16 base + 1 cleanup fee + 9 surcharge
West Virginia	25.35	20.5 base + 5% (4.85) sales tax; may vary annually
Ohio	25.00	base may vary annually; 22 base + 3 surcharge
Maryland	24.25	
Nebraska	24.20	may vary quarterly (1st quarter)
Florida	23.90	4 base + 6% (8.3) sales tax + 11.6 various option taxes
Wisconsin	23.10	may vary annually
Washington	**23.00**	
Iowa	22.50	
Delaware	22.00	
North Carolina	21.95	21.7 base + 0.25 inspection fee; base may vary semiannually
Idaho	**21.00**	
Massachusetts	21.00	may vary quarterly
Colorado	20.50	
Dist. of Columbia	20.00	
Kansas	20.00	
Louisiana	20.00	
Maine	20.00	
Minnesota	20.00	
Texas	20.00	
Virginia	19.50	16 base + 3.5 surcharge
Kentucky	19.20	trucks > 59,999 gvw: 12 base + 7.2 surcharge
Alabama	19.00	17 base + 2 inspection fee
Utah	19.00	
Arkansas	18.50	
Connecticut	18.00	
Mississippi	18.00	
New Hampshire	18.00	
New Mexico	18.00	
North Dakota	**18.00**	
South Dakota	**18.00**	
Tennessee	18.00	base 17 + 1 inspection fee
Hawaii	16.00	base tax shown. 4% gross receipts tax will add to tax at pump
South Carolina	16.00	
Michigan	15.60	purchasers with out decals pay 15 base + 6% (6.6) sales tax
Missouri	15.00	
New Jersey	13.50	
Oklahoma	13.00	plus 1 tank fee as needed
Georgia	11.90	7.5 base + 4% (4.4) sales tax
Wyoming	**9.00**	**8 base + 1 tank fee**
Alaska	8.00	
Oregon	**0.00**	**taxes through w/d tax**

Fiscal Year 1994 02422 Revenues & Uses

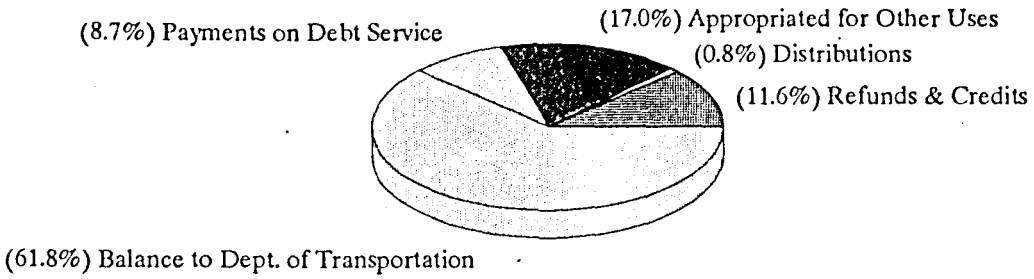


Actual Revenues, Refunds & Uses

Gas Tax Collections	$115,569,406	59.3019%
Diesel Fuel Tax Collections	$51,450,651	26.4008%
GVW Collections	$27,863,178	14.2974%
Gross Revenues	$194,883,234	100.0000%
Less Refunds & Credits:		
Gas Refunds	($4,917,162)	2.5230%
Tribal Gas Tax Refunds	($1,858,645)	0.9540%
Alcohol Incentives	($263,607)	0.1350%
Diesel Refunds	($8,018,363)	4.1140%
Total Refunds & Credits	($15,057,775)	7.7260%
Less Distributions of Tax Collections:		
Off Highway Dist	($137,931)	0.0710%
Snowmobile Dist	($574,712)	0.2950%
Motorboat Dist	($1,034,482)	0.5310%
Aeronautics Dist	($46,877)	0.0240%
Total Distributions	($1,794,002)	0.9210%
Less Appropriations for Other Uses		
Crime Control	($75,872)	0.0390%
Justice	($14,082,211)	7.2260%
Fish, Wildlife & Parks	($360,198)	0.1850%
A&E (for Transportation & FW&Parks)	($376,329)	0.1930%
Cities	($10,389,000)	5.3310%
Counties	($6,323,000)	3.2450%
Local Technical Assistance Program	($54,000)	0.0280%
Appropriated for Other Uses	($31,660,610)	16.2470%
*Less Payments on Debt Service	($17,936,935)	9.2040%
Bal. Available to Department of Transportation	$128,433,912	65.9030%

*Debt Service Payments will end in year 2006.
(Date prepared – 08/24/94 – JS) – (Source – SBAS) – (\REVPIE\94REVGRA.WK3)

Fiscal Year 1995 Estimated 02422 Revenues & Uses



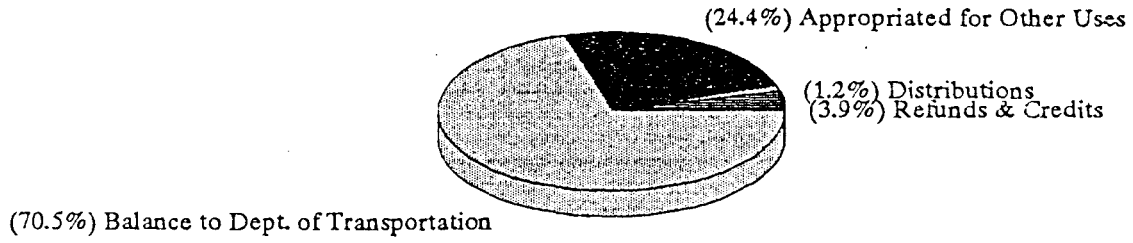
Estimated Revenues, Refunds & Uses

Gas Tax Collections	$124,415,970	58.8247%
Diesel Fuel Tax Collections	$60,099,000	28.4152%
GVW Collections	$26,987,792	12.7600%
Gross Revenues	$211,502,762	100.0000%
Less Refunds & Credits:		
Gas Refunds	($5,333,989)	2.5220%
Tribal Gas Tax Refunds	($3,667,600)	1.7340%
Alcohol Incentives	($600,000)	0.2840%
Diesel Refunds	($15,017,163)	7.1000%
Total Refunds & Credits	($24,618,752)	11.6400%
Less Distributions of Tax Collections:		
Off Highway Dist	($155,507)	0.0740%
Snowmobile Dist	($447,082)	0.2110%
Motorboat Dist	($1,119,649)	0.5290%
Aeronautics Dist	($49,762)	0.0240%
Total Distributions	($1,772,000)	0.8380%
Less Appropriations for Other Uses		
Crime Control	($85,410)	0.0400%
Justice	($16,672,762)	7.8830%
A&E (for Transportation & FW&Parks)	($2,347,000)	1.1100%
Cities	($10,464,000)	4.9470%
Counties	($6,323,000)	2.9900%
Local Technical Assistance Program	($54,000)	0.0260%
Appropriated for Other Uses	($35,946,172)	16.9960%
*Less Payments on Debt Service	($18,380,880)	8.6910%
Bal. Available to Department of Transportation	$130,784,958	61.8360%

*Debt Service Payments will end in year 2006.
(Date prepared – 09/08/94 – PC) – (Source – BUDGET) – (o:\acct\95REVGR2.WK3)

Fiscal Year 1994 Estimated 02422 Revenues & Uses

Fuel Taxes Only – From $.04 Tax Increase



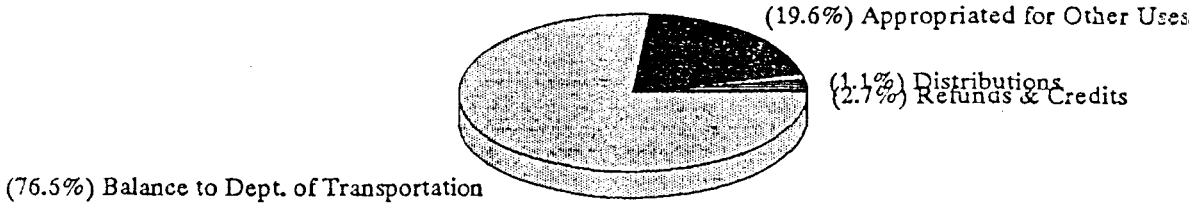
Estimated Revenues, Refunds & Uses

Gas Tax Collections	$16,166,362	76.6116%	
Diesel Fuel Tax Collections	$4,935,352	23.3884%	
Gross Revenues	$21,101,714	100.0000%	$0.040000
Less Refunds & Credits:			
Gas Refunds	($715,300)	3.3900%	$0.001356
Tribal Gas Tax Refunds	$0	0.0000%	$0.000000
Alcohol Incentives	$0	0.0000%	$0.000000
Diesel Refunds	($117,711)	0.5580%	$0.000223
Total Refunds & Credits	($833,011)	3.9480%	$0.001579
Less Distributions of Tax Collections:			
Off Highway Dist	($20,208)	0.0960%	$0.000038
Snowmobile Dist	($80,832)	0.3830%	$0.000153
Motorboat Dist	($145,497)	0.6900%	$0.000276
Aeronautics Dist	($6,467)	0.0310%	$0.000012
Total Distributions	($253,004)	1.2000%	$0.000479
Less Appropriations for Other Uses			
Justice	($1,123,447)	5.3240%	$0.002130
FW&Parks	($1,250,000)	5.9240%	$0.002370
Local Government	($2,766,000)	13.1080%	$0.005243
Appropriated for Other Uses	($5,139,447)	24.3560%	$0.009743
Bal. Available to Department of Transportation	$14,876,252	70.4980%	$0.028199

*Debt Service Payments will end in year 2006.
(Date prepared – 11/29/93 – JS) – (Source – BUDGET)

Fiscal Year 1995 Estimated 02422 Revenues & Uses

Fuel Taxes Only – From $.03 Tax Increase



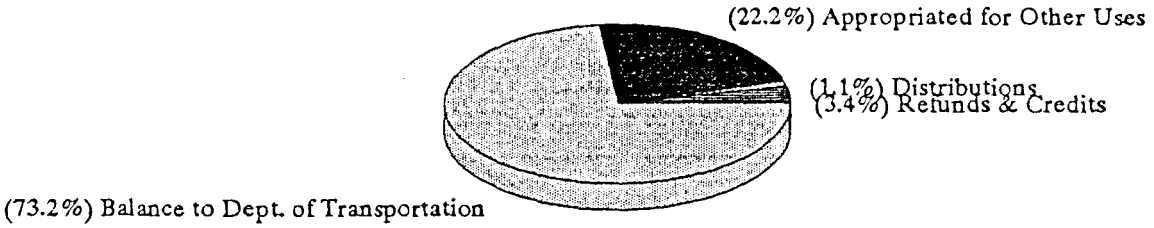
Estimated Revenues, Refunds & Uses

Gas Tax Collections	$12,491,371	75.0672%	
Diesel Fuel Tax Collections	$4,148,889	24.9328%	
Gross Revenues	$16,640,260	100.0000%	$0.030000
Less Refunds & Credits:			
Gas Refunds	($236,644)	1.4220%	$0.000427
Tribal Gas Tax Refunds	($373,101)	2.2420%	$0.000673
Alcohol Incentives	$0	0.0000%	$0.000000
Diesel Refunds	$155,682	–0.9360%	($0.000281)
Total Refunds & Credits	($454,063)	2.7280%	$0.000819
Less Distributions of Tax Collections:			
Off Highway Dist	($15,614)	0.0940%	$0.000028
Snowmobile Dist	($44,969)	0.2700%	$0.000081
Motorboat Dist	($112,422)	0.6760%	$0.000203
Aeronautics Dist	($4,996)	0.0300%	$0.000009
Total Distributions	($178,001)	1.0700%	$0.000321
Less Appropriations for Other Uses			
Justice	($3,257,215)	19.5740%	$0.005872
FW&Parks	$0	0.0000%	$0.000000
Local Government	$0	0.0000%	$0.000000
Appropriated for Other Uses	($3,257,215)	19.5740%	$0.005872
Bal. Available to Department of Transportation	$12,750,981	76.6270%	$0.022988

*Debt Service Payments will end in year 2006.
(Date prepared – 01/12/94 – JS) – (Source – BUDGET)

Fiscal Year 1994 & 1995 Est. 02422 Revs & Uses

Fuel Taxes Only – From $.07 Tax Increase



Estimated Revenues, Refunds & Uses

Gas Tax Collections	$28,657,733	75.9307%	
Diesel Fuel Tax Collections	$9,084,241	24.0693%	
Gross Revenues	$37,741,974	100.0000%	$0.070000
Less Refunds & Credits:			
Gas Refunds	($951,944)	2.5220%	$0.001765
Tribal Gas Tax Refunds	($373,101)	0.9890%	$0.000692
Alcohol Incentives	$0	0.0000%	$0.000000
Diesel Refunds	$37,971	–0.1010%	($0.000071)
Total Refunds & Credits	($1,287,074)	3.4100%	$0.002386
Less Distributions of Tax Collections:			
Off Highway Dist	($35,822)	0.0950%	$0.000067
Snowmobile Dist	($125,801)	0.3330%	$0.000233
Motorboat Dist	($257,919)	0.6830%	$0.000478
Aeronautics Dist	($11,463)	0.0300%	$0.000021
Total Distributions	($431,005)	1.1410%	$0.000799
Less Appropriations for Other Uses			
Justice	($4,380,662)	11.6070%	$0.008125
FW&Parks	($1,250,000)	3.3120%	$0.002318
Local Government	($2,766,000)	7.3290%	$0.005130
Appropriated for Other Uses	($8,396,662)	22.2480%	$0.015573
Bal. Available to Department of Transportation	$27,627,233	73.2000%	$0.051242

*Debt Service Payments will end in year 2006.

(Date prepared – 01/12/94 – JS) – (Source – BUDGET)

MDT ENDING WORKING CASH BALANCE

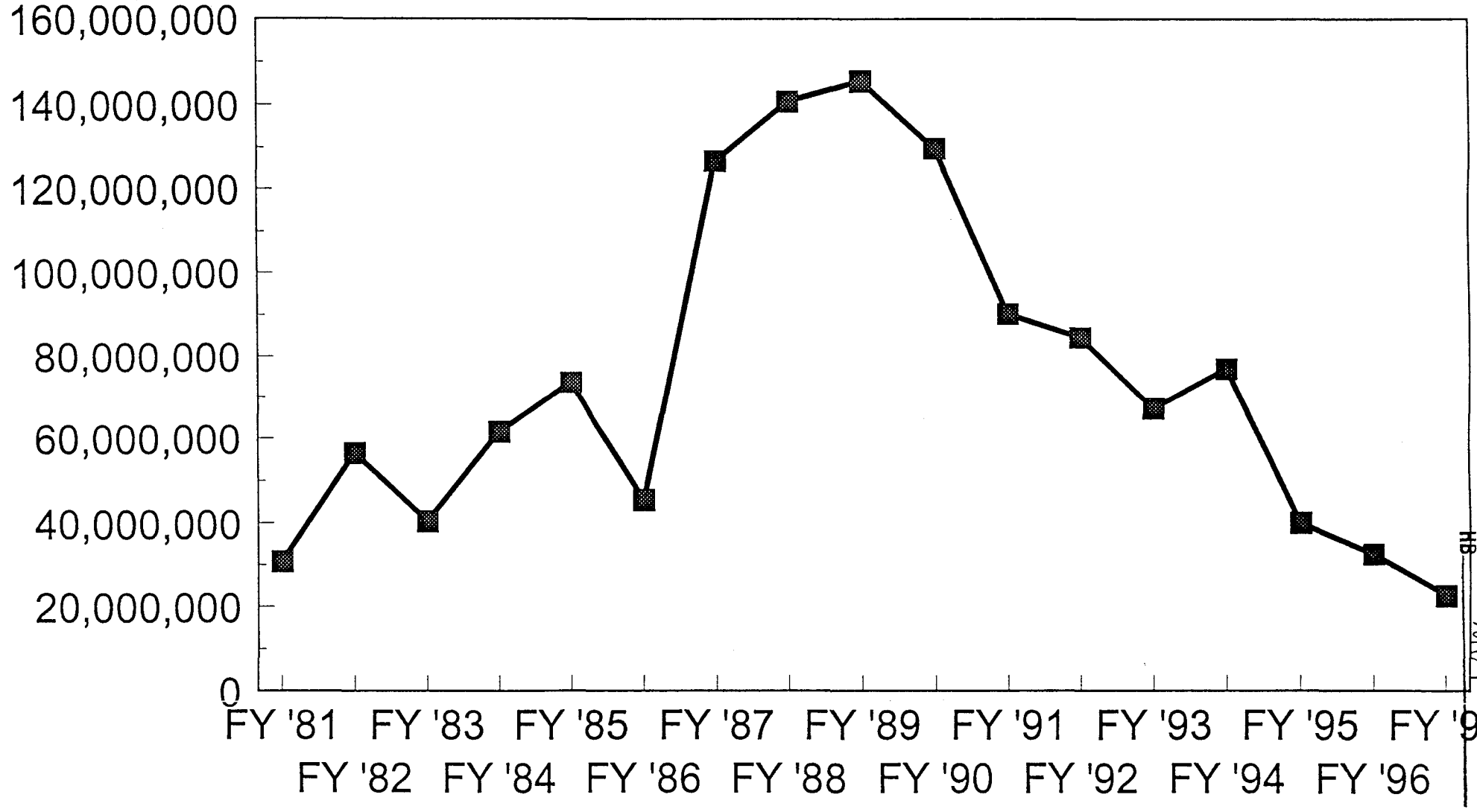
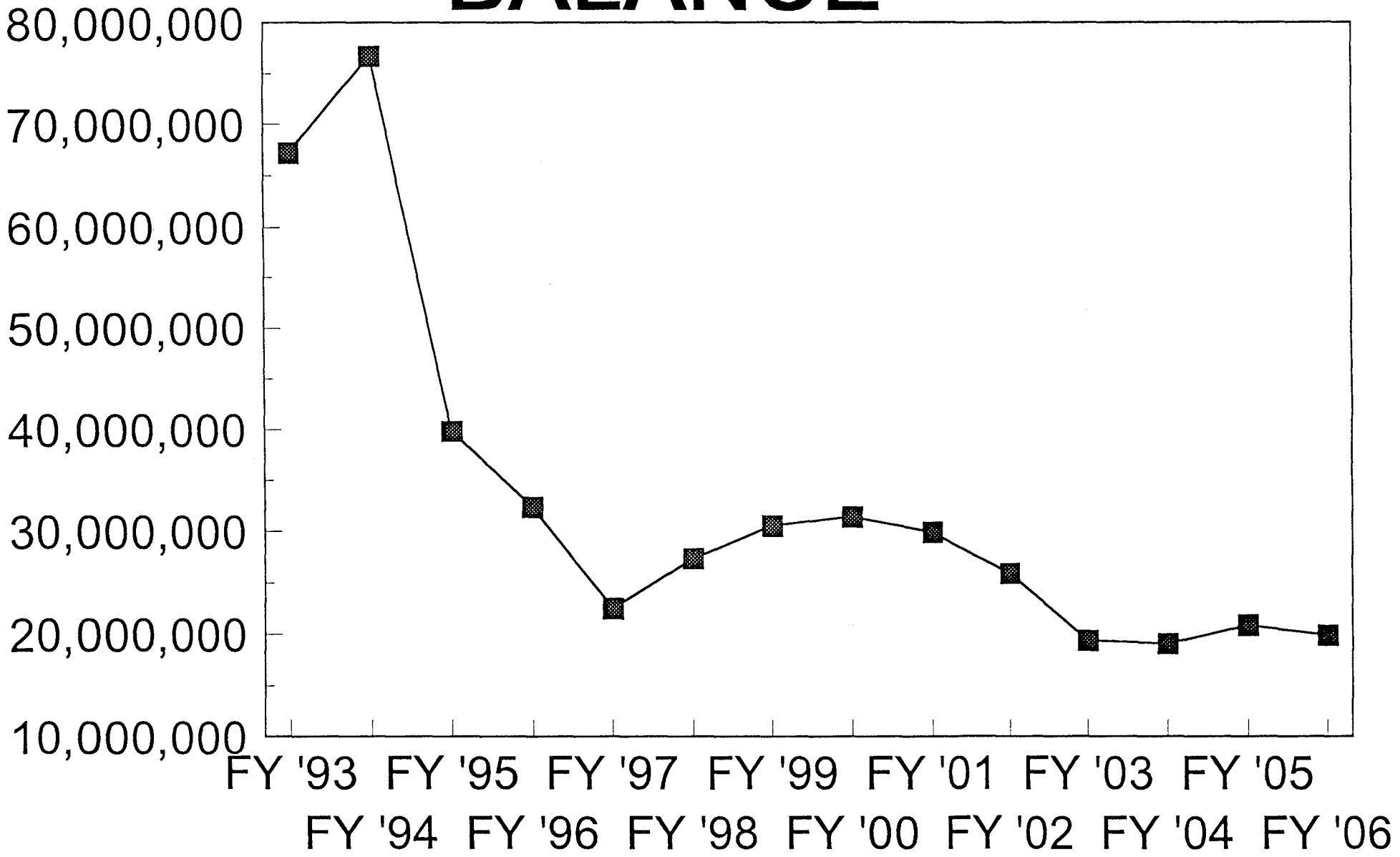


EXHIBIT 6
DATE 2/9/95
HB MDT

*NOTE - FY '82 includes $20,000,000 transfer from General Fund

MDT ENDING WORKING CASH BALANCE



97 EXECUTIVE BUDGET w/ 3% inflation

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EXHIBIT 7
DATE 2/9/95
HB

2nd Sub

MONTANA DEPARTMENT OF TRANSPORTATION
COMBINED WORKING CASH FLOW - HWY SPECIAL REVENUE FUNDS
(Earmarked, Reconstruction Trust)
Report Date: 10-Jan-95

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
BEGINNING WORKING CASH BALANCE	$84,334,703	$67,156,047	$76,711,086	$39,795,029	$32,296,145	$22,459,549	$27,311,993	$30,489,405	$31,352,511	$29,835,998	$25,857,477	$19,338,623	$19,024,475	$20,823,760
REVENUE														
G.V.W.	29,644,897	27,863,178	26,987,792	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107
G.V.W. Rev Adjustment		0	0	0	0	0	0	0	0	0	0	0	0	0
Gas Tax	89,534,371	108,594,636	120,312,558	121,510,466	122,466,684	121,254,264	120,308,481	120,308,481	120,308,481	120,308,481	120,308,481	120,308,481	120,308,481	120,308,481
Diesel Rev. Adjustment		0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel Tax	26,179,233	43,412,610	44,035,273	45,405,350	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224
Accounts Receivable	1,156,006	1,760,106	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585
Coal Tax	935,034	4,942,557	5,231,687	0	0	0	0	0	0	0	0	0	0	0
Stores	12,461,143	13,413,888	23,518,767	21,272,409	22,200,342	22,866,352	23,552,343	24,258,913	24,986,681	25,736,281	26,508,369	27,303,620	28,122,729	28,966,411
Transportation Planning	426,203	13,200	0	0	0	0	0	0	0	0	0	0	0	0
OTHER		2,099,140												
Dept. of Justice	49,953	138,414	0	0	0	0	0	0	0	0	0	0	0	0
Tribal Distribution	(1,399,215)	(1,858,645)	(2,400,000)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)
Bond Earnings	112,040,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Year Revenue Adj	2,817,197	52,570	(2,918,450)	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	273,844,822	200,431,653	216,043,212	211,370,317	214,694,342	214,147,932	213,888,139	214,594,710	215,322,477	216,072,077	216,844,166	217,639,417	218,458,526	219,302,207
AVAILABLE WORKING CASH	358,179,525	267,587,700	292,754,298	251,165,346	246,990,487	236,607,481	241,200,132	245,084,115	246,674,988	245,908,075	242,701,643	236,978,040	237,483,000	240,125,967
EXPENDITURES														
G.V.W.	4,004,597	3,973,802	4,108,743	4,260,237	4,195,811	4,321,685	4,451,336	4,584,876	4,722,422	4,864,095	5,010,018	5,160,318	5,315,128	5,474,582
General Operations	7,927,187	8,309,797	7,534,568	10,299,999	9,975,910	9,735,362	10,027,423	10,328,246	10,638,093	10,957,236	11,285,953	11,624,532	11,973,268	12,332,466
Construction	29,329,004	29,417,589	27,590,776	32,103,649	36,227,596	13,071,506	13,073,020	13,074,535	13,076,049	13,077,564	13,079,079	13,080,594	13,082,110	13,083,626
Construction to be Let	0	0	0	1,615,230	1,522,714	20,304,891	20,274,155	20,258,277	20,243,933	20,229,269	20,214,332	20,199,371	20,183,959	20,168,274
Preconstruction	9,061,891	7,786,404	8,762,197	7,024,773	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358
Maintenance	51,652,872	58,525,487	60,329,430	58,684,464	59,396,552	61,178,449	63,013,802	64,904,216	66,851,343	68,856,883	70,922,589	73,050,267	75,241,775	77,499,028
Headquarters Building	584,038	585,057	623,250	630,000	0	0	0	0	0	0	0	0	0	0
A & E	352,430	2,353,329	2,312,670	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Local Government	14,075,000	16,712,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000
Bond Principle & Interest	18,596,536	17,351,878	57,757,630	16,469,391	15,374,684	15,264,423	13,741,365	13,720,060	13,692,035	13,674,103	13,659,978	4,823,801	0	0
Reconstruction Trust	14,789,665	14,953,198	23,054,634	32,459,859	34,527,755	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Dept of Justice	12,570,026	14,158,083	17,188,000	13,458,000	13,664,000	86,000	88,580	91,237	93,975	96,794	99,698	102,688	105,769	108,942
Stores	13,961,289	16,498,395	23,518,767	21,272,409	22,200,342	22,866,352	23,552,343	24,258,913	24,986,681	25,736,281	26,508,369	27,303,620	28,122,729	28,966,411
Dept of Fish,Wildlife & Parks	11,397	360,198	2,307,802	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000
Transportation Planning	349,711	833,140	1,104,802	841,190	708,215	729,461	751,345	773,886	797,102	821,015	845,646	871,015	897,146	924,060
1987 Bond Refund	112,040,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Entity Adjustment	2,287,586	202,740	0	0	0	0	0	0	0	0	0	0	0	0
Prior Year Expenditure Adj	(569,751)	(1,144,483)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	291,023,478	190,876,614	252,959,269	218,869,201	224,530,938	209,295,488	210,710,727	213,731,603	216,838,991	220,050,598	223,363,020	217,953,565	216,659,240	220,294,746
ENDING WORKING CASH BALANCE	67,156,047	76,711,086	39,795,029	32,296,145	22,459,549	27,311,993	30,489,405	31,352,511	29,835,998	25,857,477	19,338,623	19,024,475	20,823,760	19,831,221

** Construction to be let figure includes Construction Engineering
Construction to be let figure FY '96 & 97 are mods

MONTANA DEPARTMENT OF TRANSPORTATION
HWY EARMARKED WORKING CASH FLOW
Report Date: 10-Jan-95

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
BEGINNING WORKING CASH BALANCE	$84,334,703	$67,156,047	$76,711,086	$39,794,029	$32,295,144	$22,458,549	$27,310,993	$30,488,405	$31,351,511	$29,834,997	$25,856,477	$19,337,622	$19,023,474	$20,822,759
REVENUE														
G.V.W.	29,644,897	27,863,178	26,987,792	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107
G.V.W. Rev Adjustment		0	0	0	0	0	0	0	0	0	0	0	0	0
Gas Tax	89,534,371	108,594,636	120,312,558	121,510,466	122,466,684	121,254,264	120,308,481	120,308,481	120,308,481	120,308,481	120,308,481	120,308,481	120,308,481	120,308,481
Gas Tax Rev Adjustment		0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel Tax	26,179,233	43,412,610	44,035,273	45,405,350	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224	46,845,224
Accounts Receivable	1,156,006	1,760,106	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585
Stores	12,461,143	13,413,888	23,518,767	21,272,409	22,200,342	22,866,352	23,552,343	24,258,913	24,986,681	25,736,281	26,508,369	27,303,620	28,122,729	28,966,411
Transportation Planning	426,203	13,200	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	2,099,140	0	0	0	0	0	0	0	0	0	0	0	0
Dept. of Justice	49,953	138,414	0	0	0	0	0	0	0	0	0	0	0	0
Tribal Distribution	(1,399,215)	(1,858,645)	(2,400,000)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)
Bond Earnings	112,040,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Year Revenue Adj.	600,563	52,570	(2,919,450)	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	270,693,154	195,489,097	210,810,525	211,370,317	214,694,342	214,147,932	213,888,139	214,594,710	215,322,477	216,072,077	216,844,166	217,639,417	218,458,526	219,302,207
AVAILABLE WORKING CASH	355,027,857	262,645,143	287,521,610	251,164,346	246,989,486	236,606,481	241,199,132	245,083,114	246,673,988	245,907,075	242,700,643	236,977,039	237,482,000	240,124,967
EXPENDITURES														
G.V.W.	4,004,597	3,973,802	4,108,743	4,260,237	4,195,811	4,321,685	4,451,336	4,584,876	4,722,422	4,864,095	5,010,018	5,160,318	5,315,128	5,474,582
General Operations	7,927,187	8,309,797	7,534,568	10,299,999	9,975,910	9,735,362	10,027,423	10,328,246	10,638,093	10,957,236	11,285,953	11,624,532	11,973,268	12,332,466
Construction	29,329,004	29,417,589	27,590,776	32,103,649	36,227,596	13,071,506	13,073,020	13,074,535	13,076,049	13,077,564	13,079,079	13,080,594	13,082,110	13,083,626
Construction to be Let	0	0	0	1,615,230	1,522,714	20,304,891	20,274,155	20,258,277	20,243,933	20,229,269	20,214,332	20,199,371	20,183,959	20,168,274
Preconstruction	9,061,891	7,786,404	8,762,197	7,024,773	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358
Maintenance	51,652,872	58,525,487	60,329,430	58,684,464	59,396,552	61,178,449	63,013,802	64,904,216	66,851,343	68,856,883	70,922,589	73,050,267	75,241,775	77,499,028
Headquarters Building	584,038	585,057	623,250	630,000	0	0	0	0	0	0	0	0	0	0
A & E	352,430	2,353,329	2,312,670	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Local Government	14,075,000	16,712,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000
Bond Principle & Interest	18,596,536	17,351,878	57,757,630	16,469,391	15,374,684	15,264,423	13,741,365	13,720,060	13,692,035	13,674,103	13,659,978	4,823,801	0	0
Reconstruction Trust	13,421,907	10,010,642	17,822,947	32,459,859	34,527,755	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Dept of Justice	12,570,026	14,158,083	17,188,000	13,458,000	13,664,000	86,000	88,580	91,237	93,975	96,794	99,698	102,688	105,769	108,942
Stores	13,961,289	16,498,395	23,518,767	21,272,409	22,200,342	22,866,352	23,552,343	24,258,913	24,986,681	25,736,281	26,508,369	27,303,620	28,122,729	28,966,411
Dept of Fish,Wildlife & Parks	11,397	360,198	2,307,802	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000
Transportation Planning	349,711	833,140	1,104,802	841,190	708,215	729,461	751,345	773,886	797,102	821,015	845,646	871,015	897,146	924,060
1987 Bond Refund	112,040,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Entity Adjustment	70,953	202,740	0	0	0	0	0	0	0	0	0	0	0	0
Prior Year Expenditure Adj	(137,027)	(1,144,483)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	287,871,811	185,934,057	247,727,582	218,869,201	224,530,938	209,295,488	210,710,727	213,731,603	216,838,991	220,050,598	223,363,020	217,953,565	216,659,240	220,294,746
ENDING WORKING CASH BALANCE	67,156,047	76,711,086	39,794,029	32,295,144	22,458,549	27,310,993	30,488,405	31,351,511	29,834,997	25,856,477	19,337,622	19,023,474	20,822,759	19,830,221

MONTANA DEPARTMENT OF TRANSPORTATION
HWY EARMARKED PROJECT RELATED EXPENDITURE RECAP
Report Date: 10-Jan-95

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
Construction														
Overhead	10,203,133	15,321,037	9,996,623	10,938,610	10,999,401	11,000,501	11,001,601	11,002,701	11,003,802	11,004,902	11,006,002	11,007,103	11,008,204	11,009,305
Utility Relocation	1,240,384	1,257,865	1,250,543	1,968,013	2,070,591	2,071,005	2,071,419	2,071,833	2,072,248	2,072,662	2,073,077	2,073,491	2,073,906	2,074,321
Construction Engineering	3,789,460	1,330,382	1,530,344	1,797,525	2,168,376	1,901,261	1,898,383	1,896,896	1,895,553	1,894,180	1,892,781	1,891,380	1,889,937	1,888,468
Contractor Payments	14,096,027	15,581,549	14,813,266	17,399,501	20,989,228	0	0	0	0	0	0	0	0	0
Construction to be Let				0	0	18,403,631	18,375,772	18,361,381	18,348,381	18,335,089	18,321,551	18,307,991	18,294,021	18,279,805
	29,329,004	33,490,833	27,590,776	32,103,649	36,227,596	33,376,398	33,347,175	33,332,812	33,319,983	33,306,833	33,293,412	33,279,965	33,266,068	33,251,899

MONTANA DEPARTMENT OF TRANSPORTATION
HWY RECONSTRUCTION TRUST WORKING CASH FLOW
Report Date: 10-Jan-95

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
BEGINNING WORKING CASH BALANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REVENUE														
Coal Tax	935,034	4,942,557	5,231,687	0	0	0	0	0	0	0	0	0	0	0
Transfers - Gas & Dsl Tax Rev	13,421,907	10,010,642	17,822,947	32,459,859	34,527,755	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Prior Year Rev Adj	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	14,356,941	14,953,198	23,054,634	32,459,859	34,527,755	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
AVAILABLE WORKING CASH	14,356,941	14,953,198	23,054,634	32,459,859	34,527,755	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
EXPENDITURES														
CONSTRUCTION:														
Construction Engineering	1,054,475	790,068	1,576,151	2,226,197	2,369,120	2,401,760	2,401,760	2,401,760	2,401,760	2,401,760	2,401,760	2,401,760	2,401,760	2,401,760
Contractor Payments	13,242,781	14,043,334	21,228,483	29,983,662	31,908,635	0	0	0	0	0	0	0	0	0
Constr. to be Let	0			0	0	32,348,240	32,348,240	32,348,240	32,348,240	32,348,240	32,348,240	32,348,240	32,348,240	32,348,240
Utility Relocation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Preconstruction	492,409	58,710	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Prior Year Expend Adj	(432,724)	61,087												
TOTAL EXPENDITURE	14,356,941	14,953,198	23,054,634	32,459,859	34,527,755	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
ENDING WORKING CASH	0	0	0	0	0	0	0	0	0	0	0	0	0	0

MONTANA DEPARTMENT OF TRANSPORTATION
FEDERAL PROJECT - RELATED EXPENDITURE RECAP
Report Date: 10-Jan-95

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
Planning & Research	2,160,000	3,549,314	1,274,284	2,345,000	3,500,000	3,498,547	3,497,832	3,497,832	3,497,832	3,497,832	3,497,832	3,497,832	3,497,832	3,497,832
Preconstruction	10,875,675	19,544,715	15,379,742	16,680,061	16,709,596	16,709,596	16,709,596	16,709,596	16,709,596	16,709,596	16,709,596	16,709,596	16,709,596	12,217,967
Construction:														
Utility Relocation	4,961,538	4,848,632	4,395,251	6,523,298	6,358,647	6,485,820	6,615,536	6,747,847	6,882,804	7,020,460	7,160,869	7,304,087	7,450,168	7,599,172
Construction Engineering	12,766,212	9,923,166	10,487,975	12,566,764	13,111,509	10,558,535	10,542,561	10,534,304	10,526,846	10,519,220	10,511,453	10,503,673	10,495,659	10,487,503
Contractor Payments	108,916,760	114,193,672	123,345,864	147,793,862	154,200,434	0	0	0	0	0	0	0	0	0
Constr. to be Let	0			0	0	124,175,693	123,987,825	123,890,721	123,803,003	123,713,322	123,621,976	123,530,479	123,436,223	123,340,302
	139,680,185	152,059,499	154,883,117	185,908,985	193,880,186	161,428,191	161,353,350	161,380,300	161,420,080	161,460,430	161,501,726	161,545,666	161,589,478	157,142,775

MONTANA DEPARTMENT OF TRANSPORTATION
TOTAL PROJECT - RELATED EXPENDITURE RECAP
Report Date: 10-Jan-95

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
Planning & Research	2,423,684	4,460,000	0	4,042,504	4,042,504	4,040,000	4,040,000	4,040,000	4,040,000	4,040,000	4,040,000	4,040,000	4,040,000	4,040,000
Preconstruction:														
Construction Design Payments	6,932,331	4,000,000	4,000,000	6,885,805	7,057,119	7,057,119	7,057,119	7,057,119	7,057,119	7,057,119	7,057,119	7,057,119	7,057,119	7,057,119
Capital Outlays	3,944,800	5,950,000	5,950,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000
All Other Expenditures	9,310,435	12,741,590	12,616,236	11,669,029	11,489,835	11,489,835	11,489,835	11,489,835	11,489,835	11,489,835	11,489,835	11,489,835	11,489,835	6,998,206
Construction:														
Overhead	10,203,133	15,321,037	9,996,623	10,938,610	10,999,401	11,000,501	11,001,601	11,002,701	11,003,802	11,004,902	11,006,002	11,007,103	11,008,204	11,009,305
Construction Engineering	15,957,591	12,043,616	13,594,470	16,590,486	17,649,005	14,861,555	14,842,703	14,832,960	14,824,158	14,815,160	14,805,994	14,796,813	14,787,355	14,777,731
Utility Relocation	6,201,922	6,106,497	5,645,794	8,491,312	8,429,238	8,556,825	8,686,956	8,819,681	8,955,052	9,093,122	9,233,946	9,377,578	9,524,075	9,673,493
Contractor Payments	136,144,468	143,818,555	159,387,613	195,177,025	207,098,297	0	0	0	0	0	0	0	0	0
Construction to be Let	0	0	0	0	0	174,927,563	174,711,837	174,600,342	174,499,623	174,396,651	174,291,767	174,186,709	174,078,484	173,968,347
TOTAL	191,118,364	204,441,295	211,190,736	259,194,771	272,165,399	237,333,399	237,230,051	237,242,638	237,269,589	237,296,789	237,324,663	237,355,158	237,385,072	232,924,200

ASSUMPTIONS:

) $160 Million (approx.) Federal Aid Program FY '98 - FY '06

) P.C.S. based on tentative construction plan (2nd submission) for construction & RTF program FY '95 -97
$35 Million (approx) R.T.F. Program FY '98 - '06

) Inflation factor 3% for all programs except Preconstruction, Precon held constant at FY '97 level

) FY '95 Contractor Payments levels are obtained from PCS (2nd submission -greenbook)

	FY '94	FY '95	Total	FY '96	FY '97	Total	
Legislative Appropriation	158,224,669	160,537,933	318,762,602	195,177,025	207,098,297	402,275,322	Legislative R
P.C.S. (BIENNIUM BUDGET- GREENBOOK- DEC 16)	143,818,555	159,387,613	303,206,168	195,177,025	207,098,297	402,275,322	PCS (12-16-94
	14,406,114	1,150,320	15,556,434	0	0	0	

The 1995 Biennium Estimated Contractor Payments will underrun the budget by $15,556,434

) General Operations increase FY '94 $66,035 & FY '95 $122,327 for SFCAP

) Gas & Diesel Revenue for FY 95,96,97 based on REVENUE OVERSIGHT COMMITTEE(ROC) Taxable Gallons Estimates

) Alcohol Incentive FY '95 estimated at $600,000. Incentive payments could grow to $6,000,000 by FY '01

) Tribal Reservation Distribution estimated at $3,667,600 for FY '96 - '06. This is subject to change with new agreements

) FY '93 Ending Working Cash Balance adjusted to include accruals

0 Construction to be let figure for FY '96 & 97 are mods that include signing and metrification

1 Cashflow based on EBS and modification for programs for FY 96 & 97

2 FY '94 Other revenue includes Transfer in from FWP of 1,977,000 plus difference in object 1888.

3 Revised Coal Tax Revenues FY '95 - '99 , OBPP provided update allocations(10-3)

4 GVW expenditure revised FY '96 & 97 for Network Weigh Station /Compliance enforcement
$99,294 /yr for Network Weigh Station: $116,800 FY '96 Compliance; $48,000 FY '97 Compliance

5 Department of Justice- Highway Patrol in FY '96 & 97, out FY '98 - '06
DoJ Motor Vehicle out FY '96 -'06; Highway Safety in FY '96 -'06

6 Bond Defeasance $40 million paid in FY '95 new payoff schedule

7 One time only Mods out after FY '97

8 FY '95 Prior Year Revenue adjustment reflects adjustment for over-estimated Gas & Diesel accrual in FY '94

9 McCarty Farm Litigation - Approp 25680 - Added to Trans Planning $271,375.00

DRAFT COPY

Coal Tax Diverted
Justice Out FY'98
3% Inflation
ROC Revenue - Flat after '97

MONTANA DEPARTMENT OF TRANSPORTATION
COMBINED WORKING CASH FLOW - HWY SPECIAL REVENUE FUNDS
(Earmarked, Reconstruction Trust)
Report Date: 25-Jan-95

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
BEGINNING WORKING CASH BALANCE	$84,334,703	$67,156,047	$76,711,086	$80,166,289	$53,615,309	$24,606,644	$13,733,090	$606,156	($14,852,706)	($32,721,846)	($53,072,425)	($75,972,713)	($101,505,350)	($129,354,885)
REVENUE														
G.V.W.	29,644,897	27,863,178	26,987,792	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107	25,574,107
G.V.W Rev Adjustment		0	0	0	0	0	0	0	0	0	0	0	0	0
Gas Tax	89,534,371	108,594,636	120,312,558	98,897,417	99,676,557	99,676,557	99,676,557	99,676,557	99,676,557	99,676,557	99,676,557	99,676,557	99,676,557	99,676,557
Diesel Rev. Adjustment		0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel Tax	26,179,233	43,412,610	44,035,273	37,227,593	38,408,138	38,408,138	38,408,138	38,408,138	38,408,138	38,408,138	38,408,138	38,408,138	38,408,138	38,408,138
Accounts Receivable	1,156,006	1,760,106	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585	1,275,585
Coal Tax	935,034	4,942,557	5,231,687	0	0	0	0	0	0	0	0	0	0	0
Stores	12,461,143	13,413,888	23,518,767	21,272,409	22,200,342	22,866,352	23,552,343	24,258,913	24,986,681	25,736,281	26,508,369	27,303,620	28,122,729	28,966,411
Transportation Planning	426,203	13,200	0	0	0	0	0	0	0	0	0	0	0	0
OTHER		2,099,140												
Dept. of Justice	49,953	138,414	0	0	0	0	0	0	0	0	0	0	0	0
Tribal Distribution	(1,399,215)	(1,858,645)	(2,400,000)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)	(3,667,600)
Bond Earnings	112,040,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Year Revenue Adj	2,817,197	52,570	(2,918,450)	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	273,844,822	200,431,653	216,043,212	180,579,511	183,467,129	184,133,139	184,819,130	185,525,700	186,253,468	187,003,068	187,775,156	188,570,407	189,389,516	190,233,198
AVAILABLE WORKING CASH	358,179,525	267,587,700	292,754,298	260,745,800	237,082,438	208,739,784	198,552,220	186,131,856	171,400,762	154,281,222	134,702,731	112,597,694	87,884,166	60,878,313
EXPENDITURES														
G.V.W.	4,004,597	3,973,802	4,108,743	4,260,237	4,195,811	4,321,685	4,451,336	4,584,876	4,722,422	4,864,095	5,010,018	5,160,318	5,315,128	5,474,582
General Operations	7,927,187	8,309,797	7,534,568	10,299,999	9,975,910	9,735,362	10,027,423	10,328,246	10,638,093	10,957,236	11,285,953	11,624,532	11,973,268	12,332,466
Construction	29,329,004	29,417,589	27,590,776	32,103,649	36,227,596	13,071,506	13,073,020	13,074,535	13,076,049	13,077,564	13,079,079	13,080,594	13,082,110	13,083,626
Construction to be Let	0	0	0	1,615,230	1,522,714	20,304,891	20,274,155	20,258,277	20,243,933	20,229,269	20,214,332	20,199,371	20,183,959	20,168,274
Preconstruction	9,061,891	7,786,404	8,762,197	7,024,773	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358	6,987,358
Maintenance	51,652,872	58,525,487	60,329,430	58,684,464	59,396,552	61,178,449	63,013,802	64,904,216	66,851,343	68,856,883	70,922,589	73,050,267	75,241,775	77,499,028
Headquarters Building	584,038	585,057	623,250	630,000	0	0	0	0	0	0	0	0	0	0
A & E	352,430	2,353,329	2,312,670	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Local Government	14,075,000	16,712,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000
Bond Principle & Interest	18,596,536	17,351,878	17,757,630	17,686,151	17,602,816	15,975,628	15,976,702	15,973,018	15,975,652	15,977,152	15,972,402	15,973,280	15,579,810	0
Reconstruction Trust	14,789,665	14,953,198	22,683,374	19,504,389	20,244,479	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Dept of Justice	12,570,026	14,158,083	17,188,000	13,458,000	13,664,000	86,000	88,580	91,237	93,975	96,794	99,698	102,688	105,769	108,942
Stores	13,961,289	16,498,395	23,518,767	21,272,409	22,200,342	22,866,352	23,552,343	24,258,913	24,986,681	25,736,281	26,508,369	27,303,620	28,122,729	28,966,411
Dept of Fish,Wildlife & Parks	11,397	360,198	2,307,802	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000	1,334,000
Transportation Planning	349,711	833,140	1,104,802	841,190	708,215	729,461	751,345	773,886	797,102	821,015	845,646	871,015	897,146	924,060
1987 Bond Refund	112,040,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Entity Adjustment	2,287,586	202,740	0	0	0	0	0	0	0	0	0	0	0	0
Prior Year Expenditure Adj	(569,751)	(1,144,483)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	291,023,478	190,876,614	212,588,009	207,130,491	212,475,793	195,006,693	197,946,064	200,984,562	204,122,608	207,353,647	210,675,444	214,103,044	217,239,051	205,294,746
ENDING WORKING CASH BALANCE	67,156,047	76,711,086	80,166,289	53,615,309	24,606,644	13,733,090	606,156	(14,852,706)	(32,721,846)	(53,072,425)	(75,972,713)	(101,505,350)	(129,354,885)	(144,416,433)

** Construction to be let figure includes Construction Engineering
Construction to be let figure FY '96 & 97 are mods

EXHIBIT 8
DATE 2/9/95
HB MDT

TESTIMONY FOR

Marvin Dye

GENERAL GOVERNMENT AND TRANSPORTATION SUBCOMMITTEE

Mr Chairman, members of the committee, yesterday you heard the massive needs that exist in the state for highway construction and maintenance. Now I'd like to talk about our plan for making solid, long term gains in meeting those needs **with no further need for fuel tax increases at least through the year 2006.**

That plan is outlined in the Governor's Executive Budget and calls for cleansing the trust by eliminating and resisting future diversions, early retirement of the existing $109 million dollar debt and a wholly state funded construction program that will result in an additional $145 million dollars being spent on high priority projects over the next ten years. This proposal was developed based on careful needs analyses, and in our professional judgement, is set at the minimum

level required to provide services to the travelling public. We ask that when you deliberate on the budget, you focus on the long term benefit to the economy of the state and to the citizens of the state rather than any short term political gains which may be achieved through unnecessary reductions.

MDT's budget proposal already contains reductions from the FY94 base equivalent to 88 FTE and the associated personal services budget. When combined with the 72 FTE reduction incurred in the 95 biennium, the department is now at a level that we may have difficulty maintaining current level services in severe circumstances (for example, a hard winter). Further reductions in the current level budget in line programs will result in corresponding reductions in services.

We can no longer absorb budget reductions without negatively effecting the travelling public and the states economy. Any further cuts made in line programs by this committee must be accompanied by intent

language directing and supporting the associated service reductions. We were asked early in the session to be prepared to discuss with the sub-committees the effect of being held to our 94 base budget. In the case of the department of transportation that would mean deep cuts in service and returning federal funds. That is simply not an acceptable alternative. I am also somewhat constrained in offering programs for elimination because unlike many departments, all of the programs are inter-related and depend on one another to get the job done. What we are prepared to do is justify our executive budget request as we proceed.

Privatization:

I would like to talk briefly about the department's efforts at privatization. Mr. Chairman, at your request, we supplied you with a report concerning levels of privatization in the Construction and Maintenance programs. The key issues in that report that should be mentioned are:

1. The Construction Program is already 85% privatized.

2. The Maintenance Program is already 55% privatized.

3. Additional privatization in both of these program, while not impossible, could cost the state significantly more.

The Department is constantly looking for sensible ways to privatize functions and will continue to do so in the future as long as it is cost effective. We have a commitment to that and between FY93 and FY94 alone, the department increased the amount of work being privatized by approximately **$ 10.6 million**. What we don't want is to privatize just for the sake of privatizing. The decision must be made because it is cost effective, in the best interest of the state and the people we serve, and that the private sector is properly staffed and trained to do the work. Privatization does not work well in all instances. For example We still have a project that we have not been reimbursed for from the federal government because the consultant did not properly

document quantities. In 2 years we have probably spent almost as much effort trying to resolve this project as we would have spent doing the original job ourselves. In the case of rest area maintenance, I believe the quality has went down and the costs up. We need to guard against these sorts of situations.

Mr. Chairman, members of the committee, I know that some believe that there is a mandate for smaller government no matter what. I believe that what most taxpayers want is better government that is more responsive to their needs and that is what the Department tries to do. I know that the calls I get from people are all requests for us to do more---not less. The people that appear before the commission on a regular basis want us to do more---not less. So we are coming before you to get the authority to do more. Thank You.

EXHIBIT 9
DATE 2/9/95
HB MDT

WET LANDS

My name is Louis Fontana, I am a Professional Engineer and Land Surveyor. I would like to take a few minutes of your time to address the proposed addition of 13 to 15 employees to the Department of Transportation. The additional employees would be used to add yet another unnecessary division, (the wet lands reclamation), to the already overbearing size of state government operations.

I feel using federal funds and gas tax revenues to create more government is fiscally unresponsible. Gas tax revenue should be used exclusively for highway construction and maintenance. If the D.O.T. feels they have an excess of gas tax revenue then they should consider returning those funds to local county road departments, instead of creating a new division of government.

No department, state or local has suffered more cuts than county road funds. Since the inception of I-105,

mill levies for county road maintenance may not be raised or exceed that of the 1986 level.

I retired in 1994 after 45 years of public service. 25 years with the City of Great Falls, 7 years as City Engineer, and 20 years as Cascade Counties Chief Engineer. Cascade County has 1600 miles of roads to maintain as well as over 300 bridges. Over the past nine years the county road department has had to request additional revenues from the county commissioners to maintain public passage ways.

As recently as the last legislative session, the county road departments suffered yet another set back, by having to share increased gas tax revenue with the city of Great Falls. This created a fiscal equity problem with respect to the source of funding each taxing entity is allowed by law to raise. Because the cities are able to raise additional dollars outside taxation for street maintenance, county road departments suffer with respect to proportionality, between the miles of maintainable roads -vs.- the dollars per mile received. How is this inequity possible? Cities can assess taxpayers for a street maintenance charge, while the

counties are unable to participate in this practice. Furthermore, there is no place in the law that would allow county government the luxury to impose this type of assessment.

I feel the D.O.T. should stay out of the wetlands and leave it to well qualified private sector engineers who are presently handling it right now. Moreover, it is documented that the private engineering firms can handle these projects with notable savings to the taxpayers of the State of Montana.

I have personally attended two meetings in separate counties, where the district engineer from the Great Falls Division has testified to the boards of county commissioners, stating if they hired private consulting engineering firms to do certain secondary projects it would save years in the process of getting their primary projects to the construction phase. Meaning, if the intervention of the private sector can save the D.O.T. years of prepatory work, then logically this will save the D.O.T. hundreds of thousands of dollars.

The bottom line is this, the citizens of Montana are calling for more efficient, more responsible, and more effective government, one way to initiate this is to create less government by allowing the private sector to assist the government in certain projects.

Furthermore, the Corps of Engineers is mandated by law to supervise the wet land preservation projects, and have recently added four additional staff members to their local field office. There are pending law suits against the Corps for not following these mandates. Adding another layer of bureaucracy can only make matters worse. Allow the private engineering firms to help expedite this process.

In closing I strongly oppose the D.O.T.'s request to add additional staff for Wet Land reclamation. The D.O.T. should concentrate on their primary business, that being the construction and maintenance of Montana's bridges and highways.

Thank you for your taking the time to listen to my testimony!

DATE 2-9-95

~~SENATE~~ COMMITTEE ON Gen. Gov & Trans.

BILLS BEING HEARD TODAY: Transportation.

< ■ > PLEASE PRINT < ■ >

Name	Representing	Bill No.	Check One: Support	Check One: Oppose
MARV DYE	MDT			
LOUIS FONTANA	Engineer			
RINA FONTANA MOORE	LAND SURVEYOR			
[illegible]	MDT			

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY