

MINUTES OF THE MEETING OF THE APPROPRIATIONS SUBCOMMITTEE ON  
ELECTED OFFICIALS AND HIGHWAYS  
February 21, 1983 (Tape 85 and Tape 86)

The Appropriations Subcommittee on Elected Officials and Highways met on February 21, 1983, at 7 a.m. in Room 437 with Chairman Quilici presiding. Members present were:

Chairman Quilici  
Rep. Connelly  
Rep. Lory

Senator Dover  
Senator Keating  
Senator Van Valkenburg  
Senator Stimatz

Also present: Terry Cohea, OBPP and Cliff Roessner and Leo O'Brien, LFA.

HEARINGS

Department of Highways

Construction, Preconstruction Program

Mr. Gary Wicks, Administrator of the Department of Highways, stated that when they began they did as suggested by HB 500; came up with a list of needs they had for the highways program for the State of Montana together with some idea of what they cost. What this shows is that the problems are monumental, and there is no way that the state has the resources to take care of all these problems. They did identify what they felt were the two most significant priorities. One was to complete the interstate system, to speed up the process of getting the gaps closed. We have a 1,200 mile system, and they had 74 miles of interstate to complete. Most of this was four-lane, but some is two-lane, and they felt it was important to close the gap on the four-lane as quickly as possible.

The second problem they have identified as a priority is the primary system. The fact is that the primary is deteriorating rather rapidly, and there are 5,500 miles of primary in the state. Over half of this is 25 years or more older, and over half of this is below or has a sufficiency-rating of below 60%. A little over 10% is in critical condition.

Because the primary system is the most important system for most people in the state, and carries the most goods and services, they felt it was time to do something about the primary system. What they have developed is a primary system that is a program for ten years, and they hope to fund it at about \$40 million a year. They want to begin reconstruction of the primary system, and, for the first time, establish a pavement preservation program to do, on a routine basis, the

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seal coating and overlays that are required to have an asphalt surface live out its designed life. This program has not been done, if ever, for a long time back.

They then developed the reconstruction trust program which is an extension of what the Legislature approved of last time. Last time \$4 million was appropriated to this, and this time they are looking at approximately \$40 million a year for the next ten years. This is completely state-funded. They looked at their federal funds and realized that in the primary system they could not get the job done with federal money alone. If they wanted to do something about the primary, it would require state funds.

For funding they rely basically on the report that came out of the Legislative Study Committee where they recommended funding based on fuel tax increases, taking the Highway Patrol out of the earmarked account, using the coal tax, increasing G.V.W. fees, and a couple of other recommendations. Basically they relied on the increased state funding coming from those three sources.

They put together a program based on what they expected the federal funding to be, and then what they intended to do with the state funding and the accelerated interstate program they proposed to fund with a bonding mechanism. What happened, of course, is that the federal government came and passed a gas tax and increased the amount of revenue from \$66 million prior to the law to \$100 million. This is a four-year federal bill, and this has helped them out in some areas, but didn't take care of some of their major problems. He referred the committee to Exhibit 1 which helps give an idea of what the federal funds do and do not do for the state. Prior to the passage of the law they had \$15.8, and after that they got \$17.7 million. This is all they are going to get in interstate construction for the next four years; only a very slight increase.

Looking at the primary system you can see that they went from \$19 million to \$21 million, and they increased slightly over the four-year period. But it is nowhere near enough to solve the problems with the primary system. Secondary goes up slightly, and urban stays much the same. The two areas where they get a significant increase is in reconstruction of the interstate system and the 4 R and bridge program, which is another area of significant increases throughout the four-year

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period of the bill. The differences of apportionment authority is an important distinction. The federal government gives them apportionments which say that if you have the obligation authority, this is how much you can spend on the program. But they don't let them spend it until the federal government tells them what their obligation ceiling is. In a lot of years in the past, they have received more apportionment than they have obligation, so they have a balance in apportionment. That balance doesn't do any good unless the federal government releases the obligation authority, or at least raises it to the apportionment level which they have not done for several years.

The obligation authority shown on page one of Exhibit 1 is their best guess of what they will receive in the next four-year period. It does leave them with a balance of apportionment authority. The flexibility you have in the federal law is if there is apportionment authority, for instance in the primary system, they can use their obligation authority on that. You cannot spend any more money on a program than you have apportionment authority for.

This left them with a federal aid program that met one of their needs, the 4 R needs, but the two priority areas they have identified really are not affected that much, if at all, by the federal funds. They took the federal money that they have or expect to get, and worked it into the budget and their project list. Where they had apportionment balances as they did in the primary system, they spent federal dollars on that within the obligation authority. The whole idea was to reduce the cost of the primary reconstruction as proposed in the budget. If you look at FY84, you can see that they proposed that most of these projects be funded with state dollars, and, because they had an apportionment balance, they were able to go back with the increased federal dollars and spend the federal dollars on the reconstruction instead of the state dollars, for the first year 1984. After '84 they had spent all their extra primary apportionment, and '85 is when they plugged back in the state-funded reconstruction projects again.

They ended up with a program that focused on the establishment of reconstruction trust account and accelerated construction of the interstate, and the funding for this, as the Governor has recommended, is in fuel tax increase that the House passed (HB 16). They are also counting on

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and recommending that the Highway Patrol be funded out of general fund, and not out of the earmarked account. They also believe that some of the coal tax money should go to the highway program. They are proposing that they take the money out of the coal tax.

He pointed out that in FY85 the general fund would get \$23 million, and, if nothing were done, they would get \$27 million. Under the proposal that they are making, they would get \$24 million. In FY87 it would go down slightly from what it was in FY86, but it would still be more than in FY85. What they would ask out of the coal tax is \$9 million in FY86 and \$19 million in FY87; then 12% of the total thereafter to help fund the highway program. He added that it was important to remember that the money or revenues that they are asking to be increased, are mostly going to fund the reconstruction trust account.

On the construction of the interstate, they continue with their proposal to seek authorization to allow the highway department to bond, to accelerate construction of the interstate. Those bonds will be paid off generally by the money they receive over the next four or five-year period through 1990 on the interstate construction program. So there would be no new revenue required. All it would allow them to do is to get the job done sooner. They would, in effect, be advancing the federal government the money, and then they would be paying them back through the allocations on a yearly basis. He felt it was important to note that the federal government is obligated to meet these obligations, once the state does decide to do this, even if they decide after 1987 that they are going to restructure the interstate program.

One of the difficult things about preparing this budget is that they have had to go back and restructure the projects. They have had to add 4 R projects into the system and rearrange the primary system. This had some budgetary impacts, of course.

Just to give the committee an idea of where the revenues are coming in, they are the gasoline tax, diesel tax, G.V.W. tax, mineral royalties, and some miscellaneous revenue. He referred the committee to Exhibit 2.

The total expenses go mainly towards the maintenance program, the equipment bureau and the construction program, the

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Highway Patrol, cities and counties and other areas. If you look at total revenues, you see \$72,875,154 and total expenses of about \$92,101,231 which shows the imbalance in the earmarked account, which is significant and shows a situation he feels should be addressed.

In 85 you can see again there is a difference between revenues and expenses of about \$20 million, and again a big chunk is taken by the Highway Patrol.

Mr. Wicks then referred the committee to Schedule 1 of Exhibit 1 which shows the highway fund cash flow analysis. They began 1983 with a cash balance of \$37 million, and they expect revenues of \$80 million and expenditures of \$88 million. They would start the year of FY84, then, with a balance of \$29 million. They have projected out a program that simply matches the federal dollars for the next four years. It assumes, in this case, the one cent fuel tax, and it also assumes that the Highway Patrol continues to be funded from the highway fund at the level that it is now. If this were to be followed through, one can see they would be in some difficulty by the end of FY85.

The other important point he wanted to make is that, with going on a cash balance, they feel there ought to be a \$10 million minimum cash balance in the earmarked account for items that are just uncertainties. Being on a cash system it is critical that they have some reserve there, and if there were bad weather, and if they do get additional federal dollars, they need the money there to match it. After checking with other highway departments that are on this cash system, they say you need a cash balance of 10% of the total construction program. If you look at the \$10 million balance, this is about half of the 10%. They feel this is absolutely crucial to allow them to take care of uncertainties.

Schedule 1 is if everything were left the way it is at the present time. Schedule 1-a is assuming that the fuel tax is made permanent (the one cent), and the Highway Patrol continues to be funded from the highway fund.

Schedule 2 assumes that the one cent fuel tax is made permanent and that the Highway Patrol is funded from the general fund. They would then be able to get through the next biennium without much of a problem. This is without an

expanded program. Schedule 3 is the proposal that they made in their budget, which includes the 2 1/2 cent fuel tax that is coming to them beginning July 1, 1984; and the 2 cent tax increase and the Highway Patrol would be funded from general fund effective 7/1/83. In terms of expenditures, they are looking at funding their modified level programs. They would spend \$8 million on the reconstruction projects in FY84. In FY85 they do start obligating letting contracts that would be 100% state-funded. These schedules are based on assumptions they hope will come to pass, if revenues continue to come in as in the past, etc.

If the Legislature decides they don't want to fund this program at this level, then they must go back and start dropping some of the projects.

He then referred the committee to a report prepared for the 48th Legislature which presented lists of projects that they intend to contract if their program is approved and an estimate of what it would cost. (Exhibit 3) He noted there was an error in financial district no. 4. Projects 8 and 9 are reconstruction projects rather than pavement preservation projects, as shown on the charts.

For explanation to the committee, the division explained the obligation and apportionment concept. In the federal legislation they come up with an apportionment level for every program. So, nationwide for the 4R program there will be so much earmarked for the interstate. They then apply the formula for the apportionment distribution. The formula varies, depending on the program. On the interstate construction program, it depends on how much the estimated cost is to complete the interstate as a proportion of the whole cost of completing in Montana as a proportion of the whole cost of completing the interstate nationwide. The federal government sends out an apportionment list which will show you what the priorities of the federal government are, and the new legislation to be passed.

Basically an apportionment list tells you: if we allow you to spend the money, this is the way we want you to spend it, and this is how much you can spend.

Then the obligation level is basically a carryover from the impoundment days, from the time when the federal highway system used to be outside the federal budget. It was then brought

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into the budget system, and to balance the federal budget on how much could be spent, they came up first with impoundment and then with obligation ceiling. So what they do with the obligation ceiling outside of the apportionments distribution of the federal monies, is to do what they want to do with the federal budget. They tell you how much they intend to spend on federal highways or in this program every year. Generally the obligation ceiling has been less than the apportionments. Montana is not the only state that has an apportionment balance that is just sitting there and can't be used unless the obligation ceiling is lifted by the federal government.

(Begin Tape 85, Side B)

He further explained that Montana has an apportionment balance of about \$46 million. When they start distributing money to financial districts, they distribute it on the basis of the apportionments. So some of the financial districts have balances that are really just paper balances because there is no money or obligation authority behind it.

(Exhibit 4)

The Department has tried to link its budget request up to the project list that they have prepared in terms of FTE levels, and in contractor payments also. They looked at a project and tried to see what their experience has been with this type of project and what their contractor payments have been, and looked at every project individually to come up with an estimated figure. It is not totally exact, and things may change it, such as weather, but they feel it is a good attempt. In some of the analysis, they have been able to use the construction management plan or system. Travel, and all other things that are responsive to the level of programs they have, also reflect this kind of analysis. He also noted that this is the construction program that they had before the increased federal dollars became available.

One thing he felt was significant was the FTE level. The Legislature appropriated in FY82 an FTE level of 725 FTE's, and they are requesting or were requesting, up until the revised federal money became available, an FTE level of 473 FTE, or a reduction of 252. He felt this illustrated that they do not intend to use FTE's they don't feel they need.

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Chairman Quilici asked if, with the decline in FTE's and the escalation of the highway program, if they could manage with this level. Mr. Wicks stated that this was a program that they had developed in their budget before they got the federal money, and there will be a change in the modified.

In contracted services, it is basically made up of contractor payments. Although there is some indication of disagreement in this area, apparently by going through the list which they are continually trying to update, they are now at some agreement at what the contracted services level is. So they will adjust the figures here to show that there is no difference between them and the LFA.

In travel there is a significant difference. In FY84 the LFA has them at \$9,000 more, and in FY85 they are \$250,000 less. In travel in FY82 they got an appropriated level of \$2.3 million, but they used \$992,000. The point he is trying to make is that they are trying to use only what they need, not necessarily what is appropriated. This is what they are trying to do in '84 and '85, and he feels there is a difference in '85 as to the analysis. They base their request for travel on the level of projects and the amount of work they have to do, and on the configuration of the projects. Travel expenses differ depending on where the projects are in relation to the district headquarters, and they have tried to bring it back to the specific project analysis. He believes that the LFA took '84 as a percentage of the operating expenses. They feel the amount they have in the OBPP budget is what is necessary to get the job completed.

The rent is basically made up of vehicle use, and they have tried to bring this back to the specific projects in estimating costs. On equipment they have a list of equipment that is shown on page 2 of Exhibit 4. There is a difference between their figure and the LFA's of \$27,000 for the first year and \$36,000 the second year. There is a \$7,000 difference in the second year that they don't feel is necessary, so it is really a difference of \$27,000 and \$28,000 in both years.

Page 3 of Exhibit 4 shows the revised construction budget they have proposed. This is with the increased federal dollars added in to what they had anticipated before. Here they are requesting an increase in FTE's of 83 the first year and 84 the second year. He pointed out that even with



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this increase, they would still be 169 FTE's less than what they had appropriated in 1982.

The other big revisions are in contracted services and contractor payments. They expect to get a lot of the money out on the ground fairly rapidly, and a lot of it is 4R projects. They expect contractor payments to increase by \$35 million in FY84 and \$37 million in FY85. Supplies, communications, travel go up significantly, and also rent, and all this can be tied back to the increased level or increased program. They have tried as best they can to link this up to the projects themselves. Discussion of the FTE's they would be increasing. He did add that one of the things that the construction consultant identified was that they did need to beef up their training program. So they do intend to implement a training program.

Page 4 of Exhibit 4 deals with the revisions of the budget that would be necessary if the reconstruction trust fund were funded at the level, and the projects listed in exhibit were to be built. For the first year they would be doing pavement preservation, and only need a slight increase in FTE's and in contracted services. They would hope to get most of that work done and paid for in that year. In the second year they would start putting state money into the state reconstruction project trust, and getting some projects let. They would then have an increase in FTE's of about 28, and contractor payments would go up to a little over \$9 million.

The other program that they are looking for is an accelerated completion of the interstate gaps. This is the program outlined on page 5 of Exhibit 4. They would be looking at an increase of 20 FTE's in FY84 and 54 FTE's in '85.

Gary Wicks then added that the revisions he feels are regrettable, because they would like to have come to the Legislature with a budget in January that had been fixed in September. They have not been able to do this. They are trying to give the committee the best information they have, and adjust it to the federal changes.

Mr. O'Brien, Terry Cohea and the Department will be getting together before executive session to work out all the differences.

Preconstruction (Exhibit 5)

In terms of FTE's for Preconstruction, what they were actually appropriated in 1982 was 281, and they required 252 on the budget sheet although they didn't use all these. In '83 their operational budget was down to 216 FTE's, and they are requesting 214 FTE's for FY84.

In "contractor payments" the first significant difference they have is that they are off by \$130,000 in FY84 and \$122,000 in FY85. He noted the number of right-of-way purchases they intend to purchase is up considerably. They have increased their requirement for appraiser fees. Instead of putting people on they contract whatever level they can't get themselves. They have increased in data processing services, legal fees, etc. in areas they feel are justified.

In "communications", one of the differences is the cost of serving the commission.

"Travel, they feel, or the way they are requesting it, is justified, and it is just what they need to operate in FY84 and FY85. They feel more travel is justified to purchase the right-of-way parcels, etc. It is also the travel involved for the preconstruction surveys.

(Begin Tape 86, Side A)

The revised preconstruction budget shows the adjustments that are necessary for the increased federal funding. They are looking at an increase of nine FTE's, and this would mostly be in design. In "contracted services", the increase here would be for consultant services. They are trying to keep the FTE's low, and trying to make sure that if they have to go outside to do additional work, they would do it through consultants. This accounts for the increase.

Capital Outlay Program (Exhibit 6)

This program consists of appropriating the money that they need to pay off their highway building. This simply comes off the bond repayment schedule.

For explanation, Mr. Wicks explained that when they built the highway building, the Legislature authorized bonding to do this, and this is just the amount necessary to retire those bonds. The money comes out of the earmarked account.

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Discussion on EIS studies for future construction projects.

Maintenance Program (Exhibit 7)

This is an amendment to their maintenance budget. This is a program that they just got approved a few weeks ago, and it is with the Bonneville Power Administration. They will reimburse the highway department for changing lights to a more efficient light. This would apply to all the lights on the interstate system west of the Divide. They feel it is a significant cost-saving effort, and once it is done, they expect to save \$75,000 a year.

In conclusion, Mr. Wicks stated that he felt they had taken some pretty dramatic steps to cut the level of people and cut the expenditures in their department in FY82 and FY83. They hope this will build some level of confidence in the Legislature, so that, whatever they ask for in FY84 and FY85, neither the FTE's nor the money will be used unless it is necessary.

The committee recessed briefly.

WORK SESSION

DEPARTMENT OF REVENUE

Director's Office (Exhibit 8)

Mr. Roessner explained the difference in the FTE levels was one. The difference is that the LFA has deleted a deputy director position that was created by the department in 1982. The position was moved from a vacant position within the old operation bureau, which is now called centralized services.

Rep. Lory MOVED that we approve of the 4.5 FTE's. Question being called for, the motion carried.

In "contracted services", the difference consists of \$1,000 for consulting of professional services that the agency has requested to expand the one office for the deputy director. Another difference is insurance and bonds for the agency is \$34,450 for FY84, and the LFA inflated this figure forward. It should not have been inflated, so there is a difference there of \$4,256. The other difference in "contracted services"

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is legal fees. The agency spent \$18,298 for legal fees in 1982, and they requested \$35,000 for 1984. The LFA inflated the current level forward; the OBPP budget contains \$35,000. The difference in this category is \$14,442 for a net difference in contracted services of \$11,186.

Sen. Dover MOVED to approve the OBPP "operating budget" for the director's office. He added to his MOTION that \$35,000 be line-itemed for outside legal counsel for each year.

After discussion, Sen. Dover RESTATED his MOTION that the \$70,000 be appropriated for the biennium under "contracted services" (line-itemed for legal outside counsel), and to approve of the OBPP budget for "operating expenses." Motion carried.

To clarify this motion, Cliff Roessner asked if they wanted \$70,000 put in FY84 and nothing in FY85, and was told this was so.

(Begin Tape 86, Side B)

Sen. Van Valkenburg MOVED to approve of the OBPP request for "equipment." Question being called for, the motion carried. Sen. Dover made a MOTION to approve the OBPP on funding. Motion carried.

Sen. Dover made a MOTION to accept the director's office budget.

Sen. Van Valkenburg asked if Ms. Feaver had given any thought to having a public affairs position in the department. She stated that she had. She feels this idea has some merit. She had obtained a job description, and it would be a grade 9 position.

Sen. Van Valkenburg asked if they would be willing to give up a proposed FTE anywhere else in the department to add this position. Ms. Feaver said she hadn't thought about it in this respect. Sen. Van Valkenburg then asked her to give some thought to this before taking final action on the idea.

Question being called for, the motion carried.

Centralized Services Division (Exhibit 9)

Mr. Roessner stated that the LFA deleted two positions based upon the fact that they were only partially filled during the year. Sen. Dover made a MOTION to approve the 40.27 FTE's for centralized services, the OBPP budget. Question being called for, the motion carried with Chairman Quilici voting "no."

Sen. Dover made a MOTION that the \$680 and \$705 for FY84 and FY85, the liquor auditor "travel", be put into the liquor budget. Motion carried.

In "operating expenses", Sen. Dover made a MOTION to approve of the OBPP, less the \$680 in travel in FY84 and the \$705 in FY85. Mr. Roessner stated that they should just leave the travel in, and they would just indicate a different source for the travel. This was agreed to. Question being called for, the motion carried.

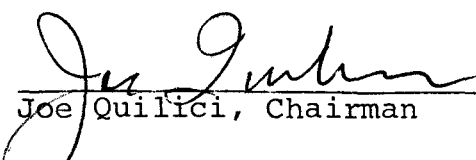
In "equipment", Sen. Van Valkenburg made a MOTION that we approve of the OBPP request for equipment. Question being called for, the motion carried.

Sen. Dover made a MOTION to approve of the centralized services division budget. Motion carried.

Miscellaneous

Ms. Feaver brought to the attention of the committee a recent item she had in the child support enforcement area. The child support enforcement area is their major federal program they have, and at the present time, the funding for this is 70-30. It changed from 75-25 when the last session was here. One of the things being considered by the national administration is changing this program to a revolving fund basis. Ms. Feaver is concerned if, say, next October, they were to change the child support program to a revolving fund program rather than a federal partial-funding program. She is unsure what they would do with the state in the meantime. She wanted the committee to think about this before final action.

The meeting was adjourned at 9:50 a.m.

  
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Joe Quilici, Chairman  
dm

## VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL

DATE Febr. 21, 1983

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

FEDERAL APPORTIONMENTS  
(Federal Fiscal Years)  
(1,000's of dollars)

	1982 (Actual)	1983 (Prior to new Federal Law)	1983  (Based on New Federal Law)	1984	1985	1986
Interstate Construction	14,887	15,848	17,732	17,732	17,732	17,732
Interstate Resurfacing	12,127	12,336	29,815	36,696	42,811	48,163
Primary	17,466	19,098	21,007	23,581	25,827	27,512
Secondary	7,204	9,006	11,742	11,742	11,742	11,742
Urban	3,842	3,362	3,841	3,841	3,841	3,841
Bridge Replacement	3,245	5,223	9,990	10,483	11,208	13,383
Other	5,337	2,064	5,076	5,235	5,373	5,514
TOTALS	64,108	66,937	99,203	109,310	118,534	127,887
Obligation Authority	66,100	66,000	100,300 <sup>1</sup>	104,800	114,500	124,300

<sup>1</sup> New Federal Law provides obligation authority in excess of apportioned funds.

Highway Fund Cash Flow Analysis  
Current Level Adjusted for New Federal Revenues  
(000's of \$)

	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>
Beginning Cash Balance	37,058	29,293	11,073	(7,683)	(28,030)
Revenues					
Current Level <sup>1</sup>	<u>80,907</u>	<u>73,156</u>	<u>75,200</u>	<u>78,304</u>	<u>83,238</u>
Available Funds	117,965	102,449	86,273	70,621	55,208
Expenditures					
Current Level <sup>2</sup>	88,672	91,376 <sup>2</sup>	93,956	98,651	103,676
Modified Level					
Reconstruction Trust					
ACI					
Total Expenditures	<u>88,672</u>	<u>91,376</u>	<u>93,956</u>	<u>98,651</u>	<u>103,676</u>
Ending Fund Balance	<u>29,293</u>	<u>11,073</u>	<u>(7,683)</u>	<u>(28,030)</u>	<u>(48,468)</u>

Notes:

1 1-cent fuel tax increment ends 6/30/83.

2 Highway Patrol continues to be funded from Highway Fund.



Highway Fund Cash Flow Analysis  
Current Level Adjusted for New Federal Revenues  
(000's of \$)

	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>
Beginning Cash Balance	37,058	29,293	16,208	2,587	(12,625)
Revenues					
Current Level <sup>1</sup>	<u>80,907</u>	<u>78,291</u>	<u>80,335</u>	<u>83,439</u>	<u>88,373</u>
Available Funds	117,965	107,584	96,543	86,026	75,748
Expenditures					
Current Level <sup>2</sup>	88,672	91,376 <sup>2</sup>	93,956	98,651	103,676
Modified Level					
Reconstruction Trust					
ACI					
Total Expenditures	<u>88,672</u>	<u>91,376</u>	<u>93,956</u>	<u>98,651</u>	<u>103,676</u>
Ending Fund Balance	<u>29,293</u>	<u>16,208</u>	<u>2,587</u>	<u>(12,625)</u>	<u>(27,928)</u>

Notes:

1 1-cent fuel tax increment is made permanent.

2 Highway Patrol continues to be funded from Highway Fund.

Highway Fund Cash Flow Analysis  
Current Level - Adjusted for New Federal Revenues & Added State Revenues  
(in 00's of \$)

	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>
Beginning Cash Balance	37,058	29,293	21,873	13,918	4,658
Revenues					
Current Level <sup>1</sup>	<u>80,907</u>	<u>78,291</u>	<u>80,335</u>	<u>83,439</u>	<u>88,373</u>
Available Funds	117,965	107,584	102,208	97,357	93,031
Expenditures					
Current Level <sup>2</sup>	88,672	85,711	88,290	92,699	97,361
Modified Level					
Reconstruction Trust					
ACI					
Total Expenditures	<u>88,672</u>	<u>85,711</u>	<u>88,290</u>	<u>92,699</u>	<u>97,361</u>
Ending Fund Balance	<u>29,293</u>	<u>21,873</u>	<u>13,918</u>	<u>4,658</u>	<u>(4,330)</u>

Notes:

1 Assumes 1¢ fuel tax increment is made permanent.

2 Highway Patrol funded from General Fund effective 7/1/83.

Highway Fund Cash Flow Analysis  
Governor's Proposed Program  
(00's of \$)

	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>
Beginning Cash Balance	37,058	29,273	24,483	22,732	10,624
Revenues					
Current Level <sup>1</sup>	80,907	78,291	80,335	83,439	88,373
2 1/2% Fuel Tax Increase <sup>2</sup>	-0-	12,835	12,835	12,835	13,139
2% Fuel Tax Increase <sup>4</sup>	-0-	-0-	5,134	10,268	10,512
Coal Tax Revenues <sup>5</sup>	-0-	-0-	-0-	9,000	19,000
Available Funds	117,965	120,399	122,787	138,274	141,648
Expenditures					
Current Level <sup>3</sup>	88,672	85,636	88,215	92,624	97,286
Modified Level	-0-	1,457	1,228	1,230	1,299
Reconstruction Trust	-0-	8,823	10,612	33,796	33,796
ACI	-0-	-0-	-0-	-0-	-0-
Total Expenditures	88,672	95,916	100,055	127,650	132,381
Ending Fund Balance	<u>29,293</u>	<u>24,483</u>	<u>22,732</u>	<u>10,624</u>	<u>9,267</u>

Notes:

- 1 Assumes 1¢ fuel tax increment is made permanent.
- 2 Effective 7/1/83.
- 3 Highway Patrol funded from General Fund effective 7/1/83.
- 4 Effective 1/1/85.
- 5 See Schedule 3A for detail on sources of coal tax revenue.

# Coal Tax Revenues Taken From All Earmarked Accounts

	FY 1985	FY 1986		FY 1987	
		Current	Pro.	Current	Pro.
General Fund	23,383	27,941	24,521	30,734	23,514
Public School Equal.	6,154	7,353	6,453	8,088	6,188
Co. Land Planning	615	735	645	809	619
Local Impact	10,769	12,868	11,293	14,154	10,829
Conservation Dist.	308	368	323	404	309
State Library	615	735	645	809	619
Alternative Energy	2,769	3,309	2,904	3,640	2,785
Renewable Resources	769	919	807	1,011	773
Water Development	769	919	807	1,011	773
Parks & Cultural	3,077	3,677	3,226	4,044	3,094
Education Trust	12,307	14,706	12,906	15,176	12,376
Permanent Trust	61,535	73,530	73,530	80,880	80,880
Highway Program	-0-	-0-	9,000	-0-	19,000
Total	123,070	147,060	147,060	161,760	161,759

\* Funding for the Highway Program would amount to 12 percent of the Non-Trust revenues in FY 1986 and 23 percent in FY 1987.

## Summary of Revenue Proposals

### Fuel Tax

- Make permanent 1-cent increment
- 3-cent increase effective July 1, 1983, with 1/2-cent to go to local governments
- 2-cent increase effective January 1, 1985

### Highway Patrol

- Fund with General Fund revenues effective July 1, 1983

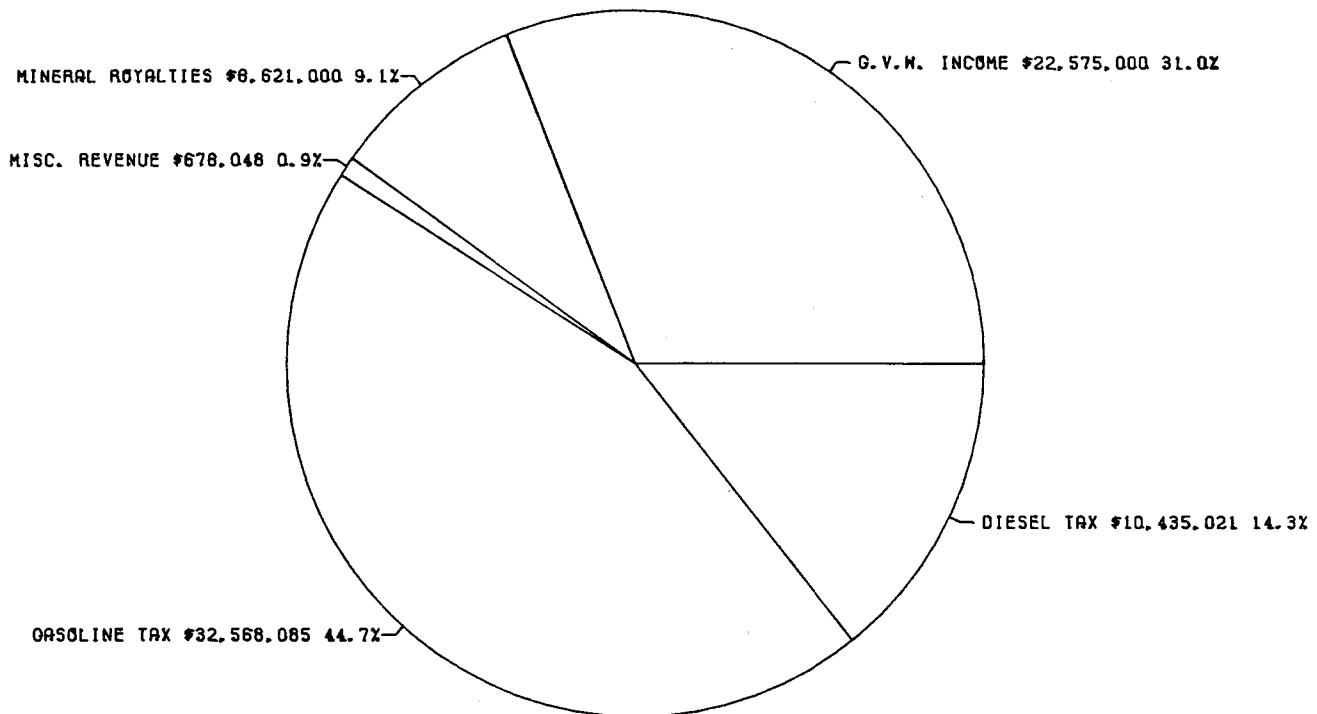
### Coal Tax

- Earmark \$9 million (12 percent) from non-Trust portion for Fiscal Year 1986
- Earmark \$19 million (24 percent) from non-Trust portion for Fiscal Year 1987
- Earmark a constant 24 percent per year for future years

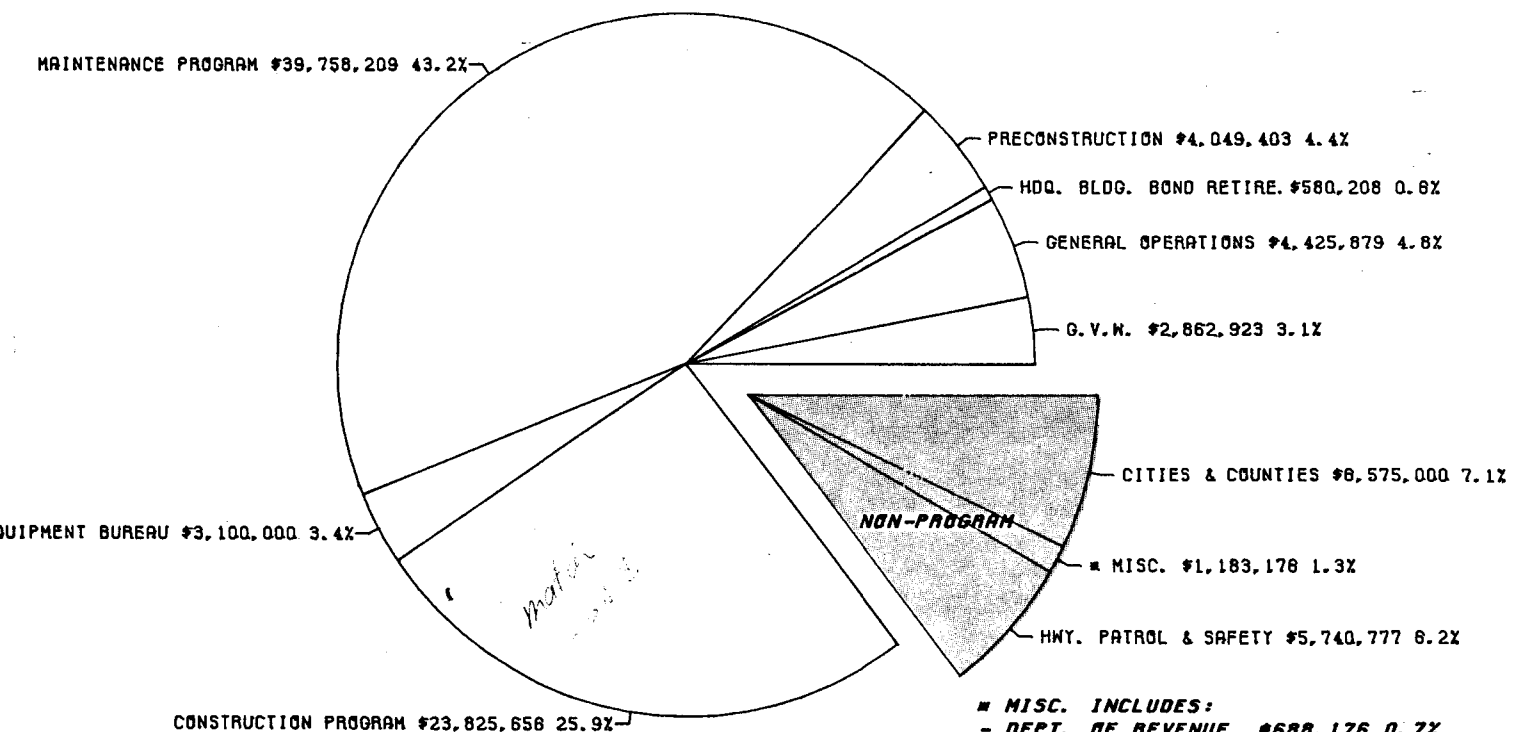
### Gross Vehicle Weight Fees

- No increase -- leave at current level

# HIGHWAY EARMARK ACCOUNT (PROJECTED F.Y. 84)



**TOTAL REVENUE = \$72,875,154**



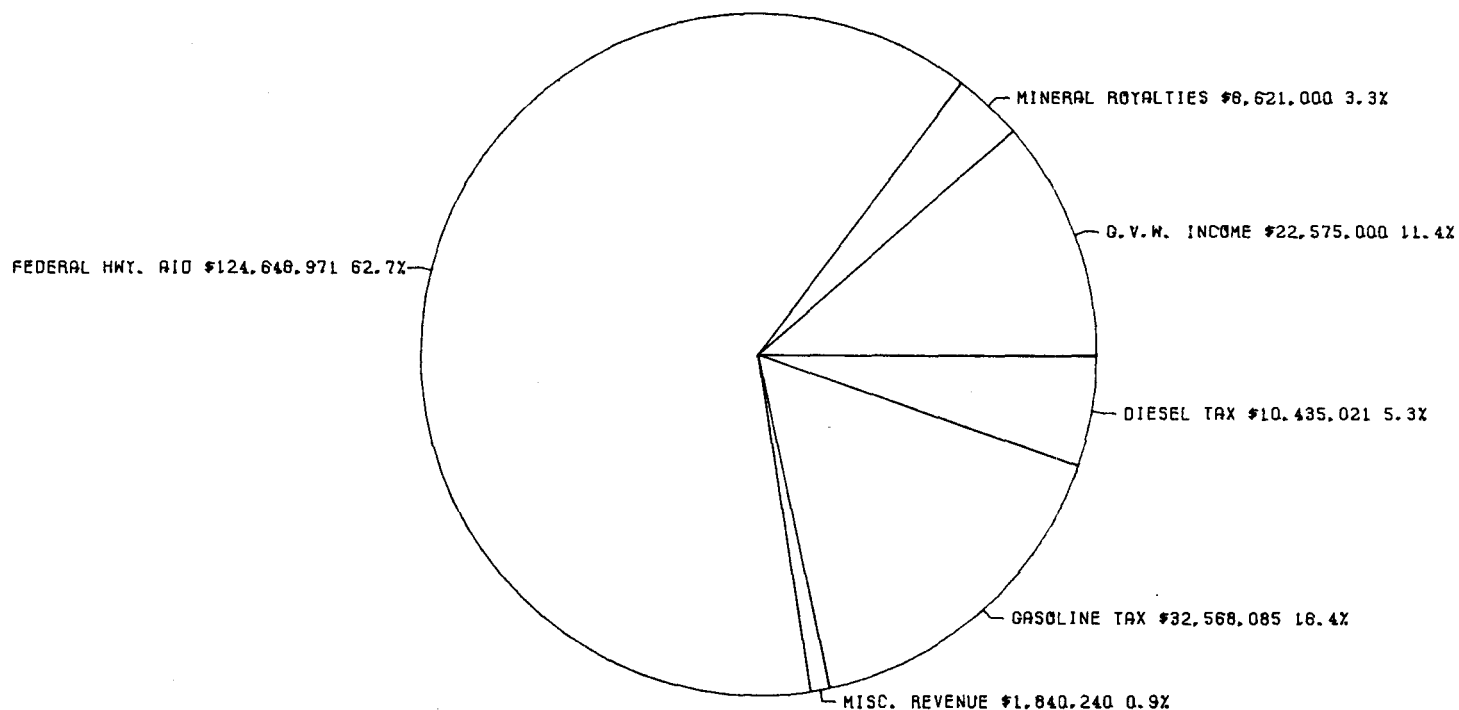
**NON-PROGRAM**

**\* MISC. INCLUDES:**

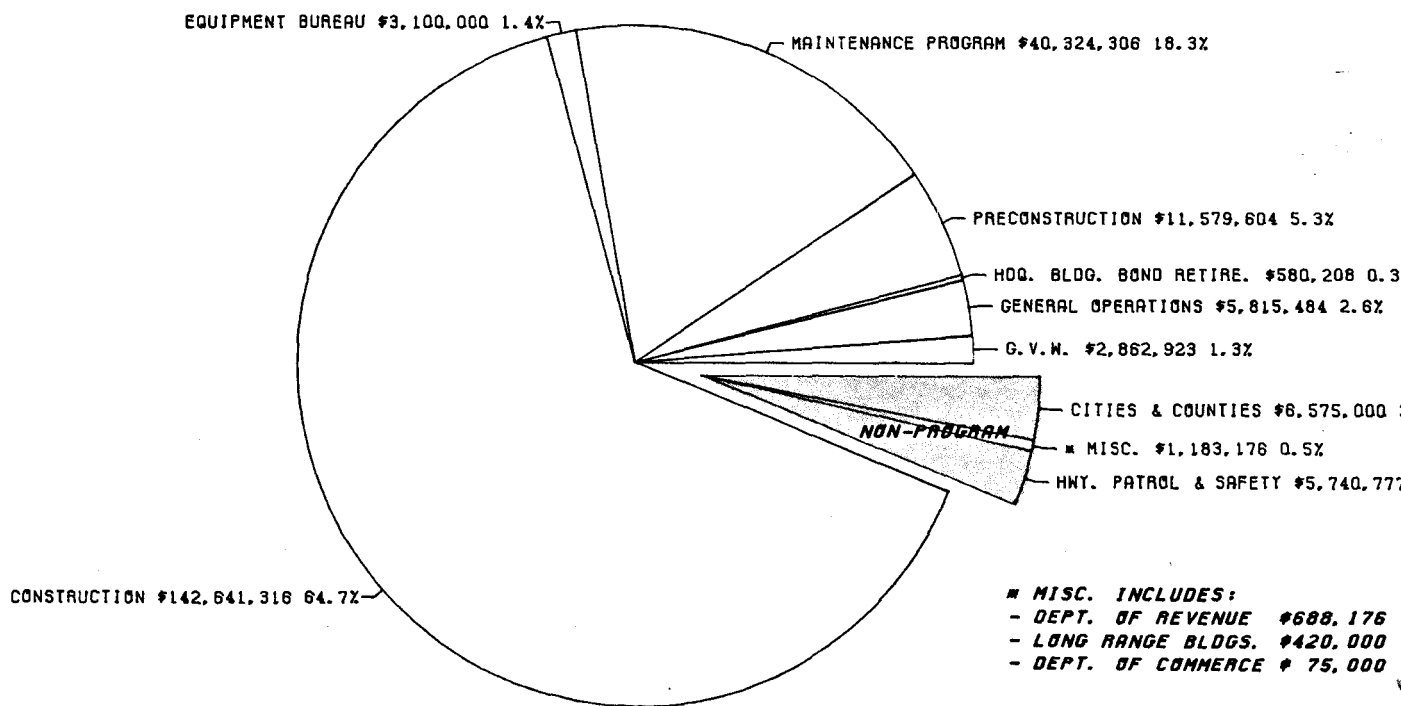
- DEPT. OF REVENUE \$688,176 0.7%
- LONG RANGE BLDGS. \$420,000 0.5%
- DEPT. OF COMMERCE \$ 75,000 0.1%

**TOTAL EXPENSE = \$92,101,231**

# HIGHWAY DEPARTMENT REVENUES & EXPENDITURES (PROJECTED F.Y. 84)



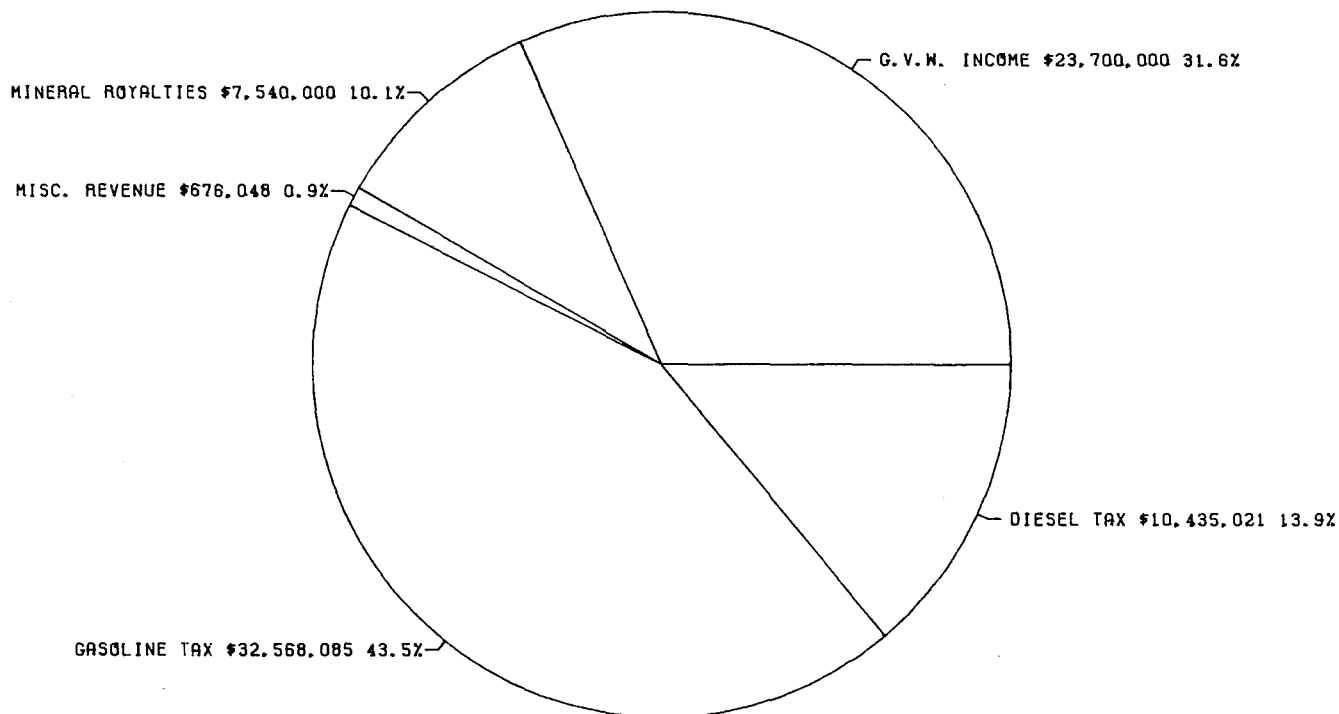
**TOTAL REVENUE = \$198,686,317**



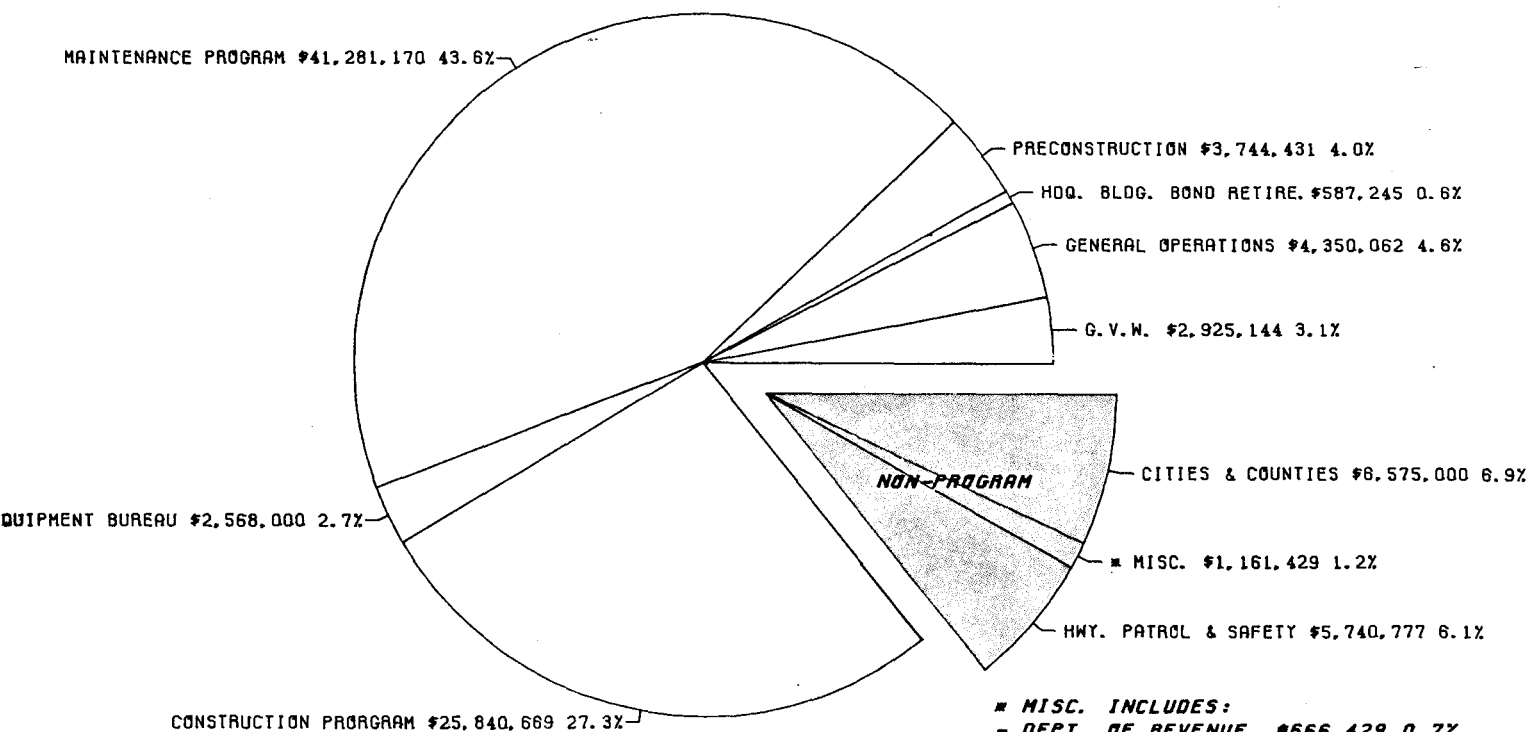
**\* MISC. INCLUDES:**  
 - DEPT. OF REVENUE \$688,176  
 - LONG RANGE BLDGS. \$420,000  
 - DEPT. OF COMMERCE \$75,000

**TOTAL EXPENSE = \$220,402,794**

# HIGHWAY EARMARK ACCOUNT (PROJECTED F.Y. 85)



**TOTAL REVENUE = \$74,919,154**



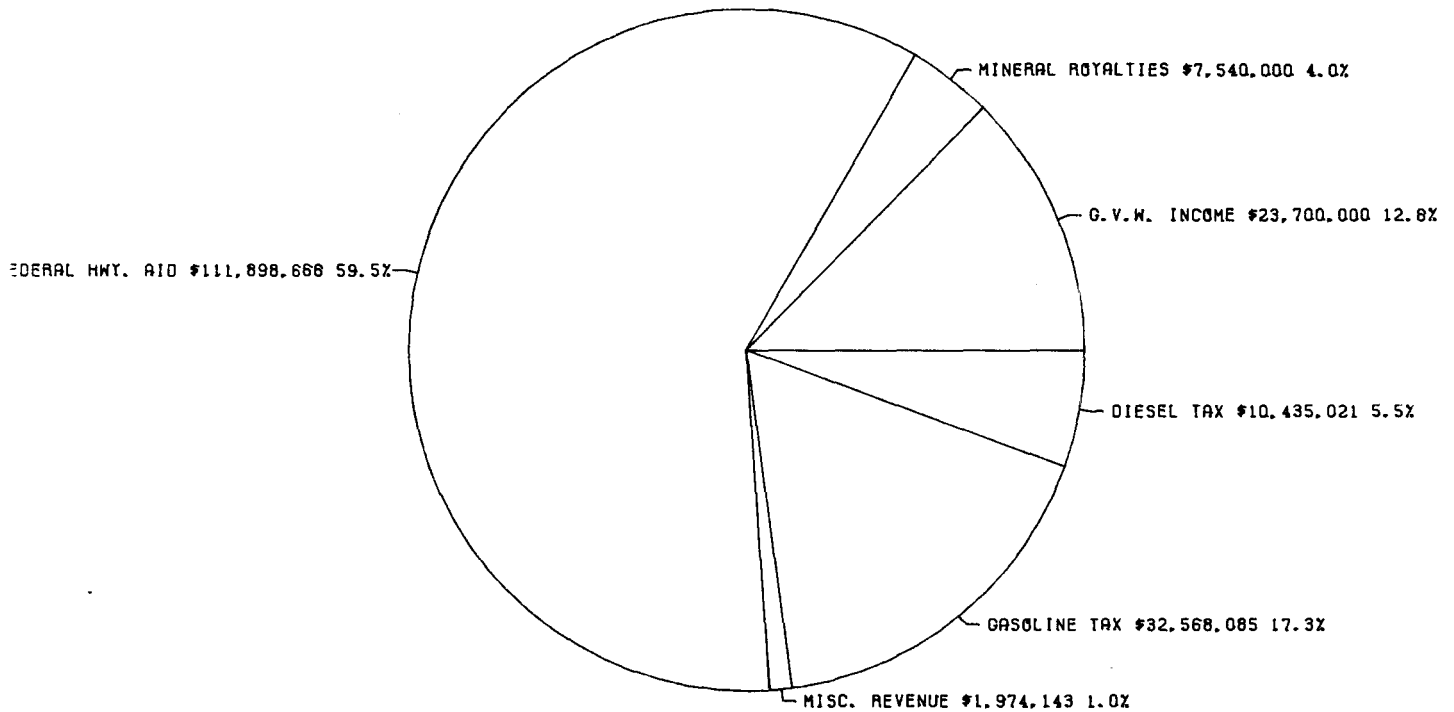
**NON-PROGRAM**

**\* MISC. INCLUDES:**  
 - DEPT. OF REVENUE \$666,429 0.7%  
 - LONG RANGE BLDGS. \$420,000 0.4%  
 - DEPT. OF COMMERCE \$ 75,000 0.1%

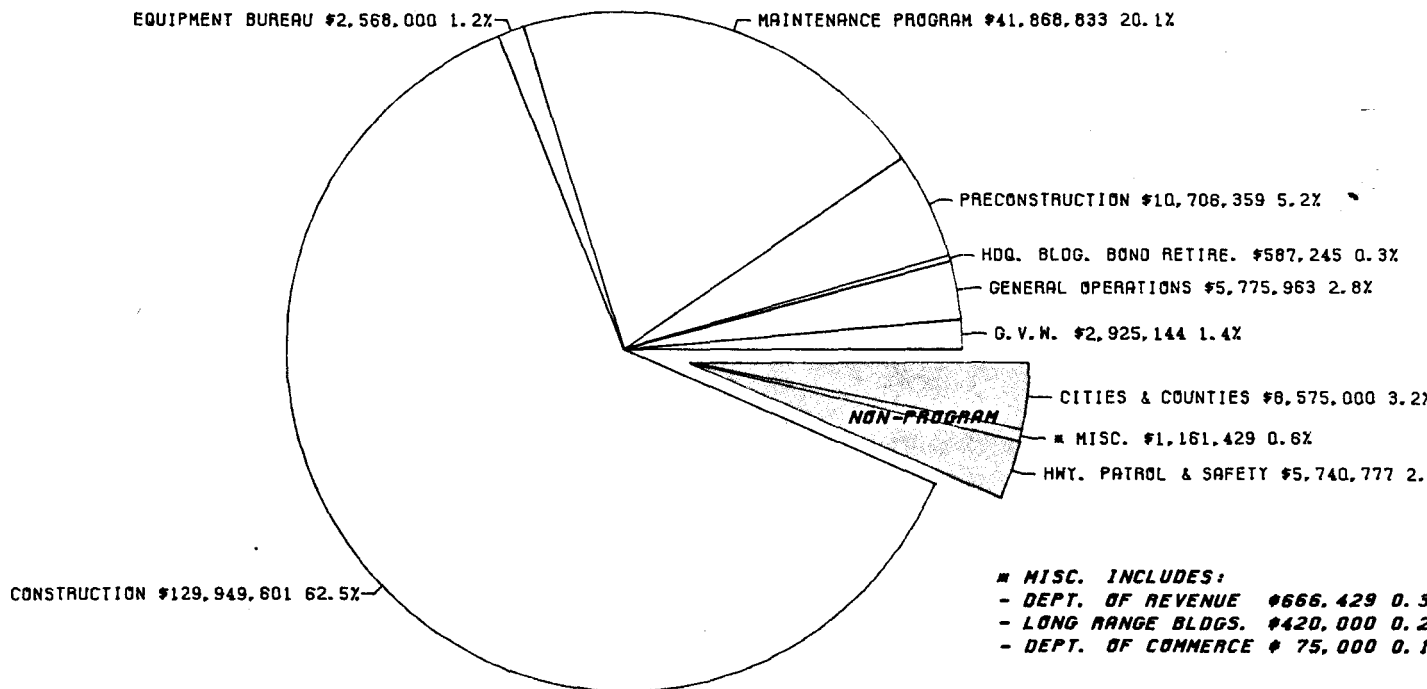
**TOTAL EXPENSE = \$94,773,927**



# HIGHWAY DEPARTMENT REVENUES & EXPENDITURES (PROJECTED F.Y. 85)



**TOTAL REVENUE = \$188,115,915**



**\* MISC. INCLUDES:**  
 - DEPT. OF REVENUE \$666,429 0.3%  
 - LONG RANGE BLDGS. \$420,000 0.2%  
 - DEPT. OF COMMERCE \$75,000 0.1%

**TOTAL EXPENSE = \$207,858,351**

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# **Montana Highway Program**

**Report to the 48th Legislature  
Amended February, 1983**

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exhibit 3  
2/21/83

# CONSTRUCTION PROGRAM

AE/OE	DESCRIPTION	FY '82 ACTUAL	FY '83 APPROPRIATED	FY '84 OBPP	FY '84 LFA	FY '84 DIFFERENCE	FY '85 OBPP	FY '85 LFA	FY '85 DIFFERENCE
0000	Full Time Equivalent (FTE)	599.81	515.75	472.75	472.75	-0-	472.75	472.75	-0-
1100	Salaries	\$10,076,014	\$ 13,449,318	\$ 10,459,418	\$ -	\$	\$10,440,845	\$	\$
1400	Employee Benefits	1,466,647	2,794,469	1,549,040			1,564,039		
1500	Health Insurance	430,269		453,840			453,840		
	Total L	\$11,972,930	\$ 16,243,787	\$ 12,462,298			\$12,458,724		
2100	Contracted Services	\$70,039,240	\$103,275,087	\$ 88,849,937	\$ 88,474,198	(375,739)	\$74,512,541	\$77,339,080	\$ 2,826,539
2200	Supplies & Materials	113,660	195,098	127,136	137,356	10,220	135,151	120,972	(14,179)
2300	Communications	74,304	80,300	114,023	114,023	-0-	136,791	126,791	-0-
2400	Travel	992,283	2,344,032	1,256,926	1,265,945	9,019	1,315,645	1,099,748	(215,897)
2500	Rent	747,624	1,148,376	833,151	893,278	60,127	883,140	828,476	(54,664)
2600	Utilities	84,795	109,048	111,109	111,555	446	133,565	134,270	705
2700	Repair & Maintenance	268,468	135,221	177,247	177,221	(26)	187,881	187,842	(39)
2800	Other Expenses	25,505	16,019	14,608	14,906	298	15,485	15,798	313
	Total Level	\$72,345,879	\$107,303,181	\$ 91,484,137	\$ 91,188,482	(295,655)	\$77,320,199	\$79,862,977	\$ 2,542,778
3100	Equipment	\$ 46,623	\$ 128,385	\$ 35,508	\$ 8,350	(27,158)	\$ 40,630	\$ 4,600	\$ (36,030)
4100	Cap. Outlay - Other	\$ 44	45,228						
6100	Grants	\$ 1,167							
	Total Program	\$84,366,643	\$123,720,581	\$103,981,943	\$	\$	\$89,819,553	\$	\$
02422	Highways Earmarked Sp. Rev.	\$ 2,806,696	\$ 22,409,077	\$ 20,206,583	\$	\$	\$19,760,302	\$	\$
02423	Coal Tax	2,848,095	2,000,000	2,949,030					
02424	Reconstruction Trust	536,976	2,000,000						
03407	Highway Trust - Sp Rev.	78,174,876	97,311,504	80,826,330	\$	\$	\$70,059,251	\$	\$
	Total Funding	\$84,366,643	\$123,720,581	\$103,981,943	\$	\$	\$89,819,553	\$	\$

exhibit 4  
2/21/83

	<u>FY 84</u>	<u>FY 85</u>
	\$375,739	\$2,826,539

2100 - Contracted Services - Department reduced Data Processing Services \$60,495 based on an allocation analysis. LFA did not have revised amounts.

Balance of difference in FY 84 and 85 is in Contractor Payments. The OBPP and LFA will reconcile differences between the project list used by OBPP and that used by LFA.

	\$ 9,019	\$ 215,897
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2400 - Travel - The Department prepared travel requests by identifying crews working on specific projects and calculated anticipated costs. In FY 85 LFA related travel expenses as a percentage of total operating costs minus contractor payments and data processing. The Department recommends the OBPP amount for FY 84 and FY 85.

	\$ 60,127	\$ 54,667
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2500 - Rent - The Department calculated vehicle rent by crews working on specific projects. In FY 85 LFA related rent as a percentage of total operating costs minus contractor payments and data processing. The department recommends the OBPP amount.

	\$ 27,158	\$ 36,030
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3100 - Equipment - OBPP allowed the following and LFA did not:

2 Programmable Calculators	\$ 600	\$ 600
1 Pin Locator	400	
1 Typewriter	1,500	
1 Blue Print Machine	1,000	
1 Slope Inclinator		10,000
Water Well Pump Test Equipment	3,628	
Lab Equip. - Scales and Shakers	2,000	2,500
Hand Held Radios	6,000	2,400
Mobile Radios	10,800	12,600
Magnetic Locator	1,200	
	<u>\$27,128</u>	<u>\$28,100</u>

Department recommends the above totals.

REVISED  
CONSTRUCTION

AE/CE	DESCRIPTION	FY '84 OBPP	FY '84 LFA	DIFFERENCE	FY '85 OBPP	FY '85 LFA	FY '85 DIFFERENCE
0000	Full Time Equivalent (FTE)	83.29	-0-	- 83.29	62.58	-0-	- 62.58
1100	Salaries	1,414,467	-0-	- 1,414,467	1,045,283	-0-	- 1,045,283
1400	Employee Benefits	189,803	-0-	- 189,803	140,896	-0-	- 140,896
1500	Health Insurance	79,958	-0-	- 79,958	60,077	-0-	- 60,077
	Total Level	1,684,228	-0-	- 1,684,228	1,246,256	-0-	- 1,246,256
2100	Contracted Services	35,588,038	-0-	- 35,588,038	37,908,980	-0-	- 37,908,980
2200	Supplies	25,214	-0-	- 25,214	14,510	-0-	- 14,510
2300	Communications	4,060	-0-	- 4,060	4,622	-0-	- 4,622
2400	Travel	369,066	-0-	- 369,066	270,466	-0-	- 270,466
2500	Rent	261,384	-0-	- 261,384	251,329	-0-	- 251,329
2600	Utilities	6,757	-0-	- 6,757	7,930	-0-	- 7,930
	Total Level	36,254,519	-0-	- 36,254,519	38,457,837	-0-	- 38,457,837
	Total Program	37,938,747			39,704,093		
02422	Highway Earmarked	6,449,587			6,352,655		
03407	Highway Trust	31,489,160			33,351,438		

WGS:dk:nr:212/C7

REVISED  
MODIFIED RECONSTRUCTION TRUST FUND

AE/OE	DESCRIPTION	FY '84 OBPP	FY '84 LFA	DIFFERENCE	FY '85 OBPP	FY '85 LFA	FY '85 DIFFERENCE
0000	Full Time Equivalent (FTE)						
1100	Salaries	4,56	-0-	-	27,67	-0-	-
1400	Employee Benefits	70,245	-0-	-	412,876	-0-	-
1500	Health Insurance	9,896	-0-	-	60,160	-0-	-
		4,378	-0-	-	26,563	-0-	-
	Total Level	84,519	-0-	-	499,599	-0-	-
2100	Contracted Services						
2200	Supplies	8,629,190	-0-	-8,629,190	9,141,821	-0-	-9,141,821
2300	Communications	367	-0-	-	5,259	-0-	-
2400	Travel				2,566		2,566
2500	Rent	3,609	-0-	-	60,984	-0-	-
2600	Utilities	3,057	-0-	-	86,815	-0-	-
2700	Repair and Maintenance				3,119	-0-	-
2800	Other Expenses				632	-0-	-
					2,110	-0-	-
	Total Level	8,636,223	-0-	-8,636,223	9,303,306	-0-	-9,303,306
	Total Program	8,720,742			9,802,905		
02424	Highway Reconstruction	8,720,742			9,802,905		

REVISED  
MODIFIED ACCELERATED INTERSTATE

AE/OE	DESCRIPTION	FY '84 OBPP	FY '84 LFA	DIFFERENCE	FY '85 OBPP	FY '85 LFA	FY '85 DIFFERENCE
0000	Full Time Equivalent (FTE)	20.0	-0-	-	54.0	-0-	-
1100	Salaries	335,983	-0-	-	889,614	-0-	-
1400	Employee Benefits	47,315	-0-	-	127,122	-0-	-
1500	Health Insurance	19,200	-0-	-	51,840	-0-	-
	Total Level	402,498	-0-	-	1,068,576	-0-	-
2100	Contracted Services	1,061,978	-0-	-	12,586,862	-0-	-
2200	Supplies	2,767	-0-	-	3,172	-0-	-
2300	Communications		-0-	-	1,906	-0-	-
2400	Travel	47,925	-0-	-	222,200	-0-	-
2500	Rent	28,668	-0-	-	54,967	-0-	-
	Total Level	1,141,338	-0-	-	12,869,107	-0-	-
	Total Program	1,543,836			13,937,683		
02424	Highway Reconstruction	1,543,836			13,937,683		

WGS:dk:nr:212/C6

# PRECONSTRUCTION PROGRAM

exhibit 5  
2/21/83

AE/OE	DESCRIPTION	FY '82 ACTUAL	FY '83 APPROPRIATED	FY '84 OBPP	FY '84 LFA	FY '84 DIFFERENCE	FY '85 OBPP	FY '85 LFA	FY '85 DIFFERENCE
0000	Full Time Equivalent (FTE)	252.42	216.00	214.00	214.00	-0-	214.00	214.00	-0-
1100	Salaries	\$ 4,776,134	\$ 5,763,836	\$ 4,975,527	\$	\$	\$4,963,368	\$	\$
1400	Employee Benefits	685,256	1,109,039	722,447			729,119		
1500	Health Insurance	192,734		205,440			205,440		
	Total Level	\$ 5,654,124	\$ 6,872,875	\$ 5,903,414	\$	\$	\$5,897,927	\$	\$
2100	Contracted Services	\$ 790,487	\$ 1,985,342	\$ 851,682	\$ 721,189	\$(130,493)	\$ 886,582	\$ 764,457	\$(122,125)
2200	Supplies & Materials	28,211	32,323	42,727	45,269	2,542	45,716	47,980	2,264
2300	Communications	75,963	87,195	114,052	107,196	(6,856)	133,634	125,700	(7,934)
2400	Travel	220,417	274,032	255,348	228,960	(26,388)	264,274	238,568	(25,706)
2500	Rent	1,436	31,251	1,424	1,418	(6)	1,510	1,501	(9)
2600	Utilities	16,400	22,290	21,982	21,978	(4)	26,822	26,815	(7)
2700	Repair & Maintenance	4,838	7,201	7,919	13,322	5,403	8,393	14,080	5,687
2800	Other Expenses	137,317	14,500	146,761	144,866	(1,895)	154,951	153,554	(1,397)
	Total Level	\$ 1,275,069	\$ 2,454,134	\$ 1,441,895	\$ 1,285,226	\$(156,669)	\$1,521,882	\$1,373,745	\$(148,137)
3100	Equipment	\$ 2,031	\$ 9,402	\$ 2,920	\$ 5,770	\$ 2,850	\$ 5,084	\$ 1,920	\$ (3,164)
4100	Land	\$ 3,284,800	\$ 3,421,145	\$ 4,179,876	\$ 4,179,876	\$ -0-	\$1,889,362	\$1,889,362	\$ -0-
4300	Cap. Outlay - Other	310,155	623,680	-0-	-0-	-0-	-0-	-0-	-0-
	Total Level	\$ 3,594,955	\$ 4,044,825	\$ 4,179,876	\$ 4,179,876	\$ -0-	\$1,889,362	\$1,889,362	\$ -0-
	Total Program	\$10,526,179	\$13,381,236	\$11,528,105	\$	\$	\$9,314,255	\$	\$
02422	Highways Earmarked Sp. Rev.	\$ 2,448,630	\$ 3,064,490	\$ 4,031,378	\$	\$	\$3,257,195	\$	\$
02424	Highway Reconstruction	2,060							
03407	Highway Trust-Sp. Rev.	8,075,489	10,316,746	7,496,727			6,057,060		
	Total Program	\$10,526,179	\$13,381,236	\$11,528,105	\$	\$	\$9,314,255	\$	\$

WGS:dk:nr:212/C5



# Preconstruction Program

	<u>FY 84</u>	<u>FY 85</u>
	\$130,493	122,125

## 2100 - Contracted Services

<u>Category</u>	<u>FY - 84 Difference</u>	<u>FY - 85 Difference</u>
(a) 2101 - Appraiser Fees	\$ 44,955	\$ 47,652
(b) 2103 - D.P. Services	\$ 69,490	\$ 57,463
(c) 2108 - Legal Fees and Court Costs	\$ 15,857	\$ 16,808
(d) 2114 - Payroll Service Fees	\$ (2,517)	\$ (2,668)
(e) 2115 - Photographic Services	\$ 6,553	\$ 6,946
(f) 2135 - Education & Training	<u>\$ (3,845)</u>	<u>\$ (4,076)</u>
	\$130,493	\$122,125

(a) Department will require more use of outside appraisers to acquire projected land acquisitions rather than add more FTE.

(b) Reallocation of Data Processing costs. LFA did not have adjustments.

(c) Anticipated court and attorney costs were allowed by OBPP to acquire projected right of way.

(d) Department adjusted Payroll Service Fees. LFA did not have adjustments.

(e) Public hearings require more photogrammetric mapping and displays. More aerial photography due to increased projects requiring this service.

	<u>FY 84</u>	<u>FY 85</u>
	\$ 6,856	\$ 7,934

2300 - Communications

Department recommends OBPP amount. The Commission Secretary position was eliminated in General Operations and duties transferred to the Preconstruction Program. Corresponding postage and mailing costs were decreased in the General Operations Program.

	\$26,388	\$25,706
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2400 - Travel

Increased travel is required in the Right-of-Way Bureau to purchase parcels of land. Estimated needs were based on parcels of land to be purchased.

	\$ 5,770	\$ 3,164
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3100 - Equipment

The Department, OBPP and LFA agree to accept LFA amounts for the biennium. Total differences in biennium request are minor in total.

REVISED  
PRECONSTRUCTION

AE/OE	DESCRIPTION	FY '84 OBPP	FY '84 LFA	DIFFERENCE	FY '85 OBPP	FY '85 LFA	FY '85 DIFFERENCE
0000	Full Time Equivalent (FTE)	9.0	-0-	-	9.0	-0-	-
1100	Salaries	142,021	-0-	-	141,478	-0-	-
1400	Employee Benefits	20,621	-0-	-	20,783	-0-	-
1500	Health Insurance	8,620	-0-	-	8,640	-0-	-
	Total Level	171,262	-0-	-	170,901	-0-	-
2100	Contracted Services	180,338	-0-	-	189,371	-0-	-
2400	Travel	3,814	-0-	-	3,891	-0-	-
	Total Level	184,152	-0-	-	193,262	-0-	-
4100	Land	(302,427)	-0-	302,427	1,029,068	-0-	-1,029,068
	Total Program	52,987			1,393,231		
02422	Highway Earmarked	18,545			487,631		
03407	Highway Trust	34,442			905,600		

WGS:dk:nr:212/C8

REPORT EBSR100  
DATE : 01/08/83  
TIME : 16/25/25

OFFICE OF BUDGET & PROGRAM PLANNING  
EXECUTIVE BUDGET SYSTEM  
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 5401 DEPARTMENT OF HIGHWAYS  
PROGRAM : 11 CAPITAL OUTLAY PROGRAM  
CONTROL : 00000

DEPARTMENT OF TRANSPORTATION PROGRAM : 11 CAPITAL OUTLAY PROGRAM CONTROL : 00000											
AE/OE		DESCRIPTION		OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
8100		ACCOUNTING ENTITY TRANSFERS		580,208	580,208		—, —, —	587,245	587,245		—, —, —
		TOTAL LEVEL		580,208	580,208		—, —, —	587,245	587,245		—, —, —
		TOTAL PROGRAM		580,208	580,208		—, —, —	587,245	587,245		—, —, —
02422		HIGHWAYS EARMARKED SP. REV.		580,208	580,208		—, —, —	587,245	587,245		—, —, —
		TOTAL PROGRAM		580,208	580,208		—, —, —	587,245	587,245		—, —, —

COMMENTS :

Maintenance Program  
Modified Request  
1984 - 1985 F.Y.'s

Accounts Receivable

2100 - Contracted Services - Bonneville Power will reimburse the Department of Highways for changing the lighthouse of 2,000 street lights to an energy efficient street light.

	<u>FY 84</u>	<u>FY 85</u>
2,000 x \$300 =	\$400,000	\$200,000

Maintenance

2600 - Utilities - Decrease electricity for 2,000 lights for 3/4 of 1985 F.Y.

1985      2,000 x \$50 x 3/4 yr. = \$75,000

WGS/dk/cp/212F

REPORT EBSR100  
DATE : 01/08/83  
TIME : 16/25/25

OFFICE OF BUDGET & PROGRAM PLANNING  
EXECUTIVE BUDGET SYSTEM  
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

PAGE 354

exhibit 8  
2/21/83

AGENCY : 5001 DEPARTMENT OF REVENUE  
PROGRAM : 01 DIRECTORS OFFICE  
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	APPROP FY 83	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	4.50	4.50	3.50	-1.00	---	4.50	3.50	-1.00	---
1100	SALARIES	153,332	153,260	109,906	-43,354	---	153,161	109,487	-43,674	---
1400	EMPLOYEE BENEFITS	24,395	21,288	14,124	-7,164	---	21,504	14,426	-7,078	---
1500	HEALTH INSURANCE		4,320	3,360	-960	---	4,320	3,360	-960	---
	TOTAL LEVEL	177,727	178,868	127,390	-51,478	---	178,985	127,273	-51,712	---
2100	CONTRACTED SERVICES	61,561	175,973	164,786	-11,187	---	70,004	63,371	-6,633	---
2200	SUPPLIES & MATERIALS	1,749	1,905	1,545	-360	---	2,020	1,636	-384	---
2300	COMMUNICATIONS	4,628	4,885	3,612	-1,273	---	5,750	4,220	-1,530	---
2400	TRAVEL	5,395	5,233	3,182	-2,051	---	5,463	3,323	-2,140	---
2500	RENT	2,838	6,878	3,473	-3,405	---	7,612	3,681	-3,931	---
2700	REPAIR & MAINTENANCE	133	1,501	537	-964	---	1,591	568	-1,023	---
2800	OTHER EXPENSES	1,564	974	1,296	322	---	1,008	1,372	364	---
	TOTAL LEVEL	83,854	197,349	178,431	-18,918	---	93,448	78,171	-15,277	---
3100	EQUIPMENT	300	5,969		-5,969	---				---
	TOTAL LEVEL	300	5,969		-5,969	---				---
	Transfers	7,401	382,186	305,821	-76,365	---	272,433	205,444	-66,989	---
01100	GENERAL FUND	170,944	263,839	179,734	-84,105	---	197,873	124,269	-73,604	---
02422	HIGHWAYS EARMARKED SP. REV.	75,931	102,597	126,087	23,490	---	74,560	81,175	6,615	---
06005	LIQUOR DIVISION	22,401	15,750		-15,750	---				---
	TOTAL PROGRAM	269,276	382,186	305,821	-76,365	---	272,433	205,444	-66,989	---

ISSUES: Recommended Increases To LFA Budget

1. Personal Services - Add 1.00 F.T.E. each year for the Deputy Director over the tax divisions
2. Supplies and Materials - Add \$360(84) and \$384(85) for increased usage of supplies.
3. Communications - Add \$1,273(84) and \$1,530(85) for increased usage of telephone - STS
4. Travel - Add \$2,051(84) and \$2,140(85) to cover inflationary increases from FY 82 base expenditures

Directors Office

01

Continues

5. Repair & Maintenance - Add \$350 (84) and \$371(85) for maintenance on word processing equipment
6. Equipment - Add \$5,969(84) to purchase a word processing terminal
7. Funding - Provide funding in the liquor appropriation for audit fees
8. Contracted Services - Add \$11,000(84) for expected increase in legal costs(\$10,000) and remodel work on Deputy Director's Office

AGENCY : 5801 DEPARTMENT OF REVENUE  
PROGRAM : 02 CENTRALIZED SERVICES DIVISION  
CONTROL : 00000

AE/OE	DESCRIPTION	Budget FY 83	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	41,52	40,27	39,52	-75	---	40,27	39,52	-75	---
1100	SALARIES	611,300	683,894	672,484	-11,410	---	681,893	670,155	-11,738	---
1400	EMPLOYEE BENEFITS	131,159	97,181	94,231	-2,950	---	98,056	95,684	-2,372	---
1500	HEALTH INSURANCE	38,659	38,659	37,938	-721	---	38,659	37,938	-721	---
	TOTAL LEVEL	808,519	819,734	804,653	-15,081	---	818,608	803,777	-14,831	---
2100	CONTRACTED SERVICES	22,752	25,468	25,347	-121	---	26,996	26,864	-132	---
2200	SUPPLIES & MATERIALS	13,233	18,601	18,594	-7	---	19,720	19,708	-12	---
2300	COMMUNICATIONS	16,042	16,480	17,649	1,169	---	19,068	20,253	1,185	---
2400	TRAVEL	11,862	8,409	6,370	-2,039	---	8,813	6,698	-2,115	---
2500	RENT	22,214	26,397	26,790	393	---	29,214	28,396	-818	---
2700	REPAIR & MAINTENANCE	6,231	4,987	5,061	74	---	5,286	5,363	77	---
2800	OTHER EXPENSES	1,394	3,964	2,755	-1,209	---	3,983	2,918	-1,065	---
	TOTAL LEVEL	93,758	104,306	102,566	-1,740	---	113,080	110,200	-2,880	---
3100	EQUIPMENT	11,700	9,965	2,150	-7,815	---	2,400	2,800	400	---
	TOTAL LEVEL	11,700	9,965	2,150	-7,815	---	2,400	2,800	400	---
	TOTAL PROGRAM	913,947	934,005	909,369	-24,636	---	934,088	916,777	-17,311	---
01100	GENERAL FUND	904,947	929,005	904,369	-24,636	---	929,088	911,777	-17,311	---
03049	CENTRALIZED SERVICES	9,000	5,000	5,000	---	---	5,000	5,000	---	---
	TOTAL PROGRAM	913,947	934,005	909,369	-24,636	---	934,088	916,777	-17,311	---

ISSUES: Recommended Changes to LFA Budget

- Personal Services
  - Add 1.00 F.T.E. for mail/clerk position and decrease personnel clerk position by .25 each year
- Travel
  - Add \$ 2,039(84) and \$2,115(85) for increased travel expense
- Other Expense
  - Add \$1,209(84) to allow for partial implementation of training plan
- Equipment
  - Add \$6,565 (84) for word processing terminal in Payroll/Personnel Bureau to allow for more effective utilization of Central Payroll/Personnel Position Control System



CENTRALIZED SERVICES DIVISION  
DISCUSSION OF BUDGET ISSUES

Issues:

1. Personal Services

The analyst for the LFA assumed that "because the Department joined the Central Mail Service a decrease in workload should result". Without discussing this with anyone in the Department they deleted a full grade 6 mail clerk.

The outgoing mail services transferred to the Central Mail Service took a grade 6 mail clerk an average of two hours per day or 25 percent of the employees time. The reduction therefore was not reasonable and if this position were not funded mail service within the Department would be seriously hampered and would delay deposit of funds.

The reduction of 25% of a personnel clerk position made by the Budget Office accounts for the 25% reduction in this divisions workload resulting from the use of the Central Mail Service.

2. Travel

Increased in-state travel funds for auditors above the FY 82 base were not provided by the LFA. These funds were requested to provide for expected travel above that of the base year resulting from:

- a) travel by a Helena based liquor store auditor who travelled a reduced amount in FY 82 due to breaking in two new auditors.
- b) travel by internal audit staff who did not travel during the base year because of the nature of the project assignments. Normally some travel is required to perform project work at one or more of the 200 Department of Revenue locations outside of Helena.
- c) travel within state by some Centralized Services staff for training purposes that did not occur in FY 82 but is expected to occur in FY 84 & FY 85.

3. Other Expenses - Training The analyst for the LFA suggests training equipment and fees as an optional budget item but has not included them in the budget.

Training equipment for \$6,100 and one-half of requested training funds were previously cut by the budget office.

An effective training program is needed in the Department to:

- a) assure the employees have the necessary skills to perform their jobs;
- b) improve employee morale and productivity by developing career paths, and
- c) assure uninterrupted continuance of essential functions.

We request as a minimum the reinstatement of the funding level allowed in the Executive Budget.

#### 4. Equipment

In reducing this divisions' equipment budget to cover only minimum replacement needs the LFA analyst cut out a request for word processing equipment in the Payroll/Personnel Bureau that was allowed in the Executive Budget.

The word processing equipment in the Payroll/Personnel Bureau was requested to take advantage of recent improvements to the Central Payroll/Personnel/Position Control System. A substantial investment was made in this system such that many of the data elements contained in the system can be accessed using relatively inexpensive user programs directly from a user terminal. Without such a terminal optimal use of the system is not possible. A savings of 10% of one clerical employees time would pay for this.

We request the equipment budget be established at the level allowed in the Executive Budget.