

MINUTES OF THE MEETING
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Rehberg on February 10, 1987 at 8:00 a.m. in Room 132 of the State Capitol.

ROLL CALL: All committee members were present. Also present were Norm Rostocki, Budget Analyst from the Office of Budget & Program Planning and Jim Haubein, Principal Fiscal Analyst from the Office of the Legislative Fiscal Analyst. (LFA)

76A: 0.35

DEPARTMENT OF HIGHWAYS

Norm Rostocki said the OBPP budget represents a reduction from the 86 level. The FTE level for the entire department declined from 2005 in FY 86 to 1863 in FY 89. The operating expenses also reflect a similar decrease and have been reduced over \$5,000,000 per year when compared to the 86 level. Reductions are due generally to the absorption of the pay plan, the continuance of the five percent reduction into the 89 biennium and the reduction in the RTF program. Norm told the committee the House had already accepted the gas and diesel tax increase to continue the RTF and the bill will soon be on the Senate floor. The revenue generated from that legislation will have a large impact on the construction program in this budget, primarily for contractor payments.

Jim Haubein presented the budget for the LFA. The budget was based on an analysis of each program. The major differences is the LFA looked at vacant positions throughout the department. Those vacant for most of FY 86 were deleted. In personal services, maintenance budget, there is also the issue of the reduction in overtime. In operating expenses, there were reductions made based on spending patterns. There were also areas where the LFA stayed with the 86 base while the OBPP budget was higher based on the departments requests.

There are funding differences primarily in bond proceeds and federal funds. The LFA projected spending all of the bond proceeds in the construction and preconstruction programs in fiscal 1988. There is also a difference in the amount of federal funds. The LFA used the federal funding level presented in the Highway Department's budget request while the OBPP is approximately \$1,900,000 under this amount. In the equipment program the LFA looked at the cash flow and

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determined the equipment program could exist without the transfer of the gas tax money during the 89 biennium.

(5.50)

Gary Wicks, Director of the Department of Highways, gave an overview of the budget. The department is not only one of the largest, but one of the most complicated in the terms of funding structure. The establishment of the RTF Program made it even more complicated. He stated the department tries to take a look at what they do spend and the return to the taxpayer for their fuel tax dollars. There are two important goals in the department. One is emphasis on public service and the other is emphasis on management at all levels. If there is not a need to spend money, the department does not spend it. They do not use FTE unless they need them. The agency is not general funded and they realize that every dollar saved in one year will be available for additional work.

Mr. Wicks reviewed Exhibit No. 1, a comparison of all major programs in state government between 1969 and 1984. The results showed the Highway Department experienced the lowest increase in real dollars over that time period. Services have increased with less FTE. The reduction in FTE occurred in the construction, maintenance and pre-construction programs.

Mr. Wicks said he felt even with the reduction in FTE, the department has delivered a high level of service. In the construction program, the interstate system has all been let to contract. The system will be completed next year. Between 1984 and the end of this FY, \$600,000,000 will have been spent in improvements on the highways. At the same time, there has been a significant decrease in construction engineering costs. The department has also delivered a high level of service in maintenance. (Exhibit No. 2). The winter maintenance quality is significantly higher than surrounding states.

He stated he felt the department had also maintained a fairly high level of service in the preconstruction program. Jobs are now ready to go on time. A book is available informing the public when the jobs will be let to contract and these schedules have been met over 95% of the time during the past four years.

Mr. Wicks said he believed the department had established a pretty good record with emphasis on management. Discipline

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policies have been improved. There are internal management reviews and they are cost conscious. The establishment of management information systems has been a major tool in accomplishing their goal of a better job in managing the Highway Department. These systems were used to adjust FTE levels and if it meant laying off, that was done. These systems also allow the department to monitor costs and compare productivity.

Mr. Wicks continued. The department has tried to emphasize efficiency to use equipment instead of manpower in areas where this would be cost effective. The department is still looking at ways to do things more cost effectively.

(20.50)

Mr. Wicks said he felt there was confusion about what was going on in the Highway program and this was not helped by the continuing differences with the LFA office on some important numbers.

A letter referred to the department's budget request, excluding contractor payments, as being approximately \$18,000,000 more in 89 biennium than the LFA current level analysis. After the changes made by the OBPP in that \$18,000,000 and, what the department believed to be funding error transfers, the difference was only \$4,000,000. (Exhibit No. 3). He also referred to another statement in the same letter. (23.00) He said the most difficulty in reaching an agreement has been in cash forecasting, and there has been a lot of confusion created in the Legislature about the need for additional funds to run the RTF program. He said he felt it was clear from the numbers they do need the money. After reviewing the numbers, the Legislative Auditor concluded the numbers presented by the department in cash forecasting were representative of the department's actual position.

He said he felt the department had been subject to the budget constraints and the reductions other agencies have had to face. The five percent reduction clearly applied to the Highway Department and this is evident in the budget. They laid off forty-four people due to the pay plan and work reduction and seventy positions were eliminated.

Mr. Wicks addressed the three major problem areas:

1. Construction Program - The recommendation by the LFA to reduce twenty FTE will put the program twenty below what the Construction Management

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System says they will need to operate the program. This system was required by the Legislature and is a good system. There was a lot of money spent in developing the system and it seems foolish to ignore what it says. The greatest risk is not getting a quality job done by the contractor when there are not enough people on the job.

2. Preconstruction Program - The major issue is in contracted services with appraiser fees. There has been a problem with review appraisers. They come to the Highway Department as trainees and move on to better paying jobs. The department is requesting contract fee appraisers to help with the condemnation proceedings and to keep the projects to be let on schedule.
3. Maintenance Program - The LFA reduced the FTE by thirty-three as compared to 1987. The department's request was based on the Maintenance Management System. The lane miles have increased and the reduction recommended by the LFA will result in a lower level of service. The winter maintenance level has remained high and as a result, the summer maintenance activities have been reduced.

Mr. Wicks said he felt it was important to continue the language in the appropriations bill to give the Highway Department some flexibility in budgeting as some areas are difficult to predict. He hoped the committee would modify some of the numbers in order to allow the department to deliver the high level of service.

Chairman Rehberg requested information on the management system. (Exhibit No. 4 - Status of Management Systems).

77A:0.55

Bill Salisbury, Administrator of the Centralized Services Division said the stores program handled the commodities the department purchases and uses in various programs.

Sen. Keating requested information regarding the revenues and disbursements. (Exhibit No. 5).

(13.40)

At Sen. Keating's request, Mr. Wicks explained the Reconstruction Trust. The department is not letting any projects at present that would be funded by the RTF program

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on the primary system. There is still a construction program, and a maintenance program and other programs that need to be funded, but the department is not doing the work necessary to improve the primary system. Mr. Wicks said after the June Special Session, there were four major categories of expenditures; maintenance, matching the federal dollars, debt service and the RTF program. The RTF program was cut even though it was meeting what the department felt were the greatest needs on the highway system.

Mr. Wicks said there was approximately \$100,000,000 left of bonding authority and that is reflected in the cash forecasting.

In answer to Rep. Quilici's question, Mr. Wicks said federal dollars cannot be spent on maintenance and that includes the interstate system. The federal government tells the department where they can spend the money and that can be a problem. Extra federal money requires a state match and that is the reason the department needs flexibility in the budget. On August 1 of every year, states are asked to put in projects for federal funding because the balances not spent in other states during that year are made available. This is called a "grab bag" and the projects have to be ready to go within ninety days.

The department has approximately \$20,000,000 in projects that could be let in May or June if RTF funding is restored. The RTF program allows the Highway Department to tell the federal government how they will build the road and to improve more miles of road.

There was discussion regarding weed control along the highway system and a suggestion was made by Sen. Stimatz this be a line item all in the budget. Rep. Quilici said there was a bill being introduced to assess all license fees \$.50 and will bring in approximately \$600,000 over the biennium for weed control mostly for rural areas. Mr. Wicks said that would not relieve the department's responsibilities and they will have to spray along the right-of-way.

77B:12.11

Sen. Gage asked Mr. Wicks how much of the interstate bonding will be paid off if the department receives the federal money that Congress is now considering. Mr. Wicks said the schedule is to use all the money received from the interstate part of the federal funds to pay off the bonds,

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totaling approximately \$15,000,000 to \$17,000,000 per year. The department expects \$100,000,000 in all programs if the new legislation is passed by Congress. There will be slow down in the program if the money is not received soon. Montana has been a minimum state in the last two years. (Montana's share of the nationwide cost to complete the interstate system has been small.) Since most of the interstate is now completed, the department has shifted its emphasis to the primary system.

(20.00)

There was discussion regarding obligation authority and cash reimbursements to the Department of Highways from the federal government.

Mr. Wicks said if HB 136 passes and the department bonds, in order to fund through 1993, the anticipated construction program would be at the level of approximately \$150,000,000 per year. (This assumes the department will get federal funds). This includes the RTF.

Sen. Keating was excused to introduce a bill.

The committee recessed at 10:00 a.m.

The committee reconvened at 10:15 a.m.

78A:0.10

General Operations Program

Norm presented the budget for the OBPP (Exhibit No. 6). The general operations provides overall administrative and support services for the entire department. He addressed the differences in the two budgets. In contracted services, the increase is due to an audit in FY 88 only of \$57,600, \$76,000 for additional professional services and an increase in insurance rates totaling \$165,000 per year. The travel increases primarily for a federally funded minority business program. The programs that are strictly federally funded become an issue. The increase in repairs and maintenance are due to planned maintenance contracts for equipment that was under warranty in FY 86.

In the grants category, the ones shown in the FY 86 actual are appropriated by statute for payments to cities and counties for planning construction and public transportation. They do not appear in the budgets. The debt service

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category reflects administrative costs for the scheduled bond payments. In funding, the LFA has reduced expenses funded from federal funds. This will have to be done in a two step process. First, determine operating expenses; and, then determine what funding will be available to support those expenses. Jim Haubein had nothing to add to Norm's presentation.

(5.20)

Mr. Wicks referred to Exhibit No. 7, detailing the FTE positions affected. This shows the agency's request, the OBPP pay plan and five percent reduction and the LFA cuts. The two positions of concern to the department are the Planning Tech I and Planning Tech II. They would like to see them reinstated. (These two positions are 87% federally funded.) There was discussion as to the position deleted by the LFA. Jim stated the LFA took a Planner II position. The department will check into this.

In contracted services, the department requested \$58,058 be restored for printing. They also requested an additional \$14,160 for the error made. This would be considered a modified request.

Bill Salisbury explained the negative expenditures for Object 2125, contractor payments of \$7,429 and Object 2126, Utility Relocation of \$621. (17.30)

Norm explained these negative expenditures from the budget analyst's point of view. (22.00)

Mr. Wicks continued with his review.

Sen. Keating returned to the meeting.

There was discussion regarding the permanent five percent cuts. Norm told the committee the OBPP budget reflects the cuts, but they were made at the discretion of the department.

78B:1.30

Mr. Wicks continued his review of their budget request. (Exhibit No. 8).

Jim Haubein explained the LFA reductions.

(11.25)

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Mr. Wicks said some of the increases are going to monitor the MBE program to ensure the department is in compliance with goal set by the Secretary of Transportation. If the goal is not reached, the department is subject to a reduction in federal expenditures. Therefore, more money is being spent on this program basically because of the federal requirements.

The weigh-in-motion program will allow the department to have a better idea of what the traffic is over the highways and, through that, not only identify control strategy, but also to design the highways to take the loads they are actually carrying. This program is federally funded.

The Mays Ride Meter allows the department to identify the surface condition of the pavement and this has to be calibrated every year.

(25.30)

Sen. Gage asked how much of the budget was involved for Highway Commission expenses. Mr. Haubein said the 86 expenditures amounted to \$30,379. Mr. Wicks said the department consulted the Highway Commission on project recommendations and they try to make decisions on the basis of need, etc.

In answer to Sen. Gage's question, Mr. Haubein said he would like to go back and check out the five percent cuts and pay plan cut taken in the OBPP.

ADJOURNMENT: The meeting was adjourned at 11:30 a.m.


Dennis R. Rehberg, Chairman

DAILY ROLL CALL

GENERAL GOVERNMENT & HIGHWAYS

SUBCOMMITTEE

DATE Feb. 10, 1987

[illegible]

2-10-87

From Bureau of Business and Economic Research, University of Montana, Jan 5, 1987.

Increases in State and Local General Expenditures,
Montana, Fiscal Years 1969-1984
(In Millions of 1985 Dollars)

	<u>1969</u>	<u>1984</u>	<u>Increase</u>	
			<u>Dollars</u>	<u>Percent</u>
All direct general expenditures	\$1,096	\$2,017	\$921	84
Local schools	310	567	257	83
Higher education	125	172	47	38
Highways	261	274	13	5
Public welfare	76	192	116	153
Health & hospitals	49	111	62	126
All other	275	701	426	155

Source: U.S. Bureau of the Census, Governmental Finances, 1968-69 and 1983-84.

Also note that the 1984 figure for Highways includes the significantly expanded federal-aid program resulting from the 1982 STAA.



CONSOLIDATED FREIGHTWAYS

2
2-10-87

January 19, 1987

Mr. Don Gruel
Montana Highway Department
2701 Prospect
Helena, Montana 59620

Dear Don;

I would like to take this opportunity to thank you and the people on the crews that are in charge of snow removal and winter highway care and maintenance for the outstanding job they have done this winter on Montana's interstate highway system.

In view of the severe and ever changing conditions I think they have done a tremendous job. In most every instance I have been involved in this winter the plows and sanders have been working to control the situation before a problem occurs and in all cases within a very short time after a storm starts to create a highway problem these people are out with the plows down and the sanders on and they don't quit until the roadways are in a safe passable condition. Thanks again.

Sincerely,

Max Neeley
Safety Supervisor



3
2-10-81

DIFFERENCES EXECUTIVE BUDGET/LFA

	OBPP	1988 LFA	DIFFERENCE	OBPP	1989 LFA	DIFFERENCE	TOTAL DIFFERENCE
FTE	1,677.54	1,641.67	(35.87)	1,671.54	1,635.67	(35.87)	(71.74)
General Operations	\$19,378,930	\$19,162,998	(\$215,932)	\$19,208,734	\$18,990,747	(\$217,987)	(433,919)
W	3,497,307	3,442,252	(55,055)	3,503,362	3,452,280	(51,082)	(106,137)
Instruction	33,533,808	29,768,911	(3,764,897)	28,508,537	26,645,167	(1,863,370)	(5,628,267)
Maintenance	40,620,936	39,543,378	(1,077,558)	40,872,194	39,772,368	(1,099,826)	(2,177,384)
Preconstruction	4,565,797	4,214,625	(351,172)	3,923,336	3,593,519	(329,817)	(680,989)
Equipment	1,675,099	0	(1,675,099)	1,450,099	0	(1,450,099)	(3,125,198)
Capital Outlay	16,565,098	16,565,098	0	16,572,990	16,572,990	0	0
Stores	13,602,298	13,632,007	29,709	13,672,810	13,767,451	94,641	124,350
TOTAL	\$133,439,273	\$126,329,269	(\$7,110,004)	\$127,712,062	\$122,794,522	\$4,917,540	(12,027,544)

\$12,027,544

FTE	(35.87)	(35.87)
Personal Services	(\$1,221,100)	(\$1,215,933)
Operating Expenses		
Contracted Serv.	(457,664)	(430,582)
Supplies	(58,750)	(61,151)
Communication	10,000	6,600
Travel	(27,400)	(39,600)
Rent	(36,900)	(37,003)
Repair & Maint.	(280,191)	(268,097)
Other Expenses	(34,300)	(12,870)
Total Operating	(885,205)	(842,703)
Equipment	(1,000)	0
Total Costs	(\$2,107,305)	(\$2,058,636)
Federal Funding Error	(\$2,195,600)	(\$1,408,805)
TRANS Error	(1,132,000)	0
Transfer to Equipment Proprietary	1,675,099	(1,450,099)
Total Funding Errors	(\$5,002,699)	(\$2,858,904)
GRAND TOTAL	(\$7,110,004)	(\$4,917,540)

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MONTANA DEPARTMENT OF HIGHWAYS
Helena, MT 59620

Status of Management Systems

Several management information systems have been designed and implemented in the department since 1981. Most were implemented at the direction of the legislature.

Program Development Division -- Pavement Management System (PMS): This computer-based system was initiated in 1983 and became operational in 1984. Its purpose is to improve decision-making on highway reconstruction and rehabilitation by monitoring pavement conditions and recommending optimal repair or rehabilitation strategies.

Pavement condition logs are completed and updated on a two-year cycle. The data is used by district and maintenance personnel and by headquarters and district engineering offices. PMS provides data for the sufficiency rating system, the maintenance management system, and for budget development.

The field data is obtained during the summer and processed at headquarters. The system is providing accurate and reliable information with minimal manpower. It provides very specific information on sections of highways under consideration for reconstruction and rehabilitation. At present, PMS pavement condition logs are completed and updated on a two-year cycle (50% of highways are rated each year).

The department is studying the feasibility of converting to annual ratings using a small, on-board computer in the mobile unit and temporary employees for a longer period each season.

Over the long term, the PMS will provide data to develop accurate pavement life curves and help make decisions regarding pavement life and reconstruction and rehabilitation strategies.

Project Selection System: This system is a combination of manual and computer-based processes implemented in 1984. Its purpose is to coordinate development of construction project proposals into a planned program. The programs that result are the long-range, two-year and annual programs.

- The long-range program is the maximum extension of highway construction -- six years.
- The two-year program is the planned construction program; a published list of projects scheduled to go to contract in the next two years.
- The annual program is a detailed project listing necessary to meet federal-aid program requirements.

The Project Selection System is based on an analysis of needs for the various highway funding categories and premised on:

- financial forecasting and manpower availability;
- the Pavement Management System and highway sufficiency ratings; and,
- field district planning based on the initial development of candidate projects.

Projects are developed relative to cost efficiency, roadway sufficiency, statewide needs, available funding and financial district constraints.

Proposed projects trigger many other activities within the department. Survey work, materials and lab work, design, right-of-way, construction scheduling, use of federal and state funding and most other construction activities begin with the Project Selection System.

Uncertainty regarding long-range funding has the most significant impact on the Project Selection System. Because it takes five to seven years to select, design and construct a project, long-range funding assumptions are a key element in project selection.

Preconstruction Bureau, Engineering Division -- Project Management System

(PMS): This computer-based system has been operational since 1982, with numerous improvements made since then. The purpose of PMS is to:

- improve the management of preconstruction work by realistic scheduling, monitoring and coordination of projects;
- estimate preconstruction manpower needs;
- determine whether schedules based on proposed funding can be met; and,
- provide status information and exception reports on activities falling behind schedule so that corrective action can be taken.

The system keeps all engineering and management personnel informed of activities and schedules necessary from project selection through contract bid letting. PMS is a very useful tool for realistically scheduling projects and meeting assigned "ready dates." In 1986, 95% of projects met assigned ready dates.

The PMS interfaces with the Fiscal Programming, Construction and Maintenance Management Systems. The department is presently developing another interface which would enable the field districts to report preliminary engineering and construction cost estimates to both PMS and the Construction Management System (CMS) on the same computer-driven report. Initial efforts are also under way to interface with the payroll accounting system. Testing with the Missoula District and the Bridge Bureau is under way.

Construction Bureau, Engineering Division -- Construction Management System

(CMS): This computer-based system was started in 1981, implemented in 1982, and became fully operational in June 1983. CMS was developed to:

- provide an accurate system of forecasting construction engineering manpower requirements at the district and project level;
- complete construction with minimal supervision; and,
- balance construction manpower to projected workloads by project and district.

The system has five main components:

Planning - Classifying projects by similarity of staffing needs, identifying the work that must be performed and applying man-hour standards to determine the total man-hours needed to complete the work.

Staffing - Man-hours are distributed to each month over the year, or years, that the project is expected to be active.

Budgeting - A performance budget for construction engineering in each district is based on the manpower requirements developed for the staffing phase. The system uses approximately 90 third-level expenditure items related to SBAS.

Scheduling - Weekly planning of manpower considers weather, contractors' operations, and deadlines. This phase involves setting work priorities and alternate assignments for effective use of manpower.

Monitoring - The system compares man-hours used against the contractor's progress and allows for making staffing corrections before problems occur. Since approximately 80% of construction engineering costs are labor-related, control of manpower use assures budget control. By monitoring CMS, statewide uniformity can be maintained and standards can be set accordingly.

The system has proven benefits:

- Overstaffing or understaffing is minimized.
- Project managers can plan and control the number of man-hours on a project.
- Project managers, through monitoring, are aware of overruns before they become serious and can take appropriate action.

CMS is a stand-alone system and is not dependent on direct input from other systems, although CMS is correlated with the budget cycle and with SBAS.

Maintenance Division -- Maintenance Management System (MMS): This computer-based system became operational in July 1983. It is a budgeting and information system that provides for the efficient use of labor, equipment, and materials to maintain a specific level of maintenance on the state's highway system. MMS is used to collect, store and retrieve data and:

- determine budget needs;
- control maintenance work and associated costs;
- evaluate effectiveness and efficiency; and,
- monitor accomplishments for comparison with budgets and schedules.

While MMS is used primarily by the maintenance and equipment management staff, all levels of management in the department use its information. Components of MMS are used by the Pavement Management System and the Accounting Bureau for billing of accounts receivable.

MMS interfaces with:

- the stores system;
- payroll;
- equipment;
- SBAS;
- Highway Information System - Road Log;
- PMS; and,
- Bridge and Traffic Bureaus.

MMS was recently used to determine where mandated budget and FTE reductions were to be made and where activities were to be reduced.

Equipment Management System (EMS): This computer-based system was implemented in phases and became fully operational in June 1984. It is used to control fleet operations and maintenance costs and to monitor shop performance.

Components include:

- vehicle replacement;
- shop staffing;
- shop performance;
- performance budgeting;
- preventive maintenance; and,
- tire program.

EMS interfaces with SBAS, payroll, stores and MMS. EMS data drives the equipment rental component of the MMS.

EMS provides managers with information on:

- fleet repairs and underlying causes to reduce downtime and repair costs;
- economical use of fleet units, including multi-use;
- repair and cost history;
- replacement versus repair indicators;
- shop staffing; and,
- preventive maintenance indicators.

Centralized Services Division -- Cash Forecasting: The department began developing of a cash forecasting system in 1983 in response to a report by R.J. Hansen Associates, Inc. (1981). The report on the department's management information needs led to the implementation of other management systems as well, including the Maintenance Management System and the Construction Management System.

The Cash Forecasting System was initially a hybrid manual/automated system using manual revenue projections and primarily manual expenditure projections. The system is now personal computer- (PC-) based, drawing on several other computerized systems to provide integral data:

- construction project related costs from the Project Cost Scheduling System and the Construction Management System;
- an automated budget system;
- the Consolidated Manpower Estimating System; and,
- the Federal Funds Match Program to estimate future state matching requirements.

The Cash Forecasting System develops cash flows through 1993, the end of the Reconstruction Trust Fund program. The system works well and will be enhanced further in Phase III of the SBAS Conversion Project when we develop the integrated Financial Management System.

Engineering Division -- Computer-Aided Design and Drafting System (CADD): The 49th Legislature appropriated funds for acquiring and implementing a CADD system in Montana. Approximately 35 other state departments of highways/transportation have acquired and installed this system. The department's CADD system (Phase I) installation began in February 1986.

CADD is a tool for drafting, mapping and design of roads and bridges. Plan sheets can be completed with better quality and in a shorter amount of time. In addition to gains in speed and accuracy, CADD is capable of providing quick answers to "what if" questions, shortening the time for trial solutions during design. CADD Phase I essentially affects two bureaus within the Engineering Division -- Preconstruction and Bridge. At present, 40 trained users are sharing seven graphics workstations in these two bureaus.

CADD has already produced benefits. For example, several field survey discrepancies were discovered which may have led to unnecessary expense during construction, but were corrected in time.

To date, 15 FTE have been eliminated through CADD's efficiency.

CADD is interfaced with the state's IBM mainframe and operates from 6 a.m. to 8 p.m. to take advantage of a late shift and better use of existing workstations.

The department is requesting funds to implement Phase II of CADD and expand its applications to Right-of-Way, Program Development, and the district offices.

DJU:kw:2p

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2-10-87

Table 1
Combined Highway Special Revenue and Reconstruction Trust Accounts
Fiscal Years 1985 through 1989

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Beginning Bal.	\$ 41,993,035	\$ 62,787,605	\$ 74,908,470	\$ 44,640,643	\$ 23,645,749	\$ 14,878,525
Revenues						
Gasoline Tax	\$ 60,187,002	\$ 60,948,946	\$ 59,566,024	\$ 65,146,091	\$ 65,450,871	\$ 64,176,353
Diesel Tax	17,793,066	19,278,727	18,576,576	17,964,241	17,604,956	17,252,857
GVW Tax	22,632,255	23,865,379	22,593,890	22,702,588	23,061,100	22,899,500
Interest	-0-	-0-	3,466,058	-0-	-0-	-0-
Stores	-0-	-0-	12,792,441	12,643,971	13,632,007	13,767,451
Coal Tax	-0-	-0-	1,684,344	5,883,700	7,751,637	8,133,812
Minerals Tax	8,969,324	8,890,580	7,577,783	-0-	-0-	-0-
Other	<u>662,546</u>	<u>397,424</u>	<u>1,014,755</u>	<u>771,125</u>	<u>628,000</u>	<u>628,000</u>
Total Fnds Avail.	\$152,237,228	\$176,168,661	\$202,180,341	\$169,752,359	\$151,774,320	\$141,736,498
Disbursements						
Gen. Operations	\$ 18,650,681	\$ 20,469,555	\$19,288,570	\$ 19,048,764	\$ 19,162,998	\$ 18,990,747
Construction	9,619,410	16,213,526	30,919,673	12,117,836	29,768,911	26,645,167
Maintenance	37,687,627	41,808,079	41,546,502	38,688,379	39,543,378	39,772,368
Preconstruction	3,597,784	4,585,664	4,787,504	3,761,337	4,214,625	3,593,519
Capital Outlay	5,306,234	4,898,063	28,109,889	43,063,599	16,565,098	16,572,990
Equipment	3,002,594	2,523,925	2,910,182	2,247,850	-0-	-0-
Long-Range Bldg	652,457	455,738	732,886	969,821		
Stores	-0-	-0-	12,442,555	12,643,971	13,632,007	13,767,451
GVW Program	2,869,950	3,009,690	3,205,616	3,388,159	3,442,252	3,452,280
Dept. of Justice	6,232,839	6,431,679	6,843,036	9,283,571	9,647,310	9,704,471
Dept. of Commerce	75,000	75,000	75,000	71,250	71,250	71,250
Hwy Traffic Safety	68,319	64,478	70,791	68,194	72,000	72,000
Dept. of Revenue	681,706	690,860	787,852	753,879	775,966	750,073
Adjustments	<u>\$ 1,005,022</u>	<u>\$ 33,934</u>	<u>\$ 5,819,642</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Disb. & Adj.	\$ 89,449,623	\$101,260,191	\$157,539,698	\$146,106,610	\$136,895,795	\$133,392,316
Ending Bal.	<u>\$ 62,787,605</u>	<u>\$ 74,908,470</u>	<u>\$ 44,640,643</u>	<u>\$ 23,645,749</u>	<u>\$ 14,878,525</u>	<u>\$ 8,344,182</u>

GENERAL OPERATIONS

Budget Item	Actual	Appropriated	-- Current Level --		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	142.53	142.53	138.81	138.81	(3.72)
Personal Service	\$3,562,577	\$3,604,911	\$3,645,768	\$3,646,964	1.7
Operating Expense	2,439,248	2,728,592	2,553,328	2,500,053	(2.2)
Equipment	471,770	388,787	300,910	128,875	(50.1)
Total Operating Costs	\$6,473,595	\$6,722,290	\$6,500,006	\$6,275,892	(3.2)
Non-Operating Costs	301,693	308,502	299,693	299,693	(1.8)
Total Expenditures	<u>\$6,775,288</u>	<u>\$7,030,792</u>	<u>\$6,799,699</u>	<u>\$6,575,585</u>	<u>(3.1)</u>
Fund Sources					
State Special	\$4,643,234	\$4,972,089	\$5,162,998	\$4,990,747	5.6
Federal Revenue	2,132,054	2,058,703	1,636,701	1,584,838	(23.1)
Total Funds	<u>\$6,775,288</u>	<u>\$7,030,792</u>	<u>\$6,799,699</u>	<u>\$6,575,585</u>	<u>(3.1)</u>

The General Operations Program provides support services for all other areas of the Department of Highways. Services such as personnel, accounting, planning, research, and general administration are carried out by this program.

Personal services FTE decreased by 3.72. This is a net change in FTE that results from 3.0 FTE being transferred from GVW to this program and the elimination of 6.72 FTE vacant positions. Personal service increases by 1.7 percent even though the FTE decrease. This increase results from high vacancy savings achieved in fiscal 1986 and approximately \$79,206 of additional vacancy savings applied to the fiscal 1987 personal services budget because of the budget reduction from Special Session III.

Fiscal years 1988 and 1989 are based on fiscal 1986 actual expenditures. Fiscal 1986 expenditures are less than fiscal 1987 appropriated by approximately \$290,000. The higher appropriated level of fiscal 1987 causes the 2.2 percent decrease in operating expenditure.

Equipment decreases 50.1 percent. However, the equipment in the 1989 biennium reflects 100 percent of the department's request.

State special revenue funds increase 5.6 percent to pick up the federal fund reduction of 23.1 percent from the program.

Section 15-70-101, MCA, statutorily appropriates \$14 million of gasoline taxes for distribution to cities and counties annually. These funds are distributed by the General Operations Program but are not shown in the main table because they are statutory appropriations.

REPORT EBSR99
DATE : 01/07/87
TIME : 17/23/43

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

PAGE 221

AGENCY : 5401 DEPARTMENT OF HIGHWAYS
PROGRAM : 01 GENERAL OPERATIONS PROGRAM
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	142.53	142.53	142.18	138.81	3.37	142.18	138.81	3.37
1100	SALARIES	2,956,415.18	3,254,095	3,181,671	3,125,030	56,641	3,175,053	3,117,961	57,092
1300	OTHER COMPENSATION	5,676.50		5,450	5,450		5,450	5,450	
1400	EMPLOYEE BENEFITS	600,484.74	504,300	480,450	467,557	12,893	488,774	475,681	13,093
1500	HEALTH INSURANCE		218,125	196,525	191,557	4,968	196,525	191,557	4,968
1600	VACANCY SAVINGS		-371,609	-154,167	-148,361	-5,806	-154,231	-148,220	-6,011
1800					4,535	-4,535		4,535	-4,535
	TOTAL LEVEL	3,562,576.42	3,604,911	3,709,929	3,645,768	64,161	3,711,571	3,646,964	64,607
2022	SUPPLIES & MATERIALS-INFLAT			70	70		123	123	
2023	COMMUNICATIONS-INFLATION			3,313	3,323	-10	5,120	5,135	-15
2026	UTILITIES-INFLATION			2,783	2,779	4	5,439	5,438	1
2100	CONTRACTED SERVICES	1,661,502.16	1,974,411	1,899,966	1,831,949	59,017	1,823,883	1,774,150	49,733
2200	SUPPLIES & MATERIALS	140,700.24	127,657	140,516	114,166	26,350	139,516	114,166	25,350
2300	COMMUNICATIONS	219,541.48	204,841	201,750	200,061	1,689	201,750	200,061	1,689
2400	TRAVEL	219,852.77	240,681	239,256	219,854	19,402	251,941	219,854	32,087
2500	RENT	98,523.04	82,019	91,778	77,600	14,178	91,778	77,600	14,178
2600	UTILITIES	16,323.53	18,785	16,323	16,323		16,323	16,323	
2700	REPAIR & MAINTENANCE	61,022.58	50,377	73,743	72,624	1,119	73,743	72,624	1,119
2800	OTHER EXPENSES	21,775.73	29,821	14,594	14,579	15	14,835	14,579	256
	TOTAL LEVEL	2,439,241.53	2,728,592	2,675,092	2,553,328	121,764	2,624,451	2,500,053	124,398
3100	EQUIPMENT	471,771.81	388,787	300,910	300,910		128,875	128,875	
	TOTAL LEVEL	471,771.81	388,787	300,910	300,910		128,875	128,875	
4000	CAPITAL OUTLAY	2,000.00							
	TOTAL LEVEL	2,000.00							
6000	GRANTS	14,282,777.84	300,000	282,778	282,778		282,778	282,778	
	TOTAL LEVEL	14,282,777.84	300,000	282,778	282,778		282,778	282,778	
9000	DEBT SERVICE	16,914.59	8,502	16,915	16,915		16,915	16,915	
	TOTAL LEVEL	16,914.59	8,502	16,915	16,915		16,915	16,915	
	TOTAL PROGRAM	20,775,282.19	7,030,792	6,985,624	6,799,699	185,925	6,764,590	6,575,585	189,005
02422	HIGHWAYS SPECIAL REVENUE	18,643,228.74	4,972,089	5,378,930	5,162,998	215,932	5,208,734	4,990,747	217,987
03407	HIGHWAY TRUST - SP REV	2,132,053.45	2,058,703	1,606,694	1,636,701	-30,007	1,555,856	1,584,838	-28,982
	TOTAL PROGRAM	20,775,282.19	7,030,792	6,985,624	6,799,699	185,925	6,764,590	6,575,585	189,005

GENERAL OPERATIONS PROGRAM
ANALYSIS OF OBPP AND LFA 88-89 BIENNIAL RECOMMENDATIONS
CURRENT LEVEL SERVICES ONLY

Date: 2/9/87

Description	Current Level Actual FY86 Expenditures	FY88		FY89		Difference LFA (over) under
		OBPP	LFA	OBPP	LFA	
Full Time Equivalent - FTE	142.53	142.18	138.81	142.18	138.81	3.37
Agency Request	145.53	145.53				
OBPP Pay Plan and 5% Reductions:						
Safety Program Manager	(.75)	(.75)				
Prog./Analyst	(1.00)	(1.00)				
Planning Tech I	(.60)	(1.00)				
Planning Tech I	(1.00)	(1.00)				
LFA Cuts:						
Personnel Spec.		(1.00)				
Office Clerk		(.10)				
Planning Tech I		(.50)				
Planning Tech I		(.17)				
Planning Tech II		(1.00)				
Secretary I		(.20)				
	142.18	138.81				

GENERAL OPERATIONS PROGRAM (Continued)
ANALYSIS OF OBPP AND LFA 88-89 BIENNIAL RECOMMENDATIONS
CURRENT LEVEL SERVICES ONLY

Date: 2/9/87

Description	Current Level Actual FY86 Expenditures	FY88		FY89		Difference LFA (over) under
		OBPP	LFA	OBPP	LFA	

2100 - Contracted Services	\$1,661,502	\$1,890,966	\$1,831,949	\$59,017	\$1,823,883	\$1,774,150	\$49,733
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The department requests an additional \$72,218 in FY88 and \$63,204 in FY89 over the LFA recommendations.

2115 - Photographic Services

These services are photographs of cities and plats. Projects are 87% federally funded and aid the department in planning and design of roads in cooperation with cities.

FY 88	FY 89
Differences	Differences
	\$1,986

2144 - Increased Microfilm Services

Personnel Division will begin replacing hard copy personnel files with microfilm files. This will eliminate storage and improve accessibility.

\$2,384	\$2,384
---------	---------

2173 - Computer Proc./Non D. of A.

The department was able to absorb portions of the FY87 5 percent reduction in data processing costs by delaying the next phase of the SBAS conversion project. The department is requesting 60 percent of that reduction be reinstated in FY88 and 89. The requested increase equals the FY86 actual expenditures using the projected deflation of computer costs from the Department of Administration. The LFA assumes the FY87 reduced projects costs in FY88 and 89.

\$22,807	\$22,807
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GENERAL OPERATIONS PROGRAM (Continued)
ANALYSIS OF OBPP AND LFA 88-89 BIENNIAL RECOMMENDATIONS
CURRENT LEVEL SERVICES ONLY

Date: 2/9/87

Description	Current Level Actual FY86 Expenditures	FY88		FY89	
		OBPP	LFA	OBPP	LFA
				Difference	
				LFA (over) under	LFA (over) under

FY88
Differences
\$7,429
\$621

FY89
Differences
\$7,429
\$621

2125 - Contractor Payments (Cont. Pay)
2126 - Contractor Payments (Utilities)

Funding Error - The LFA allowed FY 86 base year expenditures for contracted Services. The FY 86 expenditures included negative expenditures for Object 2125, contractor payments of \$7,429, and 2126 Utility Relocation of \$621. These occur due to errors in the department's procedures to determine the amounts eligible for federal participation. These negative expenditures should not have occurred in this program. The effect of these amounts is to understate the total actual amount of Contracted Services. We request the OBPP amount for total Contracted Services.

2191 - Printing

We request an additional \$24,817 in FY88 and \$13,817 in FY89. This includes the printing of the state map.

Subtotal

\$24,817
\$13,817
\$49,044

The above requests for printing of the state map were reduced by the 5% reduction. The requests are \$14,160 below current level requirements. We request an additional \$14,160 in FY88 and FY89 for projected requirements for maps during the Winter Olympics and State Centennial events.

Total

\$14,160
\$14,160
\$72,218
\$63,204

GENERAL OPERATIONS PROGRAM (Continued)
ANALYSIS OF OBPP AND LFA 88-89 BIENNIAL RECOMMENDATIONS
CURRENT LEVEL SERVICES ONLY

Date: 2/9/87

Description	Current Level Actual FY86 Expenditures	FY88			FY89		
		OBPP	LFA	Difference LFA (over) under	OBPP	LFA	Difference LFA (over) under
2200 - Supplies and materials	\$140,700	\$140,516	\$114,166	\$26,350	\$139,516	\$114,166	\$25,350
LFA allowed \$114,166 in FY88 and FY89. The department requests an additional \$25,350 in FY88 and FY89.							
2231 - Photographic Supplies							
FY86 base expenditures were \$4,850. This was a zero-based item.							
2241 - Office Supplies							
FY86 base was \$50,616. Agency requested \$53,291 in FY88 and in FY89. Increase of \$2,675 is for the MBE program, which is 100% federally funded.							
2268 - Field Monitoring Supplies							
Agency requests FY86 base expenditures of \$7,698. This includes traffic counter repair parts, tapes, batteries and loop wire.							
Total				\$25,350			\$25,350
2300 - Communications	\$219,541	\$201,750	\$200,061	\$1,689	\$201,750	\$200,061	\$1,689
The department requests an additional \$1,689 in FY88 and FY89.							
LFA did not allow increased telephone requests for the MBE program. This expense is 100% federally funded.							

FY89
Differences
\$4,639

FY88
Differences
\$4,639

\$13,013

\$13,013

\$7,698

\$7,698

Date: 2/10/87

LFA allowed \$219,854 in FY88 and FY89. The department requests an additional \$19,042 in FY88 and \$32,087 in FY89.

Calibration of the Mays Ride Meter in Texas is requested in FY89. This expenditure is 87% federally funded.

	FY88	FY89
MBE		
Weight-in-motion		
Less 5% reduction		
Total		
	Differences	Differences
	\$15,761	\$15,793
	7,407	17,756
	<u>(4,126)</u>	<u>(1,462)</u>
	\$19,042	\$32,087

GENERAL OPERATIONS PROGRAM (Continued)
ANALYSIS OF OBPP AND LFA 88-89 BIENNium RECOMMENDATIONS
CURRENT LEVEL SERVICES ONLY

Date: 2/9/87

Description	Current Level Actual FY86 Expenditures	FY88			FY89		
		OBPP	LFA	Difference LFA (over) under	OBPP	LFA	Difference LFA (over) under
2500 - Rent	\$98,523	\$91,778	\$77,600	\$14,178	\$91,778	\$77,600	\$14,178

LFA allowed \$77,600 in FY88 and FY89.

The department requests an additional \$14,178 in FY-88 and in FY-89. No increases over FY-86 actual expenditures were requested in the 88-89 biennium in the rent category. The original 88-89 requests were reduced \$5,865 for the 5% reduction. This category includes non-travel equipment rental of vans, four wheel drive vehicles and rental of land and buildings for the communications relay stations.

GENERAL OPERATIONS PROGRAM (Continued)
ANALYSIS OF OBPP AND LFA 88-89 BIENNIAL RECOMMENDATIONS
CURRENT LEVEL SERVICES ONLY

Date: 2/9/87

Description	Current Level Actual FY86 Expenditures	FY88		FY89		Difference LFA (over) under
		OBPP	LFA	OBPP	LFA	
2700 - Repair and Maint.	\$61,022	\$73,743	\$72,624	\$73,743	\$72,624	\$1,119

LFA allowed \$72,624 in FY88 and FY89.

The department requests an additional \$1,119 in FY88 and in FY89. The requested increase over the FY86 base, resulted from increased maintenance costs for the postage machine, quick copy and photocopy equipment.

2-10-87

DEPARTMENT OF HIGHWAYS
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL

	FTE FY '89	Biennium General Fund	Total Funds
Executive Budget	1863.64	\$ -0-	\$459,248,031
LFA Current Level	1828.07	-0-	451,054,975
Executive Over (Under) LFA	<u>==35.57</u>	<u>\$ -0-</u>	<u>\$ 8,193,056</u>

The executive budget is over LFA current level by 35.57 FTE and \$8,193,056 in total 1989 biennium funding. The differences between expenditure levels of the two budgets are in four major areas: personal services, operating expenditures, equipment, and non-operating costs. Differences in the federal funding level is also presented as an issue.

ISSUE 1: PERSONAL SERVICES

The LFA current level is \$2,385,838 under the executive budget in personal services. This difference is made up of 35.57 FTE and a reduction of overtime in the construction program. Table A shows the FTE and personal service cost differences by program.

Table A
Personal Services - Comparison Between the Executive Budget and LFA Current Level

Program	Executive FTE Over (Under) LFA	Fiscal 1988	Fiscal 1989	Biennium
General Operations	3.37	\$ 64,161	\$ 64,607	\$ 128,768
Construction	19.45	356,052	354,351	710,403
Maintenance-Overtime	---	492,032	492,204	984,236
Maintenance	13.10	293,924	294,984	588,908
Pre-Construction	2.92	69,699	70,197	139,896
Service Revolving	1.20	18,167	18,107	36,274
Equipment	(1.50)	(43,555)	(43,902)	(87,457)
GVW	(2.97)	(54,765)	(60,425)	(115,190)
Total	<u>35.57</u>	<u>\$1,195,715</u>	<u>\$1,190,123</u>	<u>\$2,385,838</u>

The major difference in FTE is that the LFA current level deletes positions that were vacant in fiscal 1986 as shown in the position control report. In the GVW Program the LFA current level did not reduce the 3.0 FTE officer positions because of the new weigh stations at Havre and De Borgia. Overtime in the Construction Program was reduced to the fiscal 1987 projection as shown in the position control report.

ISSUE 2: OPERATING EXPENDITURES

The executive budget is over LFA current level in operating expenses by \$1,125,709 in fiscal 1988 and \$1,044,336 in fiscal 1989 for a biennium total of \$2,170,045. Table B shows the operating expenditure differences by program.

Table B
Operating Expenditures - Comparison Between LFA Current Level
and the Executive Budget

<u>Program</u>	<u>- - Executive Over (Under) LFA - -</u>		<u>Biennium</u>
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	
General Operations	\$ 121,764	\$ 124,398	\$ 246,162
Construction	282,362	293,896	576,258
Maintenance	290,602	312,638	603,240
Pre-Construction	110,733	94,621	205,354
Service Revolving	91,435	112,714	204,149
Motor Pool	10,656	5,921	16,577
Equipment	138,048	83,285	221,333
Stores	(29,709)	(94,641)	(124,350)
GVW	109,820	111,507	221,327
Total	<u>\$1,125,711</u>	<u>\$1,044,339</u>	<u>\$2,170,050</u>

The difference in each program is presented below:

General Operations. Printing, contracted services, office supplies, travel, and rent were reduced to appropriated levels or held at fiscal 1986 levels which accounts for the differences.

Construction. Contracted services for laboratory tests were included at the fiscal 1986 appropriated level in the LFA current level but were included at the requested level in the executive budget. The LFA current level excluded an expense for storage charges in the contracted services which was included in the executive budget.

Maintenance. The difference in the two budgets are in the repair category. Paint was reduced to the appropriated level and road oil mix was reduced based on fiscal 1987 reductions and analysis of a three year comparison.

Pre-Construction. Two areas account for the differences between the two budgets. Contracted services for appraiser fees, consulting, legal, and contractor payments were held at the fiscal 1986 level without the increases requested by the department which are included in the executive budget. Office supplies were reduced to appropriated level in the LFA current level.

Service Revolving. Differences between the executive budget and LFA current level result from two reasons. Contracted services for data processing had negative inflation between fiscal 1986 and fiscal 1989 which was not applied in the executive budget amounting to \$63,263 for the biennium. Printing supplies, travel, repairs, and freight expenses were reduced to the fiscal 1986 appropriated level in the LFA current level for a biennium difference of \$139,500, but were not reduced in the executive budget.

Motor Pool. The differences between the executive budget and LFA current level is in the inflation applied to gasoline. The request from the department was used in the LFA current level and inflation applied to calculate fiscal years 1987 through 1989. The executive budget did not inflate the budget in the same manner which made a biennium difference of \$16,573.

Equipment. The differences in this program are the same differences pointed out for motor pool. Gasoline was inflated from fiscal 1986 to fiscal 1989 using the departments requested base. The executive budget did not inflate in the same manner. The biennium difference due to inflation is calculated to be \$187,500. All other differences in supplies between the two budgets is \$30,924.

Stores. LFA current level is higher than the executive budget for this program. LFA current level increased sand and gasoline purchases to the level requested by the department. The executive budget increase was less than the department's request in repairs (sand) category by \$172,318 per year or \$344,636 for the biennium. This was offset by the gasoline inflation difference of \$220,248, making the LFA current level \$122,388 higher than the executive budget.

GVW. LFA current level reduced the budget to the fiscal 1986 appropriated level in travel, rent, and repairs categories. These reductions were not in the executive budget.

ISSUE 3: EQUIPMENT

LFA current level funded equipment in the Equipment Program at \$4,650,099 as shown in the budget request at the adjusted level requested after the five percent reductions. The executive budget funds equipment at \$4,905,659 each year of the biennium which does not include the five percent reductions.

ISSUE 4: NON-OPERATING EXPENDITURES

LFA current level does not transfer state special revenues to the Equipment Program. The executive budget transfers \$1,675,099 in fiscal 1988 and \$1,450,099 in fiscal 1989. Analysis shows that the proprietary fund has sufficient resources to provide funding for the Equipment Program so that the transfers were not necessary.

ISSUE 5: FEDERAL FUNDING LEVEL

Federal funds are \$3,603,944 less in the executive budget than the LFA current level. LFA current level reflects the amount of federal funds that was shown in the

departments budget request. If the executive budget level of federal fund is used to fund the department then the highway state special revenue account will have to be increased by the \$3,603,944 to make up the difference.

DEPARTMENT OF HIGHWAYS

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	2005.50	1985.75	1834.07	1828.07	(157.68)
Personal Service	\$ 52,946,819	\$ 52,025,032	\$ 51,750,565	\$ 51,760,164	(1.4)
Operating Expense	220,913,373	203,322,545	151,792,746	144,735,476	(30.1)
Equipment	7,503,385	5,871,264	6,140,843	5,889,521	(10.0)
Total Operating Costs	\$281,363,577	\$261,218,841	\$209,684,154	\$202,385,161	(24.1)
Non-Operating Costs	31,297,142	49,330,209	20,311,647	18,674,013	(51.6)
Total Expenditures	<u>\$312,660,719</u>	<u>\$310,549,050</u>	<u>\$229,995,801</u>	<u>\$221,059,174</u>	<u>(27.6)</u>
<u>Fund Sources</u>					
State Special	\$169,387,126	\$181,648,344	\$117,561,227	\$108,794,525	(35.5)
Federal Revenue	129,073,261	114,992,701	96,453,754	96,207,883	(21.1)
Other	14,200,332	13,908,005	15,980,820	16,056,766	14.0
Total Funds	<u>\$312,660,719</u>	<u>\$310,549,050</u>	<u>\$229,995,801</u>	<u>\$221,059,174</u>	<u>(27.6)</u>

The Montana Department of Highways is responsible for designing, constructing, maintaining, and regulating Montana's roads. To accomplish its task, the department is organized into a number of programs. These programs are preconstruction, responsible for planning roads up to the time projects are let; construction, responsible for letting and inspecting projects; maintenance, responsible for maintaining roads; equipment, responsible for supplying equipment needs of the department; gross vehicle weight, responsible for protecting the highways; general operations, responsible for support to other programs; service revolving, an internal group of bureaus such as printing which provides support to other programs; and the motor pools which provides vehicles to state agencies in Helena.

The total operating costs decrease 27.6 percent. This decrease is primarily due to decreased FTE, contractor payment, and not needing to transfer gas tax funds to the Equipment Program.

The department is funded through a variety of sources. The major source being the highway state special revenue fund which derives its revenues from gasoline, diesel and GVW taxes and licenses.

Table 1 is a combined analysis of the Highway State Special Revenue Account and the Reconstruction Trust Account for fiscal years 1984 through 1989. This table also reflects only the LFA current level analysis. This table shows that LFA current level expenditures exceed revenues, and the fund balance will be decreased in the 1989 biennium using \$19 million more of these funds on construction than was used on construction in the 1987 biennium.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 2
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	142.53	142.53	0.00
Personal Service	\$3,738,863	\$3,562,577	\$176,286
Operating Expense	2,775,541	2,439,248	336,293
Equipment	469,268	471,770	(2,502)
Total Operating Costs	\$6,983,672	\$6,473,595	\$510,077
Non-Operating Costs	325,682	301,693	23,989
Total Expenditures	<u>\$7,309,354</u>	<u>\$6,775,288</u>	<u>\$534,066</u>
<u>Funding</u>			
State Special	\$5,234,598	\$4,643,234	\$591,364
Federal Revenue	2,074,756	2,132,054	(57,298)
Total Funds	<u>\$7,309,354</u>	<u>\$6,775,288</u>	<u>\$534,066</u>

Personal services were under budget by \$176,286. This was primarily from vacancy savings. Operating expenses were under budget by \$336,293. Underexpenditures of \$327,537 in contract services was almost all in consulting services. Other underexpenditures were \$43,374 in supplies, \$19,837 in travel, \$3,812 in utilities, and \$8,153 in other expenditures. Overexpenditures of \$11,782 in communications, \$27,200 in rental expenses for equipment and software programs, and \$27,438 in repairs offset the underexpenditures for the net \$336,293 expenditures under budget.

Equipment was \$2,502 over the budget.

Non-Operating costs were \$23,989 under budget. These costs are made up of a \$75,000 allocation of state funds for public transportation as required in Section 7-14-102, MCA, approximately \$207,778 of grants of metropolitan planning funds, and approximately \$17,000 of debt service costs.

Current Level Adjustments

Personal services budget contains funding for 138.81 FTE with a 4 percent vacancy savings applied. This vacancy savings is \$148,361 in fiscal 1988 and \$148,220 in fiscal 1989.

Operating expenses have been increased for insurance, audit fees, payroll service fees, consulting services for minority business programs and maintenance contract costs for new copier machines. Reductions were made in data processing, printing costs, supplies, postage, rental, repairs and other expenditure categories. These reductions are a combination of department requests and reductions for one time expenditures.

Equipment is the department's request. The major difference in the two fiscal years is a skid trailer for \$150,000 in fiscal 1988.

Non-operating expenses continue at approximately the same level with only a slight decrease. This decrease is in the debt services costs.

CONSTRUCTION					
Budget Item	Actual Fiscal 1986	Appropriated Fiscal 1987	- - Current Level - - Fiscal 1988	Fiscal 1989	% Change 1987-89 Biennium
F.T.E.	650.40	619.65	551.55	545.55	(74.1)
Personal Service	\$ 16,707,708	\$ 16,079,216	\$ 15,740,958	\$ 15,662,778	(4.2)
Operating Expense	174,969,208	158,577,580	106,459,976	99,073,578	(38.4)
Equipment	249,638	149,685	174,856	174,931	(12.4)
Total Expenditures	<u>\$191,926,554</u>	<u>\$174,806,481</u>	<u>\$122,375,790</u>	<u>\$114,911,287</u>	<u>(35.3)</u>
Fund Sources					
State Special	\$ 71,731,986	\$ 68,331,138	\$ 35,000,867	\$ 26,645,167	(56.0)
Federal Revenue	120,194,568	106,475,343	87,374,923	88,266,120	(22.5)
Total Funds	<u>\$191,926,554</u>	<u>\$174,806,481</u>	<u>\$122,375,790</u>	<u>\$114,911,287</u>	<u>(35.3)</u>

The Construction Program is responsible for assuring that roads and bridges are constructed or reconstructed to meet the needs of Montana's citizens. The reconstruction and construction work is done by private contractors on a bid basis. Personnel in the program are responsible for monitoring the work of the private contractors. Personnel working in the Construction Program are located at 11 construction sections and at the department's headquarters in Helena.

Personal services FTE decrease 74.1 positions due to department reductions and the elimination of vacant positions. The personal services budget decreases by 4.2 percent reflecting the FTE reductions.

Operating expenses decrease by 38.4 percent which is attributed to the reduction in contractor payments of approximately \$68,924,000 between fiscal 1986 and fiscal 1988 with a further reduction of \$6,900,000 to fiscal 1989. Equipment is 100 percent of the department's request and reflects a 12.4 percent decrease.

Both state special and federal funds decrease reflecting the budget reductions. Federal funds are shown as requested by the department.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 3
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	650.40	655.40	5.00
Personal Service	\$ 16,797,999	\$ 16,707,708	\$ 90,291
Operating Expense	193,467,189	174,969,208	18,497,981
Equipment	217,976	249,638	(31,662)
Total Expenditures	<u>\$210,433,164</u>	<u>\$191,926,554</u>	<u>\$18,556,610</u>
<u>Funding</u>			
State Special	\$ 92,586,417	\$ 71,731,986	\$20,854,431
Federal Revenue	<u>117,896,747</u>	<u>120,194,568</u>	<u>(2,297,821)</u>
Total Funds	<u>\$210,483,164</u>	<u>\$191,926,554</u>	<u>\$18,556,610</u>

Personal services is underbudget by \$90,291. This is a net difference of vacancy savings realized and transferring 5.0 FTE positions from the Service Revolving Program without transferring any funds.

Operating expenditures are \$18,920,788 under budget. Underexpenditures occur in contracted services where contractor payments are approximately \$19,000,000 under budget, travel is \$122,430 underbudget, utilities by \$9,806 and other expenditures by \$130,348. Budget category overexpenditures includes supplies of \$129,909 primarily in laboratory and minor tools, communications of \$37,684, equipment rent of \$295,304, and repairs of \$222,502 primarily in sign materials, computers, and oil mixed materials.

Equipment expenditures are approximately \$31,662 over budget.

State special revenue fund shows an excess of \$20,854,431 for the reasons stated in the expenditure narrative. Federal funds show an overexpenditure of \$2,297,821. The department increased the federal appropriation by \$4,600,607 throughout the year and decreased the state special appropriations by a like amount. This left the federal reversion at \$2,302,786 and the state special appropriation reversions at \$15,683,824. The reverted federal authority was excess authority because the department expended all its federal funds in fiscal 1986.

Current Level Adjustments

Personal services FTE decrease by 74.1. Sixty-one and one-half were deleted because of reductions in workload and budget reductions from Special Session III. The other 12.45 FTE were vacant positions that were deleted. The 4 percent vacancy savings applied was \$581,012 in fiscal 1988 and \$576,888 in fiscal 1989.

Operating expenditures decrease 38.4 percent. This is primarily due to the reduced level of contractor payments from \$167,709,915 in fiscal 1986 to \$98,786,119 in fiscal 1988 \$91,890,179 in fiscal 1989. These are the amounts requested in the department's current level budget. Utilities relocations were included for \$3,200,000 in fiscal 1978 and \$2,800,000 in fiscal 1989. Other adjustments totaled to a net decrease of \$251,363 in contract services, supplies, communications, travel, equipment rental and repairs. These adjustments were a combination of agencies requests and adjustments made to reduce one time expenditures back to appropriated levels. Table 4 shows the contractor payments for the 1989 biennium.

Table 4
Department of Highways Funding Source for Contractor Payments
1989 Biennium

<u>Fiscal 1988</u>	<u>Bond 1</u>	<u>Bond 2</u>	<u>Federal</u>	<u>Recon. Trust</u>	<u>State Special</u>	<u>Total</u>
Interstate	\$81,507	\$3,414,571	\$17,643,259	\$ -0-	\$ 1,942,899	\$23,082,236
Primary	-0-	-0-	31,278,175	3,676,751	8,576,744	43,531,670
Secondary	-0-	-0-	10,972,693	-0-	3,032,018	14,004,711
Urban	-0-	-0-	2,784,442	-0-	769,408	3,553,850
Bridge Replacement	-0-	-0-	9,235,178	3,054,000	2,324,474	14,613,652
Total	<u>\$81,507</u>	<u>\$3,414,571</u>	<u>\$71,913,747</u>	<u>\$6,730,751</u>	<u>\$16,645,543</u>	<u>\$98,786,119</u>
<u>Fiscal 1988</u>	<u>Bond 1</u>	<u>Bond 2</u>	<u>Federal</u>	<u>Recon. Trust</u>	<u>State Special</u>	<u>Total</u>
Interstate	\$ -0-	\$ -0-	\$20,304,627	\$ -0-	\$ 1,956,770	\$22,261,397
Primary	-0-	-0-	31,803,795	1,970,700	8,788,163	42,562,658
Secondary	-0-	-0-	9,543,843	-0-	2,637,195	12,181,038
Urban	-0-	-0-	2,703,859	-0-	747,141	3,451,000
Bridge Replacement	-0-	-0-	8,537,846	772,087	2,124,153	11,434,086
Total	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$72,893,970</u>	<u>\$2,742,787</u>	<u>\$16,253,422</u>	<u>\$91,890,179</u>

The equipment reflects 100 percent of the department's request.

State special and federal revenues funding reflect the decrease in expenditures budget. Federal fund allocations to the program are at the department's requested level. The total department budget anticipates using 100 percent of the federal revenues.

MAINTENANCE

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	662.83	662.83	629.23	629.23	(33.60)
Personal Service	\$18,564,769	\$17,797,691	\$18,176,487	\$18,243,237	0.2
Operating Expense	22,542,013	20,710,325	21,134,657	21,296,011	(1.9)
Equipment	337,195	80,363	99,204	100,090	(52.3)
Total Operating Costs	\$41,443,977	\$38,588,379	\$39,410,348	\$39,639,338	(1.2)
Non-Operating Costs	158,484	100,000	133,030	133,030	2.9
Total Expenditures	<u>\$41,602,461</u>	<u>\$38,688,379</u>	<u>\$39,543,378</u>	<u>\$39,772,368</u>	<u>(1.2)</u>
Fund Sources					
State Special	\$41,546,516	\$38,688,379	\$39,543,378	\$39,772,368	(1.1)
Federal Revenue	55,945	-0-	-0-	-0-	(100.0)
Total Funds	<u>\$41,602,461</u>	<u>\$38,688,379</u>	<u>\$39,543,378</u>	<u>\$39,772,368</u>	<u>(1.2)</u>

The Maintenance Program is responsible for managing and maintaining state highways and related facilities. Maintenance activities include the patching and repair of the highway surface, periodic sealing of highways, snow removal, and sanding. The Maintenance Program is 100 percent funded through the highway state special revenue fund.

FTE decrease 33.6. The reduction is a combination of reductions made by the department for Special Session III budget cuts and also the deletion of positions within the program that were vacant all of fiscal 1986 and to date in fiscal 1987. The personal services budget increases by 0.2 percent even though FTE decline. The reason for this increase is that the fiscal 1987 appropriation had a vacancy savings applied of \$1,240,397 which contained the \$485,367 budget cuts resulting from Special Session III plus the regular budgeted vacancy savings.

Operating expenses decrease by 1.9 percent primarily due to the reductions made by the department in fiscal 1987 to address the budget cuts from Special Session III. Equipment decreases 52.3 percent. However the equipment in both years of the 1989 biennium reflects the entire request of the department.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 5
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	662.83	662.83	0.00
Personal Service	\$17,758,798	\$18,547,849	\$(789,051)
Operating Expense	22,565,411	22,502,988	62,423
Equipment	<u>419,231</u>	<u>337,195</u>	<u>82,036</u>
Total Operating Costs	\$40,743,440	\$41,388,032	\$(644,592)
Non-Operating Costs	<u>100,000</u>	<u>158,484</u>	<u>(58,484)</u>
Total Expenditures	<u>\$40,843,440</u>	<u>\$41,546,516</u>	<u>\$(703,076)</u>
<u>Funding</u>			
State Special	<u>\$40,843,440</u>	<u>\$41,546,516</u>	<u>\$(703,076)</u>
<u>Additions</u>			
Budget Amend-Fed. FEMA Fund	<u>\$___448,416</u>	<u>\$___55,946</u>	<u>\$_392,470_</u>

Personal services were \$789,051 overexpended due primarily to the program not achieving the budgeted vacancy savings.

Operating expenses were underexpended by \$62,423. The underexpenditures were \$244,515 in contract services primarily in the contracts for maintenance of rest areas, data processing, and contracting for specialized equipment, \$77,335 in travel, and \$570,430 in repairs in the area of road oil and road materials. Overexpenditures were \$51,203 in supplies, \$24,274 in communications, \$651,282 in equipment rental, \$83,577 in utilities and \$19,518 in other expenditure categories. Equipment expenditures were \$82,036 under budget.

Non-operating expenditures were for gravel sites which were overexpended by \$58,484.

Program transfers of \$952,970 were made to this program from the construction program in the amount of \$260,316 and from the store's program in the amount of \$692,654.

Current Level Adjustments

There were 33.6 FTE positions deleted. Of these, 20.50 FTE were positions the department laid off or held vacant to meet the budget reductions from Special Session III. The other 13.1 FTE positions were vacant positions which were deleted.

Overtime was reduced to the projected fiscal 1987 level of \$756,675. Analysis of the November 10 position control showed that \$107,405 or 14.2 percent of the overtime had been expended with 27 percent of the first year elapsed.

Operating expenditures were reduced in road oil mix materials, utilities, vehicle rental, and supplies to reflect the reductions made by the department to address budget cuts from Special Session III. Office supplies and paint were reduced to appropriated levels.

Contracted services for weed control and highway rest stop maintenance were increased to reflect increases in contract costs. Contracts for weed control are increasing because of the cost of liability insurance.

Equipment is budgeted at 100 percent of the department's request and reflects a 52.3 percent decrease from the 1987 biennium.

Non-operating costs are for purchase of gravel sites.

Funding is from the highway state special revenue account.

PRE-CONSTRUCTION

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	243.00	243.00	209.08	209.08	(33.92)
Personal Service	\$ 6,491,206	\$ 6,678,393	\$ 6,187,583	\$6,187,596	(6.0)
Operating Expense	1,783,894	2,186,355	1,729,888	1,700,048	(13.6)
Equipment	1,132,527	1,650	425,458	394,500	(27.7)
Total Operating Costs	\$ 9,407,627	\$ 8,866,398	\$ 8,342,929	\$8,282,144	(9.0)
Non-Operating Costs	2,080,970	2,758,108	3,313,826	1,668,300	3.0
Total Expenditures	\$11,488,597	\$11,624,506	\$11,656,755	\$9,950,444	(6.5)
<u>=====</u>					
<u>Fund Sources</u>					
State Special	\$ 4,797,903	\$ 5,165,851	\$ 4,214,625	\$3,593,519	(21.6)
Federal Revenue	6,690,694	6,458,655	7,442,130	6,356,925	4.9
Total Funds	\$11,488,597	\$11,624,506	\$11,656,755	\$9,950,444	(6.5)
<u>=====</u>					

The Preconstruction Program is responsible for completing all the activities relating to projects up to the time projects are let. These activities include designing projects, conducting public hearings, right-of-way purchases, and actual letting of projects.

FTE decrease by 33.92. Thirty-one were reduced in the budget request by the department and the other 2.92 were reductions of positions that were vacant the entire 1986 fiscal year. The personal services budget decrease of 6 percent reflects the FTE reductions.

Operating expenditures were based on fiscal 1986 expenditure levels and are decreased by approximately 13.6 percent in the categories of supplies, communications, travel and other expenditures.

Equipment decreases 27.7 percent. However, it contains 100 percent of the department's request. It should be noted that there is approximately \$400,000 each year for phase II of the computer-aided drafting and designing system (CADD). This request is to expand the system into other areas of the department such as right-of-ways.

Non-operating costs increase 3 percent. This is in the land categories associated with right-of-ways, damages, etc.

State special funds decrease by 21.6 percent due to the reduced program costs and the increase in the federal fund portion of the program. Federal funds are at the level requested by the department.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 6
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	243.00	243.00	0.00
Personal Service	\$ 6,591,594	\$ 6,491,206	\$ 100,388
Operating Expense	2,289,062	1,783,894	505,168
Equipment	1,268,230	1,132,527	135,703
Total Operating Costs	\$10,148,886	\$ 9,407,627	\$ 741,259
Non-Operating Costs	4,190,518	2,080,970	2,109,548
Total Expenditures	<u>\$14,339,404</u>	<u>\$11,488,597</u>	<u>\$2,850,807</u>
<u>Funding</u>			
State Special	\$ 6,923,512	\$ 4,797,903	\$2,125,609
Federal Revenue	7,415,892	6,690,694	725,198
Total Funds	<u>\$14,339,404</u>	<u>\$11,488,597</u>	<u>\$2,850,807</u>

Table 6 shows personal service savings of \$100,388 which is due primarily to vacancy savings. Operating expenditures were \$505,168 under budget. Underexpenditures in travel of \$129,990, utilities of \$16,906, and other expenditures of \$695,167 were offset by overexpenditures of \$288,573 in contract services primarily for contracted engineering firms, in supplies \$31,725, communications \$6,738, rent \$4,223, and repairs \$5,636. Equipment costs were \$135,703 under budget.

The federal fund appropriation reverted \$725,198, however, this was excess authority because all fiscal 1986 federal revenues and fund balances were expended within the fiscal year.

Current Level Adjustments

The current level was adjusted for 33.92 FTE. Thirty-one were reductions made by the department due to implementation of the CADD system and funding reductions that were made in the Special Session III. The other 3.92 FTE were positions vacant in fiscal 1986.

Vacancy savings of 4 percent was applied and this is \$251,750 in fiscal 1988 and \$251,472 in fiscal 1989.

Adjustments in operating expenses include increasing appraiser fees to the fiscal 1985 level, decreasing supplies to appropriated levels, and reducing expenditures in communications, travel, utilities, and other expenditure categories as submitted in the department's budget request.

Equipment is included at \$425,458 in fiscal 1988 and \$394,500 in fiscal 1989 for a 27.7 percent decrease. Included is \$400,500 in fiscal 1988 and \$369,500 in fiscal 1989 for phase II of the CADD system. The system was purchased by the department in fiscal 1986.

Non-operating expense increases by 3 percent. These costs are for rights-of-way and are shown in Table 7 below which compares fiscal 1984 through 1989 requested.

Table 7
Right-Of-Way Non-Operating Expenses

Expenditure Item	Actual			Current Level	
	Fiscal 1984	Fiscal 1985	Fiscal 1986	Fiscal 1988	Fiscal 1989
Land	\$1,313,881	\$1,141,452	\$ 767,567	\$1,468,600	\$ 781,872
Permit Fees	1,762	-0-	-0-	-0-	-0-
Payment for Damages	1,074,638	947,027	672,004	979,072	405,972
Land by Condemnation	591,162	545,049	427,500	611,920	315,750
Family and Business Relocation	172,903	80,858	76,286	88,000	25,000
Deed and Mortgage Fees	5,316	10,554	9,421	11,500	7,200
Land Owners Court Cases	119,734	161,613	84,864	84,864	102,006
Interest on Condemnation Property	70,306	180,470	40,158	66,700	27,900
General	2,304	7,036	3,170	3,170	2,600
Other Improvements	963	-0-	-0-	-0-	-0-
Total	\$3,352,969	\$3,074,059	\$2,080,970	\$3,313,826	\$1,668,300

SERVICE REVOLVING

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	73.25	73.25	67.05	67.05	(6.20)
Personal Service	\$1,850,608	\$1,862,339	\$1,837,590	\$1,838,161	(1.0)
Operating Expense	1,025,651	1,117,522	951,340	936,120	(11.9)
Equipment	57,063	238,000	33,276	26,286	(79.8)
Total Expenditures	<u>\$2,933,322</u>	<u>\$3,217,861</u>	<u>\$2,822,206</u>	<u>\$2,800,567</u>	<u>(8.6)</u>
<u>Fund Sources</u>					
Proprietary Funds	<u>\$2,933,322</u>	<u>\$3,217,861</u>	<u>\$2,822,206</u>	<u>\$2,800,567</u>	<u>(8.6)</u>

The Service Revolving fund primarily consists of the printing units, photo unit, materials bureau and administration, data processing entry and systems programming bureau, and the van pool.

FTE decreased by 6.2. This represents 5.0 FTE transferred to the Construction Program during fiscal 1986 and also the deletion of 1.2 vacant positions. The 1 percent decrease in the personal services budget reflects the deletion of the vacant positions. Operating expenses decrease 11.9 percent. This reduction is in printing supplies and freight, both being reduced to fiscal 1986 budget level. Equipment reflects the department's request. Equipment decreases because of the airplane overhaul in the amount of \$210,000 appropriated in fiscal 1987. If this overhaul does not occur, the department is required in House Bill 30 to revert the \$210,000. Funding for this program is from a proprietary fund that receives its revenues from other programs within the department.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 8
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	73.25	68.25	(5.00)
Personal Service	\$1,893,776	\$1,850,608	\$ 43,168
Operating Expense	1,090,546	1,025,651	64,895
Equipment	40,888	57,063	(16,175)
Total Expenditures	<u>\$3,025,210</u>	<u>\$2,933,322</u>	<u>\$ 91,988</u>
<u>Funding</u>			
State Special	<u>\$3,025,210</u>	<u>\$2,933,322</u>	<u>\$ 91,988</u>

Table 8 shows personal services were underexpended by \$43,168. This represents the savings achieved by transferring 5.0 FTE to construction with no transfer of funds. The program was \$28,733 short of achieving its applied vacancy savings.

Operating expenditures are \$64,895 under budget. Contracted services were underexpended by \$47,238 in data processing, repairs underexpended by \$16,968, communications by \$9,130, and supplies by \$4,039. Other expenditures exceeded the budget by \$14,646. All other categories had a net underexpenditure of \$2,166. Equipment expenditures exceeded the budget by \$16,175.

Current Level Adjustments

Personal services were reduced by 1.2 FTE positions which were vacant. Another 5.0 FTE were transferred to the Construction Program. The personal services budget decrease of 1 percent reflects this FTE reduction. Vacancy savings of 4 percent was applied which amounted to \$75,040 in fiscal 1988 and \$74,973 in fiscal 1989.

Operating expenses decrease 11.9 percent for two reasons. Printing and freight costs were reduced to the appropriated levels. Computer processing inflation rates are negative inflation rates; therefore, the reduction was approximately \$20,000 for fiscal 1988 and \$40,000 for fiscal 1989.

Equipment shows a 79.8 percent reduction, but it includes 100 percent of the department's request.

STATE MOTOR POOL

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	6.00	6.00	6.00	6.00	0.00
Personal Service	\$142,876	\$139,644	\$147,970	\$148,400	4.9
Operating Expense	225,006	238,528	202,148	212,061	(10.6)
Equipment	489,711	322,120	402,120	360,620	(6.0)
Total Expenditures	\$857,593 =====	\$700,292 =====	\$752,238 =====	\$721,081 =====	(5.4) =====
<u>Fund Sources</u>					
Proprietary Funds	\$857,593 =====	\$700,292 =====	\$752,238 =====	\$721,081 =====	(5.4) =====

The motor pool operates a fleet of 158 rental vehicles for state officials and employees in the Helena area. Seven other vehicles are on permanent loan to the Governor's Office and the Department of Highways. The fleet size is based on an average of demand plus one standard deviation. The motor pool has a policy of replacing vehicles that reach 75,000 miles. These vehicles are auctioned off through surplus property. The fee for the auction is 4 percent of the proceeds.

Personal services increase 4.9 percent due to turnover in the supervisor's position in fiscal 1986 and vacancy savings being approximately \$1,400 more in fiscal 1986 than the vacancy savings applied to the two fiscal years of the 1989 biennium. Operating expenses decrease primarily due to reductions in gasoline and the deletion of approximately \$3,000 in the general expense category. These are offset somewhat by a \$5,932 increase in insurance. Equipment decreases by 6 percent due to budgeting for approximately 5 fewer units in the 1989 biennium.

This program is funded from a proprietary fund that generates its revenue from the department and other Helena based agencies who rent vehicles.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 9
Comparison of Actual Expenses to Appropriated Expenses

Budget Item	Legislature	Actual	Difference
F.T.L.	6.00	6.00	0.00
Personal Service	\$139,282	\$142,876	\$(3,594)
Operating Expense	243,868	225,006	18,862
Equipment	503,197	489,711	13,486
Total Expenditures	<u>\$886,347</u>	<u>\$857,593</u>	<u>\$28,754</u>
<u>Funding</u>			
State Special Revenue	<u>\$886,347</u>	<u>\$857,593</u>	<u>\$28,754</u>

Personal services were overexpended by \$3,594 due primarily to the program not achieving budgeted vacancy savings. Operating expenditures were \$18,862 under budget in three areas: data processing costs were \$11,947 under budget, supplies were approximately \$4,610 under budget mostly in gasoline purchases, and utilities had an underexpenditure of \$2,305. All other operating expenditures had a net underexpenditure of \$184. Equipment purchases were \$13,486 under budget due to purchasing approximately 2 fewer cars than budgeted.

Current Level Adjustments

The personal services budget increases by 4.9 percent. This results from fiscal 1987 having a higher vacancy savings applied and because fiscal 1988 and 1989 have higher benefits. Vacancy savings of 4 percent was applied to the program which amounted to \$5,909 in fiscal 1988 and \$5,920 in fiscal 1989.

Operating expenses are the those requested by the department which had decreases in gasoline and general expense categories offset by an increase in insurance. The decrease of 10.6 percent reflects these changes and also reflects the negative inflation applied to gasoline which reduces the budget approximately \$9,000 between fiscal 1986 and fiscal 1988.

Equipment has a 6 percent decrease. However, it is 100 percent of the department's request.

EQUIPMENT					
Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	120.35	120.35	119.35	119.35	(1.00)
Personal Service	\$ 3,328,003	\$ 3,249,152	\$ 3,389,139	\$ 3,402,042	3.3
Operating Expense	4,696,460	4,331,451	4,367,139	4,482,978	(2.0)
Equipment	4,649,030	4,657,099	4,650,099	4,650,099	(0.1)
Total Expenditures	<u>\$12,673,493</u>	<u>\$12,237,702</u>	<u>\$12,406,377</u>	<u>\$12,535,119</u>	<u>0.1</u>
Fund Sources					
State Special	\$2,910,182	\$2,247,850	\$ -0-	\$ -0-	(100.0)
Other	9,763,311	9,989,852	12,406,377	12,535,119	26.3
Total Funds	<u>\$12,673,493</u>	<u>\$12,237,702</u>	<u>\$12,406,377</u>	<u>\$12,535,119</u>	<u>0.1</u>

The Equipment Program is responsible for the purchase, distribution, and maintenance of all highway equipment. Equipment is rented out to various programs within the highway department.

Equipment rental rates have been established for each classification of equipment. Each equipment rental rate is made up of a usage rate and an assigned time rate. A usage rate is a per mile or hourly rental rate that is applied to a piece of equipment only when it is in service on a specific job. An assigned time rate is an hourly rental rate that is applied to a piece of equipment for the normal use period the equipment is assigned to an area, whether the equipment is used or not. In fiscal 1986, approximately \$10,535,865 was generated through charges for equipment.

FTE decrease by 1.00 FTE due to deletion of an administration officer position that was vacant all of fiscal 1986. Personal services increases 3.3 percent.

Operating expenses decrease by 2 percent. These decreases are in gasoline, diesel, and minor maintenance supplies. Gasoline and diesel were reduced to the department's request and minor maintenance supplies were reduced to the fiscal 1986 budgeted level. Equipment purchases reflect the department's request and represent a 0.1 percent decrease from the 1987 biennium.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 10
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	120.35	120.35	0.00
Personal Service	\$3,209,168	\$3,328,003	\$(118,835)
Operating Expense	4,517,611	4,696,460	(178,849)
Equipment	4,993,000	4,649,030	343,970
Total Expenditures	<u>\$12,719,779</u>	<u>\$12,673,493</u>	<u>\$ 46,286</u>
<u>Funding</u>			
	\$ 2,920,903	\$ 2,910,182	\$ 10,721
	<u>9,798,876</u>	<u>9,763,311</u>	<u>35,565</u>
Total Funds	<u>\$12,719,779</u>	<u>\$12,673,493</u>	<u>\$ 46,286</u>

Table 10 shows that personal services were overexpended by \$118,835. The major reason was the program had less than 6 percent of the positions turning over and did not realize the budgeted vacancy savings.

Actual operating expenditures were over the budget by \$178,849 due primarily to three major categories. Contracted services were overexpended because of an auctioneer fee of \$23,344 that was not budgeted. This fee was the cost to auction used equipment at the surplus property auction. Supplies and minor tools were overexpended by \$96,827 and propane by \$10,787. Repairs expense was \$58,575 over budget. Other operating expenses categories had a net underexpenditure of \$10,680. Equipment purchases were \$343,970 under the budget.

Current Level Adjustments

Personal services decrease by 1.0 FTE due to a vacant administrative officer position being deleted. The personal services budget increases by 3.3 percent reflecting the increase in salaries from fiscal 1986 to fiscal 1987. Fiscal 1988 and 1989 are computed at the fiscal 1987 pay matrices with a 4 percent vacancy savings applied. Vacancy savings for fiscal 1988 is \$136,920 and fiscal 1989 is \$137,921.

Operating expenses decrease by 2 percent primarily in gasoline and diesel costs. These reductions were made by the department in their budget request. Negative inflation on these two items further reduces them in fiscal 1988. Insurance costs were increased based on notification of the Tort Claims Division.

Equipment costs decrease 0.1 percent. The equipment budget is 100 percent of the equipment requested by the department.

Funding for this program is from two sources, proprietary fund and the state special revenue fund. The proprietary fund receives its revenues from other divisions within the department who use the division's equipment and operations state special revenues are used to pay part of the equipment purchases. An analysis of

the proprietary fund accounts shows that the highway state special revenue subsidy is not needed in the 1989 biennium so the program is shown as being 100 percent funded by the proprietary fund for the 1989 biennium. Table 12 shows the cash flow from fiscal 1986 and projected through fiscal 1989.

Table 11
Analysis of Fund Balance for Equipment Proprietary Fund
Fiscal 1986 through 1989

	<u>Fiscal 1986</u>	<u>Fiscal 1987</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Beginning Balance	\$ 24,143,156	\$ 2,900,867	\$ 5,865,029	\$ 3,276,992
Service Revenue	\$ 10,770,255	\$10,363,263	\$ 9,818,340	\$10,296,151
State Special - Trans.	<u>2,910,182</u>	<u>2,590,751</u>	<u>-0-</u>	<u>-0-</u>
Total Funds Avail.	\$ 37,823,593	\$15,854,881	\$15,683,369	\$13,573,143
Disbursements	\$ 10,951,648	\$ 9,989,852	\$12,406,377	\$12,535,119
Adj. to Fund Balance	<u>(23,971,078)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Fund Bal.	<u>\$ 2,900,867</u>	<u>\$ 5,865,029</u>	<u>\$ 3,276,992</u>	<u>\$ 1,038,024</u>

Expenditures reflect those in the budget and revenues reflect those provided by the department in their budget request with the state special being deducted for fiscal years 1988 and 1989. Adjustments to fund balance in fiscal 1986 include reductions for fixed assets and compensated absences so that the fund balance will only reflect liquid assets.

CAPITAL OUTLAY PROGRAM

<u>Budget Item</u>	<u>Actual</u>	<u>Appropriated</u>	<u>- - Current Level - -</u>		<u>% Change</u> <u>1987-89</u> <u>Biennium</u>
	<u>Fiscal</u> <u>1986</u>	<u>Fiscal</u> <u>1987</u>	<u>Fiscal</u> <u>1988</u>	<u>Fiscal</u> <u>1989</u>	
Bond Repayment	\$14,773,285	\$16,563,599	\$16,565,098	\$16,572,990	5.7
Transfers to Recon. Trst.	<u>13,336,604</u>	<u>29,600,000</u>	<u>-0-</u>	<u>-0-</u>	<u>(100.0)</u>
Expenditures and Funds	<u>\$28,109,889</u>	<u>\$46,163,599</u>	<u>\$16,565,098</u>	<u>\$16,572,990</u>	<u>(55.4)</u>

Chapter 557, Laws of 1983, authorized the Department of Highways to issue up to \$150 million of highway revenue bonds. The purpose of this financing was to "accelerate completion of selected remaining interstate gaps and to enable the Department of Highways to better manage its cash resources during the term of the bonds." The department has issued bonds in the amount of \$107 million and still has authorization for \$43 million in unissued bonds. The bond issue was for financing the state's share of the costs of construction, reconstruction, and repair of various state projects, and is to be repaid from the department's fuel taxes and license fee revenues.

Both expenditures and funding decrease 55.4 percent. This results from deleting the transfer of highway state special revenue funds to the reconstruction trust fund in both years of the 1989 biennium.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 12
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
Bond Repayment	\$14,773,336	\$14,773,285	\$ 51
Transfers to Recon. Trust	<u>32,050,000</u>	<u>13,336,604</u>	<u>18,713,396</u>
Total Non-Op. Exp. & Funding	<u>\$46,823,336</u>	<u>\$28,109,889</u>	<u>\$18,713,447</u>

Table 12 shows an underexpenditure of \$18,713,447 which results from transferring only \$13,336,604 of the \$32,050,000 authorized by the legislature to the reconstruction trust fund.

Current Level Adjustments

The current level deletes the transfer of the highway state special revenue funds to the reconstruction trust account for the biennium because the funds are not available in the highway special revenue account for transfer.

STORES INVENTORY

<u>Budget Item</u>	<u>Actual</u>	<u>Appropriated</u>	<u>- - Current Level - -</u>		<u>% Change</u>
	<u>Fiscal</u>	<u>Fiscal</u>	<u>Fiscal</u>	<u>Fiscal</u>	<u>1987-89</u>
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Biennium</u>
F.T.E.	0.00	0.00	0.00	0.00	0.00
Total Exp. &					
State Special Revenue	<u>\$12,442,561</u>	<u>\$12,643,971</u>	<u>\$13,632,007</u>	<u>\$13,767,451</u>	<u>9.2</u>

The Highway Stores Program is used to purchase and store materials such as sand, road oil, and gasoline which is needed by the other highway department programs. Physically separate store operations are maintained in Helena, at each of the field areas, and at their respective section houses. Known as Stores

Headquarters, the Helena branch of the stores system addresses the needs of the Helena headquarters building and shop facility and acts as the central receiving and distribution center for all quantity stores purchases made for the highway department.

Operating expenses increase by 9.2 percent. This increase is in gasoline and sand purchases because of inventory draw down. Contract services were also increased to allow for additional production of oil mixed materials from private contractors.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 13
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
Operating Costs and State Special Revenue Funds	<u>\$13,050,700</u>	<u>\$12,442,561</u>	<u>\$608,139</u>

Table 13 shows that the program's expenditures were approximately \$608,139 under the appropriation. Most of this underexpenditure is in three different categories. Supplies were under budget by \$326,664, primarily in gasoline purchases. Rent was under budget by \$136,258 primarily in the area of vehicle rental from the Equipment Division. Repairs were also \$136,376 under budget with most of this difference in road materials.

Current Level Adjustments

Operating expenses increase 9.2 percent. This increase is in three items: gasoline, sand, and gravel. All three increases are to replace inventory depletions.

House Bill 500 from the 1985 session required the department to develop a pricing structure in the stores program to maintain a positive cash balance. The reason for this language was the department had a separate store account from which it bought and sold the various commodities used by the other programs operating as their purchaser. The pricing system reflected the purchase price of the commodity and this was the cost when the commodity was sold. As replacement costs were going up, the department was in a position of not generating enough revenues for commodity replacement. Therefore the account would finish the fiscal year in a negative cash position and would have to be subsidized from the state special revenue account.

In fiscal 1986 the department changed its store operation and pays all bills directly from the highway state special revenue account. This takes care of the negative cash problem and the result is the same because it was the state special revenue account that subsidized the program. This change impacts the revenue and

expenditure levels of the department by doubling them for the stores program. Expenditures made in the stores to purchase commodities are duplicated when programs buy commodities from the stores program. Monies received by the store program for commodities are recorded as revenues so revenues are also duplicated. The impact to the department's budget is duplicated revenues and expenditures in the state special revenue account of approximately \$13 million per fiscal year.

GROSS VEHICLE WEIGHT					
<u>Budget Item</u>	<u>Actual Fiscal 1986</u>	<u>Appropriated Fiscal 1987</u>	<u>- - Current Level - -</u>		<u>% Change 1987-89 Biennium</u>
			<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	
F.T.E.	107.14	118.14	113.00	113.00	(5.14)
Personal Service	\$2,299,072	\$2,613,686	\$2,625,070	\$2,630,986	7.0
Operating Expense	789,331	788,221	762,262	767,174	(3.1)
Equipment	116,452	33,560	54,920	54,120	(27.3)
Total Expenditures	<u>\$3,204,855</u>	<u>\$3,435,467</u>	<u>\$3,442,252</u>	<u>\$3,452,280</u>	<u>3.8</u>
<u>Fund Sources</u>					
State Special	<u>\$3,204,855</u>	<u>\$3,435,467</u>	<u>\$3,442,252</u>	<u>\$3,452,280</u>	<u>3.8</u>

The Gross Vehicle Weight Division provides enforcement of the statutes and regulations relating to vehicle weights on the state's highways (Title 61, MCA) and collects gross vehicle weight fees. It consists of two bureaus. The Licensing and Collection Bureau registers interstate fleets of vehicles, issues GVW fee licenses, issues oversize and overweight permits, and collects fees and taxes. The Enforcement Bureau operates weight stations across the state and assigns enforcement officers to inspect vehicles for compliance with registration, fuel, size, and weight laws.

FTE decreases by 5.14 from fiscal 1987 to fiscal 1988. There were 3 FTE transferred to the General Operations Program and 2.14 FTE administration position were deleted as part of the cutback by the department to address the pay plan reduction and budget cuts made in Special Session III. The personal services budget increases by 7 percent due to increase the number of officers over fiscal 1986 plus in fiscal 1986 the program realized approximately \$49,000 in vacancy savings. Operating expenses decrease by 3.1 percent primarily due to decrease in building repairs of \$51,000 made at the department's request. Equipment is 100 percent of the department's requested equipment.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 14
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	107.14	106.64	0.50
Personal Service	\$2,340,448	\$2,299,072	\$ 41,376
Operating Expense	843,542	789,331	54,211
Equipment	34,090	116,452	(82,362)
Total Exp. and Funding	<u>\$3,218,080</u>	<u>\$3,204,855</u>	<u>\$ 13,225</u>

The \$41,376 underexpenditure in personal services results from a 0.5 FTE position transferred to General Operations without transferring funds and vacancy savings achieved by the program. Operating expenses are \$54,211 under the budget. Underexpenditures of \$64,692 in contract data processing services, utilities of \$12,139 and allowances and relocation expenses of \$22,171 are offset by overexpenditures of \$18,165 in supplies, \$6,686 in communications, \$9,646 in rent, and \$10,294 in repairs. Equipment was overspent by \$82,362.

Current Level Adjustments

Personal services was reduced by 2.14 FTE vacant positions. There were also 3 FTE transferred to the General Operations Program for a total decrease of 5.14 FTE. Vacant GVW officer positions were left in the budget because of the two new stations in Havre and De Borgia coming on line and the positions will be needed. The personal services budget increases by 7 percent primarily because of the vacant positions in both fiscal 1986 and 1987 created a lower personal services cost in fiscal 1986 and a lower projected budget in fiscal 1987. Vacancy savings of 4 percent was applied which amounted to \$105,760 in fiscal 1988 and \$105,839 in fiscal 1989.

Operating expenses decrease by 3.1 percent primarily in building and grounds repairs category as requested by the department. Electricity was increased for the two new stations at Havre and De Borgia.

Equipment decreased by 27.3 percent. However, it reflects 100 percent of the department's request.

Table 1
Combined Highway Special Revenue and Reconstruction Trust Accounts
Fiscal Years 1985 through 1989

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Beginning Bal.	\$ 41,993,035	\$ 62,787,605	\$ 74,908,470	\$ 44,640,643	\$ 23,645,749	\$ 14,878,525
<u>Revenues</u>						
Gasoline Tax	\$ 60,187,002	\$ 60,948,946	\$ 59,566,024	\$ 65,146,091	\$ 65,450,871	\$ 64,176,353
Diesel Tax	17,793,066	19,278,727	18,576,576	17,964,241	17,604,956	17,252,857
GVW Tax	22,632,255	23,865,379	22,593,890	22,702,588	23,061,100	22,899,500
Interest	-0-	-0-	3,466,058	-0-	-0-	-0-
Stores	-0-	-0-	12,792,441	12,643,971	13,632,007	13,767,451
Coal Tax	-0-	-0-	1,684,344	5,883,700	7,751,637	8,133,812
Minerals Tax	8,969,324	8,890,580	7,577,783	-0-	-0-	-0-
Other	<u>662,546</u>	<u>397,424</u>	<u>1,014,755</u>	<u>771,125</u>	<u>628,000</u>	<u>628,000</u>
Total Fnds Avail.	\$152,237,228	\$176,168,661	\$202,180,341	\$169,752,359	\$151,774,320	\$141,736,498
<u>Disbursements</u>						
Gen. Operations	\$ 18,650,681	\$ 20,469,555	\$19,288,570	\$ 19,048,764	\$ 19,162,998	\$ 18,990,747
Construction	9,619,410	16,213,526	30,919,673	12,117,836	29,768,911	26,645,167
Maintenance	37,687,627	41,808,079	41,546,502	38,688,379	39,543,378	39,772,368
Preconstruction	3,597,784	4,585,664	4,787,504	3,761,337	4,214,625	3,593,519
Capital Outlay	5,306,234	4,898,063	28,109,889	43,063,599	16,565,098	16,572,990
Equipment	3,002,594	2,523,925	2,910,182	2,247,850	-0-	-0-
Long-Range Bldg	652,457	455,738	732,886	969,821		
Stores	-0-	-0-	12,442,555	12,643,971	13,632,007	13,767,451
GVW Program	2,869,950	3,009,690	3,205,616	3,388,159	3,442,252	3,452,280
Dept. of Justice	6,232,839	6,431,679	6,843,036	9,283,571	9,647,310	9,704,471
Dept. of Commerce	75,000	75,000	75,000	71,250	71,250	71,250
Hwy Traffic Safety	68,319	64,478	70,791	68,194	72,000	72,000
Dept. of Revenue	681,706	690,860	787,852	753,879	775,966	750,073
Adjustments	<u>\$ 1,005,022</u>	<u>\$ 33,934</u>	<u>\$ 5,819,642</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Disb. & Adj.	\$ 89,449,623	\$101,260,191	\$157,539,698	\$146,106,610	\$136,895,795	\$133,392,316
Ending Bal.	<u>\$ 62,787,605</u>	<u>\$ 74,908,470</u>	<u>\$ 44,640,643</u>	<u>\$ 23,645,749</u>	<u>\$ 14,878,525</u>	<u>\$ 8,344,182</u>

GENERAL OPERATIONS

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	142.53	142.53	138.81	138.81	(3.72)
Personal Service	\$3,562,577	\$3,604,911	\$3,645,768	\$3,646,964	1.7
Operating Expense	2,439,248	2,728,592	2,553,328	2,500,053	(2.2)
Equipment	471,770	388,787	300,910	128,875	(50.1)
Total Operating Costs	\$6,473,595	\$6,722,290	\$6,500,006	\$6,275,892	(3.2)
Non-Operating Costs	301,693	308,502	299,693	299,693	(1.8)
Total Expenditures	<u>\$6,775,288</u>	<u>\$7,030,792</u>	<u>\$6,799,699</u>	<u>\$6,575,585</u>	<u>(3.1)</u>
Fund Sources					
State Special	\$4,643,234	\$4,972,089	\$5,162,998	\$4,990,747	5.6
Federal Revenue	2,132,054	2,058,703	1,636,701	1,584,838	(23.1)
Total Funds	<u>\$6,775,288</u>	<u>\$7,030,792</u>	<u>\$6,799,699</u>	<u>\$6,575,585</u>	<u>(3.1)</u>

The General Operations Program provides support services for all other areas of the Department of Highways. Services such as personnel, accounting, planning, research, and general administration are carried out by this program.

Personal services FTE decreased by 3.72. This is a net change in FTE that results from 3.0 FTE being transferred from GVW to this program and the elimination of 6.72 FTE vacant positions. Personal service increases by 1.7 percent even though the FTE decrease. This increase results from high vacancy savings achieved in fiscal 1986 and approximately \$79,206 of additional vacancy savings applied to the fiscal 1987 personal services budget because of the budget reduction from Special Session III.

Fiscal years 1988 and 1989 are based on fiscal 1986 actual expenditures. Fiscal 1986 expenditures are less than fiscal 1987 appropriated by approximately \$290,000. The higher appropriated level of fiscal 1987 causes the 2.2 percent decrease in operating expenditure.

Equipment decreases 50.1 percent. However, the equipment in the 1989 biennium reflects 100 percent of the department's request.

State special revenue funds increase 5.6 percent to pick up the federal fund reduction of 23.1 percent from the program.

Section 15-70-101, MCA, statutorily appropriates \$14 million of gasoline taxes for distribution to cities and counties annually. These funds are distributed by the General Operations Program but are not shown in the main table because they are statutory appropriations.

VISITOR'S REGISTER

GENERAL GOVERNMENT & HIGHWAYS

SUBCOMMITTEE

AGENCY(S) DEPT. OF HIGHWAYSDATE Feb. 10, 1987

DEPARTMENT _____

NAME	REPRESENTING	SUP- PORT	OP- POSE
Gary J WICKS	M D O H		
Bill Salisbury	M D O H		
Ray Brown	M D O H		
Bob (Wardman)	M D O H		
Steve Puhak	M D O H		
John PREBIL	M D O H		
Russ McDonald	M D O H		
Kathy Willis	M D O H		
Ray DAIGEN	M D O H		

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