

## 65010 Department of Commerce

### Agency Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	46.05	46.05
Personal Services	3,273,554	4,079,355	4,139,142
Operating Expenses	2,637,637	4,654,264	4,944,568
Local Assistance	0	46,000	46,000
Grants	15,651,122	24,300,310	23,954,061
Transfers	800,000	801,123	801,124
Debt Service	2,754	2,753	0
<b>Total Expenditures</b>	<b>\$22,365,067</b>	<b>\$33,883,805</b>	<b>\$33,884,895</b>
General Fund	5,357,478	5,647,735	5,579,256
State/Other Special Rev. Funds	4,097,458	7,194,766	7,192,223
Federal Spec. Rev. Funds	12,910,131	21,041,304	21,113,416
<b>Total Funds</b>	<b>\$22,365,067</b>	<b>\$33,883,805</b>	<b>\$33,884,895</b>
<b>Total Ongoing</b>	<b>\$20,202,199</b>	<b>\$31,476,929</b>	<b>\$31,578,225</b>
<b>Total OTO</b>	<b>\$2,162,868</b>	<b>\$2,406,876</b>	<b>\$2,306,670</b>

### Agency Discussion

#### *FY 2020 Appropriation Compared to FY 2020 Actual Expenditures*

The Department of Commerce's HB 2 modified budget was 66.0% expended as of the end of FY 2020 leaving about \$11.5 million in unspent budget authority at the end of the fiscal year. The primary reasons for the low percentage expended are:

- Vacant positions
- Lower operating expenses
- Grant activity

Personal services are 12.0% of the HB 2 modified budget at \$4.1 million and were 80.2% expended in FY 2020. As of August 21, Department of Commerce had 6.70 FTE or 14.5% of its FTE budgeted in HB 2 vacant. In FY 2020, Department of Commerce had 87.0% of its positions filled, resulting in vacancy savings of \$0.8 million.

Operating expenses are 13.7% of the HB 2 modified budget and were 56.7% expended at the end of FY 2020, leaving \$2.0 million in unexpended appropriation authority. Lower expenditures for federal grants in the Community Development Division were the primary reason for the lower expended percentage in FY 2020.

Grants totaling \$24.3 million are 64.4% expended. The low percentage is primarily due to the timing of accruing valid obligations, timing related to grant disbursements, and fluctuations in the amount of federal grant funds received.

## *FY 2020 Appropriations Compared to FY 2021 Appropriations*

While overall total appropriations between the two fiscal years are almost identical, appropriations for operating expenses are higher in FY 2021 while grants are lower due to a transfer of authority between the two categories that occurred in FY 2020. This is discussed further in the program discussion narrative for the Office of Tourism and Business Development.

## *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the finalized FY 2021 base budget, which included modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2021 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2023 biennium budgeting process.

*Figure 1*

FY 2021 Legislative Appropriations - Department of Commerce				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
51 MT OFFICE OF TOURISM & BUS DEV				
61000 Personal Services	1,665,031	(1,990)	1,663,041	-0.1%
62000 Operating Expenses	2,999,664	(317,250)	2,682,414	-10.6%
65000 Local Assistance	46,000	-	46,000	0.0%
66000 Grants	677,524	318,116	995,640	47.0%
68000 Transfers-out	200,000	1,124	201,124	0.6%
51 MT OFFICE OF TOURISM & BUS DEV Total	5,588,219	-	5,588,219	0.0%
60 COMMUNITY DEVELOPMENT DIVISION				
61000 Personal Services	2,266,858	-	2,266,858	0.0%
62000 Operating Expenses	1,998,480	-	1,998,480	0.0%
66000 Grants	20,922,921	-	20,922,921	0.0%
60 COMMUNITY DEVELOPMENT DIVISION Total	25,188,259	-	25,188,259	0.0%
78 BOARD OF HORSE RACING				
61000 Personal Services	20,459	-	20,459	0.0%
62000 Operating Expenses	181,288	-	181,288	0.0%
78 BOARD OF HORSE RACING Total	201,747	-	201,747	0.0%
81 DIRECTORS OFFICE				
66000 Grants	600,000	-	600,000	0.0%
81 DIRECTORS OFFICE Total	600,000	-	600,000	0.0%
65010 DEPARTMENT OF COMMERCE Total	31,578,225	-	31,578,225	0.0%

Legislative action for the Department of Commerce includes base appropriations contained in HB 2, plus other appropriations passed by the 2019 Legislature that were designated to be included in the base. The 2019 Legislature enacted HB 292 which temporarily extended the increase of coal severance tax allocation for the Coal Board. The allocation continues at 5.8% until FY 2024 when it is reduced to 2.9%. In FY 2021, appropriation authority of \$1,657,000 in state special revenue for the extension of the 5.8% allocation was transferred by the Office of Budget and Program Planning from HB 715. HB 715 required the funding to be included in the 2023 biennium base budget.

The Office of Tourism and Business Development transferred \$1,990 in personal services and \$316,126 in operating expenses to grants for the Primary Business Sector Training Program. The remaining \$1,124 was transferred from operating expenses to debt services for capital lease payments.

## Program 51 Office of Tourism and Business Development

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	19.35	19.35
Personal Services	1,703,783	1,825,425	1,851,825
Operating Expenses	1,804,439	2,482,830	2,764,800
Local Assistance	0	46,000	46,000
Grants	2,585,776	2,830,389	2,431,140
Transfers	800,000	801,123	801,124
Debt Service	804	803	0
<b>Total Expenditures</b>	<b>\$6,894,802</b>	<b>\$7,986,570</b>	<b>\$7,894,889</b>
General Fund	4,449,145	4,723,097	4,650,309
State/Other Special Rev. Funds	1,637,955	2,424,472	2,391,137
Federal Spec. Rev. Funds	807,702	839,001	853,443
<b>Total Funds</b>	<b>\$6,894,802</b>	<b>\$7,986,570</b>	<b>\$7,894,889</b>
<b>Total Ongoing</b>	<b>\$4,731,934</b>	<b>\$5,579,694</b>	<b>\$5,588,219</b>
<b>Total OTO</b>	<b>\$2,162,868</b>	<b>\$2,406,876</b>	<b>\$2,306,670</b>

### Program Discussion

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Montana Office of Tourism and Business Development expended 86.3% of its \$8.0 million HB 2 modified budget in FY 2020. Personal services were 93.9% expended, operating expenses were 72.7% expended, and grants were 91.4% expended. The lower percentage expend for operating expenses was primarily due to:

- Microbusiness loan account, which was 0.00% expended because all loan funds were already dispersed in previous biennia
- GAP Financing Program was 55.0% expended in FY 2020 as requests for funding were below levels anticipated in the budget
- Private promotion was 37.3% expended. Promotional activities were budgeted at \$285,000. The collection of private funds was below the level estimated in the budget.

### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

Differences between FY 2020 and FY 2021 appropriations are primarily in operating expenses and grants. Appropriations for operating expenses are \$339,000 higher in FY 2021 than in FY 2020 due to a series of transactions including:

- Transfer of \$298,468 in operating expenses supported by state special revenue appropriations from the Microbusiness Loan Program to the Primary Sector Workforce Training Program. This transaction nets to zero and thus does not appear in the figure above
- Transfer of \$311,815 in operating expenses from the Primary Sector Workforce Training Program to grant appropriations reducing operating expenses in FY 2020

Grant expenditures in FY 2020 are higher than FY 2021 due to these transactions.

### **Program 60 Community Development Division**

#### **Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	25.45	25.45
Personal Services	1,562,011	2,234,942	2,266,858
Operating Expenses	740,885	1,990,137	1,998,480
Grants	12,628,987	20,919,921	20,922,921
Debt Service	1,950	1,950	0
<b>Total Expenditures</b>	<b>\$14,933,833</b>	<b>\$25,146,950</b>	<b>\$25,188,259</b>
General Fund	908,333	924,638	928,947
State/Other Special Rev. Funds	2,359,430	4,570,009	4,599,339
Federal Spec. Rev. Funds	11,666,070	19,652,303	19,659,973
<b>Total Funds</b>	<b>\$14,933,833</b>	<b>\$25,146,950</b>	<b>\$25,188,259</b>
<b>Total Ongoing</b>	<b>\$14,933,833</b>	<b>\$25,146,950</b>	<b>\$25,188,259</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **Program Discussion**

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Community Development Division expended 59.4% of its \$25.1 million HB 2 modified budget in FY 2020. Personal services were 69.9% expended, operating expenses were 37.2% expended and grants were 60.4% expended.

According to the Department of Commerce:

- The lower expenditures in all categories are due to a delay in receipt of federal funds
- The federal fiscal year begins October 1<sup>st</sup> but Congress approves the federal budget at various times during the year, usually the grants are received 10 months after the Congressional budget is passed
- Once grants are received, the Community Development Division begins the public comment and competitive applications processes
- Projects funded through the federal grants are often large construction projects that leverage other federal or state funds, adding to the timing of the expenditures

*FY 2020 Appropriations Compared to FY 2021 Appropriations*

The FY 2021 appropriations are not significantly different from the FY 2020 appropriations.

**Program 78 Board of Horse Racing**

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	1.25	1.25
Personal Services	7,760	18,988	20,459
Operating Expenses	92,313	181,297	181,288
<b>Total Expenditures</b>	<b>\$100,073</b>	<b>\$200,285</b>	<b>\$201,747</b>
State/Other Special Rev. Funds	100,073	200,285	201,747
<b>Total Funds</b>	<b>\$100,073</b>	<b>\$200,285</b>	<b>\$201,747</b>
<b>Total Ongoing</b>	<b>\$100,073</b>	<b>\$200,285</b>	<b>\$201,747</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Discussion**

*FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Board of Horse Racing expended 50.0% of its \$200,285 HB 2 modified budget in FY 2020. The main categories of lower spending were horse racing track management and travel due to the cancelation of live horse racing events. The cancelations were to protect against the spread of COVID-19.

*FY 2020 Appropriations Compared to FY 2021 Appropriations*

The FY 2021 appropriations are not significantly different from the FY 2020 appropriations.

## Program 80 Director's Office

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
Grants	436,359	550,000	600,000
<b>Total Expenditures</b>	<b>\$436,359</b>	<b>\$550,000</b>	<b>\$600,000</b>
Federal Spec. Rev. Funds	436,359	550,000	600,000
<b>Total Funds</b>	<b>\$436,359</b>	<b>\$550,000</b>	<b>\$600,000</b>
<b>Total Ongoing</b>	<b>\$436,359</b>	<b>\$550,000</b>	<b>\$600,000</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Discussion

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Director's Office expended 79.3% of its HB 2 modified budget in FY 2020. Appropriations in HB 2 support the Montana Council on Developmental Disabilities which had lower expenditures for grants due to the timing of the receipt of federal grants.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

The 2019 Legislature increased the FY 2021 federal special revenue appropriations for the Montana Council on Developmental Disabilities by \$50,000 over the FY 2020 appropriations to match anticipated federal funds.

## 66020 Department of Labor and Industry

### Agency Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	668.48	668.48
Personal Services	44,527,004	48,587,640	49,649,266
Operating Expenses	23,901,829	27,426,252	27,627,821
Equipment & Intangible Assets	419,764	447,884	393,324
Grants	8,047,986	10,025,555	9,822,636
Benefits & Claims	33,950	100,389	100,389
Transfers	494,535	663,464	407,333
Debt Service	246,389	295,755	241,174
<b>Total Expenditures</b>	<b>\$77,671,457</b>	<b>\$87,546,939</b>	<b>\$88,241,943</b>
General Fund	1,984,135	1,985,868	2,010,330
State/Other Special Rev. Funds	47,481,849	52,241,253	52,601,722
Federal Spec. Rev. Funds	28,205,473	33,319,818	33,629,891
<b>Total Funds</b>	<b>\$77,671,457</b>	<b>\$87,546,939</b>	<b>\$88,241,943</b>
<b>Total Ongoing</b>	<b>\$77,586,457</b>	<b>\$87,461,939</b>	<b>\$88,156,943</b>
<b>Total OTO</b>	<b>\$85,000</b>	<b>\$85,000</b>	<b>\$85,000</b>

### Agency Discussion

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The modified HB 2 budget of \$85.8 million for the Department of Labor and Industry, which is primarily comprised of state and federal special revenues, was 89.9% expended through the end of FY 2020. Under expenditures were largely due to Covid-19. The Unemployment Insurance (UI) Division saw a substantial increase in demand for services during Covid-19, whereas many other departments saw large decreases in service demand. To meet the needs of the UI Division, many other divisions temporarily shifted their employees to work under the UI Division. However, this employee shift and increase in UI Division needs was largely funded by the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act and the Federal Emergency Management Agency (FEMA). Additionally, in response to Covid-19 the divisions reduced their travel, services, and some elected to not refill vacant positions with the hopes to hire when they could onboard and train in person.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

FY 2021 total appropriations are approximately \$695,000 higher than FY 2020. This difference is attributed to an increase of approximately \$1 million in personal services and \$200,000 in operating expenses. However, there is approximately a \$200,000 decrease in grants attributed to a decline in funding for federal grants, as well as decreases in transfers and debt services of approximately \$250,000 and \$50,000, respectively.

### *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the finalized FY 2021 base budget, which included modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2021 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2023 biennium budgeting process.



FY 2021 Legislative Appropriations - Department of Labor and Industry				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
<b>01 WORKFORCE SERVICES DIVISION</b>				
61000 Personal Services	16,935,962	-	16,935,962	0.0%
62000 Operating Expenses	6,853,487	18,800	6,872,287	0.3%
63000 Equipment & Intangible Assets	12,908	-	12,908	0.0%
66000 Grants	6,722,914	-	6,722,914	0.0%
68000 Transfers-out	101,814	-	101,814	0.0%
69000 Debt Service	154,387	(30,000)	124,387	-19.4%
<b>01 WORKFORCE SERVICES DIVISION Total</b>	<b>30,781,472</b>	<b>(11,200)</b>	<b>30,770,272</b>	<b>0.0%</b>
<b>02 UNEMPLOYMENT INSURANCE DIV</b>				
61000 Personal Services	10,335,147	-	10,335,147	0.0%
62000 Operating Expenses	6,813,650	193,400	7,007,050	2.8%
69000 Debt Service	29,905	6,600	36,505	22.1%
<b>02 UNEMPLOYMENT INSURANCE DIV Total</b>	<b>17,178,702</b>	<b>200,000</b>	<b>17,378,702</b>	<b>1.2%</b>
<b>03 COMMISSIONERS OFFICE &amp; CSD</b>				
61000 Personal Services	906,904	-	906,904	0.0%
62000 Operating Expenses	370,087	235,835	605,922	63.7%
68000 Transfers-out	-	20,000	20,000	0.0%
69000 Debt Service	2,394	965	3,359	40.3%
<b>03 COMMISSIONERS OFFICE &amp; CSD Total</b>	<b>1,279,385</b>	<b>256,800</b>	<b>1,536,185</b>	<b>20.1%</b>
<b>04 EMPLOYMENT RELATIONS DIVISION</b>				
61000 Personal Services	9,925,284	-	9,925,284	0.0%
62000 Operating Expenses	5,219,548	(458,440)	4,761,108	-8.8%
63000 Equipment & Intangible Assets	10,941	-	10,941	0.0%
67000 Benefits & Claims	100,389	-	100,389	0.0%
69000 Debt Service	17,089	6,340	23,429	37.1%
<b>04 EMPLOYMENT RELATIONS DIVISION Total</b>	<b>15,273,251</b>	<b>(452,100)</b>	<b>14,821,151</b>	<b>-3.0%</b>
<b>05 BUSINESS STANDARDS DIVISION</b>				
61000 Personal Services	10,544,211	-	10,544,211	0.0%
62000 Operating Expenses	7,862,561	(5,870)	7,856,691	-0.1%
63000 Equipment & Intangible Assets	369,475	-	369,475	0.0%
66000 Grants	5,000	-	5,000	0.0%
68000 Transfers-out	34,869	-	34,869	0.0%
69000 Debt Service	43,487	5,870	49,357	13.5%
<b>05 BUSINESS STANDARDS DIVISION Total</b>	<b>18,859,603</b>	<b>-</b>	<b>18,859,603</b>	<b>0.0%</b>
<b>07 OFFICE OF COMMUNITY SERVICES</b>				
61000 Personal Services	359,161	-	359,161	0.0%
62000 Operating Expenses	279,403	(220)	279,183	-0.1%
66000 Grants	3,094,722	-	3,094,722	0.0%
68000 Transfers-out	250,650	-	250,650	0.0%
69000 Debt Service	952	220	1,172	23.1%
<b>07 OFFICE OF COMMUNITY SERVICES Total</b>	<b>3,984,888</b>	<b>-</b>	<b>3,984,888</b>	<b>0.0%</b>
<b>09 WORKERS COMPENSATION COURT</b>				
61000 Personal Services	642,597	-	642,597	0.0%
62000 Operating Expenses	154,730	5,850	160,580	3.8%
69000 Debt Service	2,315	650	2,965	28.1%
<b>09 WORKERS COMPENSATION COURT Total</b>	<b>799,642</b>	<b>6,500</b>	<b>806,142</b>	<b>0.8%</b>
<b>66020 DEPARTMENT OF LABOR AND INDUSTRY Total</b>	<b>88,156,943</b>	<b>-</b>	<b>88,156,943</b>	<b>0.0%</b>

The legislative action budget includes the FY 2021 budget as adopted during the 2019 session. The Department of Labor and Industry had several executive modifications to the legislative budget. The most notable changes were program transfers from the Employment Relations Division of \$250,000 to the Commissioner's Office/Central Services Division to accommodate a projected increase in technological services and \$200,000 to the Unemployment Insurance Division due to a decline in federal revenues.

## Program 01 Work Force Services Division

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	244.50	244.50
Personal Services	15,224,289	16,511,599	16,935,962
Operating Expenses	5,249,468	6,487,444	6,957,287
Equipment & Intangible Assets	0	12,908	12,908
Grants	5,053,245	6,925,833	6,722,914
Transfers	235,480	342,314	101,814
Debt Service	111,847	154,387	124,387
<b>Total Expenditures</b>	<b>\$25,874,329</b>	<b>\$30,434,485</b>	<b>\$30,855,272</b>
State/Other Special Rev. Funds	12,139,917	14,053,049	14,207,818
Federal Spec. Rev. Funds	13,734,412	16,381,436	16,647,454
<b>Total Funds</b>	<b>\$25,874,329</b>	<b>\$30,434,485</b>	<b>\$30,855,272</b>
<b>Total Ongoing</b>	<b>\$25,789,329</b>	<b>\$30,349,485</b>	<b>\$30,770,272</b>
<b>Total OTO</b>	<b>\$85,000</b>	<b>\$85,000</b>	<b>\$85,000</b>

### Program Discussion

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Work Force Services Division expended 88.31% of its \$29 million HB 2 modified budget in FY 2020. Unspent funds were largely due to Covid-19 as the Workforce Services Division experienced a decrease in demand for certain programs and shifted focus to assist the Unemployment Insurance division. Additional decreases can be attributed to special workforce projects ending, a decline in the number of eligible participants for Trade Act funding, and a reduction in Wagner Peyser and Bureau of Labor Statistics funding from a federal level.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

The Work Force Services Division FY 2021 appropriations were \$420,787 or 1.5% higher than FY 2020. This increase is primarily due to an increase in personal services of approximately \$400,000 and operating expenses of approximately \$450,000.

### *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

The Work Force Services Division had executive modifications that transferred house appropriations from the debt services to operating expenses of \$30,000 and a program transfer of \$11,200 to the Commissioner's Office and Central Services Division and Workers' Compensation Court.

### **Program 02 Unemployment Insurance Division**

#### **Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	148.61	148.61
Personal Services	9,385,242	9,911,171	10,335,147
Operating Expenses	6,180,161	7,197,032	7,007,050
Debt Service	38,202	38,202	36,505
<b>Total Expenditures</b>	<b>\$15,603,605</b>	<b>\$17,146,405</b>	<b>\$17,378,702</b>
State/Other Special Rev. Funds	5,817,714	5,842,432	5,925,576
Federal Spec. Rev. Funds	9,785,891	11,303,973	11,453,126
<b>Total Funds</b>	<b>\$15,603,605</b>	<b>\$17,146,405</b>	<b>\$17,378,702</b>
<b>Total Ongoing</b>	<b>\$15,603,605</b>	<b>\$17,146,405</b>	<b>\$17,378,702</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Unemployment Insurance Division expended 90.8% of its \$16.8 million HB 2 modified budget in FY 2020. During Covid-19 the Unemployment Insurance Division received emergency federal funding, which was used to cover much of the personal services and operating expenses.

### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

The FY 2021 appropriations were \$232,297 or 1.4% higher than FY 2020 appropriations. The most notable increase is in personal services of approximately \$400,000. However, both operating expenses and debt services were reduced.

### *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

The Unemployment Insurance Division had executive modifications that transferred house appropriations from operating expenses to debt services of \$6,600 and a program transfer from the Employment Relations Division of \$200,000.

## Program 03 Commissioners Office & Centralized Services Division

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	10.50	10.50
Personal Services	791,444	883,478	906,904
Operating Expenses	819,504	881,893	605,922
Transfers	20,000	20,000	20,000
Debt Service	2,518	2,582	3,359
<b>Total Expenditures</b>	<b>\$1,633,466</b>	<b>\$1,787,953</b>	<b>\$1,536,185</b>
General Fund	264,866	264,969	314,251
State/Other Special Rev. Funds	855,330	943,191	634,028
Federal Spec. Rev. Funds	513,270	579,793	587,906
<b>Total Funds</b>	<b>\$1,633,466</b>	<b>\$1,787,953</b>	<b>\$1,536,185</b>
<b>Total Ongoing</b>	<b>\$1,633,466</b>	<b>\$1,787,953</b>	<b>\$1,536,185</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Commissioner's Office and Centralized Services Division expended 91.4% of its \$1.7 million HB 2 modified budget in FY 2020. Funds for the Equal Employment Opportunities Commission (EEOC) had the largest under expense, which was due to a lower than anticipated number of Human Rights cases in fiscal year 2020.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

FY 2021 appropriations were \$251,768 or 14% less than FY 2020 appropriations. This decrease is primarily attributed to approximately a \$275,000 decrease in operating services.

#### *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

The Commissioner's Office and Centralized Services Division saw several executive modifications. The most notable is a program transfer of \$250,000 from the Employment Relations Division.

## Program 04 Employment Relations Division

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	118.98	118.98
Personal Services	8,994,129	10,025,113	9,925,284
Operating Expenses	4,147,167	4,565,800	4,761,108
Equipment & Intangible Assets	0	10,941	10,941
Benefits & Claims	33,950	100,389	100,389
Transfers	0	0	0
Debt Service	37,996	38,281	23,429
<b>Total Expenditures</b>	<b>\$13,213,242</b>	<b>\$14,740,524</b>	<b>\$14,821,151</b>
General Fund	1,559,084	1,560,714	1,544,245
State/Other Special Rev. Funds	10,958,571	11,963,138	12,176,576
Federal Spec. Rev. Funds	695,587	1,216,672	1,100,330
<b>Total Funds</b>	<b>\$13,213,242</b>	<b>\$14,740,524</b>	<b>\$14,821,151</b>
<b>Total Ongoing</b>	<b>\$13,213,242</b>	<b>\$14,740,524</b>	<b>\$14,821,151</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Employment Relations Division expended 89.6% of its \$14.7 million HB 2 modified budget for FY 2020. The largest under expenditures were in the EEOC due to the Employment Relations Division utilizing pandemic related savings from other areas instead of EEOC funds and the Coal Mine Safety Grant which did not become available until after the fiscal year end.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

FY 2021 appropriations were \$80,627 or .5% higher than FY 2020 appropriations. Appropriations for personal services decreased by approximately \$100,000. However, operating expenses increased by approximately \$200,000.

#### *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

The Employment Relations Division most notably saw decreases in operating expenses due to program transfers to the Commissioner's Office and Centralized Services Division (\$250,000) and the Unemployment Insurance Division (\$200,000).

## Program 05 Business Standards Division

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	134.89	134.89
Personal Services	9,303,682	10,229,657	10,544,211
Operating Expenses	7,210,038	7,865,741	7,856,691
Equipment & Intangible Assets	419,764	424,035	369,475
Grants	0	5,000	5,000
Transfers	24,964	50,500	34,869
Debt Service	51,908	58,334	49,357
<b>Total Expenditures</b>	<b>\$17,010,356</b>	<b>\$18,633,267</b>	<b>\$18,859,603</b>
State/Other Special Rev. Funds	17,002,825	18,612,858	18,839,194
Federal Spec. Rev. Funds	7,531	20,409	20,409
<b>Total Funds</b>	<b>\$17,010,356</b>	<b>\$18,633,267</b>	<b>\$18,859,603</b>
<b>Total Ongoing</b>	<b>\$17,010,356</b>	<b>\$18,633,267</b>	<b>\$18,859,603</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Business Standards Division expended 91% of its \$18.6 million HB 2 modified budget in FY 2020. Personal services and operating expenses were both within the typical spending range for the division. Transfers out were only 49% expended. This under expenditure is attributed to a large decrease in the number of Business Standards Division hearings in fiscal year 2020.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

FY 2021 appropriations were \$226,336 or 1.2% higher than FY 2020 appropriations. Appropriations for personal services are approximately \$300,000 higher than FY 2020. However, appropriations for operating expenses, equipment and intangible assets, transfers, and debt services all have small decreases compared to FY 2020.

#### *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

The Business Standards Division had an executive modification that decreased operating expenses by \$70,891 in agency transfers.

## Program 07 Office of Community Services

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	4.00	4.00
Personal Services	288,299	391,915	359,161
Operating Expenses	130,182	251,167	279,183
Grants	2,994,741	3,094,722	3,094,722
Transfers	214,091	250,650	250,650
Debt Service	1,654	1,654	1,172
<b>Total Expenditures</b>	<b>\$3,628,967</b>	<b>\$3,990,108</b>	<b>\$3,984,888</b>
General Fund	160,185	160,185	151,834
State/Other Special Rev. Funds	0	12,388	12,388
Federal Spec. Rev. Funds	3,468,782	3,817,535	3,820,666
<b>Total Funds</b>	<b>\$3,628,967</b>	<b>\$3,990,108</b>	<b>\$3,984,888</b>
<b>Total Ongoing</b>	<b>\$3,628,967</b>	<b>\$3,990,108</b>	<b>\$3,984,888</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Office of Community Services expended 91% of its \$3.99 million HB 2 modified budget in FY 2020. Personal services and operating expenses were under spent due to a suspension of all projects during Covid-19.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

FY 2021 appropriations were \$5,220 less than FY 2020 appropriations. This small decrease is attributed to a reduction in personal services of approximately \$32,000, but an increase in operating expenses of approximately \$28,000.

#### *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

The Office of Community Services did not have large changes in the Legislative Budget compared to the base except for a house appropriation that transferred \$220 from operating expenses to debt services.

## Program 09 Workers Compensation Court

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	7.00	7.00
Personal Services	539,919	634,707	642,597
Operating Expenses	165,309	177,175	160,580
Debt Service	2,264	2,315	2,965
<b>Total Expenditures</b>	<b>\$707,492</b>	<b>\$814,197</b>	<b>\$806,142</b>
State/Other Special Rev. Funds	707,492	814,197	806,142
<b>Total Funds</b>	<b>\$707,492</b>	<b>\$814,197</b>	<b>\$806,142</b>
<b>Total Ongoing</b>	<b>\$707,492</b>	<b>\$814,197</b>	<b>\$806,142</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Workers Compensation Court expended 86.9% of its \$814,197 HB 2 modified budget in FY 2020. Personal services were 85% expended due to a shift in employees to the Unemployment Insurance division and a pause on hiring related to Covid-19.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

FY 2021 appropriations was \$8,055 or 1% less than FY 2020 appropriations. This small decrease is attributed to a decline in operating expenses of approximately \$17,000 with an increase in personal services of approximately \$8,000.

#### *Comparison of FY 2021 Legislative Budget to FY 2021 Base*

The Workers Compensation Court did not have large changes in the Legislative Budget compared to the base except for a house appropriation that transferred \$650 from operating expenses to debt services and a program transfer of \$6,500 from the Workforce Services Division.



## 54010 Department of Transportation

### Agency Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	1,992.27	1,992.27
Personal Services	160,176,125	170,810,110	174,067,353
Operating Expenses	441,677,236	465,875,712	471,699,871
Equipment & Intangible Assets	2,862,946	4,790,092	4,032,658
Capital Outlay	14,381,252	16,456,865	12,956,865
Grants	17,224,161	24,317,939	23,530,320
Transfers	1,607,167	1,949,656	1,726,156
<b>Total Expenditures</b>	<b>\$637,928,887</b>	<b>\$684,200,374</b>	<b>\$688,013,223</b>
State/Other Special Rev. Funds	257,290,976	284,223,166	259,051,664
Federal Spec. Rev. Funds	380,637,911	399,977,208	428,961,559
<b>Total Funds</b>	<b>\$637,928,887</b>	<b>\$684,200,374</b>	<b>\$688,013,223</b>
<b>Total Ongoing</b>	<b>\$637,796,048</b>	<b>\$683,740,374</b>	<b>\$687,568,223</b>
<b>Total OTO</b>	<b>\$132,839</b>	<b>\$460,000</b>	<b>\$445,000</b>

### Agency Discussion

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

In FY 2020 the Montana Department of Transportation (MDT) expended \$637.9 million or 93.2% of its \$684.2 million in HB 2 authority. The agency budget does not include general fund. MDT receives funding from dedicated sources for both state and federal funding. MDT expended \$45.3 million lower than its total appropriation including \$26.9 million in state special revenue and \$19.3 million in federal special revenue. This level of expenditure is not unusual as the agency usually does not expend its entire appropriation. All appropriations in HB 2 are biennial due to the nature of construction projects and road maintenance. Most federal funds are available for multiple years and are primarily received via reimbursement after MDT pays for construction projects using state special funds. Because of this arrangement it is necessary to maintain a large working capital state special fund balance in order to cover federal payments until reimbursement can occur.

#### Comment

The agency has submitted the budget based on the 2019 5-year tentative construction plan (TCP). The plan is updated annually in the fall and the agency historically requests a budget change during the session based on the updated TCP.

#### *FY 2020 Appropriations compared to FY 2021 Appropriations*

There is a 0.5% difference in appropriations between the two years. While there were increases in personal services and operating expenses there was a lower level of authority in FY 2021 for capital outlay. The higher level of capital outlay in the first year was due to budget modifications stemming from a greater than usual need for right of way purchases. Increased authority for personal services was a result of HB 175, the employee pay plan.

## *FY 2021 Legislative Budget compared to FY 2021 base*

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 legislature compared to the finalized 2021 base budget, which included modifications as authorized by statute during the interim. Currently the executive modifications to the base have had a net zero impact on the overall total FY 2021 legislative appropriation of \$687.6 million. However, increased federal funding provided for a savings to state special revenue funding. Several other budgetary changes occur which are detailed below and can be seen in the appropriations tables below. Budgetary changes include:

- Transfers to operating expenses in the general operations program from all other programs totaling approximately \$518,000. Due to a federal review of direct vs indirect expenditures, this change was made to consolidate all SITSD expenses including phones, mail, shipping and print services. This also eliminated debt service from the general operations program that was previously used to pay for printing equipment. All printing has been outsourced to the Department of Administration's State Print and Mail division.
- A transfer of \$57,566 and 1 full time equivalent (FTE) from the maintenance program to the director's office in the general operations program. The FTE was transferred to create the Chief Operating Officer position. The position serves as one of the principle executive advisors to the Director, assisting with all upper level administrative and management activities.
- An operation plan change in the maintenance program of \$25,000 from grants to equipment and intangible assets of the remaining balance to allow the authority to be utilized.
- A program transfer of \$80,000 of fuel tax evasion grant authority from operating expenses in the general operations program to equipment and intangible assets in the motor carrier services program to purchase equipment for monitoring and enforcement activities. The grant is shared between the two programs but administered through the general operations program.
- An adjustment in the aeronautics program that moved authority from grants to operations. House bill 661 created a statutory appropriation for the aeronautics grant program. The grant appropriation authority of \$420,000 was moved to aeronautics operating expenses. This was partially offset by a transfer of roughly \$11,000 from aeronautics operating expenses to general operations operating expenses in the SITSD cost consolidation.
- An operations plan change to the rail, transit & planning program which transferred \$70,000 in state special authority from operating expenses to grants due to an accounting treatment change with rest area expenditures. This supported grants to cities for city-owned rest areas.
- An operating plan change that moved approximately \$100,000 of authority within the transit program of rail, transit and planning from transfers-out to operating expenses. The increase in operating expenses was offset by other transfers.
- A fund switch totaling \$79,000 from state special to federal special to support the fuel tax evasion grant. This can be seen in figure 2 below, which shows budget modifications by fund type as opposed to by program and expenditure category as shown in figure 1.

Figure 1

FY 2021 Legislative Appropriations - Montana Department of Transportation				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
<b>01 GENERAL OPERATIONS PROGRAM</b>				
61000 Personal Services	17,334,058	57,566	17,391,624	0.3%
62000 Operating Expenses	15,935,154	518,827	16,453,981	3.3%
63000 Equipment & Intangible Assets	45,803	-	45,803	0.0%
66000 Grants	75,000	-	75,000	0.0%
69000 Debt Service	85,270	(85,270)	-	-100.0%
<b>01 GENERAL OPERATIONS PROGRAM Total</b>	<b>33,475,285</b>	<b>491,123</b>	<b>33,966,408</b>	<b>1.5%</b>
<b>02 HIGHWAYS &amp; ENGINEERING</b>				
61000 Personal Services	77,562,100	-	77,562,100	0.0%
62000 Operating Expenses	362,287,694	(234,407)	362,053,287	-0.1%
63000 Equipment & Intangible Assets	2,665,262	-	2,665,262	0.0%
64000 Capital Outlay	12,956,865	-	12,956,865	0.0%
66000 Grants	4,130,628	-	4,130,628	0.0%
<b>02 HIGHWAYS &amp; ENGINEERING Total</b>	<b>459,602,549</b>	<b>(234,407)</b>	<b>459,368,142</b>	<b>-0.1%</b>
<b>03 MAINTENANCE PROGRAM</b>				
61000 Personal Services	59,704,712	(57,566)	59,647,146	-0.1%
62000 Operating Expenses	82,111,695	(171,130)	81,940,565	-0.2%
63000 Equipment & Intangible Assets	345,208	25,000	370,208	7.2%
66000 Grants	25,000	(25,000)	-	-100.0%
<b>03 MAINTENANCE PROGRAM Total</b>	<b>142,186,615</b>	<b>(228,696)</b>	<b>141,957,919</b>	<b>-0.2%</b>
<b>22 MOTOR CARRIER SERVICES</b>				
61000 Personal Services	9,575,228	-	9,575,228	0.0%
62000 Operating Expenses	2,983,560	(27,231)	2,956,329	-0.9%
63000 Equipment & Intangible Assets	197,716	80,000	277,716	40.5%
68000 Transfers-out	49,716	(2,986)	46,730	-6.0%
<b>22 MOTOR CARRIER SERVICES Total</b>	<b>12,806,220</b>	<b>49,783</b>	<b>12,856,003</b>	<b>0.4%</b>
<b>40 AERONAUTICS PROGRAM</b>				
61000 Personal Services	826,328	-	826,328	0.0%
62000 Operating Expenses	874,071	408,922	1,282,993	46.8%
66000 Grants	424,000	(420,000)	4,000	-99.1%
68000 Transfers-out	6,901	99	7,000	1.4%
<b>40 AERONAUTICS PROGRAM Total</b>	<b>2,131,300</b>	<b>(10,979)</b>	<b>2,120,321</b>	<b>-0.5%</b>
<b>50 RAIL TRANSIT &amp; PLANNING</b>				
61000 Personal Services	9,064,927	-	9,064,927	0.0%
62000 Operating Expenses	6,603,505	(35,789)	6,567,716	-0.5%
63000 Equipment & Intangible Assets	673,669	-	673,669	0.0%
66000 Grants	19,250,692	70,000	19,320,692	0.4%
68000 Transfers-out	1,773,461	(101,035)	1,672,426	-5.7%
<b>50 RAIL TRANSIT &amp; PLANNING Total</b>	<b>37,366,254</b>	<b>(66,824)</b>	<b>37,299,430</b>	<b>-0.2%</b>
<b>54010 DEPARTMENT OF TRANSPORTATION Total</b>	<b>687,568,223</b>	<b>-</b>	<b>687,568,223</b>	<b>0.0%</b>

Figure 2

FY 2021 Legislative Appropriations - Department of Transportation				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
02 State/Other Spec Rev	259,095,664	(79,000)	259,016,664	0.0%
03 Fed/Other Spec Rev	428,472,559	79,000	428,551,559	0.0%
<b>Grand Total</b>	<b>687,568,223</b>	<b>-</b>	<b>687,568,223</b>	<b>0.0%</b>

## 01 General Operations

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	178.80	178.80
Personal Services	16,205,307	17,160,348	17,391,624
Operating Expenses	15,578,695	16,546,793	16,453,981
Equipment & Intangible Assets	0	45,803	45,803
Grants	75,000	75,000	75,000
Transfers	1,386	4,500	0
<b>Total Expenditures</b>	<b>\$31,860,388</b>	<b>\$33,832,444</b>	<b>\$33,966,408</b>
State/Other Special Rev. Funds	31,192,214	32,151,718	32,270,166
Federal Spec. Rev. Funds	668,174	1,680,726	1,696,242
<b>Total Funds</b>	<b>\$31,860,388</b>	<b>\$33,832,444</b>	<b>\$33,966,408</b>
<b>Total Ongoing</b>	<b>\$31,860,388</b>	<b>\$33,832,444</b>	<b>\$33,966,408</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Discussion

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

In the FY 2020 budget the general operations program expended a total of 94.2% of its \$33.8 million in appropriation authority. The personal services budget was \$16.2 million or 94.4% expended, and operating expenses were \$15.6 million or 94.1% expended. Funding for the general operations program included 97.9% state special funds and 2.1% federal funds.

#### *FY 2020 Appropriations compared to FY 2021 Appropriations*

The FY 2021 appropriation of \$34.0 million is 1.0% above the FY 2020 appropriation. The growth in the program budget reflects a combination of growth in personal services primarily related to pay plan increases. Operating costs in FY 2021 are lower due to the centralization of certain services as a cost-saving measure. This is discussed in the following section.

*Figure 3*

FY 2021 Legislative Appropriations - Department of Transportation-General Operations				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 GENERAL OPERATIONS PROGRAM				
61000 Personal Services	17,334,058	57,566	17,391,624	0.3%
62000 Operating Expenses	15,935,154	518,827	16,453,981	3.3%
63000 Equipment & Intangible Assets	45,803	-	45,803	0.0%
66000 Grants	75,000	-	75,000	0.0%
69000 Debt Service	85,270	(85,270)	-	-100.0%
01 GENERAL OPERATIONS PROGRAM Total	33,475,285	491,123	33,966,408	1.5%

### *FY 2021 Legislative Budget compared to FY 2021 base*

The general operations program FY 2021 base budget of \$34.0 million is 1.5% greater than the FY 2021 Legislative budget appropriation of \$33.5 million. The increase in operating expenses is a result of the centralization of department wide SITSD expenses including phones, mail, shipping and print services. All fixed cost increases for department wide SITSD expenses will now be included in the general operations budget.

## **02 Construction**

### **Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	846.72	846.72
Personal Services	71,218,395	76,424,950	77,562,100
Operating Expenses	339,726,616	358,371,339	362,053,287
Equipment & Intangible Assets	2,014,084	2,665,262	2,665,262
Capital Outlay	14,381,252	16,456,865	12,956,865
Grants	1,848,834	4,130,628	4,130,628
Transfers	0	150,000	0
<b>Total Expenditures</b>	<b>\$429,189,181</b>	<b>\$458,199,044</b>	<b>\$459,368,142</b>
State/Other Special Rev. Funds	80,468,824	100,184,374	73,544,574
Federal Spec. Rev. Funds	348,720,357	358,014,670	385,823,568
<b>Total Funds</b>	<b>\$429,189,181</b>	<b>\$458,199,044</b>	<b>\$459,368,142</b>
<b>Total Ongoing</b>	<b>\$429,189,181</b>	<b>\$458,199,044</b>	<b>\$459,368,142</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **Program Discussion**

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

In the FY 2020 budget the construction program expended a total of 93.7% of its \$458.2 million in appropriation authority. The personal services budget expenditures were 93.2% expended at \$71.2 million, and operating expenses were 94.8% expended at \$339.7 million. FY 2020 expenditures consisted of 81.3% federal special funds with the remaining 18.7% consisting of state special funds. Unique to MDT is the ability to adjust appropriations between state special and federal special funding in order to leverage available federal funds and save state special revenue. This is often used to take advantage of redistributed funds from states with unobligated federal funding authority. Redistributed federal authority became available in FY 2020 and a house adjustment was completed for additional state special match authority to allow it to be utilized. Although this allowed for the completion of more projects it causes the appearance of a lower level of spending relative to the appropriation than actually occurred. This is further discussed in the following section.

### *FY 2020 Appropriations compared to FY 2021 Appropriations*

The FY 2021 appropriation of \$459.4 million is 0.2% above the FY 2020 appropriation of \$458.2 million. The FY 2021 appropriation request consists of a higher ration of federal to state special funds. In 2020 the construction program appropriation consisted of 21.9% state special funds totaling \$100.2 million and 78.1% federal special funds totaling \$358.0 million. In contrast the FY 2021 appropriation consists of 16.0% state special funding totaling \$73.5 million and 84.0% federal special funds totaling \$385.8 million. This is due mainly due to a fund shift of \$31.9 million in authority from federal special to state special funds during FY 2020. Montana benefitted from greater availability of federal funding due to redistribution from other states with unused funding. MDT had projects on the shelf ready and waiting for funding. Additionally, mild weather allowed for an unusually long construction season and the competition of more projects than expected. The transfer of authority allowed the use of state special funds to meet federal match requirements for the newly available funds.

*Figure 4*

FY 2021 Legislative Appropriations - Department of Transportation-Construction				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
02 HIGHWAYS & ENGINEERING				
61000 Personal Services	77,562,100	-	77,562,100	0.0%
62000 Operating Expenses	362,287,694	(234,407)	362,053,287	-0.1%
63000 Equipment & Intangible Assets	2,665,262	-	2,665,262	0.0%
64000 Capital Outlay	12,956,865	-	12,956,865	0.0%
66000 Grants	4,130,628	-	4,130,628	0.0%
02 HIGHWAYS & ENGINEERING Total	459,602,549	(234,407)	459,368,142	-0.1%

### *FY 2021 Legislative Budget compared to FY 2021 base*

The FY 2021 base budget of \$459.4 million is 0.1% lower than the FY 2021 Legislative budget appropriation of \$459.6 million. Operating expense authority was transferred to the general operations program in order to centralize SITSD expenses. See figure 4.

### 03 Maintenance

#### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	739.55	739.55
Personal Services	55,053,730	58,057,492	59,647,146
Operating Expenses	80,800,638	81,613,207	81,940,565
Equipment & Intangible Assets	287,914	927,208	370,208
<b>Total Expenditures</b>	<b>\$136,142,282</b>	<b>\$140,597,907</b>	<b>\$141,957,919</b>
State/Other Special Rev. Funds	128,494,856	131,776,525	133,116,271
Federal Spec. Rev. Funds	7,647,426	8,821,382	8,841,648
<b>Total Funds</b>	<b>\$136,142,282</b>	<b>\$140,597,907</b>	<b>\$141,957,919</b>
<b>Total Ongoing</b>	<b>\$136,142,282</b>	<b>\$140,597,907</b>	<b>\$141,957,919</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### Program Discussion

##### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

In the FY 2020 budget the maintenance program expended a total of 96.8% or \$136.5 million of its \$140.6 million in appropriation authority. The personal services budget expenditures were 94.8% expended at \$55.1 million, and operating expenses were 99% expended at \$80.8 million. The equipment and intangible assets budget was only 31.1% expended at \$287,914. The majority of the unspent equipment authority is related to the appropriation from the 2019 session for the rural traffic management center. This authority is still available as MDT has a biennial budget and the department plans to utilize it in FY 2021. Originally these expenditures were planned for FY 2020, however rule changes and delays in the application for federal funding made it necessary to delay project implementation until FY 2021. The center will be fully operational in fall of 2021.

##### *FY 2020 Appropriations compared to FY 2021 Appropriations*

The FY 2021 appropriation of \$142.0 million is 1.0% above the FY 2020 appropriation of \$141.6 million. The growth between the budgets is mainly in the personal services budget and reflects the changes resulting from the pay plan and personal services costs for the new rural traffic management center.

Figure 5

FY 2021 Legislative Appropriations - Department of Transportation - Maintenance				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
03 MAINTENANCE PROGRAM				
61000 Personal Services	59,704,712	(57,566)	59,647,146	-0.1%
62000 Operating Expenses	82,111,695	(171,130)	81,940,565	-0.2%
63000 Equipment & Intangible Assets	345,208	25,000	370,208	7.2%
66000 Grants	25,000	(25,000)	-	-100.0%
03 MAINTENANCE PROGRAM Total	142,186,615	(228,696)	141,957,919	-0.2%

#### *FY 2021 Legislative Budget compared to FY 2021 base*

The FY 2021 base budget of \$142.0 million is 0.2% lower than the FY 2021 Legislative budget appropriation of \$142.2 million. This is due to a few budgetary changes. Personal services decreased by approximately \$58,000 from a transfer of 1.0 FTE to the director's office under the general operations program. As shown in figure 5, operating expenses were reduced by approximately \$171,000 due to centralization of department wide expenses to the general operations program. This is also addressed in the agency discussion.

## 22 Motor Carrier Services

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	123.44	123.44
Personal Services	8,902,334	9,417,258	9,575,228
Operating Expenses	2,349,724	2,760,282	2,956,329
Equipment & Intangible Assets	391,880	430,707	277,716
Transfers	92,975	95,230	46,730
<b>Total Expenditures</b>	<b>\$11,736,913</b>	<b>\$12,703,477</b>	<b>\$12,856,003</b>
State/Other Special Rev. Funds	8,794,780	9,537,506	9,577,804
Federal Spec. Rev. Funds	2,942,133	3,165,971	3,278,199
<b>Total Funds</b>	<b>\$11,736,913</b>	<b>\$12,703,477</b>	<b>\$12,856,003</b>
<b>Total Ongoing</b>	<b>\$11,736,913</b>	<b>\$12,703,477</b>	<b>\$12,856,003</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## Program Discussion

### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

In the FY 2020 budget the motor carrier services program expended a total of 92.4% or \$11.7 million of its \$12.7 million in appropriation authority. The personal services budget was 94.5% expended at \$9.4 million, and operating expenses were 85.1% expended at \$2.8 million. Equipment and intangible assets was 90.1% expended and the transfers appropriation was 97.6% expended.

### *FY 2020 Appropriations compared to FY 2021 Appropriations*

The FY 2021 appropriation of \$12.9 million is 1.2% above the FY 2020 appropriation of \$12.7 million. Equipment appears to have decreased but programs transfers from the general operations program allowed for an appropriation increase to support purchases of equipment for monitoring activities.

### *FY 2021 Legislative Budget compared to FY 2021 base*

*Figure 6*

FY 2021 Legislative Appropriations - Motor Carrier Services				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
22 MOTOR CARRIER SERVICES				
61000 Personal Services	9,575,228	-	9,575,228	0.0%
62000 Operating Expenses	2,983,560	(27,231)	2,956,329	-0.9%
63000 Equipment & Intangible Assets	197,716	80,000	277,716	40.5%
68000 Transfers-out	49,716	(2,986)	46,730	-6.0%
22 MOTOR CARRIER SERVICES Total	12,806,220	49,783	12,856,003	0.4%
54010 DEPARTMENT OF TRANSPORTATION Total	12,806,220	49,783	12,856,003	0.4%

The FY 2021 base budget of \$12.9 million is 0.4% higher than the FY 2021 Legislative budget appropriation of \$12.8 million. A program transfer from the general operations program increased the base for equipment and intangible assets by \$80,000, the two programs share a grant for fuel tax evasion prevention. Operating expenses were reduced by \$27,231 due to centralization of department wide SITSD expenses to the general operations program as shown in figure 6. A small amount of budget authority originally budgeted for transfers-out was transferred to operating expenses as it was no longer needed for Department of Justice IT maintenance.

## 40 Aeronautics

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	9.00	9.00
Personal Services	720,853	815,160	826,328
Operating Expenses	44,369	1,630,708	1,727,993
Equipment & Intangible Assets	0	110,000	0
Capital Outlay	0	0	0
Grants	2,378	4,378	4,000
Transfers	9,260	9,500	7,000
<b>Total Expenditures</b>	<b>\$776,860</b>	<b>\$2,569,746</b>	<b>\$2,565,321</b>
State/Other Special Rev. Funds	1,015,161	2,040,096	1,960,196
Federal Spec. Rev. Funds	(238,301)	529,650	605,125
<b>Total Funds</b>	<b>\$776,860</b>	<b>\$2,569,746</b>	<b>\$2,565,321</b>
<b>Total Ongoing</b>	<b>\$644,021</b>	<b>\$2,109,746</b>	<b>\$2,120,321</b>
<b>Total OTO</b>	<b>\$132,839</b>	<b>\$460,000</b>	<b>\$445,000</b>

### Program Discussion

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The Aeronautics program expended a total of 30.2% of its \$2.6 million in FY 2020 appropriation authority. Operating expenses comprised 63% of total budget authority, however only 2.7% of operating expenses authority was used. This is due to a number of factors including a statutory change related to HB 661 in 2019, delay in the repair or replacement of the Cessna xxx, and funding work at the Lincoln airport with authority from the prior biennium. In preparation of the 2023 biennium budget analysis additional research will be done in order to more fully convey to the legislature the effects of HB 661 and other long-term implications related to the 2023 biennium executive request.

#### *FY 2020 Appropriations compared to FY 2021 Appropriations*

The FY 2021 appropriation of \$2.1 million is 19.2% below the FY 2020 modified appropriation of \$2.6 million. The personal services budget has a level of growth consistent with other programs. The reduction in the grants budget is related to various accounting changes in the program.

#### *FY 2021 Legislative Budget compared to FY 2021 base*

The FY 2021 base budget of \$2.1 million is not materially different from the FY 2021 Legislative budget appropriation. See figure 7. Although the totals are similar, nearly \$350,000 in pavement preservation authority was moved from the aeronautics grant account to operating expenses per HB 661. Other changes are discussed in the agency discussion.

Figure 7

FY 2021 Legislative Appropriations - Department of Transportation - Aeronautics				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
40 AERONAUTICS PROGRAM				
61000 Personal Services	826,328	-	826,328	0.0%
62000 Operating Expenses	874,071	408,922	1,282,993	46.8%
66000 Grants	424,000	(420,000)	4,000	-99.1%
68000 Transfers-out	6,901	99	7,000	1.4%
40 AERONAUTICS PROGRAM Total	2,131,300	(10,979)	2,120,321	-0.5%

## 50 Rail Transit and Planning

### Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget by type of expenditure and source of funding.

Program Actuals and Budget Comparison			
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021
FTE	0.00	94.76	94.76
Personal Services	8,075,506	8,934,902	9,064,927
Operating Expenses	3,177,194	4,953,383	6,567,716
Equipment & Intangible Assets	169,068	611,112	673,669
Grants	15,297,949	20,107,933	19,320,692
Transfers	1,503,546	1,690,426	1,672,426
<b>Total Expenditures</b>	<b>\$28,223,263</b>	<b>\$36,297,756</b>	<b>\$37,299,430</b>
State/Other Special Rev. Funds	7,325,141	8,532,947	8,582,653
Federal Spec. Rev. Funds	20,898,122	27,764,809	28,716,777
<b>Total Funds</b>	<b>\$28,223,263</b>	<b>\$36,297,756</b>	<b>\$37,299,430</b>
<b>Total Ongoing</b>	<b>\$28,223,263</b>	<b>\$36,297,756</b>	<b>\$37,299,430</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Discussion

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

In the FY 2020 budget the rail, transit and planning program expended a total of 77.8% of its \$36.3 million of appropriation authority. Operating expense authority was 64.1% expended due to lower than normal travel expenses, and savings on supplies and communications costs. Equipment and intangible assets authority was 27.7% expended. Equipment needs in this program vary from year-to-year based on needs or requests.

### *FY 2020 Appropriations compared to FY 2021 Appropriations*

The FY 2021 appropriation of \$37.3 million is 2.8% above the FY 2020 appropriation level of \$36.3 million. The 1.5% increase in personal services authority is due to the pay plan. The FY 2021 operating costs appropriation of \$6.6 million is 32.5% higher than the FY 2020 modified budget. Originally operating expense authority was not materially different between FY 2020 and FY 2021. However, during FY 2020 appropriations in the operations budget were moved to areas of need when it became apparent that operating costs were lower than normal. The FY 2021 operations appropriation is close to the original legislative appropriation.

*Figure 8*

FY 2021 Legislative Appropriations - Department of Transportation - Rail, Transit & Planning				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
50 RAIL TRANSIT & PLANNING				
61000 Personal Services	9,064,927	-	9,064,927	0.0%
62000 Operating Expenses	6,603,505	(35,789)	6,567,716	-0.5%
63000 Equipment & Intangible Assets	673,669	-	673,669	0.0%
66000 Grants	19,250,692	70,000	19,320,692	0.4%
68000 Transfers-out	1,773,461	(101,035)	1,672,426	-5.7%
50 RAIL TRANSIT & PLANNING Total	37,366,254	(66,824)	37,299,430	-0.2%

### *FY 2021 Legislative Budget compared to FY 2021 base*

The FY 2021 base budget of \$37.3 million is \$66,824 or 0.2% lower than the FY 2021 Legislative budget appropriation of \$37.4 million. See figure 8. This is a product of a few budgetary changes discussed in the large table in the agency section of this report. However, the transfer of SITSD expenses in the amount of \$124,688 to the general operations program is one of the primary factors for the difference. This was offset by other transfers and does not stand out in the chart above.