

DEPARTMENT OF TRANSPORTATION

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

Dept. of Livestock
Dept. of Natural Resources & Conservation
Dept. of Agriculture

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Representative Eric Albus
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Senator Mike Cuffe (Vice Chair)
Senator Kenneth Bogner
Senator Jane Ellis

-----Fiscal Division Staff-----

Rob Miller
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Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	2,019.77	2,045.77	2,045.77	26.00	0.6%
State/Other Special Rev. Funds	336,128,560	380,400,065	380,797,936	88,940,881	13.2%
Federal Spec. Rev. Funds	642,794,651	715,108,142	722,716,598	152,235,438	11.8%
Total Funds	978,923,211	1,095,508,207	1,103,514,534	241,176,319	12.3%
Personal Services	195,494,675	200,415,078	200,898,996	10,324,724	2.6%
Operating Expenses	731,607,883	807,922,495	827,362,843	172,069,572	11.8%
Equipment & Intangible Assets	4,167,186	5,088,081	5,088,081	1,841,790	22.1%
Capital Outlay	12,956,865	14,756,865	12,956,865	1,800,000	6.9%
Grants	30,730,768	60,212,854	50,648,915	49,400,233	80.4%
Transfers	2,972,256	3,722,256	3,722,256	1,500,000	25.2%
Debt Service	993,578	3,390,578	2,836,578	4,240,000	213.4%
Total Expenditures	978,923,211	1,095,508,207	1,103,514,534	241,176,319	12.3%
Total Ongoing	978,923,211	1,092,577,596	1,102,388,723	237,119,897	12.1%
Total One-Time-Only	175,000	2,930,611	1,125,811	3,706,422	1,059.0%

Agency Highlights

**Department of Transportation
Major Budget Highlights**

The Montana Department of Transportation's (MDT) 2027 biennium appropriations are approximately \$241.2 million or 12.3% higher than the FY 2025 base budget. Significant changes include:

- Statewide present law adjustments totaling \$5.7 million for the biennium consisting of 63.2% state special revenue and 36.8% federal special revenue. These include:
 - DP 1 - Personal services: \$4.8 million
 - DP 2 - Fixed costs: \$961,961
 - DP 3 - Inflation/Deflation: (\$22,970)
- Present law increases totaling \$202.8 million for the biennium consisting of 28.7% state special revenue and 71.3% federal special revenue. Major changes include:
 - DP 4 - Equipment rental: \$26.5 million for the biennium, 94.0% state special revenue, 6.0% federal special revenue. This increase is spread across four programs that utilize the proprietary Equipment Program. However, most of the increase is to the Maintenance Program
 - DP 214 - Contractor payments: \$127.3 million
 - DP 306 - Winter maintenance materials: \$4.5 million
 - DP 5005 - Federal Transit Authority (FTA) Funding: \$28.5 million - authority for increased federal apportionment
 - DP 5006 - National Highway Traffic Safety Administration (NHTSA): \$9.2 million - budget authority for increase in federal program
- New proposals totaling \$32.7 million for the biennium, an increase of 27.00 PB, and a reduction of 1.00 PB. Details of major changes include:
 - General Operations Program
 - A decrease of 1.00 PB and associated funding as part of an executive branch consolidation
 - An increase of \$4.2 million for software maintenance and hosting fees of the new billing system
 - Highways and Engineering Program
 - New proposals totaling \$2.3 million and 15.00 PB for bridge replacement and rehabilitation specialists and engineers, an asset management liaison, and a computer-aided drafting (CADD) specialist
 - Maintenance Program
 - A new proposal for 6.00 PB and associated pay and benefits for a Bridge Preservation, Maintenance and Response team
 - Rail, Transit, and Planning Program
 - A new proposal for 6.00 PB for positions specializing in delivery and reporting requirements of new federal programs

Legislative Action Items
<ul style="list-style-type: none"> • A new proposal for \$20.0 million state special revenue for maintenance of off-system bridges, contingent upon passage of LCXXXX.

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Transportation 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	336,128,560	642,794,651	978,923,211	89.4%	0	336,128,560	642,794,651	978,923,211	88.7%
Statewide PL										
Personal Services	0	1,169,417	987,049	2,156,466	0.2%	0	1,509,287	1,131,109	2,640,396	0.2%
Fixed Costs	0	698,247	0	698,247	0.1%	0	263,714	0	263,714	0.0%
Inflation Deflation	0	(8,111)	(5,595)	(13,706)	(0.0%)	0	(5,483)	(3,781)	(9,264)	(0.0%)
Total Statewide PL	0	1,859,553	981,454	2,841,007	0.3%	0	1,767,518	1,127,328	2,894,846	0.3%
Present Law (PL)	0	28,443,373	67,728,423	96,171,796	8.8%	0	29,767,234	76,824,562	106,591,796	9.7%
New Proposals	0	13,968,579	3,603,614	17,572,193	1.6%	0	13,134,624	1,970,057	15,104,681	1.4%
Total HB 2 Adjustments	0	44,271,505	72,313,491	116,584,996	10.6%	0	44,669,376	79,921,947	124,591,323	11.3%
Total Requested Budget	0	380,400,065	715,108,142	1,095,508,207		0	380,797,936	722,716,598	1,103,514,534	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2025 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Department of Transportation				
FY 2026 Statewide Present Law adjustment for personal services				
Program	Legislative changes	Management Decisions	Budget Modifications	Total DP 1
01 General Operations	\$ 244,459	\$ (320,320)	\$ 208,385	\$ 132,524
02 Highways & Engineering	1,166,127	566,954	(208,385)	1,524,696
03 Maintenance	772,835	(651,266)		121,569
22 Motor Carrier Services	206,364	(116,280)		90,084
40 Aeronautics	31,103	82,773		113,876
50 Rail, Transit & Planning	135,697	24,103		173,717
Total	\$ 2,556,585	\$ (400,119)		\$2,156,466

Changes to individual programs include:

- **General Operations**
 - Legislative changes in the General Operations Program include a decrease in longevity offset by increased benefits
 - Management changes include an increase in vacancy savings offset by increases to the pay plan, career ladder changes, promotion adjustments and retention pay. Vacant positions were filled at higher rates
 - A budget modification moved 2.00 PB and associated funding from the Highways and Engineering Program, increasing General Operations
- **Highways and Engineering**
 - Legislative changes including increased benefits and longevity
 - Management changes in the program included career ladder increases, promotion adjustments, retention pay and pay plan increases. Additionally, vacant positions were filled at higher rates of pay
 - Budget modifications transferred 2.00 PB and associated funding to General Operations, decreasing Highways and Engineering
- **Maintenance**
 - Legislative changes include reduced longevity offset by increases in benefits
 - Management changes include increases for career ladder, promotion adjustment and training assignments, offset by an increase in vacancy savings. Reductions are a result of longer-term employees leaving the program
- **Motor Carrier Services**
 - Legislative increases to pay plan and benefits
 - Management changes including increases from career ladder changes and promotion adjustments offset by an increase in vacancy savings
- **Aeronautics**
 - Legislative changes include increases in benefits and longevity
 - Management increases are primarily due to previously vacant positions being filled at higher rates
- **Rail, Transit, and Planning**
 - Legislative changes include increases in longevity and benefits
 - Management decisions include increases such as career ladder changes and promotion adjustments

Statewide Present Law Adjustment for Fixed Costs

- DP 2 - Fixed Costs - \$961,961 state special revenue for the biennium

Nearly all HB 2 fixed costs for the agency are consolidated in the General Operations Program, with the exception of a small negative adjustment in the Aeronautics Program. The fixed costs adjustment provides the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services..

Statewide Present Law Adjustment for Inflation/Deflation

- DP 3 - Inflation/Deflation - (\$22,970) 59.2% state special revenue, 40.8% federal special revenue

Currently the only adjustment to inflation/deflation is due to the decrease of motor pool rates. Rates have declined due to lower fuel costs.

Present Law Adjustments

The following present law decision package occurs in multiple programs:

- DP 4 - Equipment Rental - \$26.5 million 94.2% state special revenue, 5.8% federal special revenue

The executive proposes a one-time-only (OTO) increase in state special revenue for FY 2026 and FY 2027 to repair and replace construction equipment. Details by program include:

- Highways and Engineering - \$3.5 million
- Maintenance - \$22.4 million
- Motor Carrier Services - \$513,429
- Rail, Transit, and Planning - \$167,963

Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Transportation Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
02422 Highways Special Revenue	695,918,921	2,497,982			698,416,903	27.8%
02129 LOCAL GOVT FUEL TAX				84,185,286	84,185,286	3.4%
02253 Local Road and Bridge Account				58,091,969	58,091,969	2.3%
02435 SAFER Account				30,000,000	30,000,000	1.2%
02179 Local Bridge Projects	20,000,000				20,000,000	0.8%
Other State Special Revenue	42,781,098			18,519,370	61,300,468	2.4%
State Special Revenue Total	758,700,019	2,497,982	-	190,796,625	951,994,626	37.9%
03407 Highway Trust - Sp Rev	1,350,298,780	1,558,440			1,351,857,220	53.9%
03147 FTA Grants	52,325,008				52,325,008	2.1%
03828 Traffic Safety	20,529,788				20,529,788	0.8%
03292 MCS Federal Grants	10,002,926				10,002,926	0.4%
03060 Aeronautics Division	2,777,692				2,777,692	0.1%
Other Federal Special Revenue	332,106				332,106	0.0%
Federal Special Revenue Total	1,436,266,300	1,558,440	-	-	1,437,824,740	57.3%
06508 Highway Equipment - Int Svc.			105,326,547		105,326,547	4.2%
06506 Motor Pool - Int Svc			13,860,192		13,860,192	0.6%
06007 Yellowstone Airport			1,044,828		1,044,828	0.0%
Proprietary Fund Total	-	-	120,231,567	-	120,231,567	4.8%
Total of All Funds	2,194,966,319	4,056,422	120,231,567	190,796,625	2,510,050,933	
Percent of All Sources of Authority	87.4%	0.2%	4.8%	7.6%		

HB 2 Appropriations

The department is funded from a combination of state special revenue and federal special revenue.

Statutory Appropriations

Statutory appropriations include distributions of gasoline taxes to local and tribal governments (state special funds).

LFD COMMENT	<p>MDT's ongoing state special revenue appropriations are primarily financed through two state special revenue accounts. These accounts make up the majority of the agency's HB 2 state special revenues. The revenues that fund the accounts can be grouped in two general categories, constitutionally restricted and non-restricted revenues. Restricted revenues are derived from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways. Registration fees for electric vehicles also contribute to revenue. These funds are deposited into the highway state special revenue restricted account (HSSRA-Restricted). They can only be used for: • Paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs • Use of these funds for other purposes can be made through a 3/5th vote of the members of each chamber of the legislature. Non-restricted revenues are derived from special use permits and motor fuel penalties and interest payments. The funds are deposited into the highway state special revenue non-restricted account (HSSRA-Non-Restricted). MDT relies on these funds for functions that are not directly related to road and highway construction and maintenance, such as emergency services and transit grants. They can be used for any purpose for which the legislature sees fit.</p> <p><i>MDT Major State Special Revenue Accounts Working Capital Analysis</i></p> <p>The figure below provides the working capital balance for the restricted highway state special revenue account (HSSRA) and the highway state special revenue non-restricted account (HSSRA-NR). This analysis differs from a regular fund</p>
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balance analysis because it includes only those actual expenditures in the year when they occur. It does not include amounts that are encumbered for projects started in the current year but completed in the next. In such a case, the continued project costs would be included in the following year. As such, the analysis provides a more accurate assessment of funding availability.

2027 Biennium Projected Working Capital Balances			
Item	HSSRA - Non-Rest.	HSSRA - Restricted	All Major Funds
	Total 2027 Bien.	Total 2027 Bien.	Total 2027 Bien.
Beginning Balance	\$6,172,564	\$128,540,387	\$134,712,950
Revenues¹			
Gasoline Tax	0	244,824,480	244,824,480
Diesel Tax	0	160,670,725	160,670,725
BaRSAA Fuel Tax		0	0
Gross Vehicle Weight Fees (GVW)	21,772,715	65,652,680	87,425,395
Federal Cost Recovery	0	145,000,000	145,000,000
Other Revenues	0	38,559,504	38,559,504
Total Revenue	21,772,715	654,707,389	676,480,104
HB 2			
Department of Transportation (MDT)			
General Operations Program	0	83,299,470	83,299,470
Construction Program	290,012	243,876,378	244,166,390
Maintenance Program	15,663,688	339,248,080	354,911,768
Motor Carrier Services	190,056	18,382,067	18,572,123
Rail, Transit, & Planning Program	2,552,766	13,610,908	16,163,674
Lincoln Airport Remediation	0		0
Pay Plan Adjustment		0	0
Total MDT HB 2	18,696,522	698,416,903	717,113,425
Total MDT Other Leg. (HB5, HB 10)	0	18,801,352	18,801,352
Total Expenditures / Appropriations	18,696,522	717,218,255	735,914,777
Revenue less Expenditures/Appropriations	3,076,193	(62,510,866)	(59,434,673)
Actual / Projected Ending Balance	\$9,248,757	\$66,029,521	\$75,278,278

¹Revenues based HJ 2 projections. Other revenues and federal indirect cost recovery are projected by MDT.

To some degree, the MDT major accounts are managed in tandem. When revenues are not sufficient in one of the accounts, authority may be moved to another, while considering the constraints of the restricted nature of the account. As such, a combined balance is included for informational purposes. The combined balance of the MDT major accounts is projected to be \$134.7 million at the beginning of the 2027 biennium. If the agencies fully expend appropriations as currently planned in the 2027 budgets and the anticipated revenues are realized as projected, the combined balance would be \$75.3 million at the end of the 2027 biennium.

Constitutionally Restricted HSSRA

As shown in the figure, HSSRA is expected to start the 2027 biennium with a positive working capital balance of \$128.5 million. The revenue estimates included in HJ 2 would provide \$654.7 million in the biennium. The budget requests include \$717.2 million of appropriations. As requested, appropriations are higher than ongoing revenues. This decreases the projected working capital balance to \$66.0 million. Structural balance is the measure of ongoing revenues less ongoing expenses. When appropriation requests outpace ongoing revenues, the result is a negative structural balance. This proposal uses leftover working capital balance to cover the discrepancy between ongoing revenues and ongoing expenditure requests, however longer-term this may be unsustainable.

Non-restricted HSSRA-NR

HSSRA-NR supports the operations of four programs in MDT. As shown in the figure, the account is expected to start the 2027 biennium with a balance of \$6.2 million. Total revenue in the biennium is projected to be \$21.8 million and total appropriations requested are \$18.7 million, increasing the fund balance by \$3.1 million over the biennium and providing a projected balance of \$9.2 million by the end of the 2027 biennium.

The MDT major funds figure provides a high-level view of the working capital balances of the highway state special revenue accounts, a more detailed view of account activities and budgeting is found online.

Federal Aid Highway Funding

The federal Infrastructure, Investment and Jobs Act (IIJA) was signed into law in the fall of 2021. IIJA provides approximately a 20% increase to funding for Montana over the previous highway spending bill and is expected to be the new level from which federal transportation funding grows. Montana currently has a 13/87 state/federal match for a majority of its federal funding.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	2,019.77	2,019.77	2,045.77	2,045.77
Personal Services	181,256,966	187,320,571	195,494,675	200,415,078	200,898,996
Operating Expenses	659,236,747	686,458,996	731,782,883	807,922,495	827,362,843
Equipment & Intangible Assets	3,056,946	5,305,176	4,167,186	5,088,081	5,088,081
Capital Outlay	18,721,209	19,430,498	12,956,865	14,756,865	12,956,865
Grants	25,050,985	28,720,818	30,730,768	60,212,854	50,648,915
Transfers	2,689,419	3,191,417	2,972,256	3,722,256	3,722,256
Debt Service	1,129,433	1,268,334	993,578	3,390,578	2,836,578
Total Expenditures	\$891,141,705	\$931,695,810	\$979,098,211	\$1,095,508,207	\$1,103,514,534
State/Other Special Rev. Funds	322,692,321	342,133,906	336,303,560	380,400,065	380,797,936
Federal Spec. Rev. Funds	568,449,384	589,561,904	642,794,651	715,108,142	722,716,598
Total Funds	\$891,141,705	\$931,695,810	\$979,098,211	\$1,095,508,207	\$1,103,514,534
Total Ongoing	\$887,446,967	\$927,915,810	\$978,923,211	\$1,092,577,596	\$1,102,388,723
Total OTO	\$3,694,738	\$3,780,000	\$175,000	\$2,930,611	\$1,125,811

Agency Description

The Department of Transportation is the agency responsible for administering the transportation network in Montana. The department plans, designs, builds, and maintains the statewide network of highways and bridges. The department also provides for the other aspects of a statewide multimodal transportation system through:

- Aviation airport planning, safety, promotion, and maintenance facilitation
- Rail infrastructure coordination, monitoring, and planning
- Highway traffic safety promotion, planning, and administration
- Vehicle weight and dimension permitting and law enforcement
- Transit assistance

The Governor-appointed five-member transportation commission establishes department priorities and apportions funding among the five state financial districts according to statutory guidelines, department recommendations, and community input. The Governor-appointed nine-member Board of Aeronautics establishes priorities for department aeronautics grant activities.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The overall FY 2024 budget was 95.6% expended. Personal services were 96.8% expended for FY 2024. Operating expenses were 96.6% expended. Compared with other categories equipment and intangible assets has lower expenditures at 61.8% expended. All programs spent less than planned in equipment & intangible assets due to inflation and delayed purchases. Unused funds are still available as all MDT appropriations are biennial.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The overall FY 2025 appropriation is 5.1% higher than the FY 2024 appropriation. The state special revenue appropriation decreased by 1.7% while the federal appropriation increased by 9.0%. Most programs have increases in federal funding in the second year of the biennium ranging from 5.9% in maintenance to 93.2% in aeronautics. Overall personal services increased by 4.4% in FY 2025. Operating expense in FY 2025 is 6.6% higher than the previous year.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Montana Department of Transportation Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 GENERAL OPERATIONS PROGRAM				
61000 Personal Services	19,652,472	208,385	19,860,857	1.1%
62000 Operating Expenses	20,580,695	75,000	20,655,695	0.4%
66000 Grants	75,000	(75,000)	-	-100.0%
Total	40,308,167	208,385	40,516,552	0.5%
02 HIGHWAYS & ENGINEERING				
61000 Personal Services	85,970,657	(208,385)	85,762,272	-0.2%
62000 Operating Expenses	599,724,179	(10,680,200)	589,043,979	-1.8%
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	(1,921,875)	2,208,753	-46.5%
68000 Transfers		-	-	0.0%
69000 Debt Service		880,142	880,142	100.0%
Total	705,447,591	(11,930,318)	693,517,273	-1.7%
03 MAINTENANCE PROGRAM				
61000 Personal Services	68,074,806		68,074,806	0.0%
62000 Operating Expenses	105,592,269		105,592,269	0.0%
63000 Equipment & Intangible Assets	370,208		370,208	0.0%
64000 Capital Outlay	0		-	0.0%
Total	174,037,283		174,037,283	0.0%
22 MOTOR CARRIER SERVICES				
61000 Personal Services	10,488,865	-	10,488,865	0.0%
62000 Operating Expenses	4,022,321	314,064	4,336,385	7.8%
63000 Equipment & Intangible Assets	1,041,716	(460,000)	581,716	-44.2%
68000 Transfers	113,030	32,500	145,530	28.8%
69000 Debt Service		113,436	113,436	100.0%
Total	15,665,932	-	15,665,932	0.0%
40 AERONAUTICS PROGRAM				
61000 Personal Services	905,237		905,237	0.0%
62000 Operating Expenses	2,452,256		2,452,256	0.0%
66000 Grants	20,000		20,000	0.0%
68000 Transfers	13,800		13,800	0.0%
Total	3,391,293		3,391,293	0.0%
50 RAIL TRANSIT & PLANNING				
61000 Personal Services	10,402,638	-	10,402,638	0.0%
62000 Operating Expenses	9,527,299		9,527,299	0.0%
63000 Equipment & Intangible Assets	550,000		550,000	0.0%
66000 Grants	26,502,015	2,000,000	28,502,015	7.5%
68000 Transfers	2,812,926	-	2,812,926	0.0%
Total	49,794,878	2,000,000	51,794,878	4.0%
Agency Total	988,645,144	(9,721,933)	978,923,211	-1.0%

Executive modifications to the base budget include the following adjustments:

- A transfer of two positions and associated personal services from the construction program to the general operations
- Realignment between operating costs and grants following the passage of HB 76 which changed city/county fuel tax allocations
- A transfer of COVID related funds from FY 25 to FY 24 to use up remaining CARES Act appropriation authority
- Transfers from operating expenses to debt service to comply with a GASB accounting rule for certain types of leases
- A transfer of grant authority from Highways and Engineering to Rail, Transit and Planning where the grant is managed
- Realignment of grant funds due to changes in overtime eligibility and match rates

HB 2 Language -

The following language is requested in HB 2:

"The Department of Transportation may adjust appropriations between state special revenue and federal special revenue funds if the total state special revenue authority by program is not increased by more than 10% of the total appropriations established by the Legislature."

"All appropriations in the Department of Transportation are biennial."

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	186.30	185.30	185.30	(1.00)	(0.3%)
State/Other Special Rev. Funds	38,939,947	42,119,189	41,180,281	5,419,576	7.0%
Federal Spec. Rev. Funds	1,576,605	1,579,990	1,581,788	8,568	0.3%
Total Funds	40,516,552	43,699,179	42,762,069	5,428,144	6.7%
Personal Services	19,860,857	19,874,995	19,928,524	81,805	0.2%
Operating Expenses	20,655,695	21,427,184	20,990,545	1,106,339	2.7%
Debt Service		2,397,000	1,843,000	4,240,000	0.0%
Total Expenditures	40,516,552	43,699,179	42,762,069	5,428,144	6.7%
Total Ongoing	40,516,552	43,699,179	42,762,069	5,428,144	6.7%
Total One-Time-Only	175,000			(350,000)	(100.0%)

Program Highlights

General Operation Program Major Budget Highlights
<p>The General Operations Program’s 2027 biennium appropriations are approximately \$5.4 million or 6.7% higher than the FY 2025 base budget. The increase is comprised of 99.8% state special revenue. Significant changes include:</p> <ul style="list-style-type: none"> • Statewide present law adjustments (SWPL) totaling \$1.3 million for the biennium consisting of 99.3% state special revenue and 0.7% federal special revenue <ul style="list-style-type: none"> ◦ The majority of SWPL adjustments are from DP 2, Fixed Costs. The agency consolidates most fixed costs in the General Operations Program ◦ DP1 - Personal services adjustments of \$132,524 in FY 2026 and \$186,055 in FY 2027 ◦ A negative adjustment in DP 3 - inflation/deflation due to reduced motor pool rates • Present law adjustments totaling \$140,000 state special for the biennium <ul style="list-style-type: none"> ◦ A present law adjustment of \$70,000 state special revenue in each fiscal year for increased costs in the employee safety program • New Proposals totaling \$4.0 million <ul style="list-style-type: none"> ◦ A new proposal for a decrease of 1.00 PB and a reduction of \$236,774 state special revenue for the biennium as part of a targeted consolidation of security in the executive branch ◦ A new proposal for \$4.2 million for the biennium for software maintenance and hosting fees of MDT’s new financial and billing system. This increase is categorized as debt service due to the required accounting treatment of long-term leases

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

General Operations Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	38,939,947	1,576,605	40,516,552	92.7%	0	38,939,947	1,576,605	40,516,552	94.7%
Statewide PL										
Personal Services	0	128,548	3,976	132,524	0.3%	0	180,473	5,582	186,055	0.4%
Fixed Costs	0	706,033	0	706,033	1.6%	0	267,922	0	267,922	0.6%
Inflation Deflation	0	(3,953)	(591)	(4,544)	(0.0%)	0	(2,673)	(399)	(3,072)	(0.0%)
Total Statewide PL	0	830,628	3,385	834,013	1.9%	0	445,722	5,183	450,905	1.1%
Present Law (PL)	0	70,000	0	70,000	0.2%	0	70,000	0	70,000	0.2%
New Proposals	0	2,278,614	0	2,278,614	5.2%	0	1,724,612	0	1,724,612	4.0%
Total HB 2 Adjustments	0	3,179,242	3,385	3,182,627	7.3%	0	2,240,334	5,183	2,245,517	5.3%
Total Requested Budget	0	42,119,189	1,579,990	43,699,179		0	41,180,281	1,581,788	42,762,069	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 01-General Operations Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
02129 LOCAL GOVT FUEL TAX	0	0	0	84,185,286	84,185,286	46.8%	
02303 Tribal Motor Fuels Tax Acct	0	0	0	12,262,202	12,262,202	6.8%	
02422 Highways Special Revenue	83,299,470	0	0	0	83,299,470	46.3%	
State Special Total	\$83,299,470	\$0	\$0	\$96,447,488	\$179,746,958	98.3%	
03407 Highway Trust - Sp Rev	3,161,778	0	0	0	3,161,778	100.0%	
Federal Special Total	\$3,161,778	\$0	\$0	\$0	\$3,161,778	1.7%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$86,461,248	\$0	\$0	\$96,447,488	\$182,908,736		

HB 2 Appropriations

The General Operations Program has HB 2 appropriation authority in the amount of \$86.5 million for the 2027 biennium. This is comprised of 98.3% state special revenue and 1.7% federal special revenue. The General Operations Program is primarily funded from HSSRA (02422) and federal highway trust special revenue. HSSRA receives revenue from motor fuel taxes, gross vehicle weight permit fees, and reimbursements for indirect costs associated with the federal-aid highway program via a Federal Highways Administration (FHWA) approved indirect cost plan. Federal funding is available for assistance for disadvantaged businesses, on-the-job training programs, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

Statutory Appropriations

The General Operations Program is responsible for the distribution of \$96.4 million in statutory appropriations. Most of this, \$84.2 million, are the distributions of fuel taxes to cities, towns, counties, and consolidated city-county governments. The remaining \$12.3 million is distributed through the tribal motor fuels accounts as a function of the revenue sharing agreements between the tribes and the state. For more information on the local government distributions, see the statutory appropriations section of the MDT summary.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	186.30	186.30	185.30	185.30
Personal Services	18,024,337	19,188,633	19,860,857	19,874,995	19,928,524
Operating Expenses	13,891,325	15,760,147	20,830,695	21,427,184	20,990,545
Debt Service	0	0	0	2,397,000	1,843,000
Total Expenditures	\$31,915,662	\$34,948,780	\$40,691,552	\$43,699,179	\$42,762,069
State/Other Special Rev. Funds	31,250,693	33,411,499	39,114,947	42,119,189	41,180,281
Federal Spec. Rev. Funds	664,969	1,537,281	1,576,605	1,579,990	1,581,788
Total Funds	\$31,915,662	\$34,948,780	\$40,691,552	\$43,699,179	\$42,762,069
Total Ongoing	\$31,740,924	\$34,773,780	\$40,516,552	\$43,699,179	\$42,762,069
Total OTO	\$174,738	\$175,000	\$175,000	\$0	\$0

Program Description

The General Operations Program provides overall policy direction and management to the agency, administers motor fuel taxes, and provides administrative support services for the department, including leadership and administration, accounting and budgeting, civil rights and equal opportunity, legal services, public affairs, information technology, human resources and occupational safety, compliance review, and goods and services procurement.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The General Operations Program expended a total of 91.5% of its FY 2024 HB 2 appropriation of \$34.9 million. The personal services budget of \$19.2 million was 93.9% expended, and operating expenses of \$15.7 million were 88.6% expended. Funding for the General Operations Program included 95.6% state special funds and 4.4% federal funds.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation of \$40.7 million is 16.4% above the FY 2024 appropriation of \$34.9 million. Personal services are 9.6% greater due to career ladder changes, promotions, and increases in the pay plan. Operating costs in FY 2025 are 32.2% higher, this is due to the reintroduction of the Risk Management and Tort Defense (RMTD) adjustment from last session.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	128,548	3,976	132,524	0.00	0	180,473	5,582	186,055
DP 2 - Fixed Costs	0.00	0	706,033	0	706,033	0.00	0	267,922	0	267,922
DP 3 - Inflation Deflation	0.00	0	(3,953)	(591)	(4,544)	0.00	0	(2,673)	(399)	(3,072)
DP 105 - Employee Safety Program	0.00	0	70,000	0	70,000	0.00	0	70,000	0	70,000
Grand Total All Present Law Adjustments	0.00	\$0	\$900,628	\$3,385	\$904,013	0.00	\$0	\$515,722	\$5,183	\$520,905

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Transportation General Operations Program FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 244,459
Management Changes	\$ (320,320)
Budget modifications	\$ 208,385
Total	\$ 132,524

Legislative changes in the General Operations Program include a decrease in longevity offset by increased benefits. Management changes include an increase in vacancy savings offset by increases to the pay plan, career ladder changes, promotion adjustments and retention pay. Vacant positions were filled at higher rates. A budget modification moved two positions and associated pay and benefits from the Highways and Engineering Program.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 105 - Employee Safety Program -

The executive requests an increase in state special revenue appropriation for FY 2026 and FY 2027 due to contracted increases for MDT employee safety activities.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 101 - ITSD Security Consolidation	(1.00)	0	(118,386)	0	(118,386)	(1.00)	0	(118,388)	0	(118,388)
DP 108 - Financial Software Maintenance and Hosting Fees	0.00	0	2,397,000	0	2,397,000	0.00	0	1,843,000	0	1,843,000
Total	(1.00)	\$0	\$2,278,614	\$0	\$2,278,614	(1.00)	\$0	\$1,724,612	\$0	\$1,724,612

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 101 - ITSD Security Consolidation -

The executive requests a reduction of 1.00 PB from General Operations Program (GOP) as part of security consolidation efforts across the Executive Branch. Page R-5 of HB 2 from the 68th Legislature directed the State Information Technology Services Division work with the Office of Budget and Program Planning to identify and reduce 8.00 PB across state agencies as part of the information technology security consolidation project. One PB from GOP was identified and is being removed with this change package. The package requests a reduction of \$236,774 in total funds for the biennium, from state special revenue.

DP 108 - Financial Software Maintenance and Hosting Fees -

The executive requests an increase in state special revenue appropriation for FY 2026 and FY 2027 for ongoing hosting and maintenance costs for the department's financial cost accounting system. Implementation of the system is expected to be complete in the fall of 2025.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	858.72	873.72	873.72	15.00	0.9%
State/Other Special Rev. Funds	109,990,657	130,713,514	133,452,876	44,185,076	20.1%
Federal Spec. Rev. Funds	583,526,616	632,470,936	649,861,008	115,278,712	9.9%
Total Funds	693,517,273	763,184,450	783,313,884	159,463,788	11.5%
Personal Services	85,762,272	88,900,001	89,101,808	6,477,265	3.8%
Operating Expenses	589,043,979	644,652,532	664,580,159	131,144,733	11.1%
Equipment & Intangible Assets	2,665,262	3,586,157	3,586,157	1,841,790	34.6%
Capital Outlay	12,956,865	12,956,865	12,956,865		0.0%
Grants	2,208,753	12,208,753	12,208,753	20,000,000	452.7%
Debt Service	880,142	880,142	880,142		0.0%
Total Expenditures	693,517,273	763,184,450	783,313,884	159,463,788	11.5%
Total Ongoing	693,517,273	762,163,555	782,292,989	157,421,998	11.3%
Total One-Time-Only		1,020,895	1,020,895	2,041,790	0.0%

Program Highlights

Highways and Engineering Major Budget Highlights
<p>The Highway and Engineering program’s 2027 biennium appropriations are approximately \$159.5 million or 11.5% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • Statewide present law (SWPL) increases totaling \$3.2 million for the biennium. 45.0% state special, 55.0% federal special. These include: <ul style="list-style-type: none"> ◦ DP 1 - Personal Services: \$3.3 million ◦ DP 3 - Inflation/deflation: (\$10,598) • Present law increases totaling \$132.9 million for the biennium including: <ul style="list-style-type: none"> ◦ An increase of \$53.7 million in FY 2026 and \$73.7 million in FY 2027 for anticipated increases to formula-based federal funding for contractor payments and associated match needs. 13.4% state special, 86.6% federal ◦ A one-time-only increase of \$1.0 million state special revenue in each fiscal year for repair and replacement of construction equipment ◦ An increase of \$1.8 million in each fiscal year for increased equipment rental costs, this consists of approximately \$1.7 million state special funds and \$630,000 federal special funds • New proposals totaling \$23.3 million and 15.00 PB for the biennium <ul style="list-style-type: none"> ◦ A new proposal for \$10.0 million per year for repair and maintenance of off-system bridges, contingent upon passage of legislation ◦ New proposals for a total of 15.00 PB and a total of \$1.7 million consisting of 60% federal funding and 40% state special funding for the following functions <ul style="list-style-type: none"> ▪ Bridge Infrastructure Resources, 10.00 PB ▪ Alternative contracting Engineers, 2.00 PB ▪ Asset Management Liaison, 1.00 PB ▪ Hydraulic Culvert Engineer, 1.00 PB ▪ Computer Aided Drafting and Design (CADD) Specialist, 1.00 PB
Legislative Action Items
<ul style="list-style-type: none"> • The governor's budget includes an appropriation of \$10.0 million per year contingent upon passage and approval of LCXXXX

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Highways and Engineering 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	109,990,657	583,526,616	693,517,273	90.9%	0	109,990,657	583,526,616	693,517,273	88.5%
Statewide PL										
Personal Services	0	686,113	838,583	1,524,696	0.2%	0	776,931	949,582	1,726,513	0.2%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(2,909)	(3,415)	(6,324)	(0.0%)	0	(1,966)	(2,308)	(4,274)	(0.0%)
Total Statewide PL	0	683,204	835,168	1,518,372	0.2%	0	774,965	947,274	1,722,239	0.2%
Present Law (PL)	0	9,344,806	47,092,366	56,437,172	7.4%	0	12,029,240	64,408,609	76,437,849	9.8%
New Proposals	0	10,694,847	1,016,786	11,711,633	1.5%	0	10,658,014	978,509	11,636,523	1.5%
Total HB 2 Adjustments	0	20,722,857	48,944,320	69,667,177	9.1%	0	23,462,219	66,334,392	89,796,611	11.5%
Total Requested Budget	0	130,713,514	632,470,936	763,184,450		0	133,452,876	649,861,008	783,313,884	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 02-Highways and Engineering Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
02179 Local Bridge Projects	20,000,000	0	0	0	20,000,000	5.7%	
02253 Local Road and Bridge Account	0	0	0	58,091,969	58,091,969	16.5%	
02349 Highway Non-Restricted Account	290,012	0	0	0	290,012	0.1%	
02422 Highways Special Revenue	241,834,588	2,041,790	0	0	243,876,378	69.2%	
02435 SAFER Account	0	0	0	30,000,000	30,000,000	8.5%	
02437 LTAP	0	0	0	300,000	300,000	0.1%	
State Special Total	\$262,124,600	\$2,041,790	\$0	\$88,391,969	\$352,558,359	21.6%	
03407 Highway Trust - Sp Rev	1,282,331,944	0	0	0	1,282,331,944	100.0%	
Federal Special Total	\$1,282,331,944	\$0	\$0	\$0	\$1,282,331,944	78.4%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$1,544,456,544	\$2,041,790	\$0	\$88,391,969	\$1,634,890,303		

HB 2 Appropriations

Costs eligible for reimbursement under the federal-aid construction program are funded with the restricted highway state special revenue account (HSSRA) and federal special revenue funds distributed by the U.S. Department of Transportation and apportioned to Montana. Construction design, construction, and construction management costs, as well as indirect administrative costs for construction activities, are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 86.6% federal with a 13.4% state match for most direct construction related costs. The primary sources of revenues in the restricted state special revenue accounts are highway-user fees derived from motor fuel taxes and gross vehicle weight fees. The executive request includes a one-time appropriation totaling \$2.0 million for the biennium to repair and replace construction equipment. The Local Bridge Projects account appropriation is contingent on passage and approval of LCXXXX.

Statutory Appropriations

Statutory appropriations include the LTAP program, distributions from the SAFER fund and the local roads and bridges account.

The SAFER fund is a result of HB 267 (2023 session) and allows up to \$15.0 million per fiscal year to be used as match for discretionary grants and August redistribution until the fund is exhausted.

The local roads and bridges account allows for a state matching source for projects on off-system bridges, secondary and urban highway system routes, and discretionary grants awarded to local governments until the account is fully expended.

The amount of \$300,000 is to be distributed for the purposes and functions of the Montana Local Technical Assistance Transportation Program (LTAP) at Montana State University.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	858.72	858.72	873.72	873.72
Personal Services	80,124,027	82,250,687	85,762,272	88,900,001	89,101,808
Operating Expenses	536,891,448	547,653,881	589,043,979	644,652,532	664,580,159
Equipment & Intangible Assets	1,702,356	2,665,262	2,665,262	3,586,157	3,586,157
Capital Outlay	18,677,576	18,756,865	12,956,865	12,956,865	12,956,865
Grants	1,125,821	3,408,753	2,208,753	12,208,753	12,208,753
Debt Service	877,447	880,248	880,142	880,142	880,142
Total Expenditures	\$639,398,675	\$655,615,696	\$693,517,273	\$763,184,450	\$783,313,884
State/Other Special Rev. Funds	118,232,892	121,895,855	109,990,657	130,713,514	133,452,876
Federal Spec. Rev. Funds	521,165,783	533,719,841	583,526,616	632,470,936	649,861,008
Total Funds	\$639,398,675	\$655,615,696	\$693,517,273	\$763,184,450	\$783,313,884
Total Ongoing	\$635,878,675	\$652,095,696	\$693,517,273	\$762,163,555	\$782,292,989
Total OTO	\$3,520,000	\$3,520,000	\$0	\$1,020,895	\$1,020,895

Program Description

The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project designs, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is responsible for the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work is approved. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Construction program expended a total of 97.5% of its FY 2024 appropriation of \$655.6 million. The personal services budget of \$82.3 million was 97.4% expended, and operating expenses of \$547.7 million were 98.0% expended. Funding for the construction program included 18.6% state special funds and 81.4% federal funds. This is similar to the federal to state match rate for eligible projects of approximately 87.0% federal funds to 13.0% state funds.

while the state special portion decreased by 9.7%. Personal services were 4.3% greater due to pay plan increases, career ladder adjustments, promotions, retention pay, and filling positions at higher rates. Operating costs in FY 2025 are 7.5% higher due mostly to construction inflation. In FY 2025 operating costs are funded with a larger portion of federal funding and less state special funding. In FY 2024 79.4% of operating costs were federal, compared with 91.3% in FY 2025.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	686,113	838,583	1,524,696	0.00	0	776,931	949,582	1,726,513
DP 3 - Inflation Deflation	0.00	0	(2,909)	(3,415)	(6,324)	0.00	0	(1,966)	(2,308)	(4,274)
DP 4 - Equipment Rental	0.00	0	1,122,149	629,732	1,751,881	0.00	0	1,122,583	629,975	1,752,558
DP 205 - Construction Equipment Repair and Replacement (OTO)	0.00	0	1,020,895	0	1,020,895	0.00	0	1,020,895	0	1,020,895
DP 214 - Contractor Payments	0.00	0	7,201,762	46,462,634	53,664,396	0.00	0	9,885,762	63,778,634	73,664,396
Grand Total All Present Law Adjustments	0.00	\$0	\$10,028,010	\$47,927,534	\$57,955,544	0.00	\$0	\$12,804,205	\$65,355,883	\$78,160,088

**Total Funds* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Transportation Highways and Engineering Program FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 1,166,127
Management Changes	\$ 566,954
Budget modifications	\$ (208,385)
Total	\$ 1,524,696

The Highways and Engineering Program had legislative changes including increased benefits and longevity, Management changes in the program included career ladder increases, promotion adjustments, retention pay and pay plan increases. Additionally, vacant positions were filled at higher rates of pay. Budget modifications reflect the transfer of positions to General Operations.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental -

The executive requests an increase to state and federal special revenue in FY 2026 and FY 2027 due to an increase in equipment rental usage and associated rate changes from the agency's Equipment Program.

DP 205 - Construction Equipment Repair and Replacement (OTO) -

The executive requests a one-time-only (OTO) increase in state special revenue for FY 2026 and FY 2027 to repair and replace construction equipment.

DP 214 - Contractor Payments -

The executive requests an increase in state and federal special revenue appropriation authority in FY 2026 and FY 2027 based on a preliminary estimate for the anticipated increase in the Federal Highway Administration (FHWA) formula-based funding programs.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 208 - Bridge Infrastructure Resources	10.00	0	334,549	780,615	1,115,164	10.00	0	321,646	750,508	1,072,154
DP 209 - Alternative Contracting Engineers	2.00	0	62,227	186,680	248,907	2.00	0	60,077	180,230	240,307
DP 210 - Asset Management Liaison	1.00	0	103,909	25,977	129,886	1.00	0	100,469	25,117	125,586
DP 211 - Hydraulic Culvert Engineer	1.00	0	94,054	23,514	117,568	1.00	0	90,614	22,654	113,268
DP 213 - CADD Specialist	1.00	0	100,108	0	100,108	1.00	0	85,208	0	85,208
DP 220 - Off System Bridges	0.00	0	10,000,000	0	10,000,000	0.00	0	10,000,000	0	10,000,000
Total	15.00	\$0	\$10,694,847	\$1,016,786	\$11,711,633	15.00	\$0	\$10,658,014	\$978,509	\$11,636,523

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 208 - Bridge Infrastructure Resources -

The executive requests 10.00 PB to develop a bridge replacement and rehabilitation project list and aid implementation of a five-year plan to address aging bridges.

DP 209 - Alternative Contracting Engineers -

The executive requests an increase of 2.00 PB for an increase in use of alternative contracting programs.

DP 210 - Asset Management Liaison -

The executive requests 1.00 PB to implement a comprehensive asset management program to monitor transportation assets beyond pavement and bridges, including: culverts, light poles, MDT facilities, weigh scales, airports, bridges, and pavement.

DP 211 - Hydraulic Culvert Engineer -

The executive requests 1.00 PB for a hydraulic culvert engineer to assist in the development and operation of a statewide culvert asset inventory program.

DP 213 - CADD Specialist -

The executive requests an increase of 1.00 PB for a Computer Aided Drafting & Design (CADD) specialist to carry out on-going software training for the CADD software system in order to decrease the use of contracted training services.

DP 220 - Off System Bridges -

The executive requests \$10,000,000 per year of state special appropriation authority for repair and maintenance on Montana's off-system bridges. Funding is related to the luxury vehicle tax and is contingent on passage of legislation.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	741.55	747.55	747.55	6.00	0.4%
State/Other Special Rev. Funds	162,539,395	177,492,895	177,418,873	29,832,978	9.2%
Federal Spec. Rev. Funds	11,497,888	15,137,789	13,560,407	5,702,420	24.8%
Total Funds	174,037,283	192,630,684	190,979,280	35,535,398	10.2%
Personal Services	68,074,806	68,860,130	69,019,746	1,730,264	1.3%
Operating Expenses	105,592,269	121,600,346	121,589,326	32,005,134	15.2%
Equipment & Intangible Assets	370,208	370,208	370,208		0.0%
Capital Outlay		1,800,000		1,800,000	0.0%
Total Expenditures	174,037,283	192,630,684	190,979,280	35,535,398	10.2%
Total Ongoing	174,037,283	190,720,968	190,874,364	33,520,766	9.6%
Total One-Time-Only		1,909,716	104,916	2,014,632	0.0%

Program Highlights

<p>Maintenance Program Major Budget Highlights</p>
<p>The Maintenance Program’s 2027 biennium appropriations are approximately \$35.5 million or 10.2% higher than the FY 2025 base budget.</p> <ul style="list-style-type: none"> • Statewide present law adjustments total \$401,403 for the biennium, 99.5% state special, 0.5% federal special revenue <ul style="list-style-type: none"> ◦ DP 1, personal services: \$402,754 ◦ DP 3, inflation/deflation: \$(1,351) • Present law adjustments total \$31.0 million for the biennium <ul style="list-style-type: none"> ◦ DP 4, Equipment Rental: \$22.4 million, 100.0% state special revenue - due to increases in costs and usage ◦ DP 305, Epoxy Projects: \$3.5 million, 13.4% state special, 86.4% federal - due to increases in the federal program ◦ DP 306, Winter Maintenance Materials: \$4.5 million, 100.0% state special - due to cost increases for sand and de-icing materials ◦ The remaining present law decision packages (DP)s support road infrastructure repair and the replacement of aging deicer tanks • New proposals total \$4.1 million for the biennium: <ul style="list-style-type: none"> ◦ DP 308, Bridge Preservation, Maintenance and Response Team, increase of 6.00 FTE and \$1.3 million, 13.4% state special, 86.6% federal ◦ DP 309, Permanent Variable Message Signs (OTO), one-time-only increase of \$2.0 million for installation of 6 signs at key locations, 22.6% state special, 77.4% federal ◦ DP 310, Contracted Underground Locates \$812,000, 100.0% state special

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Maintenance Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	162,539,395	11,497,888	174,037,283	90.3%	0	162,539,395	11,497,888	174,037,283	91.1%
Statewide PL										
Personal Services	0	120,961	608	121,569	0.1%	0	279,779	1,406	281,185	0.1%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(806)	0	(806)	(0.0%)	0	(545)	0	(545)	(0.0%)
Total Statewide PL	0	120,155	608	120,763	0.1%	0	279,234	1,406	280,640	0.1%
Present Law (PL)	0	13,996,061	1,525,966	15,522,027	8.1%	0	14,000,380	1,525,966	15,526,346	8.1%
New Proposals	0	837,284	2,113,327	2,950,611	1.5%	0	599,864	535,147	1,135,011	0.6%
Total HB 2 Adjustments	0	14,953,500	3,639,901	18,593,401	9.7%	0	14,879,478	2,062,519	16,941,997	8.9%
Total Requested Budget	0	177,492,895	15,137,789	192,630,684		0	177,418,873	13,560,407	190,979,280	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 03-Maintenance Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
02044 Antilittering Signs		0	0	4,642	4,642	0.0%	
02121 Shared-Use Path		0	0	122,114	122,114	0.0%	
02349 Highway Non-Restricted Account	15,663,688	0	0	0	15,663,688	4.4%	
02422 Highways Special Revenue	338,791,888	456,192	0	0	339,248,080	95.6%	
State Special Total	\$354,455,576	\$456,192	\$0	\$126,756	\$355,038,524	92.5%	
03407 Highway Trust - Sp Rev	27,139,756	1,558,440	0	0	28,698,196	100.0%	
Federal Special Total	\$27,139,756	\$1,558,440	\$0	\$0	\$28,698,196	7.5%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$381,595,332	\$2,014,632	\$0	\$126,756	\$383,736,720		

HB 2 Appropriations

The state special revenue funding of the maintenance program is derived from highway state special revenue accounts. The funding proposal includes state special support from HSSRA (02422). Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration.

Statutory Appropriations

The Maintenance Program has statutory appropriations that allow expenditures for shared-use paths and anti-littering signs. The funding for these appropriations is derived from an opt-in vehicle license fee.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	741.55	741.55	747.55	747.55
Personal Services	62,623,970	64,929,016	68,074,806	68,860,130	69,019,746
Operating Expenses	99,143,096	107,730,373	105,592,269	121,600,346	121,589,326
Equipment & Intangible Assets	562,262	860,208	370,208	370,208	370,208
Capital Outlay	0	630,000	0	1,800,000	0
Total Expenditures	\$162,329,328	\$174,149,597	\$174,037,283	\$192,630,684	\$190,979,280
State/Other Special Rev. Funds	151,520,401	162,456,143	162,539,395	177,492,895	177,418,873
Federal Spec. Rev. Funds	10,808,927	11,693,454	11,497,888	15,137,789	13,560,407
Total Funds	\$162,329,328	\$174,149,597	\$174,037,283	\$192,630,684	\$190,979,280
Total Ongoing	\$162,329,328	\$174,149,597	\$174,037,283	\$190,720,968	\$190,874,364
Total OTO	\$0	\$0	\$0	\$1,909,716	\$104,916

Program Description

The Maintenance Program is responsible for the upkeep, repair, and preservation of over 25,000 lane miles of roadways. The Maintenance Program's responsibilities encompass a wide range of activities, including but not limited to snow and ice control, both reactive and preventive pavement preservations, pavement marking, road striping, sign maintenance, roadside vegetation management, and traveler information services. Additionally, the Maintenance Program coordinates disaster and emergency response for the department, manages the long-range building and state funded construction programs, oversees the land mobile radio communications program, and ensures quality control across for all maintenance activities, while addressing any other necessary roadway and roadside repairs and maintenance.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Maintenance Program expended a total of 95.2% of its FY 2024 appropriation of \$174.1 million. The personal services budget of \$64.9 million was 96.4% expended, and operating expenses of \$107.7 million were 95.4% expended. Funding for the Maintenance Program included 93.3% state special funds and 6.7% federal funds. The Maintenance Program houses the 100% state funded construction program which fulfills a requirement to receive a higher federal share for construction activities on eligible highways.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation of \$174.1 million is within 0.1% of the FY 2024 appropriation. The proportion of state and federal funding does not materially change in FY 2025. Personal services were 4.8% greater. Operating costs in FY 2023 are 2.0% lower.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. bsp;

	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	120,961	608	121,569	0.00	0	279,779	1,406	281,185
DP 3 - Inflation Deflation	0.00	0	(806)	0	(806)	0.00	0	(545)	0	(545)
DP 4 - Equipment Rental	0.00	0	11,179,534	0	11,179,534	0.00	0	11,183,853	0	11,183,853
DP 305 - Epoxy Projects	0.00	0	236,527	1,525,966	1,762,493	0.00	0	236,527	1,525,966	1,762,493
DP 306 - Winter Maintenance Materials	0.00	0	2,250,000	0	2,250,000	0.00	0	2,250,000	0	2,250,000
DP 307 - Infrastructure Repairs	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 313 - Chemical Deicer Storage Tanks	0.00	0	130,000	0	130,000	0.00	0	130,000	0	130,000
Grand Total All Present Law Adjustments	0.00	\$0	\$14,116,216	\$1,526,574	\$15,642,790	0.00	\$0	\$14,279,614	\$1,527,372	\$15,806,986

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Transportation Maintenance Program FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 772,835
Management Changes	\$ (651,266)
Budget modifications	\$ -
Total	\$ 121,569

In the Maintenance Program legislative changes are increases associated with the pay plan and are offset by a decrease in longevity, while management changes to the Maintenance Program include increases for career ladder, promotion adjustment and training assignments, offset by an increase in vacancy savings. Reductions in longevity are a result of longer term employees leaving the agency.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental -

The executive requests an increase to state and federal special revenue in FY 2026 and FY 2027 due to an increase in equipment rental usage and associated rate changes from the agency's Equipment Program.

DP 305 - Epoxy Projects -

The executive requests additional authority to align state appropriations with the increase in the FHWA federal-aid program.

DP 306 - Winter Maintenance Materials -

The executive requests an increase in state special revenue due to increased costs of winter road maintenance materials.

DP 307 - Infrastructure Repairs -

The executive requests an increase in state special revenue due to increased costs of repairing damaged infrastructure such as guardrail and signs.

DP 313 - Chemical Deicer Storage Tanks -

The executive requests an increase in state special revenue for replacement of chemical deicer storage tanks.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 308 - Bridge Preservation, Maintenance, and Repair Response Team	6.00	0	86,008	554,887	640,895	6.00	0	82,948	535,147	618,095
DP 309 - Permanent Variable Message Signs (OTO)	0.00	0	351,276	1,558,440	1,909,716	0.00	0	104,916	0	104,916
DP 310 - Contracted Underground Locates	0.00	0	400,000	0	400,000	0.00	0	412,000	0	412,000
Total	6.00	\$0	\$837,284	\$2,113,327	\$2,950,611	6.00	\$0	\$599,864	\$535,147	\$1,135,011

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 308 - Bridge Preservation, Maintenance, and Repair Response Team -

The executive requests 6.00 PB for bridge maintenance and inspections.

DP 309 - Permanent Variable Message Signs (OTO) -

The executive requests state special and federal special appropriation authority for the installation and maintenance of 6 permanent Variable Message Signs (VMS) at key locations.

DP 310 - Contracted Underground Locates -

The executive requests state special revenue appropriation authority to contract the locating of MDT underground utilities.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	124.44	124.44	124.44	0.00	0.0%
State/Other Special Rev. Funds	10,568,925	10,786,656	10,812,264	461,070	2.2%
Federal Spec. Rev. Funds	5,097,007	5,225,615	5,233,466	265,067	2.6%
Total Funds	15,665,932	16,012,271	16,045,730	726,137	2.3%
Personal Services	10,488,865	10,578,949	10,612,176	213,395	1.0%
Operating Expenses	4,336,385	4,592,640	4,592,872	512,742	5.9%
Equipment & Intangible Assets	581,716	581,716	581,716		0.0%
Transfers	145,530	145,530	145,530		0.0%
Debt Service	113,436	113,436	113,436		0.0%
Total Expenditures	15,665,932	16,012,271	16,045,730	726,137	2.3%
Total Ongoing	15,665,932	16,012,271	16,045,730	726,137	2.3%
Total One-Time-Only					0.0%

Program Highlights

<p>Motor Carrier Services Major Budget Highlights</p>
<p>The Motor Carrier Service's (MCS) 2027 biennium appropriations are approximately \$726,000 or 2.3% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • Statewide present law adjustments total \$212,708 for the biennium 23.6% federal, 76.4% state special <ul style="list-style-type: none"> ◦ DP 1, Personal services: \$213,395 for the biennium ◦ DP 3, Inflation/deflation: \$(687) for the biennium • Present law adjustments: \$513,429 for the biennium <ul style="list-style-type: none"> ◦ DP 4, Equipment rental: 41.9% federal, 58.1% state special

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Motor Carrier Services 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	10,568,925	5,097,007	15,665,932	97.8%	0	10,568,925	5,097,007	15,665,932	97.6%
Statewide PL										
Personal Services	0	68,914	21,170	90,084	0.6%	0	94,332	28,979	123,311	0.8%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(410)	0	(410)	(0.0%)	0	(277)	0	(277)	(0.0%)
Total Statewide PL	0	68,504	21,170	89,674	0.6%	0	94,055	28,979	123,034	0.8%
Present Law (PL)	0	149,227	107,438	256,665	1.6%	0	149,284	107,480	256,764	1.6%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	217,731	128,608	346,339	2.2%	0	243,339	136,459	379,798	2.4%
Total Requested Budget	0	10,786,656	5,225,615	16,012,271		0	10,812,264	5,233,466	16,045,730	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 22-Motor Carrier Services Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.0%
02294 Unified Carrier Registration	3,026,797	0	0	0	3,026,797	14.0%
02349 Highway Non-Restricted Account	190,056	0	0	0	190,056	0.9%
02422 Highways Special Revenue	18,382,067	0	0	0	18,382,067	85.1%
State Special Total	\$21,598,920	\$0	\$0	\$0	\$21,598,920	67.4%
03292 MCS Federal Grants	10,002,926	0	0	0	10,002,926	95.6%
03407 Highway Trust - Sp Rev	456,155	0	0	0	456,155	4.4%
Federal Special Total	\$10,459,081	\$0	\$0	\$0	\$10,459,081	32.6%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$32,058,001	\$0	\$0	\$0	\$32,058,001	

HB 2 Appropriations

MCS is funded by the highway state special revenue accounts and federal special revenue. Two-thirds of the funding for the program is state special revenue, primarily the constitutionally restricted highway state special revenue account (HSSRA). Other state special revenues supporting program activities include unified carrier registration fees and the highway non-restricted account. Federal funds make up the remaining third and are derived from federal grant programs and distributions from the federal highway trust.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	124.44	124.44	124.44	124.44
Personal Services	10,062,155	10,081,626	10,488,865	10,578,949	10,612,176
Operating Expenses	2,406,726	3,547,757	4,336,385	4,592,640	4,592,872
Equipment & Intangible Assets	704,318	1,225,916	581,716	581,716	581,716
Transfers	129,645	139,691	145,530	145,530	145,530
Debt Service	113,436	113,436	113,436	113,436	113,436
Total Expenditures	\$13,416,280	\$15,108,426	\$15,665,932	\$16,012,271	\$16,045,730
State/Other Special Rev. Funds	9,386,817	10,139,358	10,568,925	10,786,656	10,812,264
Federal Spec. Rev. Funds	4,029,463	4,969,068	5,097,007	5,225,615	5,233,466
Total Funds	\$13,416,280	\$15,108,426	\$15,665,932	\$16,012,271	\$16,045,730
Total Ongoing	\$13,416,280	\$15,108,426	\$15,665,932	\$16,012,271	\$16,045,730
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Motor Carrier Services (MCS) Program has the responsibility for commercial motor carrier safety, infrastructure protection, dyed fuel regulation, and trucking industry credentials. The MCS Commercial Vehicle Operations (CVO) Bureau registers interstate fleet vehicles, issues licenses and oversize/overweight permits, and collects and distributes fees and taxes. Additionally, the CVO Bureau ensures compliance with multiple federal commercial vehicle programs, as well as submits and provides oversight for various grant programs. The MCS Enforcement Bureau operates weigh stations and mobile enforcement statewide. MCS Officers inspect commercial vehicles for compliance with state and federal safety, registration, fuel, and size/weight laws. The Motor Carrier Safety Assistance Program (MCSAP) conducts commercial motor carrier safety compliance reviews and safety audits to ensure commercial vehicles, drivers, and motor carriers are compliant with state safety laws and federal regulations.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Motor Carrier Services Program expended a total of 90.0% or \$13.4 million of its \$15.1 million appropriation authority. The personal services budget was 99.8% expended at \$10.1 million, and operating expenses were 67.8% expended at \$2.4 million. Equipment and intangible assets were 72.8% expended. Equipment and intangible assets in this program are often covered by federal grants. Transfers were 92.8% expended. Transfers in this program are mainly for costs of the state law enforcement academy. The Motor Carrier Services Program is funded with roughly two-thirds state special funds and one-third federal funds.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is 3.7% greater than the FY 2024 appropriation. Personal services 4.0% greater in FY 2025, while operating expenses are 22.2% greater. This is mostly due to growth of the federal program and an increase of funds needed to match it. The equipment and intangibles asset appropriation is 55% lower than the FY 2024 appropriation due to fewer planned purchases.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	68,914	21,170	90,084	0.00	0	94,332	28,979	123,311
DP 3 - Inflation Deflation	0.00	0	(410)	0	(410)	0.00	0	(277)	0	(277)
DP 4 - Equipment Rental	0.00	0	149,227	107,438	256,665	0.00	0	149,284	107,480	256,764
Grand Total All Present Law Adjustments	0.00	\$0	\$217,731	\$128,608	\$346,339	0.00	\$0	\$243,339	\$136,459	\$379,798

**Total Funds* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Transportation Motor Carrier Services Program FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 206,364
Management Changes	\$ (116,280)
Budget modifications	\$ -
Total	\$ 90,084

The Motor Carrier Services Program had legislative increases related to pay plan and benefits and management changes including increases from career ladder changes and promotion adjustments offset by an increase in vacancy savings.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental -

The executive requests an increase to state and federal special revenue appropriation in FY 2026 and FY 2027 for equipment rental usage and associated rate changes from the agency's Equipment Program.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	9.00	9.00	9.00	0.00	0.0%	
State/Other Special Rev. Funds	2,005,328	2,108,538	2,114,784	212,666	5.3%	
Federal Spec. Rev. Funds	1,385,965	1,388,812	1,388,880	5,762	0.2%	
Total Funds	3,391,293	3,497,350	3,503,664	218,428	3.2%	
Personal Services	905,237	1,019,113	1,021,838	230,477	12.7%	
Operating Expenses	2,452,256	2,444,437	2,448,026	(12,049)	(0.2%)	
Grants	20,000	20,000	20,000		0.0%	
Transfers	13,800	13,800	13,800		0.0%	
Total Expenditures	3,391,293	3,497,350	3,503,664	218,428	3.2%	
Total Ongoing	3,391,293	3,497,350	3,503,664	218,428	3.2%	
Total One-Time-Only					0.0%	

Program Highlights

<p>Aeronautics Program Major Budget Highlights</p>
<p>The Aeronautics Program’s 2027 biennium appropriations are approximately \$218,000 or 3.2% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • Statewide present law increase totaling \$218,428 for the biennium, 2.6% federal, 97.4% state special <ul style="list-style-type: none"> ◦ DP 1 - Personal services: \$230,477 for the biennium ◦ DP 2 - Fixed costs: (\$11,994) for the biennium ◦ DP 3 - Inflation/Deflation (\$55) for the biennium

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Aeronautics Program 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	2,005,328	1,385,965	3,391,293	97.0%	0	2,005,328	1,385,965	3,391,293	96.8%
Statewide PL										
Personal Services	0	111,029	2,847	113,876	3.3%	0	113,686	2,915	116,601	3.3%
Fixed Costs	0	(7,786)	0	(7,786)	(0.2%)	0	(4,208)	0	(4,208)	(0.1%)
Inflation Deflation	0	(33)	0	(33)	(0.0%)	0	(22)	0	(22)	(0.0%)
Total Statewide PL	0	103,210	2,847	106,057	3.0%	0	109,456	2,915	112,371	3.2%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	103,210	2,847	106,057	3.0%	0	109,456	2,915	112,371	3.2%
Total Requested Budget	0	2,108,538	1,388,812	3,497,350		0	2,114,784	1,388,880	3,503,664	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 40-Aeronautics Program Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
02286 Aeronautical Loan Account	700,000	0	0	0	700,000	7.0%	
02287 Aeronautical Grant Account	0	0	0	5,799,882	5,799,882	57.9%	
02827 Aeronautics Division	3,523,322	0	0	0	3,523,322	35.2%	
State Special Total	\$4,223,322	\$0	\$0	\$5,799,882	\$10,023,204	72.4%	
03060 Aeronautics Division	2,777,692	0	0	0	2,777,692	100.0%	
Federal Special Total	\$2,777,692	\$0	\$0	\$0	\$2,777,692	20.1%	
06007 Yellowstone Airport	0	0	1,044,828	0	1,044,828	100.0%	
Proprietary Total	\$0	\$0	\$1,044,828	\$0	\$1,044,828	7.5%	
Total All Funds	\$7,001,014	\$0	\$1,044,828	\$5,799,882	\$13,845,724		

HB 2 Appropriations

The Aeronautics program is funded with state and federal special revenues. State special revenue funds are derived primarily from state aviation fuel taxes and aircraft registration fees. Federal special revenue comes from Federal Aviation Administration grants.

Statutory Appropriations

The statutorily appropriated Aeronautical Grant Account receives most of its funding from 90% of a 4.5 cent per gallon tax on aviation fuel, and provides funding for grants to Montana communities for aviation related projects.

Non-Budgeted Proprietary Funds

The Yellowstone Airport enterprise program, is supported by proprietary funding and is not budgeted in HB 2.

Yellowstone Airport – 06007*Program Description*

The Yellowstone Airport located two miles north of the Town of West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, as well as service for a multitude of other recreational opportunities in the surrounding greater Yellowstone area. The airport is closed during the winter months, conducting limited snow removal in fringe seasons. The airport is typically open for six months each year with seasonal commercial air service provided by SkyWest Air Lines dba Delta Connection and SkyWest Air Lines dba United Express from early-May to mid-October. The airport accomplishes its mission with facilities to accommodate all sized aircraft and operations ranging from large four engine commercial service jets to small single engine aircraft.

Airside facilities at the airport include an 8,400' runway and taxiway, as well as large parking apron and hangar areas for all types of aircraft operations. The runway is equipped with a precision approach instrument landing system (ILS) and a GPS approach accommodating air traffic even during inclement weather conditions. The airport also supports and maintains an Automated Weather Observing System (AWOS) which reports directly to the National Weather Service (NWS) and broadcasts locally to air traffic over a VHF transmission. Other airport facilities include a commercial terminal building with tenants that include a restaurant, rental car agencies, Transportation Security Administration (TSA) offices, airline offices, and airport administration and operations. Also located on the field are several outbuildings and other facilities housing bulk fuel storage, a fixed based operator (FBO), an air ambulance base, and Airport Rescue Fire Fighting (ARFF) services. The US Forest Service operates an inter-agency fire control center with direct through-the-fence access to the airfield. A wildlife fence surrounds the entire airport property.

Revenues and Expenses

Fees for leases and other business services are both market and recovery based. Additional operating expenses are planned in the 2027 biennium to keep the airport in compliance with FAA mandates and advisory circulars.

The Yellowstone Airport is an enterprise proprietary fund. There is one airport manager who works full time, year-round. The airport also has two other employees, an airport operation chief and an airport fire fighter/maintenance specialist who are employed seasonally.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation		Program Name: Aeronautics Program				
	Fund 06007	Fund Name Yellowstone Airport					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A		83,820	52,877	67,229	652,207	612,207	612,207
Other Operating Revenue		532,034	592,458	500,496	-	-	-
Total Operating Revenues		615,854	645,335	567,725	652,207	612,207	612,207
Expenses:							
Personal Services							
Other Operating Expenses		514,705	532,271	640,983	268,318	266,502	266,785
Expense B		(90,750)	90,750	-	-	-	-
Expense C		(1,567,428)	-	398,260	-	-	-
Total Operating Expenses		(1,155,815)	649,952	1,122,846	524,618	522,170	522,658
Operating Income (Loss)		1,771,669	(4,617)	(555,121)	127,589	90,037	89,549
Nonoperating Revenues:							
Other Revenue A		1,015	24,939	136,351	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		1,015	24,939	136,351	-	-	-
Income (Loss) Before Contributions and Transfers		1,772,684	20,322	(418,770)	127,589	90,037	89,549
Capital Contributions							
Change in Net Position		1,796,448	111,072	30,971,428	127,589	90,037	89,549
Beginning Net Position - July 1		10,557,635	12,354,083	12,465,155	43,436,583	43,564,172	43,654,209
Change in Net Position		1,796,448	111,072	30,971,428	127,589	90,037	89,549
Ending Net Position - June 30		12,354,083	12,465,155	43,436,583	43,564,172	43,654,209	43,743,758
Net Position (Fund Balance) Analysis							

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	9.00	9.00	9.00	9.00
Personal Services	855,575	863,085	905,237	1,019,113	1,021,838
Operating Expenses	837,814	2,364,989	2,452,256	2,444,437	2,448,026
Equipment & Intangible Assets	10,550	95,550	0	0	0
Capital Outlay	43,633	43,633	0	0	0
Grants	14,700	20,000	20,000	20,000	20,000
Transfers	8,545	13,800	13,800	13,800	13,800
Total Expenditures	\$1,770,817	\$3,401,057	\$3,391,293	\$3,497,350	\$3,503,664
State/Other Special Rev. Funds	1,672,702	2,020,517	2,005,328	2,108,538	2,114,784
Federal Spec. Rev. Funds	98,115	1,380,540	1,385,965	1,388,812	1,388,880
Total Funds	\$1,770,817	\$3,401,057	\$3,391,293	\$3,497,350	\$3,503,664
Total Ongoing	\$1,770,817	\$3,316,057	\$3,391,293	\$3,497,350	\$3,503,664
Total OTO	\$0	\$85,000	\$0	\$0	\$0

Program Description

The Aeronautics Program: 1) facilitates the operation and infrastructure of airports and airways, both public and private, throughout Montana; 2) provides mechanisms for funding airport and aviation related projects throughout the state; 3) registers aircraft and pilots in accordance with Montana laws and regulations; 4) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 5) coordinates and supervises aerial search and rescue operations.

The program administers a loan and grant program to airport sponsors to fund airport improvement projects. The Aeronautics Board approves loan and grant requests.

The program serves as a liaison between the State of Montana and various other entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), US Forest Service, other federal and state entities, and commercial airlines in order to assure the retention and continuation of airline service to Montana's rural communities and to support general aviation operations.

The program is also responsible for operation of the commercial service airport just north of West Yellowstone, MT and for 13 other state-owned or operated airports.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Aeronautics Program expended 53.1% of its FY 2024 appropriation. Lower spending, particularly in the first year of the biennium is not unusual due to inconsistencies in FAA grant funding. The personal services appropriation of \$863,085 was 99.1% expended. The operating expense budget was 35.4% expended. Most of the unspent authority was federal due to the continuance of COVID-related funding offsetting spending. The aeronautics program is funded with 59.4% state special funds and 40.6% federal funds.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is 0.3% lower than the FY 2024 appropriation.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	111,029	2,847	113,876	0.00	0	113,686	2,915	116,601
DP 2 - Fixed Costs	0.00	0	(7,786)	0	(7,786)	0.00	0	(4,208)	0	(4,208)
DP 3 - Inflation Deflation	0.00	0	(33)	0	(33)	0.00	0	(22)	0	(22)
Grand Total All Present Law Adjustments	0.00	\$0	\$103,210	\$2,847	\$106,057	0.00	\$0	\$109,456	\$2,915	\$112,371

**Total Funds* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Transportation Aeronautics Program FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 31,103
Management Changes	\$ 82,773
Budget modifications	\$ -
Total	\$ 113,876

Legislative changes include increases in benefits and longevity, management increases are primarily due to previously vacant positions being filled at higher rates.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	99.76	105.76	105.76	6.00	3.0%
State/Other Special Rev. Funds	12,084,308	17,179,273	15,818,858	8,829,515	36.5%
Federal Spec. Rev. Funds	39,710,570	59,305,000	51,091,049	30,974,909	39.0%
Total Funds	51,794,878	76,484,273	66,909,907	39,804,424	38.4%
Personal Services	10,402,638	11,181,890	11,214,904	1,591,518	7.6%
Operating Expenses	9,527,299	13,205,356	13,161,915	7,312,673	38.4%
Equipment & Intangible Assets	550,000	550,000	550,000		0.0%
Grants	28,502,015	47,984,101	38,420,162	29,400,233	51.6%
Transfers	2,812,926	3,562,926	3,562,926	1,500,000	26.7%
Total Expenditures	51,794,878	76,484,273	66,909,907	39,804,424	38.4%
Total Ongoing	51,794,878	76,484,273	66,909,907	39,804,424	38.4%
Total One-Time-Only					0.0%

Program Highlights

**Rail, Transit, and Planning
Major Budget Highlights**

The Rail, Transit & Planning's 2027 biennium appropriations are approximately \$38.6 million or 37.2% higher than the FY 2025 base budget. Significant changes include:

- Statewide present law adjustments totaling \$377,785 for the biennium, 31.2% state special revenue, 68.8% federal
 - DP 1 - Personal services: \$380,448
 - DP 3 - Inflation/deflation: (\$2,663)
- Present law adjustments totaling \$38.2 million for the biennium
 - DP 4 - Equipment rental: \$167,963, 69.0% state special, 31.0% federal - for increases in equipment rental rates and usage
 - DP 5005- Federal Transit Administration (FTA) Funding: \$28.5 million, 26.6% state special, 73.4% federal - for increases in federal funding and associated match
 - DP 5006 - National Highway Traffic Safety Administration (NHTSA) program funding: \$9.2 million for the biennium, 95.7% federal, 4.3% state special - for an increase in funding and associated match
 - DP 5009 - Blackfoot Post Yard Assessment: \$300,000, 100.0% state special revenue - for assessment and field work at the Blackfoot Post Yard complex
- New Proposals totaling \$1.2 million, 25% state special, 75% federal
 - DP 5010 - New Federal Program Requirements:
 - 6.00 PB for delivery and reporting requirements of new federal programs

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Rail, Transit, and Planning 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	12,084,308	39,710,570	51,794,878	67.7%	0	12,084,308	39,710,570	51,794,878	77.4%
Statewide PL										
Personal Services	0	53,852	119,865	173,717	0.2%	0	64,086	142,645	206,731	0.3%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	(1,589)	(1,589)	(0.0%)	0	0	(1,074)	(1,074)	(0.0%)
Total Statewide PL	0	53,852	118,276	172,128	0.2%	0	64,086	141,571	205,657	0.3%
Present Law (PL)	0	4,883,279	19,002,653	23,885,932	31.2%	0	3,518,330	10,782,507	14,300,837	21.4%
New Proposals	0	157,834	473,501	631,335	0.8%	0	152,134	456,401	608,535	0.9%
Total HB 2 Adjustments	0	5,094,965	19,594,430	24,689,395	32.3%	0	3,734,550	11,380,479	15,115,029	22.6%
Total Requested Budget	0	17,179,273	59,305,000	76,484,273		0	15,818,858	51,091,049	66,909,907	

Funding

The following table shows proposed program funding for all sources of authority.

Department of Transportation, 50-Rail, Transit, and Planning Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.0%
02121 Shared-Use Path	0	0	0	30,530	30,530	0.1%
02282 FTA Local Match	7,844,207	0	0	0	7,844,207	23.7%
02349 Highway Non-Restricted Account	2,552,766	0	0	0	2,552,766	7.7%
02422 Highways Special Revenue	13,610,908	0	0	0	13,610,908	41.2%
02436 County DUI Prevention Programs	990,250	0	0	0	990,250	3.0%
02795 TransADE Special Revenue	8,000,000	0	0	0	8,000,000	24.2%
State Special Total	\$32,998,131	\$0	\$0	\$30,530	\$33,028,661	23.0%
03147 FTA Grants	52,325,008	0	0	0	52,325,008	47.4%
03407 Highway Trust - Sp Rev	37,209,147	0	0	0	37,209,147	33.7%
03828 Traffic Safety	20,529,788	0	0	0	20,529,788	18.6%
03970 FTA - CARES Act II	332,106	0	0	0	332,106	0.3%
Federal Special Total	\$110,396,049	\$0	\$0	\$0	\$110,396,049	77.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$143,394,180	\$0	\$0	\$30,530	\$143,424,710	

HB 2 Appropriations

The Rail, Transit, and Planning (RTP) Program is funded with a combination of state and federal special revenue funds. Highway state special revenue from both the restricted and non-restricted account support the overall administrative and operational costs of the program. Other funding includes:

- Federal Transit Authority (FTA) local match funds provided from local transit providers to match their FTA grants
- TransADE special revenue, which in large part provides funding for transit services that serve the elderly and disabled (and can be also used to match federal transit funds)
- County DUI prevention funds, for providing assistance to county DUI task force activities
- Federal highway trust fund (03407), which provides for costs of highway program administration, activities, and projects

Statutory Appropriations

The RTP Program also has a statutory appropriation that allows expenditures for shared-use paths. The funding for this appropriation is derived from an opt-in vehicle license fee for the maintenance and construction of shared use paths.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	99.76	99.76	105.76	105.76
Personal Services	9,566,902	10,007,524	10,402,638	11,181,890	11,214,904
Operating Expenses	6,066,338	9,401,849	9,527,299	13,205,356	13,161,915
Equipment & Intangible Assets	77,460	458,240	550,000	550,000	550,000
Grants	23,910,464	25,292,065	28,502,015	47,984,101	38,420,162
Transfers	2,551,229	3,037,926	2,812,926	3,562,926	3,562,926
Debt Service	138,550	274,650	0	0	0
Total Expenditures	\$42,310,943	\$48,472,254	\$51,794,878	\$76,484,273	\$66,909,907
State/Other Special Rev. Funds	10,628,816	12,210,534	12,084,308	17,179,273	15,818,858
Federal Spec. Rev. Funds	31,682,127	36,261,720	39,710,570	59,305,000	51,091,049
Total Funds	\$42,310,943	\$48,472,254	\$51,794,878	\$76,484,273	\$66,909,907
Total Ongoing	\$42,310,943	\$48,472,254	\$51,794,878	\$76,484,273	\$66,909,907
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Rail, Transit, and Planning Program provides: 1) a continuous statewide multimodal transportation planning process used to allocate highway program resources to ensure highway system performance goals are maintained and federal-aid highway and transit grant eligibility is maintained within the federal surface transportation programs; 2) an inventory of transportation infrastructure for the allocation of state fuel taxes to local governments; 3) support for the state's comprehensive statewide highway safety plan including technical analysis, performance tracking, and coordination with multiple administrative agencies and jurisdictions; 4) the point of contact for MDT for major developers seeking access onto the state's highway system; 5) mapping functions to aid in the publication of the state tourist map and geo-spatial infrastructure inventories; 6) transportation planning and programming assistance to metropolitan and urban areas; 7) administration and implementation of behavioral safety programs that help reduce traffic deaths, injuries, and property losses resulting from traffic crashes; 8) administration and implementation of environmental services that assure environmental compliance with all applicable laws, rules, regulations, policies, orders, and agreements; and 9) responses to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US Department of Transportation, the Surface Transportation Board, and others.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Rail, Transit and Planning program expended a total of 87.6% of its \$48.5 million in FY 2024 appropriation authority. Personal services of \$10.0 million was 95.6% expended. Operating expenses were 64.7% expended. Grants in the amount of \$25.3 million were 95.1% expended. The program gives out grants for transit and safety related projects. The Rail, Transit and Planning division is funded with 25.2% state special funds and 74.8% federal funds.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is 6.9% greater than the FY 2024 appropriation. While the state special funds appropriation of \$12.2 million decreases 1.0% from 2024, the federal appropriation increases 9.5% from \$36.3 to \$39.7 million.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	53,852	119,865	173,717	0.00	0	64,086	142,645	206,731
DP 3 - Inflation Deflation	0.00	0	0	(1,589)	(1,589)	0.00	0	0	(1,074)	(1,074)
DP 4 - Equipment Rental	0.00	0	57,946	26,020	83,966	0.00	0	57,968	26,029	83,997
DP 5005 - Federal Transit Administration Funding	0.00	0	4,475,333	14,576,633	19,051,966	0.00	0	3,110,362	6,356,478	9,466,840
DP 5006 - NHTSA Program Funding	0.00	0	200,000	4,400,000	4,600,000	0.00	0	200,000	4,400,000	4,600,000
DP 5009 - Blackfoot Post Yard Assessment	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
Grand Total All Present Law Adjustments	0.00	\$0	\$4,937,131	\$19,120,929	\$24,058,060	0.00	\$0	\$3,582,416	\$10,924,078	\$14,506,494

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Department of Transportation Rail, Transit and Planning Program FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 149,614
Management Changes	\$ 24,103
Budget modifications	\$ -
Total	\$ 173,717

The Rail, Transit and Planning Program had legislative increases in longevity and benefits as well as management decision related increases such as career ladder changes and promotion adjustments.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental -

The executive requests an increase to state and federal special revenue appropriation in FY 2026 and FY 2027 due to an increase in equipment rental usage and associated rate changes from the agency's Equipment Program.

DP 5005 - Federal Transit Administration Funding -

This request is for an increase in state and federal revenue for FY 2026 and FY 2027 for the administration of pass-through transit grant funding to local governments and providers of public transportation. The funding coming to Montana is a 30% increase with gradual increases each additional year.

DP 5006 - NHTSA Program Funding -

This request is for an increase in state and federal special revenue to aid in implementation and management of MDT's National Highway Traffic Safety Administration (NHTSA) program which includes initiatives related to impaired driving, occupant protection, motorcycle safety, and bicycle and pedestrian safety.

DP 5009 - Blackfoot Post Yard Assessment -

This request is for an increase in state special revenue to complete a risk assessment, additional field work and site characterization, and interim cleanup of smaller items at the Blackfoot Post Yard complex.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 5010 - New Federal Program Requirements	6.00	0	157,834	473,501	631,335	6.00	0	152,134	456,401	608,535
Total	6.00	\$0	\$157,834	\$473,501	\$631,335	6.00	\$0	\$152,134	\$456,401	\$608,535

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 5010 - New Federal Program Requirements -

The executive requests 6.00 PB to deliver federal programs such as National Electric Vehicle Infrastructure (NEVI), and Carbon Reduction and Promoting Resilient Operation for Transformative, Efficient, and Cost-Saving Transportation (PROTECT).