

**Department of Transportation
Budget 801
House Bill Nos. 1012, 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 legislative appropriation	1,052.50		\$903,825,446	\$903,825,446
2005-07 legislative appropriation	<u>1,044.50</u>	<u> </u>	<u>955,008,348</u>	<u>955,008,348</u>
2007-09 appropriation increase (decrease) to 2005-07 appropriation	8.00	\$0	(\$51,182,902)	(\$51,182,902)

NOTE: The 2007-09 legislative appropriation amounts include \$667,946 of other funds for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Item Description

Public transportation - The Legislative Assembly, in Section 14 of House Bill No. 1012, transferred \$1 million from the highway fund to the public transportation fund during the 2007-09 biennium to provide a total of \$5.7 million for public transportation grants for the 2007-09 biennium. In Section 10 of House Bill No. 1012, the Legislative Assembly changed the distribution formula for public transportation funds from an annual base rate of \$18,300 to each county to an annual base rate of four-tenths of 1 percent of the appropriation provided for public transportation grants to each county.

Additional FTE positions - Section 4 of House Bill No. 1012 authorizes the Department of Transportation to hire additional FTE positions for the construction and maintenance of highways if it determines that it is more cost-effective to hire the positions rather than contract for the services. The department must report any additional positions hired to the Office of Management and Budget and the Legislative Council.

Asbestos abatement - The Legislative Assembly provided a \$2.5 million special funds appropriation from asbestos settlement proceeds to the Department of Transportation for partial remodeling of the Highway Building due to the presence of asbestos.

Federal highway funds - The Department of Transportation estimated receiving \$445 million of federal highway funds during the 2007-09 biennium, excluding federal funds for emergency relief projects.

Status/Result

The Department of Transportation is awaiting an Attorney General's opinion on the distribution method outlined in Section 10 of House Bill No. 1012. The department is questioning whether the biennial appropriation amount is used to calculate the base rate amount for each year of the biennium or for both years combined.

The Department of Transportation has not hired any additional FTE positions during the 2007-09 biennium as a result of cost-effectiveness studies.

The Department of Transportation has started the first phase of the asbestos abatement project which involves the fourth floor and utility tower of the Highway Building. The department will temporarily relocate affected staff to the old Bank of North Dakota building. The first phase is expected to be completed by the end of the biennium. The completion of remaining phases is dependent on funding. The department estimates asbestos abatement of the remaining three floors will cost \$2 million per floor.

The Department of Transportation is currently estimating that federal highway funds will be slightly more than estimated during the 2007 legislation session. The Department of Transportation motor vehicle fuel tax collections are currently more than projected which will provide funding for any additional state match required on the additional federal highway funds; however, the department is concerned that motor vehicle fuel tax collections may decrease during the second year of the biennium due to a potential reduction in fuel purchases as a result of high fuel prices.

REAL ID Act - The federal REAL ID Act and related rules establish minimum standards for state-issued driver's licenses and personal identification cards to be accepted for official federal purposes. REAL ID became effective on May 11, 2008, but states could obtain an extension until December 31, 2009, to comply with the Act. If a state shows progress in complying with the Act by December 31, 2009, the state may receive an additional extension until May 11, 2011, to complete full implementation of REAL ID.

The Department of Transportation has received an extension until December 31, 2009, to show compliance with the REAL ID Act. To receive an extension beyond December 31, 2009, the department needs to show progress is being made to comply with the Act. To show progress, the department needs to have material compliance with 18 benchmarks established by the federal Department of Homeland Security.

As of May 5, 2008, the Department of Transportation has shown compliance with 10 of the 18 benchmarks. The department anticipates spending \$2.2 million from the state highway fund through December 2009 to complete compliance for all 18 benchmarks. Due to the uncertainty of future program requirements, the department has not projected additional future expenditures associated with REAL ID.