



## DEPARTMENT OF ENVIRONMENTAL QUALITY

OBPP recommends that general fund expenditures not be reduced from the HB 2/HB 13 level. Instead OBPP recommends that HB 645 (federal stimulus) funds be reduced by \$369,781. Of the total reductions, 80 percent is due to general reductions in operating expenses, 20 percent to reductions in personal services. The entire proposal will reduce OTO expenditures.

5301 Department Of Environmental Quality							All Programs	
Legislative Adopted Budget								
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	21,024,452	23,309,232	25,705,304	25,981,712	44,333,684	51,687,016	7,353,332	16.6%
Operating Expenses	19,642,858	30,235,268	32,185,331	32,061,708	49,878,126	64,247,039	14,368,913	28.8%
Equipment & Intangible Assets	107,827	237,754	151,561	150,527	345,581	302,088	(43,493)	-12.6%
Capital Outlay	441,304	-	141,304	141,304	441,304	282,608	(158,696)	-36.0%
Grants	1,870,416	2,216,541	2,033,416	2,033,416	4,086,957	4,066,832	(20,125)	-0.5%
Benefits & Claims	-	-	-	-	-	-	-	0.0%
Transfers	-	-	-	-	-	-	-	0.0%
Debt Service	-	1,807	-	-	1,807	-	(1,807)	-100.0%
<b>Total Costs</b>	<b>43,086,857</b>	<b>56,000,602</b>	<b>60,216,916</b>	<b>60,368,667</b>	<b>99,087,459</b>	<b>120,585,583</b>	<b>21,498,124</b>	<b>21.7%</b>
General Fund	4,785,174	5,088,372	5,686,935	5,757,709	9,873,546	11,444,644	1,571,098	15.9%
State/other Special Rev. Funds	18,943,357	24,069,733	31,415,503	31,383,445	43,013,090	62,798,948	19,785,858	46.0%
Federal Spec. Rev. Funds	19,358,326	26,842,497	23,114,478	23,227,513	46,200,823	46,341,991	141,168	0.3%
Proprietary Funds	-	-	-	-	-	-	-	0.0%
<b>Total Funds</b>	<b>43,086,857</b>	<b>56,000,602</b>	<b>60,216,916</b>	<b>60,368,667</b>	<b>99,087,459</b>	<b>120,585,583</b>	<b>21,498,124</b>	<b>21.7%</b>

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.

5301 Department Of Environmental Quality				All Programs		
Budget Reduction Percentages				-6.50%	0.00%	-3.23%
<i>Executive Spending Reductions (Feb. 16, 2010)</i>						
Decision Package	General Fund	General Fund	General Fund	Total Funds	Total Funds	Total Funds
	FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL05017 General Fund Reduction from HB 645 January 2010	(369,781)	-	(369,781)	(369,781)	-	(369,781)
<b>Present Law Total</b>	<b>(369,781)</b>	<b>-</b>	<b>(369,781)</b>	<b>(369,781)</b>	<b>-</b>	<b>(369,781)</b>
<b>Total All Decision Packages</b>	<b>(369,781)</b>	<b>-</b>	<b>(369,781)</b>	<b>(369,781)</b>	<b>-</b>	<b>(369,781)</b>

PL  
5017  
General Fund Reduction from HB 645 January 2010

This reduction is to General Fund reallocated due to American Recovery & Reinvestment Act (ARRA) funding appropriated in HB 645. DEQ requested this funding for two temporary Open Cut permit writers and one temporary Water Protection Bureau permit writer to prevent a bottle neck in anticipation of increased requests for gravel pit and water permits from ARRA projects for highway construction and infrastructure improvements. The increased permit requests have not yet fully materialized. This reduction should leave enough funds in FY 2011

to hire temporary positions and/or pay overtime to current staff should permit requests increase. This reduction will not have any impact to ARRA projects.

**LFD COMMENT**

The Permitting and Compliance Division was appropriated general fund of \$101,500 in FY 2009, \$359,794 in FY 2010, and \$367,918 in FY 2011 for total authority of \$829,212. As per HB 645 these funds can be expended across the three fiscal years. As of February 18, 2010, the agency has expended \$43,008. If the proposed reduction is implemented, the program will still have \$418,286 in authority for permitting activities.

Other potential options

At the end of the 2009 legislative session, the department’s budget included a permanent biennial general fund reduction of \$781,573 with \$500,000 of it restored as one-time-only. The department as of February 19, 2010 had expended \$54,976 of the one-time-only appropriation leaving approximately \$445,000 in available authority. This authority could be eliminated to institute the full permanent reduction now, rather than FY 2012. This would save approximately \$445,000. This reduction would be allocated as \$30,000 to Central Services Division, \$282,000 to Planning, Prevention and Assistance and \$134,000 to Permitting and Compliance Division.

The Central Services Division and the Enforcement Division each received a base adjustment as one-time-only funding. As of this writing, the department has not accessed these funds and has ample authority in the base to operate for the remainder of the fiscal year. Removing this authority would save approximately \$123,000.



## DEPARTMENT OF TRANSPORTATION

OBPP recommends that general fund expenditures for surface transportation litigation be reduced by 10.0 percent from the HB 2/HB 13 level. The funding for surface transportation litigation is the only HB 2/HB 13 general fund appropriated for the department. The reduction would reduce operating expenses, which was the only expenditure category the legislature appropriated the funds for.

<b>5401 Department Of Transportation</b>							<b>All Programs</b>	
<b>Legislative Adopted Budget</b>								
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	129,928,240	142,044,054	136,031,299	137,323,108	271,972,294	273,354,407	1,382,113	0.5%
Operating Expenses	349,392,502	379,613,277	395,432,795	389,286,031	729,005,779	784,718,826	55,713,047	7.6%
Equipment & Intangible Assets	1,902,440	1,736,957	3,032,975	2,086,440	3,639,397	5,119,415	1,480,018	40.7%
Capital Outlay	15,979,768	12,870,929	15,979,768	15,979,768	28,850,697	31,959,536	3,108,839	10.8%
Local Assistance	447,116	407,684	447,116	447,116	854,800	894,232	39,432	4.6%
Grants	14,494,485	24,049,038	18,377,140	16,227,140	38,543,523	34,604,280	(3,939,243)	-10.2%
Transfers	13,701	10,283	13,701	13,701	23,984	27,402	3,418	14.3%
Debt Service	-	500	-	-	500	-	(500)	-100.0%
<b>Total Costs</b>	<b>512,158,252</b>	<b>560,732,722</b>	<b>569,314,794</b>	<b>561,363,304</b>	<b>1,072,890,974</b>	<b>1,130,678,098</b>	<b>57,787,124</b>	<b>5.4%</b>
General Fund	-	-	2,600,000	-	-	2,600,000	2,600,000	0.0%
State/other Special Rev. Funds	210,536,687	245,824,393	232,602,607	229,698,505	456,361,080	462,301,112	5,940,032	1.3%
Federal Spec. Rev. Funds	301,621,565	314,908,329	334,112,187	331,664,799	616,529,894	665,776,986	49,247,092	8.0%
Proprietary Funds	-	-	-	-	-	-	-	0.0%
<b>Total Funds</b>	<b>512,158,252</b>	<b>560,732,722</b>	<b>569,314,794</b>	<b>561,363,304</b>	<b>1,072,890,974</b>	<b>1,130,678,098</b>	<b>57,787,124</b>	<b>5.4%</b>

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.

<b>5401 Department Of Transportation</b>							<b>All Programs</b>	
<b>Budget Reduction Percentages</b>							-10.00%	-10.00%
<i>Executive Spending Reductions (Feb. 16, 2010)</i>							General Fund	General Fund
Decision Package	FY 2010		FY 2011		FY 2010-11		Total Funds	Total Funds
	FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011
PL01003 Reduction "Surface Transportation Litigation"	(260,000)	-	(260,000)	(260,000)	-	(260,000)	(260,000)	-
<b>Present Law Total</b>	<b>(260,000)</b>	<b>-</b>	<b>(260,000)</b>	<b>(260,000)</b>	<b>-</b>	<b>(260,000)</b>	<b>(260,000)</b>	<b>-</b>
<b>Total All Decision Packages</b>	<b>(260,000)</b>	<b>-</b>	<b>(260,000)</b>	<b>(260,000)</b>	<b>-</b>	<b>(260,000)</b>	<b>(260,000)</b>	<b>-</b>

PL  
1003  
Reduction "Surface Transportation Litigation"

This is a \$260,000 General Fund reduction in MDT's "Surface Transportation Litigation" (RST/BIEN/OTO). The services funded under this budget are considered permissive and this reduction will not affect ongoing efforts to analyze rail rate and service issues or affect the pursuit of legal remedies.



**LFD  
COMMENT**

The 2007 Legislature first appropriated \$3.0 million general fund of one-time-only funds for the 2009 biennium to pursue litigation against the federal Surface Transportation Board on issues related to excessive (above market) rail freight charges. At the time the executive expected the litigation to last only two years before the expected outcome would result. During the 2009 biennium a total of \$582,611 of the appropriation was expended.

The 2009 Legislature appropriated \$2.6 million general fund of one-time-only funds for the 2011 biennium to continue efforts begun in the 2009 biennium. So far in FY 2010, \$95,746 has been expended on surface transportation litigation. The reduction would leave \$2,244,254 available to fund further litigation costs, or roughly four times the amount expended in the 2009 biennium.

## DEPARTMENT OF LIVESTOCK

OBPP recommends that general fund expenditures be reduced by 0.5 percent from the HB 2/HB 13 level in FY 2010. OBPP also recommends that HB 3 (supplemental appropriations) funds be reduced by \$59,810. The total reductions are due to one-time general reductions in operating expenses.

5603 Department Of Livestock							All Programs	
Legislative Adopted Budget								
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	6,082,816	7,115,362	6,953,614	7,073,752	13,198,178	14,027,366	829,188	6.3%
Operating Expenses	3,142,130	2,916,152	3,989,164	4,128,025	6,058,282	8,117,189	2,058,907	34.0%
Equipment & Intangible Assets	70,052	107,513	223,028	209,778	177,565	432,806	255,241	143.8%
Benefits & Claims	-	-	600,000	450,000	-	1,050,000	1,050,000	0.0%
Transfers	-	163,800	-	-	163,800	-	(163,800)	-100.0%
<b>Total Costs</b>	<b>9,294,998</b>	<b>10,302,827</b>	<b>11,765,806</b>	<b>11,861,555</b>	<b>19,597,825</b>	<b>23,627,361</b>	<b>4,029,536</b>	<b>20.6%</b>
General Fund	1,065,499	1,162,620	1,778,283	1,380,968	2,228,119	3,159,251	931,132	41.8%
State/other Special Rev. Funds	6,781,645	7,507,746	8,180,255	8,662,995	14,289,391	16,843,250	2,553,859	17.9%
Federal Spec. Rev. Funds	1,447,854	1,632,461	1,807,268	1,817,592	3,080,315	3,624,860	544,545	17.7%
<b>Total Funds</b>	<b>9,294,998</b>	<b>10,302,827</b>	<b>11,765,806</b>	<b>11,861,555</b>	<b>19,597,825</b>	<b>23,627,361</b>	<b>4,029,536</b>	<b>20.6%</b>

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.

5603 Department Of Livestock							All Programs	
Budget Reduction Percentages			-3.88%	0.00%	-2.19%			
<i>Executive Spending Reductions (Feb. 16, 2010)</i>			General Fund	General Fund	General Fund	Total Funds	Total Funds	Total Funds
Decision Package			FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL03001 5% General Fund Reduction Diagnostic Lab			(9,238)	-	(9,238)	(9,238)	-	(9,238)
PL04001 HB3 Supplemental Brucellosis- 5% GF Reduction			(59,810)	-	(59,810)	(59,810)	-	(59,810)
<b>Present Law Total</b>			<b>(69,048)</b>	<b>-</b>	<b>(69,048)</b>	<b>(69,048)</b>	<b>-</b>	<b>(69,048)</b>
<b>Total All Decision Packages</b>			<b>(69,048)</b>	<b>-</b>	<b>(69,048)</b>	<b>(69,048)</b>	<b>-</b>	<b>(69,048)</b>

PL  
3001  
5% General Fund Reduction Diagnostic Lab

The Diagnostic Lab will reduce general fund expenditures by \$9,238. This reduction will be made in the operational category of the Lab's HB 2 authority. Specifically, supply expenditures have been less than anticipated. There will be no reduction in services at the Diagnostic Laboratory in Bozeman.

<b>LFD COMMENT</b>	The base budget for the diagnostic lab includes \$421,109 in general fund. In addition the lab received a one-time-only appropriation of \$172,350 for FY2010 and \$11,100 in FY 2011. According to OBPP, this reduction would be applied against the one-time-only appropriation.
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PL  
4001  
HB3 Supplemental Brucellosis- 5% GF Reduction

The Animal Health division will reduce \$59,810 in general fund expenditures from the supplemental appropriation made in House Bill 3. These funds were appropriated to fund the Brucellosis Action Plan (BAP). This savings of \$59,810 was realized by leaving one of the legislatively authorized BAP positions vacant. There will be no reduction in services, in that the state of Montana received its class free status from USDA-APHIS in July 2009. As intended, the BAP expired six months after receiving that status.

**LFD  
COMMENT**

HB 3 of the 2009 session included \$2,375,784 general fund to implement the Brucellosis Action Plan (BAP) during calendar year 2009. The department expended \$1,852,273; another \$450,000 has been slated for reversion by the Governor, leaving \$73,511 in available authority. This action would reduce the available authority to \$13,701.

The executive could revert the entire remaining appropriation authority for the Brucellosis Action Plan as the plan has expired. This would have the same affect as reverting a portion (\$450,000) and implementing a budget reduction of \$59,810. Both adjustments would increase the general fund ending balance.

Other potential options

The Brucellosis Action Plan (BAP) was completed at 78 percent of budget. After the plan was completed, the department moved to a surveillance and mitigation plan in a designated area. This was funded with \$500,000 of one-time-only general fund and \$624,721 in per capita fees. The budget for this longer term activity was established on the same rates of testing as was the BAP. If the department maintains the same level of efficiency, in the surveillance mode as was achieved in implementation of the BAP, a reduction could be made to the program. A 10 percent reduction in the surveillance plan would yield \$50,000 in savings.

The Brands Enforcement Division receives approximately \$3,000 in general fund each year of the biennium for personal services. This division is predominantly funded with inspection and control fees and livestock per capita funds. This funding could be removed and replaced with state special revenue. Ample cash and authority of state special revenue exists in this program.

The executive suggested a \$9,238 reduction in the livestock diagnostic lab stating that supply costs were less than anticipated. During the 2009 session, the legislature appropriated an increase of 17 percent of base expenditures, or \$346,406 for the biennium, to cover the increased cost of lab supplies. The appropriation was made from lab revenues, not general fund. However, if there has been significant reduction to supply costs, then the amount that could be reduced from the general fund should be increased. A 10 percent adjustment in supply funding would equate to \$34,640.



## DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

OBPP recommends that general fund expenditures be reduced by 1.87 percent from the HB 2/HB 13 level. OBPP also recommends that HB645 (stimulus funds) be reduced. Of the total reductions 82.4 percent are due to general operating reductions, and 17.6 percent are due to reductions in carry forward spending. Of the total \$19,107 would reduce on-going expenditures, while the remaining \$1.1 million would reduce or eliminate one-time-only spending.

5706 Dept Of Natural Resources & Conservatio							All Programs	
Legislative Adopted Budget								
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	29,564,814	31,869,195	32,092,831	32,420,382	61,434,009	64,513,213	3,079,204	5.0%
Operating Expenses	13,078,619	14,135,948	19,188,408	19,227,521	27,214,567	38,415,929	11,201,362	41.2%
Equipment & Intangible Assets	1,217,708	1,118,448	1,527,076	1,535,026	2,336,156	3,062,102	725,946	31.1%
Capital Outlay	69,788	135,118	69,788	69,788	204,906	139,576	(65,330)	-31.9%
Local Assistance	-	200,000	200,000	200,000	200,000	400,000	200,000	100.0%
Grants	1,410,342	1,432,297	2,090,342	1,490,342	2,842,639	3,580,684	738,045	26.0%
Transfers	959,895	977,351	1,218,390	1,228,444	1,937,246	2,446,834	509,588	26.3%
Debt Service	387,283	476,504	478,067	478,067	863,787	956,134	92,347	10.7%
<b>Total Costs</b>	<b>46,688,449</b>	<b>50,344,861</b>	<b>56,864,902</b>	<b>56,649,570</b>	<b>97,033,310</b>	<b>113,514,472</b>	<b>16,481,162</b>	<b>17.0%</b>
General Fund	20,883,410	21,819,894	22,506,409	22,676,677	42,703,304	45,183,086	2,479,782	5.8%
State/other Special Rev. Funds	24,052,836	26,686,335	32,261,662	31,891,999	50,739,171	64,153,661	13,414,490	26.4%
Federal Spec. Rev. Funds	1,752,203	1,838,632	2,096,831	2,080,894	3,590,835	4,177,725	586,890	16.3%
Proprietary Funds	-	-	-	-	-	-	-	0.0%
<b>Total Funds</b>	<b>46,688,449</b>	<b>50,344,861</b>	<b>56,864,902</b>	<b>56,649,570</b>	<b>97,033,310</b>	<b>113,514,472</b>	<b>16,481,162</b>	<b>17.0%</b>

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.

5706 Dept Of Natural Resources & Conservation				All Programs		
Budget Reduction Percentages				-1.79%	-3.23%	-2.51%
<i>Executive Spending Reductions (Feb. 16, 2010)</i>				General Fund	General Fund	General Fund
Decision Package	FY 2010	FY 2011	FY 2010-11	Total Funds	Total Funds	Total Funds
	FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL02101 Centralized Services Reduction	(100,000)	(25,397)	(125,397)	(100,000)	(25,397)	(125,397)
PL02302 ARRA Administration Reduction HB645	(44,264)	(44,264)	(88,528)	(44,264)	(44,264)	(88,528)
PL02401 Water Resources Personal Services Reduction	-	(123,760)	(123,760)	-	(123,760)	(123,760)
PL02402 State Water Plan Reduction	(103,915)	(152,085)	(256,000)	(103,915)	(152,085)	(256,000)
PL02403 Crown Managers' Partnership Adjustment	-	(5,000)	(5,000)	-	(5,000)	(5,000)
PL02404 Columbia River Hydro System Adjust	(5,000)	(10,000)	(15,000)	(5,000)	(10,000)	(15,000)
PL02501 RWRCC Vacancy Savings Reductions	(25,819)	-	(25,819)	(25,819)	-	(25,819)
PL03501 Forestry Operating Reductions	(120,000)	(371,274)	(491,274)	(120,000)	(371,274)	(491,274)
PL03520 TLMD Non-Trust Land Inventory Reduction	(3,056)	-	(3,056)	(3,056)	-	(3,056)
<b>Present Law Total</b>	<b>(402,054)</b>	<b>(731,780)</b>	<b>(1,133,834)</b>	<b>(402,054)</b>	<b>(731,780)</b>	<b>(1,133,834)</b>
<b>Total All Decision Packages</b>	<b>(402,054)</b>	<b>(731,780)</b>	<b>(1,133,834)</b>	<b>(402,054)</b>	<b>(731,780)</b>	<b>(1,133,834)</b>

PL  
2101

### Centralized Services Reduction

The Centralized Services Division will reduce FY 2009 general fund carry forward authority in the amount of \$100,000. Carry Forward had been approved to assist with a building project in Missoula and the project will be delayed. The division will also reduce general fund fixed costs in the amount of \$14,107. Computer replacements will be delayed to generate an additional \$11,290 in general fund savings.

**LFD COMMENT** Statute (17-7-340, MCA) provides that 30 percent of certain operating funds that are unexpended at the end of the year may be carried forward to the following two years for expenditure. This decision package proposes that the agency would not expend \$100,000 of funds available to the agency per statute.

PL  
2302  
ARRA Administration Reduction HB645

The Division would reduce grant administration authority allocated in HB 645 by \$88,528 through cost saving measures (travel reduction, conference calls, and training).

**LFD COMMENT** The department was appropriated \$460,000 general fund for the biennium for this purpose. This reduction equates to 19 percent.

PL  
2401  
Water Resources Personal Services Reduction

The division will leave positions vacant above the current vacancy savings requirement to generate an additional \$104,760 in general fund savings. Staff is assuming the work of vacant positions to the degree possible; however, services to the public could be minimally delayed. The division also proposes utilizing the land lease state special revenue fund (\$6,000), Broadwater Dam state special revenue fund (\$7,000) and a federal Yellowstone Compact fund (\$6,000) for personal services to generate an additional general fund savings of \$19,000.

**LFD COMMENT** This decision package creates general fund savings by creating additional vacancy savings and by shifting funding sources. \$19,000 of the proposed savings will be backfilled with state special revenue sources.

PL  
2402  
State Water Plan Reduction

SB 303 amended 85-1-203 and required the department to update the state water plan to specifically address issues in the Yellowstone, Clark Fork and Missouri River basins. The legislature appropriated \$306,000 general fund and approved 1.00 FTE for this purpose. The Water Resources Division will reduce \$256,000 and 1.00 FTE from the implementation of the new requirements of SB 303, passed by the 2009 Legislature. The remaining funding will be used as part of a cost-share agreement with the US Geological Survey to develop a web-based

application known as “StreamStats” for the State of Montana. Development of this application supports implementation of 85-1-203, MCA, because it will allow users to easily obtain stream flow statistics, drainage-basin characteristics, and other water resource related information for user-selected sites on streams.

**LFD COMMENT** 85-1-203, MCA requires the department to complete a State Water Plan by 2015 for the Missouri, Yellowstone and Clark Fork River Basins. The statute also directs the department to create water user councils in the Missouri and Yellowstone basins, although there is not a time frame for this activity. The legislature may wish to inquire of the department what plan is in place to assure that the councils are established and the 2015 deadline is met.

PL  
2403  
Crown Managers' Partnership Adjustment

DNRC has provided \$10,000 in general fund support towards a Memorandum of Understanding between the State of Montana and the Province of Alberta respecting the Crown Managers’ Partnership. The partnership’s goal is to work together to build a positive and productive working relationship on cross border issues within the Crown ecosystem. The division proposes splitting the annual cost with Trust Lands Management Division in 2011. This would save \$5,000 in General Fund in FY2011.

This reduction would have no impact.

**LFD COMMENT** This proposal includes a cost shift of \$5,000 to state special revenue funds generated by the Trust Lands program and could impact the revenues received by trust beneficiaries.

PL  
2404  
Columbia River Hydro System Adjust

DNRC has provided \$10,000 in general fund a year towards a contract that the Northwest Power and Conservation Council to oversee operation of the Columbia River hydro system. The division proposes reducing the agreement in FY 2010 to \$5,000 and for the department to no longer be a party to the agreement in FY 2011. The division will continue to participate in discussions and provide technical support to efforts focused on the Columbia River system. This would save \$15,000 in general fund.

PL  
2501  
RWRCC Vacancy Savings Reductions

The Reserved Water Right Compact Commission proposes leaving 0.50 FTE vacant to generate an additional \$25,819 in general fund savings.

**LFD COMMENT** Vacancy savings was not applied to the Reserved Water Right Compact Commission during the 2009 session. This was a result of re-establishing the commission when the statutory sunset date for the commission was extended. This equates to a 2.8 percent vacancy savings rate.

PL  
3501  
Forestry Operating Reductions

Reductions in the Forestry Division include: the indefinite delay in planned replacement of up to 4 wildland engines in the Fire program, reduced travel and training, and increased vacancy savings achieved by holding some Fire and Forestry positions vacant for longer periods of time. The division also proposes reducing FY 2009 general fund carry forward authority by \$100,000.

<b>LFD COMMENT</b>	<p><b>Personal Services Delay</b></p> <p>The proposed operating reducing could be a cost shift to the wildland fire suppression fund. This proposal includes a potential delay in seasonal hires or an earlier release date. However, if the state is in an active fire season at those times, the costs for seasonal employees will be transferred to severity funding, which is the wildland fire suppression fund. If the wildland fire fund is sufficient to cover the transferred costs as well as suppression costs, this proposal would reduce the general fund. However, if any portion of this proposal impacts the program's ability to maintain an effective initial attack rate and fire costs are impacted, there could be some cost, albeit at a later date, to the general fund.</p> <p><b>Carry Forward Reduction</b></p> <p>Statute (17-7-340, MCA) provides that 30 percent of certain operating funds that are unexpended at the end of the year may be carried forward to the following two years for expenditure. This decision package proposes that the agency would not expend \$100,000 in funds available to the agency per statute.</p>
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PL  
3520  
TLMD Non-Trust Land Inventory Reduction

Trust Land Management Division reductions include: an increased vacancy savings requirement in the Non-Trust Land Inventory Program of an additional 5% for FY 2010 only.

<b>LFD COMMENT</b>	<p>This is a cost shift to revenues generated by the Trust Land program and could impact the revenues received by trust beneficiaries.</p>
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Other Potential Options

The department has \$423,585 of general fund carry forward authority. The executive proposes to eliminate \$200,000 of that authority. The remaining authority is slated to deal with infrastructure issues within the forestry division, such as ADA compliant bathrooms, an upgrade of the Clearwater Unit bunkhouse and a new hangar at the southwest field office. If these items were delayed, this would save an additional \$223,585 in general fund.

The 2007 legislature appropriated \$1.0 million for the department to attempt to secure the title to the department's aircraft from the US Forest Service. If this did not occur, the department could utilize the funds for procuring fire fighting equipment, including the development of wildland fire engines. The department has \$700,000 of general

fund still available to them under this appropriation. This could be eliminated for an additional \$700,000 in savings.

The Reserved Water Rights Compact Commission was set to sunset in June of 2009, until SB 39 extended that termination date to June 2013. In the process of re-establishing the commission's budget vacancy savings was not applied. The executive proposes to apply 2.8 percent. If the program was treated as other programs the vacancy savings rate would be 7 percent. Increasing the vacancy savings rate to 7 percent would save an additional \$44,318 general fund for the biennium.



## DEPARTMENT OF AGRICULTURE

OBPP recommends that general fund expenditures be reduced by 1.9 percent from the HB2/HB13 level. OBPP also recommends reductions to HB 583 (Food and Agricultural Development) and the statutorily appropriated Growth through Agriculture program. All proposed reductions are to general operating expenses. There are no reductions to personal services or grant programs. Overall, the reductions to HB2/HB 13 are on-going reductions, while the reductions to HB583 and the statutory appropriation are one-time-only.

6201 Department Of Agriculture								All Programs	
Legislative Adopted Budget									
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial	
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent	
Personal Services	5,137,987	6,156,419	6,498,695	6,547,046	11,294,406	13,045,741	1,751,335	15.5%	
Operating Expenses	2,883,500	3,404,253	4,142,563	3,880,261	6,287,753	8,022,824	1,735,071	27.6%	
Equipment & Intangible Assets	207,276	277,025	720,876	350,876	484,301	1,071,752	587,451	121.3%	
Grants	4,482,273	4,659,119	6,301,228	6,304,978	9,141,392	12,606,206	3,464,814	37.9%	
Benefits & Claims	-	-	-	-	-	-	-	0.0%	
Transfers	-	-	65,000	65,000	-	130,000	130,000	0.0%	
Debt Service	2,281	2,282	2,281	2,281	4,563	4,562	(1)	0.0%	
<b>Total Costs</b>	<b>12,713,317</b>	<b>14,499,098</b>	<b>17,730,643</b>	<b>17,150,442</b>	<b>27,212,415</b>	<b>34,881,085</b>	<b>7,668,670</b>	<b>28.2%</b>	
General Fund	781,165	910,664	1,389,954	1,354,080	1,691,829	2,744,034	1,052,205	62.2%	
State/other Special Rev. Funds	9,343,877	10,489,602	13,329,544	12,788,587	19,833,479	26,118,131	6,284,652	31.7%	
Federal Spec. Rev. Funds	2,195,170	2,638,954	2,397,146	2,390,235	4,834,124	4,787,381	(46,743)	-1.0%	
Proprietary Funds	393,105	459,878	613,999	617,540	852,983	1,231,539	378,556	44.4%	
<b>Total Funds</b>	<b>12,713,317</b>	<b>14,499,098</b>	<b>17,730,643</b>	<b>17,150,442</b>	<b>27,212,415</b>	<b>34,881,085</b>	<b>7,668,670</b>	<b>28.2%</b>	

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.

6201 Department Of Agriculture							All Programs	
Budget Reduction Percentages			-2.82%	-2.10%	-2.47%			
<i>Executive Spending Reductions (Feb. 16, 2010)</i>			General Fund	General Fund	General Fund	Total Funds	Total Funds	Total Funds
Decision Package			FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL01507 5% Reduction Proposal			(7,000)	(7,000)	(14,000)	(7,000)	(7,000)	(14,000)
PL05011 5% Reduction Proposal MKTG			(19,000)	(19,000)	(38,000)	(19,000)	(19,000)	(38,000)
PL05012 5% Reduction Proposal HB583			(2,500)	(2,500)	(5,000)	(2,500)	(2,500)	(5,000)
PL05013 5% Reduction Proposal (15-35-108)			(10,704)	-	(10,704)	(10,704)	-	(10,704)
<b>Present Law Total</b>			<b>(39,204)</b>	<b>(28,500)</b>	<b>(67,704)</b>	<b>(39,204)</b>	<b>(28,500)</b>	<b>(67,704)</b>
<b>Total All Decision Packages</b>			<b>(39,204)</b>	<b>(28,500)</b>	<b>(67,704)</b>	<b>(39,204)</b>	<b>(28,500)</b>	<b>(67,704)</b>

PL  
1507  
5% Reduction Proposal

A reduction of \$7,000 general fund each year of the biennium in the Central Services Division general operating expenditures. The \$7,000 reduction of operating expenditures in FY 2011 includes a reduction of fixed cost

charges by the Department of Administration of \$1,923. The service is permissive. Impact to the public should be minimal.

PL  
5011  
5% Reduction Proposal MKTG

The executive proposes a reduction in travel, meeting expenses, and related overtime of \$19,000 general fund each year of the biennium in the Agriculture Marketing and Business Development Bureau. The service is mandatory (80-11-101 through 80-11-104). The impact to the public should be minimal, and the reduction should not unduly interfere with the Department's statutory requirement to meet its marketing duties.

**LFD COMMENT** Overtime expenditures are a non base item and must be approved by the legislature. The reduction in overtime would be a one-time-only adjustment, while the other reductions would be on going.

PL  
5012  
5% Reduction Proposal HB583

The executive proposes a reduction in meeting expenditures of \$2,500 general fund each year of the biennium in the Food and Agricultural Development Program. The service is mandatory (80-11-901). The impact to the public should be minimal, and the reduction should not unduly interfere with the Department's statutory requirement to promote Montana food and agricultural development.

**LFD COMMENT** The Food and Agriculture Development program was created by passage and approval of HB 583. The program was funded by a transfer of \$250,000 from the research and commercialization state special revenue account to the general fund in each year of the biennium. The department was appropriated the general fund in HB 583 for FY 2010 and FY 2011 only, therefore this decision package is a one-time-only reduction. The reduction equates to 1 percent of the amount appropriated by the legislature.

PL  
5013  
5% Reduction Proposal (15-35-108)

The executive proposes a reduction in general operating expenditures of \$10,704 general fund in FY 2010 in the Growth through Agriculture program. The service is mandatory (Title 90, Chapter 9, MCA). The impact to the public should be minimal, as this reduction does not decrease grants offered through the GTA program. The reduction for the remainder of FY2010 should not unduly interfere with the Department's statutory requirement to strengthen and diversify Montana's agricultural industry.

**LFD COMMENT** The Growth through Agriculture program receives a statutory appropriation of \$1.875 million general fund for the biennium. Statute (15-35-108, MCA) provides that the interest income on \$140 million of the coal severance tax permanent fund be transferred to the general fund for specific purposes, one being the Growth through Agriculture program. According to legislative legal counsel, it is reasonable to subject statutory appropriations to the 10 percent program limit. The executive is proposing a 0.8 percent reduction to the \$1.25 million available for spending.



### Other potential options

The department received a biennial one-time-only general fund appropriation of \$667,000 to implement the Montana Aquatic Invasive Species Act (SB343) requiring the department, in cooperation with the Department of Fish, Wildlife and Parks, to establish means to detect, control and manage aquatic invasive species to protect the state's economy, environment, recreational opportunities and human health. The performance plan indicates that the department should have hired 2.0 FTE, identified major threats and began to establish an awareness/outreach strategy. To date the department has expended \$97,000 or 14.5 percent of the funds. The program appropriation could be reduced by 10 percent to achieve a \$67,000 savings.

The Growth through Agriculture program operates with a statutory appropriation from the general fund. Of the \$1.875 million appropriated for the biennium, \$846,000 is budgeted for administrative costs, or 45 percent. This program's administrative budget could be reduced by ten percent to achieve \$84,600 savings. A reduction to the administrative portion would not affect the funding for the grant program.