

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	542.78	542.78	526.36	526.36	542.78	526.36	(16.42)	(3.03)%
Personal Services	33,658,682	36,106,465	38,591,856	38,584,025	69,765,147	77,175,881	7,410,734	10.62 %
Operating Expenses	15,333,960	14,498,283	18,245,427	18,219,669	29,832,243	36,465,096	6,632,853	22.23 %
Equipment & Intangible Assets	1,280,066	1,197,514	1,370,466	1,353,066	2,477,580	2,723,532	245,952	9.93 %
Capital Outlay	0	11,128	0	0	11,128	0	(11,128)	(100.00)%
Local Assistance	2,558,090	5,000,000	3,058,090	3,058,090	7,558,090	6,116,180	(1,441,910)	(19.08)%
Grants	1,492,466	1,553,481	6,666,568	6,640,262	3,045,947	13,306,830	10,260,883	336.87 %
Benefits & Claims	0	200,000	200,000	200,000	200,000	400,000	200,000	100.00 %
Transfers	1,362,888	1,325,194	1,486,014	1,483,743	2,688,082	2,969,757	281,675	10.48 %
Debt Service	572,753	631,370	770,212	763,641	1,204,123	1,533,853	329,730	27.38 %
Total Costs	\$56,258,905	\$60,523,435	\$70,388,633	\$70,302,496	\$116,782,340	\$140,691,129	\$23,908,789	20.47 %
General Fund	23,637,803	24,992,866	33,362,899	33,441,779	48,630,669	66,804,678	18,174,009	37.37 %
State/Other Special Rev. Funds	30,745,155	33,507,241	34,759,139	34,595,474	64,252,396	69,354,613	5,102,217	7.94 %
Federal Spec. Rev. Funds	1,875,947	2,023,328	2,266,595	2,265,243	3,899,275	4,531,838	632,563	16.22 %
Total Funds	\$56,258,905	\$60,523,435	\$70,388,633	\$70,302,496	\$116,782,340	\$140,691,129	\$23,908,789	20.47 %

Mission Statement

To ensure Montana's land and water resources provide benefits for present and future generations.

For additional information information, please refer to the agency profile.

<http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Department of Natural Resources and Conservation
Major Budget Highlights
<ul style="list-style-type: none"> • The Reserved Water Rights Compact Commission is expected to end its work and sunset by June 30, 2015. However, this will not happen unless legislation to terminate the Commission is passed by the legislature • The agency plans to move the Helena's headquarter by May/June 2016 • Among the major spending proposals are: <ul style="list-style-type: none"> ◦ Sage grouse conservation fund \$10 million general fund ◦ Loan appropriation \$1 million ◦ Funding shift from the natural resources operations account to general fund ◦ State water project dam analysis ◦ \$160,000 general fund for Morrill trust projects ◦ A new initiative for "Forests in Focus" ◦ Replacement of fire communication equipment

LFD COMMENT	The executive plans to request \$8.0 million general fund during the HB 2 subcommittee for the Confederated Salish and Kootenai Tribes (CMKT) Water Compact.
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Agency Discussion

Fire Suppression Account

The 2014 fire season was abnormal in that state costs were \$9.4 million, the fourth lowest cost since 2008. Full FY 2015 will be higher than the \$2.7 million shown in the table. The fire suppression account currently has a fund balance of \$42.5 million. The projected fund balance for 2015 is nearly \$43 million and includes \$500,000 for spring fire costs. Historically the seven year average for state costs with high and low years removed is \$19.7 million. The five year average is \$11.3 million. The chart shows revenue transfers in FY 2014 of \$52 million from HB 3, Governor's unspent emergency general fund appropriation, general fund reversions in excess of 0.5%, and corporation license taxes. In FY 2015 \$3.7 million of general fund reversions were transferred to the account.

Fire Suppression Account		
	FY2014	FY2015
Beginning Balance	\$123,803	\$42,502,104
<u>Revenues</u>		
Charges for services	\$21,077	0
BOI investments	\$63,130	0
GF transfers	\$51,691,404	\$3,653,421
Total Revenues	\$51,775,611	\$3,653,421
<u>Expenditures</u>		
Fire Suppression	\$9,388,662	\$2,727,625
Reimbursement Adjust.	\$8,648	\$0
Spring Fires	\$0	\$500,000
Total Expenditures	\$9,397,310	\$3,227,625
Ending Fund Balance	\$42,502,104	\$42,927,900

Agency Personal Services

The department experienced an average vacancy savings rate of 5.06%, excluding the Forestry Division. Vacancy savings were concentrated in the Centralized Services Division and the Oil and Gas Conservation Division.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The total reduction for this agency would be \$2,496,066 general fund and \$56,003 state special revenue funds over the biennium.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following table highlights the agency-wide differences between the FY 2015 appropriations as shown in the main table to the FY 2015 legislative appropriations used for purposes of the budget base.

FY 2015 Appropriation Transactions - Department of Natural Resources & Conservation						
Program	Legislative Appropriation	Legislative Approps	House OTO Adjustment	Operating Plan	Program Transfer	Total Executive Implementation
21 CENTRALIZED SVCS	\$5,538,024			Net zero	\$81,504	\$5,619,528
22 OIL & GAS CONS	1,977,481	\$434,477		Net zero	(12,918)	2,399,040
23 CONS/RES DEV DIV	10,096,661	446,000	Net zero		113,687	10,656,348
24 WATER RES DIV	13,159,937	129,700			(113,687)	13,175,950
35 FOREST/TRUST LANDS	28,328,200	412,955		Net zero	(68,587)	28,672,568
Agency Total	\$59,100,303	\$1,423,132	-	-	-	\$60,523,435

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Natural Resources & Conservation Funding by Source of Authority 2017 Biennium Budget - Natural Resources & Conservation						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	66,804,678	0	0	66,804,678	45.65 %	
State Special Total	69,354,613	0	210,532	69,565,145	47.54 %	
Federal Special Total	4,531,838	0	0	4,531,838	3.10 %	
Proprietary Total	0	5,426,535	0	5,426,535	3.71 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$140,691,129	\$5,426,535	\$210,532	\$146,328,196		
Percent - Total All Sources	96.15 %	3.71 %	0.14 %			

The department is primarily funded with the general fund and state special revenue funds, making up 47.5% and 49.3% of the funding respectively. Federal revenue funds make up the remainder of funding for this department.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	24,793,313	24,793,313	49,586,626	74.23 %	59,100,303	59,100,303	118,200,606	84.01 %
PL Adjustments	2,725,219	2,827,589	5,552,808	8.31 %	5,945,803	6,007,475	11,953,278	8.50 %
New Proposals	5,844,367	5,820,877	11,665,244	17.46 %	5,342,527	5,194,718	10,537,245	7.49 %
Total Budget	\$33,362,899	\$33,441,779	\$66,804,678		\$70,388,633	\$70,302,496	\$140,691,129	

Language and Statutory Authority -

The following language is recommended for HB 2:

"During the 2017 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2017 biennium, up to \$100,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2017 biennium, up to \$500,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects."

"The department is appropriated up to \$600,000 for the 2017 biennium from the natural resources operations account established in 15-38-301 for the purchase of prior liens on property held as loan security as provided in 85-1-615."

"The department is appropriated up to \$1,000,000 for the 2017 biennium from the coal bed methane protection account established in 76-15-904 for potential landowner or water right holder claims for emergency loss of water related to coal bed methane development."

"The department is authorized to decrease federal special revenue in the pollution control and/or drinking water revolving fund loan programs and increase state special revenue by a like amount within administration accounts when the amount of federal EPA CAP grant funds allocated for administration of the grant have been expended or federal funds and bond proceeds will be used for other program purposes as authorized in law providing for the distribution of funds."

"During the 2017 biennium, up to \$1 million of funds currently in or to be deposited in the Contract Timber Harvest account is appropriated to the department for contract harvesting, a tool to improve forest health and generate revenue for trust beneficiaries."

LFD COMMENT	<p>Language Appropriations are Higher than Previous Biennium</p> <p>The executive is requesting \$4.2 million in language appropriations in the 2017 biennium. In the 2015 biennium, \$2.7 million was provided by the legislature. Language appropriations may be useful in situations where unknown events or emergencies may occur and need immediate funding, but do not appear in the total appropriations figures in HB 2, and can be difficult to track for purposes of balancing the budget.</p> <p>The legislature may want to review the language appropriations and determine which ones truly need a language appropriation and which should be in HB 2</p>
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