

### Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	5,330,532	4,506,163	(824,369)	(15.47)%
Operating Expenses	6,700,734	4,869,878	(1,830,856)	(27.32)%
Equipment & Intangible Assets	87,486	87,486	0	0.00 %
Local Assistance	6,116,180	7,765,413	1,649,233	26.97 %
Grants	2,917,900	3,041,594	123,694	4.24 %
Benefits & Claims	400,000	400,000	0	0.00 %
<b>Total Expenditures</b>	<b>\$21,552,832</b>	<b>\$20,670,534</b>	<b>(\$882,298)</b>	<b>(4.09)%</b>
General Fund	4,316,701	3,505,788	(810,913)	(18.79)%
State/Other Special Rev. Funds	16,697,641	16,615,630	(82,011)	(0.49)%
Federal Spec. Rev. Funds	538,490	549,116	10,626	1.97 %
<b>Total Funds</b>	<b>\$21,552,832</b>	<b>\$20,670,534</b>	<b>(\$882,298)</b>	<b>(4.09)%</b>
<b>Total Ongoing</b>	<b>\$19,672,832</b>	<b>\$20,670,534</b>	<b>\$997,702</b>	<b>5.07 %</b>
<b>Total OTO</b>	<b>\$1,880,000</b>	<b>\$0</b>	<b>(\$1,880,000)</b>	<b>(100.00)%</b>

### Program Description

The Conservation and Resource Development Division (CARDD) provides technical, administrative, financial, and legal assistance to Montana's 58 conservation districts by administering the Conservation District Act, Montana Rangeland Resources Act, and the Natural Streambed and Land Preservation Act. CARDD also manages several loan and grant programs for local communities, local governments, state agencies, and private citizens, including the state revolving fund and coal severance tax loans. Grant programs administered by CARDD include the Reclamation Development, Renewable Resource, and Conservation District grants.

### Program Highlights

Conservation & Resource Development Division Major Budget Highlights
<ul style="list-style-type: none"> <li>• Overall reduction of expenditures due to present law and rebase requests</li> <li>• Switch between expenditure areas that decreases operating expenses and increases local assistance to meet state accounting policy</li> </ul>

### Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

## 57060 - Natural Resources And Conservation23-Conservation & Resource Development Division

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	27.17	27.17	27.17	27.17	27.17
Personal Services	2,169,483	2,952,843	2,377,689	2,249,626	2,256,537
Operating Expenses	3,090,543	4,018,994	2,681,740	2,434,263	2,435,615
Equipment & Intangible Assets	10,711	43,743	43,743	43,743	43,743
Local Assistance	1,461,653	3,058,090	3,058,090	3,874,477	3,890,936
Grants	1,492,743	1,472,103	1,445,797	1,520,797	1,520,797
Benefits & Claims	0	200,000	200,000	200,000	200,000
<b>Total Expenditures</b>	<b>\$8,225,133</b>	<b>\$11,745,773</b>	<b>\$9,807,059</b>	<b>\$10,322,906</b>	<b>\$10,347,628</b>
General Fund	2,008,914	2,564,706	1,751,995	1,751,112	1,754,676
State/Other Special Rev. Funds	5,952,286	8,917,135	7,780,506	8,297,236	8,318,394
Federal Spec. Rev. Funds	263,933	263,932	274,558	274,558	274,558
<b>Total Funds</b>	<b>\$8,225,133</b>	<b>\$11,745,773</b>	<b>\$9,807,059</b>	<b>\$10,322,906</b>	<b>\$10,347,628</b>
<b>Total Ongoing</b>	<b>\$7,931,854</b>	<b>\$10,305,773</b>	<b>\$9,367,059</b>	<b>\$10,322,906</b>	<b>\$10,347,628</b>
<b>Total OTO</b>	<b>\$293,279</b>	<b>\$1,440,000</b>	<b>\$440,000</b>	<b>\$0</b>	<b>\$0</b>

### Program Discussion -

#### Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 4

Natural Resources And Conservation: 23 Conservation/Resource Dev Div Personal Services Present Law Calculations			
PS Base: \$2,377,689		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	(\$107,620)	(\$100,709)
Legislative	Statutory Personal Service Change	<u>20,834</u>	<u>27,989</u>
	Difference	(128,454)	(128,698)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(47,281)	(47,425)
	Broadband Pay Adjustments	(198)	(198)
	Benefits and Taxes on Pay Adjustment	(48)	(48)
	Other	(80,927)	(81,027)
	<b>Total</b>	<b>(\$128,454)</b>	<b>(\$128,698)</b>

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Two corrections for inaccurate pay

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

### **Funding**

The following table shows proposed program funding by source of authority.

## 57060 - Natural Resources And Conservation23-Conservation & Resource Development Division

Natural Resources and Conservation, 23-Conservation & Resource Development Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,505,788	0	0	0	3,505,788	14.21 %
02015 TSEP Regional Water System	1,917,876	0	0	0	1,917,876	9.30 %
02052 Rangeland Improvement Loans	162,266	0	0	0	162,266	0.79 %
02104 Miscellaneous State Spec Rev	0	0	0	0	0	0.00 %
02152 Wtr Pol. Ctrl Revolv Loan Acct	0	0	0	0	0	0.00 %
02223 Wastewater SRF Special Admin	0	0	0	0	0	0.00 %
02224 SRF Wastewater Investment Acct	0	0	0	0	0	0.00 %
02255 SRF Principal Sub Account	0	0	0	0	0	0.00 %
02298 GO Bond Proceeds 2010H	0	0	0	0	0	0.00 %
02316 SRF Bonds State Administration	53,734	0	0	0	53,734	0.26 %
02340 Coal Sev. Tax Shared SSR	4,533,821	0	0	0	4,533,821	21.99 %
02432 Oil & Gas ERA	919,041	0	0	0	919,041	4.46 %
02433 Grazing District Fees	48,700	0	0	0	48,700	0.24 %
02488 Drinking Water Loan Account	0	0	0	0	0	0.00 %
02489 Drinking Water Principal Acct	0	0	0	0	0	0.00 %
02490 Drinking Water Investment	400,000	0	0	0	400,000	1.94 %
02533 2014A DW SRF BAN Proceeds	0	0	0	0	0	0.00 %
02576 Natural Resources Operations	264,012	0	0	0	264,012	1.28 %
02577 Natural Resources Projects	0	0	0	0	0	0.00 %
02620 2015B DW SRF BAN Proceeds	0	0	0	0	0	0.00 %
02625 CST 11B BAN PROCEEDS- TAXABLE	0	0	0	0	0	0.00 %
02684 GO2015C WW SRF Proceeds	0	0	0	0	0	0.00 %
02686 CST 12B BAN PROCEEDS- TAXABLE	0	0	0	0	0	0.00 %
02694 Coal Bed Methane Protection	350,000	0	0	0	350,000	1.70 %
02910 CST 14A BAN Proceeds (Exmp)	0	0	0	0	0	0.00 %
02950 GO 2013E WW SRF Proceeds	0	0	0	0	0	0.00 %
02967 GO 2013D Bond Proceeds Taxable	0	0	0	0	0	0.00 %
02971 RDB PROCEEDS	7,966,180	0	0	0	7,966,180	38.64 %
02845 Junk Vehicle Disposal	0	0	0	0	0	0.00 %
02318 Sage Grouse Stewardship	0	0	0	4,000,000	4,000,000	19.40 %
02325 CST 15A BAN PROCEEDS (TAXABLE)	0	0	0	0	0	0.00 %
02683 CST2015B Proceeds (Taxable)	0	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$16,615,630</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,000,000</b>	<b>\$20,615,630</b>	<b>83.56 %</b>
03152 DW14 SRF Grant	0	0	0	0	0	0.00 %
03178 Res Dev & Cons - Fed	0	0	0	0	0	0.00 %
03245 WPC15 SRF Grant	0	0	0	0	0	0.00 %
03409 WPC14 SRF Grant	0	0	0	0	0	0.00 %
03430 DW SRF FY14 Grant	0	0	0	0	0	0.00 %
03457 WPC SRF FY13 Grant	248,392	0	0	0	248,392	45.23 %
03595 DW SRF FY13 Grant	0	0	0	0	0	0.00 %
03687 DW15 SRF Grant	0	0	0	0	0	0.00 %
03812 DW SRF 07 Grant	0	0	0	0	0	0.00 %
03813 DW SRF 08 GRANT	0	0	0	0	0	0.00 %
03952 DW16 SRF Grant	300,724	0	0	0	300,724	54.77 %
<b>Federal Special Total</b>	<b>\$549,116</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$549,116</b>	<b>2.23 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$20,670,534</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,000,000</b>	<b>\$24,670,534</b>	

State special revenue makes up the majority of CARDD funding. General fund is used for the administration of programs. The federal special revenue provides grant and loan forgiveness administration.

### Coal Tax Shared Account

Section 15-35-108, MCA provides for 5.46% of coal severance tax collections to be deposited to a state special revenue fund to be used for the following:

- Basic library services for residents of all counties

## 57060 - Natural Resources And Conservation23-Conservation & Resource Development Division

- Conservation districts
- Montana Growth Through Agriculture program

Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

Conservation districts are political subdivisions with authority to carry out programs that conserve soil and water. Conservation districts are governed by a non-paid, nonpartisan board of elected supervisors. Funding for operations comes from taxes levied on real property within the boundaries of the conservation district and grants from CARDD through the Coal Tax Shared Account.

Figure 5 summarizes the condition of the fund. The figure assumes:

- The executive's proposed HB 2 budget for the 2017 biennium
- The HJ 2 revenue estimates for the 2017 biennium
- Any annual ending fund balance is transferred to the general fund in accordance with MCA 15-35-108(3) beginning in FY 2017
- No additional costs from a pay plan bill in the 2017 Legislative Session

Figure 5

2019 Biennium Coal Shared Revenues and Expenditures			
	FY2017	FY2018	FY2019
Beginning Fund Balance	\$0	\$0	\$0
Revenues	2,894,227	2,940,124	3,031,116
Expenditures			
Agriculture	423,511	390,256	394,326
DNRC	2,517,721	2,273,170	2,294,274
Library	470,211	434,801	438,009
Expenditures Total	3,411,443	3,098,227	3,126,609
Ending Balance:	(\$517,216)	(\$158,103)	(\$95,493)

### Program Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	1,751,995	1,751,995	3,503,990	99.95 %	9,367,059	9,367,059	18,734,118	90.63 %
SWPL Adjustments	(15,440)	(11,876)	(27,316)	(0.78)%	(75,097)	(66,834)	(141,931)	(0.69)%
PL Adjustments	115,000	115,000	230,000	6.56 %	1,315,000	1,315,000	2,630,000	12.72 %
New Proposals	(100,443)	(100,443)	(200,886)	(5.73)%	(284,056)	(267,597)	(551,653)	(2.67)%
<b>Total Budget</b>	<b>\$1,751,112</b>	<b>\$1,754,676</b>	<b>\$3,505,788</b>		<b>\$10,322,906</b>	<b>\$10,347,628</b>	<b>\$20,670,534</b>	

### Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2018-----					-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(29,217)	(78,403)	0	(107,620)	0.00	(26,264)	(74,445)	0	(100,709)
DP 2 - Fixed Costs	0.00	14,322	19,451	0	33,773	0.00	14,563	19,734	0	34,297
DP 3 - Inflation Deflation	0.00	(545)	(705)	0	(1,250)	0.00	(175)	(247)	0	(422)
DP 2302 - CARDD Conservation Districts - Administration	0.00	115,000	0	0	115,000	0.00	115,000	0	0	115,000
DP 2306 - CARDD Loan Appropriation	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 2309 - CARDD Drinking Water Loan Forgiveness	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$99,560</b>	<b>\$1,140,343</b>	<b>\$0</b>	<b>\$1,239,903</b>	<b>0.00</b>	<b>\$103,124</b>	<b>\$1,145,042</b>	<b>\$0</b>	<b>\$1,248,166</b>

\*\*\*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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

#### DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide 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 food, postage, gasoline, and others.

#### DP 2302 - CARDD Conservation Districts - Administration -

The executive is requesting additional general fund for Conservation District administration.

#### DP 2306 - CARDD Loan Appropriation -

The executive is requesting additional funding for administration of loans for the non-point source program to loan to private individuals.

#### DP 2309 - CARDD Drinking Water Loan Forgiveness -

The executive is requesting funding for local assistance to borrowers in the form of loan forgiveness.

**New Proposals -**

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2018-----						-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	(100,443)	0	0	(100,443)	0.00	(100,443)	0	0	(100,443)
DP 2301 - CARDD Sage Grouse Statutory	0.00	0	0	0	0	0.00	0	0	0	0
DP 2310 - Balance Coal Tax Shared Account	0.00	0	(183,613)	0	(183,613)	0.00	0	(167,154)	0	(167,154)
<b>Total</b>	<b>0.00</b>	<b>(\$100,443)</b>	<b>(\$183,613)</b>	<b>\$0</b>	<b>(\$284,056)</b>	<b>0.00</b>	<b>(\$100,443)</b>	<b>(\$167,154)</b>	<b>\$0</b>	<b>(\$267,597)</b>

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

**DP 555 - Appropriation Rebase -**

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The executive proposes reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

**DP 2301 - CARDD Sage Grouse Statutory -**

The executive is requesting 1.00 FTE funded out of a proposed statutory appropriation. The executive is requesting that this decision package be made contingent on passage and approval of LC 1121.

**LFD COMMENT**

During the 2015 session, the legislature approved funding for two appropriations to fund sage grouse conservation:

- SB 261 which transferred \$10.0 million from the general fund to the sage grouse stewardship account and appropriated it for sage grouse conservation
- A HB 2 appropriation of \$590,744 in FY 2016 and \$495,736 in FY 2017 for consulting and professional services to support administration

During the interim, DNRC used a vacant permanent FTE to make a Sage Grouse Stewardship Manager (position #57655001) funded by HB 2. The base for the current executive request includes \$495,736 that funds the Sage Grouse Stewardship Manager Position and operating expenses.

The executive is proposing two additional changes to the sage grouse funding:

- LC 1121 would:
  - Create a statutory appropriation for the sage grouse stewardship account
  - Change 2015 session law to reduce the transfer of \$10.0 million to \$2.0 million during the 2017 biennium
  - Transfer \$2.0 million each year for the next four fiscal years for \$10.0 million total
- The subcommittee process (this DP) would:
  - Create an additional permanent FTE
  - Fund additional administrative costs (\$500,000) out of the \$2 million each year

**LFD**

**COMMENT**

The requested FTE would only have funding through FY 2021. At that point, other funding would be needed.

DP 2310 - Balance Coal Tax Shared Account -

The executive is requesting a reduction in expenditures from the Coal Severance Tax Shared Account due to lack of available funds.

**LFD**

**COMMENT**

The reduction to the Coal Severance Tax Shared Account will not bring it into balance. Further modifications to expenditures or revenues are needed. For further information, see the Funding section in the CARDD program.