

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	542.78	542.78	525.36	525.36	542.78	525.36	(17.42)
Personal Services	33,658,682	36,106,465	38,057,899	38,039,325	69,765,147	76,097,224	6,332,077
Operating Expenses	15,333,960	14,498,283	19,870,820	18,647,113	29,832,243	38,517,933	8,685,690
Equipment & Intangible Assets	1,280,066	1,197,514	1,370,464	1,353,065	2,477,580	2,723,529	245,949
Capital Outlay	0	11,128	0	0	11,128	0	(11,128)
Local Assistance	2,558,090	5,000,000	3,058,090	3,058,090	7,558,090	6,116,180	(1,441,910)
Grants	1,492,466	1,553,481	6,666,568	6,640,262	3,045,947	13,306,830	10,260,883
Benefits & Claims	0	200,000	200,000	200,000	200,000	400,000	200,000
Transfers	1,362,888	1,325,194	1,486,014	1,483,743	2,688,082	2,969,757	281,675
Debt Service	572,753	631,370	770,212	763,641	1,204,123	1,533,853	329,730
Total Costs	\$56,258,905	\$60,523,435	\$71,480,067	\$70,185,239	\$116,782,340	\$141,665,306	\$24,882,966
General Fund	23,637,803	24,992,866	32,706,982	32,683,632	48,630,669	65,390,614	16,759,945
State/Other Special Rev. Funds	30,745,155	33,507,241	36,662,374	35,395,232	64,252,396	72,057,606	7,805,210
Federal Spec. Rev. Funds	1,875,947	2,023,328	2,110,711	2,106,375	3,899,275	4,217,086	317,811
Capital Projects Funds	0	0	0	0	0	0	0
Proprietary Funds	0	0	0	0	0	0	0
Total Funds	\$56,258,905	\$60,523,435	\$71,480,067	\$70,185,239	\$116,782,340	\$141,665,306	\$24,882,966

Agency Description

The department is responsible for managing state trust land; protecting Montana's natural resources from wildfire; promoting stewardship of state water, soil, forest, and rangeland resources; providing assistance to the conservation districts; providing natural resource conservation education; and providing support to the Reserved Water Rights Compact Commission and the Board of Oil and Gas Conservation.

The department consists of seven divisions with the following functions:

The Centralized Services Division provides management and administrative services for the department. This includes such activities as accounting, budgeting human resources, department leadership, and legal services.

The Oil and Gas Conservation Division is responsible for programs operated for the prevention of resource waste through regulation of oil and gas exploration and production. This division supports the quasi-judicial Board of Oil and Gas that is charged with regulation of the industry.

The Conservation and Resources Development Division provides administrative, legal, and technical assistance and financial grants to the conservation districts and manages natural resource conservation and development grant and loan programs for local governments, state agencies, and private individuals.

The Water Resource Division is responsible for the administration of all water use within the state, including: maintaining the database for all water rights, providing technical and legal support for implementation of approved water compacts for Indian tribes and federal agencies, managing state water projects, investigating water use violations, ensuring dam safety compliance, providing water adjudication support to the Water Court.

The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities

include protecting Montana's natural resources from wildfire; regulating forest practices, providing a variety of services to private forest landowners, enforcing streamside management zone regulations; administering Montana's Fire Hazard Reduction Law; providing technical forestry assistance to private landowners, businesses, and communities; and growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

The Trust Land Management division is responsible for the management of the state trust land resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income-generating capacity of the land. This work is done under the direction of the State Board of Land Commissioners (comprised of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State), who are constitutionally charged to oversee trust resources. The department director is the chief administrative officer of the board.

Agency Highlights

Department of Natural Resources and Conservation	
Major Budget Highlights	
<ul style="list-style-type: none"> • The 2017 legislatively-approved department biennial budget grew by 9.9% compared to the approved 2015 biennial budget. • The major appropriations are: <ul style="list-style-type: none"> ◦ Sage grouse conservation of \$10 million general fund over the biennium ◦ Nearly \$1.1 million over the biennium of state special funds over the biennium for contracted services to support sage grouse conservation ◦ Numerous appropriations in the Conservation & Resource Development Division including \$1.0 million of state special revenue for the Jefferson Slough in FY 2016 	

Summary of Legislative Action

The legislature adopted a 2017 biennial budget that grew by 9.9% compared to the 2015 biennial appropriation. The increase was driven primarily by a \$10 million dollar general fund appropriation over the biennium for sage grouse management. Additionally, another \$1.1 million was appropriated for contracted services for the purpose of implementing the sage grouse program. Numerous projects were funded in the CAARD program and approximately \$530,000 of state special revenue was appropriated for the implementation of the cabin site sales program.

Funding

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

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	65,390,614	0	0	65,390,614	44.02 %
State Special Total	72,057,606	0	660,000	72,717,606	48.95 %
Federal Special Total	4,217,086	0	0	4,217,086	2.84 %
Proprietary Total	0	6,217,806	0	6,217,806	4.19 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$141,665,306	\$6,217,806	\$660,000	\$148,543,112	
Percent - Total All Sources	95.37 %	4.19 %	0.44 %		

The department is primarily funded with the general fund and state special revenue funds, making up 44.0% and 49.0% of the funding respectively. Federal and proprietary 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	75.83 %	59,100,303	59,100,303	118,200,606	83.44 %
PL Adjustments	2,069,302	2,069,442	4,138,744	6.33 %	5,446,493	5,394,482	10,840,975	7.65 %
New Proposals	5,844,367	5,820,877	11,665,244	17.84 %	6,933,271	5,690,454	12,623,725	8.91 %
Total Budget	\$32,706,982	\$32,683,632	\$65,390,614		\$71,480,067	\$70,185,239	\$141,665,306	

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	542.78	526.36	525.36	(1.00)	526.36	525.36	(1.00)	(1.00)
Personal Services	33,658,682	38,591,856	38,057,899	(533,957)	38,584,025	38,039,325	(544,700)	(1,078,657)
Operating Expenses	15,333,960	18,262,073	19,870,820	1,608,747	18,416,057	18,647,113	231,056	1,839,803
Equipment & Intangible Assets	1,280,066	1,370,466	1,370,464	(2)	1,353,066	1,353,065	(1)	(3)
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	2,558,090	3,058,090	3,058,090	0	3,058,090	3,058,090	0	0
Grants	1,492,466	6,666,568	6,666,568	0	6,640,262	6,640,262	0	0
Benefits & Claims	0	200,000	200,000	0	200,000	200,000	0	0
Transfers	1,362,888	1,486,014	1,486,014	0	1,483,743	1,483,743	0	0
Debt Service	572,753	770,212	770,212	0	763,641	763,641	0	0
Total Costs	\$56,258,905	\$70,405,279	\$71,480,067	\$1,074,788	\$70,498,884	\$70,185,239	(\$313,645)	\$761,143
General Fund	23,637,803	33,362,899	32,706,982	(655,917)	33,441,779	32,683,632	(758,147)	(1,414,064)
State/other Special Rev. Funds	30,745,155	34,774,834	36,662,374	1,887,540	34,786,159	35,395,232	609,073	2,496,613
Federal Spec. Rev. Funds	1,875,947	2,267,546	2,110,711	(156,835)	2,270,946	2,106,375	(164,571)	(321,406)
Other	0	0	0	0	0	0	0	0
Total Funds	\$56,258,905	\$70,405,279	\$71,480,067	\$1,074,788	\$70,498,884	\$70,185,239	(\$313,645)	\$761,143

The legislature adopted a budget that was \$761,143 higher than the executive request of \$140,904,163. General fund appropriations were \$1.4 million below the executive request of \$66.8 million.

Language and Statutory Authority

The legislature approved the following language for inclusion in 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 amount appropriated of \$590,744 in FY 2016 and \$495,736 in FY 2017 for the Conservation and Resource Development Division is restricted for the purpose of sage grouse management.

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.

The department is appropriated up to \$600,000 for the 2017 biennium from the loan loss reserve account of the private loan program established in 85-1-603 for the purchase of prior liens on property held as loan security as provided in 85-1-615.