

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	544.78	544.78	545.78	545.78	544.78	545.78	1.00	0.18%
Personal Services	31,457,109	33,086,794	33,350,474	33,378,045	64,543,903	66,728,519	2,184,616	3.38%
Operating Expenses	13,064,306	16,719,290	18,212,959	15,776,625	29,783,596	33,989,584	4,205,988	14.12%
Equipment & Intangible Assets	989,822	930,497	1,165,808	1,166,472	1,920,319	2,332,280	411,961	21.45%
Capital Outlay	11,128	122,204	11,128	11,128	133,332	22,256	(111,076)	(83.31%)
Local Assistance	0	0	5,000,000	5,000,000	0	10,000,000	10,000,000	n/a
Grants	1,553,481	1,476,647	1,993,481	1,593,481	3,030,128	3,586,962	556,834	18.38%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	1,343,852	1,331,665	1,331,297	1,325,194	2,675,517	2,656,491	(19,026)	(0.71%)
Debt Service	381,946	473,418	641,253	631,370	855,364	1,272,623	417,259	48.78%
Total Costs	\$48,801,644	\$54,140,515	\$61,906,400	\$59,082,315	\$102,942,159	\$120,988,715	\$18,046,556	17.53%
General Fund	21,727,611	22,811,451	23,666,442	23,614,354	44,539,062	47,280,796	2,741,734	6.16%
State Special	25,053,700	29,275,510	36,243,644	33,476,542	54,329,210	69,720,186	15,390,976	28.33%
Federal Special	2,020,333	2,053,554	1,996,314	1,991,419	4,073,887	3,987,733	(86,154)	(2.11%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$48,801,644	\$54,140,515	\$61,906,400	\$59,082,315	\$102,942,159	\$120,988,715	\$18,046,556	17.53%

Page Reference

Legislative Budget Analysis, C-138

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	544.78	542.78	545.78	3.00	542.78	545.78	3.00	
Personal Services	31,457,109	33,810,098	33,350,474	(459,624)	33,838,456	33,378,045	(460,411)	(920,035)
Operating Expenses	13,064,306	16,731,521	18,212,959	1,481,438	14,491,935	15,776,625	1,284,690	2,766,128
Equipment & Intangible Assets	989,822	1,116,676	1,165,808	49,132	1,116,676	1,166,472	49,796	98,928
Capital Outlay	11,128	11,128	11,128	0	11,128	11,128	0	0
Local Assistance	0	5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Grants	1,553,481	1,553,481	1,993,481	440,000	1,553,481	1,593,481	40,000	480,000
Benefits & Claims	0	200,000	200,000	0	200,000	200,000	0	0
Transfers	1,343,852	1,331,297	1,331,297	0	1,325,194	1,325,194	0	0
Debt Service	381,946	641,253	641,253	0	631,370	631,370	0	0
Total Costs	\$48,801,644	\$60,395,454	\$61,906,400	\$1,510,946	\$58,168,240	\$59,082,315	\$914,075	\$2,425,021
General Fund	21,727,611	24,185,711	23,666,442	(519,269)	24,133,452	23,614,354	(519,098)	(1,038,367)
State/Other Special	25,053,700	34,149,975	36,243,644	2,093,669	31,979,863	33,476,542	1,496,679	3,590,348
Federal Special	2,020,333	2,059,768	1,996,314	(63,454)	2,054,925	1,991,419	(63,506)	(126,960)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$48,801,644	\$60,395,454	\$61,906,400	\$1,510,946	\$58,168,240	\$59,082,315	\$914,075	\$2,425,021

The legislatively approved budget increased by \$2.4 million above the executive request. Major initiatives include \$1.4 million for education and \$.4 million for a study and inspections to the Board of Oil and Gas, \$1.3 million for conservation districts, and \$0.5 million for the Montana Rural Water Systems.

Agency Highlights

Department of Natural Resources and Conservation Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Primary initiatives in the approved budget include: <ul style="list-style-type: none"> • \$2.1 million for the Board of Oil and Gas for increased workload, including \$1.4 million for education grants • \$2.6 million from state special revenue for overtime at the Broadwater hydropower facility, fisheries mitigation work, continued rehabilitation on the Ruby Dam and other state water projects, and loan repayment for Middle Creek Dam. • \$1.3 million from state special revenue for conservation districts • \$0.5 million of state special revenue funding for Montana rural water systems • \$200,000 per year of the biennium in drinking water loan forgiveness • \$5.0 million per year of the biennium for loan appropriation authority • \$100,000 per year of the biennium for salary increases for Board of Oil and Gas inspectors • Eliminating 3.0 FTE from the department to be transferred to the Water Court as part of the water rights adjudication process 	

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.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$47,280,796	\$0	\$0	\$47,280,796	37.2%
State Special Total	69,720,186	-	-	69,720,186	54.9%
Federal Special Total	3,987,733	-	-	3,987,733	3.1%
Proprietary Total	-	6,108,957	-	6,108,957	4.8%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$120,988,715</u>	<u>\$6,108,957</u>	<u>\$0</u>	<u>\$127,097,672</u>	
Percent - Total All Sources	95.2%	4.8%	0.0%		

General fund supports operating costs across the department. The programs in the Forestry Division and the Water Resource Division receive the most general fund support.

The agency receives funds from interest derived from the resource indemnity trust (RIT) for projects and operational support. The grant and loan programs funded by the RIT interest are also managed by the agency. A discussion on RIT and related funds can be found in the agency narrative of the Department of Environmental Quality.

Other state special revenue is derived from fire protection taxes, oil and gas operating fees, forest improvement fees, and revenues retained from state land activities for administration costs. Federal funds come from a variety of sources such as the Federal Emergency Management Agency, the United States Department of Agriculture, and the Bureau of Land Management.

The agency includes proprietary funding that does not require an appropriation and so does not appear in HB 2. Rates charged to generate these funds are approved by the legislature and discussed in the individual program narratives that follow. This agency has an air operations fund and the seedling nursery fund. Both can be found at the end of the Forestry Division.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	21,727,611	21,727,611	43,455,222	91.91%	48,801,644	48,801,644	97,603,288	80.67%
Statewide PL Adjustments	1,790,458	1,735,676	3,526,134	7.46%	2,479,955	2,406,913	4,886,868	4.04%
Other PL Adjustments	440,991	443,930	884,921	1.87%	8,979,190	6,824,989	15,804,179	13.06%
New Proposals	(292,618)	(292,863)	(585,481)	(1.24%)	1,645,611	1,048,769	2,694,380	2.23%
Total Budget	\$23,666,442	\$23,614,354	\$47,280,796		\$61,906,400	\$59,082,315	\$120,988,715	

Language and Statutory Authority

The legislature proposes the following language for inclusion in HB 2.

"During the 2015 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 2015 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 2015 biennium, up to \$2,200,000 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 2015 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 \$200,000 for the 2015 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."

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	55.50	55.50	56.50	56.50	55.50	56.50	1.00	1.80%
Personal Services	3,298,585	3,678,126	3,834,406	3,833,742	6,976,711	7,668,148	691,437	9.91%
Operating Expenses	1,535,224	892,084	1,616,387	1,465,386	2,427,308	3,081,773	654,465	26.96%
Total Costs	\$4,833,809	\$4,570,210	\$5,450,793	\$5,299,128	\$9,404,019	\$10,749,921	\$1,345,902	14.31%
General Fund	3,117,526	3,044,606	3,497,385	3,418,502	6,162,132	6,915,887	753,755	12.23%
State Special	1,470,507	1,275,663	1,685,156	1,618,584	2,746,170	3,303,740	557,570	20.30%
Federal Special	245,776	249,941	268,252	262,042	495,717	530,294	34,577	6.98%
Total Funds	\$4,833,809	\$4,570,210	\$5,450,793	\$5,299,128	\$9,404,019	\$10,749,921	\$1,345,902	14.31%

Page Reference

Legislative Budget Analysis, C-145

Funding

The division is funded from revenue sources used throughout the department on a shared basis, with 64% general fund, 30% state special revenue, and 5% federal revenue. The state special revenue funds are allocated to cover the cost of services provided to other programs in the department. The federal revenue is a portion of the federal funds provided for overhead costs.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,117,526	3,117,526	6,235,052	90.16%	4,833,809	4,833,809	9,667,618	89.93%
Statewide PL Adjustments	288,947	210,093	499,040	7.22%	446,725	324,491	771,216	7.17%
Other PL Adjustments	90,912	90,883	181,795	2.63%	170,259	140,828	311,087	2.89%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$3,497,385	\$3,418,502	\$6,915,887		\$5,450,793	\$5,299,128	\$10,749,921	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget approved by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					622,659					622,079
Vacancy Savings					(156,848)					(156,826)
Inflation/Deflation					510					1,171
Fixed Costs					(19,596)					(141,933)
Total Statewide Present Law Adjustments		\$288,947	\$135,302	\$22,476	\$446,725		\$210,093	\$98,132	\$16,266	\$324,491
DP 50 - Initial Motion to FY 2012 Base	0.00	(288,947)	(135,302)	(22,476)	(446,725)	0.00	(210,093)	(98,132)	(16,266)	(324,491)
DP 51 - Adjustment for Statewide Personal Services	0.00	946,125	(442,327)	(37,987)	465,811	0.00	211,048	408,987	(154,782)	465,253
DP 52 - Adjustment for Statewide Operations	0.00	(651,266)	577,629	60,463	(13,174)	0.00	4,928	(310,855)	171,048	(134,879)
DP 2101 - CSD/OIT Applications Development	1.00	85,000	0	0	85,000	1.00	85,000	0	0	85,000
DP 2102 - DNRC Records Management	0.00	0	79,347	0	79,347	0.00	0	49,945	0	49,945
Total Other Present Law Adjustments	1.00	\$90,912	\$79,347	\$0	\$170,259	1.00	\$90,883	\$49,945	\$0	\$140,828
Grand Total All Present Law Adjustments	1.00	\$379,859	\$214,649	\$22,476	\$616,984	1.00	\$300,976	\$148,077	\$16,266	\$465,319

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjusted funds to fund statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjusted establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2101 - CSD/OIT Applications Development - The legislature approved general fund and 1.00 FTE for an applications developer to provide software engineering and application development capabilities to meet a wide variety of DNRC responsibilities across the organization. It is anticipated that internal systems development expertise will provide significant cost savings for initial application development, enhancements, and maintenance.

DP 2102 - DNRC Records Management - The legislature approved state special revenue funding for the implementation of a comprehensive, agency-wide records management and imaging program using an enterprise/electronic content management (ECM) approach. The goal of the program is to increase efficiency by reducing costs and inefficiencies related to paper storage costs, space requirements, and staff time spent managing and accessing DNRC information.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	21.50	21.50	24.50	24.50	21.50	24.50	3.00	13.95%
Personal Services	1,092,278	1,310,775	1,590,167	1,589,582	2,403,053	3,179,749	776,696	32.32%
Operating Expenses	494,829	3,757,299	1,572,251	1,445,329	4,252,128	3,017,580	(1,234,548)	(29.03%)
Equipment & Intangible Assets	52,729	48,075	86,729	86,729	100,804	173,458	72,654	72.07%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,639,836	\$5,116,149	\$3,249,147	\$3,121,640	\$6,755,985	\$6,370,787	(\$385,198)	(5.70%)
State Special	1,532,366	5,008,598	3,137,677	3,010,170	6,540,964	6,147,847	(393,117)	(6.01%)
Federal Special	107,470	107,551	111,470	111,470	215,021	222,940	7,919	3.68%
Total Funds	\$1,639,836	\$5,116,149	\$3,249,147	\$3,121,640	\$6,755,985	\$6,370,787	(\$385,198)	(5.70%)

Page Reference

Legislative Budget Analysis, C-148

Funding

The division is funded through taxes levied on oil and gas wells and the class II annual operating fee. By statute (15-36-331, MCA), a percentage of oil production taxes and natural gas taxes are deposited to the account for the board's use. The Board of Oil and Gas Conservation (BOGC) is authorized by statute (82-11-131, MCA) to set privilege and license taxes up to 3/10 of 1% of the market value of each barrel of crude petroleum produced and of each 10,000 cubic feet of natural gas produced to comply with 15-36-331, MCA. The privilege and license tax is currently set at 30% of the maximum allowed by statute. Section 82-11-137, MCA provides for a maximum \$300 annual operating fee for each class II injection well. The board set the fee at \$200.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,639,836	1,639,836	3,279,672	51.48%
Statewide PL Adjustments	0	0	0	0.00%	245,667	247,327	492,994	7.74%
Other PL Adjustments	0	0	0	0.00%	188,490	68,582	257,072	4.04%
New Proposals	0	0	0	0.00%	1,175,154	1,165,895	2,341,049	36.75%
Total Budget	\$0	\$0	\$0		\$3,249,147	\$3,121,640	\$6,370,787	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					300,427					300,028
Vacancy Savings					(55,457)					(55,439)
Inflation/Deflation					(2,851)					(880)
Fixed Costs					3,548					3,618
Total Statewide Present Law Adjustments		\$0	\$241,667	\$4,000	\$245,667		\$0	\$243,327	\$4,000	\$247,327
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(241,667)	(4,000)	(245,667)	0.00	0	(243,327)	(4,000)	(247,327)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	241,103	3,867	244,970	0.00	0	241,054	3,535	244,589
DP 52 - Adjustment for Statewide Operations	0.00	0	564	133	697	0.00	0	2,273	465	2,738
DP 2201 - BOGC Regulatory Program Adjustments (OTO)	0.00	0	40,360	0	40,360	0.00	0	40,452	0	40,452
DP 2202 - BOGC UIC Program Adjustments (OTO)	0.00	0	28,130	0	28,130	0.00	0	28,130	0	28,130
DP 2204 - Proc Manual & Field Inspections Sys (OTO/BIEN/RST)	0.00	0	120,000	0	120,000	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$0	\$188,490	\$0	\$188,490	0.00	\$0	\$68,582	\$0	\$68,582
Grand Total All Present Law Adjustments	0.00	\$0	\$430,157	\$4,000	\$434,157	0.00	\$0	\$311,909	\$4,000	\$315,909

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2201 - BOGC Regulatory Program Adjustments (OTO) - The legislature approved state special revenue for board member per diem, legal services, rent, janitorial services, property tax increases, and increased vehicle purchase costs.

DP 2202 - BOGC UIC Program Adjustments (OTO) - The legislature approved state special revenue for board member per diem; legal services, janitorial services, rent, and property tax increases; an engineering contract for specialized Underground Injection Control (UIC) analyses; and increased vehicle purchase costs.

DP 2204 - Proc Manual & Field Inspections Sys (OTO/BIEN/RST) - The legislature added state special revenue for a biennial, one-time-only restricted appropriation to continue the development of a field inspection procedures manual and inspection system as suggested in a legislative audit of the Oil and Gas Division. Montana Tech did a scoping study of the project in FY 2012 and will perform the work through the 2015 biennium.

New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2208 - BOGC EOR Study (OTO)											
22	0.00	0	178,976	0	178,976	0.00	0	169,717	0	169,717	
DP 2209 - Compliance and Field Inspections (OTO)											
22	3.00	0	196,178	0	196,178	3.00	0	196,178	0	196,178	
DP 2210 - Educational funding (RST/BIEN)											
22	0.00	0	700,000	0	700,000	0.00	0	700,000	0	700,000	
DP 2211 - Personal Services for BOGC Inspectors (RST)											
22	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000	
Total	3.00	\$0	\$1,175,154	\$0	\$1,175,154	3.00	\$0	\$1,165,895	\$0	\$1,165,895	

DP 2208 - BOGC EOR Study (OTO) - The legislature added state special revenue to continue the Elm Coulee EOR study, which is an engineering feasibility study to evaluate the benefits of using miscible gases to improve the recovery of Bakken oil in the Elm Coulee Field in Richland County, Montana.

DP 2209 - Compliance and Field Inspections (OTO) - The legislature added state special revenue to fund 3.0 new FTE and related expenses to assist with compliance and field inspections associated with the Bakken oil boom in Eastern Montana.

DP 2210 - Educational funding (RST/BIEN) - The legislature approved a restricted biennial appropriation to fund educational and research activities of the Board of Oil and Gas per 82-11-111(7), (MCA).

DP 2211 - Personal Services for BOGC Inspectors (RST) - The legislature approved state special revenue for salary increases to Board of Oil and Gas inspectors.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	25.65	25.65	25.65	25.65	25.65	25.65	0.00	0.00%
Personal Services	1,759,356	1,692,406	1,772,403	1,773,145	3,451,762	3,545,548	93,786	2.72%
Operating Expenses	1,743,665	1,935,860	2,802,982	2,617,389	3,679,525	5,420,371	1,740,846	47.31%
Equipment & Intangible Assets	25,547	25,622	25,547	25,547	51,169	51,094	(75)	(0.15%)
Local Assistance	0	0	5,000,000	5,000,000	0	10,000,000	10,000,000	n/a
Grants	1,364,016	1,292,156	1,804,016	1,404,016	2,656,172	3,208,032	551,860	20.78%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$4,892,584	\$4,946,044	\$11,604,948	\$11,020,097	\$9,838,628	\$22,625,045	\$12,786,417	129.96%
General Fund	976,643	985,337	1,005,989	1,008,041	1,961,980	2,014,030	52,050	2.65%
State Special	3,633,141	3,640,954	10,300,693	9,713,790	7,274,095	20,014,483	12,740,388	175.15%
Federal Special	282,800	319,753	298,266	298,266	602,553	596,532	(6,021)	(1.00%)
Total Funds	\$4,892,584	\$4,946,044	\$11,604,948	\$11,020,097	\$9,838,628	\$22,625,045	\$12,786,417	129.96%

Page Reference

Legislative Budget Analysis, C-153

Funding

General fund supports program administration, salaries, and operating expenses. Funding from the natural resource operations fund is used to administer the Reclamation and Development Grants Program (RDGP) and the Renewable Resources Grant and Loan Program (RRGLP). Coal severance tax is used to cover division administrative costs and provide grants to conservation districts for natural resource related projects such as streambed stabilization, soil conservation, educational activities, and demonstrations of new technologies. The remaining sources of state special revenue are program specific and support such activities as the Montana Grass Commission and the Treasure State Endowment Program.

Coal Severance Tax Shared Account

The legislature appropriates funds from the coal severance tax shared account for this program, the Department of Agriculture's Growth through Agriculture program, and for general support of the Montana State Library. For a further discussion, see the summary section of the Department of Agriculture.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	976,643	976,643	1,953,286	96.98%	4,892,584	4,892,584	9,785,168	43.25%
Statewide PL Adjustments	25,846	27,898	53,744	2.67%	14,364	16,513	30,877	0.14%
Other PL Adjustments	0	0	0	0.00%	5,522,500	5,522,500	11,045,000	48.82%
New Proposals	3,500	3,500	7,000	0.35%	1,175,500	588,500	1,764,000	7.80%
Total Budget	\$1,005,989	\$1,008,041	\$2,014,030		\$11,604,948	\$11,020,097	\$22,625,045	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget approved by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					86,888					87,663
Vacancy Savings					(73,841)					(73,874)
Inflation/Deflation					(1,386)					(464)
Fixed Costs					2,703					3,188
Total Statewide Present Law Adjustments		\$25,846	(\$3,648)	(\$7,834)	\$14,364		\$27,898	(\$3,551)	(\$7,834)	\$16,513
DP 50 - Initial Motion to FY 2012 Base	0.00	(25,846)	3,648	7,834	(14,364)	0.00	(27,898)	3,551	7,834	(16,513)
DP 51 - Adjustment for Statewide Personal Services	0.00	22,754	(2,453)	(7,254)	13,047	0.00	21,943	(1,310)	(6,844)	13,789
DP 52 - Adjustment for Statewide Operations	0.00	3,092	(1,195)	(580)	1,317	0.00	5,955	(2,241)	(990)	2,724
DP 2301 - CARDD Operating Adjustments (OTO/RST)	0.00	0	171,700	23,300	195,000	0.00	0	171,700	23,300	195,000
DP 2305 - CARDD Regional Water Admin Funds (OTO/RST)	0.00	0	47,500	0	47,500	0.00	0	47,500	0	47,500
DP 2306 - Drinking Water Program Loan Forgiveness (OTO/RST)	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 2307 - CARDD Coal Bed Methane Program Operating Funds	0.00	0	80,000	0	80,000	0.00	0	80,000	0	80,000
DP 2311 - CARDD Loan Appropriation Authority	0.00	0	5,000,000	0	5,000,000	0.00	0	5,000,000	0	5,000,000
Total Other Present Law Adjustments	0.00	\$0	\$5,499,200	\$23,300	\$5,522,500	0.00	\$0	\$5,499,200	\$23,300	\$5,522,500
Grand Total All Present Law Adjustments	0.00	\$25,846	\$5,495,552	\$15,466	\$5,536,864	0.00	\$27,898	\$5,495,649	\$15,466	\$5,539,013

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2301 - CARDD Operating Adjustments (OTO/RST) - The legislature approved state and federal special revenue for administrative expenses related to the increasing demand for loan and grant programs administered by the division across the state and particularly in Eastern Montana. The major cost drivers are rent increases, legal fees and court costs, and janitorial services contract increases.

DP 2305 - CARDD Regional Water Admin Funds (OTO/RST) - The legislature approved state special revenue for regional water system operating expenses. The primary cost driver is the final engineering documents required in the Dry-Redwater and North Central Montana systems. Water system staff in these two regions are preparing the documents for federal authorization. The Dry Prairie and Musselshell systems received minor increases in operating costs primarily related to fuel, travel, and supplies.

DP 2306 - Drinking Water Program Loan Forgiveness (OTO/RST) - The legislature approved one-time-only restricted funding to match federal funds for hardship communities in the Safe Drinking Water program. These funds will be used by the state to provide local assistance to borrowers in the form of loan forgiveness and are aimed at disadvantaged communities who borrowed from the program yet are unable to meet loan obligations. No state special funds were used in the previous biennium as federal funds awarded to the program provided the loan forgiveness.

DP 2307 - CARDD Coal Bed Methane Program Operating Funds - The legislature provided state special revenue to allow conservation districts with coal bed methane development or impacts associated with such development to use these funds for expenses involved in operating the Coal Bed Methane Protection Program established under 76-15-901, MCA.

DP 2311 - CARDD Loan Appropriation Authority - The legislature approved state special revenue authority for range land loans and other loans in the private non-point source loan program.

New Proposals

Program	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2312 - Montana Rural Water Systems (MRWS) Fund (OTO)										
23	0.00	0	235,000	0	235,000	0.00	0	235,000	0	235,000
DP 2315 - Yellowstone River Cons. District Council OTO										
23	0.00	0	75,000	0	75,000	0.00	0	0	0	0
DP 2316 - Sheridan County Conservation Dist Groundwater OTO										
23	0.00	0	23,000	0	23,000	0.00	0	23,000	0	23,000
DP 2317 - Conservation Districts for Support of the Natural										
23	0.00	0	287,000	0	287,000	0.00	0	287,000	0	287,000
DP 2318 - Upgrade Drilling Equipment MT Salinity (OTO)										
23	0.00	0	112,000	0	112,000	0.00	0	0	0	0
DP 2319 - Provide Technical Assistance MT Salinity (OTO)										
23	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 2320 - Montana University System Water Center at MSU OTO										
23	0.00	0	400,000	0	400,000	0.00	0	0	0	0
DP 2321 - Montana Grass Conservation Commission OTO										
23	0.00	3,500	0	0	3,500	0.00	3,500	0	0	3,500
Total	0.00	\$3,500	\$1,172,000	\$0	\$1,175,500	0.00	\$3,500	\$585,000	\$0	\$588,500

DP 2312 - Montana Rural Water Systems (MRWS) Fund (OTO) - The legislature appropriates \$235,000 for each year of the biennium to support the Montana Rural Water Systems.

DP 2315 - Yellowstone River Cons. District Council OTO - The legislature approved \$75,000 for FY 2014 for the Yellowstone River Conservation District Council.

DP 2316 - Sheridan County Conservation Dist Groundwater OTO - The legislature appropriates \$23,000 for each year of the biennium to support the Sheridan County Conservation District Groundwater Monitoring Program.

DP 2317 - Conservation Districts for Support of the Natural - The legislature appropriates \$287,000 for each year of the biennium to support the Natural Streambed Preservation Act, fire rehabilitation activities, office operations, soil health improvement, irrigation waste management, range improvement for livestock and wildlife, watershed management, and other natural resource conservation activities.

DP 2318 - Upgrade Drilling Equipment MT Salinity (OTO) - The legislature appropriates \$112,000 for FY 2014 to upgrade drilling equipment for the Montana Salinity Control Association.

DP 2319 - Provide Technical Assistance MT Salinity (OTO) - The legislature appropriates \$40,000 for each year of the biennium to be used by the Montana Salinity Control Association to work with the Conservation Districts to provide technical assistance to Montana's farms and ranches to address saline problems.

DP 2320 - Montana University System Water Center at MSU OTO - The legislature appropriates \$400,000 for FY 2014 for improved water supply planning tools and outreach.

DP 2321 - Montana Grass Conservation Commission OTO - The legislature appropriates \$3,500 from the general fund for both years of the biennium to better manage grassland resources of the Montana Cooperative State Grazing Districts.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	145.05	145.05	142.05	142.05	145.05	142.05	(3.00)	(2.07%)
Personal Services	8,858,376	9,186,234	9,285,562	9,296,870	18,044,610	18,582,432	537,822	2.98%
Operating Expenses	2,394,726	2,748,155	4,756,467	2,764,361	5,142,881	7,520,828	2,377,947	46.24%
Equipment & Intangible Assets	33,020	66,334	33,020	33,020	99,354	66,040	(33,314)	(33.53%)
Capital Outlay	0	3,000	0	0	3,000	0	(3,000)	(100.00%)
Transfers	7,500	0	7,500	7,500	7,500	15,000	7,500	100.00%
Debt Service	363,268	469,743	622,575	612,692	833,011	1,235,267	402,256	48.29%
Total Costs	\$11,656,890	\$12,473,466	\$14,705,124	\$12,714,443	\$24,130,356	\$27,419,567	\$3,289,211	13.63%
General Fund	8,025,094	8,476,974	8,586,944	8,601,223	16,502,068	17,188,167	686,099	4.16%
State Special	3,451,445	3,815,106	5,889,762	3,884,741	7,266,551	9,774,503	2,507,952	34.51%
Federal Special	180,351	181,386	228,418	228,479	361,737	456,897	95,160	26.31%
Total Funds	\$11,656,890	\$12,473,466	\$14,705,124	\$12,714,443	\$24,130,356	\$27,419,567	\$3,289,211	13.63%

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Funding

The Water Resources Division is predominantly funded with general fund and state special revenue, with a minor amount of federal revenue. Sources and purposes of state special revenue include:

- Water storage account funded by direct allocation of RIT interest and revenue from water purchase contracts for the purpose of construction, operation, maintenance, and rehabilitation of state water storage projects
- Water rights fees derived from fees collected to record rights to support water rights management
- Funds set aside for water adjudication
- Income derived from state owned hydroelectric projects for repair and rehabilitation of state owned water projects
- Fees from water well contractors that support the Board of Water Well Contractors

General fund is utilized for personal services, general operating costs, and specific activities such as preparing for water litigation and map modernization. Federal funds are from Federal Emergency Management Agency (FEMA) grants and the Bureau of Reclamation.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	8,025,094	8,025,094	16,050,188	93.38%	11,656,890	11,656,890	23,313,780	85.03%
Statewide PL Adjustments	483,416	491,101	974,517	5.67%	631,650	640,770	1,272,420	4.64%
Other PL Adjustments	78,434	85,028	163,462	0.95%	2,416,584	416,783	2,833,367	10.33%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$8,586,944	\$8,601,223	\$17,188,167		\$14,705,124	\$12,714,443	\$27,419,567	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					960,358					971,923
Vacancy Savings					(392,143)					(392,609)
Inflation/Deflation					(6,363)					(2,161)
Fixed Costs					69,798					63,617
Total Statewide Present Law Adjustments		\$483,416	\$150,167	(\$1,933)	\$631,650		\$491,101	\$151,541	(\$1,872)	\$640,770
DP 50 - Initial Motion to FY 2012 Base	0.00	(483,416)	(150,167)	1,933	(631,650)	0.00	(491,101)	(151,541)	1,872	(640,770)
DP 51 - Adjustment for Statewide Personal Services	0.00	407,111	163,136	(2,032)	568,215	0.00	413,949	167,365	(2,000)	579,314
DP 52 - Adjustment for Statewide Operations	0.00	76,305	(12,969)	99	63,435	0.00	77,152	(15,824)	128	61,456
DP 2402 - WRD Stream Gauging Stations (OTO/RST)	0.00	28,726	0	0	28,726	0.00	29,700	0	0	29,700
DP 2403 - WRD Operating Adjustment	0.00	49,708	20,872	0	70,580	0.00	55,328	24,151	0	79,479
DP 2404 - WRD State Water Projects Adjustments	0.00	0	2,298,307	0	2,298,307	0.00	0	288,424	0	288,424
DP 2405 - WRD FEMA CAP Spending Authority	0.00	0	0	50,000	50,000	0.00	0	0	50,000	50,000
DP 2406 - WRD Floodplain Mapping (OTO)	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 2407 - WRD Board Of Water Well Contractors Adjustment	0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
DP 2408 - WRD Adjudication FTE Reduction	(3.00)	0	(147,029)	0	(147,029)	(3.00)	0	(146,820)	0	(146,820)
Total Other Present Law Adjustments	(3.00)	\$78,434	\$2,288,150	\$50,000	\$2,416,584	(3.00)	\$85,028	\$281,755	\$50,000	\$416,783
Grand Total All Present Law Adjustments	(3.00)	\$561,850	\$2,438,317	\$48,067	\$3,048,234	(3.00)	\$576,129	\$433,296	\$48,128	\$1,057,553

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The legislature approved a motion to fund statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - The legislature approved a motion to establish the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2402 - WRD Stream Gauging Stations (OTO/RST) - The legislature approved a one-time-only request from general fund for the Water Management Bureau (WMB) operating budget to cover increases in Montana's share of the cost to jointly operate and maintain 43 US Geological Services (USGS) stream gages in Montana. The funding agreement is managed through the WMB and the funding represents 67 percent of the WMB operating budget.

DNRC supported gages serve the following functions: a) 1 related to international apportionment on Poplar River; b) 1 related to FERC licensed hydropower site on Missouri River at Toston; c) 5 related to Yellowstone River Compact; d) 16 related to state owned water projects; and e) 20 related to special projects or to support local water management initiatives.

DP 2403 - WRD Operating Adjustment - The legislature approved funding at the level appropriated by the 2011 Legislature and to cover projected increases in contracted services and rent expense as well as scheduled computer replacement.

DP 2404 - WRD State Water Projects Adjustments - The legislature approved state special revenue for overtime at the Broadwater hydropower facility, fisheries mitigation work required by the Federal Energy Regulatory Commission (FERC) licenses, continued rehabilitation on the Ruby Dam and other state water projects, and debt service for repayment of a federal loan for rehabilitation on the Middle Creek Dam.

DP 2405 - WRD FEMA CAP Spending Authority - The legislature approved federal special revenue authority for the Community Assistance Program of the National Flood Insurance Program. The department receives an annual grant from the Federal Emergency Management Agency (FEMA) for the Community Assistance Program. The primary purpose of the award is to reduce the damage claims to the National Flood Insurance program by providing education and technical and administrative support to county and city planning staff involved in administering local floodplain management programs.

DP 2406 - WRD Floodplain Mapping (OTO) - The legislature approved state special revenue for contracted engineering and mapping services to continue with the process of preparing floodplain maps in the state. After the 2011 flooding, numerous elected officials reported that residents complained that they were unaware they were living in an area subject to flood hazards. The funding is to prioritize the need and provide state funds for contracting engineering and mapping services to prepare floodplain mapping in the state.

DP 2407 - WRD Board Of Water Well Contractors Adjustment - The legislature approved state special revenue authority in the 2015 biennium for contracted legal and other litigation costs for the Board of Water Well Contractors. No litigation related expenses were incurred in the base year.

DP 2408 - WRD Adjudication FTE Reduction - The legislature approved a reduction of state special revenue and 3.00 FTE. The reduction is in accordance with the transition plan the division has in place for the sunset of the HB 22 Water Right Adjudication Program in 2020. These FTE are transferred to the Water Court in the Judicial Branch.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	297.08	297.08	297.08	297.08	297.08	297.08	0.00	0.00%
Personal Services	16,448,514	17,219,253	16,867,936	16,884,706	33,667,767	33,752,642	84,875	0.25%
Operating Expenses	6,895,862	7,385,892	7,464,872	7,484,160	14,281,754	14,949,032	667,278	4.67%
Equipment & Intangible Assets	878,526	790,466	1,020,512	1,021,176	1,668,992	2,041,688	372,696	22.33%
Capital Outlay	11,128	119,204	11,128	11,128	130,332	22,256	(108,076)	(82.92%)
Grants	189,465	184,491	189,465	189,465	373,956	378,930	4,974	1.33%
Transfers	1,336,352	1,331,665	1,323,797	1,317,694	2,668,017	2,641,491	(26,526)	(0.99%)
Debt Service	18,678	3,675	18,678	18,678	22,353	37,356	15,003	67.12%
Total Costs	\$25,778,525	\$27,034,646	\$26,896,388	\$26,927,007	\$52,813,171	\$53,823,395	\$1,010,224	1.91%
General Fund	9,608,348	10,304,534	10,576,124	10,586,588	19,912,882	21,162,712	1,249,830	6.28%
State Special	14,966,241	15,535,189	15,230,356	15,249,257	30,501,430	30,479,613	(21,817)	(0.07%)
Federal Special	1,203,936	1,194,923	1,089,908	1,091,162	2,398,859	2,181,070	(217,789)	(9.08%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$25,778,525	\$27,034,646	\$26,896,388	\$26,927,007	\$52,813,171	\$53,823,395	\$1,010,224	1.91%

Page Reference

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Funding

General fund provides general division support as well as the fixed costs of the Fire and Aviation Management program. A transfer from the general fund is made to the proprietary fund, from which it is spent.

State special revenue support comes from forest improvement fees and forest protection fees. Forest improvement fees consist of \$25 for each slash hazard reduction agreement, and \$.060 per thousand board feet sold, plus any forfeited fire hazard reduction bonds. Fees are established when timber sales are approved based upon the state's projected costs of slash disposal, road maintenance, and reforestation.

The department is also required to collect up to one-third of the state's fire protection appropriation from private landowners through a forest protection fee. The other two-thirds are funded with general fund. The department is required to levy the tax so that collections equal the amount appropriated by the legislature.

The Trust Land Management Division is funded with trust fund revenue, timber sales, and forest resource fees. The remaining funding is from recreational use and resource development of state lands. Because funding for state lands is taken directly from revenues, any expenditure for administration of state lands is a direct reduction in trust income. General fund is utilized for personal services for the management of non-trust state lands.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	9,608,348	9,608,348	19,216,696	90.80%	25,778,525	25,778,525	51,557,050	95.79%
Statewide PL Adjustments	992,249	1,006,584	1,998,833	9.45%	1,141,549	1,177,812	2,319,361	4.31%
Other PL Adjustments	271,645	268,019	539,664	2.55%	681,357	676,296	1,357,653	2.52%
New Proposals	(296,118)	(296,363)	(592,481)	(2.80%)	(705,043)	(705,626)	(1,410,669)	(2.62%)
Total Budget	\$10,576,124	\$10,586,588	\$21,162,712		\$26,896,388	\$26,927,007	\$53,823,395	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,846,260					1,864,324
Vacancy Savings					(731,795)					(732,506)
Inflation/Deflation					(40,958)					(23,084)
Fixed Costs					68,042					69,078
Total Statewide Present Law Adjustments		\$992,249	\$251,355	(\$102,055)	\$1,141,549		\$1,006,584	\$271,803	(\$100,575)	\$1,177,812
DP 50 - Initial Motion to FY 2012 Base	0.00	(992,249)	(327,059)	102,055	(1,217,253)	0.00	(1,006,584)	(347,507)	100,575	(1,253,516)
DP 51 - Adjustment for Statewide Personal Services	0.00	944,665	361,718	(116,214)	1,190,169	0.00	944,090	373,557	(110,125)	1,207,522
DP 52 - Adjustment for Statewide Operations	0.00	47,584	(34,659)	14,159	27,084	0.00	62,494	(26,050)	9,550	45,994
DP 35011 - FD & TLMD Operating & Capital Adjustments	0.00	113,704	65,772	0	179,476	0.00	114,167	66,525	0	180,692
DP 35012 - FD Federal And State Special Authority	0.00	0	50,000	51,481	101,481	0.00	0	50,000	51,307	101,307
DP 35014 - Air Operations Transfer	0.00	(8,412)	(4,143)	0	(12,555)	0.00	(12,501)	(6,157)	0	(18,658)
DP 35016 - FD Narrow Band Radios (OTO/REST)	0.00	86,353	42,533	0	128,886	0.00	86,353	42,533	0	128,886
DP 35021 - TLMD MSU-Morrill Trust Projects (BIEN/OTO)	0.00	80,000	0	0	80,000	0.00	80,000	0	0	80,000
DP 35023 - TLMD Land Transaction Funds OTO	0.00	0	204,069	0	204,069	0.00	0	204,069	0	204,069
Total Other Present Law Adjustments	0.00	\$271,645	\$358,231	\$51,481	\$681,357	0.00	\$268,019	\$356,970	\$51,307	\$676,296
Grand Total All Present Law Adjustments	0.00	\$1,263,894	\$609,586	(\$50,574)	\$1,822,906	0.00	\$1,274,603	\$628,773	(\$49,268)	\$1,854,108

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 35011 - FD & TLMD Operating & Capital Adjustments - The legislature approved funding for rent increases and fire engine purchase and development.

DP 35012 - FD Federal And State Special Authority - The legislature approved funding to increase spending authority in the slash hazard reduction state special revenue account by \$50,000 as the fees collected exceed existing authority. The adjustment also includes authority to spend federal reimbursements for use of firefighting equipment on other state or federal fires, as the number of those fires has increased.

DP 35014 - Air Operations Transfer - The legislature approved a reduction due to a decrease in the aircraft insurance premium.

DP 35016 - FD Narrow Band Radios (OTO/REST) - The legislature approved funds to purchase narrow-band, digital capable radios and associated maintenance.

DP 35021 - TLMD MSU-Morrill Trust Projects (BIEN/OTO) - The legislature approved one-time-only, biennial funding to implement and complete land management projects on the MSU-Morrill trust lands. Projects for the biennium include five timber harvest projects, timber thinning and weed management, agriculture and grazing lease renewals, commercial lease evaluations, a new phase of the Whitefish Trail, land banking and land exchange, and continuing work on the Smith Lake Dam rehabilitation project. The authority would cover contracted services, supplies and materials, and other operating costs to manage activities on the Morrill Trust Lands.

DP 35023 - TLMD Land Transaction Funds OTO - The legislature approved state special revenue to add authority to the FY 2012 appropriated level in the Trust Land Management Division.

New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings	35	0.00	(296,118)	(345,471)	(63,454)	(705,043)	0.00	(296,363)	(345,757)	(63,506)	(705,626)
Total	0.00	(\$296,118)	(\$345,471)	(\$63,454)	(\$705,043)	0.00	(\$296,363)	(\$345,757)	(\$63,506)	(\$705,626)	

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

Proprietary Rates

Proprietary Rate Explanation

Air Operations

Proprietary Program Description

The air operations program in the Forestry Division is funded from the air operations proprietary account for those costs that can be supported by the aircraft rates, and by general fund and fire protection tax revenue for fixed costs. The program operates five medium helicopters, two light helicopters, and three single engine fixed-wing airplanes. The aircraft are primarily used for fire detection, support and suppression of wildfires, and reclamation work in the Department of Environmental Quality. Fixed costs are paid by the general fund and the fire protection tax revenues since they must be paid regardless of the number of hours flown. These costs include hangar rent, insurance, and personnel costs (14.23 FTE). The general fund and fire protection taxes are appropriated by the legislature and transferred to and spent from the proprietary account. Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft. Users of the aircraft include

DNRC, other state agencies, and federal agencies. This revenue is deposited in the proprietary account. Statutory authority for the program is in 77-5-103, MCA.

DEPT AIRCRAFT	CURRENT	2015 BIEN APPROVED
Bell UH-1H Helicopters	\$1,075.00/hr	\$1,225.00/hr
Jet Ranger Helicopter	\$475.00/hr	\$515.00/hr
Cessna 180 Series Aircraft	\$150.00/hr	\$175.00/hr

Seedling Nursery

Proprietary Program Description

The Montana Conservation Seedling Nursery produces and distributes seedlings for conservation plantings, including applications such as fire and logging reforestation, farmstead windbreaks, shelterbelts, wildlife habitat, stream stabilization and restoration, and other conservation uses. The program mission is to produce the highest quality, locally-adapted, source-identified seedlings available for conservation practices in Montana and to ensure affordable seedlings are available to Montana landowners. The nursery grows an average of 900,000 seedlings annually on 87 acres of state land and in 13,500 square feet of greenhouse space. Sixty-seven plant species are currently in production. During FY 2011 and 2012, an average of 750 landowners/businesses ordered seedlings. Of the 1.7 million seedlings grown during that time period, approximately 1.6 million seedlings were used in reforestation and stream restoration. DNRC nursery seedlings were planted in 50 of the 56 Montana counties. The nursery program is funded solely from the nursery proprietary account. No general fund or federal dollars are used in the program. Total FTE funded from the revenue generated are 10.92. Statutory authority for the program is in 77-5-404, MCA.