

Agency Budget Comparison

The following table summarizes the total executive 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	693.60	693.60	705.03	706.78	693.60	706.78	13.18	1.90%
Personal Services	39,400,159	40,915,669	43,432,931	43,571,406	80,315,828	87,004,337	6,688,509	8.33%
Operating Expenses	28,842,673	29,571,626	29,935,183	29,969,082	58,414,299	59,904,265	1,489,966	2.55%
Equipment & Intangible Assets	1,120,538	661,995	1,156,038	1,156,038	1,782,533	2,312,076	529,543	29.71%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	952,466	941,468	952,466	952,466	1,893,934	1,904,932	10,998	0.58%
Benefits & Claims	6,225	4,823	6,225	6,225	11,048	12,450	1,402	12.69%
Transfers	293,826	274,580	337,626	337,626	568,406	675,252	106,846	18.80%
Debt Service	25,898	15,300	27,698	27,698	41,198	55,396	14,198	34.46%
Total Costs	\$70,641,785	\$72,385,461	\$75,848,167	\$76,020,541	\$143,027,246	\$151,868,708	\$8,841,462	6.18%
General Fund	0	0	309,125	309,125	0	618,250	618,250	n/a
State Special	55,375,319	56,522,854	56,618,647	56,772,323	111,898,173	113,390,970	1,492,797	1.33%
Federal Special	15,266,466	15,862,607	18,920,395	18,939,093	31,129,073	37,859,488	6,730,415	21.62%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$70,641,785	\$72,385,461	\$75,848,167	\$76,020,541	\$143,027,246	\$151,868,708	\$8,841,462	6.18%

Agency Description

Agency Mission: Montana Fish, Wildlife & Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana, while contributing to the quality of life for present and future generations.

Additional information is included in the agency profile.

Agency Highlights

Department of Fish, Wildlife and Parks Major Budget Highlights
<p>The primary initiatives in the proposed budget include:</p> <ul style="list-style-type: none"> ◆ An additional 6.50 FTE for the wolf management program ◆ An additional 2.53 FTE for parks maintenance and operations ◆ Funding switches from state special revenue to federal funds in several areas ◆ Continuance and full-year funding of the general pay increase provided to staff partway through FY 2012 (\$2.5 million) ◆ Continuance of funding for aquatic invasive species detection and containment activities (\$0.6 million general fund) ◆ Developing and maintaining property managed for wildlife habitat
Legislative Action Issues
<ul style="list-style-type: none"> ◆ The general license account is projected to go negative in FY 2017

Agency Discussion

Agency Personal Services

The following detail some of the factors impacting personal services for the agency.

- o FWP had a vacancy rate of 9.7% when comparing budgeted to utilized hours. This compares to a legislatively established rate of 4% for most positions (game wardens are statutorily exempt from imposition of vacancy savings)
- o The department provided broad-based pay increases partway through FY 2012 that focused on internal equity and external competitiveness. The total cost in the 2015 biennium is about \$4.9 million
- o The department does not attempt to hire at a percentage of market, but rather on a rate that is identified based on a competitive rate established prior to the job being announced
- o About 24.4% of FWP staff are eligible for full or early retirement. The agency did not request funding for retirement payouts in the 2015 biennium

As stated, the department provided salary increases that focused on internal equity and external competitiveness ranging from .03% to 34.9%. The pay plan was implemented partway through FY 2012 and so expenditures reflect only a portion of the total year cost, estimated at \$1.8 million from state special funds and \$594,000 federal funds each year.

The table below shows the funding sources for the pay increase for the department.

Fish, Wildlife, and Parks									
Pay Increases estimated for One (1) Full Fiscal Year*									
Programs	General	Other		Federal	Admin	Non-		Proprietary	Grand Total
	License Fund	License Funds	Other Special Revenue	Funds	Appropriation	General Fund	Budgeted		
Information Services	\$152,644	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$152,644
Fisheries	234,785	18,585	5,245	297,569	4,530	1,049	6,566	0	568,329
Enforcement	275,934	17,496	11,816	12,509	0	0	0	0	317,755
Wildlife	195,501	60,532	177	236,721	0	0	19,414	0	512,345
Parks	0	0	405,896	8,031	10,488	0	2,529	0	426,944
Communications and Education	101,406	0	0	14,499	0	0	296	0	116,201
Management and Finance	162,378	0	0	2,284	0	0	0	9,367	174,029
Fish and Wildlife Admin	179,839	0	0	22,220	0	0	0	0	202,059
Total	\$1,302,487	\$96,613	\$423,134	\$593,833	\$15,018	\$1,049	\$28,805	\$9,367	\$2,470,306

*Pay increases were implemented mid-FY 2012. The full amount shown represents the estimate for FY 2013.

LFD COMMENT

The pay increases implemented in the 2013 biennium has a significant long-term impact to the General License Account. The fund will begin to have a declining ending balance and is expecting to become negative in FY 2017, as shown in the following section.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2015 biennium 5% plan submitted for this agency is in the appendix.

IT Systems

State agencies have identified information technology (IT) systems that are critical to the state as a whole or to the agency. Further, state agencies have assessed the age of the systems to establish whether the system is:

- o New
- o Emerging
- o Mature
- o Declining
- o Obsolete

The Legislative Finance Committee recommended that House Appropriations and Senate Finance and Claims Committee leadership direct the Long Range Planning Subcommittee to meet jointly with each of the appropriate joint appropriations subcommittees to discuss priorities related to critical IT systems, and that state agencies be prepared to discuss:

- o Current plans to address obsolescence
- o Costs to replace the system
- o Costs of maintaining the current system
- o Risks associated with both retaining the current system and replacing the system

LFD staff will be prepared to discuss issues related to those systems that have been determined to be either critical to the state as a whole or to the agency and either declining or obsolete. Issues include security, continuity of operations, and funding.

Agency Goals and Objectives

Goals and objectives for the agency can be found in the appendix.

Funding

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

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$618,250	\$0	\$0	\$618,250	0.4%
State Special Total	113,390,970	-	2,919,009	116,309,979	71.5%
Federal Special Total	37,859,488	-	344,146	38,203,634	23.5%
Proprietary Total	-	7,459,513	-	7,459,513	4.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$151,868,708</u>	<u>\$7,459,513</u>	<u>\$3,263,155</u>	<u>\$162,591,376</u>	
Percent - Total All Sources	93.4%	4.6%	2.0%		

The department is funded with state special and federal special revenue. The department is requesting general fund in the 2015 biennium for continuance of Aquatic Invasive Species (AIS) program activities. The most prominent funding source is the general license account (GLA), where the license and fee revenue from hunting and fishing is maintained. The state has assented to federal law to utilize these funds only for the operation of the state fish and wildlife agency. Any diversion of the funds from this purpose would result in the loss of federal excise tax funds.

The following table provides revenues, expenditures and estimated ending fund balance for the general license account.

FWP General License Account -- Estimate Available Fund Balance				
	Actual	Appropriated	Executive request	
	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2014
Beginning Balance	\$33,186,061	\$29,450,091	\$20,223,750	\$17,211,229
License Revenue	32,445,894	33,727,400	34,255,000	34,800,000
Other Revenue	<u>7,036,443</u>	<u>5,510,000</u>	<u>5,673,270</u>	<u>5,572,000</u>
Total Funds Available	72,490,257	68,687,491	60,152,020	57,583,229
Disbursements				
Program Expenditures	40,684,695	43,964,224	41,894,109	41,875,734
Statutory Appropriations	773,215	363,281	473,215	473,215
Cat & Dog Bills	0	274,000	0	0
Continuing Capital Costs	1,760,397	3,862,236	0	0
LRB Projects	0	0	0	0
Proposed Executive Pay Plan	0	0	1,558,633	1,636,565
Budget Proposals (PL & NP)	0	0	(985,166)	(985,348)
Total Disbursements	<u>43,218,307</u>	<u>48,463,741</u>	<u>42,940,791</u>	<u>43,000,166</u>
Adjustments (Prior Year Revenue)	178,141	0	0	0
Available Ending Balance	<u>\$29,450,091</u>	<u>\$20,223,750</u>	<u>\$17,211,229</u>	<u>\$14,583,063</u>

Structural Balance

The revenues to the general license account are based on fees set by the legislature. Historically, fees have been set at a stable level for a period of eight to ten years. Early in the cycle, the increased fees generate more income than the revenue needed to meet expenses, creating a surplus of funds in the general license account, which is utilized when expenses begin to exceed revenues. During the later period, the balance in the GLA declines as expenditures exceed revenues. When the balance is projected to reach a certain point, the executive proposes a fee increase. The department considers a fund balance of \$6.0 million to be the critical point when fee increases are necessary to support department activities.

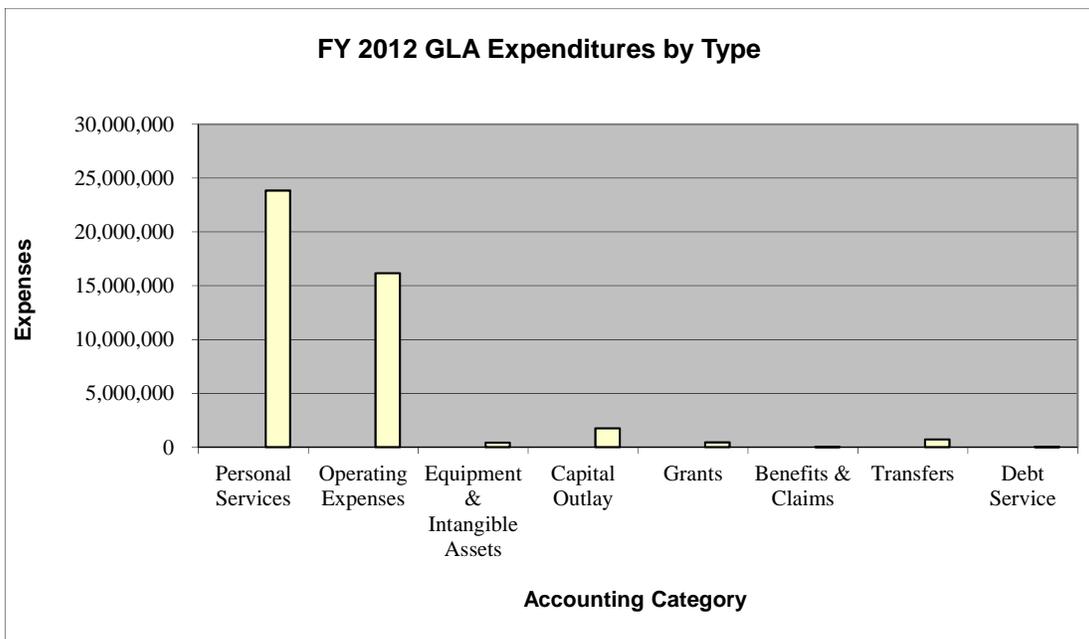
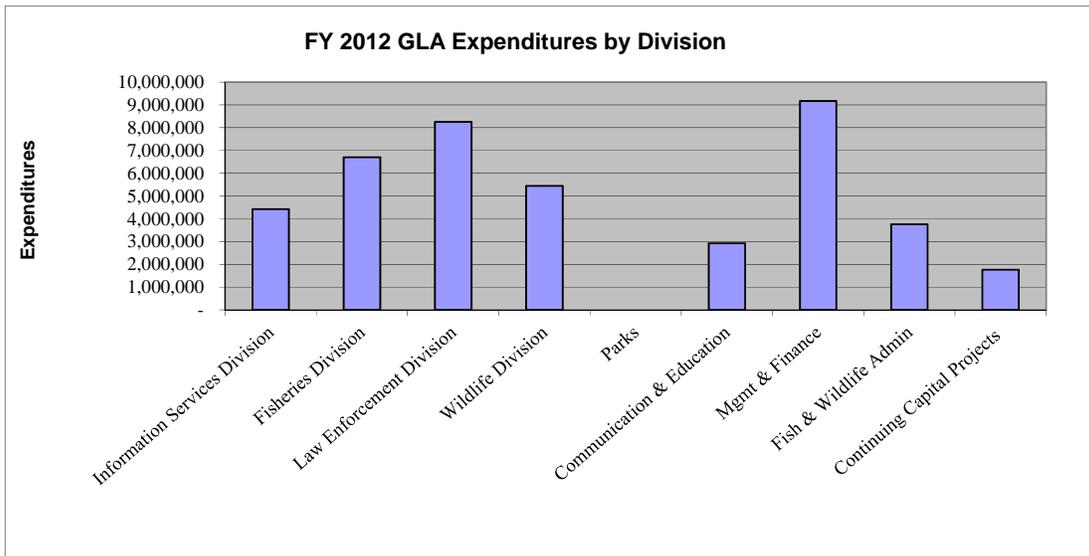
The adjacent table provides a comparison of revenues and expenditures since FY 2002. The department managed a period of four years between FY 2005 and FY 2009 where revenues exceeded expenditures, resulting in an increasing ending fund balance. Beginning in FY 2010, the department began expending more than projected revenues, causing a decrease to the ending fund balance. This situation is anticipated to continue through the 2015 biennium. This indicates that the fund is at the turning point where expenditures exceed revenues and the department begins to spend down the fund balance.

Fish, Wildlife and Parks General License Account Revenues and Disbursements				
Fiscal Year	Revenues	Disbursements	Difference	Cumulative
*2015	\$40,372,000	\$41,363,601	(991,601)	(8,435,296)
*2014	39,928,270	41,382,158	(1,453,888)	(7,443,695)
*2013	39,237,400	48,463,741	(9,226,341)	(5,989,807)
2012	39,850,107	43,596,073	(3,745,966)	3,236,534
2011	38,486,839	40,167,839	(1,681,000)	6,982,500
2010	40,270,320	42,360,806	(2,090,486)	8,663,500
2009	42,201,959	39,362,308	2,839,651	10,753,986
2008	39,667,344	38,504,168	1,163,176	7,914,335
2007	36,060,099	31,692,176	4,367,923	6,751,159
2006	32,214,305	32,011,336	202,969	2,383,236
2005	30,399,417	30,149,840	249,577	2,180,267
2004	28,437,937	28,905,675	(467,738)	1,930,690
2003	29,189,792	27,039,789	2,150,003	2,398,428
2002	27,145,523	26,897,098	248,425	248,425

*Based upon appropriations and executive request

A large part of the decline is due to the pay increases that the department gave in FY 2012, which totaled approximately \$4.8 million for the biennium, with approximately \$3.0 million being funding by the general license account per biennium. The department is proposing to reduce expenditures by \$2.8 for the 2015 biennium primarily through federal funding switches, and is continuing to review areas for reduction to prevent an increase in fees until FY 2017.

The following shows the programs in which general license funds are expended.



Impacts of the Federal Budget Control Act of 2011 and Other Federal Action

The Budget Control Act (BCA) includes automatic spending reductions, called sequesters, that are currently scheduled to take effect January 2, 2013. For discretionary non-defense spending the estimated amount of the reduction is 8.2%. The major federal funding sources of this agency would be subject to sequester in the current bill.

As a result of the various conditions included in the BCA, federal funding for the Department of Fish, Wildlife and Parks may be reduced beyond what is shown in the executive’s proposed budget. The legislature may wish to discuss the potential impact on federal funds with the agency as the federal budget negotiations picture becomes clearer.

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%	70,641,785	70,641,785	141,283,570	93.03%
Statewide PL Adjustments	0	0	0	0.00%	2,935,069	2,959,424	5,894,493	3.88%
Other PL Adjustments	309,125	309,125	618,250	100.00%	1,309,368	1,308,923	2,618,291	1.72%
New Proposals	0	0	0	0.00%	961,945	1,110,409	2,072,354	1.36%
Total Budget	\$309,125	\$309,125	\$618,250		\$75,848,167	\$76,020,541	\$151,868,708	