

Program Budget Comparison

The following table summarizes the total executive 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	2,067,446	2,068,853	3,679,525	4,136,299	456,774	12.41%
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	1,364,016	1,364,016	2,656,172	2,728,032	71,860	2.71%
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	\$10,429,412	\$10,431,561	\$9,838,628	\$20,860,973	\$11,022,345	112.03%
General Fund	976,643	985,337	1,002,489	1,004,541	1,961,980	2,007,030	45,050	2.30%
State Special	3,633,141	3,640,954	9,128,657	9,128,754	7,274,095	18,257,411	10,983,316	150.99%
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	\$10,429,412	\$10,431,561	\$9,838,628	\$20,860,973	\$11,022,345	112.03%

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. The division also manages several loan and grant programs for local communities, local governments, state agencies, and private citizens. The programs include the state revolving fund, which at the end of FY 2012 included \$530 million loaned to communities for water and waste water systems, coal severance tax loans to governmental entities totaling \$39 million, and private loans for \$21.4 million. Grant programs administered by the division include the Reclamation Development, Renewable Resource, and Conservation District grant programs.

Program Highlights

Conservation and Resource Development Division Major Budget Highlights	
◆	The executive proposes to increase this program's budget by 112.0% from the previous biennium primarily due to a \$5.0 million per year proposal for range land loans and other loans for the private non-point source loan program

Program Narrative

CARDD provides tools to help communities in Eastern Montana that have need for financing of water and wastewater improvements and expects operating costs to increase to services the projects which come into the program.

Programs the department is planning to provide loan funding for include water and wastewater system upgrades, development, and improvements. Entities that are receiving these services include the cities of Culbertson, Glendive, Flaxville, Sidney, Billings, and Miles City, and the Dry Prairie water system, with loan amounts surpassing \$21 million.

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Conservation/Resource Dev Div							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$2,007,030	\$0	\$0	\$2,007,030	9.6%		
State Special Total	\$18,257,411	\$0	\$0	\$18,257,411	87.5%		
02015 Tsep Regional Water System	1,463,998	-	-	1,463,998	7.0%		
02052 Rangeland Improvement Loans	1,019,000	-	-	1,019,000	4.9%		
02316 Go94b/ban 93d Admin	53,478	-	-	53,478	0.3%		
02340 Coal Sev. Tax Shared Ssr	4,399,928	-	-	4,399,928	21.1%		
02433 Grazing District Fees	48,652	-	-	48,652	0.2%		
02490 Drinking Water Investment	400,000	-	-	400,000	1.9%		
02576 Natural Resources Operations Ssr Fu	1,362,355	-	-	1,362,355	6.5%		
02694 Coal Bed Methane Protection	510,000	-	-	510,000	2.4%		
02971 Srf Go Bond 2000f Tax Nps/rcb	9,000,000	-	-	9,000,000	43.1%		
Federal Special Total	\$596,532	\$0	\$0	\$596,532	2.9%		
03149 Wpc Srf Fy06 Grant	136,259	-	-	136,259	0.7%		
03152 Dw Srf Fy15 Grant	162,007	-	-	162,007	0.8%		
03409 Wpc Srf Fy10 Grant	136,259	-	-	136,259	0.7%		
03430 Dw Srf Fy14 Grant	162,007	-	-	162,007	0.8%		
Total All Funds	\$20,860,973	\$0	\$0	\$20,860,973	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

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. Using LFD revenue assumptions the executive spending proposal for all three functions would result a negative fund balance in FY 2014. Therefore, the legislature may wish to reduce proposed expenditures in one or some combination of all three programs. 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	97.32%	4,892,584	4,892,584	9,785,168	46.91%
Statewide PL Adjustments	25,846	27,898	53,744	2.68%	14,364	16,513	30,877	0.15%
Other PL Adjustments	0	0	0	0.00%	5,522,500	5,522,500	11,045,000	52.95%
New Proposals	0	0	0	0.00%	(36)	(36)	(72)	0.00%
Total Budget	\$1,002,489	\$1,004,541	\$2,007,030		\$10,429,412	\$10,431,561	\$20,860,973	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base 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. The other numbered adjustments in the table correspond to the narrative descriptions.

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 2301 - CARDD Operating Adjustments	0.00	0	171,700	23,300	195,000	0.00	0	171,700	23,300	195,000
DP 2305 - CARDD Regional Water Administration Funds	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 2301 - CARDD Operating Adjustments – The executive requests 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 Administration Funds – The executive requests 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 also are requesting minor increases in operating costs primarily related to fuel, travel, and supplies.

DP 2306 - Drinking Water Program Loan Forgiveness (OTO/RST) – The executive requests one-time-only restricted funding to match federal funds for hardship communities in the Safe Drinking Water program. These funds would 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.

LFD COMMENT

The 2009 and 2011 Legislature approved this same amount as a restricted, one-time-only appropriation. However, no funds were expended in the previous two biennia because federal funds for the same purpose were provided under the American Recovery and Reinvestment Act (ARRA).

DP 2307 - CARDD Coal Bed Methane Program Operating Funds – The executive requests state special revenue that would 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.

LFD COMMENT	The executive requested the same amount during the 2011 session, and was appropriated \$60,682, a 24% reduction. Although expenditures have been stagnant in recent years, growth in Eastern Montana is causing growth in collecting baseline data for water quantity and quality collection . The program can be administered in any county that contains coal deposits.
--------------------	---

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

New Proposals											
Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				Total Funds	
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special		
DP 6101 - Professional Development Center Fee Allocation	23	0.00	0	(36)	0	(36)	0.00	0	(36)	0	(36)
Total	0.00	\$0	(\$36)	\$0	(\$36)	0.00	\$0	(\$36)	\$0	(\$36)	

DP 6101 - Professional Development Center Fee Allocation -The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.