

Agency Budget Comparison

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

| Agency Budget Comparison | | | | | | | | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|-------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 678.60 | 678.60 | 692.08 | 692.08 | 678.60 | 692.08 | 13.48 | 1.99% |
| Personal Services | 35,172,548 | 38,623,024 | 39,784,240 | 39,921,881 | 73,795,572 | 79,706,121 | 5,910,549 | 8.01% |
| Operating Expenses | 27,384,975 | 28,089,797 | 30,963,521 | 31,016,448 | 55,474,772 | 61,979,969 | 6,505,197 | 11.73% |
| Equipment & Intangible Assets | 1,060,192 | 696,774 | 915,212 | 915,212 | 1,756,966 | 1,830,424 | 73,458 | 4.18% |
| Capital Outlay | 166,889 | 0 | 221,889 | 221,889 | 166,889 | 443,778 | 276,889 | 165.91% |
| Grants | 1,032,521 | 1,535,807 | 985,521 | 985,521 | 2,568,328 | 1,971,042 | (597,286) | (23.26%) |
| Benefits & Claims | 4,850 | 6,188 | 4,850 | 4,850 | 11,038 | 9,700 | (1,338) | (12.12%) |
| Transfers | 24,374 | 99,652 | 99,652 | 99,652 | 124,026 | 199,304 | 75,278 | 60.70% |
| Total Costs | \$64,846,349 | \$69,051,242 | \$72,974,885 | \$73,165,453 | \$133,897,591 | \$146,140,338 | \$12,242,747 | 9.14% |
| General Fund | 0 | 0 | 500,000 | 500,000 | 0 | 1,000,000 | 1,000,000 | n/a |
| State Special | 50,860,770 | 53,604,968 | 56,919,947 | 57,042,866 | 104,465,738 | 113,962,813 | 9,497,075 | 9.09% |
| Federal Special | 13,985,579 | 15,446,274 | 15,554,938 | 15,622,587 | 29,431,853 | 31,177,525 | 1,745,672 | 5.93% |
| Total Funds | \$64,846,349 | \$69,051,242 | \$72,974,885 | \$73,165,453 | \$133,897,591 | \$146,140,338 | \$12,242,747 | 9.14% |

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.

Fish, Wildlife and Parks (FWP) is responsible for the management of Montana’s fish, wildlife, parks, and recreational resources. The department is also responsible for a state park system that includes scenic, historical, cultural, and recreational resources. The operational programs are in eight divisions and seven regional field offices. The five-member governor appointed FWP Commission provides policy direction on resource management, seasons, fees and use of department lands.

The agency has four overarching goals:

- Create a work environment where priorities are clear; the decision-making process is efficient and effective; and where employees feel a sense of accountability, value, and satisfaction in their achievements and their contributions to the agency mission.
- Provide quality opportunities for public appreciation and enjoyment of fish, wildlife, and parks resources.
- Maintain and enhance the health of Montana's natural environment and the vitality of our fish, wildlife, cultural, and historic resources through the 21st century.
- Emphasize education, communication, and responsible behavior to afford citizens the opportunity to better understand and participate in the decision-making process that sustain our natural, recreational and cultural resources for future generations.

Agency Highlights

| Department of Fish, Wildlife and Parks Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> ◆ The biennial budget would increase 9 percent if the executive proposal is adopted due primarily to statewide present law adjustments ◆ The executive is seeking to add 13.48 permanent FTE and is requesting funding for modified FTE as well ◆ State special revenue authority is increased by 13.5 million, most of which is from the general license account due to statewide adjustments and new proposals ◆ The executive is requesting \$1.0 million one-time only general fund for match to the state wildlife grant program ◆ The executive submitted the budget and legislative goals approved by the FWP Commission ◆ 116 employees (17 percent of the department) are eligible for full retirement and represent an unfunded liability of \$2.2 million |
| Major LFD Issues |
| <ul style="list-style-type: none"> ◆ The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success ◆ The general license account is not structurally balanced as FY 2011 proposed expenditures of \$84.8 million exceed the revenues of \$80.1 million |

Agency Discussion

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- Goals, objectives and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

| | |
|----------------------|---|
| LFD ISSUE | <p>The agency submitted the budget and legislative goals that were approved by the FWP Commission. The goals are actually the strategic priorities from the department’s March 2008 strategic plan. This format is not consistent with what is required for submission in 17-7-111 (3), MCA. The required format is to contain goals and objectives for each program within an agency. They are to be in concise form and contain specific and quantifiable information from which to establish appropriations policy. In addition, the goals and objective must allow for future determination if those goals and objectives have been met. The legislature may wish to discuss with the agency the provision of goals and objective as required by law.</p> |
|----------------------|---|

Agency Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Agency Market** – The agency’s actual target market ratio was 91 percent relative to the FY 2006 market survey and is 89 percent in FY 2008. The agency does have a plan to adjust salaries according to a pay progression model utilizing excess vacancy savings and any discretionary funding

- o **Obstacles** - FWP funding sources must pay for the pay increases. FWP will not ask for fee adjustments during the 2011 biennium and must sustain any pay adjustments within existing fund balances through 2013
- o **Retirements** – The agency has 116 employees, approximately 17 percent of the department, eligible for full retirement with an unfunded compensation liability of \$2.2 million, the majority of which would be paid for with general license dollars

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

| Total Agency Funding 2011 Biennium Budget | | | | | |
|--|---------------------|-----------------------|----------------------|-----------------------|----------------|
| Agency Program | General Fund | State Spec. | Fed Spec. | Grand Total | Total % |
| 01 Information Services Division | \$ - | \$ 9,239,533 | \$ 263,218 | \$ 9,502,751 | 6.50% |
| 02 Field Services Division | - | 20,904,566 | 995,846 | 21,900,412 | 14.99% |
| 03 Fisheries Division | 500,000 | 10,848,085 | 16,957,178 | 28,305,263 | 19.37% |
| 04 Enforcement Division | - | 18,207,407 | 713,781 | 18,921,188 | 12.95% |
| 05 Wildlife Division | 500,000 | 10,625,810 | 9,978,295 | 21,104,105 | 14.44% |
| 06 Parks Division | - | 17,639,336 | 578,103 | 18,217,439 | 12.47% |
| 08 Communication And Education Div | - | 5,908,406 | 1,458,625 | 7,367,031 | 5.04% |
| 09 Management And Finance | - | 20,589,670 | 232,479 | 20,822,149 | 14.25% |
| Grand Total | <u>\$ 1,000,000</u> | <u>\$ 113,962,813</u> | <u>\$ 31,177,525</u> | <u>\$ 146,140,338</u> | <u>100.00%</u> |

The department's biennial budget of \$146.6 million consists of 78 percent state special revenue, 21 percent federal special revenue and 1 percent general fund. Of the \$13.9 million of federal funding secured in FY 2008, \$10.4 was derived from federal aid programs.

The state special revenue sources are primarily license revenues, light vehicle registration, and gasoline tax funding. General license revenues are used to support operations of the department, while all other state special revenue has been earmarked for a specific purpose and is used in that manner.

The general fund is utilized as match for federal state wildlife grants.

Significant Federal Funding

The Federal Aid in Wildlife Restoration Act, commonly referred to as Pittman-Robertson began in July of 1938. The purpose of this funding is to provide for the selection, restoration, rehabilitation, and improvement of wildlife habitat, wildlife management research, and the distribution of project information. An amendment to the program added funding for hunter safety and the development, operation, and maintenance of public shooting ranges.

Funding for the program comes from an 11 percent federal excise tax on sporting arms, ammunition, and archery equipment, as well as a 10 percent tax on handguns. Funds are proportioned to states based on a formula considering total area of the state and licensed hunters in the state.

The program is a cost reimbursement program where the state covers the full amount of the project and applies for reimbursement of up to 75 percent of the expenses. The state provides the other 25 percent from a nonfederal source.

Parallel to this program is the Federal Aid in Sport Fish Restoration act, referred to as Wallup-Breaux in recognition of the major revisions to the act completed in 1984. Modeled after Pittman-Robertson, Wallup-Breaux provides funding for the management, conservation, and restoration of fishery resources. Excise taxes on fishing rods, reels, creels, lures, flies, and artificial bait provide funding for the program.

Like Pittman-Robertson, Wallup-Breaux funds are distributed on a formula basis, based on the number of licensed anglers and land and water mass of the state. This is also a cost-reimbursement program where up to 75 percent of approved project costs can be recovered.

The federal programs come with specific requirements. Montana has agreed to use state hunting and fishing license revenues (and subsequent interest earnings) for only fishery and wildlife management work. If the state uses these revenues for something else, the federal government could determine that a diversion of state licensure dollars had occurred. The penalty for this activity is the withholding of Pittman-Robertson and Wallup-Breaux funding. As a consequence, the state has virtually no option to use state derived license revenues for any activities other those related to fish and wildlife management to retain this funding

General License Account

The department’s main source of funding is the general license account (GLA). Fees collected for the privilege of hunting and fishing that are not otherwise earmarked are deposited to the GLA. The amount available for appropriation from the GLA is dependent upon license revenues, interest earned, capital appropriations, and the demand for funds within the department. The proposed biennium budget of \$146 million is funded with \$81.1 million of general license dollars. The health of this fund is central to the operation of the department. Figure 1 displays FY 2008 base expenditures per division and Figure 2 displays expenditures by category.

Figure 1

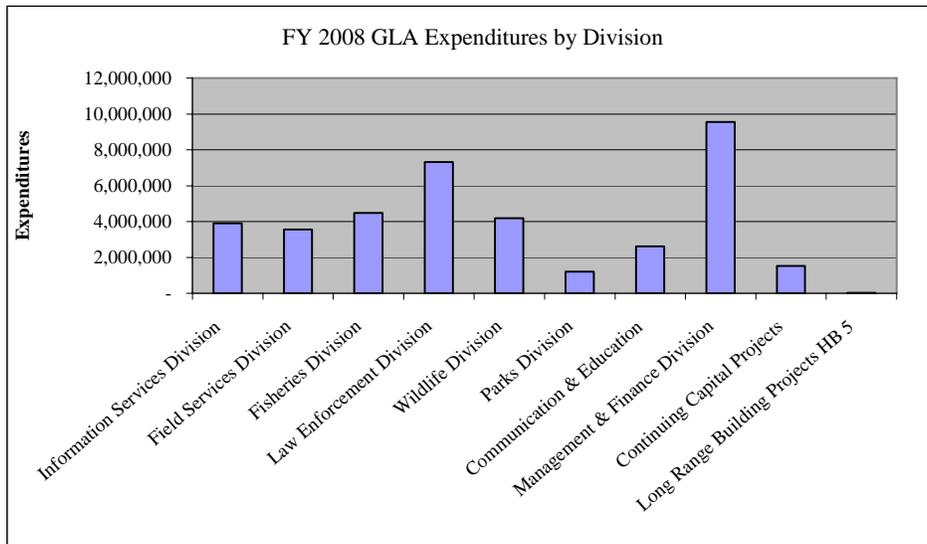
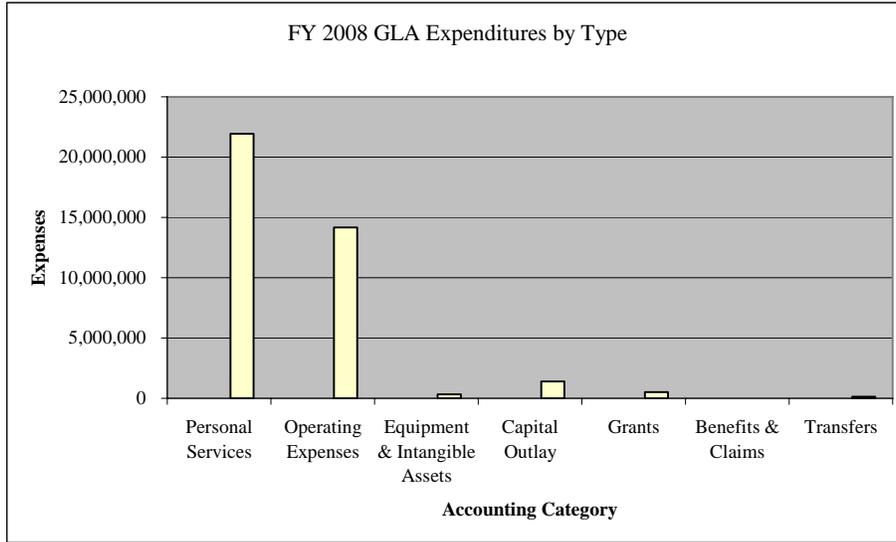


Figure 2



The balance of the general license account

The balance of the general license account determines the availability of funds for continuing operations, present law adjustments and expansions, and new proposals. Figure 3 provides the detail for 2009 and 2011 biennia. The figure provides the comparison between the completed base year, FY 2008, the appropriation for FY 2009, and the budget requested for FY 2010 and FY 2011. Since FY 2008 is the base year for this biennium’s budget, the table allows for comparisons of revenues and expenditures. Entering FY 2008, the general license account had a balance of \$31.3 million, with \$39.6 million in revenues and \$38.4 million expended, leaving an available balance for FY 2009 of \$34.2 million.

| | Actual Fiscal 2008 | Appropriated Fiscal 2009 | Executive Request | |
|----------------------------------|-----------------------|-----------------------------|-------------------|--------------|
| | | | Fiscal 2010 | Fiscal 2011 |
| Beginning Balance | \$31,326,760 | \$34,215,175 | \$29,648,660 | \$24,742,469 |
| License Revenue | 31,464,867 | 32,777,244 | 32,777,244 | 33,163,844 |
| Other Revenue | 8,211,404 | 6,547,137 | 6,494,608 | 6,323,079 |
| Total Funds Available | 71,003,031 | 73,539,556 | 68,920,512 | 64,229,392 |
| Disbursements | | | | |
| Program Expenditures | 36,848,164 | 39,234,359 | 39,611,968 | 39,624,363 |
| Continuing Capital Costs | 1,531,673 | 4,503,074 | 3,000,000 | 0 |
| LRB Projects | 24,674 | 153,463 | 0 | 0 |
| Carry Forward Appropriations | 0 | 0 | 0 | 0 |
| Proposed Executive Pay Plan | 0 | 0 | 629,114 | 1,258,228 |
| Budget Proposals (PL & NP) | 0 | 0 | 936,961 | 1,007,849 |
| Total Disbursements | 38,404,511 | 43,890,896 | 44,178,043 | 41,890,440 |
| Adjustments (Prior Year Revenue) | 1,616,655 | 0 | 0 | 0 |
| Available Ending Balance | \$34,215,175 | \$29,648,660 | \$24,742,469 | \$22,338,952 |

The projected balance of the general license account at the end of the 2011 biennium is \$22.3 million based upon the budget request, outstanding capital authority, and a pay plan identical to HB 13 of the 2007 Legislature. The department considers a \$5.0 million fund balance a critical point for cash flow and to potentially adjust fee levels to assure adequate financing for department programs. The projected fund balance illustrates that cash is readily available and fee increases are not necessary at this time.

The executive proposed biennial budget would increase funding from the general license account by \$10.1 million. This is a combination of \$6.3 million in statewide present law adjustments, \$1.8 million in agency present law adjustments, \$1.8 for estimated pay plan impact, and \$0.2 in new proposals.

Structural balance

Figure 4 provides a comparison of revenues and expenditures since FY 2000. The department managed a period of four years between FY 2005 and FY 2008 where revenues exceeded expenditures, resulting in an increasing ending fund balance. For FY 2010 and FY 2011, the executive is proposing to expend more than projected revenues causing a decrease to the ending fund balance.

To ensure the fund remains structurally balanced, the legislature may wish to consider the impact on the fund balance and the ability to continue financing on-going operations as appropriation decisions are made. The program narrative identifies proposals dependent upon general license funds.

| Fiscal Year | Revenues | Disbursements | Difference | Cummulative |
|-------------|--------------|---------------|---------------|---------------|
| *2011 | \$39,486,923 | \$41,060,033 | (\$1,573,110) | (\$4,205,136) |
| *2010 | 39,271,852 | 43,818,870 | (4,547,018) | (2,632,026) |
| *2009 | 39,324,381 | 43,890,896 | (4,566,515) | 1,914,992 |
| 2008 | 39,676,271 | 38,404,511 | 1,271,760 | 6,481,507 |
| 2007 | 36,060,086 | 31,197,497 | 4,862,589 | 5,209,747 |
| 2006 | 32,214,305 | 32,011,336 | 202,969 | 347,158 |
| 2005 | 30,399,416 | 30,149,840 | 249,576 | 144,189 |
| 2004 | 28,437,936 | 28,905,675 | (467,739) | (105,387) |
| 2003 | 29,244,690 | 26,742,906 | 2,501,784 | 362,352 |
| 2002 | 25,551,068 | 26,610,399 | (1,059,331) | (2,139,432) |
| 2001 | 24,995,088 | 25,496,596 | (501,508) | (1,080,101) |
| 2000 | 24,682,872 | 25,261,465 | (578,593) | (578,593) |

*Based upon appropriations and executive request

Statutory Appropriations

The following table shows the total statutory appropriations associated with this agency. Because statutory appropriations do not require reauthorization each biennium, they do not appear in HB 2 and are not routinely examined by the legislature. The table is provided so that the legislature can get a more complete picture of agency operations and associated policy.

As appropriate, LFD staff has segregated the statutory appropriations into two general categories: 1) those where the agency primarily acts in an administrative capacity and the appropriations consequently do not relate directly to agency operations; and 2) those that have a more direct bearing on the mission and operations of the agency.

| Purpose | MCA # | Fund Source | Fiscal 2008 | Fiscal 2010 | Fiscal 2011 |
|--|-----------|-------------|-------------|-------------|-------------|
| <i>Direct Bearing on Agency Operations</i> | | | | | |
| 6.5 percent lodging facilities tax for parks maintenance | 15-65-121 | SSR | \$801,920 | \$884,749 | \$888,549 |

In addition to the \$9.1 million of funding in HB 2, this funding raises the total budget of the Parks Division to approximately \$10.0 million.

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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 64,846,349 | 64,846,349 | 129,692,698 | 88.75% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 5,092,573 | 5,170,829 | 10,263,402 | 7.02% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 2,067,131 | 2,182,868 | 4,249,999 | 2.91% |
| New Proposals | 500,000 | 500,000 | 1,000,000 | 100.00% | 968,832 | 965,407 | 1,934,239 | 1.32% |
| Total Budget | \$500,000 | \$500,000 | \$1,000,000 | | \$72,974,885 | \$73,165,453 | \$146,140,338 | |

Agency Issues

Public Availability of Access

The proposed executive budget requests that the legislature increase funding for the Hunter Access Enhancement program (otherwise known as block management) and the private land fishing program. Both of the programs provide access to hunters and anglers that may not otherwise be available. The landowner is provided monetary, licensure, or other benefits in exchange for access. Oversight for the programs is provided by the Private Lands/Public Wildlife (PL/PW) council

The term access infers that the public has the right to get to a certain piece of land to use in accordance with the terms negotiated between the landowner and the department. However, to get to a certain piece of land, the hunter or angler needs to know that the access exists. The department's web site does not contain descriptions of available areas, maps, guidance, and the like. Instead, the public needs to contact the regional offices to obtain information regarding the current year's block management opportunities.

Option:

Since public funds pay for the access, the legislature may wish to consider establishing policy regarding informing the public of access opportunities through the block management program and the private lands fishing access program. This could be accomplished by:

- Requiring general descriptions of block management or private land fishing program opportunities by region on the department's website with instructions for obtaining directions, maps and access
- Directing the department to work with the Private Lands/Public Wildlife (PL/PW) council to improve access to block management and private information with an emphasis on electronic media

General Fund Request

The executive proposed budget contains general fund to provide match for the state wildlife grant (SWG) programs within the Fisheries and Wildlife Divisions. State wildlife grants are provided by the US Fish and Wildlife Service to develop and implement programs for the benefit of wildlife and their habitat, including species that are not hunted or fished. This funding can be used for purchasing land or conservation easements. Each state with a Comprehensive Wildlife Conservation Plan (the plan) is eligible to receive a grant based upon a land mass/population formula. There are also competitive grants that the state may apply for. The SWG grant requires a 1:1 match. The executive is requesting \$500,000 one-time only general fund each year of the biennium to assist the Fisheries and Wildlife Divisions in meeting match requirements. A similar one-time only request was approved by the 2007 Legislature that resulted in \$450,326 of general fund expenditures in FY 2008.

The SWG program was reviewed as part of the Legislative Finance Committee's performance initiative. The department was able to provide information regarding the activities completed with state wildlife grants, such as riparian restoration activities in the Big Hole, prairie dog, reptile and bat surveys as well as conservation planning efforts. The department was unable to provide information regarding population improvement for the species of concern. The workgroup of the Legislative Finance Committee suggested that the appropriation sub-committee review this program as part of the budget deliberations process.

As part of the deliberations, the legislature may wish to: 1) discuss goals and measureable objectives that would articulate and then track the success of the program and 2) consider restricting the appropriation. The executive request limits the general fund authority to the biennium, but does not restrict the authority to just the SWG program. Without this restriction, the agency could move the authority to another program for another purpose and not violate state law. If the legislature wants to assure that this funding is used for the SWG program, the legislature should consider restricting the appropriation for that purpose.

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|-------------------------------|--------------------|---------------------|--------------------|--------------------|-----------------------|-----------------------|--------------------|-------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 35.00 | 35.00 | 39.50 | 39.50 | 35.00 | 39.50 | 4.50 | 12.86% |
| Personal Services | 2,254,989 | 2,405,825 | 2,683,861 | 2,693,055 | 4,660,814 | 5,376,916 | 716,102 | 15.36% |
| Operating Expenses | 1,694,064 | 1,804,930 | 1,941,988 | 1,938,725 | 3,498,994 | 3,880,713 | 381,719 | 10.91% |
| Equipment & Intangible Assets | 28,172 | 24,500 | 53,172 | 53,172 | 52,672 | 106,344 | 53,672 | 101.90% |
| Grants | 69,389 | 69,389 | 69,389 | 69,389 | 138,778 | 138,778 | 0 | 0.00% |
| Total Costs | \$4,046,614 | \$4,304,644 | \$4,748,410 | \$4,754,341 | \$8,351,258 | \$9,502,751 | \$1,151,493 | 13.79% |
| State Special | 3,922,115 | 4,145,092 | 4,617,280 | 4,622,253 | 8,067,207 | 9,239,533 | 1,172,326 | 14.53% |
| Federal Special | 124,499 | 159,552 | 131,130 | 132,088 | 284,051 | 263,218 | (20,833) | (7.33%) |
| Total Funds | \$4,046,614 | \$4,304,644 | \$4,748,410 | \$4,754,341 | \$8,351,258 | \$9,502,751 | \$1,151,493 | 13.79% |

Program Description

Information Services provides information technology and information management services to the entire department including, network creation and administration, hardware and off-the-shelf software procurement and configuration, support of automated license sales and drawings, intranet and internet communications, software development, deployment and support, and all database management.

Program Highlights

| Information Services Division Major Program Highlights | |
|---|--|
| <ul style="list-style-type: none"> ◆ The biennial budget would increase by 13 percent if the executive proposal is adopted due to statewide adjustments and core technology replacement ◆ The statewide present law adjustments account for 93 percent of the budget increase. ◆ The executive seeks to convert contract services to employees and modified FTE to permanent FTE | |
| Major LFD Issues | |
| <ul style="list-style-type: none"> ◆ The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success | |

Program Narrative

2009 Biennium Monitored Goals and Objectives

The Legislative Finance Committee selected the following goal to monitor during the 2009 interim

- Develop, recruit and retain a productive information service workforce
 - Create a progression model within each information services job code during the 2009 biennium
 - Create additional strategies by January 1, 2009 design to recruit and retain quality staff
 - Identify all skill-set deficiencies, and develop a training plan and schedule that will allow cross training and individual development
 - Provide for research and development efforts to remain abreast of emerging technologies that might best serve FWP programs and customers

Success: The department reported significant progress on each objective, except the last one. The division did provide pay adjustments within the progression models developed. At the last performance measurement report, the division was unable to state whether the pay adjustments made any difference in retaining qualified staff.

LFD COMMENT The legislature may wish to receive an update on this goal to ensure that retention efforts are working.

2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The Legislative Fiscal Division recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

- Enhance security and continuity of operations across all mission critical areas
- Develop standard approaches to field data collection analysis, data storage, data dissemination and reporting.

LFD ISSUE Strategic priorities submitted

The department provided two strategic priorities as program goals. These priorities are not aligned with any specific goal of the program. The 2008 Strategic Plan relates this priority to six goals of the Information Services Division. The legislature may wish to discuss with the agency submit appropriately formatted goals and objectives in order to properly align resources to a strategic plan.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

| Program Funding Table Information Services Division | | | | | | |
|--|-----------------|----------------------|-------------------|------------------------|-------------------|------------------------|
| Program Funding | Base FY 2008 | % of Base FY 2008 | Budget FY 2010 | % of Budget FY 2010 | Budget FY 2011 | % of Budget FY 2011 |
| 02000 Total State Special Funds | \$ 3,922,115 | 96.9% | \$ 4,617,280 | 97.2% | \$ 4,622,253 | 97.2% |
| 02409 General License | 3,901,115 | 96.4% | 4,596,292 | 96.8% | 4,601,266 | 96.8% |
| 02411 State Parks Miscellaneous | 21,000 | 0.5% | 20,988 | 0.4% | 20,987 | 0.4% |
| 03000 Total Federal Special Funds | 124,499 | 3.1% | 131,130 | 2.8% | 132,088 | 2.8% |
| 03097 Fedl Fish(W/B) Wildlife(P/R) | 10,220 | 0.3% | 10,214 | 0.2% | 10,214 | 0.2% |
| 03403 Misc. Federal Funds | 114,279 | 2.8% | 120,916 | 2.5% | 121,874 | 2.6% |
| Grand Total | \$ 4,046,614 | 100.0% | \$ 4,748,410 | 100.0% | \$ 4,754,341 | 100.0% |

The division receives 97 percent of its funding from the general license account. The remaining funding is from federal grants to provide additional support to the licensing system.

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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 4,046,614 | 4,046,614 | 8,093,228 | 85.17% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 648,096 | 657,727 | 1,305,823 | 13.74% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 53,700 | 50,000 | 103,700 | 1.09% |
| New Proposals | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| Total Budget | \$0 | \$0 | \$0 | | \$4,748,410 | \$4,754,341 | \$9,502,751 | |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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.

| | -----Fiscal 2010----- | | | | | -----Fiscal 2011----- | | | | |
|---|-----------------------|--------------|-----------------|-----------------|------------------|-----------------------|--------------|-----------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 262,702 | | | | | 272,167 |
| Vacancy Savings | | | | | (100,707) | | | | | (101,088) |
| Inflation/Deflation | | | | | 5,337 | | | | | 5,884 |
| Fixed Costs | | | | | 480,764 | | | | | 480,764 |
| Total Statewide Present Law Adjustments | | | | | \$648,096 | | | | | \$657,727 |
| DP 101 - Information Services, Contracted Services to FTE | 3.00 | 0 | 0 | 0 | 0 | 3.00 | 0 | 0 | 0 | 0 |
| DP 102 - Information Services, Modified FTE | 1.50 | 0 | 0 | 0 | 0 | 1.50 | 0 | 0 | 0 | 0 |
| DP 103 - Core Technology Replacement | 0.00 | 0 | 53,700 | 0 | 53,700 | 0.00 | 0 | 50,000 | 0 | 50,000 |
| Total Other Present Law Adjustments | 4.50 | \$0 | \$53,700 | \$0 | \$53,700 | 4.50 | \$0 | \$50,000 | \$0 | \$50,000 |
| Grand Total All Present Law Adjustments | | | | | \$701,796 | | | | | \$707,727 |

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** - The Information Services Division has an entry target market of 80 percent with exceptions provided at times to allow for recruitments. The current market rate in relation to the 2008 market survey is 92 percent
- o **Vacancy** -
 - The division continues to have difficulty recruiting and retaining a web master. Stability in other staffing areas has improved
 - The division has addressed difficult positions through strategic lump sum payments, pay exceptions and flexible hours
- o **Legislatively applied vacancy savings** - The division used normal staff turnover to manage to the 4.0 percent legislatively applied vacancy savings rate. The division achieved some of the saving due to the need to post positions multiple times prior to achieving a qualified applicant pool

o **Pay Changes -**

- Funds were not transferred from other budgeted expenditure categories. All pay changes were completed with excess vacancy savings and the 0.6 percent discretionary pay appropriation
- Seventy percent of the division's workforce received adjustments outside HB 13. The majority of the adjustments were provided for achieving milestones within established progression models. The average adjustment amount was 6 percent
- Thirty percent of the division's workforce received only the statutory pay increase provided for in HB 13

- o **Retirements -** The division anticipates 4 employees would be eligible for full retirement in the 2011 biennium and these retirements would result in about \$94,422 in unfunded compensated absence liability

DP 101 - Information Services, Contracted Services to FTE - The executive would redirect operations authority currently utilized for contracted services to personal services in order to establish 3.00 FTE. During the base year the division utilized contracted staff for day-to-day development and support work. This request would convert contract services into permanent FTE.

**LFD
COMMENT**

This decision package will reduce general operations funding within the division by \$183,516 each year of the biennium and increase personal services by a like amount. The reduction in operations is not specifically applied to contracted services.

DP 102 - Information Services, Modified FTE - This decision package requests conversion of 1.50 modified FTE to permanent FTE.

**LFD
COMMENT**

The Governor's budget office approved the modified FTE during the interim. The authority was transferred from the Management and Finance Division to the Information Services Division's base budget. Therefore authority is available, but the FTE do not have continuing status.

DP 103 - Core Technology Replacement - The executive is requesting authority to replace aging core information technology infrastructure in FWP facilities. This would expand state network use and services to three area offices located in Dillon, Thompson Falls, and Conrad.

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|-------------------------------|--------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|--------------------|-------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 46.05 | 46.05 | 46.05 | 46.05 | 46.05 | 46.05 | 0.00 | 0.00% |
| Personal Services | 2,194,034 | 2,419,894 | 2,450,182 | 2,460,664 | 4,613,928 | 4,910,846 | 296,918 | 6.44% |
| Operating Expenses | 7,356,717 | 7,429,483 | 8,390,429 | 8,457,121 | 14,786,200 | 16,847,550 | 2,061,350 | 13.94% |
| Equipment & Intangible Assets | 35,476 | 6,458 | 35,476 | 35,476 | 41,934 | 70,952 | 29,018 | 69.20% |
| Grants | 30,682 | 30,681 | 30,682 | 30,682 | 61,363 | 61,364 | 1 | 0.00% |
| Benefits & Claims | 4,850 | 6,188 | 4,850 | 4,850 | 11,038 | 9,700 | (1,338) | (12.12%) |
| Total Costs | \$9,621,759 | \$9,892,704 | \$10,911,619 | \$10,988,793 | \$19,514,463 | \$21,900,412 | \$2,385,949 | 12.23% |
| State Special | 9,159,392 | 9,413,644 | 10,419,504 | 10,485,062 | 18,573,036 | 20,904,566 | 2,331,530 | 12.55% |
| Federal Special | 462,367 | 479,060 | 492,115 | 503,731 | 941,427 | 995,846 | 54,419 | 5.78% |
| Total Funds | \$9,621,759 | \$9,892,704 | \$10,911,619 | \$10,988,793 | \$19,514,463 | \$21,900,412 | \$2,385,949 | 12.23% |

Program Description

The Field Services Division provides services in five areas.

- o The Landowner Sportsman Relations Unit and Block Management Program: 1) establishes and maintains communications with users, resource-based organizations, and individuals; 2) administers the Livestock Loss Reimbursement Program; and 3) administers the Block Management Program, which provides recreational access on private property
- o The Game Damage Program provides assistance to landowners in minimizing impacts of game animals to property and crops
- o The Design and Construction Bureau provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas
- o The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department
- o The Land Unit is responsible for the real estate functions of the department, including the preparation of conservation easement terms and amendments, acquisition and disposal of real estate and real property, and management of all permanent land records

Program Highlights

| Field Services Program Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> ◆ The biennial budget would increase by 12 percent if the executive proposal was adopted due to base adjustments for the block management program ◆ The executive is seeking a \$1.7 million increase in the block management program ◆ An increase in aircraft rates is requested to cover the cost of operating department aircraft |
| Major LFD Issues |
| <ul style="list-style-type: none"> ◆ The intent of the block management program may not be being met ◆ The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success |

Program Narrative

2009 Biennium Monitored Goals and Objectives

The Legislative Finance Committee selected the following goals to monitor during the 2009 interim:

- Work with private landowners to ensure delivery of the habitat conservation benefits and associated public recreational opportunities acquired through FWP conservation easements
 - Monitor all conservation easements annually, completing field monitoring no later than October 15 of each year
 - Review easement monitoring reports with appropriate division staff (Wildlife, Fish or Parks), and send the reports and cover letters to all landowners no later than December 15 of each year

Comment: The department was unable to hire a land steward until FY 2009. This placed the project behind schedule and the original objectives provided to the 2007 Legislature were renegotiated with the workgroup of the Legislative Finance Committee. The legislature may wish to inquire where the program is in relation to the renegotiated objectives.

- Build and maintain a good working relationship among Montana's landowners, hunters and FWP staff
 - To annually provide at least 400,000 hunter days on at least 8.5 million acres of land enrolled in block management
 - Complete the administrative process for all reimbursement claims on livestock loss within 30 days of receiving the claim
 - Respond to all game damage complaints within 48 hours and document response and outcomes within 30 days of the complaint being made

| | |
|--------------------|---|
| LFD COMMENT | The department reported statistics for the 2006 hunting season (FY 2007) of 439,276 hunter days on 8.3 million acres enrolled in block management. Reimbursement claims and complaints were handled within the above time frames 95 percent of the time. The legislature may wish to receive an update on this goal as FY 2008 and FY 2009 statistics should be available and a significant request is being made to expand the hunter access management program. |
|--------------------|---|

2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The Legislative Fiscal Division recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

- Maintain or enhance FWP's Access programs to ensure access on private and public lands.

| | |
|------------------|---|
| LFD ISSUE | <p>Strategic priorities submitted</p> <p>The department provided a strategic priority as the program goal. This priority is not aligned with any specific goal of the program. The 2008 Strategic Plan relate this priority to six goals of access under the Wildlife Division. This strategy does not demonstrate what the department intends to achieve with one or more of the multiple access programs managed by the division. The reader has no indication if the department seeks to measure success in resident participation in access programs or by acres of access or by some other measurement. The legislature may wish to discuss with the agency appropriately formatted goals and objectives in order to properly align resources to a strategic plan.</p> |
|------------------|---|

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

| Program Funding | | Base FY 2008 | % of Base FY 2008 | Budget FY 2010 | % of Budget FY 2010 | Budget FY 2011 | % of Budget FY 2011 |
|-----------------|------------------------------------|-----------------|----------------------|-------------------|------------------------|-------------------|------------------------|
| 02000 | Total State Special Funds | \$ 9,159,392 | 95.2% | \$ 10,419,504 | 95.5% | \$ 10,485,062 | 95.4% |
| | 02334 Market Based Combo Sales | 5,497,696 | 57.1% | 6,596,653 | 60.5% | 6,609,951 | 60.2% |
| | 02408 Coal Tax Trust Account | 36,790 | 0.4% | 36,760 | 0.3% | 36,757 | 0.3% |
| | 02409 General License | 3,559,821 | 37.0% | 3,713,107 | 34.0% | 3,762,760 | 34.2% |
| | 02469 Habitat Trust Interest | 65,085 | 0.7% | 72,984 | 0.7% | 75,594 | 0.7% |
| 03000 | Total Federal Special Funds | 462,367 | 4.8% | 492,115 | 4.5% | 503,731 | 4.6% |
| | 03097 Fedl Fish(W/B) Wildlife(P/R) | 462,367 | 4.8% | 492,115 | 4.5% | 503,731 | 4.6% |
| Grand | Total | \$ 9,621,759 | 100.0% | \$ 10,911,619 | 100.0% | \$ 10,988,793 | 100.0% |

The Field Services Division’s primary funding sources are portions of the variable-rate hunting licenses and the general license account. These sources provide funding for the hunting access enhancement and hunter management program within the block management program. Lesser amounts come from the Coal Tax Trust interest and Wildlife Habitat Trust interests. Federal funding consists of Pitman-Robertson funds derived from excise taxes on sporting fire arms and ammunition. This funding requires a minimum match of 25 percent that is provided by license revenues.

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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 9,621,759 | 9,621,759 | 19,243,518 | 87.87% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 315,570 | 333,247 | 648,817 | 2.96% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 974,290 | 1,033,787 | 2,008,077 | 9.17% |
| New Proposals | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| Total Budget | \$0 | \$0 | \$0 | | \$10,911,619 | \$10,988,793 | \$21,900,412 | |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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.

| | -----Fiscal 2010----- | | | | | -----Fiscal 2011----- | | | | |
|--|-----------------------|--------------|------------------|-----------------|--------------------|-----------------------|--------------|--------------------|-----------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Present Law Adjustments | | | | | | | | | | |
| Personal Services | | | | | 358,238 | | | | | 369,159 |
| Vacancy Savings | | | | | (102,090) | | | | | (102,529) |
| Inflation/Deflation | | | | | 71,428 | | | | | 78,623 |
| Fixed Costs | | | | | (12,006) | | | | | (12,006) |
| Total Statewide Present Law Adjustments | | | | | \$315,570 | | | | | \$333,247 |
| DP 201 - Block Management | 0.00 | 0 | 850,000 | 0 | 850,000 | 0.00 | 0 | 850,000 | 0 | 850,000 |
| DP 202 - Taxes and Leases | | 0 | 75,126 | 19,865 | 94,991 | 0.00 | 0 | 118,342 | 30,949 | 149,291 |
| DP 203 - Game Damage Herders | 0.00 | 0 | 23,000 | 0 | 23,000 | 0.00 | 0 | 23,000 | 0 | 23,000 |
| DP 204 - Aircraft Rate Adjustment | 0.00 | 0 | 6,299 | 0 | 6,299 | 0.00 | 0 | 11,496 | 0 | 11,496 |
| Total Other Present Law Adjustments | 0.00 | \$0 | \$954,425 | \$19,865 | \$974,290 | 0.00 | \$0 | \$1,002,838 | \$30,949 | \$1,033,787 |
| Grand Total All Present Law Adjustments | | | | | \$1,289,860 | | | | | \$1,367,034 |

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Market Rate** - The current market rate in relation to the 2008 market survey is 92 percent; this is down from 101 percent of the 2006 market survey
- **Vacancy** - The division did not report any issue associated with long term or frequent vacancies
- **Legislatively applied vacancy savings** - The division used normal staff turnover to manage to the 4.0 percent legislatively applied vacancy savings rate. Eliminating the impact of vacancy savings, the division under spent its personal services authority by 1.7 percent
- **Pay Changes** -
 - All pay changes were completed with excess vacancy savings and the 0.6 percent discretionary funding from HB 13. Funds were not transferred from other budgeted expenditure categories
 - Pay increases averaging 6.9 percent were provided to employees for achieving milestones within established pay progression models
 - One strategic pay increase was provided for retention purposes
- **Retirements** - The division anticipates 6 employees would be eligible for full retirement in the 2011 biennium and these retirements would result in about \$78,176 in unfunded compensated absence liability

DP 201 - Block Management - The executive is requesting increased base spending authority for the hunting access enhancement program of \$850,000 in each of FY10 and FY11. This would be funded with state special revenue from the outfitter-sponsored non-resident big game combination license (B-10) and non-resident deer combination licenses (B-11). These licenses are set at a market rate intended to sell as close to but not more than an average of 5,500 B-10 licenses and 2,300 B-11 licenses each year, calculated over a 5 year period. As demand for the licenses increase so has the cost per license creating additional revenues for this program.

**LFD
ISSUE**

Is the intent of block management being met?

The department has three programs for access: Block Management for private lands access, Access Montana for public land access, and Special Access to address regional, species specific issues. For each program landowners are provided benefits for participation, including cash payments, assistance with hunter management, free licenses, and others. In addition, all programs have been funded through variable priced licensing as managed by the FWP Commission. The Private Lands/Public Wildlife (PL/PW) Council has statutory oversight of the access programs.

The block-management was significantly expanded in 1995 with the passage and approval of HB 195. The legislature stated, in the language of the bill, its intent for the program including:

- Optimizing hunting opportunity
- Minimizing administrative costs
- Providing benefits to participating landowners

While partial achievement has been made, particularly with landowner benefits, it is not easy to determine if optimal opportunity with minimal administrative costs has been achieved, as the terms were not clearly defined. This is evidenced by program statistics that demonstrate changes in the characteristics of the block management program, including:

- Average cost of an acre of access
 - FY 2004 - \$5.5 million was spent to secure 8.8 million acres at a cost of \$0.64 per acre
 - FY 2006 - \$5.6 million was spent to secure 8.5 million acres at a cost of \$0.66 per acre
 - FY 2008 - \$6.3 million was spent to secure 8.1 million acres at a cost of \$0.78 per acre
- Ratio of landowner payments to total costs
 - FY 2004 - \$3.6 million was paid out to landowners or 72 percent of total expenditures
 - FY 2006 - \$3.6 million was paid out to landowners or 64 percent of total expenditures
 - FY 2008 - \$3.9 million was paid out to landowners or 50 percent of the total expenditures
- Historical change in the number and ownership of access acres
 - FY 2004 - 7.1 million acres of private land were enrolled
 - FY 2006 - 6.9 million acres of private land were enrolled
 - FY 2008 - 6.6 million acres of private land were enrolled

This data tells a story of a program that has over the past three biennia enrolled fewer acres at a higher cost. This data requires a dialogue regarding the story behind the numbers. The story would answer the questions that the data drives. For example, why is there a 0.5 million acre decline in enrolled private land in the last four years? Why is the cost per acre growing at a 25 percent rate over the past four years? Why is the landowner payment expense declining? Does the data represent minimal program administration expense?

The executive is seeking to increase the base budget of this program for the third biennium in a row. The legislature may wish to have a discussion with the program regarding the status of the program, and to determine what incremental benefits should be derived from adding an additional \$850,000 per year into the program. From this discussion, the legislature may wish to establish measures for the hunting access management program to determine its effectiveness in relationship to the costs expended. This can be done through one or more of the following:

- Request legislation to amend the responsibilities of the Private Lands/Public Wildlife Council to determine appropriate measurement criteria and subsequent reporting requirements
- Request legislation to establish specific measurement criteria, reporting, and interim review responsibility in statute
- Request a resolution to direct an interim committee to establish measurement criteria, and subsequent reporting

LFD ISSUE Revenues are not dedicated in statute –
 Although the intention is clear that the revenues of the variable priced B-10 and B-11 licenses were to support the hunting access programs, that intention was not codified. Therefore, the legislature could choose to fund the program in an alternative manner, or use a portion of proceeds for some other function. The legislature may wish to request legislation to establish in statute the dedication of the revenue derived from the variable priced license to support the hunting access enhancement program.

DP 202 - Taxes and Leases - This proposal would increase budget authority to cover tax liabilities for department lands and continue adjustments based upon the current rate of increase in tax payments for FY 2010 and FY 2011.

Comment: By statute, 87-1-603, MCA, the department does not make tax payments to counties where it owns less than 100 acres or on lands used for game or bird farms, state parks, or fish hatcheries.

DP 203 - Game Damage Herders - The executive is requesting to restore \$23,000 in operations to the game damage program. The program hires local area ranch hands as short term workers under a modified level FTE to herd game animals away from crops and stored hay/grain as a means to mitigate game damage on private property in certain locations.

DP 204 - Aircraft Rate Adjustment - The executive is requesting additional authority for department aircraft rental. Program staff who utilize department aircraft are assessed a fee for the hours flown. All rental revenue generated is used to maintain those aircraft.

Proprietary Program

Aircraft Operation

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year.

| FWP Aircraft Operations - Proposed Budget | | | | | |
|---|------------------|-----------------------|------------------|-----------------------|------------------|
| | Base | FY2010 Adjustments | FY2010 Total | FY2010 Adjustments | FY2010 Total |
| 62100 Other Services | 48,302 | 13,521 | 61,823 | 17,213 | 65,515 |
| 62200 Supplies & Materials | 63,043 | 12,368 | 75,411 | 14,196 | 77,239 |
| 62300 Communications | 2,327 | 0 | 2,327 | 0 | 2,327 |
| 62400 Travel | 1,677 | 139 | 1,816 | 152 | 1,829 |
| 62500 Rent | 15,431 | 0 | 15,431 | 0 | 15,431 |
| 62600 Utilities | 7,129 | 217 | 7,346 | 234 | 7,363 |
| 62700 Repair & Maintenance | 246,128 | 0 | 246,128 | 0 | 246,128 |
| 62800 Other Expenses | 616 | 0 | 616 | 0 | 616 |
| Total Costs | <u>\$384,653</u> | <u>\$26,245</u> | <u>\$410,898</u> | <u>\$31,795</u> | <u>\$416,448</u> |

Proprietary Program Description

The department maintains and operates a fleet of aircraft available to department employees to conduct business. This may include aerial assessments, animal survey work, and employee transportation. Programs are billed on a monthly basis for hours flown during the previous month.

Funding

The FWP aircraft program is funded entire with internal service type proprietary funds. Because proprietary funds are not appropriated, they are not typically included in appropriation tables. Instead, the legislature approves the hourly rates

charged that support the revenues for the program. The hourly rate charge approved in the general appropriations act is the maximum charge that may be charged during the biennium.

All programs who utilized department aircraft have a present law adjustment in the proposed budgets to account for the proposed hourly rate. If the rate approved by the legislature is different than the rate proposed, program budgets will need to be adjusted accordingly to maintain alignment with decisions made for this program.

Program Narrative

The revenues for this program are based on the amount of hours flown. In FY 2008, 1,100 miles were flown in department aircraft. Revenues to the fund are dependent upon aircraft utilization.

The expenditures from the fund are the operational costs associated with aircraft flight, except for the personal service costs of the pilots. The largest cost is aircraft maintenance, followed by insurance and fuel. Inflation for fuel for FY 2010 and FY 2011 are 19.87 percent and 22.7 percent respectively. This is the same inflation factors used in the executive budget.

| 2011 Biennium Report on Internal Services Funds | | | | |
|---|------------|------------|------------|-----------|
| Aircraft Operations | | | | |
| | Actual | Budgeted | Projected | Projected |
| | 2008 | 2009 | 2010 | 2011 |
| Beginning Working Capital Balance | \$79,307 | (\$52,123) | (\$30,951) | \$46,322 |
| Operating Expenses | 412,573 | 345,780 | 363,069 | 381,222 |
| Operating Revenues | | | | |
| Revenue from Fees | 300,774 | 366,952 | 440,342 | 528,411 |
| Other Revenues | 0 | 0 | 0 | 0 |
| Total Operating Revenues | 300,774 | 366,952 | 440,342 | 528,411 |
| Operating Gain (Loss) | (111,799) | 21,172 | 77,273 | 147,189 |
| Transfers In (Out) | (19,631) | | | |
| Ending Working Capital Balance | (\$52,123) | (\$30,951) | \$46,322 | \$193,511 |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “State wide Present Law” adjustments are standard categories of adjustments made to all agencies.

The statewide present law adjustment represents inflationary adjustment for insurance and fuel.

| FWP Aircraft Operations - Present Law Adjustments | | | | |
|---|---------|----------|---------|----------|
| | FY 2010 | | FY 2011 | |
| | FTE | Costs | FTE | Costs |
| PL 000 Statewide Adjustments | 0.0 | \$26,245 | 0.0 | \$31,795 |

Proprietary Rates

For the 2011 biennium the following rates would be general revenue commensurate with the costs as presented in the executive budget proposal.

| FWP Aircraft Operations - Proposed Hourly Rates | | | | |
|---|--------|--------|----------|----------|
| Aircraft | Actual | Actual | Proposed | Proposed |
| | 2008 | 2009 | 2010 | 2011 |
| Two place single engine | 75.05 | 90.06 | 108.07 | 129.69 |
| Partnavia | 357.34 | 428.80 | 514.56 | 617.47 |
| Turbine Helicopters | 417.46 | 480.08 | 576.10 | 691.32 |

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|--------------------|-------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 145.44 | 145.44 | 147.19 | 147.19 | 145.44 | 147.19 | 1.75 | 1.20% |
| Personal Services | 7,430,128 | 8,276,048 | 8,398,945 | 8,422,322 | 15,706,176 | 16,821,267 | 1,115,091 | 7.10% |
| Operating Expenses | 4,894,962 | 4,767,946 | 5,335,892 | 5,366,102 | 9,662,908 | 10,701,994 | 1,039,086 | 10.75% |
| Equipment & Intangible Assets | 336,001 | 321,397 | 336,001 | 336,001 | 657,398 | 672,002 | 14,604 | 2.22% |
| Capital Outlay | 0 | 0 | 55,000 | 55,000 | 0 | 110,000 | 110,000 | n/a |
| Grants | 0 | 70,000 | 0 | 0 | 70,000 | 0 | (70,000) | (100.00%) |
| Total Costs | \$12,661,091 | \$13,435,391 | \$14,125,838 | \$14,179,425 | \$26,096,482 | \$28,305,263 | \$2,208,781 | 8.46% |
| General Fund | 0 | 0 | 250,000 | 250,000 | 0 | 500,000 | 500,000 | n/a |
| State Special | 4,855,689 | 5,084,194 | 5,412,840 | 5,435,245 | 9,939,883 | 10,848,085 | 908,202 | 9.14% |
| Federal Special | 7,805,402 | 8,351,197 | 8,462,998 | 8,494,180 | 16,156,599 | 16,957,178 | 800,579 | 4.96% |
| Total Funds | \$12,661,091 | \$13,435,391 | \$14,125,838 | \$14,179,425 | \$26,096,482 | \$28,305,263 | \$2,208,781 | 8.46% |

Program Description

The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program:

1. Operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited;
2. Regulates angler harvests;
3. Monitors fish populations; and
4. Provides and maintains adequate public access.

Program Highlights

| Fisheries Division Major Program Highlights |
|---|
| <ul style="list-style-type: none"> ◆ The biennial budget would increase by 8 percent if the executive proposal was adopted due to statewide present law adjustments ◆ The executive is seeking to fund the aquatic nuisance species program with general license and federal funds since other funding sources are no longer feasible ◆ The executive is seeking one-time only authority of \$0.5 million general fund for the State Fisheries Program |
| Major LFD Issues |
| <ul style="list-style-type: none"> ◆ The executive did not propose a solution to the funding problem at Fort Peck Hatchery ◆ The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success |

Program Narrative

2009 Biennium Monitored Goals and Objectives

The Legislative Finance Committee selected the following goals to monitor during the 2009 interim

- Provide a diversity of quality angling opportunities through management of self-sustaining wild fisheries and the responsible use of hatchery reared fish
 - Maintain number of angler days spent fishing in Montana at 2.5 million or greater and number of fishing licenses sold at 400,000 or higher
 - Hatchery system will produce and stock 50 million sport fish annually

| | |
|--------------------|--|
| LFD COMMENT | <p>The division reported 403,205 licenses in license year 2007 and 2.4 million angler days. The hatchery system stocked 41.9 million sport fish. The division reported a decline in walleye stocking due to a cold spring</p> <ul style="list-style-type: none"> ○ Maintain existing level of public access for fishing and water-based recreation on state water and increase level of public access on selected waters <ul style="list-style-type: none"> ● Annually increase number of fishing access sites by an average of two priority sites each year ● Maintain at least 15 private land access sites through the Fishing Access Enhancement Program |
|--------------------|--|

| | |
|--------------------|--|
| LFD COMMENT | <p>The division acquired eight fishing access sites during FY 2008 and contracted with 6 landowners in the Fishing Access Enhancement Program. The executive is seeking an increase in funding for the Fishing Access Enhancement program to add at least an additional three sites. See DP 302.</p> <ul style="list-style-type: none"> ○ To continue implementation of the Montana Comprehensive Fish and Wildlife Conservation Strategy in order to actively protect and restore species and habitats in need of conservation. <ul style="list-style-type: none"> ● Limit the need to list additional species under the endangered species act (ESA) because better biological data would allow active protection and restoration of species and habitat in need of conservation ● Successfully restore and/or protect aquatic habitats identified in the plan as in need of conservation. ● Collect basic biological data about lesser know species of concern to determine their distribution, status and habitat needs in order to undertake activities that would preclude the need to list additional species under the ESA. |
|--------------------|--|

| | |
|--------------------|---|
| LFD COMMENT | <p>The division was able to provide information regarding the activities completed with state wildlife grants, but unable to provide information in regard to population improvement. That information will not be available for at least one year after the activities have occurred. The workgroup of the Legislative Finance Committee suggested that the appropriation subcommittee review this program as part of the budget deliberations process. The executive budget contains a request for one-time only general fund to provide the required match to the federal state wildlife grants. See DP 303.</p> |
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2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The Legislative Fiscal Division recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

- Complete a statewide fish management plan for sport fish, native fish, warm water fish and species of concern and in need of special management
- Resolve funding shortfall and limits on operations at Fort Peck Hatchery

| | |
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| LFD ISSUE | Strategic priorities submitted |
| | The department provided a number of strategic priorities as program goals. The above two serve as a sample. These priorities are not aligned with any specific goal of the program. The 2008 Strategic Plan relates this priority to two goals of the Fisheries Management Program. The legislature may wish to discuss with the agency appropriately formatted goals and objectives in order to properly align resources to a strategic plan. |

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

| Program Funding | Base FY 2008 | % of Base FY 2008 | Budget FY 2010 | % of Budget FY 2010 | Budget FY 2011 | % of Budget FY 2011 |
|------------------------------------|----------------------|----------------------|----------------------|------------------------|----------------------|------------------------|
| 01000 Total General Fund | \$ - | - | \$ 250,000 | 1.8% | \$ 250,000 | 1.8% |
| 01100 General Fund | - | - | 250,000 | 1.8% | 250,000 | 1.8% |
| 02000 Total State Special Funds | 4,855,689 | 38.4% | 5,412,840 | 38.3% | 5,435,245 | 38.3% |
| 02051 Private Contracts & Grants | - | - | - | - | - | - |
| 02148 Paddlefish Roe Account | 24,939 | 0.2% | 24,939 | 0.2% | 24,939 | 0.2% |
| 02409 General License | 4,429,795 | 35.0% | 4,970,246 | 35.2% | 4,991,018 | 35.2% |
| 02942 Warm Water Fish Stamp | 400,955 | 3.2% | 417,655 | 3.0% | 419,288 | 3.0% |
| 03000 Total Federal Special Funds | 7,805,402 | 61.6% | 8,462,998 | 59.9% | 8,494,180 | 59.9% |
| 03097 Fedl Fish(W/B) Wildlife(P/R) | 5,069,129 | 40.0% | 5,632,072 | 39.9% | 5,656,833 | 39.9% |
| 03129 Usfws Section 6 | - | - | - | - | - | - |
| 03403 Misc. Federal Funds | 2,218,043 | 17.5% | 2,313,835 | 16.4% | 2,320,369 | 16.4% |
| 03408 State Wildlife Grants | 518,230 | 4.1% | 517,091 | 3.7% | 516,978 | 3.6% |
| Grand Total | \$ 12,661,091 | 100.0% | \$ 14,125,838 | 100.0% | \$ 14,179,425 | 100.0% |

The division is funded with 60 percent federal revenues, the largest source of which is the Wallup-Breaux program for sport fish restoration. Excise taxes on fishing rods, reels, creels, lures, flies, and artificial bait provide funding for the program. General license dollars contribute 35 percent of the division’s funding and are used for fish restoration and hatchery support. The balance of the funding is from the warm water fish stamp earmarked for the operations of the Fort Peck Hatchery, and the federally funded state wildlife grant program.

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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 12,661,091 | 12,661,091 | 25,322,182 | 89.46% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 1,013,087 | 1,057,639 | 2,070,726 | 7.32% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 35,897 | 44,888 | 80,785 | 0.29% |
| New Proposals | 250,000 | 250,000 | 500,000 | 100.00% | 415,763 | 415,807 | 831,570 | 2.94% |
| Total Budget | \$250,000 | \$250,000 | \$500,000 | | \$14,125,838 | \$14,179,425 | \$28,305,263 | |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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.

| | -----Fiscal 2010----- | | | | | -----Fiscal 2011----- | | | | |
|--|-----------------------|--------------|-----------------|-----------------|--------------------|-----------------------|--------------|-----------------|-----------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Present Law Adjustments | | | | | | | | | | |
| Personal Services | | | | | 1,224,221 | | | | | 1,248,539 |
| Vacancy Savings | | | | | (346,167) | | | | | (347,152) |
| Inflation/Deflation | | | | | 154,688 | | | | | 175,907 |
| Fixed Costs | | | | | (19,655) | | | | | (19,655) |
| Total Statewide Present Law Adjustments | | | | | \$1,013,087 | | | | | \$1,057,639 |
| DP 302 - Private Lands Fishing Access | 0.00 | 0 | 25,000 | 0 | 25,000 | 0.00 | 0 | 25,000 | 0 | 25,000 |
| DP 304 - Aircraft Rate Adjustment | 0.00 | 0 | 5,666 | 5,231 | 10,897 | 0.00 | 0 | 10,342 | 9,546 | 19,888 |
| Total Other Present Law Adjustments | 0.00 | \$0 | \$30,666 | \$5,231 | \$35,897 | 0.00 | \$0 | \$35,342 | \$9,546 | \$44,888 |
| Grand Total All Present Law Adjustments | | | | | \$1,048,984 | | | | | \$1,102,527 |

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- o **Market Rate** - The Fisheries Division has an entry target market of 80 percent without exceptions. The current market rate in relation to the 2008 market survey is 88 percent
- o **Vacancy** -
 - The division reports difficulties in recruiting fisheries biologists due pay issues
 - The division worked with the Department of Administration to re-evaluate the salary survey to assure equitable comparison to other states. This will result in an increase when the 2008 market was adopted
- o **Legislatively applied vacancy savings** - The division used normal staff turnover to manage to the 4.0 percent legislatively applied vacancy savings rate. The division achieved some of the saving due to the longer than anticipated time to fill open positions
- o **Pay Changes** -
 - Funds were not transferred from other budgeted expenditure categories. All pay changes were completed with excess vacancy savings and the 0.6 percent discretionary pay
 - Upgrades were awarded to approximately 10 conservation aid positions. These positions were upgraded to fish technician in recognition of the appropriate job duties and skills required. The average salary adjustment was 6.6 percent
 - The division administrator, bureau chiefs, regional fish managers, fisheries biologists, and fisheries technicians were awarded pay increases pursuant to professional development/market progression models adopted for each job code. The average salary adjustment was 4.4 percent
- o **Retirements** - The division anticipates 21, or 14 percent of employees, would be eligible for full retirement in the 2011 biennium and these retirements would result in about \$490,000 in unfunded compensated absence liability

DP 302 - Private Lands Fishing Access - The executive is requesting an expansion of the Private Land Fishing Access (PLFA) program. This program reimburses landowners for costs associated with allowing public access for fishing. Current funding for this program is \$25,000 per year and this request would increase base funding to \$50,000 per year.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification:

Public demand for fishing access cannot be fully met on public lands. Funding associated with this proposal will be used to improve fishing access on private lands. Additionally, funds would be used to enhance safety along right-of-ways, assure landowner concerns on fencing, and balance private land use with public angling opportunities.

Project Outcome(s):

Increased public access opportunities on private land and reduced conflict between landowners and users.

Performance Criteria:

Success will be measured by evaluating the number of sites obtained or improved, the speed with which projects are implemented, and the time period within which they are completed. The FAS coordinator in the Parks Division will do performance monitoring.

Milestones:

Funds provided will be expended on not less than three sites before the end of FY 2010.

FTE:

The program will be implemented with existing FWP staff. There is no new FTE attached to this funding proposal.

Funding:

The source of the funding for this initiative is the general license account. Depending on the number and locations of sites where improvements may be needed, it is likely that the amount of funding will need to be increased in future fiscal years.

Challenges:

The most significant challenge will be the establishment and execution of projects in a timely, low cost manner.

Risk:

If the proposal is not adopted, the access situation will remain as status quo. As landownership changes in Montana and angler access becomes a more important issue, demand continues to rise.

| | |
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| LFD ISSUE | <p>Access should be defined</p> <p>This Private Land Fishing Access (PFLA) Program was modeled after the Hunting Access Enhancement Program. The purpose of this program is to give practical, tangible assistance to landowners who allow public access across their lands to fish streams or lakes that otherwise are not accessible. The landowners are paid for access, or are paid for the installation of parking areas, access fences, weed control, or the like based on the level of benefit provided to the fishing community. Benefits, as defined by statute (87-1-301, MCA), may include the number of days of public fishing provided by a participating landowner, fish habitat provided, or access provided to adjacent public lands. The program is funded with general license dollars, but could also be funded with the \$1.00 fishing access fee (87-1-605, MCA) paid with each fishing license.</p> <p>Statute defines this program as an access enhancement program to benefit the angling community. However, the department, through the above performance criteria, defines success as the number of sites obtained or improved. It does not define success as utilization of the site by Montana anglers. A site can be available even if the angling public does not use it or even know about it. Currently, anglers must know to contact a FWP regional field office to find these opportunities.</p> |
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| LFD ISSUE (CONT.) | <p>The issue in front of the legislature is whether to increase funding to an access program that will measure its success on the increased number of sites, not public use of such sites, particularly as the department indicates costs are likely to grow. The legislature may wish to consider one or more of the following:</p> <ul style="list-style-type: none"> o Require the department to provide performance criteria in terms of site utilization, not site availability, and a plan to report site utilization to the Private Lands/ Public Wildlife Council or the Environmental Quality Council o Restrict a portion of the appropriation for public notification of the availability of such sites on the FWP website o Establish the appropriation as one-time-only authority and require a report on program outcomes related to site utilization to be provided to the Private Lands/Public Wildlife Council or the Environmental Quality Council o Request legislation to modify statute to include electronic public notification of each PFLA opportunity |
|------------------------------|---|

DP 304 - Aircraft Rate Adjustment - The executive is requesting additional authority for department aircraft rental. Program staff who utilize department aircraft are assessed a fee for the hours flown. All rental revenue generated is used to maintain those aircraft.

New Proposals

| New Proposals | -----Fiscal 2010----- | | | | | -----Fiscal 2011----- | | | | | |
|--|-----------------------|-------------|------------------|-----------------|-----------------|-----------------------|-------------|------------------|-----------------|-----------------|------------------|
| | Program | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 301 - Invasive Species Program | 03 | 1.75 | 0 | 71,278 | 94,485 | 165,763 | 1.75 | 0 | 71,297 | 94,510 | 165,807 |
| DP 303 - State Wildlife Grants, Fisheries - Bien/OTO | 03 | 0.00 | 250,000 | 0 | 0 | 250,000 | 0.00 | 250,000 | 0 | 0 | 250,000 |
| Total | | 1.75 | \$250,000 | \$71,278 | \$94,485 | \$415,763 | 1.75 | \$250,000 | \$71,297 | \$94,510 | \$415,807 |

DP 301 - Invasive Species Program - The executive is requesting 1.75 FTE and relate authority to continue the Aquatic Nuisance Species Program (ANS) and the Weed Management Program. The current funding from the U.S Fish and Wildlife Service is declining and the Pacific State Marine Fisheries Commission funding is scheduled to end in FY 2009. The request is to replace the expiring funding with general license dollars (43 percent) and federal Pittman Robertson funds (57 percent).

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification:

This proposal implements FWP’s responsibilities under the Governor’s Weed/Invasive Species initiative and will make permanent FWP’s current Aquatic Nuisance Species Program and expand the Weed Management Program.

Weed Management Program: The spread of weeds poses a potentially serious threat to agricultural, industrial, and recreational interests in Montana. FWP leases or owns over 327 fishing access sites that are typically adjacent to agricultural lands. The program provides weed management on these properties and educates recreational users to prevent the spread of weeds. The Weed Program works with department land managers and private landowners to control and reduce the spread of weeds. This request will provide an additional \$40,000 annually to the support the program.

Aquatic Nuisance Species (ANS) Program: FWP is responsible for managing recreational opportunities for anglers and for protecting the aquatic resources and ecosystems in Montana. The current ANS program is funded with a grant from the US Fish and Wildlife Service and additional financial support from the Pacific States Marine Fisheries Commission

(PSMFC). The ANS Program is responsible for all public outreach, monitoring, and detecting of ANS in waters of the State of Montana; determining and implementing appropriate responses to ANS introductions; and coordinating with other intrastate, interstate, and national nuisance and invasive species efforts.

The USFWS funding has declined from \$75,000 in FY 2003 to \$43,000 in FY 2008, and is expected to continue to decline. PSMFC funding will end in FY 2009. By FY 2010, there will be insufficient funding to support the existing FTE needed for this program. This request will provide new base funding to support 1.75 FTE currently allocated to the ANS Program as modified FTE and provide operations to support the program.

Project Outcome(s)

Weed Management Program:

- Reduce the spread of weeds from FWP Fishing Access Sites
- Protect the integrity of fishing access sites and surrounding lands for the long-term enjoyment of anglers
- Protect adjacent landowners from weed encroachment
- Coordinate with other agencies to be proactive in preventing the spread of noxious weeds

Aquatic Nuisance Species (ANS) Program:

- Educate anglers about the spread of nuisance species. Public outreach will include: signs at all river, lake, and reservoir access sites; booths at outdoor shows; interacting one-on-one with anglers and boaters at access sites; several public presentations at special interest group meetings, universities, lake home owner associations and others; and brochures at all Fish, Wildlife and Parks offices and traveler information systems
- Coordinate with other states and agencies in an effort to be proactive in preventing and/or managing aquatic nuisance species while providing maximum recreational opportunities for angling in Montana
- Protect the aquatic resources of Montana from the introduction ANS and, if established, reduce the further spread of these organisms
- Continue the boat inspection program that was established in 2004
- Provide Hazard Analysis and Critical Control Point (HAACP) training for department personnel and other agencies.
- Continue sampling for the presence of ANS and monitoring established population as needed
- Provide ANS inspection and certification of state and private hatcheries
- Evaluate fish and egg transfers and import requests for ANS risks
- Maintain FWP's ANS website.

Performance Criteria:

Weed Management Program: Photographs and GIS mapping will document before and after weed treatment and show progress and needed follow-up measures. A 5 percent reduction of infested lands per year is sought.

Aquatic Nuisance Species (ANS) Program: Performance criteria will include numbers of angler/boater contacts made, sampling/monitoring inspections, and of presentations given on ANS-related subjects. Measurable objectives will include the production of ANS-related education materials and presentations given, meeting annual reporting requirements, and the level of prevention and spread of ANS species in Montana.

Milestones

Weed Management Program: Weed assessments will occur from May through September annually.

Aquatic Nuisance Species (ANS) Program: The 0.75 FTE will be hired in time to begin fieldwork commencing in the summer of 2009. Presentations, production of education/outreach materials, reporting, and program coordination are ongoing. Field monitoring and sampling, sample processing, and hatchery inspections and certification occur from May through September.

FTE

Weed Management Program: The weed program is administered by 1.0 FTE in the Helena Field Services Division and will not be supplemented with this request. This request will augment the existing operations budget and allow additional weed control work on fishing access sites and other department-managed lands.

Aquatic Nuisance Species (ANS) Program: The ANS program is currently managed by FTE that has been funded with several budget amendments for the past four years. The same highly qualified person will continue to manage the ANS program and will hire the most experienced seasonal field help available. The manager will coordinate with other states and agencies and will supervise statewide field sampling, monitoring, and educational programs. Seasonal field technicians will monitor/sample susceptible, suspected, or positive waters; present educational programs; and conduct laboratory analysis of field samples.

Funding

Weed Management Program: Proposed funding is from the FWP general license account (state special revenue). This is the appropriate funding source because the activities focus on weed management primarily at fishing access sites. Weeds pose a potentially serious threat to Montana's FAS resources. It is estimated that it will cost \$80,000 of FWP license funds for the 2013 biennium.

Aquatic Nuisance Species (ANS) Program: Proposed funding is from the FWP general license account (state special revenue) and the federal Wallup-Breaux for sport fish restoration and motorboat recreation. These are appropriate funding sources because the activities focus on anglers and boaters. ANS pose a potentially serious threat to Montana's fisheries. It is estimated that it will cost \$62,594 of FWP license funds and \$189,020 of WB federal funds for the 2013 biennium.

Obstacles

Weed Management Program: Weed contractor effectiveness is one issue being monitored. Most contracts are with county weed coordinators. Counties don't have staff to treat all weeds at the most opportune time. We may need to explore treating weeds with FWP staff.

Aquatic Nuisance Species (ANS) Program: There are no major obstacles to implementing this program. This funding will allow an already established successful program to continue.

Risk

Weed Management Program: Fighting weeds will be a never-ending battle. However, by maximizing our efforts year-in and year-out, we hope to keep weed invasion in check. Without this funding, we risk the spread of noxious weeds on new and existing properties.

Aquatic Nuisance Species (ANS) Program: Continuing the coordination of this program should help prevent or control the spread of nuisance species and protect Montana's riparian and aquatic resources. Without this funding, efforts such as ANS monitoring in the Noxon Reservoir in 2007 that resulted in the discovery of Eurasian water milfoil would not have been detected and the infestation could have become more widespread. Coordination with other Columbia River Basin states on a response plan for zebra or quagga mussels may result in defined roles and responsibilities of each state and region. Without this funding, the ANS program will have to be scaled back or eliminated.

LFD ISSUE Lack of measureable criteria for ANS

The Weed Management Program is seeking to reduce noxious weeds by 5 percent as measured through aerial and on-the ground surveys.

The Aquatic Nuisance Species Program seeks to measure success by the number of contacts, presentations, and inspections provided. This may be an objective for education if compared against previous years, but it does not address how the agency intends to control any outbreak. The legislature may wish to discuss with the department establishing a goal on either education or eradication of ANS and subsequently provide appropriate objectives.

Responsibility for fishing access site management

The Fisheries Division does not provide the day to day management support of fishing access sites. That management function is provided by the Parks Division. The noxious weed portion of this proposal should be segregated and placed into the budget of the Parks Division.

DP 303 - State Wildlife Grants, Fisheries - Bien/OTO - The executive is requesting \$250,000 general fund each year of the biennium to provide matching funds for the federal State Wildlife Grant Program. The funding would be used to restore and/or protect fish and aquatic habitats as defined in the comprehensive fish and wildlife conservation strategy.

LFD COMMENT The department was provided general fund for the same purpose for the 2009 biennium. The legislature may wish to restrict this appropriation as match for the federal state wildlife grants program. See the Agency Issues section of this narrative.

Other Issues:

Executive budget does not address funding challenges of the Fort Peck Hatchery

The Fort Peck Hatchery is a \$22.0 million multi-species hatchery built by the US Army Corp of Engineers between 2002 and 2006 to establish a state-of-the-art multi-species hatchery to raise more fish for Montana waters. In 2006, per agreement with the U.S Fish & Wildlife Service, the management of the hatchery was transferred to the department. Pursuant to 87-3-235, MCA and 87-3-236, MCA the hatchery is to be fully supported by the revenues from the \$5.00 warm water species stamp required to fish waters that receive stocking from the hatchery, unless federal funding becomes available. However, the federal funds have not materialized and the revenues from the warm water fish stamp do not keep pace with the costs of operating the hatchery. The status of the warm water fund is demonstrated in Figure 5. The fees and fund interest provide revenues of approximately \$320,000 per year and the FY 2008 base cost of hatchery operations was \$400,955. At the current expenditure rate, the fund balance will be exhausted sometime in the 2013 biennium, at which time the hatchery must operate only on annual revenues.

| | Actual FY 2008 | Appropriated FY 2009 | Executive Request | |
|---------------------|-------------------|-------------------------|-------------------|-----------|
| | | | FY 2010 | FY 2011 |
| Beginning Balance | \$981,464 | \$856,124 | \$765,515 | \$666,317 |
| Expenditures | (442,522) | (416,272) | (417,655) | (419,288) |
| Revenues | 317,182 | 325,663 | 318,457 | 311,262 |
| Ending Fund Balance | \$856,124 | \$765,515 | \$666,317 | \$558,291 |

The funding supports the hatchery at about half capacity. Those operations include the rearing of walleye fry and fingerlings, northern pike, and Chinook salmon. Once stocking of the fish has occurred, the hatchery sits virtually empty for several months, which it currently must do, given the lack of funding and the restriction on species production. During this idle time, FWP uses other resources to truck trout fingerlings to lakes and ponds in the northeastern part of

the state. This cost could potentially be reduced if the facility could raise trout in the alternate months of warm water fish.

To address capacity and funding issues, the department has been working with the interest groups on both sides of the issue. Cold water fish groups are historically opposed to the use of general license dollars to support the hatchery, while the warm water groups support an increase in the general fishing license to support the hatchery. The division was able to release two options for public comment. They are:

- o Increase the warm water stamp from \$5.00 to \$8.00. This option would not change the management of the hatchery. The stamp fee would continue to be paid by those who fish for warm water species in certain Montana waters. Based on license year 2007 sales, this increase would raise an additional \$183,816 for a total of \$458,000 annually.
- o Increase the general fishing license by \$1.00 to \$2.00 per year. This option would also require a statutory change that would allow other funds to be used at the hatchery and other species to be raised. An advisory council would assist in developing requests for fish production. This would raise \$400,000 to \$600,000 per year and could allow the hatchery to operate at capacity.

The results of the public comment period indicated that the clear majority would support an increase in the general fishing license. However, the policy decisions to be made about hatchery operations and funding are the responsibility of the legislature. The legislature may wish to examine the options provided by the department and consider additional options such as:

- o Establishing production goals for the facility in terms of currently allowed species and cold water species
- o Propose legislation to increase the warm water stamp fee to provide the resources for the department to meet production goals
- o Propose legislation to allow for the use of general license dollars to support the hatchery and align funding between the warm water stamp and the general license account based on production goals
- o Raise the warm water stamp to continue funding the hatchery at current levels past 2012

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|-------------------------------|--------------------|---------------------|--------------------|--------------------|-----------------------|-----------------------|--------------------|-------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 113.43 | 113.43 | 113.43 | 113.43 | 113.43 | 113.43 | 0.00 | 0.00% |
| Personal Services | 6,547,287 | 7,074,332 | 7,297,216 | 7,327,212 | 13,621,619 | 14,624,428 | 1,002,809 | 7.36% |
| Operating Expenses | 1,919,610 | 1,885,977 | 2,030,018 | 2,041,972 | 3,805,587 | 4,071,990 | 266,403 | 7.00% |
| Equipment & Intangible Assets | 96,785 | 82,664 | 96,785 | 96,785 | 179,449 | 193,570 | 14,121 | 7.87% |
| Grants | 15,600 | 35,400 | 15,600 | 15,600 | 51,000 | 31,200 | (19,800) | (38.82%) |
| Total Costs | \$8,579,282 | \$9,078,373 | \$9,439,619 | \$9,481,569 | \$17,657,655 | \$18,921,188 | \$1,263,533 | 7.16% |
| State Special | 8,215,647 | 8,643,915 | 9,082,555 | 9,124,852 | 16,859,562 | 18,207,407 | 1,347,845 | 7.99% |
| Federal Special | 363,635 | 434,458 | 357,064 | 356,717 | 798,093 | 713,781 | (84,312) | (10.56%) |
| Total Funds | \$8,579,282 | \$9,078,373 | \$9,439,619 | \$9,481,569 | \$17,657,655 | \$18,921,188 | \$1,263,533 | 7.16% |

Program Description

The Law Enforcement Division is responsible for ensuring compliance with laws and regulations pertaining to the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other protected wildlife species. It also enforces the laws and regulations relative to lands or waters under agency jurisdiction and the authority of the department such as state parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to, outfitters/guides, boating, snowmobiles and off highway vehicles safety and registration. Other duties include block management patrols, stream access enforcement, commercial wildlife permitting, hunter education, license vendor contacts, game damage response, urban wildlife activities, and assisting other law enforcement agencies as requested.

Program Highlights

| Enforcement Division Major Program Highlights |
|---|
| <ul style="list-style-type: none"> ◆ The biennial budget would increase by 7 percent if the executive proposal was adopted ◆ The statewide present law adjustments account for the majority of the increase ◆ The executive is seeking to restore overtime pay for the wardens |
| Major LFD Issues |
| <ul style="list-style-type: none"> ◆ The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success |

Program Narrative

2009 Biennium Monitored Goals and Objectives

The Legislative Finance Committee (LFC) selected the following goals to monitor during the 2009 interim

- Reduce the number and impact of major wildlife crimes
 - Hire regional investigators and implement the 2007 legislation including the outfitter felony statutes, warden vacancy saving exemption, restitution redirection and duplicate license fraud

- Submit at least 50 major cases for prosecution each year.
- Increase restitution payment by violators to \$200,00 by 2010
- Perform a minimum of 25 sportsman group presentations or TIPMONT trailer displays emphasizing poaching in Montana

Success: The division provided information to demonstrate progress towards the goal was being made. The LFC released this from monitoring in June of 2008

- Reduce damage to state trust land
 - The position descriptions and work plans will establish goals and objectives necessary to enhance enforcement of state land recreational use rules. The Department of Natural Resources and Conservation (DNRC) has entered into a memorandum of understanding with FWP in order to direct the specific duties, priorities, and reporting requirements necessary to establish and maintain accountability for the work performed.

**LFD
COMMENT**

The division provided information to demonstrate progress toward the goal was being made, but did not provide the memorandum of understanding for review. The LFC released this from monitoring in June of 2008.

2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The Legislative Fiscal Division recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

- Increase visibility of enforcement during high use periods
- Reduce illegal use of off highway vehicles and related user conflicts
- Increase public awareness of TIP-MONT as a tool to help reduce vandalism and other violations

**LFD
ISSUE**

Strategic priorities submitted

The department provided eight strategic priorities as program goals. The above three are serving as a sample. These priorities are not aligned with any specific goal of the program. As written the strategies do not provide the reader with an idea of how this work will be done or how success will be determined. The legislature may wish to discuss with the agency appropriately formatted goals and objectives in order to properly align resources to a strategic plan.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

| Program Funding | Base FY 2008 | % of Base FY 2008 | Budget FY 2010 | % of Budget FY 2010 | Budget FY 2011 | % of Budget FY 2011 |
|--------------------------------------|-----------------|----------------------|-------------------|------------------------|-------------------|------------------------|
| 02000 Total State Special Funds | \$ 8,215,647 | 95.8% | \$ 9,082,555 | 96.2% | \$ 9,124,852 | 96.2% |
| 02051 Private Contracts & Grants | - | - | - | - | - | - |
| 02115 Off-Highway Vehicle Fines | 79,498 | 0.9% | 53,921 | 0.6% | 54,358 | 0.6% |
| 02241 Dsl Recreational Use Account | 29,688 | 0.3% | 51,292 | 0.5% | 51,280 | 0.5% |
| 02329 Snowmobile Fuel Tax-Enforcemnt | 14,691 | 0.2% | 28,213 | 0.3% | 28,943 | 0.3% |
| 02334 Market Based Combo Sales | 363,666 | 4.2% | 447,738 | 4.7% | 448,879 | 4.7% |
| 02409 General License | 7,324,394 | 85.4% | 8,035,647 | 85.1% | 8,075,196 | 85.2% |
| 02411 State Parks Miscellaneous | 175,915 | 2.1% | 204,972 | 2.2% | 205,680 | 2.2% |
| 02413 F & G Motorboat Cert Id | 62,857 | 0.7% | 74,558 | 0.8% | 74,485 | 0.8% |
| 02414 Snowmobile Reg | 93,622 | 1.1% | 64,657 | 0.7% | 64,518 | 0.7% |
| 02558 Fas - Vehicle Registration | 16,182 | 0.2% | 21,904 | 0.2% | 21,883 | 0.2% |
| 02938 Tlmd - Administration | 55,134 | 0.6% | 99,653 | 1.1% | 99,630 | 1.1% |
| 03000 Total Federal Special Funds | 363,635 | 4.2% | 357,064 | 3.8% | 356,717 | 3.8% |
| 03403 Misc. Federal Funds | 363,635 | 4.2% | 357,064 | 3.8% | 356,717 | 3.8% |
| Grand Total | \$ 8,579,282 | 100.0% | \$ 9,439,619 | 100.0% | \$ 9,481,569 | 100.0% |

The Enforcement Division is funded primarily with general license dollars. Other state special revenue includes variable priced outfitter sponsored license revenues, fuel taxes, and off highway vehicle and snowmobile registration fees. Federal funds are primarily from the US Coast Guard and require a 25 percent match supplied from the general license account.

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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 8,579,282 | 8,579,282 | 17,158,564 | 90.68% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 660,337 | 702,287 | 1,362,624 | 7.20% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 200,000 | 200,000 | 400,000 | 2.11% |
| New Proposals | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| Total Budget | \$0 | \$0 | \$0 | | \$9,439,619 | \$9,481,569 | \$18,921,188 | |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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 2010----- | | | | | -----Fiscal 2011----- | | | | |
|--|-----------------------|--------------|------------------|-----------------|------------------|-----------------------|--------------|------------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 607,610 | | | | | 637,858 |
| Vacancy Savings | | | | | (57,681) | | | | | (57,933) |
| Inflation/Deflation | | | | | 127,571 | | | | | 139,525 |
| Fixed Costs | | | | | (17,163) | | | | | (17,163) |
| Total Statewide Present Law Adjustments | | | | | \$660,337 | | | | | \$702,287 |
| DP 401 - Warden Overtime | 0.00 | 0 | 196,000 | 4,000 | 200,000 | 0.00 | 0 | 196,000 | 4,000 | 200,000 |
| Total Other Present Law Adjustments | 0.00 | \$0 | \$196,000 | \$4,000 | \$200,000 | 0.00 | \$0 | \$196,000 | \$4,000 | \$200,000 |
| Grand Total All Present Law Adjustments | | | | | \$860,337 | | | | | \$902,287 |

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Market Rate** - The Enforcement Division has an entry target market of 80 percent without exceptions. The current market rate in relation to the 2008 market survey is 86 percent
- **Vacancy** -
 - The game warden classification has had 28 vacancies over the last three years, and still has low recruitment numbers that are directly attributable to pay issues
 - The division is working with the Department of Administration to develop a more accurate market pay for game wardens. There is an on-going labor/management committee focused on long-term pay solutions. The division has instituted strategic pay exceptions and progression models in an attempt to address retention issues
 - Vacant warden districts create serious workload issues for wardens in neighboring districts who must provide coverage in those areas as well as their own
- **Legislatively applied vacancy savings** -
 - By statute the game warden positions are exempt from legislatively applied vacancy savings
 - The non-exempt position vacancy savings was achieved through normal turnover
- **Pay Changes** -
 - Funds were not transferred from other budgeted expenditure categories. All pay changes were completed with the 6.9 percent vacancy savings achieved by the division.
 - Strategic pay adjustments were provided to the wardens resulting in a 4.4 percent increase above the statutory adjustment
 - Managerial positions were awarded pay increases pursuant to professional development/market progression models adopted for each job code. The average salary adjustment was 4.6 percent.
- **Retirements** - The division anticipates 11 employees, 10 percent of the division, would be eligible for full retirement in the 2011 biennium and these retirements would result in about \$262,000 in unfunded compensated absence liability

DP 401 - Warden Overtime - The executive requests authority to provide overtime compensation to address staffing needs of the division and meet the terms of the MPEA Fish and Game Warden bargaining agreement.

| | |
|--------------------|--|
| LFD COMMENT | The division spent \$204,018 in overtime during FY 2008. |
|--------------------|--|

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|-------------------------------|---------------------|------------------------|-----------------------|-----------------------|--------------------------|--------------------------|--------------------|----------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 103.56 | 103.56 | 105.56 | 105.56 | 103.56 | 105.56 | 2.00 | 1.93% |
| Personal Services | 5,379,203 | 6,257,592 | 6,341,798 | 6,365,357 | 11,636,795 | 12,707,155 | 1,070,360 | 9.20% |
| Operating Expenses | 3,120,839 | 3,706,658 | 3,846,320 | 3,904,672 | 6,827,497 | 7,750,992 | 923,495 | 13.53% |
| Equipment & Intangible Assets | 46,090 | 55,290 | 46,090 | 46,090 | 101,380 | 92,180 | (9,200) | (9.07%) |
| Capital Outlay | 166,889 | 0 | 166,889 | 166,889 | 166,889 | 333,778 | 166,889 | 100.00% |
| Grants | 110,000 | 110,000 | 110,000 | 110,000 | 220,000 | 220,000 | 0 | 0.00% |
| Total Costs | \$8,823,021 | \$10,129,540 | \$10,511,097 | \$10,593,008 | \$18,952,561 | \$21,104,105 | \$2,151,544 | 11.35% |
| General Fund | 0 | 0 | 250,000 | 250,000 | 0 | 500,000 | 500,000 | n/a |
| State Special | 4,635,546 | 5,195,625 | 5,291,989 | 5,333,821 | 9,831,171 | 10,625,810 | 794,639 | 8.08% |
| Federal Special | 4,187,475 | 4,933,915 | 4,969,108 | 5,009,187 | 9,121,390 | 9,978,295 | 856,905 | 9.39% |
| Total Funds | \$8,823,021 | \$10,129,540 | \$10,511,097 | \$10,593,008 | \$18,952,561 | \$21,104,105 | \$2,151,544 | 11.35% |

Program Description

The Wildlife Division is responsible for the department's statewide Wildlife Management Program, which enhances the use of Montana's renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, nongame wildlife, game birds, furbearers, and threatened and endangered species.

Program Highlights

| Wildlife Division Major Program Highlights |
|--|
| <ul style="list-style-type: none"> ◆ The biennial budget would increase by 11 percent if the executive proposal was adopted ◆ The executive is seeking one-time only authority of \$0.5 million general fund and 2.0 FTE for the State Wildlife Program ◆ Base adjustments for the non-game and migratory bird programs are being requested |
| Major LFD Issues |
| <ul style="list-style-type: none"> ◆ The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success |

Program Narrative

2009 Biennium Monitored Goals and Objectives

The Legislative Finance Committee selected the following goal to monitor during the 2009 interim:

- To continue implementation of the Montana Comprehensive Fish and Wildlife Conservation Strategy in order to actively protect and restore species and habitats in need of conservation.
 - Limit the need to list additional species under the endangered species act (ESA) because better biological data would allow active protection and restoration of species and habitats in need of conservation
 - Successfully restore and/or protect habitats identified in the plan as in need of conservation
 - Collect basic biological data about lesser known species of concern to determine their distribution, status, and habitat needs in order to undertake activities that would preclude the need to list additional species under the ESA

Challenge: The division was able to provide information regarding the activities completed with state wildlife grants, but unable to provide information in regard to population improvement. That information will not be available for at least one year after the activities have occurred. The workgroup of the Legislative Finance Committee suggested that the appropriation subcommittee review this program as part of the budget deliberations process. The executive budget contains a request for one-time only general fund to provide the required match to the federal state wildlife grants. See DP 501.

- Utilize harvest to manage wildlife populations at levels that balance the biological needs and capabilities of the wildlife species and their habitat with wildlife-related recreation and tolerance of private land owners
 - Begin direct data entry of all phone survey questionnaires following the 2007 hunting season to enable completion of hunter harvest surveys by June of each year.
 - Utilize hunter harvest data, survey and inventory data, and public input to develop biennial hunting regulations in 2008 for commission approval by February 2008
 - Develop biennial trapping regulations by August 2008
 - Facilitate at least 40 public meetings across the state between December 2007 and February 2008 to solicit and discuss hunting regulation recommendations from the public

Success: The division demonstrated achievement of this goal by meeting the measurable objectives.

2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The Legislative Fiscal Division recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

- Develop expertise and knowledge about planning and land use, and provide direction and resources to local governments to ensure wildlife needs are addressed in planning and development. Work with counties, municipalities and communities to influence patterns and methods of rural subdivision in a way that minimizes impacts to wildlife communities.
- Refine harvest management programs to strengthen links between population monitoring parameters, population objectives, social expectations, and hunting season recommendations; focus population management prescriptions on the 5-week general gun season and simplify regulations.

| | |
|----------------------|---|
| LFD ISSUE | <p>Strategic priorities submitted</p> <p>The department provided eight strategic priorities as program goals. The above two are serving as a sample. These priorities are not aligned with any specific goal of the program. The 2008 Strategic Plan relates this priority to 11 goals of the Wildlife Management Division. These strategies are well written goals but lack measurable objectives that would allow for a future determination of success. The legislature may wish to discuss with the agency appropriately formatted goals and objectives in order to properly align resources to a strategic plan.</p> |
|----------------------|---|

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

| Program Funding Table Wildlife Division | | | | | | |
|--|-----------------|----------------------|-------------------|------------------------|-------------------|------------------------|
| Program Funding | Base FY 2008 | % of Base FY 2008 | Budget FY 2010 | % of Budget FY 2010 | Budget FY 2011 | % of Budget FY 2011 |
| 01000 Total General Fund | \$ - | - | \$ 250,000 | 2.4% | \$ 250,000 | 2.4% |
| 01100 General Fund | - | - | 250,000 | 2.4% | 250,000 | 2.4% |
| 02000 Total State Special Funds | 4,635,546 | 52.5% | 5,291,989 | 50.3% | 5,333,821 | 50.4% |
| 02051 Private Contracts & Grants | - | - | - | - | - | - |
| 02061 Nongame Wildlife Account | 38,176 | 0.4% | 63,013 | 0.6% | 62,997 | 0.6% |
| 02085 Waterfowl Stamp Spec. Rev. | 13,150 | 0.1% | 53,094 | 0.5% | 53,088 | 0.5% |
| 02086 Mountain Sheep Account | 72,532 | 0.8% | 122,222 | 1.2% | 122,191 | 1.2% |
| 02112 Moose Auction | - | - | - | - | - | - |
| 02113 Upland Game Bird Habitat | 82,383 | 0.9% | 106,862 | 1.0% | 106,847 | 1.0% |
| 02176 Mountain Goat Auction | - | - | 11,000 | 0.1% | 11,000 | 0.1% |
| 02409 General License | 4,171,018 | 47.3% | 4,644,321 | 44.2% | 4,686,209 | 44.2% |
| 02469 Habitat Trust Interest | 258,287 | 2.9% | 261,477 | 2.5% | 261,489 | 2.5% |
| 02559 Mule Deer Auction | - | - | - | - | - | - |
| 02560 Elk Auction | - | - | 30,000 | 0.3% | 30,000 | 0.3% |
| 03000 Total Federal Special Funds | 4,187,475 | 47.5% | 4,969,108 | 47.3% | 5,009,187 | 47.3% |
| 03097 Fedl Fish(W/B) Wildlife(P/R) | 3,977,011 | 45.1% | 4,415,619 | 42.0% | 4,455,184 | 42.1% |
| 03129 Usfws Section 6 | - | - | - | - | - | - |
| 03403 Misc. Federal Funds | 87,439 | 1.0% | 154,015 | 1.5% | 154,581 | 1.5% |
| 03404 Overhead | - | - | - | - | - | - |
| 03408 State Wildlife Grants | 123,025 | 1.4% | 399,474 | 3.8% | 399,422 | 3.8% |
| Grand Total | \$ 8,823,021 | 100.0% | \$ 10,511,097 | 100.0% | \$ 10,593,008 | 100.0% |

The Wildlife Division is funded with state special revenue consisting primarily of the general license account. Other earmarked fees support the Upland Game Bird Program, and the operations portion of the Wildlife Habitat Program. Federal funding consists of Pittman-Robertson funds that require a 25 percent non-federal match that is typically met with funds from the general license account.

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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 8,823,021 | 8,823,021 | 17,646,042 | 83.61% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 944,950 | 977,236 | 1,922,186 | 9.11% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 216,151 | 265,776 | 481,927 | 2.28% |
| New Proposals | 250,000 | 250,000 | 500,000 | 100.00% | 526,975 | 526,975 | 1,053,950 | 4.99% |
| Total Budget | \$250,000 | \$250,000 | \$500,000 | | \$10,511,097 | \$10,593,008 | \$21,104,105 | |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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.

| | -----Fiscal 2010----- | | | | | -----Fiscal 2011----- | | | | |
|--|-----------------------|--------------|------------------|-----------------|--------------------|-----------------------|--------------|------------------|-----------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Present Law Adjustments | | | | | | | | | | |
| Personal Services | | | | | 1,139,294 | | | | | 1,163,784 |
| Vacancy Savings | | | | | (260,736) | | | | | (261,714) |
| Inflation/Deflation | | | | | 83,577 | | | | | 92,351 |
| Fixed Costs | | | | | (17,185) | | | | | (17,185) |
| Total Statewide Present Law Adjustments | | | | | \$944,950 | | | | | \$977,236 |
| DP 502 - Auction Accounts | 0.00 | 0 | 91,000 | 0 | 91,000 | 0.00 | 0 | 91,000 | 0 | 91,000 |
| DP 503 - Nongame Wildlife Funding | 0.00 | 0 | 25,000 | 0 | 25,000 | 0.00 | 0 | 25,000 | 0 | 25,000 |
| DP 504 - Migratory Bird Funding | 0.00 | 0 | 40,000 | 0 | 40,000 | 0.00 | 0 | 40,000 | 0 | 40,000 |
| DP 505 - Aircraft Rate Adjustment | 0.00 | 0 | 30,677 | 29,474 | 60,151 | 0.00 | 0 | 55,986 | 53,790 | 109,776 |
| Total Other Present Law Adjustments | 0.00 | \$0 | \$186,677 | \$29,474 | \$216,151 | 0.00 | \$0 | \$211,986 | \$53,790 | \$265,776 |
| Grand Total All Present Law Adjustments | | | | | \$1,161,101 | | | | | \$1,243,012 |

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Market Rate** - The Enforcement Division has an entry target market of 80 percent without exceptions. The current market rate in relation to the 2008 market survey is 90 percent
- **Vacancy** -
 - The division does not have any occupations with a high turnover rate.
 - The division is worked with the Department of Administration to develop a more accurate market pay for several positions to more accurately reflect the job duties and responsibilities and ensure an equitable comparison with other states
- **Legislatively applied vacancy savings** - The division used normal staff turnover to manage to the 4.0 percent legislatively applied vacancy savings rate. Eliminating the impact of vacancy savings the division under spent its personal services authority by 8.3 percent
- **Pay Changes** -
 - Funds were not transferred from other budgeted expenditure categories. All pay changes were completed with the excess vacancy savings achieved by the division
 - The division administrator, bureau chiefs, regional wildlife manager, wildlife biologists, wildlife technicians and maintenance employees were awarded pay increases pursuant to professional development/market progression models adopted for each job code. The average salary adjustment was 2.8 percent
- **Retirements** - The division anticipates 23 employees, 22 percent of the division, would be eligible for full retirement in the 2011 biennium and these retirements would result in about \$601,000 in unfunded compensated absence liability

DP 502 - Auction Accounts - The executive is requesting a base adjustment to restore authority to expend revenues from the auction of sheep, mountain goat and elk licenses. These funds would be used for animal transplant, herd health assessment, enhanced survey, and inventory efforts.

DP 503 - Nongame Wildlife Funding - The Montana state tax return provides residents with the opportunity to voluntarily donate funds for use in conserving the state's non game wildlife. The executive is seeking an increase in base authority for the nongame program.

LFD ISSUE Appropriation higher than annual revenues
 The funding for this decision package is the non-game wildlife account. This account receives an average of \$42,000 per year from the voluntary check off portion of the state tax return. This request would increase the base expenditure to \$63,000 or \$21,000 higher than annual revenues. The legislature may wish to consider adjusting the appropriation to reflect the annual revenues.

DP 504 - Migratory Bird Funding - The executive is requesting an increase in state special revenue of \$40,000 each year of the biennium for the migratory bird habitat program. The request is funded from revenues from the sale of the migratory game bird license.

LFD COMMENT The requested increase is 200 percent of base expenditures, due to delays in implementation of contract services during the base year.

DP 505 - Aircraft Rate Adjustment - The executive is requesting additional authority for department aircraft rental. Program staff who utilize department aircraft are assessed a fee for the hours flown. All rental revenue generated is used to maintain those aircraft.

New Proposals

| New Proposals | | | | | | | | | | | |
|--|-------------|-----------------------|---------------|------------------|------------------|-----------------------|------------------|---------------|------------------|------------------|---------|
| Program | FTE | -----Fiscal 2010----- | | | | -----Fiscal 2011----- | | | | | |
| | | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds | |
| DP 501 - State Wildlife Grants, Wildlife Bien (GF-OTO) | 05 | 2.00 | 250,000 | 0 | 276,975 | 526,975 | 2.00 | 250,000 | 0 | 276,975 | 526,975 |
| Total | 2.00 | \$250,000 | \$0 | \$276,975 | \$526,975 | 2.00 | \$250,000 | \$0 | \$276,975 | \$526,975 | |

DP 501 - State Wildlife Grants, Wildlife Bien (GF-OTO) - The executive is requesting \$250,000 general fund and \$276,975 federal funds each year of the biennium to continue implementation of Montana's Comprehensive Fish and Wildlife Management Strategy. The general fund will provide match to the federal funds. The general fund is being requested for the 2011 biennium only.

LFD COMMENT The department was provided general fund for the same purpose for the 2009 biennium. The legislature may wish to restrict this appropriation as match for the federal SWG program. See Agency Issues for further discussion.

Other Issues

Brucellosis Action Plan

The Department of Livestock is requesting a supplemental appropriation for the implementation of the Brucellosis Action Plan (BAP). The plan document details participation by the Department of Fish, Wildlife and Park, including:

- o Providing personnel to haze/assist in hazing of elk in close proximity to cattle feeding/calving areas
- o Providing personnel and game-proof fencing materials for fencing haystacks/feed storage areas/cattle feeding areas
- o Providing personnel or other resources for mitigation efforts to ensure separation between elk and cattle, or elk and cattle feeding/calving areas.

The division does not currently have the budget authority to support this level of activity. The supplemental request is for the Department of Livestock only. The executive does not request additional funding for this purpose in HB 3 or in the executive request.

It is also important to note that even if the Wildlife Division decided to pick up these responsibilities within its current operating budget, the source of the funding would raise issues. The activities requested are designed to protect the cattle from the elk. They do not address improving elk health or elk habitat. For this reason license fees and federal revenues related to license fees are not an appropriate funding source for this activity. The legislature may wish to discuss with FWP how they intend to provide these additional services within its current operating budget.

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|-------------------------------|---------------------|------------------------|-----------------------|-----------------------|--------------------------|--------------------------|--------------------|----------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 110.33 | 110.33 | 115.56 | 115.56 | 110.33 | 115.56 | 5.23 | 4.74% |
| Personal Services | 4,599,225 | 5,077,356 | 5,376,551 | 5,395,178 | 9,676,581 | 10,771,729 | 1,095,148 | 11.32% |
| Operating Expenses | 2,661,863 | 2,698,257 | 2,964,350 | 2,971,422 | 5,360,120 | 5,935,772 | 575,652 | 10.74% |
| Equipment & Intangible Assets | 479,632 | 160,744 | 309,652 | 309,652 | 640,376 | 619,304 | (21,072) | (3.29%) |
| Grants | 492,317 | 548,024 | 445,317 | 445,317 | 1,040,341 | 890,634 | (149,707) | (14.39%) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n/a |
| Total Costs | \$8,233,037 | \$8,484,381 | \$9,095,870 | \$9,121,569 | \$16,717,418 | \$18,217,439 | \$1,500,021 | 8.97% |
| State Special | 8,013,966 | 8,254,192 | 8,807,336 | 8,832,000 | 16,268,158 | 17,639,336 | 1,371,178 | 8.43% |
| Federal Special | 219,071 | 230,189 | 288,534 | 289,569 | 449,260 | 578,103 | 128,843 | 28.68% |
| Total Funds | \$8,233,037 | \$8,484,381 | \$9,095,870 | \$9,121,569 | \$16,717,418 | \$18,217,439 | \$1,500,021 | 8.97% |

Program Description

The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state, and for providing for their use and enjoyment. The division manages 50 parks, 13 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 321 fishing access sites. Other programs administered by the division include motorized and non-motorized trail grants and local government recreation grants.

Program Highlights

| Parks Division | |
|---------------------------------|---|
| Major Program Highlights | |
| ◆ | The biennial budget would increase by 9 percent if the executive proposal was adopted |
| ◆ | The executive is requesting 5.23 FTE to assist with maintenance and operations in state parks and fishing access sites |
| ◆ | The bulk of the remaining increase is due to statewide present law adjustments |
| Major LFD Issues | |
| ◆ | The state park system has not been clearly defined making it difficult to determine the system operates effectively |
| ◆ | The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success |

Program Narrative

2009 Biennium Monitored Goals and Objectives

The Legislative Finance Committee selected the following goal to monitor during the 2009 interim:

- Maintain state park sites and facilities to fully meet user needs
 - Hire summer seasonal staff to increase and improve maintenance funding at various locations by July 1, 2007

- Continue to monitor visitor comments on maintenance issues and facility and safety concerns year round. Address concerns as soon as possible
- Increase use of community groups, service organizations, volunteers and other means to expand facility and maintenance program effectiveness statewide by 5 percent

Success: The department provided information that indicated that this goal was met. The exception was that volunteer hours could not be determined until the end of 2008. The legislature may wish to inquire on the status of increased volunteer hours in state parks.

- The heritage resource coordinator will provide support to field level staff managing and caring for archaeological, paleontological, historical, and cultural sites in the division. The full time summer (May 1 through Sept. 30) ranger will provide staff at Rosebud Battlefield State Park to maintain facilities, assist visitors, protect resources, work with adjacent landowners, and implement the management plan

Challenge: The heritage coordinator position was hired in September 2007 and has met all performance measures and milestones listed. The ranger at the Rosebud Battlefield State Park did not finish the probationary period. The legislature may wish to inquire on the status of this position.

2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The Legislative Fiscal Division recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

- Improve consistency and quality of development and service in state parks through policy, standards, tracking and reporting.
- Improve pace and effectiveness of capital development processes in department to complete projects in same biennium as started/approved.
- Provide new recreational opportunity by implementing the Access Montana program.
- Refine park security efforts to assure that staff are trained and secure in their work environments and to ensure public safety in state parks. Review park ranger program.

| | |
|----------------------|---|
| LFD ISSUE | <p>Strategic priorities submitted</p> <p>The department provided nine strategic priorities as program goals. The above four are serving as a sample. These priorities are not aligned with any specific goal of the program. The 2008 Strategic Plan relates this priority to seven goals of the Parks Division. To determine the degree of improvement, the reader would need to know the baseline data. Without the baseline data, progress can not be determined. The legislature may wish to discuss with the agency appropriately formatted goals and objectives in order to properly align resources to a strategic plan.</p> |
|----------------------|---|

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

| Program Funding Table | | | | | | | |
|-----------------------|-------------------------------------|--------------|-----------|--------------|-------------|--------------|-------------|
| Parks Division | | | | | | | |
| Program Funding | | Base | % of Base | Budget | % of Budget | Budget | % of Budget |
| | | FY 2008 | FY 2008 | FY 2010 | FY 2010 | FY 2011 | FY 2011 |
| 02000 | Total State Special Funds | \$ 8,013,966 | 97.3% | \$ 8,807,336 | 96.8% | \$ 8,832,000 | 96.8% |
| | 02051 Private Contracts & Grants | - | - | - | - | - | - |
| | 02213 Off Highway Vehicle Gas Tax | 42,533 | 0.5% | 81,241 | 0.9% | 81,447 | 0.9% |
| | 02239 Off Hwy Vehicle Acct (Parks) | 29,018 | 0.4% | 17,599 | 0.2% | 17,760 | 0.2% |
| | 02331 Motorboat Certification-Parks | 16,939 | 0.2% | 18,704 | 0.2% | 18,781 | 0.2% |
| | 02332 Snowmobile Registration-Parks | 277,840 | 3.4% | 287,293 | 3.2% | 287,767 | 3.2% |
| | 02333 Fishing Access Site Maint | 175,736 | 2.1% | 371,020 | 4.1% | 373,110 | 4.1% |
| | 02407 Snowmobile Fuel Tax | 771,765 | 9.4% | 535,368 | 5.9% | 535,765 | 5.9% |
| | 02408 Coal Tax Trust Account | 1,051,922 | 12.8% | 1,050,991 | 11.6% | 1,055,164 | 11.6% |
| | 02409 General License | 1,214,331 | 14.7% | 1,577,336 | 17.3% | 1,582,819 | 17.4% |
| | 02411 State Parks Miscellaneous | 3,218,511 | 39.1% | 3,693,284 | 40.6% | 3,704,774 | 40.6% |
| | 02412 Motorboat Fuel Tax | 1,041,057 | 12.6% | 1,115,286 | 12.3% | 1,115,399 | 12.2% |
| | 02558 Fas - Vehicle Registration | 174,314 | 2.1% | 59,214 | 0.7% | 59,214 | 0.6% |
| 03000 | Total Federal Special Funds | 219,071 | 2.7% | 288,534 | 3.2% | 289,569 | 3.2% |
| | 03097 Fedl Fish(W/B) Wildlife(P/R) | 219,071 | 2.7% | 288,534 | 3.2% | 289,569 | 3.2% |
| | 03403 Misc. Federal Funds | - | - | - | - | - | - |
| Grand | Total | \$ 8,233,037 | 100.0% | \$ 9,095,870 | 100.0% | \$ 9,121,569 | 100.0% |

The largest revenue source is the \$4.00 registration fee per vehicle charged in lieu of resident day use fees at state park sites, followed by motorboat fuel taxes, parks coal tax trust earnings, the general license account, snowmobile fuel taxes, fishing access maintenance and acquisition fee revenues, snowmobile registration fees, and off-highway vehicle registration fees.

The registration fee is allocated as follows:

- \$3.50 for park operations and maintenance
- \$0.25 for fishing access site maintenance
- \$0.25 for support of Virginia City and Nevada City (these funds are transferred to the Heritage Commission)

The fee provides approximately \$2.8 million per year for the state parks system, \$200,000 for fishing access sites, and \$200,000 for Virginia and Nevada City.

The division receives the following allocations of the gasoline dealer's license taxes:

- Nine-tenths of one percent for maintenance of parks with motorboat use
- One-eighth of one percent for off-highway vehicle safety, repair of off-highway vehicle damage, and facility development
- Fifteen-twenty-eighths of one percent for snowmobile safety, facility development, enforcement, and control of noxious weeds

Of the coal severance tax revenues, 1.27 percent is deposited into a non-expendable trust, with the interest from the trust allocated for maintenance at state parks and historic sites.

The general license account and earmarked fishing fees are used to maintain fishing access sites.

Federal funding sources include Wallop-Breaux, national recreational trails, the land and water conservation fund, and other miscellaneous federal revenues. These federal funding sources require a match of 20 to 50 percent

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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 8,233,037 | 8,233,037 | 16,466,074 | 90.39% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 634,340 | 659,872 | 1,294,212 | 7.10% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 228,493 | 228,660 | 457,153 | 2.51% |
| New Proposals | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| Total Budget | \$0 | \$0 | \$0 | | \$9,095,870 | \$9,121,569 | \$18,217,439 | |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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 2010----- | | | | -----Fiscal 2011----- | | | | | |
|---|-----------------------|--------------|------------------|-----------------|-----------------------|-------------|--------------|------------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 797,658 | | | | | 816,880 |
| Vacancy Savings | | | | | (215,875) | | | | | (216,637) |
| Inflation/Deflation | | | | | 69,569 | | | | | 76,641 |
| Fixed Costs | | | | | (17,012) | | | | | (17,012) |
| Total Statewide Present Law Adjustments | | | | | \$634,340 | | | | | \$659,872 |
| DP 601 - Parks Maintenance and Operations Staff | 2.08 | 0 | 99,925 | 0 | 99,925 | 2.08 | 0 | 99,968 | 0 | 99,968 |
| DP 602 - FAS Management and Maintenance Staff | 3.15 | 0 | 99,318 | 0 | 99,318 | 3.15 | 0 | 99,442 | 0 | 99,442 |
| DP 604 - FAS Capital O&M from HB 5 to HB 2 | 0.00 | 0 | 175,000 | 0 | 175,000 | 0.00 | 0 | 175,000 | 0 | 175,000 |
| DP 605 - Restore Parks Base Operations | 0.00 | 0 | 15,230 | 29,000 | 44,230 | 0.00 | 0 | 15,230 | 29,000 | 44,230 |
| DP 606 - Restore FAS Base Operations | 0.00 | 0 | 10,000 | 17,000 | 27,000 | 0.00 | 0 | 10,000 | 17,000 | 27,000 |
| DP 607 - Parks Snowmobile Equipment - BIEN | 0.00 | 0 | (216,980) | 0 | (216,980) | 0.00 | 0 | (216,980) | 0 | (216,980) |
| Total Other Present Law Adjustments | 5.23 | \$0 | \$182,493 | \$46,000 | \$228,493 | 5.23 | \$0 | \$182,660 | \$46,000 | \$228,660 |
| Grand Total All Present Law Adjustments | | | | | \$862,833 | | | | | \$888,532 |

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

o **Market Rate -**

- The Parks Division has an entry target market of 80 percent. The current market rate in relation to the 2008 market survey is 90 percent
- The division makes a blanket exception from agency policy on tour guides that work at Lewis & Clark Caverns State Park. This is due to park location and lack of housing. Other exceptions are granted on a case-by-case basis in consideration of geographic local, area wages, recruitment pool, and retention concerns

- **Vacancy -**
 - The Parks Division experiences higher turnover in field positions. These include front-line staff such as maintenance workers, park rangers, and park managers. Factors affecting turnover include: 1) work conditions; 2) isolated locations without bunkhouse facilities (i.e. Hell Creek, Tongue River, L&C Caverns); and 3) wages too low in comparison with private sector and other state/federal service. The division has lost employees and candidates to Bureau of Land Management jobs due to higher pay
 - The Parks Division has provided transportation assistance, pay exceptions, and alternating shifts, and has begun to provide housing to staff as a means of improving operations and reducing turnover in such places as at Hell Creek State Park or Tongue Reservoir State Park
 - Vacancies have impacted the ability to provide consistent service to Montanans and their guests, resulting in tasks not being done completely or being prioritized lower
- **Legislatively applied vacancy savings -** The division used normal staff turnover to manage to the 4.0 percent legislatively applied vacancy savings rate
- **Pay Changes -**
 - Funds were not transferred from other budgeted expenditure categories. All pay changes were completed with the excess vacancy savings and the 0.6 percent discretionary pay from HB 13
 - Twenty five adjustments for groundskeepers, tour guides and clerks were made to adjust salaries to the entry market of 80 percent. The average salary adjustment was 3.5 percent
 - Additional pay adjustments were made across the board to improve pay equity and bring employees closer to the 2006 market as allowed under the market progression models. The average salary adjustment was 5.6 percent
- **Retirements -** The division anticipates 23 employee, or 21 percent of the division, would be eligible for full retirement in the 2011 biennium and these retirements would result in about \$247,650 in unfunded compensated absence liability

Program Issue

The state park system has not been clearly defined.

As the state parks and fishing access site inventory continues to grow, so does the cost to manage and maintain such a system. The ability to cover these costs is a significant issue as park related revenues, specifically the light vehicle registration fee, have begun to decline. Revenue and expenditures need to be aligned but this will not occur without establishing policy regarding the scope and purpose of the parks system, including fishing access sites.

As in recent sessions, the executive is requesting operational increases for state parks and fishing access sites. (see DP 601 and DP 602). The request represents a 4.8 percent increase in the division's budget and an additional 5.23 FTE. Similar requests were granted by the 2005 and 2007 Legislatures. The Governor is also asking for an additional \$2.0 million general fund for further parks acquisition.

The state park system began in 1929 when the Board of Land Commissions was first authorized set aside lands for parks. In 1936, the board accepted the donation of the land around the Lewis and Clark Caverns as the first state park. The Parks Division now manages 50 state parks, 321 fishing access sites, and 12 affiliated sites using revenues from the coat tax trust, accommodation tax, fishing license revenues, general license dollars, light vehicle registration fees, and revenues derived from park related activities. Along the way, the legislature has provided increased funding for parks acquisitions and increased operational funding on a nearly annual basis.

State statute supports the development of state parks (23-1-101, MCA) and fishing access sites (87-1-605, MCA) for the purpose of cultural, historic, and recreational preservation. Missing is policy regarding how many sites should exist, where they should be located, and how new sites should be selected. Without such policy, the legislature will

continually be faced with requests to increase the operational resources and, as in both last and this session, the size of the system.

For example, at a recent Board of Land Commissioners meeting, a FWP staff member stated that the department's policy for FAS acquisition was one per every half day float on major Montana rivers. This is not a policy that has been endorsed by the legislature, except by granting permission for the department to develop such sites. Adhering to this policy would clearly increase the number of sites to be managed with the same limited resources. Essentially, this means the legislature is asked to fund operations and maintenance for a FAS program that may or many not meet its public policy goals.

Given that the legislature has not taken an active role in the decision of acquisition of parks, but is asked to fund those acquisitions and all associated development and maintenance costs, the issue for the legislature is whether it wishes to take a more active role in parks acquisition?

The parks system continues to grow as evidenced by the request for an additional \$2.0 million general fund for park acquisition. Among the questions for the legislature to consider are:

- o Where does the public believe new parks should be?
- o To what level should parks be developed?
- o How many fishing access sites are needed on major rivers?
- o How is the cost of site development considered in the acquisition process?

A second issue is determining if operating and maintenance resources are adequate. Those questions may include:

- o Is there a standard to determine resources allocation?
- o Should maintenance be determine based on cost per acre, a cost per site, basic costs plus amenities, or cost per visitor?
- o How should major repairs and renovation be prioritized?

If the legislature does want to take a more active role in defining the state parks system, one or more of the following should be considered:

- o Propose a resolution to determine the scope, size, and funding methodology for Montana state parks and fishing access sites
- o Propose legislation to define the state park system in terms of size, location and future development
- o Require that proposals submitted to the FWP Commission and the Board of Land Commissioners for parks and fishing access site acquisitions include an estimate of development and maintenance costs as well as an identified adequate funding source
- o Request that the division design a resource allocation formula to determine an appropriate level of maintenance for existing and proposed parks and FAS operations

DP 601 - Parks Maintenance and Operations Staff - The executive seeks a base adjustment to fund summer employees to complete park maintenance tasks such as latrine upkeep, vandalism control and repair, weed control, and visitor assistance. These field staff would be located near Billings, Bozeman, Whitefish, Great Falls, and Missoula.

**LFD
COMMENT**

The 2.08 FTE translates to an additional 4,326 work hours.

LFD ISSUE Fund is not structurally balanced

Figure 6 shows the projected ending fund balance for the state parks miscellaneous fund. The ending fund balance is declining due to the fact that expenditures, capital development, and appropriations are greater than anticipated revenues. The major revenue stream to this fund is the \$4.00 light vehicle fee. That fee has remained constant for the past three years at \$2.9 million per year.

The legislature may wish to:

- o Establish an appropriation level equal to revenues
- o Reduce capital authority to allow for increased maintenance
- o Request legislation to increase the light vehicle fee to provide increase revenues to the fund

| | Actual FY 2008 | Appropriated FY 2009 | Executive Request | |
|---------------------|--------------------|-------------------------|--------------------|--------------------|
| | | | FY 2010 | FY 2011 |
| Beginning Balance | \$4,964,843 | \$3,664,695 | \$1,714,640 | \$1,095,442 |
| Expenditures | (5,650,263) | (6,280,101) | (4,949,244) | (3,931,441) |
| Revenues | 4,350,115 | 4,330,046 | 4,330,046 | 4,330,046 |
| Ending Fund Balance | <u>\$3,664,695</u> | <u>\$1,714,640</u> | <u>\$1,095,442</u> | <u>\$1,494,047</u> |

DP 602 - FAS Management and Maintenance Staff - The executive seeks a base adjustment to fund staff for existing fishing access sites (FAS) around the state to perform include latrine cleaning, weed control, fencing, vandalism repair, and overall site management.

LFD COMMENT The 3.15 FTE translates into an additional 6,552 work hours.

DP 604 - FAS Capital O&M from HB 5 to HB 2 - The executive requests authority for the FAS program’s day-to-day operations, maintenance and weed control that was previously provided in the department’s capital program. This transfers the authority from capital to operations. This is funded from a portion of fishing license fees.

LFD ISSUE This decision package, if approved, would provide funding for day-to-day operations. However, the department would still retain approximately \$325,000 in capital appropriation authority provided by previous legislatures. That appropriation authority is available for use by the division until such time it is reverted. This authority is an obligation of the funds. The legislature may wish to revert the capital authority if the goal is to move day-to-day operations to HB 2.

DP 605 - Restore Parks Base Operations - The executive is requesting \$15,230 in state special revenue and \$29,000 in federal special revenue to restore base operations for the parks budget for the 2011 biennium. This decision package would adjust contract services, minor equipment, weed control and travel.

DP 606 - Restore FAS Base Operations - The executive is requesting \$10,000 in state special revenue and \$17,000 in federal special revenue to restore base operations for the fishing access sites budget for the 2011 biennium. This decision package would adjust minor equipment, travel, weed control, and grounds maintenance.

DP 607 - Parks Snowmobile Equipment - BIEN - The executive is requesting a decrease in authority for the snowmobile program due to revenue shortfalls from both snowmobile fuel taxes. This decision package consists of a reduction of grants to local clubs by \$47,000 annually and a reduction in the biennial equipment budget by \$70,000. The remaining budget authority would be a biennial appropriation to streamline purchasing of equipment for snowmobile clubs.

| | |
|--------------------|--|
| LFD COMMENT | For fiscal years 2006 through 2008, the average annual revenue from snowmobile fuel taxes was \$616,384. This decision package would provide a total appropriation authority of \$535,000 each year of the biennium. |
|--------------------|--|

Proprietary Rates

Visitor Services

Proprietary Program Description

This enterprise fund was established to manage state park visitor services revenue. The fund is used to provide inventory through purchase, production, or donation and for the sale of educational, commemorative, and interpretive merchandise and other related goods and services at department sites and facilities. Monies generated go back into the purchase of inventory and also the improvement of visitor services in state parks and FWP overall.

In FY 2008 this fund accounted for the following monies: \$112,395 of earned revenue, \$105,339 of expenditures and a fund balance in the amount of \$232,050.

Program Narrative

Revenues

Revenues are generated by the sales of firewood, interpretive and educational merchandise at park visitor centers and regional offices.

Expenditures

The expenses associated with the enterprise fund include office supplies, merchandising materials, and the purchase of inventory to replenish stock.

Cash Balance

As the program develops, the 60-day working capital requirement would provide sufficient cash to fund on-going operations of the program. The cash balances are highest in the winter after the parks season ends and lowest in the spring when stock is purchased to replenished inventory.

| 2011 Biennium Report on Enterprise Funds | | | | |
|--|------------------|------------------|-------------------|-------------------|
| Visitor Center Services | | | | |
| | Actual 2008 | Budgeted 2009 | Projected 2010 | Projected 2011 |
| Beginning Working Capital Balance | \$220,746 | \$232,051 | \$232,051 | \$232,051 |
| Operating Expenses | 106,022 | 94,636 | 95,000 | 95,000 |
| Operating Revenues | | | | |
| Revenue from Fees | 112,396 | 94,636 | 95,000 | 95,000 |
| Other Revenues | <u>4,931</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Operating Revenues | 117,327 | 94,636 | 95,000 | 95,000 |
| Operating Gain (Loss) | <u>11,305</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Ending Working Capital Balance | <u>\$232,051</u> | <u>\$232,051</u> | <u>\$232,051</u> | <u>\$232,051</u> |

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|-------------------------------|---------------------|------------------------|-----------------------|-----------------------|--------------------------|--------------------------|--------------------|----------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 28.55 | 28.55 | 28.55 | 28.55 | 28.55 | 28.55 | 0.00 | 0.00% |
| Personal Services | 1,717,312 | 1,804,931 | 1,832,447 | 1,837,618 | 3,522,243 | 3,670,065 | 147,822 | 4.20% |
| Operating Expenses | 1,441,196 | 1,458,831 | 1,532,313 | 1,535,587 | 2,900,027 | 3,067,900 | 167,873 | 5.79% |
| Equipment & Intangible Assets | 0 | 5,000 | 0 | 0 | 5,000 | 0 | (5,000) | (100.00%) |
| Grants | 314,533 | 672,313 | 314,533 | 314,533 | 986,846 | 629,066 | (357,780) | (36.25%) |
| Total Costs | \$3,473,041 | \$3,941,075 | \$3,679,293 | \$3,687,738 | \$7,414,116 | \$7,367,031 | (\$47,085) | (0.64%) |
| State Special | 2,757,055 | 3,204,437 | 2,950,250 | 2,958,156 | 5,961,492 | 5,908,406 | (53,086) | (0.89%) |
| Federal Special | 715,986 | 736,638 | 729,043 | 729,582 | 1,452,624 | 1,458,625 | 6,001 | 0.41% |
| Total Funds | \$3,473,041 | \$3,941,075 | \$3,679,293 | \$3,687,738 | \$7,414,116 | \$7,367,031 | (\$47,085) | (0.64%) |

Program Description

The Communication and Education Division coordinates the department's information and education programs as well as the department's planning efforts. This coordination includes the distribution of public information through news releases; audio-visual materials; brochures and public services announcements; production of hunting, fishing and trapping regulations; and the coordination of hunter, bow-hunter, snowmobile, boat, off-highway vehicle, and youth education and safety programs. The management of the Wildlife Center is included in this division. The division also facilitates the department's strategic planning process.

Program Highlights

| Communication & Education Division Major Program Highlights | |
|--|--|
| <ul style="list-style-type: none"> ◆ The biennial budget would decrease by one percent if the executive proposal was adopted due to non-continuing expenditures ◆ The executive is requesting additional authority for mailing and postage above and beyond the statewide present law adjustment | |
| Major LFD Issues | |
| <ul style="list-style-type: none"> ◆ The executive seeks operations authority for a modified FTE ◆ The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success | |

Program Narrative

2009 Biennium Monitored Goals and Objectives

The Legislative Finance Committee did not select any program goals to monitor during the 2009 interim

2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The Legislative Fiscal Division recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

- o Develop an educational program to increase awareness of non-hunting, wildlife-related recreational opportunities on land managed by MFWP.
- o Develop an outreach program to create a vision of the role people play in restoring and conserving wildlife and their habitats.
- o Utilize the community pond program to help communities develop ponds that can be used for educational, as well as recreational, purposes such as Hooked on Fishing

| | |
|----------------------|--|
| LFD ISSUE | <p>Strategic priorities submitted</p> <p>The department provided five strategic priorities as program goals. The above three are serving as a sample. These priorities are not aligned with any specific goal of the program. The 2008 Strategic Plan relates this priority to a number of goals of the Fisheries and Wildlife Divisions. Due to this relationship, it is difficult to determine if these goals relate to the Communication and Education Division. The legislature may wish to discuss with the agency appropriately formatted goals and objectives in order to properly align resources to a strategic plan.</p> |
|----------------------|--|

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

| Program Funding Table | | | | | | |
|------------------------------------|---------------------|----------------------|---------------------|------------------------|---------------------|------------------------|
| Communication And Education Div | | | | | | |
| Program Funding | Base FY 2008 | % of Base FY 2008 | Budget FY 2010 | % of Budget FY 2010 | Budget FY 2011 | % of Budget FY 2011 |
| 02000 Total State Special Funds | \$ 2,757,055 | 79.4% | \$ 2,950,250 | 80.2% | \$ 2,958,156 | 80.2% |
| 02238 Off-Hwy Vehicle Acct (Coned) | 4,999 | 0.1% | 5,116 | 0.1% | 5,121 | 0.1% |
| 02328 Ohv Gas Tax - Con Ed | 12,286 | 0.4% | 12,550 | 0.3% | 12,562 | 0.3% |
| 02330 Snowmobile Fuel Tax-Con Ed | 54,093 | 1.6% | 56,405 | 1.5% | 56,505 | 1.5% |
| 02408 Coal Tax Trust Account | 70,693 | 2.0% | 73,295 | 2.0% | 73,407 | 2.0% |
| 02409 General License | 2,614,984 | 75.3% | 2,802,884 | 76.2% | 2,810,561 | 76.2% |
| 03000 Total Federal Special Funds | 715,986 | 20.6% | 729,043 | 19.8% | 729,582 | 19.8% |
| 03097 Fedl Fish(W/B) Wildlife(P/R) | 682,661 | 19.7% | 694,252 | 18.9% | 694,728 | 18.8% |
| 03403 Misc. Federal Funds | 33,325 | 1.0% | 34,791 | 0.9% | 34,854 | 0.9% |
| Grand Total | \$ 3,473,041 | 100.0% | \$ 3,679,293 | 100.0% | \$ 3,687,738 | 100.0% |

The largest funding source in the Communication and Education Division is the general license account. Other state special revenue sources are interest from the coal tax trust account, and snowmobile and off-highway fuel taxes. Fuel taxes are dedicated revenue sources for snowmobile and off highway vehicle education programs. Federal funds are primarily Pittman-Robertson and Wallop-Breaux funds derived from federal excise taxes on sporting rifles, ammunition, and fishing equipment, and require a 25 percent match in non-federal funds.

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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 3,473,041 | 3,473,041 | 6,946,082 | 94.29% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 126,252 | 134,697 | 260,949 | 3.54% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 80,000 | 80,000 | 160,000 | 2.17% |
| New Proposals | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| Total Budget | \$0 | \$0 | \$0 | | \$3,679,293 | \$3,687,738 | \$7,367,031 | |

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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 2010----- | | | | | -----Fiscal 2011----- | | | | |
|---|-----------------------|-----------------|------------------|--------------------|------------------|-----------------------|-----------------|------------------|--------------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 191,488 | | | | | 196,872 |
| Vacancy Savings | | | | | (76,353) | | | | | (76,566) |
| Inflation/Deflation | | | | | 19,762 | | | | | 23,036 |
| Fixed Costs | | | | | (8,645) | | | | | (8,645) |
| Total Statewide Present Law Adjustments | | | | | \$126,252 | | | | | \$134,697 |
| DP 801 - Regulation Production | 0.00 | 0 | 50,000 | 0 | 50,000 | 0.00 | 0 | 50,000 | 0 | 50,000 |
| DP 802 - Restore Communication and Education Ops Budget | 0.00 | 0 | 30,000 | 0 | 30,000 | 0.00 | 0 | 30,000 | 0 | 30,000 |
| Total Other Present Law Adjustments | 0.00 | \$0 | \$80,000 | \$0 | \$80,000 | 0.00 | \$0 | \$80,000 | \$0 | \$80,000 |
| Grand Total All Present Law Adjustments | | | | | \$206,252 | | | | | \$214,697 |

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Market Rate** - The communication and Education Division has an entry target market of 80 percent without exceptions. The current market rate in relation to the 2008 market survey is 96 percent
- **Vacancy** - The division does not have any occupations with a high turnover rate
- **Legislatively applied vacancy savings** - The division used normal staff turnover to manage to the 4.0 percent legislatively applied vacancy savings rate
- **Pay Changes**
 - Funds were not transferred from other budgeted expenditure categories. All pay changes were completed with the excess vacancy savings and the 0.6 percent discretionary pay from HB 13.
 - Additional pay adjustments were made across the board to improve pay equity and bring employees closer to the 2006 market as allowed under the market progression models. The average salary adjustment was 5.6 percent

- **Retirements** - The division anticipates eight employees, 28 percent of the division, would be eligible for full retirement in the 2011 biennium and these retirements would result in about \$188,359 in unfunded compensated absence liability

DP 801 - Regulation Production - The executive is requesting \$50,000 of state special revenue each year of the biennium for increased printing and distribution costs associated with hunting, fishing and trapping regulations that are produced annually by FWP. This request is based on an estimated 10 percent increase in printing costs and a 16 percent increase in postage and freight expenses. The request is split evenly between publication expense and postage and mailing.

**LFD
ISSUE**
Postage and Mailing Costs

Postage and mailing expenses were increased by 2.44 percent and are included in the statewide present law adjustments for each program. A 16 percent increase on the base expenditures of \$145,859 would be \$23,200. If this decision package and the statewide present law adjustment are approved, the division would receive \$28,559 or a 19.5 percent increase. The legislature may wish to:

- Reduce the decision package by \$3,559 to reflect a total increase of 16 percent
- Deny the request and direct the agency to operate on the statewide present law adjustments

DP 802 - Restore Communication and Education Ops Budget - The executive is requesting \$30,000 of state special revenue authority each year of the biennium to restore operations funding that was utilized to hire a Comprehensive Fish and Wildlife Plan Information and Outreach Program Coordinator. This proposal restores the operations funding for the modified FTE to maintain this outreach coordinator position.

**LFD
ISSUE**
Modified FTE

The agency received approval from the Governor's budget office for a 0.50 FTE at the beginning of the 2009 biennium. Since the agency used operations dollars for a modified FTE, the expenditures related to the modified FTE were not carried into the base budget. This decision package is asking to restore the funding as operations to then be utilized to support a modified FTE. The legislature may wish to address the department's intent regarding this position. If this position is truly temporary in nature, the legislature may wish to consider appropriating 0.50 FTE as one-time only, which would categorize the expenditures appropriately and would not continue past the 2011 biennium without legislative approval.

Other Issues
Shooting Range Grants

The division received a significant increase in authority to fund \$1.0 million in shooting range grants over the biennium. The division spent \$261,000 for this purpose in FY 2008. The legislature may wish to receive a performance update on the number, types, and dollar values of grants to be funded during the remainder of the biennium. If significant expenditures are not planned, the legislature may wish to reduce the funding for this program to eliminate excess authority.

Program Budget Comparison

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

| Program Budget Comparison | | | | | | | | |
|-------------------------------|--------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|--------------------|-------------------|
| Budget Item | Base Fiscal 2008 | Approp. Fiscal 2009 | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 08-09 | Biennium Fiscal 10-11 | Biennium Change | Biennium % Change |
| FTE | 96.24 | 96.24 | 96.24 | 96.24 | 96.24 | 96.24 | 0.00 | 0.00% |
| Personal Services | 5,050,370 | 5,307,046 | 5,403,240 | 5,420,475 | 10,357,416 | 10,823,715 | 466,299 | 4.50% |
| Operating Expenses | 4,295,724 | 4,337,715 | 4,922,211 | 4,800,847 | 8,633,439 | 9,723,058 | 1,089,619 | 12.62% |
| Equipment & Intangible Assets | 38,036 | 40,721 | 38,036 | 38,036 | 78,757 | 76,072 | (2,685) | (3.41%) |
| Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n/a |
| Transfers | 24,374 | 99,652 | 99,652 | 99,652 | 124,026 | 199,304 | 75,278 | 60.70% |
| Total Costs | \$9,408,504 | \$9,785,134 | \$10,463,139 | \$10,359,010 | \$19,193,638 | \$20,822,149 | \$1,628,511 | 8.48% |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n/a |
| State Special | 9,301,360 | 9,663,869 | 10,338,193 | 10,251,477 | 18,965,229 | 20,589,670 | 1,624,441 | 8.57% |
| Federal Special | 107,144 | 121,265 | 124,946 | 107,533 | 228,409 | 232,479 | 4,070 | 1.78% |
| Total Funds | \$9,408,504 | \$9,785,134 | \$10,463,139 | \$10,359,010 | \$19,193,638 | \$20,822,149 | \$1,628,511 | 8.48% |

Program Description

The Management and Finance Division is made of up two sections. The management section of this division are responsible for overall department direction regarding policy, planning, program development, guidelines, budgets, decision-making for key resource activities, and supervision of the seven divisions. Legal services and human resources management for the department are also in this division.

The finance section of this division provide for department-wide support for accounting; fiscal management; purchasing; property management; federal aid administration; and the sale of hunting, fishing, and other recreational licenses.

Program Highlights

| Management & Finance Division Major Program Highlights |
|--|
| <ul style="list-style-type: none"> ◆ The biennial budget would increase by 8 percent if the executive proposal was adopted due to statewide present law adjustments ◆ The executive is seeking funding to develop comprehensive oil and gas stipulations in reference to wildlife protection |
| Major LFD Issues |
| <ul style="list-style-type: none"> ◆ The energy development proposal lacks measurable criteria ◆ The department submitted strategic priorities from its 2008 Strategic Plan without objectives to determine future success |

Program Narrative

2009 Biennium Monitored Goals and Objectives

The Legislative Finance Committee selected the following goal to monitor during the 2009 interim:

- Enhance public involvement in decision-making.
 - Establish citizen advisory committees (CAC) in each FWP region by July 1, 2007
 - Meet with CAC's at least four times each year
 - Produce summaries of each CAC meeting and post on FWP website within one week of meeting

LFD COMMENT

The department was able to establish CAC's in each region and meet with them on a regular basis. The summaries are available on the website, but not normally within the stated time frame. The goal does not address how the input was utilized. The legislature may wish to inquire about this.

2011 Biennium Major Goals

The agency is required by law to submit goals and measurable objectives as part of the budgeting process. The Legislative Fiscal Division recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

- Increase efficiency and accountability of agency programs.
- Actively encourage and document accountability of MFWP programs with staff and external interested parties.
- Develop marketing efforts that increase the yearly purchase of licenses.

LFD ISSUE

Strategic priorities submitted

The department provided nine strategic priorities as program goals. The above three are serving as a sample. These priorities are not aligned with any specific goal of the program. The 2008 Strategic Plan relates this priority to three goals of the Management Division. These strategies demonstrate the agency's commitment for increasing accountability of programs, but do not discuss how this will occur. This leaves the reader wondering what the plan is to accomplish the goals. The legislature may wish to discuss with the agency appropriately formatted goals and objectives in order to properly align resources to a strategic plan.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

| Program Funding | Base FY 2008 | % of Base FY 2008 | Budget FY 2010 | % of Budget FY 2010 | Budget FY 2011 | % of Budget FY 2011 |
|------------------------------------|-----------------|----------------------|-------------------|------------------------|-------------------|------------------------|
| 01000 Total General Fund | \$ - | - | \$ - | - | \$ - | - |
| 01100 General Fund | - | - | - | - | - | - |
| 02000 Total State Special Funds | 9,301,360 | 98.9% | 10,338,193 | 98.8% | 10,251,477 | 99.0% |
| 02086 Mountain Sheep Account | 19,500 | 0.2% | 19,500 | 0.2% | 19,500 | 0.2% |
| 02112 Moose Auction | 1,250 | 0.0% | 1,250 | 0.0% | 1,250 | 0.0% |
| 02176 Mountain Goat Auction | 900 | 0.0% | 900 | 0.0% | 900 | 0.0% |
| 02409 General License | 9,247,049 | 98.3% | 10,208,604 | 97.6% | 10,121,888 | 97.7% |
| 02414 Snowmobile Reg | 5,287 | 0.1% | 5,287 | 0.1% | 5,287 | 0.1% |
| 02547 Search & Rescue | 24,374 | 0.3% | 99,652 | 1.0% | 99,652 | 1.0% |
| 02559 Mule Deer Auction | 1,300 | 0.0% | 1,300 | 0.0% | 1,300 | 0.0% |
| 02560 Elk Auction | 1,700 | 0.0% | 1,700 | 0.0% | 1,700 | 0.0% |
| 03000 Total Federal Special Funds | 107,144 | 1.1% | 124,946 | 1.2% | 107,533 | 1.0% |
| 03097 Fedl Fish(W/B) Wildlife(P/R) | 40,373 | 0.4% | 58,218 | 0.6% | 40,808 | 0.4% |
| 03129 Usfws Section 6 | - | - | - | - | - | - |
| 03403 Misc. Federal Funds | - | - | - | - | - | - |
| 03408 State Wildlife Grants | 66,771 | 0.7% | 66,728 | 0.6% | 66,725 | 0.6% |
| Grand Total | \$ 9,408,504 | 100.0% | \$ 10,463,139 | 100.0% | \$ 10,359,010 | 100.0% |

The division provides management and financial oversight of all department activities. Because of this role the department is funded almost entirely with general license account revenues. Pittman-Robertson, Wallup-Breaux and state wildlife grants provide the federal funds to the 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 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget | Budget Fiscal 2010 | Budget Fiscal 2011 | Biennium Fiscal 10-11 | Percent of Budget |
| Base Budget | 0 | 0 | 0 | 0.00% | 9,408,504 | 9,408,504 | 18,817,008 | 90.37% |
| Statewide PL Adjustments | 0 | 0 | 0 | 0.00% | 749,941 | 648,124 | 1,398,065 | 6.71% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 278,600 | 279,757 | 558,357 | 2.68% |
| New Proposals | 0 | 0 | 0 | 0.00% | 26,094 | 22,625 | 48,719 | 0.23% |
| Total Budget | \$0 | \$0 | \$0 | | \$10,463,139 | \$10,359,010 | \$20,822,149 | |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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 2010----- | | | | | -----Fiscal 2011----- | | | | |
|--|-----------------------|--------------|------------------|-----------------|--------------------|-----------------------|--------------|------------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 561,339 | | | | | 579,291 |
| Vacancy Savings | | | | | (224,469) | | | | | (225,186) |
| Inflation/Deflation | | | | | 33,811 | | | | | 37,650 |
| Fixed Costs | | | | | 379,260 | | | | | 256,369 |
| Total Statewide Present Law Adjustments | | | | | \$749,941 | | | | | \$648,124 |
| DP 902 - Restore Search & Rescue Base | 0.00 | 0 | 75,278 | 0 | 75,278 | 0.00 | 0 | 75,278 | 0 | 75,278 |
| DP 903 - Commission Expense Adjustment | 0.00 | 0 | 16,000 | 0 | 16,000 | 0.00 | 0 | 16,000 | 0 | 16,000 |
| DP 904 - Attorney General FTE | 0.00 | 0 | 62,322 | 0 | 62,322 | 0.00 | 0 | 63,479 | 0 | 63,479 |
| DP 905 - Energy Development Proposal | 0.00 | 0 | 100,000 | 0 | 100,000 | 0.00 | 0 | 100,000 | 0 | 100,000 |
| DP 906 - Area Office Rent Increases | 0.00 | 0 | 25,000 | 0 | 25,000 | 0.00 | 0 | 25,000 | 0 | 25,000 |
| Total Other Present Law Adjustments | 0.00 | \$0 | \$278,600 | \$0 | \$278,600 | 0.00 | \$0 | \$279,757 | \$0 | \$279,757 |
| Grand Total All Present Law Adjustments | | | | | \$1,028,541 | | | | | \$927,881 |

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Market Rate** - The Management and Finance Division has an entry target market of 80 percent with an occasional exception. The current market rate in relation to the 2008 market survey is 90 percent
- **Vacancy** - The division reports difficulty in retaining entry level positions due to pay and limited opportunities for advancement
- **Legislatively applied vacancy savings** - The division was unable to meet vacancy savings rate. Carry forward funds were used to cover the shortfall
- **Pay Changes**
 - Funds were not transferred from other budgeted expenditure categories. All pay changes were completed with the vacancy savings, the 0.6 percent discretionary pay from HB 13, and carry forward funds
 - The division made adjustments based on the market progression models for occupations. The average salary adjustment for the 26 affected positions was 6.6 percent
- **Retirements** - The division anticipates 22 employees, 29 percent of the division, would be eligible for full retirement in the 2011 biennium and these retirements would result in about \$336,164 in unfunded compensated absence liability

DP 902 - Restore Search & Rescue Base - The executive requests a base adjustment of \$75,278 each year of the biennium to re-establish authority to transfer cash to the Department of Military Affairs for costs incurred by search and rescue clubs when searching for hunters, anglers, or trappers. The revenue source for these funds is a \$0.25 surcharge of each conservation license sold.

**LFD
COMMENT**

The surcharge is collected by the department for deposit into the search and rescue fund. The department transfers funds to the Department of Military Affairs when a qualified search and rescue mission occurs.

DP 903 - Commission Expense Adjustment - The executive seeks restored authority for commission compensation for their travel at the standard per diem rate and an honorarium of \$50 per day for participation in meetings or conducting other commission business.

**LFD
COMMENT**

This expense is not rolled forward in the base budget and therefore the department must seek the authority each biennium.

DP 904 - Attorney General FTE - This executive requests funding to support an additional 0.50 FTE in the Attorney General's office (Prosecution Services Bureau -- PSB) of the Department of Justice for an attorney to assist in prosecutions of major fish and wildlife violations. This position would assist in implementing 44-4-115 MCA, which provides for a program in PSB for the investigation and prosecution of criminal cases.

**LFD
ISSUE**

What will be accomplished?

The department is seeking to fulfill the terms of 44-4-115, MCA, which states:

“There is a fish, wildlife, and parks enforcement program in the department of justice, which must be administered by the entity in the department that assists county attorneys with prosecutions. The program staff may investigate and may prosecute criminal cases concerning the violation of the laws administered by the department of fish, wildlife, and parks. The program is under the supervision and control of the attorney general and consists of a half-time attorney licensed to practice law in Montana who may prosecute, or assist county attorneys and the department in the prosecution of, criminal violations of Title 87. “

To implement this proposal, the division would likely enter into a Memorandum of Understanding (MOU) with the Department of Justice. Most MOUs contain the detail of what the agencies agree to, including performance related information. The legislature may wish to inquire how the department will determine the outcome of having these positions. Is the department seeking additional assistance with their workload or is the department seeking to raise prosecutions to a higher level. Without further detail, it cannot be determine what the agency intends to accomplish with providing this funding to the Department of Justice.

DP 905 - Energy Development Proposal - This state special revenue budget request is for \$100,000 per year for the 2011 biennium to develop a comprehensive oil and gas stipulations and recommendation package for fish and wildlife associated with Montana's sagebrush and grasslands. These stipulations would be science based, utilizing existing peer reviewed research throughout the west as well as Montana specific biological data, and a collaborative approach to develop the recommendations.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity

Justification

The department proposes to develop comprehensive science-based, oil and gas stipulation recommendations for sagebrush/grasslands and associated fish and wildlife species for Montana. Because FWP does not have a significant history to deal with energy development issues, many recommendations are being made based on replicating information from other states, provinces, or federal agencies, with no assurance that they are based on best science or is applicable to Montana's unique habitat or species. As a result, FWP responses to federal and state mineral leasing requests have been less consistent than desired. This project would provide a document that could be used by industry or other agencies to understand how FWP can be predicted to respond to leasing, exploration, and development of mineral resources. This document would also serve as a process template for similar documents for other fish and wildlife community types.

Project Outcome

This project would result in the department providing a consistent and predictable set of recommendations for oil and gas development that would assist in conserving Montana's fish, wildlife and recreational resources.

Performance Criteria

Progress will be measured by confirming that project phases are being completed according to established timelines. The FWP Wildlife Division will monitor all performance criteria. The phases are:

- o Identification of project scope and objectives
- o Consolidation of fish and wildlife inventory and GIS data
- o Review and consolidation of existing stipulations and recommendations from other states, provinces and federal agencies
- o Identification of scientific justification for consolidated recommendations and stipulations
- o Drafting of FWP recommendations based on findings
- o Project completion, approval, and distribution of document

Milestones

- o 10/09 - Identification of project scope and objectives, consolidation of fish and wildlife inventory and GIS data.
- o 12/09 - Identification and acquisition of contract or other personnel capacity needs.
- o 07/09 - Review and consolidation of existing stipulations and recommendations from other states, provinces, and federal agencies.
- o 01/10 - Identification of scientific justification for consolidated recommendations and stipulations.
- o 01/11 - Draft of FWP recommendations based on findings.
- o 07/11 - Project completion, approval, and distribution of document.

FTE

The work will be completed using existing staff, a modified temporary employee, and/or contract labor. The management of this work will be included in the performance evaluation of the Special Projects Planning and Policy Coordinator. A modified temporary FTE might be requested or a contract employee might be hired based on the availability of qualified applicants.

Funding

Funding originates from general license dollars. Based on meeting performance measures and the benefit perceived by FWP and outside interests, this process could be repeated for other fish and wildlife communities in the 2013 biennium. If so, similar funding of \$100,000 adjusted for inflation could be requested.

Obstacles

The primary obstacle for implementing this proposal includes identifying qualified personnel or expertise that understand oil and gas development strategies and limitations and fish and wildlife resource management fundamentals. This obstacle might be overcome through training.

Risk

FWP recommendations will continue to be less consistent and predictable than desired. Oil and gas industry and other state and federal agencies will not have a document to refer to that provides information that predicts likely FWP response to oil and gas leasing, exploration and development. As a result FWP will continue to perform less efficiently than possible and outside interests will not be served as well as could be possible.

| | |
|----------------------|---|
| LFD ISSUE | Weak Performance Criteria |
| | <p>The expanded justification provides a description of a project with weak performance measures that would be completed within the biennium with the caveat that if it was successful similar projects could occur in future biennia. For this reason, the legislature may wish to consider one or more of the following:</p> <ul style="list-style-type: none"> o Request that the agency strengthen performance measures to clearly define what each step means and to define what a quality outcome will be o Restrict this appropriation as one-time-only to allow the legislature to determine the success prior to establishing a similar project for another fish and wildlife community o Select this initiative to review throughout the biennium to determine if the project is making progress toward the release of science based surface operating stipulations to protect fish and wildlife resources |

DP 906 - Area Office Rent Increases - The executive is requesting \$25,000 authority each year of the biennium to cover increases in rent. The area offices that are affected include Dillon, Butte, Choteau and Havre.

New Proposals

| Program | -----Fiscal 2010----- | | | | | -----Fiscal 2011----- | | | | | |
|--|-----------------------|--------------|-----------------|-----------------|-----------------|-----------------------|--------------|-----------------|-----------------|-----------------|--------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds | |
| DP 6101 - Fixed Cost Workers Comp Management Program Allocat | 09 | 0.00 | 0 | 20,092 | 6,002 | 26,094 | 0.00 | 0 | 17,421 | 5,204 | 22,625 |
| Total | 0.00 | \$0 | \$20,092 | \$6,002 | \$26,094 | 0.00 | \$0 | \$17,421 | \$5,204 | \$22,625 | |

DP 6101 - Fixed Cost Workers Comp Management Program Allocat - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Proprietary Rates

Proprietary Program Description

Duplicating Center

Program Proposed Budget

The following summarizes the total executive budget proposal for this program by year.

| FWP Duplicating Center - Proposed Budget | | | | | |
|--|-----------------|--------------------|-----------------|--------------------|-----------------|
| | Base | FY2010 Adjustments | FY2010 Total | FY2010 Adjustments | FY2010 Total |
| 61000 Personal Services | \$35,767 | \$968 | \$36,765 | \$968 | \$36,765 |
| 6200 Operating Expenses | 40,366 | 99 | 40,465 | 115 | 40,481 |
| Total Costs | \$76,133 | \$1,067 | \$77,230 | \$1,083 | \$77,246 |

Program Description

The department's duplicating center provides duplicating and bindery services to department employees. The Duplicating Center has only 1.00 FTE and whenever the demand for services becomes too great or a particular job is considered too large, the excess jobs are taken to Publications & Graphics to be completed.

Program Narrative

Expenses recovered in the rates are the personal services of the 1.00 FTE, operating expenses, and the raw materials needed for duplicating.

Rates have been historically adjusted based on the need to increase or decrease the cash balances in the account. Prior to requesting new rates, a review of the cash balance is completed. At FYE 2008, the cash balance was (\$1,143).

The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program. Field projects are billed monthly for the services provided during the month. The workload is fairly consistent so there is little fluctuation in cash balances except when additional inventory is purchased.

A portion of the program's fund balance has been reserved for the duplicating center's equipment and inventory. At FYE 2008 the book value of the fund's assets was \$20,933 and the fund had \$9,858 in inventory.

| 2011 Biennium Report on Internal Services Funds | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Duplicating Center | | | | |
| | Actual | Budgeted | Projected | Projected |
| | 2008 | 2009 | 2010 | 2011 |
| Beginning Working Capital Balance | \$39,277 | \$24,768 | \$26,498 | \$29,196 |
| Operating Expenses | 83,770 | 108,270 | 77,302 | 77,346 |
| Operating Revenues | | | | |
| Revenue from Fees | 69,261 | 110,000 | 80,000 | 80,000 |
| Other Revenues | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Operating Revenues | 69,261 | 110,000 | 80,000 | 80,000 |
| Operating Gain (Loss) | (14,509) | 1,730 | 2,698 | 2,654 |
| Ending Working Capital Balance | <u>\$24,768</u> | <u>\$26,498</u> | <u>\$29,196</u> | <u>\$31,850</u> |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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.

| FWP Duplicating Center - Present Law Adjustments | | | | |
|--|---------|---------|---------|---------|
| | FY 2010 | | FY 2011 | |
| | FTE | Costs | FTE | Costs |
| PL 000 Statewide Adjustments | 0.0 | \$1,067 | 0.0 | \$1,103 |

Proprietary Rates

The rate methodology attempts to determine a rate for various duplicating and bindery services that allow the fund to recover both the cost of the raw materials and all associated personal services and operating costs. Rates have been historically adjusted based on the need to increase or decrease the cash balance. The requested rates have been increased only to recover anticipated inflationary increases in the raw materials and administrative costs.

For the 2011 biennium the following rates would generate revenue commensurate with costs as presented in the executive budget proposal.

| FWP Duplicating Center - Proposed Rates | | | | |
|---|----------------|----------------|------------------|------------------|
| Service | Actual 2008 | Actual 2009 | Proposed 2010 | Proposed 2011 |
| <u>Duplicating (number of copies)</u> | | | | |
| 1-20 | 0.050 | 0.055 | 0.060 | 0.065 |
| 21-100 | 0.035 | 0.040 | 0.045 | 0.050 |
| 101-1000 | 0.030 | 0.035 | 0.040 | 0.045 |
| 1001-5000 | 0.025 | 0.030 | 0.035 | 0.040 |
| Color Copies | 0.250 | 0.200 | 0.250 | 0.250 |
| <u>Bindery</u> | | | | |
| Colating (per sheet) | 0.005 | 0.010 | 0.010 | 0.010 |
| Hand stapling (per set) | 0.015 | 0.020 | 0.020 | 0.020 |
| Saddle stitch (per set) | 0.030 | 0.035 | 0.035 | 0.035 |
| Folding (per sheet) | 0.005 | 0.010 | 0.010 | 0.010 |
| Punching (per sheet) | 0.001 | 0.005 | 0.005 | 0.005 |
| Cutting (per minute) | 0.550 | 0.600 | 0.600 | 0.600 |

Vehicle Fund

Program Proposed Budget

The following summarizes the total executive budget proposal for this program by year.

| FWP Vehicle Fund - Proposed Budget | | | | | |
|------------------------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|
| | Base | FY2010 Adjustments | FY2010 Total | FY2010 Adjustments | FY2010 Total |
| 61000 Personal Services | \$105,700 | \$13,580 | \$119,280 | \$13,726 | \$119,246 |
| 62000 Operating Expenses | 1,814,218 | 263,791 | 2,078,009 | 280,842 | 2,095,060 |
| 63000 Equipment | 840,017 | 0 | 840,017 | 0 | 840,017 |
| Total Costs | <u>\$2,759,935</u> | <u>\$277,371</u> | <u>\$3,037,306</u> | <u>\$294,568</u> | <u>\$3,054,323</u> |

Program Description

The department's equipment fund provides a fleet of vehicles to department employees. The revenue users are department employees, mostly enforcement wardens, fish and wildlife biologists, and park employees. Every month, users are charged for the miles driven during the previous month.

Funding

In the base year fund revenues are derived from 67 percent state special revenue, 26 percent federal revenues and 3 percent private trusts. There is a minor amount of general fund. The department anticipates a similar funding mix for the 2011 biennium.

Program Narrative

Revenues, Expenses and Fund Equity

The objective of the vehicle account is to recover (through rates and annual auction revenues) sufficient funds to cover administrative costs to operate the program, fuel, repair costs, and replace vehicles at approximately 120,000 miles. A total of 2.56 FTE are supported by this fund. The two largest costs are fuel and repairs. In FY 2008, the fund spent \$1,280,000 on fuel and \$340,000 on repairs. Gasoline expenses have increased an average of 15 percent over the past six years and we project this rate to continue into the next biennium. In FY 2008, the department drove just over 5,500,000 miles in department vehicles. Due to the proposed rates in FY 2010 and FY 2011, the program anticipates revenues of \$3.2 million in FY10 and \$3.3 in FY11.

Working Capital Discussion

The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level. To compensate for a cash flow problem created by increasing fuel costs rates, we are requesting an additional rate increase of 29 percent in FY 2010 and 31.8 percent in FY 2011 for our vehicles.

| | |
|--------------------|--|
| LFD COMMENT | The requested adjustment for gasoline is 10 percent higher than inflationary factor utilized to develop the executive request. Since the time the inflationary factors were developed, the cost of gasoline has decreased significantly. |
|--------------------|--|

Fund Equity and Reserved Fund Balance

There is no requirement to reserve fund balance. At FYE 2008, the vehicle fund had total assets of \$6.5 million and the book value (original cost less accumulated depreciation) of the fleet was \$6.1 million. The major liability is a \$300,000 loan to ensure a positive cash balance at year-end. A portion of the program's fund balance has been reserved for the book value of department vehicles.

| 2011 Biennium Report on Internal Services Funds | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Vehicle Fund | | | | |
| | Actual 2008 | Budgeted 2009 | Projected 2010 | Projected 2011 |
| Beginning Working Capital Balance | \$5,624,605 | \$5,837,596 | \$6,396,397 | \$7,507,740 |
| Operating Expenses | 2,368,173 | 2,091,199 | 2,188,657 | 2,226,424 |
| Operating Revenues | | | | |
| Revenue from Fees | 2,502,210 | 2,650,000 | 3,250,000 | 3,300,000 |
| Other Revenues | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Operating Revenues | 2,502,210 | 2,650,000 | 3,250,000 | 3,300,000 |
| Gain (loss) on Sale of Assets | (76,328) | (100,000) | (100,000) | (100,000) |
| Operating Transfers In (Out) | 155,282 | 100,000 | 150,000 | 150,000 |
| Operating Gain (Loss) | <u>212,991</u> | <u>558,801</u> | <u>1,111,343</u> | <u>1,123,576</u> |
| Ending Working Capital Balance | <u>\$5,837,596</u> | <u>\$6,396,397</u> | <u>\$7,507,740</u> | <u>\$8,631,316</u> |

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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.

| FWP Vehicle Fund - Present Law Adjustments | | | | |
|--|---------|-----------|---------|-----------|
| | FY 2010 | | FY 2011 | |
| | FTE | Costs | FTE | Costs |
| PL 000 Statewide Adjustments | 0.0 | \$277,371 | 0.0 | \$294,568 |

Proprietary Rates

For the 2011 biennium the following rates would generate revenue commensurate with costs as presented in the executive budget proposal.

The rate methodology attempts to determine a cost/mile rate for various classes of vehicles. The methodology is to determine the previous year's expenses, including operating, maintenance, and administration expenses minus the previous year's revenue generated from the rates and the annual vehicle auction to establish the net cash inflow. Future year expenses are estimated based on the most current year's information plus a 10 percent inflationary factor. Due to the current cash balance and the increased fuel costs, our proposed vehicle rates have been increased 29 percent in FY 2010 and 31.8 percent in FY 2011.

| FWP Vehicle Fund - Proposed Rates | | | | |
|-----------------------------------|----------------|----------------|------------------|------------------|
| Vehicle | Actual 2008 | Actual 2009 | Proposed 2010 | Proposed 2011 |
| Sedans (per mile) | 0.36 | 0.38 | 0.45 | 0.46 |
| Vans (per mile) | 0.40 | 0.42 | 0.52 | 0.53 |
| Utilities (per mile) | 0.43 | 0.46 | 0.57 | 0.58 |
| Pickups - 1/2 ton (per mile) | 0.39 | 0.41 | 0.52 | 0.53 |
| Pickups - 3/4 ton (per mile) | 0.44 | 0.48 | 0.60 | 0.61 |

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The requested adjustment for gasoline is 10 percent higher than inflationary factor utilized to develop the executive request. Since the time the inflationary factors were developed, the cost of gasoline has decreased significantly. The legislature may wish to adjust the rates to account for lower gasoline costs.

Warehouse Inventory

Program Proposed Budget

The following summarizes the total executive budget proposal for this program by year.

| FWP Warehouse Fund - Proposed Budget | | | | | |
|--------------------------------------|------------------|-----------------------|------------------|-----------------------|------------------|
| | Base | FY2010 Adjustments | FY2010 Total | FY2010 Adjustments | FY2010 Total |
| 61000 Personal Services | \$14,205 | \$7,556 | \$21,761 | \$7,565 | \$21,770 |
| 62000 Operating Expenses | <u>105,047</u> | <u>177</u> | <u>105,224</u> | <u>195</u> | <u>105,242</u> |
| Total Costs | <u>\$119,252</u> | <u>\$7,733</u> | <u>\$126,985</u> | <u>\$7,760</u> | <u>\$127,012</u> |

Program Description

The department's warehouse contains mainly uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department, such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

Program Narrative

The expenses associated with the warehouse include personal services, miscellaneous office supplies and expenses for the warehouse worker, and inventory purchased to replenish existing stock. Revenues are the sales of inventory items to department employees. We anticipate revenues to be constant at around \$110,000 per year for FY 2010 and FY 2011.

Working Capital Discussion

The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program. The department attempts to ensure that fees are commensurate with costs over time by adjusting the proposed rates for excess income or loss from previous periods.

Field projects are billed monthly for the purchases made during the month. Cash balances fluctuate during the year. Cash balances are lowest during the winter when stock is replenished and highest during the summer when temporary and seasonal employees are hired.

Fund Equity and Reserved Fund Balance

A portion of the program's fund balance has been reserved for the warehouse inventory. At FYE 2008, the warehouse inventory was \$104,190.

| 2011 Biennium Report on Internal Services Funds | | | | |
|---|------------------|------------------|-------------------|-------------------|
| Warehouse Fund | | | | |
| | Actual 2008 | Budgeted 2009 | Projected 2010 | Projected 2011 |
| Beginning Working Capital Balance | \$138,796 | \$112,871 | \$57,030 | \$47,965 |
| Operating Expenses | 129,917 | 135,841 | 127,065 | 127,101 |
| Operating Revenues | | | | |
| Revenue from Fees | 103,992 | 80,000 | 118,000 | 120,000 |
| Other Revenues | 0 | 0 | 0 | 0 |
| Total Operating Revenues | 103,992 | 80,000 | 118,000 | 120,000 |
| Operating Gain (Loss) | (25,925) | (55,841) | (9,065) | (7,101) |
| Ending Working Capital Balance | <u>\$112,871</u> | <u>\$57,030</u> | <u>\$47,965</u> | <u>\$40,864</u> |

Present Law Adjustments

| FWP Warehouse Fund - Present Law Adjustments | | | | |
|--|---------|---------|---------|---------|
| | FY 2010 | | FY 2011 | |
| | FTE | Costs | FTE | Costs |
| PL 000 Statewide Adjustments | 0.0 | \$7,733 | 0.0 | \$7,760 |

Proprietary Rates

The rate requested for the warehouse is an overhead rate that is added to the cost of the inventory items. The overhead rate will generate sufficient revenue to cover the administrative costs of the program.

Due to a cash build up, the warehouse overhead rate for the past four years has been 5 percent. We are now requesting a warehouse overhead rate of 18 percent in FY 2010 and 20 percent in FY 2011. The rate is calculated by estimating the support costs required to maintain the warehouse function such as personal services, office supplies and other miscellaneous office costs. Based on estimated warehouse sales, a fixed overhead percentage is determined that allows the department to recover the warehouse support costs. This rate is also adjusted for any previous over or under collections. Due to the size of this operation, a simple warehouse overhead rate has been considered the most logical.

For the 2011 biennium the following rates would generate revenue commensurate with costs as presented in the executive budget proposal.

| FWP Warehouse Fund - Proposed Rates | | | | |
|-------------------------------------|----------------|----------------|------------------|------------------|
| Rate | Actual 2008 | Actual 2009 | Proposed 2010 | Proposed 2011 |
| Percentage Mark-up on Goods | 5.00 | 5.00 | 18.00 | 18.00 |