

# Section C

**Fish, Wildlife and Parks  
Environmental Quality  
Livestock**

**Natural Resources and Conservation  
Agriculture  
Commerce**



***Legislative Fiscal Division***



[www.leg.state.us/fiscal/](http://www.leg.state.us/fiscal/)



# DEPARTMENT OF FISH, WILDLIFE & PARKS

**AGENCY SUMMARY**

The general fund reductions in FWP will not cause a loss in service. All the general fund reductions except \$256 in Conservation Education Division and \$2,500 for capitol grounds maintenance could be replaced with funding from the state parks earmarked revenue account (02411).

**Program Name**

**Service**

**Recommended**

**06 Parks Division**

**Grounds Maintenance reduction**

2,500

A reduction in capitol grounds maintenance proprietary fund of \$5,000 is possible by curtailing irrigation, lowering fertilization and reducing mowing of the grounds on the Capitol Complex. About \$2,500 of the reduction results in a general fund savings. The Department of Fish, Wildlife and Parks will bill agencies at the reduced rate in FY 2003.

**LFD COMMENT**

The results of this reduction would be to reduce the level of capitol grounds maintenance. For example, instead of using three mowers, one would be used.

**8 Conservation Education Div**

**Reduction in Printed Material for Off-Highway (OHV) Safety and Education**

256

A reduction in printed material relating to Off-Highway Vehicle (OHV) Safety and Education will occur. There will be a savings of \$256 at 10%. Less public information specific to safety/education and ethics related to OHV use will be available. We will ask local volunteers to do more in the way of providing

**LFD COMMENT**

Since the agency does these printings in bulk, some printed material remains in inventory. Therefore, it is unlikely that the public would do without printed safety material. To mitigate the reductions, the agency would contract for slightly smaller printing runs.

**6 Parks Division**

**Reduce Weed Control Activity in each Region of the State**

6,000

Reduce weed control activities in each region of the state. These monies will come from a statewide cut in weed control budgets in state parks that translates into deferred maintenance of sites, not a true savings. The \$6,000 identified above represents approximately 2% of the general fund State Parks receives. Should a cut be necessary, the impacts of this decision will be seen in reduced county weed control contract payments, increased infestation of noxious weeds, increased weed control backlog, and likely more neighbor and adjacent landowner complaints. Mitigation for this action is limited because any cut would be a direct loss in service.

**LFD ISSUE**

The executive is proposing to defer maintenance in various parks across the state. This reduction would come in the form of decreases in direct payments to counties for weed control. However, state law (23-1-127 MCA) requires the executive to perform maintenance activities such as weed control, fence installation, garbage removal, and placing, cleaning, and stocking of latrines before development or improvement projects. An alternative would be to utilize state parks earmarked revenue (02411) as a funding source to make the weed control contract payments. Another, more long-term alternative is to reduce development and/or improvement activities in order to perform higher priority maintenance tasks. Finally, park entrance fees could be raised to generate additional revenue to cover any general fund reductions.

**6 Parks Division**

**Reduce Lewis and Clark Preparation**

2,000

Reduce Lewis and Clark preparation at parks around the state including Clarks Lookout, Beaverhead Rock, Missouri Headwaters, and Giant Springs. This cut will reduce budgets, but defer costs associated with preparing for the Lewis and Clark Bicentennial. The action will reduce interpretation, education, planning, and site

development such as toilet placement and parking. The impact from this cut can't be mitigated except possibly through donations of goods from private businesses or donations of time and services by members of the public.

**LFD COMMENT** The proposed reduction in general fund can be mitigated through the use of state parks earmarked revenue (02411). In addition, the executive notes that the reductions could also be mitigated by utilizing non-budgeted donations and through volunteers. The Department of Fish, Wildlife, and Parks relies on an extensive volunteer network to assist in many areas. This may be another area that volunteers could be utilized to meet department needs. Because there is an alternative funding source, these reductions could be sustained on a long-term basis. LFD raises no issues with this reduction.

**6 Parks Division**

**Reduce State Parks Operation and Maintenance Work**

7,548

Reduce State Parks operation and maintenance budgets in several parks including Lewis and Clark Caverns, Bannack State Park and Hell Creek State Park. The cut will reduce daily maintenance such as custodial work, mowing, fence repair, and building preservation while also increasing the deferred maintenance backlog in individuals parks. Note that there is also an additional \$5000 reduction in Parks for the grounds maintenance of the Capitol Complex under statewide actions. Impacts from this proposed reduction will be a decrease in service, which is difficult to mitigate. Possible alternatives would be increased volunteerism and donation of goods.

**LFD ISSUE** The executive is proposing to defer maintenance in various parks across the state. This reduction would come in the form of decreases in daily maintenance. However, state law (23-1-127 MCA) places a high priority on maintenance activities. An alternative would be to utilize state parks earmarked revenue (02411) as a funding source to complete the required maintenance. Another, more long-term alternative is to reduce development and/or improvement activities in order to perform higher priority maintenance tasks. Finally, park entrance fees could be raised to generate additional revenue to cover any general fund reductions.

**6 Parks Division**

**Reduce Operations in L & C Caverns, Bannack state park**

6,000

Further reduce operations in Lewis & Clark Caverns and Bannack state parks. Reduction of operations in these state parks could result in inadequate care being taken of Montana's historical sites. There is no known mitigation for these additional reductions.

**LFD ISSUE** The executive is proposing to further reductions to operations in two state parks. This reduction would come in the form of decreases in daily maintenance at Bannack state park and Lewis & Clark state park. However, state law (23-1-127 MCA) places a high priority on maintenance activities. Like the other reductions to state parks maintenance, an alternative would be to utilize state parks earmarked revenue (02411) as a funding source to complete the required maintenance. Another, more long-term alternative is to reduce development and/or improvement activities in other parks in order to perform higher priority maintenance tasks taking place in these two parks. Finally, park entrance fees could be raised in these parks to generate additional revenue to cover any general fund reductions.

**Summary for Agency # 5201, Department of Fish, Wildlife and Parks, (6 detail records)**

**24,304**

Fiscal 2003 Base Appropriation	\$281,817
Percent Reduction From Base	8.62%

# DEPARTMENT OF ENVIRONMENTAL QUALITY

**AGENCY SUMMARY**

The reductions proposed for the Department of Environmental Quality can be absorbed by the agency in the short-run and many have potential for long-term applicability. Some reductions are accomplished utilizing techniques such as combining trips, extending the life of equipment, streamlining by defining customer needs, and seeking alternative training options. These kinds of cost-saving measures are the type that the legislature might expect from state agencies.

<u>Program Name</u>	<u>Service</u>	<u>Recommended</u>
<b>10 Central Management Program</b>	<b>Reduce contracted services for database development and legal challenges.</b>	8,988

Database Development is used to continue the department's database development consolidation projects started during previous years. Legal Challenges is used to respond to a variety of legal challenges to the department's permitting and bonding actions. Database development savings to the general fund is \$4,494 at 3% and Legal Challenges savings to the general fund is \$4,494. The reductions will prolong the agency's database conversion. There will be little or no impact to constituents with

**LFD COMMENT**

The legal challenges portion of the reduction is a one-time-only, biennial appropriation with \$598.92 being spent through May 28 leaving \$149,401 remaining. This cut represents a 3 percent reduction. The database development appropriation is also a one-time-only biennial appropriation with \$44,664 spent through May 28 in fiscal 2002 leaving \$105,336 remaining. The reduction represents 4.3 percent of the remaining appropriation. The executive suggests that this cut will prolong the database development project. However, during the 2001 legislative session, the legislature appropriated \$1.3 million for database development efforts throughout the department. The portion represented by these cuts is approximately .35 percent of the total appropriated amount. These are not mandated services and reductions should not significantly impact development efforts.

<b>50 Permitting &amp; Compliance Div.</b>	<b>Reduce contracts: Solid Waste MACO training contract</b>	6,629
--------------------------------------------	-------------------------------------------------------------	-------

Operating Expenses will be reduced by \$6,629 for a 3% cut that will reduce funding for MACo sponsored solid waste training for licensed facilities. The DEQ will attempt to mitigate by seeking funding from other sources such as EPA, university system, etc.

**LFD COMMENT**

The Solid Waste Program reduction will reduce solid waste training for licensed facilities from 10 sessions to 9. Facility training is not a statutorily mandated service. According to the executive, alternate funding sources will be examined. If alternative funding sources are found, this service could still be provided with a permanent reduction in general fund appropriations.

<b>20 Planning, Prev, &amp; Assistance</b>	<b>Delay recruiting and hiring accounting tech position in the fiscal unit</b>	4,300
--------------------------------------------	--------------------------------------------------------------------------------	-------

A \$4,300 general fund reduction in the services of one FTE dedicated to accounting and contract management duties will occur. The fiscal unit will rely on the services of the other accounting tech and the fiscal specialist position for accomplishment of accounting and contract tracking functions.

**LFD COMMENT**

This reduction is derived from a delayed hiring of a non-mandated FTE in program 20. Since this unit has not hired this FTE, unit services will continue at their present level. Since this reduction has been designated as delay, this reduction would not be a permanent reduction to the general fund unless other funding sources could be obtained.

**20 Planning, Prev, & Assistance**

**Reduce operating expenses**

10,900

Reduce operating expenses for assisting local governments and small businesses reduce wastes, increase recycling, and find markets for waste materials. Services will be reduced including on-site assistance and training. Program staff will prioritize services that can be provided and request information from clients on those services most needed.

**LFD COMMENT**

One element of this program is to develop a state solid waste management plan that incorporates educational elements for those generating solid waste. According to 75-10-803, MCA, the state has a goal to reduce the volume of solid waste generated by 25 percent by January 1, 1996. Although this goal has not been met, program staff has indicated that the department is about half way to meeting the goal. The proposed reduction comes from operating expenses and would likely result in a reduction of services and slower department progress toward the goal. However, in an effort to mitigate the reductions, program staff intends to prioritize services and streamline to more closely meet the specific needs of clients. In addition, staff training time would be reduced. Since the program will continue to provide a mandated service and will make a determination about which services are most critical to program goals, this reduction could likely be sustained on a long-term basis.

**50 Permitting & Compliance Div.**

**Reduce division operating expenses**

50,000

Reduce division operating expenses, travel, supplies, temporary services, communications and staff training. Staff likely will not be able to have adequate supplies (office, field, and safety), complete necessary travel to do inspections necessary for permitting and compliance inspections, obtain essential training, to complete their jobs in a timely manner as expected by our constituents, the regulated community. Mitigation measures will include continued use of older supplies and equipment by increasing maintenance, combining more trips and seeking more on-line and/or sponsor provided training.

**LFD COMMENT**

As indicated by the executive, the specific services targeted for reductions are not mandated. It appears that the executive will mitigate the reductions by reducing travel expenses, utilizing existing equipment longer, and seeking training alternatives for staff. These kinds of cost-saving measures are the type that the legislature might expect from state agencies.

**20 Planning, Prev, & Assistance**

**Reduce match amount for the federal biomass energy program**

20,000

This will reduce the amount of state matching funds for the biomass energy program and will impact the ability to secure additional federal revenues for work supporting ethanol and biodiesel fuels and woody biomass. By reducing rather than eliminating the match, the program will be able to seek some in-kind sources of match and continue to provide services, although at a lower level.

**LFD COMMENT**

The executive proposes a reduction in the match amount for the federal biomass energy program. This program assists in the commercial development of biomass (fast growing wood and other agriculture products that can used to generate energy) as an energy resource option and includes applied research, development, and education. In this program, DEQ is providing a service at the request of the federal government. Thus, it is not a mandated service. However, if the state accepts the federal dollars, the state must put up one-third of the funding as a match.

**LFD  
COMMENT  
(continued)**

If cash is not available, the state can meet matching requirements by providing in-kind services. For example, in-kind services might involve having a third-party complete a biomass project. The value of the project would then be applied to the state's one-third match. The executive indicates that there will be a reduction of services because in-kind services are more difficult to obtain than cash as a source state matching funds and would be provided at a reduced level. This, in turn, would reduce the amount of the federal grant to Montana and require program activity to continue at a reduced level. If in-kind services are secured and utilized, the reduction could be absorbed by the program.

**20 Planning, Prev, & Assistance**

**Reduce operating costs**

29,121

Reduce operating costs including contracts for wastewater technical assistance, energy programs, and visibility protection. Shift funding for the barebones wastewater technical assistance program from general fund to federal funds (EPA Supplemental 106). Do not hire an air quality specialist and proceed more slowly on the development of control strategies to improve visibility in national parks and wilderness areas. Reduce operating costs including contracts and travel for the energy program. Delay purchasing replacement computers for the energy, economic analysis and air quality programs. The expected general fund savings are: (1) wastewater technical assistance--\$5,000, (2) visibility protection--\$6,000, (3) energy program operating costs--\$14,121, and (4) delayed computer purchases--\$4,000. Slowing the pace of the department's efforts to develop a visibility strategy will make it more difficult to meet the 2004 and 2008 federal deadlines for submitting state implementation plans and visitors to national parks and wilderness areas may witness hazy vistas for a longer time period. The department will produce fewer and lower quality reports on energy issues and will attend fewer state and regional meetings, workshops and conferences. Energy, economic analysis, and air quality staff will be using older and less reliable computers that are inadequate for some complex statistical and GIS applications. The department would need to secure a long-term source of federal funding for the wastewater technical assistance activities. Montana may be late in submitting 2004 regional haze state implementation plan. Resources will need to increase and activities accelerate during FY2006 and FY2007. Impacts can be partially mitigated by greater use of telephone conferences. Assigning complex statistical and GIS applications to individuals with more powerful computers and purchasing additional computers in FY2006 and FY2007 will help.

**LFD  
COMMENT**

This reduction is being done in four parts. The first part of this reduction includes a reduction in the Wastewater Technical Assistance Program. Amounting to \$5,000, this reduction in general fund will be replaced with funding from the Environmental Protection Agency (EPA). Because this is a funding shift, this portion of the reduction could be considered a longer-term reduction in general fund that is dependant upon the stability of the federal source. The second portion of the reduction would involve not hiring an additional air quality specialist. This specialist would work toward the 2064 goal of natural visibility conditions in Federal Class I areas (national parks and wilderness areas) contained within Montana. The department has indicated that the goal will be met but that it would have to accelerate efforts in order to meet a 2008 intermediary reporting goal. The third and fourth reductions include attending fewer meetings, conferences, workshops, and delaying computer purchases. These reductions will be mitigated by utilizing more telephone conferences and assigning newer, more powerful computers to users that require the power for complex global information system (GIS) and statistical calculations. These four cost reduction efforts are the kind that might be expected by the legislature.

**20 Planning, Prev, & Assistance**

**Reduce operating expenses**

12,000

Reduce operating expenses for assisting local governments and small businesses in their efforts to reduce wastes, increase recycling, and find markets for waste materials. The savings are \$12,000 in general fund. Services will be reduced including on-site assistance and training. Program will prioritize services that can be provided and request information from clients on those services most needed.

**LFD  
COMMENT**

This represents further reductions to program 20 in the area of waste recycling training, market searches, and handler education. After this reduction, program 20 would see \$22,900 in total reductions for these activities.

**50 Permitting & Compliance Div.**

**Reduce division operating expenses**

27,233

Reduce division operating expenses, travel, supplies, temporary services, communications, and training by \$27,233 for a 3% cut. Staff may not be able to have adequate supplies (office, field, and safety), complete necessary travel to do inspections necessary for permitting and compliance inspections, obtain essential training, to complete their jobs in a timely manner as expected by our constituents, the regulated community. The impacts will be mitigated by continued use of older supplies and equipment, by increasing maintenance, combining more trips, and seeking more on-line and/or sponsor provided training.

**LFD  
COMMENT**

This is a further reduction in general fund operating expenses in program 50 that would bring the total reduction for these activities to \$77,233. As indicated by the executive, the specific services targeted for reductions are not mandated. It appears that the executive will mitigate the reductions by combining trips, using older supplies, increasing equipment maintenance rather than replacement, and seeking on-line training for staff. These kinds of cost-saving measures are the type that the legislature might expect from state agencies.

**50 Permitting & Compliance Div.**

**Eliminate .50 FTE (Environmental Engineer) in the Hard Rock Permitting program and reduce MEPA general fund hours**

4,332

Eliminate 0.50 FTE (Environmental Engineer) in the Hard Rock Permitting program and reduce MEPA general fund hours by \$4,332. The reduction of an engineer in the Hard Rock program may slow down bond calculations on permits for new or amended projects, may hamper securing funds for bond shortfalls and administering contracts. Due to reduction in staffing levels, industries seeking permits may be requested to provide detailed bond calculations upon submittal for review.

**LFD  
ISSUE**

This reduction would eliminate a .50 FTE Environmental Engineer in the Hard Rock Permitting Program. Since this position is currently unfilled and has been unfilled since January 2002, the department should not see an impact in its permitting review process required under 82-4-338 MCA. This statute requires the department to calculate bond amounts as a component of a reclamation plan. The executive suggested that those seeking permits submit bond calculations as a proposed mitigation of the reduction. However, this may be contrary to current law.

For example, if the department determines that, based upon past experience, additional expertise is needed for calculation of bond amounts, the department and the applicant must agree upon a third party contractor. The applicant then must pay the first \$5,000 of this cost and the remainder is split between the department and the applicant. Statute also requires that the licensee be given a copy of the bond calculations that form the basis for the bond level determination. Thus, it appears that a statutory change would be required if the licensee would be making bond level calculations as part of an initial, annual, or comprehensive 5-year review.

Because this position is a half-time professional engineer position, the department has experienced difficulties filling it. An alternative funding source would be to impose fees as part of the permitting process.

**30 Enforcement Division**

**Eliminate new field equipment, reference materials and contracted services for expert witnesses.**

14,020

Eliminate new field equipment, reference materials and contracted services for expert witnesses. Citizen complaint investigation and spill response services will be somewhat reduced. Savings are \$14,020 in operating (62000 category) Investigation and resolution of citizen complaints about possible environmental violations will be slowed and some complaints may not be addressed. Collection of credible evidence to document violations and support enforcement of environmental laws will be restricted. Focus on the most severe violations and ignore minor citizen complaints. Limit the number of formal enforcement actions.

**LFD COMMENT** This reduction reduces general operating expenses in the Enforcement Division. Utilizing current equipment for longer periods of time, focusing on the most useful reference materials, and prioritizing citizen complaints are all reasonable cost cutting measures of the type that might be expected by the legislature. In addition, the specific items selected for reduction are not mandated but they are part of functions that are mandated. Although specific items will be reduced, the services will continue to be provided.

**10 Central Management Program**

**Reduce contracted services for database development and legal challenges.**

5,000

Database Development is used to continue the department's database development consolidation projects started during previous years. Legal Challenges is used to respond to a variety of legal challenges to the department's permitting and bonding actions. Database development savings to the general fund is \$4,494 at 3% and Legal Challenges savings to the general fund is \$4,494. The reductions will prolong the agency's database conversion. There will be little or no impact to constituents.

**LFD COMMENT** These are further reductions of the legal challenges and database development reductions in program 10. These are not mandated services and reductions should not significantly impact development efforts.

**30 Enforcement Division**

**Eliminate new field equipment, reference materials and contracted services for expert witnesses. Citizen complaint investigation and spill response services will be somewhat reduced.**

32,710

Eliminate new field equipment, reference materials and contracted services for expert witnesses. Citizen complaint investigation and spill response services will be somewhat reduced. Investigation and resolution of citizen complaints about possible environmental violations will be slowed and some complaints may not be addressed. Collection of credible evidence to document violations and support enforcement of environmental laws will be restricted. Staff will focus on the most severe violations and ignore minor citizen complaints and limit the number of formal enforcement actions.

**LFD COMMENT** This reduction further reduces general operating expenses in the Enforcement Division. Utilizing current equipment for longer periods of time, focusing on the most useful reference materials, and prioritizing citizen complaints are all reasonable cost cutting measures of the type that might be expected by the legislature. In addition, the specific items selected for reduction are not mandated but they are part of functions that are mandated. As part of the budget reduction exercise, agency staff have identified that reductions at this level would erode funding to complete lab analysis of potentially toxic materials. However, any unspent operating expense authority could be used to mitigate this concern. Although specific items will be reduced, the services will continue to be provided.

**20 Planning, Prev, & Assistance**

**Delay recruiting and hiring accounting tech position in the fiscal unit.**

2,000

Make a further \$4,300 in general fund reduction in the services of one FTE dedicated to accounting and contract management duties. The fiscal unit will rely on the services of the other accounting tech and the fiscal specialist position for accomplishment of accounting and contract tracking functions.

**LFD COMMENT**

This is a further reduction due to a delayed hiring of a non-mandated FTE in program 20. Since this reduction has been designated as delay, this reduction would not be a permanent reduction to the general fund unless other funding sources could be obtained.

**20 Planning, Prev, & Assistance**

**Eliminate the match for the biomass energy program**

25,458

This further reduction will eliminate the match for the biomass energy program and reduce services that support the use of ethanol and bio based diesel fuels and woody biomass. It would also impact the ability to obtain and use federal funds for these purposes. In-kind services would be used to the extent possible as match to attempt to keep the federal funds.

**LFD COMMENT**

The executive proposes to eliminate the match amount for the federal Biomass Energy Program. In contrast, the earlier reduction in the Biomass Program involved a reduction in the state match. In this program, DEQ is providing a service at the request of the federal government. Thus, it is not a mandated service. However, if the state accepts the federal dollars, the state must put up one-third of the funding as a match. If cash is not available, the state can meet matching requirements by providing in-kind services. Although this proposal would eliminate the state match, Montana could continue this program, at a reduced level, through in-kind services. If in-kind services are not secured and utilized, the reduction would not be absorbed and the program would be eliminated.

**Summary for Agency # 5301, Department of Environmental Quality, (15 detail records)**

252,691

**Fiscal 2003 Base Appropriation**  
**Percent Reduction From Base**

**\$4,220,797**  
**6.0%**

# DEPARTMENT OF LIVESTOCK

<b>AGENCY SUMMARY</b>	Reduction proposals within the Department of Livestock can best be described as straight reduction of expenditures. Overall impact to internal operations is minimal. Some service to customers of the Diagnostic Laboratory may be affected. With the reductions, funding is projected to be tight within the Diagnostic Laboratory, but several options including transfer of authority and fee increases exist to allow the department to continue operations.
-----------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<u>Program Name</u>	<u>Service</u>	<u>Recommended</u>
<b>1 Centralized Services Program</b>	<b>Operations</b>	19,180
<p>A 3% reduction would all be applied in its entirety to the Centralized Services Division. This would amount to \$19,180 reductions in the division's operating budget. The operational services to be reduced would be contracted services, supplies and materials, travel and other expenses. The Central Services division provides services for all other divisions of the department. For instance all supplies and materials including personal computers and related equipment are in CS. The travel in CS is for the Board of Livestock, the Executive Officer and CS staff. The contracted services is primarily for D of A services for the entire department. The impact of this reduction would be for the department to reduce its use of supplies, to reduce travel, and to reduce training. There is no mitigation to the staff or our constituents.</p>		

<b>LFD COMMENT</b>	<p>This reduction should have minimal impact on Centralized Services Division and Department of Livestock operations. This reduction is approximately 1.0 percent of the Centralized Services Division's total appropriations (excluding Board of Horse Racing) for fiscal 2003. For fiscal 2002, as of the end of May, the Centralized Services Division had spent 74 percent of its \$1.95 million (excluding Board of Horse Racing) non-general fund budget, and none of its \$15,494 general fund budget. In fiscal 2001, the department reverted approximately \$31,000 of the \$56,000 general fund appropriation in the Centralized Services Division. Foregoing any unforeseen contingencies, the division will have the authority to provide all required services in fiscal 2003.</p> <p>Potential for permanent reduction? Yes, but permanent funding reduction would require legislative action.</p>
--------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>3 Diagnostic Laboratory Program</b>	<b>Operational cost relative to public health tests at the lab.</b>	20,000
<p>A 10% reduction would require eliminating all budgeted general fund in central services (\$19,632), plus eliminating \$44,300 in the Diagnostic Laboratory for a total reduction of \$63,932. This is the direction of the Board of Livestock. The primary mission of the department of livestock is to protect the livestock industry. The lab plays a major role in testing for animal diseases as well as zoonotic diseases, or diseases that can be transmitted to humans. The impact of a \$44,300 general fund reduction to the Diagnostic Laboratory Division could significantly impair public health testing and surveillance. The primary laboratory mission is to serve the livestock industry and the predominant funding is by state special revenue. General fund monies provided to the Laboratory are directed to but barely support public health disease diagnosis and surveillance of zoonotic diseases. A partial list of these diseases includes rabies, plague, tularemia, brucellosis and salmonellosis. In order to absorb the general fund reduction, forced decreases in the budget categories of supplies and materials, contracted services for specialized testing, equipment and facility maintenance would have to occur. Decreases in these areas could affect the mission responsibilities to the livestock industry and the assumed responsibilities of disease surveillance and testing for diseases of public health importance. It can readily be demonstrated that the general fund at the lab does not support the cost of the public health testing as it is. The livestock industry's state special revenue obviously has been subsidizing public health testing throughout the lab's history. The livestock industry will not be able to provide these public health services from industry funds. From the industry's perspective the general fund is inadequate to support existing public health lab services. This reduction would exacerbate the problem. The Board of Livestock will not allow services to be diminished to the livestock industry.</p>		

**LFD  
COMMENT**

The diagnostic lab will reduce its general fund expenditures by \$20,000, which equals 10.3% and 1.4% of fiscal 2003 general fund and total appropriations, respectively. Should this authority be insufficient, with no additional authority moved into the lab, the department has stated it would not perform those public-health related tests that were not directly industry-related.

One avenue available to address the reduction of general fund in the Diagnostic Laboratory is increased funding from the Animal Health state special revenue fund. Approximately 50 percent of the revenues into this fund come from fees assessed on tests performed by the lab. Currently, funding from this account makes up approximately 29 percent of the total appropriations available to operate the diagnostic lab. Over the past 4 completed fiscal years, revenues into have exceeded expenditures from the account by over \$70,000 per year. At the end of fiscal 2001, this fund had a balance of over \$420,000. Additionally, the department has the ability to increase the fees associated with performing tests at the laboratory. Therefore, this fund could be used to offset or minimize the impact of a reduction in general fund for laboratory operations.

Potential for permanent reduction? Yes, but permanent funding reduction would require legislative action.

**Summary for Agency # 5603, Department of Livestock, (2 detail records)**

**39,180**

**Fiscal 2003 Base Appropriation**  
**Percent Reduction From Base**

**\$640,681**  
**6.1%**

# DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

**AGENCY SUMMARY**

Budget reductions imposed on DNRC will not result in the loss of any services. The overall impacts of specific reductions are not quantifiable. Wildfire activity in fiscal 2002 has left DNRC in a particularly difficult position from both cash flow and authority standpoints. Consequently, total reductions, at 1.1 percent of their general fund base, are smaller than those seen by other agencies.

<u>Program Name</u>	<u>Service</u>	<u>Recommended</u>
<b>23 Conservation/Resource Dev Div</b>	<b>CARDD CONTRACT/GRANT REDUCTION</b>	51,000
<p>A reduction to appropriation for the Grass Commission and the Irrigation Program, and contracts with the Gallatin RC&amp;D, North Central Montana Regional Water Authority, and Sheridan County CD. The Grass commission would have to reduce their administrative costs, such as travel and perhaps cut back the hours of the executive secretary. Services to ranchers and permittees will be reduced. Due to location of districts, board members travel long distances. There is litigation pending at this time, which may take up large parts of the budget. Public land grazing is in a crisis situation for the permittees. 2) The Gallatin RC&amp;D would reduce work in administrative support and board member travel to accommodate the reduction.3) The Irrigation Development Program cuts would mean that about 20 irrigation test well grants will not be funded. We currently have 25 inquiries for test wells. To most people, tests going unfunded would seem rather insignificant – except to the person who does not receive the grant. If the unfunded well would have produced irrigation water for 160 acres, then the overall economic impact to the individual producer and the rural economy become much larger. All funds in FY 2002 could have been committed by December of 2001. There is three times as much demand for funding as available funds. That demand continues to increase.4) A reduction to the North Central Montana Regional Water Authority would impact the Authority’s ability to work with the US Congress for completion of authorization of the project, as well as appropriations for construction. It could also jeopardize ongoing coordination efforts for the project, including the ability to retain the services of Bear Paw Development as the project coordinator. Additionally, if funds for a planning grant approved by Congress but not released by the Bureau of Reclamation remain in limbo, the Authority could experience considerable difficulty in completing signups with communities for municipal service agreements required for construction funding by Reclamation. 5) For the Sheridan CD, groundwater monitoring data is required under the water reservation granted to the conservation district by DNRC. The water reservation is being developed by area farmers for sprinkler irrigation. If the grazing fees are increased, the general fund money could be reduced. 2) The Gallatin RC&amp;D will ask for additional federal funding. 3) The impact to the Irrigation program means needed irrigation and development of more valuable crops are put on hold or may not be funded. Funds from other state special revenue (RIT) could be used if revenues support a switch. 4) For the North Central Montana Regional Water Authority, some mitigation of impacts could occur through commitment of more CARDD staff time to assist the Authority with some of this work, but that involvement would be limited. 5) For Sheridan CD, impacts to the irrigation developers could be avoided if the state would assume operation of the groundwater monitoring program from the conservation district. State issued groundwater rights are more prevalent than district issued permits and therefore the state has a need for monitoring data as well.</p>		

**LFD COMMENT**

This reduction is a combination of several reductions from the Conservation and Resource Development Division (CARDD). Although individual reductions were not specified by OBPP, the reduction of \$51,000 is 14.68 percent of the funding for each individual program. Thus, for purposes of discussion, 14.68 percent will be applied to each of the proposed reductions.

**LFD  
COMMENT  
(continued)**

- 1) The Grass Commission reduction is calculated at \$3,302. Along with the reduction would come reduced services to ranchers and permittees. According to the department, travel is a key part of how the commission does business and reducing travel would reduce effectiveness. If spending does not exceed \$20,732, carry forward provisions will offset this reduction. Another alternative would be to raise grazing fees from their current rate of 10 cents per animal unit month and use the additional revenue to offset general fund.
- 2) The second reduction is from the Gallatin RC & D. The reduction totals \$2,201 general fund and as of June 1, 2002, none of its general fund appropriation has been spent. Thus, this reduction can easily be absorbed. Gallatin RC & D also plans on seeking federal funding.
- 3) The third proposed reduction totals \$22,014 and comes from the Irrigation Assistance Program. This program was part of Governor Racicot's Vision 2005 plan in which the goal was to increase the number of irrigated acres in Montana to 500,000 by 2005. Within the program there are inquires for 25 test wells and demand continues to exceed the budget. If these wells pass a flow test, they become eligible to be used for irrigation under the program. If the department has carry forward renewable resources or reclamation and development funding, these funds could be used to offset this reduction.
- 4) The fourth reduction comes from the North Central Regional Water Authority and totals \$18,345. Please see the LFD issue raised below regarding this reduction.
- 5) The fifth reduction is \$5,137 and comes from a \$35,000, one time only fiscal 2003 appropriation granted to the Sheridan County Conservation District. This conservation district is required to gather groundwater monitoring data for DNRC as a result of a water reservation that was granted to the district. According to the department, if DNRC assumed the groundwater monitoring program from the conservation district, these costs could be mitigated. Although DNRC operating and personal service costs would likely increase somewhat because of the increased duties, this could be funded with reclamation and development or renewable resources funds if either of these funds remains unspent and 30 percent carry forward funds are applied to this function. Otherwise, this is a one-time fiscal 2003 appropriation that would primarily affect a third party (Sheridan Conservation District) and could be absorbed by DNRC.

**LFD  
ISSUE**

The fourth reduction comes from the North Central Regional Water Authority (North Central) and totals \$18,345. Of the \$125,000 available appropriation, \$31,250 remains which, according to a contractual agreement between DNRC and the North Central Regional Water Authority, is the remaining payment to be made for fiscal 2002. According to Section 5 of the contract, DNRC is required to pay North Central a total of \$250,000 (\$125,000 each fiscal year) to assist with the development phase of the off-reservation portion of the Rocky Boy's/North Central Montana Regional Water System.

That clause requires DNRC to withhold 5 percent of the payment in a fiscal year to mitigate budget reductions. Accordingly, DNRC will withhold \$6,250 for each fiscal year to mitigate budget reductions. The contractual agreement further requires that withheld funds be released at the end of each fiscal year less any budget reductions. Since the budget reductions will only effect fiscal 2003, the department is required by contract to pay the remaining \$12,095 (\$18,345 reduction less \$6,250 withheld) regardless of whether or not they have to absorb the budget reduction in this program. Thus, DNRC will have to absorb this cost in addition to the required budget reductions. However, absorbing this cost will not increase their portion of the reductions beyond any statutory thresholds.

**35 Forestry**

**TLMD-OPERATING WITHIN SPECIAL USE  
MANAG**

1,478

The Trust Land Management Division has minimal general fund appropriation, therefore, the only program that could absorb the reduction is in the Special Use Management Program. This program obtained an FTE in the 2001 Legislative Session to perform an inventory and administer non-trust state land for other agencies. This position is responsible for researching all state non-trust land records throughout Montana dating back to

statehood. Non-trust land agencies do not currently have an inventory of their lands. The reduction will need to be made to the operations portion of the program. At 3% the savings would be \$1,478. Travel and contracting would be curtailed to meet the budget constraints.

**LFD COMMENT** The 2001 legislature approved authority for 1.0 FTE to perform an inventory and administer non-trust state land throughout the state. According to the department, this position was recently hired. Since this new employee is still learning the job duties reductions will be absorbed through reduced travel and contracting.

**23 Conservation/Resource Dev Div                      CARDD GENERAL REDUCTION                      38,713**

The reduction of the general fund has a variety of effects on the Conservation and Resource Development Division. The state's support to conservation districts and other local governments would be reduced. The operations would be trimmed in several ways, for example, by reduction in travel, forgoing the purchase of equipment scheduled for replacement and similar cuts. Various grants to conservation districts would be reduced, which would eliminate watershed and 310-permit work that is required by law. These grant application cycles already have more requests than funds allow to be awarded. Also the assistance to local government with natural resource projects would be reduced or cause delays in projects in process. A 3% reduction is \$38,713. Reductions to operations, such as travel, contracted services, equipment purchases, reduction of a position in the division, reduction in the award of grants to conservation districts and other local government entities. The funding for some of these activities could possibly be replaced by state special revenue (RIT) funds, depending on available funding within the Reclamation and Development and Renewable Resource Accounts.

**LFD COMMENT** This reduction represents a general reduction of operation costs in the Conservation and Resource Development Division. Reductions will be mitigated in a number of ways including: 1) reductions in travel; 2) reduced equipment purchases; 3) holding an unfilled position open; and 4) delaying equipment purchases. According to the department, services such as support to conservation districts and local governments may be reduced. However, unspent authority in the renewable resource grant and loan fund (02272) and renewable resources (02458) can be used as a substitute for the reduction in general fund. As of May 31, 2002, \$175,732 remained in the reclamation and development fund while \$93,756 remained in the renewable resources grant and loan program. If the department does not spend a portion of the remainder of these appropriations, 30 percent carry forward provisions may allow this reduction to be offset.

**21 Centralized Services                                      CSD-OPERATING REDUCTION                                      52,220**

A 3% reduction would include a freeze on the hiring of one vacant position within the division, an Information Specialist, as well as the elimination of the debt service payment for a loan reimbursing the MT Science Institute. A 3% reduction is \$52,220, which would cut technical computer support to the Kalispell area offices and eliminate a loan for reimbursement on repairs to the MT Science Institute. No appropriation exists for the reimbursement to the MT Science Institute which appears to be a technical flaw. Consequently, there would be no need for the appropriation for debt service.

**LFD COMMENT** The Centralized Services Division has proposed to delay hiring an open information specialist position within the division. According to the department, there are 120 computer users in the Kalispell area offices. In order to provide computer support to these users, the current process has been to send Helena or Missoula area personnel to Kalispell to assist users. A delay in hiring this position would continue that practice.

**LFD  
COMMENT  
(continued)**

The second portion of this reduction comes from debt service for a reimbursement to the Montana Science Institute. The Montana Science Institute is under contract with the Office of Public Instruction to rent state owned buildings. Part of their contractual agreement required them to perform routine maintenance on the buildings. After the Institute completed some major renovations that were not part of their contractual obligations, they requested repayment from the State of Montana.

During the 2001 legislative session, legislators made the decision to repay the Institute for their renovation work that totaled \$300,000. Since DNRC had experience with intercap loans, the legislature decided that DNRC would obtain a loan for \$300,00 to repay the Institute for their work. Consequently, an appropriation of \$38,000 was given to the Department of Natural Resources and Conservation to repay the loan. The terms of the loan were 5 percent interest on \$300,000 over 10 years.

Although the legislature appropriated authority to repay the loan from the Board of Investments, there is no authority to transfer the funds from DNRC to a non-state entity like the Montana Science Institute. Because there is no authority to reimburse the Institute, the loan has not been obtained. Consequently, the appropriation to DNRC is not needed and has been utilized to meet reduction obligations. As a result, the Montana Science Institute has expressed concerns that they will not be reimbursed for the renovations.

**25 Reserved Water Rights Comp Com      RWRCC-OPERATING REDUCTION      23,146**

The Commission is a small division of 11 FTE administratively attached to DNRC with no vacancy savings anticipated in FY 2003 and certain fixed costs. A 3% cut might be achieved through reductions in meetings/negotiating sessions/travel. Negotiations on Reserved Water Rights will be delayed. There is no way to mitigate this action.

**LFD  
COMMENT**

The reduction in the Reserved Water Rights Compact Commission (RWRCC) amounts to a three percent reduction in the program. According to the department, this reduction could be accomplished through reductions in meetings, travel, and negotiations sessions. Although the department could sustain these cuts in the short term, they have indicated that these cuts could be problematic in the long term because contract negotiations require meetings and negotiation sessions. For fiscal 2002, RWRCC was appropriated \$734,594. As of June 1, 2002, RWRCC had spent \$583,228 leaving a balance of \$151,365. If the department does not spend the remainder of this appropriation, 30 percent carry forward provisions may allow this reduction to be offset.

**Summary for Agency # 5706, Department of Natural Resources, (5 detail records)**

**166,557**

<b>Fiscal 2003 Base Appropriation</b>	<b>\$15,321,970</b>
<b>Percent Reduction From Base</b>	<b>1.1%</b>

# DEPARTMENT OF AGRICULTURE

<b>AGENCY SUMMARY</b>	Reduction proposals within the Department of Agriculture will have no impact upon internal department operations, but will affect grants awarded to outside applicants. Grants within Growth Through Agriculture and noxious weed programs are reduced by 4.6 percent and 5.9 percent, respectively.
-----------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<u>Program Name</u>	<u>Service</u>	<u>Recommended</u>
<b>50 Agricultural Development</b>	<b>Replace Operations with OTO Federal Funding</b>	25,000
Operations in program 50 would be reduced and replaced with one-time-only federal funding. To meet a targeted 10% savings the reduction would be \$25,000 from operations (62000). Operations would be reduced by \$25,000 and replaced with one-time-only federal funding. In fiscal year 2003, there would be a one-time-only funding switch that would mitigate the general fund reductions.		

<b>LFD COMMENT</b>	<p>This reduction is an example of an agency’s use of additional federal revenue received during the interim to offset general fund within a program. By statute, agencies are required to “apply expenditures against appropriated nongeneral fund money whenever possible before using general fund appropriations.” (17-2-108, MCA)</p> <p>This reduction will have no impact on Agriculture Development Division operations. The funding switch ensures that the division will retain its original level of funding, and therefore no expenditures will need to be reduced.</p> <p>Potential for permanent reduction? Yes, if federal funding remains at or above current levels.</p>
--------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>50 Agricultural Development</b>	<b>Economic Development Investments</b>	57,600
The reduction would be \$57,600. (SABHRS account 66000) Investments awarded for agricultural economic development would be reduced. Constituents would have to find replacement funding.		

<b>LFD COMMENT</b>	<p>The Department of Agriculture is statutorily appropriated \$1.25 million each year for its Growth Through Agriculture program. This proposal would reduce the amount of grants awarded in fiscal 2003 by \$57,600. Impact to department operations is minimal. Applicants not making the funding cut will need to compete during a subsequent round in 2004.</p> <p>Potential for permanent reduction? Yes, but permanent implementation would require legislative action.</p>
--------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>30 Agricultural Sciences Div.</b>	<b>Weed Control Grants to Governmental Entities</b>	6,000
Grants awarded to governmental entities to mitigate the impact of noxious weeds on private and state lands, except Department of Fish, Wildlife and Parks lands, as a result of the activities of the Department of Fish, Wildlife, and Parks would be reduced by \$6,000. Fewer noxious weed grants would be awarded. Constituents would have to find replacement funding.		

<b>LFD COMMENT</b>	<p>Under this proposal, Noxious Weed Grant awards would be reduced by \$6,000, specifically as it relates to the HB 2 appropriation for grants to governmental entities to “mitigate the impact of noxious weeds on private and state lands, except Department of Fish, Wildlife, and Parks lands, as a result of the activities of the Department of Fish, Wildlife, and Parks.”</p>
--------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**LFD  
COMMENT  
(continued)**

Currently, all applications for weed grants undergo the same screening process. Grants qualifying for the above-mentioned funds are then funded partially with these funds, as the grant description warrants. If the specific FWP-related funding is gone, grants are still funded as overall Noxious Weed Grant funding exists. Therefore, no specific grant applicants are targeted by this reduction. The end result is a \$6,000 reduction to the department's \$1.4 million Noxious Weed Grant Program.

Potential for permanent reduction? Yes, but permanent funding reduction would require legislative action.

**Summary for Agency # 6201, Department of Agriculture, (3 detail records)**

**88,600**

**Fiscal 2003 Base Appropriation**

**\$2,074,167**

**Percent Reduction From Base**

**4.3%**

## DEPARTMENT OF COMMERCE

### AGENCY SUMMARY

The reduction proposals for the Department of Commerce would have minimal impact upon most internal operations of the department. However, without the use of alternative fund sources or other solutions, the proposals would reduce activities of the Trade program within the Business Resources Division. Additionally, the reductions would impact some applicants for Research and Commercialization and Coal Board grants. These grant programs would be reduced by 10 percent and 16.4 percent, respectively.

<u>Program Name</u>	<u>Service</u>	<u>Recommended</u>
<b>51 Economic Development Division</b>	<b>Trade</b>	88,453

Reduce statutory funding in the Trade program in the Business Resources Division. The Department contemplated a Made In Montana advertising campaign next summer using FY 2003 statutory funding. The Department would propose putting the aforementioned campaign on hold next summer while hoping to reinstate it in the summer of 2004. While overall trade initiatives would be reduced somewhat, it is felt that the proposed general fund reduction could be managed without any significant reduction in overall program effectiveness. The Trade program currently receives \$300,000 of statutory general fund support each year. Should the Department's 3% reduction be adopted, general fund savings of approximately \$88,453 would be realized. At the 10% level, and under the same circumstances, a general fund savings of \$100,000 would be realized. Reduce statutory funding in the Trade program in the Business Resources Division. The Department contemplated a Made In Montana advertising campaign next summer using FY 2003 statutory funding. The Department would propose putting the aforementioned campaign on hold next summer while hoping to reinstate it in the summer of 2004. While overall trade initiatives would be reduced somewhat, it is felt that the proposed general fund reduction could be managed without any significant reduction in overall program effectiveness. The Trade program currently receives \$300,000 of statutory general fund support each year. Should the Department's 3% reduction be adopted, general fund savings of approximately \$88,453 would be realized. The Department would attempt to use alternative funding sources to work around the proposed general fund reductions. While program services would be reduced somewhat, it is felt that said reductions could be managed.

### LFD COMMENT

Under this proposal, expenditure reductions of \$88,453 would be made to the Trade and International Relations program within the Business Resources Division. This program operates with approximately \$670,000 each year. Funding for the program includes statutory general fund (\$300,000), a portion of the Business Resources Division's HB 2 general fund (\$81,500), Accommodations Tax (approximately \$200,000), and Growth Through Agriculture (approximately \$90,000). The \$300,000 statutory appropriation is part of an overall \$1.1 million statutory appropriation established during the May, 2000 special session. The department has stated it would attempt to use alternative funding sources to work around the general fund reductions. Option to do this could include:

- general fund transfer from the Business Resources Division HB 2 and HB 13 appropriations (\$1,252,068);
- general fund transfer from other Business Resource Division statutory appropriations (\$800,000);
- increased funding from the Accommodations Tax; and
- increased funding from the Growth Through Agriculture grant program (note, the Growth Through Agriculture grant program is also proposed to be reduced by \$57,600).

Although some operations will be curtailed in fiscal 2003, the department should be able to minimize any long-term impact to the overall program.

**LFD  
ISSUE**

Potential for permanent reduction? Yes, but implementation would require legislative action.

This proposal is applied to one out of five Business Resources Division economic development programs funded during the 2000 special session. If desired, the legislature may request the executive also explore additional reductions or realigned reductions within the Small Business Development Center, Small Business Innovative Research program, Certified Communities program, and Montana Manufacturing Extension Center.

**50 Research & Commercialization****Research & Commercialization Awards**

485,000

Reduce statutory funding in the Research & Commercialization program. The Research & Commercialization program currently transfers \$4.85 million from the general fund to the Research & Commercialization account at the beginning of each fiscal year. In FY 2002 the Board awarded \$4.1 million to 18 research projects, at an approximate average of \$227,000 per project. The Department proposes to reduce the FY 2003 transfer amount by \$485,000, which is the equivalent of not funding 2.15 research projects.

**LFD  
COMMENT**

This reduction refers to the statutory \$4.85 million annual transfer from the general fund to the Research and Commercialization Special Revenue Account. The executive intent is to reduce Board of Research and Commercialization grant awards by \$485,000, leaving that amount available for transfer back into to the general fund. Based on average award amount, this equates to 2.15 research projects. Approved applicants not making the funding cut would have to wait for a subsequent round of awards. This reduction would not affect internal operations of the Board of Research and Commercialization.

Per legislative legal counsel, legislative action during the next session would be required to transfer any balance from the Research and Commercialization Special Revenue Account back into the general fund.

Potential for permanent reduction? Yes, but implementation would require legislative action.

**60 Community Development Division****Coal Board Grants**

194,844

The Department proposes to reduce the number of awards granted by the Coal Board in FY 2003 by approximately \$194,844 at the 10% reduction level. Funds not awarded by the Coal Board are transferred from the state special revenue account to the general fund. It must be noted, however, that the Bull Mountain mine in Roundup has now been permitted, and that the new coal-fired electrical generation plant in Hardin is very close to being permitted. Either of the aforementioned activities are likely to result in an increase in the number of applications for funding by the Coal Board. The communities in question are clearly going to be impacted by these projects and the Coal Board is looked to for funding in an attempt to mitigate impacts to the communities effected.

**LFD  
COMMENT**

This proposal would reduce the amount of grants available from the Coal Board by 16.4 percent. Although Coal Board grants are funded from the Coal Severance Tax Shared State Special Revenue Account, any unused portion of the Coal Board's overall \$1,263,084 appropriation is transferred back to the general fund at the end of the fiscal year. Therefore, reduced expenditures will increase the general fund balance at the end of the fiscal year.

Impacts to applicants would be the potential delaying of grant awards to those approved applications that fall below the funding cutoff. Those applicants would have to wait to be considered during another round of funding in subsequent years. This proposal would have minimal impact on internal operations of the Coal Board.

Potential for permanent reduction? Yes, but permanent funding reduction would require legislative action.

**LFD  
ISSUE**

The net effect of this proposal on the general fund balance will not be \$194,844. Revenue estimates indicate that revenues into the Coal Severance Tax Shared State Special Revenue Account will be short of projections by approximately \$125,000. Therefore, the net positive impact on the general fund balance will only be approximately \$70,000.

**Summary for Agency # 6501, Department of Commerce, (3 detail records)**

768,297

**Fiscal 2003 Base Appropriation  
Percent Reduction From Base**

**\$2,934,055  
26.2%**

**LFD  
COMMENT**

The actual percentage of general fund reductions is less than the 26.2 percent shown. Of the proposals above, only the reduction to the Trade and International Relations program directly affects general fund appropriations. The reductions to the Research and Commercialization and Coal Board grant programs will only affect the general fund once a balance is transferred.

When this is taken into account, the overall reduction of expenditures relative to general fund appropriations equals 3 percent.

