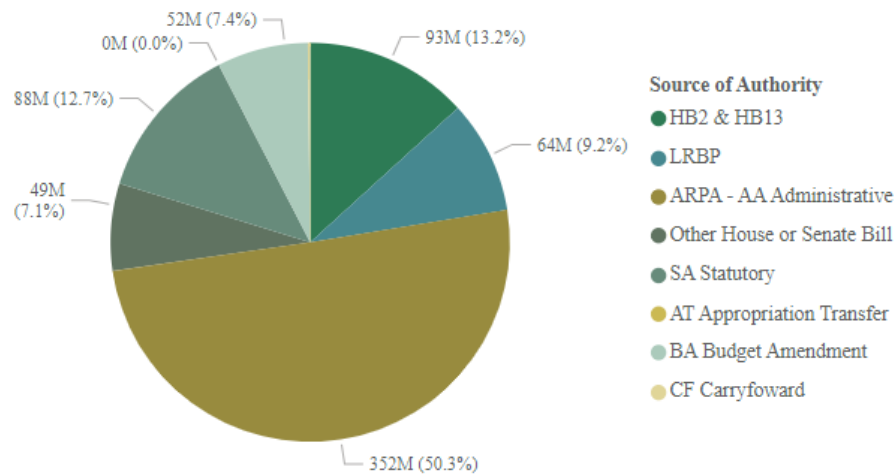


DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Natural Resources and Conservation is shown in the pie chart below. HB 2 and HB 13 provide 13.3% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	92,514,606	29,743,528	32.2%
AT Appropriation Transfer	20,536	17,476	85.1%
BA Budget Amendment	51,502,850	6,128,946	11.9%
CF Carryforward	1,349,976	0	0.0%
LRBP	63,955,311	5,765,239	9.0%
Other House or Senate Bill	49,314,601	298,386	0.6%
SA Statutory	88,489,678	24,212,072	27.4%
ARPA	351,513,049	39,827,354	11.3%
Total	698,660,606	105,993,001	15.2%

Budget Amendments Statute allows agencies to amend the budget to access additional federal revenues (17-7-402(1)(a)(i), MCA). Federal authority through budget amendments totals \$51.5 million, of which \$38.0 million is continuing authority from the previous fiscal year.

Major projects funded through budget amendments include:

- FEMA Cooperating Technical Partners (CTP) program, \$13.2 million

FEMA CTP program provides support for flood plain mapping, national flood insurance program, community assistance programs and dam safety programs.

- Forestry grants, \$8.4 million
- Federal grants for wastewater treatment programs, \$4.4 million
- Federal grants for drinking water programs, \$3.6 million
- Milk River rehabilitation project, \$2.5 million
- Hazardous fuel reduction projects, \$2.3 million
- Park County flood reclamation, \$2.0 million
- Good neighbor authority federal revenue, \$745,000
- Other federal funding supporting projects for water quality, administration, and other forest management, \$14.3 million.

Other Bills

Through other bills, the legislature approved expenditures totaling \$48.0 million for programs and projects within the Conservation and Resource Development Division and \$1.3 million for HB 114 within the Water Resources Division. As of November, \$298,400 or 0.6% of the authority has been expended. A summary of authority from other house and senate bills is presented in the table below.

Department of Natural Resources and Conservation				
Appropriation Through Other House or Senate Bills				
General Fund	Fund	Appropriated	Expended	% Expended
HB 114 Revise timelines for water right permit and change process	General Fund	638,299	118,831	18.6%
	Total General Fund	\$638,299	\$118,831	18.6%
State Special Revenue	Fund	Appropriated	Expended	% Expended
HB 114 Revise timelines for water right permit and change process	Water Right Appropriation	\$638,299	\$118,831	18.6%
HB 11 Regional water system projects	MT Coal Endowment Reg Wtr Sys	10,000,000	40,724	0.4%
HB 7 planning reclamation and development Grants	Natural Resources Projects	5,653,347	-	0.0%
HB 6 Renewable resource infrastructure grant projects	Natural Resources Projects	6,350,000	20,000	0.3%
HB 6 Renewable resource grants and loans	Natural Resources Projects	7,400,000	-	0.0%
HB 6 Renewable resource irrigation grant projects	Natural Resources Projects	2,560,000	-	0.0%
	Total State Special	\$32,601,646	\$179,555	0.6%
Capital Projects	Fund	Appropriated	Expended	% Expended
HB 540 Bonding for the Saint Mary's water project improvements	DNRC Capital Projects Fund	\$6,574,656	\$0	0.0%
HB 540 Fort Belknap water compact infrastructure	DNRC Capital Projects Fund	9,500,000	-	0.0%
	Total Capital	\$16,074,656	\$0	0.0%
Total Other House and Senate Bills	Total Funding	\$49,314,601	\$298,386	0.6%

Long Range Building and Planning

The agency has expended \$5.8 million of \$64.0 million in federal special revenue for long range programs. Long range expenditures for the agency include orphaned oil and gas wells (\$21.5 million), infrastructure improvements and grants within forestry and conservation divisions (\$42.5 million)

The long-range building program (LRBP) is 9.2% of the agency's authority. For more information on long range building projects, see the infrastructure map at: [Long Range Building Projects Map](#)

Carryforward Authority

After each fiscal year, 30% of the unexpended and unencumbered HB 2 appropriation in the prior fiscal year for personal services, operating expenses, and equipment, may be re-appropriated in the two fiscal years following (17-7-304(4)(a), MCA).

The agency had \$1.3 million in total authority carried forward from FY 2022. The carryforward authority consists of \$339,700 in general fund and \$1.0 million in state special revenue. This authority was allocated to operating expenses and is unexpended as of November 2023.

Statutory

Statutory appropriations are set in statute and do not require renewed authorization by the legislature. Although the agency may include expenditure estimates in their budget, they expend the authority at a level sufficient to meet the requirements of the statute that created the authority. The Department of Natural Resources and Conservation has statutory authority for state special and federal revenues; the expenditures are discussed below.

State Special Revenue - Total Expenditures

Wildfire suppression account - (76-13-150, MCA)

The wildfire suppression account is statutorily appropriated for fire suppression, fuel reduction, and fire suppression equipment. It is anticipated that FY 2024 expenditures for fire suppression will be \$41.9 million. HB 883 appropriated \$45.0 million for forest fire mitigation, fire preparedness, and support of local fire forces. Assuming average fire costs and full utilization of newly authorized fire suppression efforts, the 2024 fiscal year-end balance in the fire fund would be \$106.7 million.

Fire Suppression Fund Estimated FY 2024 Ending Fund Balance		
	Actual YTD	FY 2024 Forecast
Beginning Balance	\$185,363,884	\$185,363,884
Revenues		
Board of Investment	2,996,951	-
Executive Unexpended Emergency Appropriation	10,297,724	10,297,724
General Fund Transfers	-	-
Other Revenues	881	881
Total Revenues	13,295,556	10,298,605
Expenditures		
Fire Suppression	21,398,520	41,900,000
MT Forest Action	872,251	30,000,000
Fire Preparedness	895,849	15,000,000
County Cooperative Equipment	541,648	2,017,852
Total Expenditures	23,708,268	88,917,852
Ending Fund Balance	<u>\$174,951,172</u>	<u>\$106,744,637</u>

Sage grouse stewardship account – (87-5-909, MCA)

The sage grouse stewardship account is statutorily appropriated to maintain, enhance, restore, expand, or benefit sage grouse habitat and populations. The agency has budgeted \$984,700, and this authority is unexpended as of November 2023.

Oil and gas production damage mitigation account – (82-11-161, MCA)

The oil and gas production damage mitigation account is statutorily appropriated to cover the reasonable costs of properly plugging wells and either reclaiming or restoring a drill site or other production area damaged by oil and gas operations. This is utilized where the Montana Board of Oil and Gas determines the site has been abandoned and that the responsible party cannot be identified or located or refuses to take proper action. The agency has included \$200,100 in the budget for this statutory appropriation, and as of November it is unexpended.

Federal Special Revenue

Good Neighbor Authority (76-13-151, MCA)

The Good Neighbor Authority (GNA) allows the USDA Forest Service to enter into agreements with the DNRC forestry and trust land division to perform forest management and restoration work on federal lands. The agency anticipates \$603,600 in revenue for GNA projects.

Non-budgeted Proprietary Fund Authority

Non-budgeted proprietary funds are supported with revenue from the state nursery and charges for air operations. The agency has expended \$1.9 million in non-budgeted proprietary funds. State nursery operations total \$221,200 and air operations total \$1.7 million.

American Rescue Plan Act (ARPA)

HB 632 creates two grant programs for water and sewer infrastructure, a competitive grant program and a minimum allocation grant program. The DNRC is responsible for reviewing and ranking projects, as well as recommending them for funding to the Infrastructure Advisory Commission. Continuing authority totals \$351.5 million. The agency has expended \$39.9 million in the current fiscal year.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2023, through November 30, 2023. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
Dept Nat Resource/Conservation	92,514,606		92,514,606	0	92,514,606
CONSERVATION&RESOURCE DEV DIV	14,516,876		14,516,876	41,186	14,558,062
DIRECTORS OFFICE	10,373,346		10,373,346	-361,963	10,011,383
FORESTRY & TRUST LANDS	39,436,646		39,436,646	193,769	39,630,415
OIL & GAS CONSERVATION DIV	2,354,129		2,354,129	9,520	2,363,649
WATER RESOURCES DIVISION	25,833,609		25,833,609	117,488	25,951,097
Total	92,514,606		92,514,606	0	92,514,606

Expenditure Type	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
61000 Personal Services	48,089,789		48,089,789	200,000	48,289,789
62000 Operating Expenses	30,754,488		30,754,488	-604,520	30,149,968
63000 Equipment & Intangible Assets	1,486,516		1,486,516	400,420	1,886,936
65000 Local Assistance	3,058,090		3,058,090		3,058,090
66000 Grants	4,737,714		4,737,714		4,737,714
67000 Benefits & Claims	400,000		400,000		400,000
68000 Transfers-out	1,724,243		1,724,243	4,100	1,728,343
69000 Debt Service	2,263,766		2,263,766		2,263,766
Total	92,514,606		92,514,606	0	92,514,606

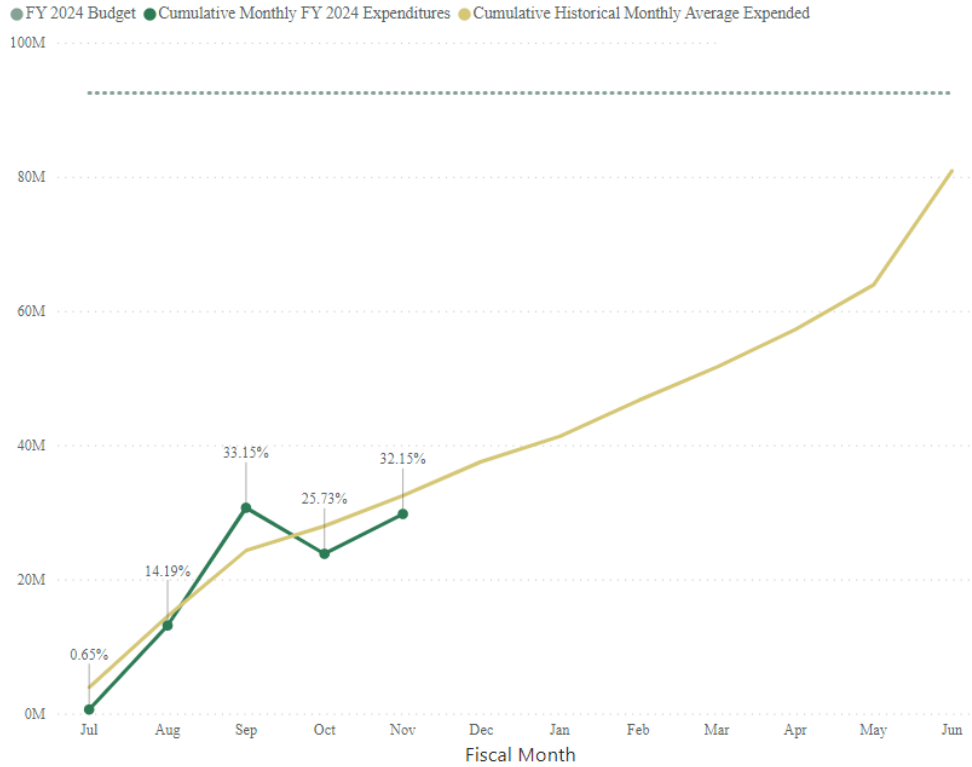
Fund Type	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
01 General	38,396,016		38,396,016	0	38,396,016
02 State/Other Spec Rev	51,997,048		51,997,048	0	51,997,048
03 Fed/Other Spec Rev	2,121,542		2,121,542	0	2,121,542
Total	92,514,606		92,514,606	0	92,514,606

The Department of Natural Resources and Conservation transferred \$361,200 from the Directors Office to other programs in the agency to redistribute legislative appropriations for inflation. Changes to the operating plan moved \$604,500 from operating expenses to equipment and personal services. Operating plan changes moved \$400,000 from operations to equipment to account for the purchase of stream gauges. To properly accounting in the budgeting system, \$200,000 was moved from operations to personal services. There was no net change in the budget.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2023.

Monthly Expenditures Compared to Historical Average



The tables below show expenditure rates through November 2023 of 32.2% for the agency compared to average expenditure rates over the previous five years of 35.1%.

Program Name	Modified Budget	Expended Budget	% Expended	5-Year Avg
21 DIRECTORS OFFICE	10,011,383	3,043,170	30.4%	35.7%
22 OIL & GAS CONSERVATION DIV	2,363,649	597,791	25.3%	30.2%
23 CONSERVATION&RESOURCE DEV DIV	14,558,062	3,506,542	24.1%	23.4%
24 WATER RESOURCES DIVISION	25,951,097	6,915,430	26.6%	30.6%
35 FORESTRY & TRUST LANDS	39,630,415	15,680,595	39.6%	40.8%

Expenditure Type	Modified Budget	Expended Budget	% Expended	5-Year Avg
Personal Services	48,289,789	19,489,503	40.4%	36.3%
Operating Expenses	30,149,968	6,498,436	21.6%	35.3%
Equipment & Intangible Assets	1,886,936	310,632	16.5%	1.4%
Local Assistance	3,058,090	552,790	18.1%	19.7%
Grants	4,737,714	1,022,284	21.6%	30.4%
Benefits & Claims	400,000	0	0.0%	0.0%
Transfers-out	1,728,343	1,174,402	67.9%	68.0%
Debt Service	2,263,766	695,482	30.7%	35.3%

Fund Type	Modified Budget	Expended Budget	% Expended	5-Year Avg
01 General	38,396,016	17,353,960	45.2%	45.6%
02 State/Other Spec Rev	51,997,048	12,127,956	23.3%	26.8%
03 Fed/Other Spec Rev	2,121,542	261,612	12.3%	17.0%
Total	92,514,606	29,743,528	32.2%	35.1%

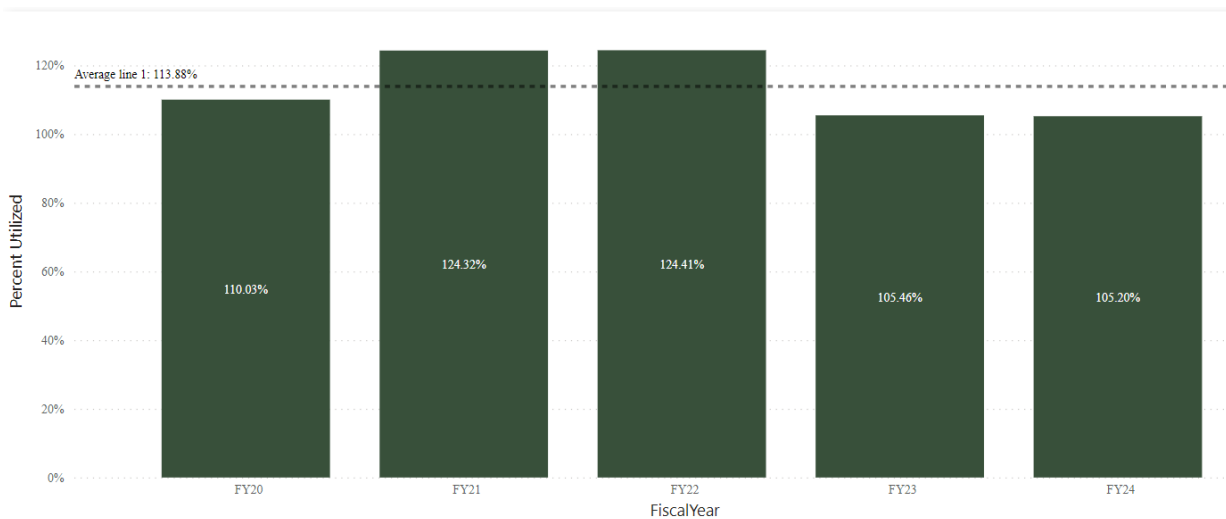
The DNRC expended 32.2% of its \$92.5 million HB 2 modified budget through November 30, 2023. The agency expended \$2.7 million less than would be expected based on average expenditure rate in the previous five years of 35.1%. Lower than expected expenditures for operations and grants are offset by higher than anticipated expenditures for personal services account for most of the variance.

Personal Services

Appropriations for personal services in the DNRC total \$48.3 million and are 40.4% expended through November 30, 2023. The department has 540.61 HB 2 FTE of which 55.44 FTE are vacant. The table below summarizes the budgeted FTE for DNRC.

Department of Natural Resources and Conservation HB 2 FTE				
<u>Program</u>	<u>Filled</u>	<u>Vacant</u>	<u>Total</u>	
Directors Office	58.25	3.50	61.75	
Oil & Gas Conservation Division	14.00	5.50	19.50	
Conservation & Resource Development	30.17	-	30.17	
Water Resources Division	121.76	14.50	136.26	
Forestry and Trust Lands Division	260.99	31.94	292.93	
Total	485.17	55.44	540.61	

The chart below shows the hourly utilization percentage for the Department of Natural Resources and Conservation between July 1 and November 1 for each fiscal year. Overall, the department has utilized 105.2% of the hours budgeted for FY 2024, as shown in the chart below. It is not unusual for the agency to exceed 100.0% utilization in the summer months due primarily to fire activity. The Forestry and Trust Lands Division utilized 118.6% of total budgeted hours during the period, the remaining agencies combined utilized 90.0% of total hours budgeted.



The agency utilizes contractors and overtime in the normal course of business and are not related to positions being vacant.

The chart below shows the vacant FTE in each division, the number of months each position has been vacant, and the midpoint hourly pay rate.

Department of Natural Resources and Conservation Vacancies
As of November 1, 2023

<u>Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>		<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>
Directors Office				Forestry & Trust Lands Division (Cont.)			
Budget Analyst 2	0.50	2.6	\$33.52	Forester	1.00	0.5	\$34.51
Lawyer 2	1.00	5.4	55.14	Program Supervisor	1.00	2.2	36.25
Accountant 3	1.00	5.3	36.96	Auditor 2	1.00	2.6	32.69
Accountant 1	1.00	1.7	23.11	Real Property Supervisor	1.00	1.7	42.34
Division Total / Average¹	3.50	3.9	\$37.71	Wildland Firefighter 2	0.50	1.7	24.86
Oil & Gas Conservation Division				Wildland Firefighter 2	0.75	6.7	24.86
Administrative Assistant 2	1.00	18.7	\$18.15	Forestry Technician	0.75	8.1	15.47
Data Processor 1	0.50	84.8	\$13.13	Wildland Firefighter 3	0.63	4.5	29.33
Compliance Technician 1	1.00	7.0	\$22.07	Fire Prevention Team Lead	0.75	0.8	29.33
Compliance Specialist 2	1.00	13.7	\$34.04	Helicopter Coordinator	0.50	28.0	15.47
OIL & GAS CONSER BD-PROF	1.00	15.0		Wildland Firefighter 1	0.50	0.4	19.69
Environmental Field Tech 2	1.00	1.0	26.75	Helicopter Manager	0.50	1.2	15.47
Division Total / Average¹	5.50	17.8	\$19.56	Fire Operations Specialist	0.50	0.8	29.33
Water Resources Division				Senior Engine Boss	0.50	28.0	15.47
Hydrologist 2	1.00	0.7	\$33.63	Senior Engine Boss	0.50	28.0	15.47
Compliance Specialist 3	0.75	5.9	\$42.55	Senior Engine Boss	0.50	28.0	15.47
Water Conservation Specialist2	0.75	0.3	\$32.99	Lead Crew Member	0.50	28.0	15.47
Data Processor 2	1.00	5.3	15.84	Engine Boss	0.50	28.0	24.86
Engine Supervisor	1.00	2.6	45.06	Wildland Firefighter 2	0.50	0.7	24.86
Hydrologist 1	1.00	10.0	26.38	Dispatcher 1	0.50	0.7	20.64
Professional Engineer 1	1.00	7.6	40.97	Wildland Firefighter 2	0.50	3.6	24.86
Grants Contracts Coordinator 2	1.00	2.6	31.98	Wildland Firefighter 2	0.50	1.7	24.86
Water Conservation Specialist1	1.00	0.9	25.57	Program Specialist 1	0.75	4.0	27.86
Data Processor 3	1.00	3.5	19.45	Wildland Firefighter 2	0.50	13.6	24.86
Compliance Specialist 3	1.00	4.4	42.55	Forester 2	1.00	1.5	34.51
Water Conservation Specialist1	1.00	2.8	25.57	Rural Fire Coordinator	1.00	28.0	29.33
Compliance Supervisor	1.00	6.7	39.86	Comm. Preparedness and Fire Pr	1.00	4.0	27.86
Data Processor 2	1.00	5.3	15.84	Communications Technologist 1	1.00	28.0	30.11
Regional Water Planner	1.00	0.7	43.30	Science Technician All Other	1.00	6.7	15.47
Division Total / Average¹	14.50	4.0	\$31.91	Forestry Assistance Specialist	1.00	2.1	36.35
Forestry & Trust Lands Division				Program Specialist 2	1.00	5.9	36.35
Compliance Technician 1	1.00	2.6	\$22.07	Forester	1.00	2.6	34.51
Range Conservation Scientist 1	1.00	1.7	36.18	Forester	1.00	4.5	34.51
Program Specialist 2	1.00	0.8	36.35	GIS Specialist 3	1.00	4.5	45.80
Planner 2	1.00	1.7	43.30	Program Supervisor	1.00	2.2	36.25
Administrative Assistant 3	0.81	3.4	21.48	Communications Technologist 1	1.00	3.8	30.11
				Division Total / Average¹	31.94	7.0	\$29.42
				Grand Total¹	55.44	7.1	\$29.62

¹ Averages for months vacant and pay rate are weighted by FTE

At the time of this data pull, the agency was advertising for 42 positions. On average, the postings have been open for 30 days and typically receive eight responses. Positions that have been advertised for at least 20 days and received fewer than five responses include, hydrologist, construction manager, and water conservation

specialist. Since July, thirteen agency employees have left state government, four have retired, and three transferred to another agency.

OTHER ISSUES

Information Technology Project Expenditures

Large Information Technology Projects Original and Revised Budgets						
Project	Start Date	Status	Original Budget	Revised Budget	Expended	Percent Expended
Trust Lands Management System II (TLMSII)	7/16/2018	Executing	3,063,000	5,488,393	3,377,064	61.5%
Water Rights Information System II	6/21/2019	Executing	4,167,174	4,167,174	3,776,271	90.6%

Trust Lands Management System II

Although the total budget of this project has increased, the total scope has as well. Once the build was initiated, the agency realized there were more efficiencies to be gained by rolling additional business functions into the application or making enhancements to existing workflows. The expanded scope and cost have provided value to the program and is on-track from both a business and IT perspective. The agency anticipates wrapping up this phase of development in 2024.

Water Rights Information System II

This project is ongoing with other tasks for additional improvements and an additional build out for the CSKT Water Rights Information System under authority received in HB 10 in the 2023 legislative session.

Status of Line-Itemed Decision Packages, 2023 Legislature

The table below summarizes the agency’s expenditures against legislative appropriations for decision packages that appear as line items in HB 2. A detailed discussion of each decision package is provided below.

The Department of Natural Resources and Conservation Legislative Appropriation and Expenditures for FY 2024				
Decision Package	Legislative Appropriation	Budgeted	Expended	Percent Expended
DP 2110 - Weather Modification Feasibility Study (Restricted/Biennial/OTO)	\$150,000	\$150,000	\$0	0.0%
DP 2310 - Conservation District Augment (Restricted/Biennial/OTO)	750,000	750,000	118,252	15.8%
DP 2320 - Regional Water Authority Administration (OTO)	141,923	141,923	-	0.0%
DP 2303 - CARDD Infrastructure (Restricted/OTO)	150,000	150,000	-	0.0%
DP 2403 - WRD Montana Stream Gage Network Support (OTO)	831,598	831,598	77,180	9.3%
DP 2405 - WRD Safety and Reliability of State Projects (OTO)	136,000	136,000	-	0.0%
DP 2409 - WRD Willow Creek Rehab (Restricted/OTO)	500,000	500,000	-	0.0%
DP 2411 - Open ET (OTO)	296,000	296,000	-	0.0%
DP 2420 - CSKT-Montana Compact Implementation (RST)	100,000	100,000	25,000	25.0%
Total of HB 2 Line Itemed Decision Packages	\$3,055,521	\$3,055,521	\$220,432	7.2%

DP 2110 - Weather Modification Feasibility Study (Restricted/Biennial/OTO)

FY 2024 – \$125,000 General Fund
FY 2025 – \$125,000 General Fund
FY 2024 – \$25,000 State Special Revenue
FY 2025 – \$25,000 State Special Revenue

The legislature approved as one-time-only \$250,000 in general fund, and \$50,000 in state special revenue to conduct a study assessing the feasibility of implementing a watershed scale weather modification project in Montana.

DP 2310 - Conservation District Augment (Restricted/Biennial/OTO)

FY 2024 – \$750,000 State Special Revenue
FY 2025 – \$1,500,000 State Special Revenue

The legislature approved a one-time-only appropriation of state special revenue to support the operations of conservation districts.

DP 2320 - Regional Water Authority Administration (OTO)

FY 2024 – \$141,923 State Special Revenue
FY 2025 – \$141,923 State Special Revenue

The legislature approved a one-time-only appropriation of state special revenue to support the administration of the expansion of regional water systems.

DP 2303 - CARDD Infrastructure (Restricted/OTO)

FY 2024 – \$75,000 General Fund
FY 2025 – \$75,000 General Fund
FY 2024 – \$75,000 State Special Revenue
FY 2025 – \$75,000 State Special Revenue

The legislature approved funding for the anticipated increased workload that will occur with the Buy American Build American (BABA) and the American Rescue Plan Act (ARPA) federal programs. This will be funded with general fund and state special revenue. DNRC will establish modified FTE to support this work.

DP 2403 - WRD Montana Stream Gage Network Support (OTO)

FY 2024 – \$831,598 General Fund
FY 2025 – \$629,453 General Fund

The legislature approved an increase in general fund to support a network of 100 state-operated, year-round stream gages to gather and distribute real-time streamflow information on smaller streams and tributaries not monitored through the United States Geological Survey (USGS) program.

DP 2405 - WRD Safety and Reliability of State Projects (OTO)

FY 2024 – \$68,000 General Fund
FY 2025 – \$63,000 General Fund
FY 2024 – \$68,000 State Special Revenue
FY 2025 – \$63,000 State Special Revenue

The legislature approved a one-time-only increase in general fund and state special revenue to support a modified FTE to work on projects related to irrigation and dam infrastructure. State special revenue is generated from the sale of hydro-electric power generated from the Broadwater/Toston Dam.

DP 2409 - WRD Willow Creek Rehab (Restricted/OTO)

FY 2024 – \$500,000 General Fund
FY 2025 – \$500,000 General Fund

The legislature approved a one-time-only appropriation of general fund for the planning & design of the Willow Creek Dam rehabilitation. Scope of work will include final design, cost estimating, preparing final construction documents, final permitting, and advertising for bids.

DP 2411 - Open ET (OTO)

FY 2024 – \$296,000 General Fund
FY 2025 – \$176,000 General Fund

The legislature approved a one-time-only increase in general fund for a new water consumption monitoring program. The new system would replace the current system with a satellite-based data collection system.

DP 2420 - CSKT-Montana Compact Implementation (RST)

FY 2024 – \$100,000 General Fund
FY 2025 – \$100,000 General Fund

The legislature restricted \$100,000 of general fund in each year of the biennium to implement the Montana Environmental Policy Act (MEPA) (75-1-102, MCA), National Environmental Protection Act (NEPA)(42 U.S.C. §§ 4321 et seq.), and the protection and administration of state-based water rights.