

**Agency Budget Comparison**

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	101,041,393	111,527,100	10,485,707	10.38 %
Operating Expenses	61,977,166	72,367,511	10,390,345	16.76 %
Equipment & Intangible Assets	2,126,392	1,927,018	(199,374)	(9.38)%
Capital Outlay	113,820	0	(113,820)	(100.00)%
Grants	3,043,470	3,432,008	388,538	12.77 %
Benefits & Claims	1,600	1,600	0	0.00 %
Transfers	753,169	744,314	(8,855)	(1.18)%
Debt Service	28,515	24,854	(3,661)	(12.84)%
<b>Total Expenditures</b>	<b>\$169,085,525</b>	<b>\$190,024,405</b>	<b>\$20,938,880</b>	<b>12.38 %</b>
General Fund	1,947,158	0	(1,947,158)	(100.00)%
State/Other Special Rev. Funds	124,964,916	136,876,944	11,912,028	9.53 %
Federal Spec. Rev. Funds	42,173,451	53,147,461	10,974,010	26.02 %
<b>Total Funds</b>	<b>\$169,085,525</b>	<b>\$190,024,405</b>	<b>\$20,938,880</b>	<b>12.38 %</b>
<b>Total Ongoing</b>	<b>\$164,666,506</b>	<b>\$176,421,015</b>	<b>\$11,754,509</b>	<b>7.14 %</b>
<b>Total OTO</b>	<b>\$4,419,019</b>	<b>\$13,603,390</b>	<b>\$9,184,371</b>	<b>207.84 %</b>

**Agency Description**

Fish, Wildlife, and Parks is responsible for the management of Montana's fish, wildlife and recreational resources, development of recreational opportunities, and operation of the state park system. A five-member, governor-appointed Fish and Wildlife Commission provides direction on specific issues regarding land usage, preservation and management of wildlife, establishment of license and permit fees, and the creation of hunting and fishing seasons. Similarly, the five member, governor-appointed State Parks and Recreation Board provides direction on issues related to state parks including the protection and preservation of state parks, promotion of outdoor activities, and establishing administrative rules for use of state park properties.

The department is composed of seven divisions: fisheries, enforcement, wildlife, parks, communication & education, administration, and department management.

**Agency Highlights**

<b>Department of Fish, Wildlife, and Parks Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The budget increases 12.4% mainly due to appropriations for the aquatic invasive species response. The legislature designated this as one-time-only</li> <li>• General fund decrease due to the removal of the aquatic invasive species activities from the general fund</li> <li>• The legislature switched federal funds for general license funds in the law enforcement division as a part of funding wardens for non-law enforcement activities</li> <li>• The legislature requested a complete review of the entire budget, for both the Parks Division and the Communication and Education Division, including the base for the 2021 biennium budgeting activities</li> </ul>

### Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	685.59	685.59	685.59	702.67	702.67
Personal Services	48,420,466	49,629,647	51,411,746	55,690,825	55,836,275
Operating Expenses	28,928,678	31,130,287	30,846,879	36,348,195	36,019,316
Equipment & Intangible Assets	1,139,078	1,347,283	779,109	978,509	948,509
Capital Outlay	63,820	113,820	0	0	0
Grants	819,568	1,218,753	1,824,717	1,716,004	1,716,004
Benefits & Claims	0	800	800	800	800
Transfers	286,640	382,847	370,322	372,157	372,157
Debt Service	16,088	16,088	12,427	12,427	12,427
<b>Total Expenditures</b>	<b>\$79,674,338</b>	<b>\$83,839,525</b>	<b>\$85,246,000</b>	<b>\$95,118,917</b>	<b>\$94,905,488</b>
General Fund	817,805	973,158	974,000	0	0
State/Other Special Rev. Funds	59,113,235	61,990,730	62,974,186	68,492,516	68,384,428
Federal Spec. Rev. Funds	19,743,298	20,875,637	21,297,814	26,626,401	26,521,060
<b>Total Funds</b>	<b>\$79,674,338</b>	<b>\$83,839,525</b>	<b>\$85,246,000</b>	<b>\$95,118,917</b>	<b>\$94,905,488</b>
<b>Total Ongoing</b>	<b>\$78,129,917</b>	<b>\$81,630,346</b>	<b>\$83,036,160</b>	<b>\$88,133,990</b>	<b>\$88,287,025</b>
<b>Total OTO</b>	<b>\$1,544,421</b>	<b>\$2,209,179</b>	<b>\$2,209,840</b>	<b>\$6,984,927</b>	<b>\$6,618,463</b>

### Summary of Legislative Action

The legislature approved the Department of Fish, Wildlife, and Parks budget with a increase of \$20.9 million or 12.38%, over the 2017 biennium. This includes a complete elimination of general fund with offsetting increases in both state special and federal special revenue. The budget includes \$11.5 million in present law adjustments and \$12.4 million in new proposals. Major additions to the budget include:

- Long-term federal contract authority for the Fisheries Division
- Forest management operations in the Wildlife Division
- Hunter access program in the Wildlife Division
- Operational adjustments for the Law Enforcement Division

The legislature chose to appropriate a number of items on a one-time-only basis to facilitate further study during the interim and the next legislative session. These include:

- The response to aquatic invasive species
- Data management in the Fisheries Division
- Drought management planning
- Bison Containment
- Grizzly Bear Management
- Wolf Management

The legislature chose to fund the Parks Division and the Communication & Education Division with the stipulation that the entire budget for those divisions, including the base, would be reexamined by the 2019 legislature. Additionally, the legislature chose to fund personal services in the Law Enforcement Division at a 75% state special/25% federal special ratio in order to account for federally-defined non-law enforcement activities conducted by the fish and game wardens.

### Funding

The following table shows adopted agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.00 %
State Special Total	129,543,599	7,333,345	0	5,099,253	141,976,197	69.71 %
Federal Special Total	46,877,416	6,270,045	0	527,824	53,675,285	26.35 %
Proprietary Total	0	0	8,019,826	0	8,019,826	3.94 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$176,421,015</b>	<b>\$13,603,390</b>	<b>\$8,019,826</b>	<b>\$5,627,077</b>	<b>\$203,671,308</b>	
<b>Percent - Total All Sources</b>	<b>86.62 %</b>	<b>6.68 %</b>	<b>3.94 %</b>	<b>2.76 %</b>		

The Department of Fish, Wildlife, and Parks (FWP) is predominately funded by state special revenue sources derived from fees for hunting, fishing, and other recreational activities. The largest is the general license account (GLA). GLA is the depository for hunting, fishing, and conservation fees charged to residents and non-residents. These fees are mostly mandated in state law. Under state law and federal agreement, the GLA may not be used for any purpose other than the support of hunting and fishing as governed by FWP.

Federal sources are predominately derived from federal excise taxes on hunting and fishing equipment, grants for endangered species, and state wildlife grants. These taxes are known as Pittman-Robertson/Dingell-Johnson (PR/DJ) funds. These funds have restrictions and may not be used for law enforcement activities.

FWP has non-budgeted proprietary funds for aircraft use, parks usage, copying, equipment, and warehouse inventory. These funds are discussed further in the appropriate programs.

*Statutory Appropriations*

FWP has two statutory appropriations. The first is "Payment in Lieu of Taxes" (PILT) – authorized in 87-1-603, MCA – where FWP pays counties for the full property tax income lost due to department land ownership. Over the past three fiscal years, FWP has expended an average of \$806,671 per year.

The second statutory appropriation comes from 6.5% of accommodation tax proceeds so that FWP can pay for the maintenance of state park facilities. Over the past three fiscal years, FWP has expended an average of \$967,624 per year.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	83,036,160	83,036,160	166,072,320	87.40 %
SWPL Adjustments	0	0	0	0.00 %	1,025,930	1,183,979	2,209,909	1.16 %
PL Adjustments	0	0	0	0.00 %	4,655,692	4,659,210	9,314,902	4.90 %
New Proposals	0	0	0	0.00 %	6,401,135	6,026,139	12,427,274	6.54 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$95,118,917</b>	<b>\$94,905,488</b>	<b>\$190,024,405</b>	

**Other Legislation**

HB 97 - Increased the cap on block management land owner payments

HB 108 - Authorized the issuance of free wild buffalo licenses for tribes to hunt for traditional purposes

HB 128 - Revised bighorn sheep licenses and required reporting to the Environmental Quality Council

HB 150 - Specifically included military spouses as a part of the residency definition for hunting and fishing licenses

HB 211 - Required FWP to report on sage grouse population numbers to the Montana Sage Grouse Oversight Team and the Environmental Quality Council

HB 214 - Removed restrictions on the operations of the Fort Peck Fish Hatchery

HB 228 - Changed the funding for the sage grouse stewardship program from a temporary appropriation to a statutory appropriation and allowed up to \$400,000 in administrative costs each fiscal year

HB 311 - Authorized FWP to give preferences to veterans to hunt on block management areas on Veterans' Day

HB 434 - Created the wildlife habitat improvement and public access advisory council and permitted the use of federal funds to combat noxious weeds, restore wildlife habitat, and improve public access

HB 622 - Established the upper Columbia Conservation Commission, the invasive species council, and the Missouri River containment and quarantine program

HB 623 - Changed the bonus point system for hunting licenses

SB 50 - Allowed for digital hunting tags

SB 52 - Allowed for the application of additional penalties for hunting with artificial light

SB 84 - Extended the paddlefish roe donation program

SB 119 - Clarified the issuances of hunting license to nonresident and authorized nonresident college students, youth and relatives of residents to purchase elk-only and deer combination licenses

SB 213 - Clarified Smith River corridor funding

SB 363 - Created fees on hydroelectric facilities and dependent utilities and created an aquatic invasive species pass on fishing licenses

### **Executive Budget Comparison**

The following table compares the legislative budget for the biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2017	Executive Budget Fiscal 2018	Legislative Budget Fiscal 2018	Leg — Exec. Difference Fiscal 2018	Executive Budget Fiscal 2019	Legislative Budget Fiscal 2019	Leg — Exec. Difference Fiscal 2019	Biennium Difference Fiscal 18-19
FTE	685.59	707.98	702.67	(5.31)	707.98	702.67	(5.31)	(5.31)
Personal Services	51,411,746	52,580,845	55,690,825	3,109,980	52,733,047	55,836,275	3,103,228	6,213,208
Operating Expenses	30,846,879	36,238,744	36,348,195	109,451	36,276,117	36,019,316	(256,801)	(147,350)
Equipment & Intangible Assets	779,109	1,028,509	978,509	(50,000)	998,509	948,509	(50,000)	(100,000)
Capital Outlay	0	0	0	0	0	0	0	0
Grants	1,824,717	1,716,004	1,716,004	0	1,716,004	1,716,004	0	0
Benefits & Claims	800	800	800	0	800	800	0	0
Transfers	370,322	372,157	372,157	0	372,157	372,157	0	0
Debt Service	12,427	12,427	12,427	0	12,427	12,427	0	0
<b>Total Costs</b>	<b>\$85,246,000</b>	<b>\$91,949,486</b>	<b>\$95,118,917</b>	<b>\$3,169,431</b>	<b>\$92,109,061</b>	<b>\$94,905,488</b>	<b>\$2,796,427</b>	<b>\$5,965,858</b>
General Fund	974,000	1,175,000	0	(1,175,000)	1,175,440	0	(1,175,440)	(2,350,440)
State/other Special Rev. Funds	62,974,186	68,607,790	68,492,516	(115,274)	68,693,043	68,384,428	(308,615)	(423,889)
Federal Spec. Rev. Funds	21,297,814	22,166,696	26,626,401	4,459,705	22,240,578	26,521,060	4,280,482	8,740,187
Other	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$85,246,000</b>	<b>\$91,949,486</b>	<b>\$95,118,917</b>	<b>\$3,169,431</b>	<b>\$92,109,061</b>	<b>\$94,905,488</b>	<b>\$2,796,427</b>	<b>\$5,965,858</b>
<b>Total Ongoing</b>	<b>\$83,036,160</b>	<b>\$90,744,486</b>	<b>\$88,133,990</b>	<b>(\$2,610,496)</b>	<b>\$90,903,621</b>	<b>\$88,287,025</b>	<b>(\$2,616,596)</b>	<b>(\$5,227,092)</b>
<b>Total OTO</b>	<b>\$2,209,840</b>	<b>\$1,205,000</b>	<b>\$6,984,927</b>	<b>\$5,779,927</b>	<b>\$1,205,440</b>	<b>\$6,618,463</b>	<b>\$5,413,023</b>	<b>\$11,192,950</b>

The legislature appropriated \$6.0 million more over the biennium than requested by the executive. The major reason for the difference was the legislative addition of funds in response to the discovery of mussels in Tiber Reservoir and Canyon Ferry lake. The legislative FTE is lower due to reductions of FTE. Additionally, the legislature funded the aquatic invasive species response differently, lowering the total FTE when compared to the executive request.

### Language and Statutory Authority

The following language is adopted by the legislature for HB 2 :

"If federal funds are received by the department for Aquatic Invasive Species Response in excess of the federal special revenue in the Aquatic Invasive Species Response appropriation, the state special revenue appropriation for Aquatic Invasive Species Response must be reduced and federal special revenue increased by the amount of federal funds received."

"If sufficient federal funds are not received by the department for aquatic invasive species response, then the state special revenue appropriation for aquatic invasive species response may be increased and the federal special revenue decreased by like amounts."

"It is the intent of the legislature to consider the 2021 biennium budget for the Parks and Communication & Education Divisions from zero to the full recommended budget. The department shall explain the necessity of each reporting level (RL4) of the budget, including the base budget for the budget submission for the 2021 biennium budget. As a part of this process, the department shall submit a separate request each functional and geographic unit of the Parks Division, including each state park."

"It is the intent of the legislature that the federal funds (Pittman-Robertson/Dingell-Johnson) in the Enforcement Division are used for non-law enforcement activities by wardens as defined by 50 CFR 80.50 and 50 CFR 80.51. These activities include, but are not limited to: fish and wildlife surveys/inventories, research and relations with landowners and other individuals regarding the status of fish and wildlife, research into fish and wildlife problems, and education on hunting and fishing."

"The department is appropriated \$1 million dollars from the State Parks Miscellaneous state special revenue account each year of the biennium for maintenance and repair work on Virginia and Nevada City. The Montana Heritage Commission shall direct the use of this appropriation."

"The Drought Management Planning appropriation must be used statewide without concentrating on a single region or drainage."

### Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	24,679,486	33,411,554	8,732,068	35.38 %
Operating Expenses	10,663,375	15,092,109	4,428,734	41.53 %
Equipment & Intangible Assets	840,910	820,910	(20,000)	(2.38)%
Capital Outlay	50,000	0	(50,000)	(100.00)%
Grants	632,115	1,264,230	632,115	100.00 %
Transfers	8,784	4,784	(4,000)	(45.54)%
<b>Total Expenditures</b>	<b>\$36,874,670</b>	<b>\$50,593,587</b>	<b>\$13,718,917</b>	<b>37.20 %</b>
General Fund	1,767,158	0	(1,767,158)	(100.00)%
State/Other Special Rev. Funds	15,415,244	23,469,417	8,054,173	52.25 %
Federal Spec. Rev. Funds	19,692,268	27,124,170	7,431,902	37.74 %
<b>Total Funds</b>	<b>\$36,874,670</b>	<b>\$50,593,587</b>	<b>\$13,718,917</b>	<b>37.20 %</b>
<b>Total Ongoing</b>	<b>\$35,107,512</b>	<b>\$38,736,505</b>	<b>\$3,628,993</b>	<b>10.34 %</b>
<b>Total OTO</b>	<b>\$1,767,158</b>	<b>\$11,857,082</b>	<b>\$10,089,924</b>	<b>570.97 %</b>

### Program Description

The Fisheries Division (Fisheries) is responsible for preserving and perpetuating aquatic species and their ecosystems as well as meeting public demand for fishing opportunities and aquatic wildlife stewardship. Fisheries 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. Fisheries:

- Operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited
- Regulates angler harvests
- Monitors fish populations
- Manages the fishing access site program

### Program Highlights

<b>Fisheries Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The budget increased from the 2017 biennium to 2019 beinnium by 37.2% due to funding for:               <ul style="list-style-type: none"> <li>◦ Aquatic invasive species reponse</li> <li>◦ Long-term federal contract authority</li> </ul> </li> <li>• The legislature approved one-time-only appropriations for:               <ul style="list-style-type: none"> <li>◦ Data management</li> <li>◦ Drought management</li> <li>◦ Aquatic invasive species reponse</li> </ul> </li> </ul>

### Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	174.65	174.65	174.65	188.65	188.65
Personal Services	12,142,841	12,131,805	12,547,681	16,687,034	16,724,520
Operating Expenses	4,998,786	5,525,547	5,137,828	7,708,292	7,383,817
Equipment & Intangible Assets	365,142	420,455	420,455	410,455	410,455
Capital Outlay	0	50,000	0	0	0
Grants	0	0	632,115	632,115	632,115
Transfers	4,000	6,392	2,392	2,392	2,392
<b>Total Expenditures</b>	<b>\$17,510,769</b>	<b>\$18,134,199</b>	<b>\$18,740,471</b>	<b>\$25,440,288</b>	<b>\$25,153,299</b>
General Fund	764,920	883,158	884,000	0	0
State/Other Special Rev. Funds	7,514,073	7,589,956	7,825,288	11,810,308	11,659,109
Federal Spec. Rev. Funds	9,231,776	9,661,085	10,031,183	13,629,980	13,494,190
<b>Total Funds</b>	<b>\$17,510,769</b>	<b>\$18,134,199</b>	<b>\$18,740,471</b>	<b>\$25,440,288</b>	<b>\$25,153,299</b>
<b>Total Ongoing</b>	<b>\$16,745,849</b>	<b>\$17,251,041</b>	<b>\$17,856,471</b>	<b>\$19,328,722</b>	<b>\$19,407,783</b>
<b>Total OTO</b>	<b>\$764,920</b>	<b>\$883,158</b>	<b>\$884,000</b>	<b>\$6,111,566</b>	<b>\$5,745,516</b>

Funding

The following table shows adopted program funding by source of authority.

Department of Fish, Wildlife, and Parks, 03-Fisheries Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	0	0	0	0	0.00 %
02051 Private Contracts & Grants	0	0	0	0	0.00 %
02148 Paddlefish Roe Account	49,828	0	0	49,828	0.21 %
02333 Fishing Access Site Maint	917,967	0	0	917,967	3.91 %
02409 General License	22,160,658	0	0	22,160,658	94.42 %
02558 FAS - Vehicle Registration	340,964	0	0	340,964	1.45 %
<b>State Special Total</b>	<b>\$23,469,417</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,469,417</b>	<b>46.39 %</b>
03097 Fedl Fish(W/B) Wildlife(P/R)	17,300,511	0	0	17,300,511	63.78 %
03129 USFWS SECTION 6	0	0	0	0	0.00 %
03403 Misc Federal Funds	8,977,320	0	0	8,977,320	33.10 %
03408 State Wildlife Grants	846,339	0	0	846,339	3.12 %
<b>Federal Special Total</b>	<b>\$27,124,170</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,124,170</b>	<b>53.61 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$50,593,587</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,593,587</b>	

Fisheries is mainly funded with GLA dollars derived from fishing license fees and 25 cents from each light vehicle registration to support the Fishing Access Sites (FAS).

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	17,856,471	17,856,471	35,712,942	70.59 %	
SWPL Adjustments	0	0	0	0.00 %	122,281	202,944	325,225	0.64 %	
PL Adjustments	0	0	0	0.00 %	640,000	640,000	1,280,000	2.53 %	
New Proposals	0	0	0	0.00 %	6,821,536	6,453,884	13,275,420	26.24 %	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$25,440,288</b>	<b>\$25,153,299</b>	<b>\$50,593,587</b>		

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	81,758	62,776	144,534	0.00	0	99,746	83,787	183,533
DP 3 - Inflation Deflation	0.00	0	(3,200)	(19,053)	(22,253)	0.00	0	11,802	7,609	19,411
DP 302 - FAS Operations & Maintenance	0.00	0	159,560	480,440	640,000	0.00	0	159,560	480,440	640,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$238,118</b>	<b>\$524,163</b>	<b>\$762,281</b>	<b>0.00</b>	<b>\$0</b>	<b>\$271,108</b>	<b>\$571,836</b>	<b>\$842,944</b>

\*\*Total Funds\* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 302 - FAS Operations & Maintenance -

The legislature approved additional funding for maintenance, cleaning latrines, weed control, road maintenance, erosion control, signs, fencing, and boat ramp maintenance at fishing access sites. State funding would be matched with federal funds from the U.S. Fish & Wildlife Service, FAS Operation & Maintenance grant.

**New Proposals**

The “New Proposals” table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(123,881)	(141,149)	(265,030)	0.00	0	(125,045)	(141,587)	(266,632)
DP 303 - Long-Term Federal Contract Authority	0.00	0	0	1,850,000	1,850,000	0.00	0	0	1,850,000	1,850,000
DP 304 - Data Management (OTO)	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
DP 306 - Drought Management Planning (Restricted/OTO)	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 307 - Federal DJ Adjustment	0.00	0	725,000	(1,600,000)	(875,000)	0.00	0	725,000	(1,600,000)	(875,000)
DP 555551 - Aquatic Invasive Species Response (Restricted/OTO)	7.00	0	5,931,566	0	5,931,566	7.00	0	5,565,515	0	5,565,515
DP 555557 - Aquatic Invasive Species Response Adjustment (Restricted/)	7.00	0	(2,965,783)	2,965,783	0	7.00	0	(2,782,757)	2,782,758	1
<b>Total</b>	<b>14.00</b>	<b>\$0</b>	<b>\$3,746,902</b>	<b>\$3,074,634</b>	<b>\$6,821,536</b>	<b>14.00</b>	<b>\$0</b>	<b>\$3,562,713</b>	<b>\$2,891,171</b>	<b>\$6,453,884</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 303 - Long-Term Federal Contract Authority -

The legislature approved an increase of federal long-term authority to align with the multiple long-term federal contracts the Fisheries Division receives annually. Over the last 12 years Fisheries has requested budget amendment authority from the Governor's budget office on contracts such as the Bonneville Power Administration (BPA), U.S. Army Corps of Engineers (ACOE), and other federal sources. These contracts are anticipated to continue long into the future and the legislature approved permanent authority which would continue to fund modified FTE and operations.

DP 304 - Data Management (OTO) -

The legislature approved funding for modified positions or temporary services to input historical fisheries data, which is in a variety of unsecured forms such as paper reports, compact discs, and computer hard drives.

DP 306 - Drought Management Planning (Restricted/OTO) -

The legislature approved funding for contracted services with conservation districts to assist watershed communities in developing and implementing voluntary drought responses. Funds would be granted to watershed communities to facilitate the implementation of their existing plans, monitor participation, quantify plan effectiveness, support planning processes, and to conduct specific sub-basin investigations related to drought planning, water management, and water conservation efforts. Language restricts this to only statewide activities.

DP 307 - Federal DJ Adjustment -

The legislature approved a fund switch from Federal Dingell-Johnson Sport Fish Restoration funding to GLA funding due to declining federal revenues.

DP 555551 - Aquatic Invasive Species Response (Restricted/OTO) -

The legislature approved funding for the aquatic invasive species response using a one-time-only appropriation in order to more closely study the program's impacts and achievements. This decision package includes contingent language, the repurposing of 7.00 FTE from across the department, and the addition of 7.00 new FTE.

DP 555557 - Aquatic Invasive Species Response Adjustment (Restricted/ -

The legislature changed the funding of the aquatic invasive species response (Restricted/OTO) to be 50% state special and 50% federal funds. This decision package also approves 7 FTE.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	17,930,363	19,292,990	1,362,627	7.60 %
Operating Expenses	4,284,784	3,914,750	(370,034)	(8.64)%
Equipment & Intangible Assets	160,399	160,400	1	0.00 %
Transfers	39,218	42,888	3,670	9.36 %
<b>Total Expenditures</b>	<b>\$22,414,764</b>	<b>\$23,411,028</b>	<b>\$996,264</b>	<b>4.44 %</b>
General Fund	180,000	0	(180,000)	(100.00)%
State/Other Special Rev. Funds	20,986,266	18,562,358	(2,423,908)	(11.55)%
Federal Spec. Rev. Funds	1,248,498	4,848,670	3,600,172	288.36 %
<b>Total Funds</b>	<b>\$22,414,764</b>	<b>\$23,411,028</b>	<b>\$996,264</b>	<b>4.44 %</b>
<b>Total Ongoing</b>	<b>\$22,043,820</b>	<b>\$23,411,028</b>	<b>\$1,367,208</b>	<b>6.20 %</b>
<b>Total OTO</b>	<b>\$370,944</b>	<b>\$0</b>	<b>(\$370,944)</b>	<b>(100.00)%</b>

**Program Description**

The Enforcement Division ensures compliance with laws and regulations to protect and preserve big game animals, fur-bearing animals, fish, game birds, and other protected wildlife. The Enforcement Division enforces the laws and regulations relative to lands or waters under agency jurisdiction such as state parks, fishing access sites, and wildlife management areas. The Enforcement Division also ensures compliance with 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**

<b>Enforcement Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The budget increased 4.4% compared to the 2017 biennium due to present law adjustments</li> <li>• The legislature funded personal services at 75% state special revenue / 25% federal special revenue</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	115.61	115.61	115.61	116.00	116.00
Personal Services	8,879,445	8,916,554	9,013,809	9,633,219	9,659,771
Operating Expenses	2,094,177	2,137,705	2,147,079	1,949,820	1,964,930
Equipment & Intangible Assets	34,084	80,199	80,200	80,200	80,200
Transfers	19,609	19,609	19,609	21,444	21,444
<b>Total Expenditures</b>	<b>\$11,027,315</b>	<b>\$11,154,067</b>	<b>\$11,260,697</b>	<b>\$11,684,683</b>	<b>\$11,726,345</b>
General Fund	52,885	90,000	90,000	0	0
State/Other Special Rev. Funds	10,425,649	10,444,187	10,542,079	9,264,140	9,298,218
Federal Spec. Rev. Funds	548,781	619,880	628,618	2,420,543	2,428,127
<b>Total Funds</b>	<b>\$11,027,315</b>	<b>\$11,154,067</b>	<b>\$11,260,697</b>	<b>\$11,684,683</b>	<b>\$11,726,345</b>
<b>Total Ongoing</b>	<b>\$10,878,974</b>	<b>\$10,968,595</b>	<b>\$11,075,225</b>	<b>\$11,684,683</b>	<b>\$11,726,345</b>
<b>Total OTO</b>	<b>\$148,341</b>	<b>\$185,472</b>	<b>\$185,472</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Fish, Wildlife, and Parks, 04-Enforcement Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0.00 %	
02115 Off-Highway Decal	134,326	0	0	134,326	0.72 %	
02239 Off Hwy Vehicle Acct (Parks)	0	0	0	0	0.00 %	
02328 Parks OHV Fuel Safety/Educ	0	0	0	0	0.00 %	
02329 Snowmobile Fuel Tax-Enforcemnt	65,450	0	0	65,450	0.35 %	
02334 Hunting Access	1,017,803	0	0	1,017,803	5.48 %	
02409 General License	16,424,037	0	0	16,424,037	88.48 %	
02410 Real Estate Trust Earnings	0	0	0	0	0.00 %	
02411 State Parks Miscellaneous	190,583	0	0	190,583	1.03 %	
02413 F & G Motorboat Cert Id	180,796	0	0	180,796	0.97 %	
02414 Snowmobile Reg	178,734	0	0	178,734	0.96 %	
02687 Upland Game Bird Planting	0	0	0	0	0.00 %	
02938 TLMD Trust Administration	370,629	0	0	370,629	2.00 %	
<b>State Special Total</b>	<b>\$18,562,358</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,562,358</b>	<b>79.29 %</b>	
03097 Fedl Fish(W/B) Wildlife(P/R)	3,947,850	0	0	3,947,850	81.42 %	
03403 Misc Federal Funds	900,820	0	0	900,820	18.58 %	
<b>Federal Special Total</b>	<b>\$4,848,670</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,848,670</b>	<b>20.71 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$23,411,028</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,411,028</b>		

The largest source of funding is the GLA. Other state special funds support the Enforcement Division in relation to warden activities, such as snowmobile fees, state parks funds, and trust land revenues.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	11,075,225	11,075,225	22,150,450	94.62 %	
SWPL Adjustments	0	0	0	0.00 %	640,493	682,566	1,323,059	5.65 %	
PL Adjustments	0	0	0	0.00 %	234,515	234,515	469,030	2.00 %	
New Proposals	0	0	0	0.00 %	(265,550)	(265,961)	(531,511)	(2.27)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$11,684,683</b>	<b>\$11,726,345</b>	<b>\$23,411,028</b>		

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	580,167	34,415	614,582	0.00	0	605,152	36,051	641,203
DP 3 - Inflation Deflation	0.00	0	24,002	1,909	25,911	0.00	0	37,853	3,510	41,363
DP 401 - Overtime Request - Game Wardens	0.00	0	62,634	1,937	64,571	0.00	0	62,634	1,937	64,571
DP 402 - Enforcement Ops Adjustment	0.00	0	169,944	0	169,944	0.00	0	169,944	0	169,944
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$836,747</b>	<b>\$38,261</b>	<b>\$875,008</b>	<b>0.00</b>	<b>\$0</b>	<b>\$875,583</b>	<b>\$41,498</b>	<b>\$917,081</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 401 - Overtime Request - Game Wardens -

The legislature approved funding for pay increases due to the current collective bargaining agreement which provides for game warden overtime compensation.

DP 402 - Enforcement Ops Adjustment -

The legislature approved an increase in funding due to expenses for field warden costs, dispatch services from the Department of Justice, turnover costs, and regional investigator budgets.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	0.00	0	(271,841)	0	(271,841)	0.00	0	(271,841)	0	(271,841)
DP 51 - Additional 2% Vacancy Savings	0.00	0	(13,258)	(398)	(13,656)	0.00	0	(13,324)	(400)	(13,724)
DP 403 - Region 4 (Great Falls) Warden	0.39	0	19,947	0	19,947	0.39	0	19,604	0	19,604
DP 5201002 - Augmented PR/DJ Funding	0.00	0	(1,754,062)	1,754,062	0	0.00	0	(1,758,411)	1,758,411	0
<b>Total</b>	<b>0.39</b>	<b>\$0</b>	<b>(\$2,019,214)</b>	<b>\$1,753,664</b>	<b>(\$265,550)</b>	<b>0.39</b>	<b>\$0</b>	<b>(\$2,023,972)</b>	<b>\$1,758,011</b>	<b>(\$265,961)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 403 - Region 4 (Great Falls) Warden -

The legislature approved an additional 0.39 FTE and associated expenses for warden duties in Region 4.

DP 5201002 - Augmented PR/DJ Funding -

The legislature funded the enforcement division personal services using 25% Pittman-Robertson/Dingell-Johnson Funds. The legislature included language stating that the legislature intended that the federal funds be used for non-law enforcement activities by wardens as defined by 50 CFR 80.50 and 50 CFR 80.51. These activities include, but are not limited to: fish and wildlife surveys/inventories, research and relations with landowners and other individuals regarding the status of fish and wildlife, research into fish and wildlife problems, and education on hunting and fishing.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	19,478,597	20,582,060	1,103,463	5.67 %
Operating Expenses	21,416,489	26,965,558	5,549,069	25.91 %
Equipment & Intangible Assets	95,734	95,734	0	0.00 %
Grants	411,900	341,600	(70,300)	(17.07)%
Benefits & Claims	1,600	1,600	0	0.00 %
Transfers	11,200	0	(11,200)	(100.00)%
<b>Total Expenditures</b>	<b>\$41,415,520</b>	<b>\$47,986,552</b>	<b>\$6,571,032</b>	<b>15.87 %</b>
State/Other Special Rev. Funds	23,717,715	30,194,434	6,476,719	27.31 %
Federal Spec. Rev. Funds	17,697,805	17,792,118	94,313	0.53 %
<b>Total Funds</b>	<b>\$41,415,520</b>	<b>\$47,986,552</b>	<b>\$6,571,032</b>	<b>15.87 %</b>
<b>Total Ongoing</b>	<b>\$39,134,603</b>	<b>\$46,240,244</b>	<b>\$7,105,641</b>	<b>18.16 %</b>
<b>Total OTO</b>	<b>\$2,280,917</b>	<b>\$1,746,308</b>	<b>(\$534,609)</b>	<b>(23.44)%</b>

**Program Description**

The Wildlife Division (Wildlife) is responsible for the conservation and management of Montana’s birds, mammals, reptiles, and amphibians along with their habitat. Activities related to Wildlife include monitoring the status of wildlife and habitats, conserving and enhancing wildlife habitat, as well as providing opportunity for public enjoyment of wildlife through hunting, trapping, and viewing. Wildlife manages animals legislatively categorized as big game, nongame wildlife, migratory game birds, upland game, furbearers, and threatened and endangered species.

**Program Highlights**

<p><b>Wildlife Division Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• Overall budget increase of 15.9% or \$6.6 million is due to approval of the hunter access enhancement program</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	133.82	133.82	133.82	138.41	138.41
Personal Services	9,382,388	9,584,007	9,894,590	10,276,760	10,305,300
Operating Expenses	9,412,730	10,863,897	10,552,592	13,474,759	13,490,799
Equipment & Intangible Assets	47,867	47,867	47,867	47,867	47,867
Grants	98,624	241,100	170,800	170,800	170,800
Benefits & Claims	0	800	800	800	800
Transfers	0	11,200	0	0	0
<b>Total Expenditures</b>	<b>\$18,941,609</b>	<b>\$20,748,871</b>	<b>\$20,666,649</b>	<b>\$23,970,986</b>	<b>\$24,015,566</b>
State/Other Special Rev. Funds	10,467,268	11,948,507	11,769,208	15,086,203	15,108,231
Federal Spec. Rev. Funds	8,474,341	8,800,364	8,897,441	8,884,783	8,907,335
<b>Total Funds</b>	<b>\$18,941,609</b>	<b>\$20,748,871</b>	<b>\$20,666,649</b>	<b>\$23,970,986</b>	<b>\$24,015,566</b>
<b>Total Ongoing</b>	<b>\$18,310,449</b>	<b>\$19,608,322</b>	<b>\$19,526,281</b>	<b>\$23,097,625</b>	<b>\$23,142,619</b>
<b>Total OTO</b>	<b>\$631,160</b>	<b>\$1,140,549</b>	<b>\$1,140,368</b>	<b>\$873,361</b>	<b>\$872,947</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Fish, Wildlife, and Parks, 05-Wildlife Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02051 Private Contracts & Grants	0	0	0	0	0.00 %
02061 Nongame Wildlife Account	101,366	0	0	101,366	0.34 %
02084 Fish WL Forest Management	285,903	0	0	285,903	0.95 %
02085 Waterfowl Stamp Spec. Rev.	26,124	0	0	26,124	0.09 %
02086 Mountain Sheep Account	295,960	0	0	295,960	0.98 %
02112 Moose Auction	75,246	0	0	75,246	0.25 %
02113 Upland Game Bird Habitat	401,347	0	0	401,347	1.33 %
02176 Mountain Goat Auction	28,000	0	0	28,000	0.09 %
02334 Hunting Access	17,241,772	0	0	17,241,772	57.10 %
02409 General License	9,511,530	0	0	9,511,530	31.50 %
02423 Wolf Management Account	549,894	0	0	549,894	1.82 %
02424 Wolf Depredation	549,897	0	0	549,897	1.82 %
02469 Habitat Trust Interest	1,001,395	0	0	1,001,395	3.32 %
02559 Mule Deer Auction	50,000	0	0	50,000	0.17 %
02560 Elk Auction	76,000	0	0	76,000	0.25 %
<b>State Special Total</b>	<b>\$30,194,434</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,194,434</b>	<b>61.98 %</b>
03097 Fedl Fish(W/B) Wildlife(P/R)	16,727,420	0	0	16,727,420	94.02 %
03129 USFWS SECTION 6	0	0	0	0	0.00 %
03403 Misc Federal Funds	327,315	0	0	327,315	1.84 %
03408 State Wildlife Grants	737,383	0	0	737,383	4.14 %
<b>Federal Special Total</b>	<b>\$17,792,118</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,792,118</b>	<b>36.52 %</b>
06540 DFWP Aircraft	0	726,532	0	726,532	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$726,532</b>	<b>\$0</b>	<b>\$726,532</b>	<b>1.49 %</b>
<b>Total All Funds</b>	<b>\$47,986,552</b>	<b>\$726,532</b>	<b>\$0</b>	<b>\$48,713,084</b>	

The Wildlife Division is predominantly funded with hunter access fees, GLA, and federal fish and wildlife funds.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	19,526,281	19,526,281	39,052,562	81.38 %	
SWPL Adjustments	0	0	0	0.00 %	518,513	564,389	1,082,902	2.26 %	
PL Adjustments	0	0	0	0.00 %	3,578,019	3,578,376	7,156,395	14.91 %	
New Proposals	0	0	0	0.00 %	348,173	346,520	694,693	1.45 %	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$23,970,986</b>	<b>\$24,015,566</b>	<b>\$47,986,552</b>		

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	441,003	56,603	497,606	0.00	0	453,514	72,554	526,068
DP 3 - Inflation Deflation	0.00	0	13,569	7,338	20,907	0.00	0	23,539	14,782	38,321
DP 502 - Hunter Access Enhancement Program	0.00	0	3,106,801	0	3,106,801	0.00	0	3,106,801	0	3,106,801
DP 503 - Wolf Management (OTO)	5.00	0	471,218	0	471,218	5.00	0	471,575	0	471,575
<b>Grand Total All Present Law Adjustments</b>	<b>5.00</b>	<b>\$0</b>	<b>\$4,032,591</b>	<b>\$63,941</b>	<b>\$4,096,532</b>	<b>5.00</b>	<b>\$0</b>	<b>\$4,055,429</b>	<b>\$87,336</b>	<b>\$4,142,765</b>

\*\*Total Funds” amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 502 - Hunter Access Enhancement Program -

The legislature approved funding to implement elk shoulder seasons and the Hunter Access Program, also known as Block Management.

DP 503 - Wolf Management (OTO) -

The legislature approved 5.00 FTE to implement the statewide wolf program, previously funded through the United States Fish and Wildlife Service. Duties would include monitoring, data management, harvest management, livestock conflict resolution, and outreach.

**New Proposals**

The “New Proposals” table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(93,992)	(103,074)	(197,066)	0.00	0	(94,258)	(103,401)	(197,659)
DP 501 - Restore Forest Management FTE and Operations	1.00	0	143,096	0	143,096	1.00	0	142,807	0	142,807
DP 504 - Bison Containment (OTO)	0.50	0	54,130	0	54,130	0.50	0	54,047	0	54,047
DP 506 - Grizzly Bear Management (OTO)	0.00	0	87,003	261,010	348,013	0.00	0	86,831	260,494	347,325
DP 5201010 - Reduce FTE	(1.91)	0	(63,981)	0	(63,981)	(1.91)	0	(64,023)	0	(64,023)
DP 5201011 - Restore Vacancy Savings	0.00	0	124,088	0	124,088	0.00	0	124,088	0	124,088
DP 5201012 - Vacancy Savings Adjustment	0.00	0	(60,107)	0	(60,107)	0.00	0	(60,065)	0	(60,065)
<b>Total</b>	<b>(0.41)</b>	<b>\$0</b>	<b>\$190,237</b>	<b>\$157,936</b>	<b>\$348,173</b>	<b>(0.41)</b>	<b>\$0</b>	<b>\$189,427</b>	<b>\$157,093</b>	<b>\$346,520</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 501 - Restore Forest Management FTE and Operations -

The legislature approved 1.00 FTE that was previously OTO. The position would be responsible for developing and implementing forest management plans for FWP land to address fire mitigation, pine beetle infestation, and wildlife habitat enhancement.

DP 504 - Bison Containment (OTO) -

The legislature approved 0.50 FTE and associated expenses to haze bison, protect property, and implement the Interagency Bison Management Plan agreements.

DP 506 - Grizzly Bear Management (OTO) -

The legislature approved funding for the Grizzly Bear Management Program.

DP 5201010 - Reduce FTE -

The legislature approved eliminating vacant FTE and associated funding across the agency.

DP 5201011 - Restore Vacancy Savings -

The legislature restored vacancy savings authority associated with reduced FTE.

DP 5201012 - Vacancy Savings Adjustment -

The legislature approved adjustments to vacancy savings.

**Other Issues**

**Proprietary Rates**

06540 – Aircraft

*Proprietary Program Description*

FWP's aircraft fund provides specialized flying services using fixed wing and helicopter aircraft to employees including low level flying in various terrains to survey fish and wildlife, plant fish, and record radio telemetry locations. These users are mostly fish and wildlife biologists.

*Revenues*

Revenues come from hourly charges against users of the aircraft.

*Expenses*

The aircraft fund seeks to recover sufficient funds to cover insurance costs, fuel, repair costs, and general operational costs of the aircraft. Personal services are not covered by this fund. The two largest costs are fuel and repairs. The average annual repair costs for the past four years have been \$164,000. In FY 2016, FWP flew approximately 2,400 hours in department aircraft.

*Proprietary Rates*

For the 2019 biennium, Figure 1 shows the approved rates

Figure 1  
Proposed Rates

	FY 2016	FY 2017	FY 2018	FY 2019
Two place-single engine - per hour	\$150	\$150	\$150	\$150
Four Place-single engine - per hour	\$500	\$500	\$500	\$500
Turbine helicopter - per hour	\$500	\$500	\$500	\$500

The rates approved by the legislature are the maximum the program may charge during the biennium, they are not the rates the program must charge.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	11,156,409	10,454,080	(702,329)	(6.30)%
Operating Expenses	4,624,676	4,714,238	89,562	1.94 %
Equipment & Intangible Assets	719,676	688,476	(31,200)	(4.34)%
Grants	1,136,651	963,374	(173,277)	(15.24)%
<b>Total Expenditures</b>	<b>\$17,637,412</b>	<b>\$16,820,168</b>	<b>(\$817,244)</b>	<b>(4.63)%</b>
State/Other Special Rev. Funds	17,271,938	16,476,966	(794,972)	(4.60)%
Federal Spec. Rev. Funds	365,474	343,202	(22,272)	(6.09)%
<b>Total Funds</b>	<b>\$17,637,412</b>	<b>\$16,820,168</b>	<b>(\$817,244)</b>	<b>(4.63)%</b>
<b>Total Ongoing</b>	<b>\$17,637,412</b>	<b>\$16,820,168</b>	<b>(\$817,244)</b>	<b>(4.63)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The Parks Division (Parks) is responsible for conserving the scenic, historic, archeological, scientific, and recreational resources of the state for public use and enjoyment. Parks includes 55 parks and 13 affiliated lands – such as rifle ranges – as well as recreation sites managed by local and federal agencies. Other programs administered by Parks include motorized and non-motorized trail grants and local government recreation grants.

**Program Highlights**

<b>Parks Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Overall reduction of 4.6% due to statewide present law adjustments</li> <li>• The legislature included language stating an intent to examine the entire budget of the Parks Division, including the base, during the 2019 session</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	83.17	83.17	83.17	82.53	82.53
Personal Services	5,017,126	5,395,749	5,760,660	5,220,627	5,233,453
Operating Expenses	2,390,614	2,307,858	2,316,818	2,336,850	2,377,388
Equipment & Intangible Assets	463,095	569,838	149,838	359,238	329,238
Grants	417,130	546,251	590,400	481,687	481,687
<b>Total Expenditures</b>	<b>\$8,287,965</b>	<b>\$8,819,696</b>	<b>\$8,817,716</b>	<b>\$8,398,402</b>	<b>\$8,421,766</b>
State/Other Special Rev. Funds	8,119,420	8,639,802	8,632,136	8,227,183	8,249,783
Federal Spec. Rev. Funds	168,545	179,894	185,580	171,219	171,983
<b>Total Funds</b>	<b>\$8,287,965</b>	<b>\$8,819,696</b>	<b>\$8,817,716</b>	<b>\$8,398,402</b>	<b>\$8,421,766</b>
<b>Total Ongoing</b>	<b>\$8,287,965</b>	<b>\$8,819,696</b>	<b>\$8,817,716</b>	<b>\$8,398,402</b>	<b>\$8,421,766</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Fish, Wildlife, and Parks, 06-Parks Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02051 Private Contracts & Grants	0	0	0	0	0.00 %
02213 Off Highway Vehicle Gas Tax	224,827	0	0	224,827	1.11 %
02239 Off Hwy Vehicle Acct (Parks)	36,681	0	0	36,681	0.18 %
02273 Motorboat Fees	105,921	0	0	105,921	0.52 %
02274 FWP Accommodations Tax	0	0	3,700,577	3,700,577	18.34 %
02328 Parks OHV Fuel Safety/Educ	32,790	0	0	32,790	0.16 %
02330 Parks Snomo Fuel Tax Sfty/Educ	249,496	0	0	249,496	1.24 %
02331 Motorboat Certification-Parks	37,641	0	0	37,641	0.19 %
02332 Snowmobile Registration-Parks	531,342	0	0	531,342	2.63 %
02407 Snowmobile Fuel Tax	1,144,374	0	0	1,144,374	5.67 %
02408 Coal Tax Trust Account	1,858,607	0	0	1,858,607	9.21 %
02411 State Parks Miscellaneous	10,053,266	0	0	10,053,266	49.82 %
02412 Motorboat Fuel Tax	1,985,526	0	0	1,985,526	9.84 %
02055 Snowmobile Trail Pass	204,312	0	0	204,312	1.01 %
02057 OHV Noxious Weeds	(802)	0	0	(802)	(0.00)%
02059 OHV Education	12,985	0	0	12,985	0.06 %
<b>State Special Total</b>	<b>\$16,476,966</b>	<b>\$0</b>	<b>\$3,700,577</b>	<b>\$20,177,543</b>	<b>95.79 %</b>
03097 Fedl Fish(W/B) Wildlife(P/R)	343,202	0	0	343,202	100.00 %
03403 Misc Federal Funds	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$343,202</b>	<b>\$0</b>	<b>\$0</b>	<b>\$343,202</b>	<b>1.63 %</b>
06068 MFWP Visitor Services	0	544,188	0	544,188	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$544,188</b>	<b>\$0</b>	<b>\$544,188</b>	<b>2.58 %</b>
<b>Total All Funds</b>	<b>\$16,820,168</b>	<b>\$544,188</b>	<b>\$3,700,577</b>	<b>\$21,064,933</b>	

Parks is funded with light vehicle registration fees as well as fuel taxes, recreational vehicle registration fees, and some coal tax dollars. Parks does not utilize GLA due to federal regulations.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	8,817,716	8,817,716	17,635,432	104.85 %	
SWPL Adjustments	0	0	0	0.00 %	(435,051)	(408,394)	(843,445)	(5.01)%	
PL Adjustments	0	0	0	0.00 %	139,187	139,187	278,374	1.66 %	
New Proposals	0	0	0	0.00 %	(123,450)	(126,743)	(250,193)	(1.49)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$8,398,402</b>	<b>\$8,421,766</b>	<b>\$16,820,168</b>		

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(415,768)	(10,883)	(426,651)	0.00	0	(400,096)	(10,436)	(410,532)
DP 3 - Inflation Deflation	0.00	0	(8,131)	(269)	(8,400)	0.00	0	2,081	57	2,138
DP 602 - Snowmobile Education	0.00	0	90,000	0	90,000	0.00	0	90,000	0	90,000
DP 603 - Snomo/OHV Trail Pass Adjustment	0.00	0	(160,813)	0	(160,813)	0.00	0	(160,813)	0	(160,813)
DP 604 - Snowmobile Equipment (Biennial)	0.00	0	210,000	0	210,000	0.00	0	210,000	0	210,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$284,712)</b>	<b>(\$11,152)</b>	<b>(\$295,864)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$258,828)</b>	<b>(\$10,379)</b>	<b>(\$269,207)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 602 - Snowmobile Education -

The legislature approved increased funding to improve training throughout the state on topics of snowmobile safety, avalanche awareness, and ethics.

DP 603 - Snomo/OHV Trail Pass Adjustment -

The legislature approved a reduction of authority for funding provided by the 2015 Legislature on non-resident Off-Highway Vehicles and snowmobile trail passes.

DP 604 - Snowmobile Equipment (Biennial) -

The legislature approved the reinstatement of a biennial appropriation to purchase snowmobile groomers at the level authorized during the 2015 session. The funding was fully spent in FY 2016 and not captured as part of the 2017 base.

**New Proposals**

The “New Proposals” table shows new changes to expenditures.

	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	(0.19)	0	(14,150)	0	(14,150)	(0.19)	0	(14,150)	0	(14,150)
DP 51 - Additional 2% Vacancy Savings	0.00	0	(106,091)	(3,209)	(109,300)	0.00	0	(109,375)	(3,218)	(112,593)
DP 5201010 - Reduce FTE	(0.45)	0	0	(13,532)	(13,532)	(0.45)	0	0	(13,543)	(13,543)
DP 5201011 - Restore Vacancy Savings	0.00	0	0	26,244	26,244	0.00	0	0	26,244	26,244
DP 5201012 - Vacancy Savings Adjustment	0.00	0	0	(12,712)	(12,712)	0.00	0	0	(12,701)	(12,701)
<b>Total</b>	<b>(0.64)</b>	<b>\$0</b>	<b>(\$120,241)</b>	<b>(\$3,209)</b>	<b>(\$123,450)</b>	<b>(0.64)</b>	<b>\$0</b>	<b>(\$123,525)</b>	<b>(\$3,218)</b>	<b>(\$126,743)</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 5201010 - Reduce FTE -

The legislature approved eliminating vacant FTE and associated funding across the agency.

DP 5201011 - Restore Vacancy Savings -

The legislature restored vacancy savings authority associated with reduced FTE.

DP 5201012 - Vacancy Savings Adjustment -

The legislature approved adjustments to vacancy savings.

**Other Issues**

**Proprietary Rates**

06068 – Parks Enterprise

*Proprietary Program Description*

The enterprise account is used by FWP 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 FWP sites and facilities. Money generated goes back into the purchase of inventory and also the improvement of visitor services in state parks and FWP overall.

*Revenues*

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

*Expenses*

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

*Proprietary Rates*

The program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviewed the report for the enterprise fund.

### Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	4,344,967	4,184,847	(160,120)	(3.69)%
Operating Expenses	2,851,196	2,857,548	6,352	0.22%
Equipment & Intangible Assets	76,175	0	(76,175)	(100.00)%
Grants	862,804	862,804	0	0.00%
<b>Total Expenditures</b>	<b>\$8,135,142</b>	<b>\$7,905,199</b>	<b>(\$229,943)</b>	<b>(2.83)%</b>
State/Other Special Rev. Funds	6,174,148	5,989,484	(184,664)	(2.99)%
Federal Spec. Rev. Funds	1,960,994	1,915,715	(45,279)	(2.31)%
<b>Total Funds</b>	<b>\$8,135,142</b>	<b>\$7,905,199</b>	<b>(\$229,943)</b>	<b>(2.83)%</b>
<b>Total Ongoing</b>	<b>\$8,135,142</b>	<b>\$7,905,199</b>	<b>(\$229,943)</b>	<b>(2.83)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>

### Program Description

The Communication & Education Division coordinates FWP's information and education programs, administers the shooting range grants program, and oversees the wild animal rehabilitation center.

### Program Highlights

<b>Communication and Education Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Overall reduction of 2.8% due to statewide present law adjustments</li> <li>• The legislature included language stating an intent to examine the entire budget of the Communication &amp; Education Division, including the base, during the 2019 session</li> </ul>

### Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison						
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019	
FTE	25.75	25.75	25.75	25.75	25.75	25.75
Personal Services	2,092,192	2,105,012	2,239,955	2,088,055	2,096,792	
Operating Expenses	1,362,833	1,420,686	1,430,510	1,427,542	1,430,006	
Equipment & Intangible Assets	76,172	76,175	0	0	0	
Grants	303,814	431,402	431,402	431,402	431,402	
<b>Total Expenditures</b>	<b>\$3,835,011</b>	<b>\$4,033,275</b>	<b>\$4,101,867</b>	<b>\$3,946,999</b>	<b>\$3,958,200</b>	
State/Other Special Rev. Funds	2,981,079	3,056,108	3,118,040	2,990,116	2,999,368	
Federal Spec. Rev. Funds	853,932	977,167	983,827	956,883	958,832	
<b>Total Funds</b>	<b>\$3,835,011</b>	<b>\$4,033,275</b>	<b>\$4,101,867</b>	<b>\$3,946,999</b>	<b>\$3,958,200</b>	
<b>Total Ongoing</b>	<b>\$3,835,011</b>	<b>\$4,033,275</b>	<b>\$4,101,867</b>	<b>\$3,946,999</b>	<b>\$3,958,200</b>	
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Funding**

The following table shows adopted program funding by source of authority.

Department of Fish, Wildlife, and Parks, 08-Communication and Education Div Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02409 General License	5,989,484	0	0	5,989,484	100.00 %	
<b>State Special Total</b>	<b>\$5,989,484</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,989,484</b>	<b>75.77 %</b>	
03097 Fedl Fish(W/B) Wildlife(P/R)	1,845,541	0	0	1,845,541	96.34 %	
03403 Misc Federal Funds	70,174	0	0	70,174	3.66 %	
<b>Federal Special Total</b>	<b>\$1,915,715</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,915,715</b>	<b>24.23 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$7,905,199</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,905,199</b>		

This program is mainly funded by the General License Account. The majority of federal funds are derived from PR/DJ funding.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	4,101,867	4,101,867	8,203,734	103.78 %
SWPL Adjustments	0	0	0	0.00 %	(110,442)	(99,055)	(209,497)	(2.65)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(44,426)	(44,612)	(89,038)	(1.13)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$3,946,999</b>	<b>\$3,958,200</b>	<b>\$7,905,199</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(88,776)	(18,698)	(107,474)	0.00	0	(81,405)	(17,146)	(98,551)
DP 3 - Inflation Deflation	0.00	0	(2,451)	(517)	(2,968)	0.00	0	(416)	(88)	(504)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$91,227)</b>	<b>(\$19,215)</b>	<b>(\$110,442)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$81,821)</b>	<b>(\$17,234)</b>	<b>(\$99,055)</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(36,697)	(7,729)	(44,426)	0.00	0	(36,851)	(7,761)	(44,612)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$36,697)</b>	<b>(\$7,729)</b>	<b>(\$44,426)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$36,851)</b>	<b>(\$7,761)</b>	<b>(\$44,612)</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	12,141,435	11,879,949	(261,486)	(2.15)%
Operating Expenses	14,508,239	14,785,945	277,706	1.91%
Equipment & Intangible Assets	203,502	131,502	(72,000)	(35.38)%
Capital Outlay	42,550	0	(42,550)	(100.00)%
Transfers	412,713	415,388	2,675	0.65%
<b>Total Expenditures</b>	<b>\$27,308,439</b>	<b>\$27,212,784</b>	<b>(\$95,655)</b>	<b>(0.35)%</b>
State/Other Special Rev. Funds	26,590,579	26,575,651	(14,928)	(0.06)%
Federal Spec. Rev. Funds	717,860	637,133	(80,727)	(11.25)%
<b>Total Funds</b>	<b>\$27,308,439</b>	<b>\$27,212,784</b>	<b>(\$95,655)</b>	<b>(0.35)%</b>
<b>Total Ongoing</b>	<b>\$27,308,439</b>	<b>\$27,212,784</b>	<b>(\$95,655)</b>	<b>(0.35)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>

**Program Description**

The Administration Division provides centralized services across FWP. Services include information technology services, fiscal management and budget preparation, procurement and property management, management of federal aid, maintenance of internal control procedures, sale of hunting, fishing and other recreational licenses, and maintenance of biological and GIS applications.

**Program Highlights**

<b>Administration Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Overall decrease of 0.4% due to present law adjustments and legislative starting point motions to implement 5% reduction and vacancy savings.</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	76.12	76.12	76.12	75.12	75.12
Personal Services	5,439,930	5,934,819	6,206,616	5,932,860	5,947,089
Operating Expenses	7,184,284	7,268,449	7,239,790	7,434,592	7,351,353
Equipment & Intangible Assets	137,718	137,751	65,751	65,751	65,751
Capital Outlay	42,550	42,550	0	0	0
Transfers	132,035	205,019	207,694	207,694	207,694
<b>Total Expenditures</b>	<b>\$12,936,517</b>	<b>\$13,588,588</b>	<b>\$13,719,851</b>	<b>\$13,640,897</b>	<b>\$13,571,887</b>
State/Other Special Rev. Funds	12,705,800	13,196,152	13,394,427	13,320,930	13,254,721
Federal Spec. Rev. Funds	230,717	392,436	325,424	319,967	317,166
<b>Total Funds</b>	<b>\$12,936,517</b>	<b>\$13,588,588</b>	<b>\$13,719,851</b>	<b>\$13,640,897</b>	<b>\$13,571,887</b>
<b>Total Ongoing</b>	<b>\$12,936,517</b>	<b>\$13,588,588</b>	<b>\$13,719,851</b>	<b>\$13,640,897</b>	<b>\$13,571,887</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Fish, Wildlife, and Parks, 09-Administration						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0.00 %	
02084 Fish WL Forest Management	0	0	0	0	0.00 %	
02085 Waterfowl Stamp Spec. Rev.	0	0	0	0	0.00 %	
02086 Mountain Sheep Account	64,000	0	0	64,000	0.24 %	
02092 Parks Forest Management	0	0	0	0	0.00 %	
02112 Moose Auction	4,666	0	0	4,666	0.02 %	
02113 Upland Game Bird Habitat	0	0	0	0	0.00 %	
02114 Wildlife Habitat	0	0	0	0	0.00 %	
02115 Off-Highway Decal	0	0	0	0	0.00 %	
02148 Paddlefish Roe Account	0	0	0	0	0.00 %	
02149 River Restoration Account	0	0	0	0	0.00 %	
02171 Smith R. Corridor Enhancement	0	0	0	0	0.00 %	
02176 Mountain Goat Auction	3,000	0	0	3,000	0.01 %	
02213 Off Highway Vehicle Gas Tax	0	0	0	0	0.00 %	
02239 Off Hwy Vehicle Acct (Parks)	0	0	0	0	0.00 %	
02273 Motorboat Fees	0	0	0	0	0.00 %	
02274 FWP Accommodations Tax	0	0	0	0	0.00 %	
02328 Parks OHV Fuel Safety/Educ	0	0	0	0	0.00 %	
02329 Snowmobile Fuel Tax-Enforcemnt	0	0	0	0	0.00 %	
02330 Parks Snomo Fuel Tax Sfty/Educ	0	0	0	0	0.00 %	
02331 Motorboat Certification-Parks	0	0	0	0	0.00 %	
02332 Snowmobile Registration-Parks	0	0	0	0	0.00 %	
02333 Fishing Access Site Maint	0	0	0	0	0.00 %	
02334 Hunting Access	0	0	0	0	0.00 %	
02407 Snowmobile Fuel Tax	0	0	0	0	0.00 %	
02408 Coal Tax Trust Account	0	0	0	0	0.00 %	
02409 General License	26,124,351	0	0	26,124,351	98.30 %	
02410 Real Estate Trust Earnings	0	0	0	0	0.00 %	
02411 State Parks Miscellaneous	0	0	0	0	0.00 %	
02412 Motorboat Fuel Tax	0	0	0	0	0.00 %	
02413 F & G Motorboat Cert Id	0	0	0	0	0.00 %	
02414 Snowmobile Reg	0	0	0	0	0.00 %	
02415 Fishing Access Site Acq.	0	0	0	0	0.00 %	
02423 Wolf Management Account	0	0	0	0	0.00 %	
02424 Wolf Depredation	0	0	0	0	0.00 %	
02459 Hunting Access Acquisitions	0	0	0	0	0.00 %	
02469 Habitat Trust Interest	0	0	0	0	0.00 %	
02547 Search & Rescue	200,000	0	0	200,000	0.75 %	
02558 FAS - Vehicle Registration	0	0	0	0	0.00 %	
02559 Mule Deer Auction	2,800	0	0	2,800	0.01 %	
02560 Elk Auction	6,666	0	0	6,666	0.03 %	
02600 Hunters Against Hunger	160,000	0	0	160,000	0.60 %	
02687 Upland Game Bird Planting	0	0	0	0	0.00 %	
02059 OHV Education	0	0	0	0	0.00 %	
02543 Search and Rescue - General	10,168	0	0	10,168	0.04 %	
<b>State Special Total</b>	<b>\$26,575,651</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,575,651</b>	<b>78.25 %</b>	
03097 Fedl Fish(W/B) Wildlife(P/R)	267,401	0	0	267,401	41.97 %	
03129 USFWS SECTION 6	0	0	0	0	0.00 %	
03403 Misc Federal Funds	369,732	0	0	369,732	58.03 %	
<b>Federal Special Total</b>	<b>\$637,133</b>	<b>\$0</b>	<b>\$0</b>	<b>\$637,133</b>	<b>1.88 %</b>	
06501 Duplicating Center	0	158,131	0	158,131	2.34 %	
06502 Equipment Enterprise Fund	0	6,315,013	0	6,315,013	93.57 %	
06503 F & G Warehouse Inventory	0	275,962	0	275,962	4.09 %	
06540 DFWP Aircraft	0	0	0	0	0.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$6,749,106</b>	<b>\$0</b>	<b>\$6,749,106</b>	<b>19.87 %</b>	
<b>Total All Funds</b>	<b>\$27,212,784</b>	<b>\$6,749,106</b>	<b>\$0</b>	<b>\$33,961,890</b>		

The Administration Division is primarily funded with GLA dollars. The remainder are other state special funds and federal authority.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	13,719,851	13,719,851	27,439,702	100.83 %
SWPL Adjustments	0	0	0	0.00 %	69,324	(1,402)	67,922	0.25 %
PL Adjustments	0	0	0	0.00 %	63,971	67,132	131,103	0.48 %
New Proposals	0	0	0	0.00 %	(212,249)	(213,694)	(425,943)	(1.57)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$13,640,897</b>	<b>\$13,571,887</b>	<b>\$27,212,784</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(141,394)	(6,131)	(147,525)	0.00	0	(127,133)	(5,861)	(132,994)
DP 2 - Fixed Costs	0.00	0	228,348	3,838	232,186	0.00	0	146,189	472	146,661
DP 3 - Inflation Deflation	0.00	0	(14,851)	(486)	(15,337)	0.00	0	(14,609)	(460)	(15,069)
DP 53 - SWPLA Fixed Cost Reductions	0.00	0	(20,722)	(454)	(21,176)	0.00	0	(21,018)	(198)	(21,216)
DP 54 - SWPLA Fixed Cost Reductions	0.00	0	(7,551)	(43)	(7,594)	0.00	0	(6,505)	(20)	(6,525)
DP 55 - SWPLA Fixed Cost Adjustment	0.00	0	244	8	252	0.00	0	248	4	252
DP 902 - Tech Services: SmartCop	0.00	0	92,489	0	92,489	0.00	0	94,621	0	94,621
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$136,563</b>	<b>(\$3,268)</b>	<b>\$133,295</b>	<b>0.00</b>	<b>\$0</b>	<b>\$71,793</b>	<b>(\$6,063)</b>	<b>\$65,730</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

DP 54 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for rent and information technology.

DP 55 - SWPLA Fixed Cost Adjustment -

The legislature adopted further changes in fixed costs for non-office rent.

DP 902 - Tech Services: SmartCop -

The legislature approved additional funding to support the expanded deployment of the warden's "smart cop" program. This project is in cooperation with Montana Department of Justice, Montana Highway Patrol, and the Statewide Radio Interoperability group.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	0.00	0	(268)	0	(268)	0.00	0	(268)	0	(268)
DP 51 - Additional 2% Vacancy Savings	0.00	0	(124,042)	(2,189)	(126,231)	0.00	0	(124,338)	(2,195)	(126,533)
DP 56 - Oracle License Funding Reinstatement	0.00	0	6,250	0	6,250	0.00	0	5,107	0	5,107
DP 556 - IT Convergence Savings	0.00	0	(92,000)	0	(92,000)	0.00	0	(92,000)	0	(92,000)
DP 5201010 - Reduce FTE	(1.00)	0	(80,751)	0	(80,751)	(1.00)	0	(80,801)	0	(80,801)
DP 5201011 - Restore Vacancy Savings	0.00	0	156,612	0	156,612	0.00	0	156,612	0	156,612
DP 5201012 - Vacancy Savings Adjustment	0.00	0	(75,861)	0	(75,861)	0.00	0	(75,811)	0	(75,811)
<b>Total</b>	<b>(1.00)</b>	<b>\$0</b>	<b>(\$210,060)</b>	<b>(\$2,189)</b>	<b>(\$212,249)</b>	<b>(1.00)</b>	<b>\$0</b>	<b>(\$211,499)</b>	<b>(\$2,195)</b>	<b>(\$213,694)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 56 - Oracle License Funding Reinstatement -

The legislature increased funding for Oracle license costs included in the State Information Technology Service Division. The license costs are allocated through fixed cost adjustments.

DP 556 - IT Convergence Savings -

The legislature approved reductions to agency information technology costs for savings generated by migrating information technology assets to the state data center and other enterprise IT solutions.

DP 5201010 - Reduce FTE -

The legislature approved eliminating vacant FTE and associated funding across the agency.

DP 5201011 - Restore Vacancy Savings -

The legislature restored vacancy savings authority associated with reduced FTE.

DP 5201012 - Vacancy Savings Adjustment -

The legislature approved adjustments to vacancy savings.

**Other Issues**

**Proprietary Rates**

06501 – Duplicating Center

*Proprietary Program Description*

FWP's duplicating center provides duplicating and bindery services to employees.

*Revenues*

Revenues are generated from charges on a per page basis for both copying and binding.

*Expenses*

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

*Proprietary Rates*

For the 2019 biennium, Figure 2 shows the rates adopted by the legislature.

Figure 2

	Proposed Rates			
	FY 2016	FY 2017	FY 2018	FY 2019
Per Copy				
1-20	\$0.08	\$0.08	\$0.08	\$0.08
21-100	\$0.06	\$0.06	\$0.06	\$0.06
101-1,000	\$0.06	\$0.06	\$0.06	\$0.06
1,001-5,000	\$0.05	\$0.05	\$0.05	\$0.05
Color- per sheet	\$0.25	\$0.25	\$0.25	\$0.25
Binding				
Collating - per sheet	\$0.01	\$0.01	\$0.01	\$0.01
Hand Stapling - per set	\$0.02	\$0.02	\$0.02	\$0.02
Saddle Stitch - per set	\$0.04	\$0.04	\$0.04	\$0.04
Folding - per sheet	\$0.01	\$0.01	\$0.01	\$0.01
Punching - per sheet	\$0.01	\$0.01	\$0.01	\$0.01
Cutting - per minute	\$0.60	\$0.60	\$0.60	\$0.60
Desktop Publishing – Per Hour	\$0.00	\$0.00	\$46.36	\$46.36

The rates approved by the legislature are the maximum the program may charge during the biennium, they are not the rates the program must charge.

#### 06502 – Equipment Enterprise Fund

##### *Proprietary Program Description*

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

##### *Revenues*

Revenues are generated by the per mile charge to other parts of FWP.

##### *Expenses*

The expenses associated with the enterprise fund include administrative costs (personal services and operations), fuel and repair costs of the fleet, and replacement of fleet vehicles at approximately 120,000 miles.

##### *Proprietary Rates*

For the 2019 biennium, Figure 3 shows the rates adopted by the legislature.

Figure 3

	Proposed Rates			
	FY 2014	FY 2015	FY 2016	FY 2017
Per Mile Rates:				
Sedans	\$0.46	\$0.46	\$0.46	\$0.46
Vans	\$0.53	\$0.53	\$0.53	\$0.53
Utilities	\$0.58	\$0.58	\$0.58	\$0.58
Pickup 1/2 Ton	\$0.53	\$0.53	\$0.53	\$0.53
Pickup 3/4 Ton	\$0.61	\$0.61	\$0.61	\$0.61

The rates approved by the legislature are the maximum the program may charge during the biennium, they are not the rates the program must charge.

#### 06503 – Warehouse Inventory

##### *Proprietary Program Description*

The warehouse inventory program provides uniforms and items related to the duties of FWP such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

##### *Revenues*

Revenues come from the sales of inventory items to employees. There was a change in the uniform policy during FY 2015 and therefore the replacement of uniforms caused an increase in the revenue for FY 2016.

##### *Expenses*

The expenses associated with the warehouse include personal services, miscellaneous office supplies and expenses for the warehouse workers, and inventory purchased to replenish existing stock.

##### *Proprietary Rates*

For the 2019 biennium the following rates are adopted by the legislature:

- 25% added to the cost of the inventory items

The rates approved by the legislature are the maximum the program may charge during the biennium, they are not the rates the program must charge.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	11,310,136	11,721,620	411,484	3.64 %
Operating Expenses	3,628,407	4,037,363	408,956	11.27 %
Equipment & Intangible Assets	29,996	29,996	0	0.00 %
Capital Outlay	21,270	0	(21,270)	(100.00)%
Transfers	281,254	281,254	0	0.00 %
Debt Service	28,515	24,854	(3,661)	(12.84)%
<b>Total Expenditures</b>	<b>\$15,299,578</b>	<b>\$16,095,087</b>	<b>\$795,509</b>	<b>5.20 %</b>
State/Other Special Rev. Funds	14,809,026	15,608,634	799,608	5.40 %
Federal Spec. Rev. Funds	490,552	486,453	(4,099)	(0.84)%
<b>Total Funds</b>	<b>\$15,299,578</b>	<b>\$16,095,087</b>	<b>\$795,509</b>	<b>5.20 %</b>
<b>Total Ongoing</b>	<b>\$15,299,578</b>	<b>\$16,095,087</b>	<b>\$795,509</b>	<b>5.20 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

Department Management provides oversight of the Enforcement, Wildlife, Fisheries, Communication and Education, and Parks Divisions, as well as the seven regional offices that are responsible for program implementation. Department Management also includes a strategic planning section to support division wide planning needs, a Design and Construction Bureau which oversees capital construction, and the Lands Section which manages department real estate issues.

**Program Highlights**

<p><b>Department Management Division Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• Overall increase of 5.2% due to personal services adjustments</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	76.47	76.47	76.47	76.21	76.21
Personal Services	5,466,544	5,561,701	5,748,435	5,852,270	5,869,350
Operating Expenses	1,485,254	1,606,145	2,022,262	2,016,340	2,021,023
Equipment & Intangible Assets	15,000	14,998	14,998	14,998	14,998
Capital Outlay	21,270	21,270	0	0	0
Transfers	130,996	140,627	140,627	140,627	140,627
Debt Service	16,088	16,088	12,427	12,427	12,427
<b>Total Expenditures</b>	<b>\$7,135,152</b>	<b>\$7,360,829</b>	<b>\$7,938,749</b>	<b>\$8,036,662</b>	<b>\$8,058,425</b>
State/Other Special Rev. Funds	6,899,946	7,116,018	7,693,008	7,793,636	7,814,998
Federal Spec. Rev. Funds	235,206	244,811	245,741	243,026	243,427
<b>Total Funds</b>	<b>\$7,135,152</b>	<b>\$7,360,829</b>	<b>\$7,938,749</b>	<b>\$8,036,662</b>	<b>\$8,058,425</b>
<b>Total Ongoing</b>	<b>\$7,135,152</b>	<b>\$7,360,829</b>	<b>\$7,938,749</b>	<b>\$8,036,662</b>	<b>\$8,058,425</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Fish, Wildlife, and Parks, 12-Department Management Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02408 Coal Tax Trust Account	10,000	0	0	10,000	0.06 %
02409 General License	15,543,348	0	1,072,676	16,616,024	97.70 %
02411 State Parks Miscellaneous	0	0	106,702	106,702	0.63 %
02469 Habitat Trust Interest	55,286	0	219,298	274,584	1.61 %
<b>State Special Total</b>	<b>\$15,608,634</b>	<b>\$0</b>	<b>\$1,398,676</b>	<b>\$17,007,310</b>	<b>94.37 %</b>
03097 Fedl Fish(W/B) Wildlife(P/R)	486,453	0	527,824	1,014,277	100.00 %
03403 Misc Federal Funds	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$486,453</b>	<b>\$0</b>	<b>\$527,824</b>	<b>\$1,014,277</b>	<b>5.63 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$16,095,087</b>	<b>\$0</b>	<b>\$1,926,500</b>	<b>\$18,021,587</b>	

The Department Management Division is funded almost entirely with state special revenue, of which the largest source is the GLA. The Department Management Division also utilizes a small amount of federal authority.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	7,938,749	7,938,749	15,877,498	98.65 %	
SWPL Adjustments	0	0	0	0.00 %	220,812	242,931	463,743	2.88 %	
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %	
New Proposals	0	0	0	0.00 %	(122,899)	(123,255)	(246,154)	(1.53)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$8,036,662</b>	<b>\$8,058,425</b>	<b>\$16,095,087</b>		

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	227,401	(667)	226,734	0.00	0	244,536	(366)	244,170
DP 2 - Fixed Costs	0.00	0	0	0	0	0.00	0	0	0	0
DP 3 - Inflation Deflation	0.00	0	(5,777)	(145)	(5,922)	0.00	0	(1,202)	(37)	(1,239)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$221,624</b>	<b>(\$812)</b>	<b>\$220,812</b>	<b>0.00</b>	<b>\$0</b>	<b>\$243,334</b>	<b>(\$403)</b>	<b>\$242,931</b>

\*\*Total Funds\* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

**New Proposals**

The “New Proposals” table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(120,996)	(1,903)	(122,899)	0.00	0	(121,344)	(1,911)	(123,255)
DP 5201010 - Reduce FTE	(0.26)	0	17,119	(29,006)	(11,887)	(0.26)	0	24,596	(26,533)	(1,937)
DP 5201011 - Restore Vacancy Savings	0.00	0	(33,202)	56,256	23,054	0.00	0	(33,202)	56,256	23,054
DP 5201012 - Vacancy Savings Adjustment	0.00	0	16,083	(27,250)	(11,167)	0.00	0	8,606	(29,723)	(21,117)
<b>Total</b>	<b>(0.26)</b>	<b>\$0</b>	<b>(\$120,996)</b>	<b>(\$1,903)</b>	<b>(\$122,899)</b>	<b>(0.26)</b>	<b>\$0</b>	<b>(\$121,344)</b>	<b>(\$1,911)</b>	<b>(\$123,255)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 5201010 - Reduce FTE -

The legislature approved eliminating vacant FTE and associated funding across the agency.

DP 5201011 - Restore Vacancy Savings -

The legislature restored vacancy savings authority associated with reduced FTE.

DP 5201012 - Vacancy Savings Adjustment -

The legislature approved adjustments to vacancy savings.

**Agency Budget Comparison**

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	60,048,910	58,051,548	(1,997,362)	(3.33)%
Operating Expenses	63,567,075	59,480,797	(4,086,278)	(6.43)%
Equipment & Intangible Assets	299,947	203,480	(96,467)	(32.16)%
Grants	3,308,626	3,271,726	(36,900)	(1.12)%
Transfers	5,199,696	7,064,796	1,865,100	35.87 %
<b>Total Expenditures</b>	<b>\$132,424,254</b>	<b>\$128,072,347</b>	<b>(\$4,351,907)</b>	<b>(3.29)%</b>
General Fund	11,416,055	10,432,163	(983,892)	(8.62)%
State/Other Special Rev. Funds	73,624,934	71,793,779	(1,831,155)	(2.49)%
Federal Spec. Rev. Funds	47,383,265	45,846,405	(1,536,860)	(3.24)%
<b>Total Funds</b>	<b>\$132,424,254</b>	<b>\$128,072,347</b>	<b>(\$4,351,907)</b>	<b>(3.29)%</b>
<b>Total Ongoing</b>	<b>\$124,924,254</b>	<b>\$128,072,347</b>	<b>\$3,148,093</b>	<b>2.52 %</b>
<b>Total OTO</b>	<b>\$7,500,000</b>	<b>\$0</b>	<b>(\$7,500,000)</b>	<b>(100.00)%</b>

**Agency Description**

The Department of Environmental Quality (DEQ) is responsible for regulating air, water, and ground resources to administer Montana’s environmental and mine reclamation laws. DEQ works in partnership with the federal Environmental Protection Agency (EPA), Department of Energy, and Office of Surface Mining, Reclamation, and Enforcement (OSM). EPA and OSM have delegated authority and responsibility for particular environmental areas to DEQ. The EPA state-federal cooperative agreement provides federal resources to DEQ but also directs much of the agency activity.

**Agency Highlights**

<b>Department of Environmental Quality Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The budget is reduced by 3.3% or \$4.4 million compared to the 2017 biennium</li> <li>• The legislature approved:                             <ul style="list-style-type: none"> <li>◦ Augmented funding in the Major Facility Siting Act and hard rock mining reclamation programs</li> <li>◦ Contingent language funding the state share of cleanup at the Carpenter/Snow Creek site if federal funds become available through the Superfund program</li> <li>◦ \$2.2 million dollar state special revenue language appropriation contingent on revenue for major projects</li> </ul> </li> </ul>

**Agency Actuals and Budget Comparison**

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	365.54	365.54	365.54	366.54	366.54
Personal Services	27,405,007	29,536,030	30,512,880	28,977,116	29,074,432
Operating Expenses	22,797,232	31,627,404	31,939,671	29,371,377	30,109,420
Equipment & Intangible Assets	95,707	198,207	101,740	101,740	101,740
Grants	1,091,595	1,672,763	1,635,863	1,635,863	1,635,863
Transfers	2,697,610	2,667,298	2,532,398	3,532,398	3,532,398
<b>Total Expenditures</b>	<b>\$54,087,151</b>	<b>\$65,701,702</b>	<b>\$66,722,552</b>	<b>\$63,618,494</b>	<b>\$64,453,853</b>
General Fund	5,357,770	5,625,412	5,790,643	5,212,123	5,220,040
State/Other Special Rev. Funds	27,872,053	36,561,340	37,063,594	35,513,379	36,280,400
Federal Spec. Rev. Funds	20,857,328	23,514,950	23,868,315	22,892,992	22,953,413
<b>Total Funds</b>	<b>\$54,087,151</b>	<b>\$65,701,702</b>	<b>\$66,722,552</b>	<b>\$63,618,494</b>	<b>\$64,453,853</b>
<b>Total Ongoing</b>	<b>\$51,460,663</b>	<b>\$61,951,702</b>	<b>\$62,972,552</b>	<b>\$63,618,494</b>	<b>\$64,453,853</b>
<b>Total OTO</b>	<b>\$2,626,488</b>	<b>\$3,750,000</b>	<b>\$3,750,000</b>	<b>\$0</b>	<b>\$0</b>

### Summary of Legislative Action

The legislature approved the Department of Environmental Quality budget with a reduction of \$4.4 million or 3.3%, compared to the 2017 biennium. This includes a reduction of \$983,892 in general fund over the biennium. The budget includes \$5.4 million in present law adjustments and a reduction of \$1.6 million through new proposals. Major changes to the budget include:

- Department-wide reductions due to starting point motions to implement a 5% reduction and vacancy savings
- Additional funding for the Department of Justice natural resource damage program in coordination with DEQ
- Additional authority for Hard Rock Mining Reclamation

The legislature chose to approve a contingency language appropriation for \$2.2 million in state special revenue if funding becomes available through permitting fees. Additionally, the legislature appropriated \$2.2 million in state special revenue funds through a contingent language appropriation if the the Carpenter/Snow Creek Site is approved for Federal Superfund funding.

### Funding

The following table shows adopted agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives.

Total Department of Environmental Quality Funding by Source of Authority 2019 Biennium Budget Request - Department of Environmental Quality						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	10,432,163	0	(8,921)	0	10,423,242	6.71 %
State Special Total	71,793,779	0	0	9,980,000	81,773,779	52.67 %
Federal Special Total	45,846,405	0	0	0	45,846,405	29.53 %
Proprietary Total	0	0	17,227,579	0	17,227,579	11.10 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$128,072,347</b>	<b>\$0</b>	<b>\$17,218,658</b>	<b>\$9,980,000</b>	<b>\$155,271,005</b>	
<b>Percent - Total All Sources</b>	<b>82.48 %</b>	<b>0.00 %</b>	<b>11.09 %</b>	<b>6.43 %</b>		

DEQ's largest source of funding is state special revenue. This revenue is derived from fees, fines, and bond proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. The federal revenue is provided by the U.S. Environmental Protection Agency (EPA) performance partnership grant, the Superfund program, and other federal grant resources. The EPA partnership grant is a block grant to the state to provide funding the EPA had

previously made through individual grants. Federal grants have varying match requirements. For example, wetland grants require 25% match, drinking water capital improvement requires a 20% match, and nonpoint source funding can require as much as a 40% match. General fund is utilized for personal services and related operating expenses such as travel, communications, and equipment.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	5,540,643	5,540,643	11,081,286	106.22 %	62,972,552	62,972,552	125,945,104	98.34 %
SWPL Adjustments	17,385	25,880	43,265	0.41 %	(851,714)	(745,947)	(1,597,661)	(1.25)%
PL Adjustments	0	0	0	0.00 %	2,318,679	3,050,000	5,368,679	4.19 %
New Proposals	(345,905)	(346,483)	(692,388)	(6.64)%	(821,023)	(822,752)	(1,643,775)	(1.28)%
<b>Total Budget</b>	<b>\$5,212,123</b>	<b>\$5,220,040</b>	<b>\$10,432,163</b>		<b>\$63,618,494</b>	<b>\$64,453,853</b>	<b>\$128,072,347</b>	

**Other Legislation**

HB 344 - Transfers \$190,000 from the orphan share to the coal bed methane protection account and appropriates the funds for the 2019 biennium

HB 368 - Requires DEQ to adopt rules regarding set back between sewage lagoons and water wells

HB 434 - Establishes a Wildlife Habitat Improvement Act and a Wildlife Habitat Improvement Advisory Council. It also allows for use of federal funding to combat noxious weeds and restore wildlife habitat

HB 648 - Transfers \$2 million from the junk vehicle state special revenue account to the natural resources operations account

SB 315 - Establishes a Libby Asbestos Superfund Advisory Team attached to the Department of Environmental Quality (DEQ)

SB 339 - Requires the DEQ to evaluate, take remedial actions, and provide regulatory oversight to respond to potential hazards and threats associated with remediation of a coal-fired generating unit

**Executive Budget Comparison**

The following table compares the legislative budget for the biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2017	Executive Budget Fiscal 2018	Legislative Budget Fiscal 2018	Leg — Exec. Difference Fiscal 2018	Executive Budget Fiscal 2019	Legislative Budget Fiscal 2019	Leg — Exec. Difference Fiscal 2019	Biennium Difference Fiscal 18-19
FTE	365.54	365.54	366.54	1.00	365.54	366.54	1.00	1.00
Personal Services	30,512,880	29,653,247	28,977,116	(676,131)	29,752,292	29,074,432	(677,860)	(1,353,991)
Operating Expenses	31,939,671	31,844,972	29,371,377	(2,473,595)	32,583,015	30,109,420	(2,473,595)	(4,947,190)
Equipment & Intangible Assets	101,740	101,740	101,740	0	101,740	101,740	0	0
Grants	1,635,863	1,635,863	1,635,863	0	1,635,863	1,635,863	0	0
Transfers	2,532,398	2,532,398	3,532,398	1,000,000	2,532,398	3,532,398	1,000,000	2,000,000
<b>Total Costs</b>	<b>\$66,722,552</b>	<b>\$65,768,220</b>	<b>\$63,618,494</b>	<b>(\$2,149,726)</b>	<b>\$66,605,308</b>	<b>\$64,453,853</b>	<b>(\$2,151,455)</b>	<b>(\$4,301,181)</b>
General Fund	5,790,643	6,285,978	5,212,123	(1,073,855)	6,294,836	5,220,040	(1,074,796)	(2,148,651)
State/other Special Rev. Funds	37,063,594	36,412,429	35,513,379	(899,050)	37,174,227	36,280,400	(893,827)	(1,792,877)
Federal Spec. Rev. Funds	23,868,315	23,069,813	22,892,992	(176,821)	23,136,245	22,953,413	(182,832)	(359,653)
Other	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$66,722,552</b>	<b>\$65,768,220</b>	<b>\$63,618,494</b>	<b>(\$2,149,726)</b>	<b>\$66,605,308</b>	<b>\$64,453,853</b>	<b>(\$2,151,455)</b>	<b>(\$4,301,181)</b>
<b>Total Ongoing</b>	<b>\$62,972,552</b>	<b>\$64,668,220</b>	<b>\$63,618,494</b>	<b>(\$1,049,726)</b>	<b>\$65,505,308</b>	<b>\$64,453,853</b>	<b>(\$1,051,455)</b>	<b>(\$2,101,181)</b>
<b>Total OTO</b>	<b>\$3,750,000</b>	<b>\$1,100,000</b>	<b>\$0</b>	<b>(\$1,100,000)</b>	<b>\$1,100,000</b>	<b>\$0</b>	<b>(\$1,100,000)</b>	<b>(\$2,200,000)</b>

The legislative budget is lower than the executive request due to the starting point motions which reduced expenditures in both personal services and operating expenses as well as the Carpenter/Snow Creek CERCLA funding being approved as language.

### Language and Statutory Authority

The following language is adopted by the legislature for HB 2 :

"The department is appropriated up to \$1,000,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2019 biennium for the purpose of paying contract expenses related to the recovery of funds."

"The Water Quality Division is authorized to decrease federal special revenue and increase state special revenue in the drinking water and/or water pollution control revolving loan programs by a like amount within the administration account when the amount of federal capitalization funds have been expended or when federal funds and bond proceeds will be used for other program purposes."

"If Carpenter/Snow Creek Site is approved for Federal Superfund funding by the Environmental Protection Agency, the department is appropriated \$2.2 million in state special revenue from the CERCLA Bond Proceeds Account."

"During the 2019 biennium, the department is appropriated \$2.2 million of state special authority. This authority may be used only if revenue collected by the department for a single permit exceeds \$250,000 or revenue collected by the department for permits issued pursuant to the same permitting authority exceeds \$250,000 within a single 6-month period. The amount of authority to be used is the same as the amount collected."

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	1,571,824	1,655,729	83,905	5.34 %
Operating Expenses	2,128,590	3,500,612	1,372,022	64.46 %
Transfers	50,000	0	(50,000)	(100.00)%
<b>Total Expenditures</b>	<b>\$3,750,414</b>	<b>\$5,156,341</b>	<b>\$1,405,927</b>	<b>37.49 %</b>
General Fund	571,867	510,053	(61,814)	(10.81)%
State/Other Special Rev. Funds	2,435,980	3,897,980	1,462,000	60.02 %
Federal Spec. Rev. Funds	742,567	748,308	5,741	0.77 %
<b>Total Funds</b>	<b>\$3,750,414</b>	<b>\$5,156,341</b>	<b>\$1,405,927</b>	<b>37.49 %</b>
<b>Total Ongoing</b>	<b>\$3,750,414</b>	<b>\$5,156,341</b>	<b>\$1,405,927</b>	<b>37.49 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The Central Management Program is responsible for agency-wide administration, management, planning, evaluation, and support. It consists of the Director's Office and the Centralized Services Division. The Centralized Services Division is composed of:

- The Director's Office, which includes the director's staff, a centralized legal pool, the Montana Environmental Policy Act and the Major Facility Siting Act functions, as well as the public policy director
- The Centralized Services Division, which includes:
  - The Financial Services Bureau which provides budgeting, accounting, procurement, and contract management support
  - The Information Technology Bureau which provides support for most technology related functions, including network, data storage, and applications
  - The Human Resources Office which oversees employee relations including payroll, and the recruitment and hiring of new staff
  - The Records & Information Management Office which fulfills agency-wide information requirements for public access, participation, and right to know
  - The Safety Office which mitigates possible hazards in the workplace and attempts to reduce incidence of occupational injury
  - The Operations Project Management Office which is responsible for emergency response, the Incident Command System, and coordinates continuous process improvement initiatives

**Program Highlights**

<b>Central Management Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature approved increases to the budget for Major Facility Siting Act activities</li> <li>• General fund decreases due to starting point motions to implement 5% reductions and 6% vacancy savings</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	9.00	9.00	9.00	9.00	9.00
Personal Services	754,049	773,318	798,506	827,307	828,422
Operating Expenses	957,359	1,036,782	1,091,808	1,751,163	1,749,449
Transfers	90,712	50,000	0	0	0
<b>Total Expenditures</b>	<b>\$1,802,120</b>	<b>\$1,860,100</b>	<b>\$1,890,314</b>	<b>\$2,578,470</b>	<b>\$2,577,871</b>
General Fund	274,483	283,221	288,646	255,326	254,727
State/Other Special Rev. Funds	1,171,923	1,208,466	1,227,514	1,948,990	1,948,990
Federal Spec. Rev. Funds	355,714	368,413	374,154	374,154	374,154
<b>Total Funds</b>	<b>\$1,802,120</b>	<b>\$1,860,100</b>	<b>\$1,890,314</b>	<b>\$2,578,470</b>	<b>\$2,577,871</b>
<b>Total Ongoing</b>	<b>\$1,802,120</b>	<b>\$1,860,100</b>	<b>\$1,890,314</b>	<b>\$2,578,470</b>	<b>\$2,577,871</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Funding

The following table shows adopted program funding by source of authority.

Department of Environmental Quality, 10-Central Management Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	510,053	(8,921)	0	501,132	2.24 %	
02075 UST Leak Prevention Program	13,578	0	0	13,578	0.35 %	
02097 Environmental Rehab & Response	500,000	0	0	500,000	12.83 %	
02157 Solid Waste Management Fee	62,462	0	0	62,462	1.60 %	
02201 Air Quality-Operating Fees	199,488	0	0	199,488	5.12 %	
02202 Asbestos Control	54,314	0	0	54,314	1.39 %	
02204 Public Drinking Water	19,712	0	0	19,712	0.51 %	
02223 Wastewater SRF Special Admin	5,430	0	0	5,430	0.14 %	
02278 MPDES Permit Program	273,864	0	0	273,864	7.03 %	
02418 Subdivision Plat Review	143,928	0	0	143,928	3.69 %	
02428 Major Facility Siting	1,500,000	0	0	1,500,000	38.48 %	
02542 MT Environ Policy Act Fee	1,083,944	0	0	1,083,944	27.81 %	
02576 Natural Resources Operations	27,484	0	0	27,484	0.71 %	
02955 STATE ENERGY CONSERVATION ARRA	13,776	0	0	13,776	0.35 %	
<b>State Special Total</b>	<b>\$3,897,980</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,897,980</b>	<b>17.42 %</b>	
03015 2013 Exchange Network Grant	0	0	0	0	0.00 %	
03046 2015 Exchange Network	200,000	0	0	200,000	26.73 %	
03067 DSL Federal Reclamation Grant	0	0	0	0	0.00 %	
03262 EPA PPG	393,502	0	0	393,502	52.59 %	
03436 NPS Staffing & Support	41,312	0	0	41,312	5.52 %	
03691 Non Pt Source Staffing/Support	0	0	0	0	0.00 %	
03816 DOI OSM A&E GRANT	113,494	0	0	113,494	15.17 %	
03025 2014 Exchange Network Grant	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$748,308</b>	<b>\$0</b>	<b>\$0</b>	<b>\$748,308</b>	<b>3.34 %</b>	
06509 DEQ Indirects	0	17,227,579	0	17,227,579	100.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$17,227,579</b>	<b>\$0</b>	<b>\$17,227,579</b>	<b>76.99 %</b>	
<b>Total All Funds</b>	<b>\$5,156,341</b>	<b>\$17,218,658</b>	<b>\$0</b>	<b>\$22,374,999</b>		

General fund supports agency administration, legal services, and the Board of Environmental Review. State special revenues and federal special revenues support administration, Major Facility Siting Act (MFSA), and Montana Environmental Protection Act (MEPA) activities.

The majority of the functions in the Central Management Program are funded with non-budgeted proprietary funds. The proprietary funding is based upon a negotiated indirect rate with the Environmental Protection Agency (EPA). The indirect rate is assessed against other parts of DEQ. This funding supports management tasks, budgeting, accounting, payroll, procurement, contract management, and information technology services to other divisions.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	288,646	288,646	577,292	113.18 %	1,890,314	1,890,314	3,780,628	73.32 %
SWPL Adjustments	41,956	41,378	83,334	16.34 %	41,956	41,378	83,334	1.62 %
PL Adjustments	0	0	0	0.00 %	750,000	750,000	1,500,000	29.09 %
New Proposals	(75,276)	(75,297)	(150,573)	(29.52)%	(103,800)	(103,821)	(207,621)	(4.03)%
<b>Total Budget</b>	<b>\$255,326</b>	<b>\$254,727</b>	<b>\$510,053</b>		<b>\$2,578,470</b>	<b>\$2,577,871</b>	<b>\$5,156,341</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	46,405	0	0	46,405	0.00	47,541	0	0	47,541
DP 3 - Inflation Deflation	0.00	(4,449)	0	0	(4,449)	0.00	(6,163)	0	0	(6,163)
DP 5 - Hard Rock Reclamation/MFSA Projects (RST/BIEN)	0.00	0	750,000	0	750,000	0.00	0	750,000	0	750,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$41,956</b>	<b>\$750,000</b>	<b>\$0</b>	<b>\$791,956</b>	<b>0.00</b>	<b>\$41,378</b>	<b>\$750,000</b>	<b>\$0</b>	<b>\$791,378</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

DP 5 - Hard Rock Reclamation/MFSA Projects (RST/BIEN) -

The legislature approved a present law adjustment for projects to be supported by Hard Rock Mining Reclamation and Major Facility Siting Act Programs (MFSA). Hard Rock mining reclamation would be used for operation and maintenance of the Zortman/Landusky mine site and the funding would come from the hard rock mining reclamation fund. MFSA budget authority would be used for cost reimbursement projects for MFSA analysis of project applications that arise during the coming biennium. Bond forfeitures and settlements over the course of the biennium would be used for reclamation of specific mine sites and would be funded by settlement agreements or by forfeitures of various reclamation surety bonds.

**New Proposals**

The “New Proposals” table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustment	0.00	(57,672)	(28,524)	0	(86,196)	0.00	(57,672)	(28,524)	0	(86,196)
DP 51 - Additional 2% Vacancy Savings	0.00	(17,604)	0	0	(17,604)	0.00	(17,625)	0	0	(17,625)
<b>Total</b>	<b>0.00</b>	<b>(\$75,276)</b>	<b>(\$28,524)</b>	<b>\$0</b>	<b>(\$103,800)</b>	<b>0.00</b>	<b>(\$75,297)</b>	<b>(\$28,524)</b>	<b>\$0</b>	<b>(\$103,821)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustment -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

**Other Issues**

**Proprietary Rates**

06509 - DEQ Indirect

*Proprietary Program Description*

Central Management Program is funded with a proprietary fund. As such, the legislature does not appropriate funds but rather approves a rate for the proprietary fund. The DEQ indirect fund supports common functions across DEQ including administration, human resources, and information technology. In this regard, the indirect fund can be thought of as the “overhead” of DEQ.

*Revenues*

The fund is supported by a charge against other parts of DEQ. The percentage of the charge is approved by the United States Environmental Protection Agency.

*Expenses*

The functions supported by the indirect fund in the Central Management Program include:

- Management
- Budgeting
- Accounting
- Payroll
- Procurement
- Contract management
- Information technology services

*Proprietary Rates*

For the 2019 biennium the following rates are proposed by the executive:

- 24.0% of personal services
- 4.0% of operating expenses

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	21,979,406	21,505,069	(474,337)	(2.16)%
Operating Expenses	12,206,961	11,067,933	(1,139,028)	(9.33)%
Equipment & Intangible Assets	27,061	0	(27,061)	(100.00)%
Grants	315,940	224,040	(91,900)	(29.09)%
Transfers	8,002	8,002	0	0.00%
<b>Total Expenditures</b>	<b>\$34,537,370</b>	<b>\$32,805,044</b>	<b>(\$1,732,326)</b>	<b>(5.02)%</b>
General Fund	5,179,605	5,030,589	(149,016)	(2.88)%
State/Other Special Rev. Funds	13,291,159	12,580,889	(710,270)	(5.34)%
Federal Spec. Rev. Funds	16,066,606	15,193,566	(873,040)	(5.43)%
<b>Total Funds</b>	<b>\$34,537,370</b>	<b>\$32,805,044</b>	<b>(\$1,732,326)</b>	<b>(5.02)%</b>
<b>Total Ongoing</b>	<b>\$34,537,370</b>	<b>\$32,805,044</b>	<b>(\$1,732,326)</b>	<b>(5.02)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>

**Program Description**

The Water Quality Division oversees all aspects of water pollution control in Montana and develops plans to protect Montana’s water resources. Water Quality is composed of:

- The Public Water & Subdivisions Bureau – regulating public drinking water and approving proposed subdivisions’ water supply, waste water treatment, solid waste disposal and storm water control systems
- The Water Quality Planning Bureau – developing standards and monitoring conditions of state waters to ensure support for beneficial uses
- The Water Protection Bureau – preventing surface and ground water pollution by reviewing of pollution sources and issuing of the Montana Pollutant Discharge Elimination System Permits (MPDES)
- The Technical and Financial Assistance Bureau – administering the Source Water Protection, Water Pollution Control State Revolving Fund, and the Drinking Water State Revolving Fund programs

**Program Highlights**

<b>Water Quality Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The budget decreases due to starting point motions to implement 5% reductions and 6% vacancy savings</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	134.68	134.68	134.68	135.68	135.68
Personal Services	10,093,729	10,898,177	11,081,229	10,731,554	10,773,515
Operating Expenses	6,357,698	6,584,296	5,622,665	5,533,327	5,534,606
Equipment & Intangible Assets	19,861	27,061	0	0	0
Grants	204,323	203,920	112,020	112,020	112,020
Transfers	0	4,001	4,001	4,001	4,001
<b>Total Expenditures</b>	<b>\$16,675,611</b>	<b>\$17,717,455</b>	<b>\$16,819,915</b>	<b>\$16,380,902</b>	<b>\$16,424,142</b>
General Fund	2,537,308	2,540,480	2,639,125	2,511,947	2,518,642
State/Other Special Rev. Funds	6,496,071	6,830,333	6,460,826	6,280,248	6,300,641
Federal Spec. Rev. Funds	7,642,232	8,346,642	7,719,964	7,588,707	7,604,859
<b>Total Funds</b>	<b>\$16,675,611</b>	<b>\$17,717,455</b>	<b>\$16,819,915</b>	<b>\$16,380,902</b>	<b>\$16,424,142</b>
<b>Total Ongoing</b>	<b>\$16,675,611</b>	<b>\$17,717,455</b>	<b>\$16,819,915</b>	<b>\$16,380,902</b>	<b>\$16,424,142</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Environmental Quality, 20-Water Quality Division						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	5,030,589	0	0	5,030,589	15.33 %	
02070 Hazardous Waste-CERCLA	172,320	0	0	172,320	1.37 %	
02203 DOMA - Energy Audit	0	0	0	0	0.00 %	
02204 Public Drinking Water	1,782,927	0	0	1,782,927	14.17 %	
02206 Agriculture Monitoring	10,898	0	0	10,898	0.09 %	
02223 Wastewater SRF Special Admin	2,557,256	0	0	2,557,256	20.33 %	
02278 MPDES Permit Program	5,771,723	0	0	5,771,723	45.88 %	
02313 DNRC Grants Plan Prvnt Asst	0	0	0	0	0.00 %	
02418 Subdivision Plat Review	1,164,229	0	0	1,164,229	9.25 %	
02420 Bd of Cert For W&WW OP	307,548	0	0	307,548	2.44 %	
02491 Drinking Water Spec Admin Cost	813,988	0	0	813,988	6.47 %	
<b>State Special Total</b>	<b>\$12,580,889</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,580,889</b>	<b>38.35 %</b>	
03007 FY16 604B Grant #C600856416	200,000	0	0	200,000	1.32 %	
03010 2015 HB 10 LRITP Projects	0	0	0	0	0.00 %	
03013 106 Suppl Monitor Init IV	40,000	0	0	40,000	0.26 %	
03070 BLM Water Quality Monitoring	0	0	0	0	0.00 %	
03079 Advancing MT Wetland Program	30,063	0	0	30,063	0.20 %	
03152 DW14 SRF Grant	170,771	0	0	170,771	1.12 %	
03190 Water 106 Monitoring Init.	0	0	0	0	0.00 %	
03210 Water 106 Suppl. Monitor	0	0	0	0	0.00 %	
03217 Natl Wetland Condition Assess	129,076	0	0	129,076	0.85 %	
03245 WPC15 SRF Grant	142,543	0	0	142,543	0.94 %	
03262 EPA PPG	5,701,786	0	0	5,701,786	37.53 %	
03307 Monitor/Assessment Wetland Prg	100	0	0	100	0.00 %	
03311 FY16 NPS Project Grant	100,000	0	0	100,000	0.66 %	
03312 FY17 NPS Project Grant	1,522,496	0	0	1,522,496	10.02 %	
03409 WPC14 SRF Grant	0	0	0	0	0.00 %	
03430 DW SRF FY14 Grant	198,957	0	0	198,957	1.31 %	
03436 NPS Staffing & Support	2,000,000	0	0	2,000,000	13.16 %	
03440 FY11 NPS Project Grant	0	0	0	0	0.00 %	
03444 FY13 NPS Project Grant	0	0	0	0	0.00 %	
03457 WPC SRF FY13 Grant	200,000	0	0	200,000	1.32 %	
03482 NPS15 Project Grant	773,168	0	0	773,168	5.09 %	
03595 DW SRF FY13 Grant	0	0	0	0	0.00 %	
03676 Bureau of Land Management	161,488	0	0	161,488	1.06 %	
03687 DW15 SRF Grant	1,393,006	0	0	1,393,006	9.17 %	
03691 Non Pt Source Staffing/Support	295,966	0	0	295,966	1.95 %	
03695 SRF St Tribal Rel Agrmt Grant	160,000	0	0	160,000	1.05 %	
03814 EPA Water Quality 205J	200,000	0	0	200,000	1.32 %	
03817 Wetland 401 Certification Grnt	0	0	0	0	0.00 %	
03952 DW16 SRF Grant	1,454,146	0	0	1,454,146	9.57 %	
03953 DW17 SRF Grant	320,000	0	0	320,000	2.11 %	
<b>Federal Special Total</b>	<b>\$15,193,566</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,193,566</b>	<b>46.31 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$32,805,044</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,805,044</b>		

Federal special revenue provides most of the funding for Water Quality. The largest source of federal funding is the EPA Partnership Performance Grants (PPG). Under this system, the federal government pays for DEQ to perform environmental monitoring to a federal standard. The largest state special revenue fund is the Montana Pollution Discharge Elimination System (MPDES) permits fund, which derives revenue from permit fees on single identifiable sources of water pollution. General fund is utilized for matching of federal grants and the Total Maximum Daily Loads (TMDL) program – which calculates the total amount of pollution a body of water can accept.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	2,639,125	2,639,125	5,278,250	104.92 %	16,819,915	16,819,915	33,639,830	102.54 %
SWPL Adjustments	(3,608)	3,198	(410)	(0.01)%	(27,554)	16,331	(11,223)	(0.03)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(123,570)	(123,681)	(247,251)	(4.92)%	(411,459)	(412,104)	(823,563)	(2.51)%
<b>Total Budget</b>	<b>\$2,511,947</b>	<b>\$2,518,642</b>	<b>\$5,030,589</b>		<b>\$16,380,902</b>	<b>\$16,424,142</b>	<b>\$32,805,044</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(3,914)	34,791	(61,153)	(30,276)	0.00	2,756	54,802	(45,228)	12,330
DP 3 - Inflation Deflation	0.00	306	1,333	1,083	2,722	0.00	442	1,984	1,575	4,001
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$3,608)</b>	<b>\$36,124</b>	<b>(\$60,070)</b>	<b>(\$27,554)</b>	<b>0.00</b>	<b>\$3,198</b>	<b>\$56,786</b>	<b>(\$43,653)</b>	<b>\$16,331</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustment	0.00	0	(252,668)	0	(252,668)	0.00	0	(252,668)	0	(252,668)
DP 51 - Additional 2% Vacancy Savings	0.00	(31,510)	(72,814)	(71,187)	(175,511)	0.00	(31,621)	(73,070)	(71,452)	(176,143)
DP 555 - Appropriation Rebase	0.00	(92,060)	0	0	(92,060)	0.00	(92,060)	0	0	(92,060)
DP 5301010 - Board of Certified Water and Wastewater Operators Funding	0.00	0	7,662	0	7,662	0.00	0	7,649	0	7,649
DP 5301011 - Public Drinking Water Program Funding	1.00	0	101,118	0	101,118	1.00	0	101,118	0	101,118
<b>Total</b>	<b>1.00</b>	<b>(\$123,570)</b>	<b>(\$216,702)</b>	<b>(\$71,187)</b>	<b>(\$411,459)</b>	<b>1.00</b>	<b>(\$123,681)</b>	<b>(\$216,971)</b>	<b>(\$71,452)</b>	<b>(\$412,104)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustment -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

DP 5301010 - Board of Certified Water and Wastewater Operators Funding -

The legislature approved restoring funding for the Board of Certified Water and Wastewater Operators.

DP 5301011 - Public Drinking Water Program Funding -

The legislature approved restoring funding for the public drinking water program.

### Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,175,849	2,060,915	(114,934)	(5.28)%
Operating Expenses	753,034	697,171	(55,863)	(7.42)%
<b>Total Expenditures</b>	<b>\$2,928,883</b>	<b>\$2,758,086</b>	<b>(\$170,797)</b>	<b>(5.83)%</b>
General Fund	1,149,255	1,047,783	(101,472)	(8.83)%
State/Other Special Rev. Funds	1,002,751	963,720	(39,031)	(3.89)%
Federal Spec. Rev. Funds	776,877	746,583	(30,294)	(3.90)%
<b>Total Funds</b>	<b>\$2,928,883</b>	<b>\$2,758,086</b>	<b>(\$170,797)</b>	<b>(5.83)%</b>
<b>Total Ongoing</b>	<b>\$2,928,883</b>	<b>\$2,758,086</b>	<b>(\$170,797)</b>	<b>(5.83)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>

### Program Description

The Enforcement Division is responsible for enforcement of the laws and rules administered by DEQ. Division staff work with department attorneys and regulatory programs to draft administrative orders, calculate penalties, negotiate settlements, and monitor compliance with orders issued by DEQ. The Enforcement Division also manages a complaint clearinghouse that responds to and tracks citizen complaints and reports of spills or releases of materials.

### Program Highlights

<b>Enforcement Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>The budget decreases due to starting point motions to implement 5% reductions and 6% vacancy savings</li> </ul>

### Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	13.73	13.73	13.73	13.73	13.73
Personal Services	1,058,083	1,069,194	1,106,655	1,028,527	1,032,388
Operating Expenses	373,215	376,523	376,511	348,494	348,677
<b>Total Expenditures</b>	<b>\$1,431,298</b>	<b>\$1,445,717</b>	<b>\$1,483,166</b>	<b>\$1,377,021</b>	<b>\$1,381,065</b>
General Fund	565,804	567,316	581,939	523,098	524,685
State/Other Special Rev. Funds	484,354	494,932	507,819	481,169	482,551
Federal Spec. Rev. Funds	381,140	383,469	393,408	372,754	373,829
<b>Total Funds</b>	<b>\$1,431,298</b>	<b>\$1,445,717</b>	<b>\$1,483,166</b>	<b>\$1,377,021</b>	<b>\$1,381,065</b>
<b>Total Ongoing</b>	<b>\$1,431,298</b>	<b>\$1,445,717</b>	<b>\$1,483,166</b>	<b>\$1,377,021</b>	<b>\$1,381,065</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Funding

The following table shows adopted program funding by source of authority.

Department of Environmental Quality, 30-Enforcement Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,047,783	0	0	1,047,783	37.99 %	
02036 Opencut permit Fees	0	0	0	0	0.00 %	
02070 Hazardous Waste-CERCLA	50,829	0	0	50,829	5.27 %	
02075 UST Leak Prevention Program	66,490	0	0	66,490	6.90 %	
02157 Solid Waste Management Fee	59,665	0	0	59,665	6.19 %	
02201 Air Quality-Operating Fees	205,683	0	0	205,683	21.34 %	
02202 Asbestos Control	71,321	0	0	71,321	7.40 %	
02204 Public Drinking Water	263,550	0	0	263,550	27.35 %	
02278 MPDES Permit Program	103,755	0	0	103,755	10.77 %	
02418 Subdivision Plat Review	27,842	0	0	27,842	2.89 %	
02576 Natural Resources Operations	13,101	0	0	13,101	1.36 %	
02845 Junk Vehicle Disposal	101,484	0	0	101,484	10.53 %	
<b>State Special Total</b>	<b>\$963,720</b>	<b>\$0</b>	<b>\$0</b>	<b>\$963,720</b>	<b>34.94 %</b>	
03067 DSL Federal Reclamation Grant	2	0	0	2	0.00 %	
03262 EPA PPG	727,412	0	0	727,412	97.43 %	
03816 DOI OSM A&E GRANT	19,169	0	0	19,169	2.57 %	
<b>Federal Special Total</b>	<b>\$746,583</b>	<b>\$0</b>	<b>\$0</b>	<b>\$746,583</b>	<b>27.07 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$2,758,086</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,758,086</b>		

The Enforcement Division is funded with general fund and a variety of state special and federal revenue sources. The Enforcement Division’s primary state special revenue funds are the fees collected for air, public drinking water, and discharge permits. The largest percentage of federal funds is provided through the Environmental Protection Agency (EPA).

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	581,939	581,939	1,163,878	111.08 %	1,483,166	1,483,166	2,966,332	107.55 %
SWPL Adjustments	(21,964)	(20,344)	(42,308)	(4.04)%	(55,970)	(51,844)	(107,814)	(3.91)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(36,877)	(36,910)	(73,787)	(7.04)%	(50,175)	(50,257)	(100,432)	(3.64)%
<b>Total Budget</b>	<b>\$523,098</b>	<b>\$524,685</b>	<b>\$1,047,783</b>		<b>\$1,377,021</b>	<b>\$1,381,065</b>	<b>\$2,758,086</b>	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(22,068)	(19,254)	(14,922)	(56,244)	0.00	(20,521)	(17,906)	(13,874)	(52,301)
DP 3 - Inflation Deflation	0.00	104	96	74	274	0.00	177	158	122	457
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$21,964)</b>	<b>(\$19,158)</b>	<b>(\$14,848)</b>	<b>(\$55,970)</b>	<b>0.00</b>	<b>(\$20,344)</b>	<b>(\$17,748)</b>	<b>(\$13,752)</b>	<b>(\$51,844)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	(8,586)	(7,492)	(5,806)	(21,884)	0.00	(8,619)	(7,520)	(5,827)	(21,966)
DP 555 - Appropriation Rebase	0.00	(28,291)	0	0	(28,291)	0.00	(28,291)	0	0	(28,291)
<b>Total</b>	<b>0.00</b>	<b>(\$36,877)</b>	<b>(\$7,492)</b>	<b>(\$5,806)</b>	<b>(\$50,175)</b>	<b>0.00</b>	<b>(\$36,910)</b>	<b>(\$7,520)</b>	<b>(\$5,827)</b>	<b>(\$50,257)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	15,273,228	14,566,401	(706,827)	(4.63)%
Operating Expenses	25,267,672	17,917,465	(7,350,207)	(29.09)%
Equipment & Intangible Assets	30,500	0	(30,500)	(100.00)%
Grants	2,992,686	3,047,686	55,000	1.84 %
Transfers	5,029,298	7,029,398	2,000,100	39.77 %
<b>Total Expenditures</b>	<b>\$48,593,384</b>	<b>\$42,560,950</b>	<b>(\$6,032,434)</b>	<b>(12.41)%</b>
General Fund	694,215	665,884	(28,331)	(4.08)%
State/Other Special Rev. Funds	26,865,191	20,895,140	(5,970,051)	(22.22)%
Federal Spec. Rev. Funds	21,033,978	20,999,926	(34,052)	(0.16)%
<b>Total Funds</b>	<b>\$48,593,384</b>	<b>\$42,560,950</b>	<b>(\$6,032,434)</b>	<b>(12.41)%</b>
<b>Total Ongoing</b>	<b>\$41,593,384</b>	<b>\$42,560,950</b>	<b>\$967,566</b>	<b>2.33 %</b>
<b>Total OTO</b>	<b>\$7,000,000</b>	<b>\$0</b>	<b>(\$7,000,000)</b>	<b>(100.00)%</b>

**Program Description**

The Waste Management and Remediation Division oversees environmental protection related to solid waste, underground tanks, and remediation of contaminated sites. The Waste Management and Remediation Division is composed of:

- The Federal Superfund & Construction Bureau – partnering with the federal government for cleanup and remediation work under Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as the federal Superfund
- Contaminated Site Clean-up Bureau – remediating sites that pose a risk to the public health and welfare of Montana and are under the purview of the state, including petroleum tank cleanup, hazardous waste sites, and brownfields redevelopment
- Abandoned Mine Lands Section – overseeing abandoned mine reclamation projects funded by the federal government under the Surface Mining Control and Reclamation Act of 1977
- Waste and Underground Tank Management Bureau (WUTMB) - regulating asbestos abatement, hazardous waste handlers and corrective action, motor vehicle wrecking facilities, clandestine methamphetamine lab cleanup, septic tank pumpers, non-hazardous solid waste management facilities, underground storage tanks, and recycling and materials management

**Program Highlights**

<b>Waste Management &amp; Remediation Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The budget decreases due to:                             <ul style="list-style-type: none"> <li>◦ starting point motions to implement 5% reductions and 6% vacancy savings</li> <li>◦ previous OTO Orphan Share appropriation which was not reauthorized</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

**53010 - Department of Environmental Quality    40-Waste Management & Remediation Division**

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	97.01	97.01	97.01	97.01	97.01
Personal Services	6,959,894	7,481,202	7,792,026	7,274,642	7,291,759
Operating Expenses	8,672,241	12,399,797	12,867,875	8,957,856	8,959,609
Equipment & Intangible Assets	26,442	30,500	0	0	0
Grants	887,272	1,468,843	1,523,843	1,523,843	1,523,843
Transfers	2,509,315	2,514,599	2,514,699	3,514,699	3,514,699
<b>Total Expenditures</b>	<b>\$19,055,164</b>	<b>\$23,894,941</b>	<b>\$24,698,443</b>	<b>\$21,271,040</b>	<b>\$21,289,910</b>
General Fund	340,057	344,270	349,945	332,942	332,942
State/Other Special Rev. Funds	10,192,124	13,360,281	13,504,910	10,453,874	10,441,266
Federal Spec. Rev. Funds	8,522,983	10,190,390	10,843,588	10,484,224	10,515,702
<b>Total Funds</b>	<b>\$19,055,164</b>	<b>\$23,894,941</b>	<b>\$24,698,443</b>	<b>\$21,271,040</b>	<b>\$21,289,910</b>
<b>Total Ongoing</b>	<b>\$16,428,676</b>	<b>\$20,394,941</b>	<b>\$21,198,443</b>	<b>\$21,271,040</b>	<b>\$21,289,910</b>
<b>Total OTO</b>	<b>\$2,626,488</b>	<b>\$3,500,000</b>	<b>\$3,500,000</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

**53010 - Department of Environmental Quality 40-Waste Management & Remediation Division**

Department of Environmental Quality, 40-Waste Management & Remediation Division						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	665,884	0	0	665,884	1.56 %	
02054 UST-Installer Lic & Permit Acc	98,086	0	0	98,086	0.47 %	
02058 Petroleum Storage Tank Cleanup	3,083,404	0	0	3,083,404	14.76 %	
02070 Hazardous Waste-CERCLA	773,334	0	0	773,334	3.70 %	
02075 UST Leak Prevention Program	335,290	0	0	335,290	1.60 %	
02157 Solid Waste Management Fee	1,369,716	0	0	1,369,716	6.56 %	
02162 Environmental Quality Protecti	7,919,078	0	0	7,919,078	37.90 %	
02202 Asbestos Control	305,942	0	0	305,942	1.46 %	
02206 Agriculture Monitoring	19,992	0	0	19,992	0.10 %	
02314 DNRC Grants - REMediation	257,060	0	0	257,060	1.23 %	
02421 Hazardous Waste Fees	251,104	0	0	251,104	1.20 %	
02438 Pegasus - Beal Mountain	1,988	0	0	1,988	0.01 %	
02472 Orphan Share Fund	2,022,530	0	0	2,022,530	9.68 %	
02520 FY06 CERCLA BOND PROCEEDS	0	0	0	0	0.00 %	
02565 LUST Cost Recovery	760,000	0	0	760,000	3.64 %	
02845 Junk Vehicle Disposal	3,484,434	0	0	3,484,434	16.68 %	
02940 Pegasus - Basin	77,964	0	0	77,964	0.37 %	
02954 Septage Fees	135,218	0	0	135,218	0.65 %	
<b>State Special Total</b>	<b>\$20,895,140</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,895,140</b>	<b>49.09 %</b>	
03028 UST Energy Policy Act Prov	666,286	0	0	666,286	3.17 %	
03036 DEQ - Federal Aml Grant	1,401,854	0	0	1,401,854	6.68 %	
03221 EPA LUST Trust	180,000	0	0	180,000	0.86 %	
03228 L.U.S.T./Trust	1,260,000	0	0	1,260,000	6.00 %	
03257 Superfund Multisite TechAssist	0	0	0	0	0.00 %	
03259 Superfund Multisite TechAssist	416,000	0	0	416,000	1.98 %	
03260 Carpenter Snow Creek Superfund	2,200,072	0	0	2,200,072	10.48 %	
03261 Superfund Multisite TA Bulk	400,000	0	0	400,000	1.90 %	
03262 EPA PPG	1,186,814	0	0	1,186,814	5.65 %	
03351 Tech Assist - Butte Mine Flood	500,000	0	0	500,000	2.38 %	
03353 MANAGEMENT ASSIST - SPEC ACCT	1,197,675	0	0	1,197,675	5.70 %	
03360 MANAGEMENT ASSISTANCE - BULK	500,000	0	0	500,000	2.38 %	
03463 MINE LEASE/RECLAMATION	125,518	0	0	125,518	0.60 %	
03468 Core Cooperative Grant	410,000	0	0	410,000	1.95 %	
03663 Abandoned Mines Lands Grant	6,907,245	0	0	6,907,245	32.89 %	
03667 Abandoned Mines	600,000	0	0	600,000	2.86 %	
03721 Libby Sitewide	1,566,490	0	0	1,566,490	7.46 %	
03973 EPA Brownfields Grant	1,481,972	0	0	1,481,972	7.06 %	
<b>Federal Special Total</b>	<b>\$20,999,926</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,999,926</b>	<b>49.34 %</b>	
06509 DEQ Indirects	0	0	0	0	0.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$42,560,950</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,560,950</b>		

The Waste Management and Remediation Division is funded with a mix of state special and federal revenue sources. State special revenue comes from the \$.0075 gas tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the Resource Indemnity Trust (RIT) deposited to the environmental quality protection, orphan share, and hazardous waste funds. Federal special revenue is derived from the federal Environmental Protection Agency (EPA) for Superfund oversight and various other activities, and the federal Office of Surface Mining for the Abandoned Mine Lands (AML) program. General fund is used to support the solid waste program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

**53010 - Department of Environmental Quality      40-Waste Management & Remediation Division**

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	349,945	349,945	699,890	105.11 %	21,198,443	21,198,443	42,396,886	99.61 %
SWPL Adjustments	0	0	0	0.00 %	(362,047)	(342,814)	(704,861)	(1.66)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(17,003)	(17,003)	(34,006)	(5.11)%	434,644	434,281	868,925	2.04 %
<b>Total Budget</b>	<b>\$332,942</b>	<b>\$332,942</b>	<b>\$665,884</b>		<b>\$21,271,040</b>	<b>\$21,289,910</b>	<b>\$42,560,950</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----				-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(49,363)	(313,241)	(362,604)	0.00	0	(63,658)	(281,466)	(345,124)
DP 3 - Inflation Deflation	0.00	0	1,105	(548)	557	0.00	0	2,339	(29)	2,310
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$48,258)</b>	<b>(\$313,789)</b>	<b>(\$362,047)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$61,319)</b>	<b>(\$281,495)</b>	<b>(\$342,814)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

**53010 - Department of Environmental Quality    40-Waste Management & Remediation Division**

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 12 - Balance Hazardous Waste CERCLA Acct	0.00	0	(176,937)	0	(176,937)	0.00	0	(176,937)	0	(176,937)
DP 50 - 5% Plan Adjustment	0.00	0	(216,636)	0	(216,636)	0.00	0	(216,636)	0	(216,636)
DP 51 - Additional 2% Vacancy Savings	0.00	0	(109,205)	(45,575)	(154,780)	0.00	0	(108,752)	(46,391)	(155,143)
DP 555 - Appropriation Rebase	0.00	(17,003)	0	0	(17,003)	0.00	(17,003)	0	0	(17,003)
DP 5301012 - Natural Resource Damage Program	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
<b>Total</b>	<b>0.00</b>	<b>(\$17,003)</b>	<b>\$497,222</b>	<b>(\$45,575)</b>	<b>\$434,644</b>	<b>0.00</b>	<b>(\$17,003)</b>	<b>\$497,675</b>	<b>(\$46,391)</b>	<b>\$434,281</b>

\*\*\*Total Funds\*\* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 12 - Balance Hazardous Waste CERCLA Acct -

The legislature approved a reduction in appropriations from the Hazardous Waste - CERCLA account in order to balance the account.

DP 50 - 5% Plan Adjustment -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

DP 5301012 - Natural Resource Damage Program -

The legislature funded the Department of Justice investigations under the natural resource damage program through DEQ.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	18,251,444	17,562,298	(689,146)	(3.78)%
Operating Expenses	22,709,040	25,795,926	3,086,886	13.59%
Equipment & Intangible Assets	242,386	203,480	(38,906)	(16.05)%
Transfers	112,396	27,396	(85,000)	(75.63)%
<b>Total Expenditures</b>	<b>\$41,315,266</b>	<b>\$43,589,100</b>	<b>\$2,273,834</b>	<b>5.50%</b>
General Fund	3,821,113	3,177,854	(643,259)	(16.83)%
State/Other Special Rev. Funds	28,730,916	32,253,224	3,522,308	12.26%
Federal Spec. Rev. Funds	8,763,237	8,158,022	(605,215)	(6.91)%
<b>Total Funds</b>	<b>\$41,315,266</b>	<b>\$43,589,100</b>	<b>\$2,273,834</b>	<b>5.50%</b>
<b>Total Ongoing</b>	<b>\$40,815,266</b>	<b>\$43,589,100</b>	<b>\$2,773,834</b>	<b>6.80%</b>
<b>Total OTO</b>	<b>\$500,000</b>	<b>\$0</b>	<b>(\$500,000)</b>	<b>(100.00)%</b>

**Program Description**

The Air, Energy & Mining Division regulates air pollution, mining impacts, and supports energy production and conservation. The Air, Energy & Mining Division is composed of four bureaus:

- The Air Quality Bureau – regulates air emissions through permitting, education, and compliance activities to ensure conformity with the Montana Environmental Policy Act (MEPA)
- Coal & Opencut Mining Bureau – issues permits for all activities relating to coal mining and exploration and regulates opencut mines that extract materials such as bentonite, clay, scoria, sand, and gravel
- Hard Rock Mining Bureau – regulates mining of all metallic and industrial minerals other than bentonite, clay, coal, sand, gravel, peat, and uranium
- Energy Bureau – provides information regarding Montana’s energy forecasts, promotes renewable and alternative energy production, and encourages energy conservation across the state

**Program Highlights**

<p><b>Air, Energy &amp; Mining Division Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• The budget increases due to hard rock mining reclamation projects</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	105.52	105.52	105.52	105.52	105.52
Personal Services	8,180,907	8,922,327	9,329,117	8,764,915	8,797,383
Operating Expenses	6,257,129	10,979,117	11,729,923	12,529,700	13,266,226
Equipment & Intangible Assets	49,404	140,646	101,740	101,740	101,740
Transfers	97,583	98,698	13,698	13,698	13,698
<b>Total Expenditures</b>	<b>\$14,585,023</b>	<b>\$20,140,788</b>	<b>\$21,174,478</b>	<b>\$21,410,053</b>	<b>\$22,179,047</b>
General Fund	1,640,118	1,890,125	1,930,988	1,588,810	1,589,044
State/Other Special Rev. Funds	8,989,646	14,024,627	14,706,289	15,748,090	16,505,134
Federal Spec. Rev. Funds	3,955,259	4,226,036	4,537,201	4,073,153	4,084,869
<b>Total Funds</b>	<b>\$14,585,023</b>	<b>\$20,140,788</b>	<b>\$21,174,478</b>	<b>\$21,410,053</b>	<b>\$22,179,047</b>
<b>Total Ongoing</b>	<b>\$14,585,023</b>	<b>\$19,890,788</b>	<b>\$20,924,478</b>	<b>\$21,410,053</b>	<b>\$22,179,047</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>

### Funding

The following table shows adopted program funding by source of authority.

Department of Environmental Quality, 50-Air Energy & Mining Division					
Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,177,854	0	0	3,177,854	7.29 %
02036 Opencut permit Fees	570,460	0	0	570,460	1.77 %
02095 Opencut Bond Forfeitures	0	0	0	0	0.00 %
02096 Reclamation - Bond Forfeitures	297,688	0	0	297,688	0.92 %
02201 Air Quality-Operating Fees	8,670,439	0	0	8,670,439	26.88 %
02291 Alternative Energy Loan ARRA	121,122	0	0	121,122	0.38 %
02308 DNRC Grants Permit Cmpl Div	0	0	0	0	0.00 %
02370 Energy Conserv Repayment Acct	24,862	0	0	24,862	0.08 %
02428 Major Facility Siting	3,193,828	0	0	3,193,828	9.90 %
02521 Pegasus Bankruptcy/Operations	1,462,642	0	0	1,462,642	4.53 %
02555 Alternative Energy Rev Loan	214,518	0	0	214,518	0.67 %
02576 Natural Resources Operations	4,013,078	0	0	4,013,078	12.44 %
02579 Coal & Uranium Mine Account	535,411	0	0	535,411	1.66 %
02676 Reclamation - OSM Trust Fund	0	0	0	0	0.00 %
02955 STATE ENERGY CONSERVATION ARRA	995,993	0	0	995,993	3.09 %
02973 Univ System Benefits Program	505,520	0	0	505,520	1.57 %
02988 Hard Rock Mining Reclamation	11,647,663	0	0	11,647,663	36.11 %
<b>State Special Total</b>	<b>\$32,253,224</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,253,224</b>	<b>73.99 %</b>
03067 DSL Federal Reclamation Grant	(8,189)	0	0	(8,189)	(0.10)%
03106 SHOPP DE-EI0002438	0	0	0	0	0.00 %
03107 Nat'l Park Srv - Yellowstone	0	0	0	0	0.00 %
03161 Natl. Clean Diesel Grant	0	0	0	0	0.00 %
03199 Stripper Wells	912	0	0	912	0.01 %
03212 Stripper-SECP	0	0	0	0	0.00 %
03218 Diamond Shamrock-Admin.	0	0	0	0	0.00 %
03243 BLM-ARMB 9/30/16	0	0	0	0	0.00 %
03262 EPA PPG	2,383,168	0	0	2,383,168	29.21 %
03289 FY 14 State Clean Diesel	0	0	0	0	0.00 %
03326 BLM For Zortman & Landusky	744,926	0	0	744,926	9.13 %
03435 PM 2.5 Fiscal Year 2004	328,083	0	0	328,083	4.02 %
03437 DOE-State Energy Program	(45,872)	0	0	(45,872)	(0.56)%
03459 DOE Competitive Special Proj	929,322	0	0	929,322	11.39 %
03465 DOE Washington State Univ	33,652	0	0	33,652	0.41 %
03723 Clean Diesel DS-97867001	491,300	0	0	491,300	6.02 %
03816 DOI OSM A&E GRANT	3,300,720	0	0	3,300,720	40.46 %
03492 Coal ePermitting System	0	0	0	0	0.00 %
03087 ePermitting-Proj Mngr	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$8,158,022</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,158,022</b>	<b>18.72 %</b>
06509 DEQ Indirects	0	0	0	0	0.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$43,589,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$43,589,100</b>	

State special revenues make up the majority of the funding for the Air, Energy & Mining Division. Revenues consist of hard rock reclamation bonds, fees collected for various activities such as air permits, and major facility siting reviews.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	1,680,988	1,680,988	3,361,976	105.79 %	20,924,478	20,924,478	41,848,956	96.01 %
SWPL Adjustments	1,001	1,648	2,649	0.08 %	(400,321)	(362,047)	(762,368)	(1.75)%
PL Adjustments	0	0	0	0.00 %	1,568,679	2,300,000	3,868,679	8.88 %
New Proposals	(93,179)	(93,592)	(186,771)	(5.88)%	(682,783)	(683,384)	(1,366,167)	(3.13)%
<b>Total Budget</b>	<b>\$1,588,810</b>	<b>\$1,589,044</b>	<b>\$3,177,854</b>		<b>\$21,410,053</b>	<b>\$22,179,047</b>	<b>\$43,589,100</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	2,900	(412,088)	(409,188)	0.00	0	20,761	(396,880)	(376,119)
DP 3 - Inflation Deflation	0.00	1,001	5,573	2,293	8,867	0.00	1,648	8,714	3,710	14,072
DP 5 - Hard Rock Reclamation/MFSA Projects (RST/BIEN)	0.00	0	1,568,679	0	1,568,679	0.00	0	2,300,000	0	2,300,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,001</b>	<b>\$1,577,152</b>	<b>(\$409,795)</b>	<b>\$1,168,358</b>	<b>0.00</b>	<b>\$1,648</b>	<b>\$2,329,475</b>	<b>(\$393,170)</b>	<b>\$1,937,953</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

DP 5 - Hard Rock Reclamation/MFSA Projects (RST/BIEN) -

The legislature approved a present law adjustment for projects to be supported by Hard Rock Mining Reclamation and Major Facility Siting Act Programs (MFSA). Hard Rock mining reclamation would be used for operation and maintenance of the Zortman/Landusky mine site and the funding would come from the hard rock mining reclamation fund. MFSA budget authority would be used for cost reimbursement projects for MFSA analysis of project applications that arise during the coming biennium. Bond forfeitures and settlements over the course of the biennium would be used for reclamation of specific mine sites and would be funded by settlement agreements or by forfeitures of various reclamation surety bonds.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustment	0.00	0	(445,763)	0	(445,763)	0.00	0	(445,763)	0	(445,763)
DP 51 - Additional 2% Vacancy Savings	0.00	(11,173)	(89,588)	(54,253)	(155,014)	0.00	(11,586)	(84,867)	(59,162)	(155,615)
DP 555 - Appropriation Rebase	0.00	(82,006)	0	0	(82,006)	0.00	(82,006)	0	0	(82,006)
<b>Total</b>	<b>0.00</b>	<b>(\$93,179)</b>	<b>(\$535,351)</b>	<b>(\$54,253)</b>	<b>(\$682,783)</b>	<b>0.00</b>	<b>(\$93,592)</b>	<b>(\$530,630)</b>	<b>(\$59,162)</b>	<b>(\$683,384)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustment -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

# 53010 - Department of Environmental Quality 90-Petroleum Tank Release Compensation Board

## Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	797,159	701,136	(96,023)	(12.05)%
Operating Expenses	501,778	501,690	(88)	(0.02)%
<b>Total Expenditures</b>	<b>\$1,298,937</b>	<b>\$1,202,826</b>	<b>(\$96,111)</b>	<b>(7.40)%</b>
State/Other Special Rev. Funds	1,298,937	1,202,826	(96,111)	(7.40)%
<b>Total Funds</b>	<b>\$1,298,937</b>	<b>\$1,202,826</b>	<b>(\$96,111)</b>	<b>(7.40)%</b>
<b>Total Ongoing</b>	<b>\$1,298,937</b>	<b>\$1,202,826</b>	<b>(\$96,111)</b>	<b>(7.40)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>

## Program Description

The Petroleum Tank Release Compensation Board is responsible for administering the petroleum tank release cleanup fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board is responsible for responding to and working with private individuals, corporations, other state agencies, the Governor's Office, the legislature, federal agencies, and other interested parties with activities relative to petroleum storage tanks. It is attached to the DEQ for administrative purposes.

## Program Highlights

<b>Petroleum Tank Release Compensation Board Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>The budget decreases due to starting point motions to implement 5% reductions and 6% vacancy savings</li> </ul>

## Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	5.60	5.60	5.60	5.60	5.60
Personal Services	358,345	391,812	405,347	350,171	350,965
Operating Expenses	179,590	250,889	250,889	250,837	250,853
<b>Total Expenditures</b>	<b>\$537,935</b>	<b>\$642,701</b>	<b>\$656,236</b>	<b>\$601,008</b>	<b>\$601,818</b>
State/Other Special Rev. Funds	537,935	642,701	656,236	601,008	601,818
<b>Total Funds</b>	<b>\$537,935</b>	<b>\$642,701</b>	<b>\$656,236</b>	<b>\$601,008</b>	<b>\$601,818</b>
<b>Total Ongoing</b>	<b>\$537,935</b>	<b>\$642,701</b>	<b>\$656,236</b>	<b>\$601,008</b>	<b>\$601,818</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# 53010 - Department of Environmental Quality 90-Petroleum Tank Release Compensation Board

## Funding

The following table shows adopted program funding by source of authority.

Department of Environmental Quality, 90-Petroleum Tank Release Compensation Board Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02058 Petroleum Storage Tank Cleanup	1,202,826	0	9,980,000	11,182,826	100.00 %	
<b>State Special Total</b>	<b>\$1,202,826</b>	<b>\$0</b>	<b>\$9,980,000</b>	<b>\$11,182,826</b>	<b>100.00 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$1,202,826</b>	<b>\$0</b>	<b>\$9,980,000</b>	<b>\$11,182,826</b>		

The Petroleum Tank Release Compensation Board is funded entirely through a portion of the \$0.0075 fee on gasoline, diesel, heating oil, and aviation fuel distributed in Montana. The administrative costs are appropriated in HB 2 while statutory authority covers reimbursements and compensation.

## Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	656,236	656,236	1,312,472	109.12 %
SWPL Adjustments	0	0	0	0.00 %	(47,778)	(46,951)	(94,729)	(7.88)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(7,450)	(7,467)	(14,917)	(1.24)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$601,008</b>	<b>\$601,818</b>	<b>\$1,202,826</b>	

## Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(47,726)	0	(47,726)	0.00	0	(46,915)	0	(46,915)
DP 3 - Inflation Deflation	0.00	0	(52)	0	(52)	0.00	0	(36)	0	(36)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$47,778)</b>	<b>\$0</b>	<b>(\$47,778)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$46,951)</b>	<b>\$0</b>	<b>(\$46,951)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

# 53010 - Department of Environmental Quality 90-Petroleum Tank Release Compensation Board

## DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

## DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

## **New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(7,450)	0	(7,450)	0.00	0	(7,467)	0	(7,467)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$7,450)</b>	<b>\$0</b>	<b>(\$7,450)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$7,467)</b>	<b>\$0</b>	<b>(\$7,467)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

## DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

### Agency Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	328,055,655	322,808,904	(5,246,751)	(1.60)%
Operating Expenses	934,645,090	936,046,596	1,401,506	0.15%
Equipment & Intangible Assets	7,522,504	6,515,316	(1,007,188)	(13.39)%
Capital Outlay	25,920,730	25,913,730	(7,000)	(0.03)%
Grants	57,884,431	51,637,848	(6,246,583)	(10.79)%
Benefits & Claims	1,000	1,000	0	0.00%
Transfers	4,291,592	3,303,686	(987,906)	(23.02)%
Debt Service	177,740	170,540	(7,200)	(4.05)%
<b>Total Expenditures</b>	<b>\$1,358,498,742</b>	<b>\$1,346,397,620</b>	<b>(\$12,101,122)</b>	<b>(0.89)%</b>
State/Other Special Rev. Funds	519,453,433	498,043,879	(21,409,554)	(4.12)%
Federal Spec. Rev. Funds	839,045,309	848,353,741	9,308,432	1.11%
<b>Total Funds</b>	<b>\$1,358,498,742</b>	<b>\$1,346,397,620</b>	<b>(\$12,101,122)</b>	<b>(0.89)%</b>
<b>Total Ongoing</b>	<b>\$1,358,478,742</b>	<b>\$1,346,397,620</b>	<b>(\$12,081,122)</b>	<b>(0.89)%</b>
<b>Total OTO</b>	<b>\$20,000</b>	<b>\$0</b>	<b>(\$20,000)</b>	<b>(100.00)%</b>

### Agency Description

The mission of the Department of Transportation is to serve the public by providing a transportation system and services that emphasize quality, safety, cost effectiveness, economic vitality, and sensitivity to the environment.

The Department of Transportation (MDT) is the agency responsible for administering the multimodal transportation network in Montana. The department plans, designs, builds, and maintains the statewide network of highways. It is responsible for collecting and distributing highway user fees and fuel taxes. The department enforces state and federal laws for commercial motor carriers and registers interstate fleet vehicles. The department also facilitates the operation and infrastructure of airports and airways in Montana, registers aircraft and pilots, and maintains several state-owned airports. The department represents Montana interests in railroad planning issues and supports local entities in overall transportation planning and transit assistance.

The department also provides for the other aspects of a statewide multimodal transportation system through:

- Aeronautics safety protection and promotion
- General aviation airport planning, promotion, and maintenance
- Rail infrastructure coordination, monitoring, and planning
- Highway traffic safety promotion, planning, and administration
- Vehicle weight and dimension permitting and law enforcement
- Transit assistance

The five-member transportation commission, whose members are appointed by the Governor, establishes department priorities and apportions funding among the five state financial districts according to statutory guidelines, department recommendations, and community input. The nine-member Board of Aeronautics, whose members are appointed by the Governor, establishes priorities for department aeronautics activities.

The department provides the above services through the following programs:

- General Operations Program
- Construction Program
- Maintenance Program
- State Motor Pool (entirely funded with non-budgeted proprietary funds)
- Equipment Program (entirely funded with non-budgeted proprietary funds)
- Motor Carrier Services Division
- Aeronautics Program (a portion of this program is funded with non-budgeted proprietary funds)

- Rail, Transit, and Planning Division

**Agency Highlights**

<b>Department of Transportation Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The MDT HB 2 budget of \$1.3 billion is \$12.1 million, or 0.9%, less than the 2017 biennium budget</li> <li>• The largest overall reduction, \$6.2 million, occurs in the grants expenditure class, due to reductions in the Construction and the Rail, Transit, and Planning Programs             <ul style="list-style-type: none"> <li>◦ Grant reductions were offset by the addition of a \$2.0 million grant to Garfield county for the reconditioning of the road that goes into Hell Creek state park</li> </ul> </li> <li>• The legislature reduced personal services costs by a net amount of \$5.2 million in an effort to provide funding for the state match to federal-aid highway construction projects             <ul style="list-style-type: none"> <li>◦ \$8.9 million reduction in funding for 61.05 vacant FTE</li> <li>◦ \$0.5 million of funding in Motor Carrier Services Program equaling 4.00 FTE</li> <li>◦ \$2.4 million associated with an additional 0.75% vacancy savings imposed on the agency (total vacancy savings charged to the program is 4.75%)</li> <li>◦ The reductions to personal services were partially offset by increases in state-wide present law personal services adjustments</li> </ul> </li> <li>• HB 473 adds an appropriation of \$22.3 million that is restricted in the MDT budget for the construction, reconstruction, maintenance, and repair of highways and bridges in the state, as designated by the transportation commission             <ul style="list-style-type: none"> <li>◦ The legislature limited the use of the HB 473 appropriations until the state special appropriations provided in HB 2 for contractor payments within the Construction Program are fully expended</li> <li>◦ With the appropriation from HB 473, the MDT budget is \$10.2 million, or 0.75%, greater than the budget for the 2017 biennium</li> </ul> </li> <li>• The state employee pay plan, as authorized in SB 294, will provide a 1% pay increase occurring on February 15 of each fiscal year of the biennium             <ul style="list-style-type: none"> <li>◦ The pay plan increase is not included in the budget numbers of this program</li> </ul> </li> </ul>

**Agency Actuals and Budget Comparison**

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	2,055.32	2,055.32	2,055.32	1,990.27	1,990.27
Personal Services	155,553,188	161,730,879	166,324,776	161,135,922	161,672,982
Operating Expenses	429,714,566	463,646,530	470,998,560	468,206,691	467,839,905
Equipment & Intangible Assets	3,435,192	4,264,846	3,257,658	3,257,658	3,257,658
Capital Outlay	8,896,395	12,963,865	12,956,865	12,956,865	12,956,865
Grants	29,638,295	32,979,111	24,905,320	26,818,924	24,818,924
Benefits & Claims	0	500	500	500	500
Transfers	1,782,157	2,639,749	1,651,843	1,651,843	1,651,843
Debt Service	92,376	92,470	85,270	85,270	85,270
<b>Total Expenditures</b>	<b>\$629,112,169</b>	<b>\$678,317,950</b>	<b>\$680,180,792</b>	<b>\$674,113,673</b>	<b>\$672,283,947</b>
State/Other Special Rev. Funds	235,762,718	263,225,223	256,228,210	249,580,613	248,463,266
Federal Spec. Rev. Funds	393,349,451	415,092,727	423,952,582	424,533,060	423,820,681
<b>Total Funds</b>	<b>\$629,112,169</b>	<b>\$678,317,950</b>	<b>\$680,180,792</b>	<b>\$674,113,673</b>	<b>\$672,283,947</b>
<b>Total Ongoing</b>	<b>\$629,112,169</b>	<b>\$678,317,950</b>	<b>\$680,160,792</b>	<b>\$674,113,673</b>	<b>\$672,283,947</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>

### Summary of Legislative Action

The legislature provided MDT with a HB 2 budget of \$1.3 billion, funded with 63% federal special revenues and 27% state special revenues. The budget includes a reduction of \$12.1 million, or 0.9%, from the level of 2017 biennium appropriations. The largest reduction is to the grants expense account category, with total reductions of \$6.2 million over the biennium. The reductions principally result from accounting changes included in the most recent federal surface transportation act, the FAST Act. Other significant biennial reductions include:

- \$5.2 million net reduction in personal services that includes the elimination of the costs associated with 65.05 FTE, which can be allocated across programs for the most efficient result
- \$2.4 million reduction for the legislature's adoption of an additional 0.75% vacancy savings, which brings total vacancy savings up to 4.75% for the biennium

The only area of biennial growth in the budget occurred in the operating expenses category, where the HB 2 budget contains \$1.4 million more than in the 2017 biennium. The increase is driven by increased budget authority for construction and maintenance activities. The HB 2 operating expenses budget is understated by \$22.3 million, or the amount of appropriation contained in HB 473, the Bridge and Road Safety and Accountability Act. When correcting for the HB 473 appropriation, the total budget for MDT is \$1,368.7 million. This figure represents overall budgetary growth of \$10.2 million, or 0.75%.

During the 2017 session, the legislature was focused on correcting the imbalance in the restricted highway state special revenue account (HSRA). Users of HSRA, which included MDT and the Department of Justice (DOJ), had expended more than the revenues generated in the account for five years. The executive budget included recommendations that would have reduced MDT construction projects, which also reduced the federal highway funds that the state would receive, reduced the state funded construction program, and reduced funding for DOJ, which would have resulted in significant reductions to the number of highway patrol officers on the state's highways.

The legislature chose instead to make a series of budgetary changes to correct the situation. Changes included:

- Reducing the MDT budget, primarily in the area of personal services costs
- Moving DOJ out of the transportation fund and providing the Highway Patrol with its own restricted gas tax fund
- Increasing the fuel taxes

For more information on this act and other legislative changes in the funding of MDT, see the funding section of this report.

HB 473 also requires a special performance audit of MDT. According to the legislation the audit, to be conducted by or at the direction of the legislative auditor, must include (but is not limited to) a comparison of MDT to similar agencies in at least

three other similar states or provinces on quantitative measures, such as dollars spent or highway miles constructed and maintained. The following points of comparison are of specific interest:

- Number of full-time equivalent employees
- Inventory of equipment owned by the department
- Federal highway dollars received
- Cost of engineering services
- Whether engineering services were performed by department staff or a private firm

The audit must also examine the budgets, costs, and functions of MDT over time and consider whether any functions of the department could be performed at the same quality for a lower cost by a private entity. The audit must be completed by June 30, 2018 and a follow-up audit must be completed by June 30, 2019 to review progress by the department on specific recommendations of the initial audit to include:

- Number of full-time equivalent employees employed by the department of transportation
- Department costs per full-time equivalent employee
- Pay increases provided to employees in the previous year
- Department costs per road mile constructed
- Total cost of contracted labor

The results of the follow-up audit must be presented to the revenue and transportation interim committee (the department's interim administrative review committee).

**Funding**

The following table shows adopted agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives.

Total Department of Transportation Funding by Source of Authority 2019 Biennium Budget Request - Department of Transportation							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
State Special Total	498,043,879	0	0	43,733,904	541,777,783	36.25 %	
Federal Special Total	848,353,741	0	0	30,830,150	879,183,891	58.83 %	
Proprietary Total	0	0	73,488,583	0	73,488,583	4.92 %	
Other Total	0	0	0	0	0	0.00 %	
<b>Total All Funds</b>	<b>\$1,346,397,620</b>	<b>\$0</b>	<b>\$73,488,583</b>	<b>\$74,564,054</b>	<b>\$1,494,450,257</b>		
<b>Percent - Total All Sources</b>	<b>90.09 %</b>	<b>0.00 %</b>	<b>4.92 %</b>	<b>4.99 %</b>			

The department is funded with a combination of state special revenue and federal special revenue. Included in the figure above is the funding for the three proprietary programs: the State Motor Pool internal service program, the MDT Equipment internal service program, and the West Yellowstone enterprise program. Statutory appropriations consist of distributions of gasoline taxes to local and tribal governments (state special funds) and federal fund pass-through distributions and grants.

Highways State Special Revenue Accounts Working Capital Analysis

The principle source of funding for MDT is the restricted highway state special revenue account (HSRA). The revenues of this fund consist of gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources used to propel vehicles on public highways. The revenues are constitutionally dedicated solely for:

- Payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges
- Payment of county, city, and town obligations on streets, roads, and bridges
- Enforcement of highway safety, driver education, tourist promotion, and administrative collection costs

The revenues may be appropriated for other purposes by a three-fifths vote of the members of each house of the legislature.

Another primary source of funding for the agency is the HSRA non-restricted account (HSRA-NR). The revenues of this account consist primarily of gross vehicle weight fees. There are no restrictions on the use of these funds.

In the 2019 biennium HB 2 budget, these two sources of revenue provide 36% of total funding and 98% of the state special funding in the agency. HSRA has also been used as a principal source of funding for the Department of Justice (DOJ) Highway Patrol and in more recent years the DOJ Motor Vehicle Division.

For the past five years, expenditures in the restricted highway state special revenue account (HSRA) have exceeded the revenue flowing into the fund. As a result, the fund balance in HSRA has declined to a point where MDT, as the account administrator, was experiencing significant cash flow issues. The condition of expenditures exceeding revenues was a permanent and ongoing problem, and HSRA would not have been able to continue to support the ongoing costs, current service levels, maintenance of effort needed to retain the state's favorable federal match rate, and the match to federal construction funding.

In light of the funding issues, the executive recommended a set of budget reductions for both MDT and DOJ to address the problem. However, the legislature chose a multiple-element approach to resolve the problem, which included 1) reducing budgets in MDT, 2) creating alternative funding sources for DOJ, and 3) increasing the taxes on gasoline and diesel fuels.

Reducing MDT budgets: As an alternative to making cuts that would have resulted in losses in federal funding for highway projects, the legislature reduced the personal services budgets in MDT. The legislature eliminated the funding related to 65.05 vacant FTE, or 3.2% of the MDT total workforce. The legislature also imposed an additional 0.75% of vacancy savings. These actions freed up \$7.8 million of HSRA funding that could be dedicated for a match to federal-aid highway construction projects.

Creating alternative funding sources for DOJ: The legislature made a series of changes to the way the DOJ budgets for the Highway Patrol (HiPo), Motor Vehicle Division (MVD), and others are funded. The changes included:

- Allocating 4 cents/gallon of the gas and diesel taxes to a new restricted account for the HiPo (HiPo Restricted)
- Increasing/adding various vehicle fees and depositing the fees in a new state special revenue account for the MVD (MVD Fees)
- Increasing/adding various fees for other DOJ services (Other DOJ Fees)

Consequently, DOJ program funding will no longer be intertwined with the funding of MDT.

Increasing taxes on gasoline and diesel fuel taxes: The legislature passed increases in fuel taxes in HB 473, the Bridge and Road Safety and Accountability Act. In the 2019 biennium, the tax increase will be 4.5 cents for gasoline and 1.5 cents for special fuels taxes and will be stepped up to an increase of 6 cents for gasoline and 2 cents for special fuels taxes (diesel) by FY 2023.

The increased fuel taxes will be deposited into a new restricted accounts, referred to as the bridge and road safety and accountability restricted accounts (BaRSARA). After reductions for initial distributions that include refunds, distributor payments, and non-highway fuel uses MDT will receive 35% of the taxes (BaRSARA-MDT) while the remaining 65% will be distributed to a new local government grant program (BaRSARA-Local Grants). In the 2019 biennium, the distributions to MDT are provided in the legislation at a biennial amount of \$22.3 million, which is greater than the statutory allocation of taxes increases due to appropriations in HSRA for MVD in FY 2018.

Figure 1 demonstrates the new fund structure and the impacts to HSRA that result from the legislature's multiple-element approach.

Figure 1

Working Capital Balances for Highway State Special Revenue Accounts with Legislative Fund Balancing Plan for the 2019 Biennium									
Item	MDT Non- Restricted	MDT HSRA Restricted	BaRSARA - MDT	BaRSARA - Local Grants	Total MDT Funds	HiPo Restricted	MVD Fees	Other DOJ Fees	
FY 2019 Biennium Beginning Balance	(498,523)	29,216,805	0	0	28,718,282	0	0	0	
<b>Revenues</b>									
Net Gasoline Tax <sup>1</sup>		232,807,951	47,097,930		279,905,881	40,488,339			
Net Diesel Tax <sup>1</sup>		129,148,294	8,144,856		137,293,150	21,751,292			
Gross Vehicle Weight Fees (GVW)	18,884,925	52,245,534			71,130,459				
Federal Indirect Cost Recovery	420,000	80,478,939			80,898,939				
Other Revenues		14,940,000			14,940,000				
New Department of Justice Fees					0		12,210,000	4,692,766	
Grant Distributions			(32,942,786)	32,942,786	0				
<b>Total Revenue</b>	<b>19,304,925</b>	<b>509,620,718</b>	<b>22,300,000</b>	<b>32,942,786</b>	<b>584,168,429</b>	<b>62,239,631</b>	<b>12,210,000</b>	<b>4,692,766</b>	
<b>Appropriations</b>									
<b>Statutory Appropriations</b>									
City/County Statutory Distributions/Grants		33,332,000		24,707,090	58,039,090				
Other Statutory Distributions	200,000	200,000			400,000				
<b>Total Statutory Appropriations</b>	<b>200,000</b>	<b>33,532,000</b>	<b>0</b>	<b>24,707,090</b>	<b>58,439,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>HB 2</b>									
<b>Department of Transportation (MDT)</b>									
General Operations Program		60,817,450			60,817,450				
Construction Program	290,000	142,139,013	22,300,000		164,729,013				
Maintenance Program	15,260,163	239,031,524			254,291,687				
Motor Carrier Services	89,056	15,514,182			15,603,238				
Aeronautics (non-budgeted)	300,000				300,000				
Rail, Transit, & Planning Program	3,760,793	9,346,056			13,106,849				
<b>Total MDT HB 2</b>	<b>19,700,012</b>	<b>466,848,225</b>	<b>22,300,000</b>	<b>0</b>	<b>508,848,237</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Department of Justice (DOJ)</b>									
Highway Patrol		0				56,083,013			
Motor Vehicle Division		3,500,000			3,500,000		11,134,458		
Central Services		0			0		1,393,782		
Justice Information Technology		0			0		135,774		
Forensic Services Division	0				0			773,140	
Criminal Investigation	0				0			176,129	
<b>Total DOJ HB 2</b>	<b>0</b>	<b>3,500,000</b>	<b>0</b>	<b>0</b>	<b>3,500,000</b>	<b>57,612,569</b>	<b>11,134,458</b>	<b>949,269</b>	
<b>Appropriations from Other Legislation</b>									
Long-Range Building and IT Capital Projects		2,500,000	0	0	2,500,000	0	0	0	
<b>Total Appropriations</b>	<b>19,900,012</b>	<b>506,380,225</b>	<b>22,300,000</b>	<b>24,707,090</b>	<b>573,287,327</b>	<b>57,612,569</b>	<b>11,134,458</b>	<b>949,269</b>	
Revenue less Appropriations	(595,087)	3,240,493	0	8,235,697	10,881,102	4,627,062	1,075,542	3,743,497	
<b>Projected Ending Balance</b>	<b>(1,093,611)</b>	<b>32,457,299</b>	<b>0</b>	<b>8,235,697</b>	<b>39,599,384</b>	<b>4,627,062</b>	<b>1,075,542</b>	<b>3,743,497</b>	

<sup>1</sup>Net tax revenue are taxes after the reductions for refunds, distributor fees, tribal revenue sharing, and non-highway related fuel sales.

As shown in Figure 1, the actions of the legislature are expected to provide a scenario where the working capital balance of the HSRA will grow. When considered together, the HSRA and HSRA-NR will have a combined balance of \$31.4 million.

HSRA-NR is projected to have a negative balance by the end of the 2019 biennium, meaning appropriations exceed anticipated revenues. As a result, MDT will need to manage appropriations within the available revenues of the account. The legislature fully appropriated the anticipated revenues of the BaRSARA-MDT as provided in HB 473. Given the timing of local grant fund distributions (March 1 of each year) from the BaRSARA-Local Grants account, this analysis anticipates that 1.5 years of the account income will be available for local government grants in the 2019 biennium. In the various accounts that MDT will administer, the combined balance of the accounts is projected to be \$39.6 million, although \$8.2 million of the balance will be dedicated to future local grant distributions. For MDT work functions, the balance available for cash flow purposes is projected to be \$31.4 million.

Also shown in Figure 1, HiPo appropriations are shifted out of HSRA to a new restricted account. Given the appropriations previously contained in HSRA, the HiPo restricted account is projected to have a balance of \$4.6 million at the end of the 2019 biennium. Furthermore, with the increases/addition of fees in support of the MVD and support services budgets in DOJ and taking into consideration of the costs moved from HSRA, the two new fee accounts are projected to have a combined balance of \$4.8 million at the end of the 2019 biennium. The level of appropriations shown in the DOJ accounts in Figure 1 are included to demonstrate the actions of the legislature. The figure includes only those appropriations initially budgeted in the HSRA accounts, and may be understated. As a result, the fund balances shown in Figure 1 may be overstated. These figures do serve to show the appropriations reduced from the HSRA account in the 2019 biennium, which cumulatively total \$69.7 million and net of the revised HiPo fuel tax distribution will amount to a \$7.5 million reduction to HSRA expenditures.

Federal Aid Highway Funding

The Fixing America’s Surface Transportation or FAST Act was passed by Congress in December, 2015 and is now authorizing federal funds to MDT. Apportionment levels thru the FAST Act are slightly higher than MAP 21, the previous surface transportation funding act, and for Montana projects is expected to provide an approximate 2% increase in federal allocations in federal fiscal year (FFY) 2017 through FFY 2020.

The state is allowed to use a more favorable match rate for road construction with the Federal Highway Administration (FHWA). The state’s federal-aid construction sliding scale match is currently 86.6% federal with a 13.4% state match for most direct construction related costs. The FHWA also provides a variety of grant funding to the state in support of safety and transit programs. Montana continues to receive approximately \$2 dollars of federal gas taxes for every \$1 dollar of federal gas taxes paid.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	680,160,792	680,160,792	1,360,321,584	101.03 %
SWPL Adjustments	0	0	0	0.00 %	7,418,044	7,845,211	15,263,255	1.13 %
PL Adjustments	0	0	0	0.00 %	(4,095,668)	(3,300,840)	(7,396,508)	(0.55)%
New Proposals	0	0	0	0.00 %	(9,369,495)	(12,421,216)	(21,790,711)	(1.62)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$674,113,673</b>	<b>\$672,283,947</b>	<b>\$1,346,397,620</b>	

**Other Legislation**

HB 225 – This legislation provides funding from an opt-in vehicle registration fee for the maintenance and repair of shared use paths. The department will be responsible for allocating the available funds (80%) for the maintenance, repair, and establishment of shared use paths, to maintain an inventory of all shared use paths located in the right of-way of state maintained highways in Montana, maintain a plan for maintenance and repair of shared use paths, recommend construction and maintenance standards and provide a uniform system of signing, consider installation of signing on “Take a Break - Take a Walk” paths, and (20%) to provide safety education for pedestrians and bicyclists. The legislation includes a statutory appropriation for the new revenue projected to be \$57,878 in FY 2018 (from which up to \$50,000 is appropriated to the Department of Justice to create new vehicle registration forms) and \$60,343 in FY 2019.

HB 473 – This legislation, titled the Bridge and Road Safety and Accountability Act, increases the gas and special fuels (diesel) taxes. In the 2019 biennium, the tax increase will be 4.5 cents for gasoline and 1.5 cents for special fuels taxes and will be stepped up to an increase of 6 cents for gasoline and 2 cents for special fuels taxes (diesel) by FY 2023. The additional funding will be provided to MDT and the local governments and used to deliver construction, reconstruction, maintenance, and repair of rural roads, city or town streets and alleys, and bridge projects. The local government funding

will be distributed through noncompetitive grants, and the legislation provides a statutory appropriation of the dedicated revenues. The legislation requires that MDT create a website that shows all the projects, both those done by MDT and those done through the local grant program, for which the new revenues were used. It also required an audit of MDT with special attention to a number of budget related subjects.

**HB 466** – This legislation would add credit card and debit card purchases as types of purchases eligible for special motor fuel tax refunds allowed for agricultural use per 15-70-430, MCA.

**HB 650** – In addition to making necessary changes in the laws related to the Section D budgets, this legislation revises the funding of several Department of Justice programs that have been partially funded through the restricted highway state special revenue account (HSRA). This legislation revises the distribution of gasoline taxes and special fuel taxes (diesel) by depositing 4 cents of each tax in a new restricted account to provide funding for the Highway Patrol. Additionally, the legislation increases and adds new fees, directing the new fee revenue to an account for the support of the Motor Vehicle Division. Finally, the legislation creates new fees for several of the support services of the DOJ. For more information on these changes as they relate to HSRA, see the Agency Funding section of this report.

**Executive Budget Comparison**

The following table compares the legislative budget for the biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2017	Executive Budget Fiscal 2018	Legislative Budget Fiscal 2018	Leg — Exec. Difference Fiscal 2018	Executive Budget Fiscal 2019	Legislative Budget Fiscal 2019	Leg — Exec. Difference Fiscal 2019	Biennium Difference Fiscal 18-19
FTE	2,055.32	2,057.32	1,990.27	(67.05)	2,057.32	1,990.27	(67.05)	(67.05)
Personal Services	166,324,776	167,185,687	161,135,922	(6,049,765)	167,734,876	161,672,982	(6,061,894)	(12,111,659)
Operating Expenses	470,998,560	327,330,520	468,206,691	140,876,171	385,267,960	467,839,905	82,571,945	223,448,116
Equipment & Intangible Assets	3,257,658	3,257,658	3,257,658	0	3,257,658	3,257,658	0	0
Capital Outlay	12,956,865	12,956,865	12,956,865	0	12,956,865	12,956,865	0	0
Grants	24,905,320	24,905,320	26,818,924	1,913,604	24,905,320	24,818,924	(86,396)	1,827,208
Benefits & Claims	500	500	500	0	500	500	0	0
Transfers	1,651,843	1,651,843	1,651,843	0	1,651,843	1,651,843	0	0
Debt Service	85,270	85,270	85,270	0	85,270	85,270	0	0
<b>Total Costs</b>	<b>\$680,180,792</b>	<b>\$537,373,663</b>	<b>\$674,113,673</b>	<b>\$136,740,010</b>	<b>\$595,860,292</b>	<b>\$672,283,947</b>	<b>\$76,423,655</b>	<b>\$213,163,665</b>
State/other Special Rev. Funds	256,228,210	232,752,652	249,580,613	16,827,961	241,227,564	248,463,266	7,235,702	24,063,663
Federal Spec. Rev. Funds	423,952,582	304,621,011	424,533,060	119,912,049	354,632,728	423,820,681	69,187,953	189,100,002
<b>Total Funds</b>	<b>\$680,180,792</b>	<b>\$537,373,663</b>	<b>\$674,113,673</b>	<b>\$136,740,010</b>	<b>\$595,860,292</b>	<b>\$672,283,947</b>	<b>\$76,423,655</b>	<b>\$213,163,665</b>
<b>Total Ongoing</b>	<b>\$680,160,792</b>	<b>\$537,373,663</b>	<b>\$674,113,673</b>	<b>\$136,740,010</b>	<b>\$595,860,292</b>	<b>\$672,283,947</b>	<b>\$76,423,655</b>	<b>\$213,163,665</b>
<b>Total OTO</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The legislatively adopted budget for the Department of Transportation (MDT) is \$213.2 million, or 18.8% greater than the executive recommendation. The legislature reduced costs in specific budget areas to enable a reversal of reductions to highway construction and to partially reverse spending proposed reductions for the State Funded Construction program.

The primary reductions from the executive budget include:

- Personal service reductions of \$2.5 million related to the adoption of an additional 0.75% vacancy savings
- Reductions of \$9.3 million in personal services funding that equates to 65.05 FTE in vacant positions (in two separate actions)

The primary increases from the executive budget include:

- The full reversal of the executive recommendation to reduce highway contractor payments, a total increase of \$221.9 million (\$28.8 million in state special funds and \$193.1 in federal special funds)
- A partial reversal of the executive recommendation to reduce the State Funded Construction program, a total increase of \$3.0 million in state special revenue funds

Another change from the executive budget was the adoption of \$2.0 million in funding for a county government grant that would be administered in the Rail, Transit, and Planning Program

**Language and Statutory Authority**

The following language is adopted by the legislature for HB 2 :

"The appropriation in FY 2018 for the Rail, Transit, and Planning Division budget includes state special revenue of \$2.0 million for a specific county grant. The appropriation of \$2.0 million is restricted in its use as established by the legislature."

"The department may adjust appropriations between state special revenue and federal special revenue funds if the total state special revenue authority by program is not increased by more than 10% of the total appropriations established by the legislature."

"All appropriations in the department are biennial."

"All remaining federal pass-through grant appropriations for highway traffic safety, including reversions for the 2017 biennium, are authorized to continue and are appropriated in FY 2018 and FY 2019."

"The department will report the revenue, expenditures, and working capital balance of the restricted highway state special revenue account quarterly to the Revenue and Transportation Interim Committee throughout the interim beginning in June, 2017."

"The department may allocate adjustments to FTE funding across programs to enable the greatest efficiency in providing safe and well constructed and maintained highways and roads."

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	34,759,722	31,831,079	(2,928,643)	(8.43)%
Operating Expenses	28,178,332	31,628,147	3,449,815	12.24 %
Equipment & Intangible Assets	91,607	91,606	(1)	0.00 %
Grants	150,000	150,000	0	0.00 %
Transfers	8,150	0	(8,150)	(100.00)%
Debt Service	177,740	170,540	(7,200)	(4.05)%
<b>Total Expenditures</b>	<b>\$63,365,551</b>	<b>\$63,871,372</b>	<b>\$505,821</b>	<b>0.80 %</b>
State/Other Special Rev. Funds	60,767,596	60,817,450	49,854	0.08 %
Federal Spec. Rev. Funds	2,597,955	3,053,922	455,967	17.55 %
<b>Total Funds</b>	<b>\$63,365,551</b>	<b>\$63,871,372</b>	<b>\$505,821</b>	<b>0.80 %</b>
<b>Total Ongoing</b>	<b>\$63,365,551</b>	<b>\$63,871,372</b>	<b>\$505,821</b>	<b>0.80 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The General Operations Program provides overall policy direction and management to the agency, administers motor fuel taxes, and provides administrative support services for the department, including general administration and management, accounting and budgeting, ensuring civil rights and equal opportunity, legal services, public affairs, information technology services, human resources activities, compliance review, and goods and services procurement.

**Program Highlights**

<b>General Operations Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The General Operations Program budget is \$0.5 million, or 0.8%, higher than the 2017 biennium appropriations</li> <li>• The major budget increases result from fixed costs increases amounting to \$4.0 million over the biennium</li> <li>• The increase in fixed costs is offset by biennial personal services reductions that net to \$2.9 million and include the following legislative actions:                         <ul style="list-style-type: none"> <li>◦ \$2.9 million reduction in funding for vacant positions, which equates to 18.80 FTE</li> <li>◦ \$0.2 million reduction associated with an additional 0.75% vacancy savings imposed on the agency (total vacancy savings charged to the program is 4.75%)</li> <li>◦ The reductions to personal services was partially offset by increases in state-wide present law personal services adjustments</li> </ul> </li> <li>• IT costs were reduced with the following actions:                         <ul style="list-style-type: none"> <li>◦ \$1.1 million in IT convergence savings</li> <li>◦ \$0.4 million in savings that are anticipated to result from moving short-term data storage to long-term</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	198.60	198.60	198.60	179.80	179.80
Personal Services	15,724,201	17,136,316	17,623,406	15,883,701	15,947,378
Operating Expenses	13,008,192	14,076,687	14,101,645	15,915,435	15,712,712
Equipment & Intangible Assets	7,585	45,804	45,803	45,803	45,803
Grants	75,000	75,000	75,000	75,000	75,000
Transfers	8,100	8,150	0	0	0
Debt Service	92,376	92,470	85,270	85,270	85,270
<b>Total Expenditures</b>	<b>\$28,915,454</b>	<b>\$31,434,427</b>	<b>\$31,931,124</b>	<b>\$32,005,209</b>	<b>\$31,866,163</b>
State/Other Special Rev. Funds	27,979,837	30,048,353	30,719,243	30,479,741	30,337,709
Federal Spec. Rev. Funds	935,617	1,386,074	1,211,881	1,525,468	1,528,454
<b>Total Funds</b>	<b>\$28,915,454</b>	<b>\$31,434,427</b>	<b>\$31,931,124</b>	<b>\$32,005,209</b>	<b>\$31,866,163</b>
<b>Total Ongoing</b>	<b>\$28,915,454</b>	<b>\$31,434,427</b>	<b>\$31,931,124</b>	<b>\$32,005,209</b>	<b>\$31,866,163</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Narrative

The General Operations Program provides general oversight for the agency. This program is largely impacted by the budget changes related to fixed costs and inflation/deflation factors.

In the 2019 biennium, the program is also impacted by \$1.5 million of reductions based on changes to the information technology (IT) components of the budget. With concerns related to the growing cost of IT, the legislature provided language in HB 2 that orders a study of enterprise, data storage, and network services by the Legislative Finance Committee.

The General Operations Program includes a significant legislative reduction of vacant FTE, with funding reductions amounting to the equivalent of 18.80 FTE. While this represents a 9.5% reduction in FTE funding in the program, language included in HB 2 will allow the agency to allocate the reductions across programs to achieve the greatest amount of efficiencies in the functions of the agency.

The state employee pay plan, as authorized in SB 294, will provide a 1% pay increase occurring on February 15 of each fiscal year of the biennium. The pay plan increase is not included in the budget numbers of this program.

### Funding

The following table shows adopted program funding by source of authority.

Department of Transportation, 01-General Operations Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02068 Noxious Weed Admin Account	0	0	0	0	0.00 %
02213 Off Highway Vehicle Gas Tax	0	0	0	0	0.00 %
02301 Tribal Motor Fuels Admin.	0	0	1,702	1,702	0.00 %
02303 Tribal Motor Fuels Tax Acct	0	0	10,200,202	10,200,202	9.77 %
02328 Parks OHV Fuel Safety/Educ	0	0	0	0	0.00 %
02329 Snowmobile Fuel Tax-Enforcemnt	0	0	0	0	0.00 %
02330 Parks Snomo Fuel Tax Sfty/Educ	0	0	0	0	0.00 %
02349 Highway Non-Restricted Account	0	0	0	0	0.00 %
02407 Snowmobile Fuel Tax	0	0	0	0	0.00 %
02412 Motorboat Fuel Tax	0	0	0	0	0.00 %
02422 Highways Special Revenue	60,817,450	0	33,332,000	94,149,450	90.22 %
02827 Aeronautics Division	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$60,817,450</b>	<b>\$0</b>	<b>\$43,533,904</b>	<b>\$104,351,354</b>	<b>97.16 %</b>
03407 Highway Trust - Sp Rev	3,053,922	0	0	3,053,922	100.00 %
<b>Federal Special Total</b>	<b>\$3,053,922</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,053,922</b>	<b>2.84 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$63,871,372</b>	<b>\$0</b>	<b>\$43,533,904</b>	<b>\$107,405,276</b>	

The General Operations Program is primarily funded with HSRA (02422) and federal highway trust special revenue. HSRA receives revenue primarily from motor fuel taxes, gross vehicle weight permit fees, and reimbursements for indirect costs associated with the federal-aid highway program via a Federal Highways Administration (FHWA) approved indirect cost plan. Federal funding is available for assistance for disadvantaged businesses, training, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

The General Operations Program is also responsible for \$43.5 million of statutory appropriations. Most, \$33.3 million, are the distributions of fuel taxes to cities, towns, counties, and consolidated city-county governments. Distributions through the tribal motor fuels accounts are a function of the revenue sharing agreements between the tribes and the state. Funding for this purpose is transferred to the tribal accounts from HSRA.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	31,931,124	31,931,124	63,862,248	99.99 %
SWPL Adjustments	0	0	0	0.00 %	1,932,371	1,801,158	3,733,529	5.85 %
PL Adjustments	0	0	0	0.00 %	435,497	432,545	868,042	1.36 %
New Proposals	0	0	0	0.00 %	(2,293,783)	(2,298,664)	(4,592,447)	(7.19)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$32,005,209</b>	<b>\$31,866,163</b>	<b>\$63,871,372</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(154,871)	(7,587)	(162,458)	0.00	0	(90,566)	(4,437)	(95,003)
DP 2 - Fixed Costs	0.00	0	2,098,438	0	2,098,438	0.00	0	1,899,163	0	1,899,163
DP 3 - Inflation Deflation	0.00	0	(3,509)	(100)	(3,609)	0.00	0	(2,919)	(83)	(3,002)
DP 53 - SWPLA Fixed Cost Reductions	0.00	0	(51,619)	0	(51,619)	0.00	0	(54,742)	0	(54,742)
DP 103 - Overtime/Differential	0.00	0	(948)	(19,657)	(20,605)	0.00	0	(948)	(19,657)	(20,605)
DP 106 - On the Job Training and Disadvantaged Business Programs	0.00	0	90,000	418,333	508,333	0.00	0	90,000	418,333	508,333
DP 304 - Equipment Rental	0.00	0	(595)	(17)	(612)	0.00	0	(429)	(12)	(441)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,976,896</b>	<b>\$390,972</b>	<b>\$2,367,868</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,839,559</b>	<b>\$394,144</b>	<b>\$2,233,703</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

DP 103 - Overtime/Differential -

The legislature adopted a reduction in state special and federal special revenue base appropriations for an adjustment in overtime, differential, and per diem pay.

DP 106 - On the Job Training and Disadvantaged Business Programs -

The legislature adopted an increase in state and federal appropriation for the On the Job Training (OJT) and Disadvantaged Business Enterprise (DBE) programs. This request would fully fund these functions in the MDT Office of Civil Rights' HB2 base.

DP 304 - Equipment Rental -

The legislature adopted a reduction in state special and federal special revenue appropriations for equipment rentals through the Equipment Program that result from inflation adjustments in repairs and maintenance and statewide adjustments for personal services.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(150,910)	(7,471)	(158,381)	0.00	0	(151,461)	(7,499)	(158,960)
DP 56 - Oracle License Funding Reinstatement	0.00	0	22,859	0	22,859	0.00	0	21,756	0	21,756
DP 541 - Reduce Funding on Vacant Positions	(18.80)	0	(1,362,783)	(71,726)	(1,434,509)	(18.80)	0	(1,365,903)	(71,889)	(1,437,792)
DP 542 - Adjust Additional 2% Vacancy Savings	0.00	0	34,436	1,812	36,248	0.00	0	34,515	1,817	36,332
DP 556 - IT Convergence Savings	0.00	0	(560,000)	0	(560,000)	0.00	0	(560,000)	0	(560,000)
DP 557 - Savings on IT Storage	0.00	0	(200,000)	0	(200,000)	0.00	0	(200,000)	0	(200,000)
<b>Total</b>	<b>(18.80)</b>	<b>\$0</b>	<b>(\$2,216,398)</b>	<b>(\$77,385)</b>	<b>(\$2,293,783)</b>	<b>(18.80)</b>	<b>\$0</b>	<b>(\$2,221,093)</b>	<b>(\$77,571)</b>	<b>(\$2,298,664)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature initially adopted an additional 2% vacancy savings for the department. The rate was subsequently adjusted to an additional 0.75%. When added to the executive vacancy savings proposal of 4.0%, the total vacancy savings for the department is 4.75% in the 2019 biennium for all HB 2 programs.

DP 56 - Oracle License Funding Reinstatement -

The legislature increased funding for Oracle license costs included in the State Information Technology Service Division. The license costs are allocated through fixed cost adjustments.

DP 541 - Reduce Funding on Vacant Positions -

The legislature adopted a reduction of funding for vacant FTE.

DP 542 - Adjust Additional 2% Vacancy Savings -

The legislature adopted adjustments to the assessment of an additional 2% vacancy savings resulting from FTE funding reductions.

DP 556 - IT Convergence Savings -

The legislature adopted reductions to agency information technology costs for savings generated by migrating information technology assets to the state data center and other enterprise IT solutions.

DP 557 - Savings on IT Storage -

The legislature approved a reduction in state special revenue appropriation for the savings that will be realized when the department moves data storage from short-term to long-term storage.

### Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	145,385,894	145,155,807	(230,087)	(0.16)%
Operating Expenses	709,175,272	722,542,929	13,367,657	1.88%
Equipment & Intangible Assets	6,330,524	5,330,524	(1,000,000)	(15.80)%
Capital Outlay	25,913,730	25,913,730	0	0.00%
Grants	19,261,256	14,261,256	(5,000,000)	(25.96)%
<b>Total Expenditures</b>	<b>\$906,066,676</b>	<b>\$913,204,246</b>	<b>\$7,137,570</b>	<b>0.79%</b>
State/Other Special Rev. Funds	154,111,216	142,429,013	(11,682,203)	(7.58)%
Federal Spec. Rev. Funds	751,955,460	770,775,233	18,819,773	2.50%
<b>Total Funds</b>	<b>\$906,066,676</b>	<b>\$913,204,246</b>	<b>\$7,137,570</b>	<b>0.79%</b>
<b>Total Ongoing</b>	<b>\$906,066,676</b>	<b>\$913,204,246</b>	<b>\$7,137,570</b>	<b>0.79%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>

### Program Description

The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project designs, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is responsible for the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work is approved. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare.

### Program Highlights

<b>Construction Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The Construction Program HB 2 budget is \$7.1 million, or 0.8%, greater than the 2017 biennium appropriations</li> <li>• HB 473, the Bridge and Road Safety and Accountability Act, adds \$22.3 million of appropriation authority to the program                             <ul style="list-style-type: none"> <li>◦ With HB 473, total program appropriations are \$935.5 million, a total increase of \$29.4 million</li> <li>◦ The change computes to a 3.2% program increase</li> </ul> </li> <li>• Personal services reductions net to a decrease of \$0.2 million, or 0.2% and include the following legislative actions:                             <ul style="list-style-type: none"> <li>◦ \$3.8 million reduction in funding for vacant positions, which equates to 27.00 FTE</li> <li>◦ \$1.1 million reduction associated with an additional 0.75% vacancy savings imposed on the agency (total vacancy savings charged to the program is 4.75%)</li> <li>◦ The reductions to personal services were partially offset by increases in state-wide present law personal services adjustments</li> </ul> </li> <li>• Grants are reduced by \$5 million due to an accounting/programmatic change at the federal level that eliminated certain grant programs and replaced them with an alternative funding methodology</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	876.72	876.72	876.72	849.72	849.72
Personal Services	69,920,761	71,687,200	73,698,694	72,455,185	72,700,622
Operating Expenses	336,386,529	347,694,704	361,480,568	361,237,546	361,305,383
Equipment & Intangible Assets	2,990,455	3,665,262	2,665,262	2,665,262	2,665,262
Capital Outlay	8,891,081	12,956,865	12,956,865	12,956,865	12,956,865
Grants	11,556,022	12,130,628	7,130,628	7,130,628	7,130,628
<b>Total Expenditures</b>	<b>\$429,744,848</b>	<b>\$448,134,659</b>	<b>\$457,932,017</b>	<b>\$456,445,486</b>	<b>\$456,758,760</b>
State/Other Special Rev. Funds	75,289,594	82,443,411	71,667,805	71,163,429	71,265,584
Federal Spec. Rev. Funds	354,455,254	365,691,248	386,264,212	385,282,057	385,493,176
<b>Total Funds</b>	<b>\$429,744,848</b>	<b>\$448,134,659</b>	<b>\$457,932,017</b>	<b>\$456,445,486</b>	<b>\$456,758,760</b>
<b>Total Ongoing</b>	<b>\$429,744,848</b>	<b>\$448,134,659</b>	<b>\$457,932,017</b>	<b>\$456,445,486</b>	<b>\$456,758,760</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Narrative**

The Construction Program is the largest user of federal funds in MDT, receiving 90.9% of federal funds budgeted in the agency in the 2019 biennium. The overall program funding split is 84.4% federal special revenue and 15.6% state special revenue. Federal funding through the Fixing America’s Surface Transportation, or FAST Act, is expected to provide construction funding at a 87:13 (federal:state) ratio, and federal allocations are expected to be slightly higher than the previous federal legislation.

With awareness of the funding shortfall of the restricted highway state special revenue account (HSRA), the legislature passed HB 473, which increased fuel taxes. Prior to passage of the legislation, the legislature had considered reductions in the state funded match for federal aid road projects. However, as a result of budget reductions in other areas, primarily personal services, and other budgetary changes the proposed matching fund reductions were reversed. Furthermore, the legislature was able to increase the budget for federal aid matching funds by \$22.3 million with a 2019 biennium appropriation in HB 473, which is not included in the budget numbers of this report.

The new taxes in the 2019 biennium, 4.5 cents in gasoline tax and 1.5 cents in diesel tax, will be deposited into a new state special fund. The Construction Program will receive \$22.3 million or 35% of the new taxes in the 2019 biennium, whichever is greater. The funds will be restricted in the Construction Program budget for the construction, reconstruction, maintenance, and repair of highways and bridges in the state, as designated by the transportation commission. The legislature limited the use of the HB 473 appropriation until the state special appropriations provided in HB 2 for contractor payments within the program are fully expended. Furthermore, the program will be required to post all expenditures from the fund, by project, on a website for public viewing. For more information on the impacts of HB 473 and other legislative actions, see the summary section of this report.

The Construction Program had the greatest legislative reduction of vacant FTE, with funding reductions amounting to the equivalent of 27.00 FTE. While this represents a 3.1% reduction in FTE funding in the program, language included in HB 2 will allow the agency to allocate the reductions across programs to achieve the greatest amount of efficiencies in the functions of the agency.

The state employee pay plan, as authorized in SB 294 will provide a 1% pay increase occurring on February 15 of each fiscal year of the biennium. The pay plan increase is not included in the budget numbers of this program.

**Funding**

The following table shows adopted program funding by source of authority.

Department of Transportation, 02-Construction Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02349 Highway Non-Restricted Account	290,000	0	0	290,000	0.20 %
02422 Highways Special Revenue	142,139,013	0	200,000	142,339,013	99.80 %
<b>State Special Total</b>	<b>\$142,429,013</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$142,629,013</b>	<b>15.11 %</b>
03055 Rail Planning & Construction	0	0	0	0	0.00 %
03407 Highway Trust - Sp Rev	770,775,233	0	30,830,150	801,605,383	100.00 %
<b>Federal Special Total</b>	<b>\$770,775,233</b>	<b>\$0</b>	<b>\$30,830,150</b>	<b>\$801,605,383</b>	<b>84.89 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$913,204,246</b>	<b>\$0</b>	<b>\$31,030,150</b>	<b>\$944,234,396</b>	

Costs eligible for reimbursement under the federal-aid construction program are funded with the highway state special revenue accounts and federal special revenue funds distributed by the U.S. Department of Transportation and apportioned to Montana. Construction design, construction, and construction management costs, as well as indirect administrative costs for construction activities, are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 86.6% federal with a 13.4% state match for most direct construction related costs. The primary sources of revenues in HSRA are highway-user fees derived from motor fuel taxes and gross vehicle weight fees.

The Construction Program is also responsible for \$31.0 million of statutory appropriations. Statutory appropriations include \$200,000 from HSRA to be distributed for the purposes and functions of the Montana Local Technical Assistance Transportation Program in Bozeman (HB 473 provides an increase of \$50,000 per year to this statutory appropriation

beginning in FY 2018). Another \$30.8 million will be distributed for the debt service costs associated with the work on Hwy 93 from the federal Highway Trust special revenue fund.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	457,932,017	457,932,017	915,864,034	100.29 %
SWPL Adjustments	0	0	0	0.00 %	3,596,535	3,853,778	7,450,313	0.82 %
PL Adjustments	0	0	0	0.00 %	(2,638,236)	(2,577,405)	(5,215,641)	(0.57)%
New Proposals	0	0	0	0.00 %	(2,444,830)	(2,449,630)	(4,894,460)	(0.54)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$456,445,486</b>	<b>\$456,758,760</b>	<b>\$913,204,246</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----				-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	1,376,200	2,245,379	3,621,579	0.00	0	1,471,290	2,400,526	3,871,816
DP 2 - Fixed Costs	0.00	0	(347)	(2,134)	(2,481)	0.00	0	(278)	(1,706)	(1,984)
DP 3 - Inflation Deflation	0.00	0	(3,158)	(19,405)	(22,563)	0.00	0	(2,247)	(13,807)	(16,054)
DP 203 - Overtime/Differential	0.00	0	(919,698)	(1,500,560)	(2,420,258)	0.00	0	(919,698)	(1,500,560)	(2,420,258)
DP 304 - Equipment Rental	0.00	0	(28,337)	(189,641)	(217,978)	0.00	0	(20,429)	(136,718)	(157,147)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$424,660</b>	<b>\$533,639</b>	<b>\$958,299</b>	<b>0.00</b>	<b>\$0</b>	<b>\$528,638</b>	<b>\$747,735</b>	<b>\$1,276,373</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 203 - Overtime/Differential -

The legislature adopted a reduction in state special and federal special revenue base appropriations for an adjustment in overtime and differential pay.

DP 304 - Equipment Rental -

The legislature adopted a reduction in state special and federal special revenue appropriations for equipment rentals through the Equipment Program that result from inflation adjustments in repairs and maintenance and statewide adjustments for personal services.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(222,433)	(362,918)	(585,351)	0.00	0	(223,190)	(364,153)	(587,343)
DP 204 - Highway Construction Contractor Payments (Restricted)	0.00	0	18,210,000	121,880,000	140,090,000	0.00	0	10,630,000	71,160,000	81,790,000
DP 541 - Reduce Funding on Vacant Positions	(27.00)	0	(721,023)	(1,176,404)	(1,897,427)	(27.00)	0	(722,111)	(1,178,182)	(1,900,293)
DP 542 - Adjust Additional 2% Vacancy Savings	0.00	0	14,420	23,528	37,948	0.00	0	14,442	23,564	38,006
DP 560 - Balance Highway State Special Revenue Account	0.00	0	(18,210,000)	(121,880,000)	(140,090,000)	0.00	0	(10,630,000)	(71,160,000)	(81,790,000)
<b>Total</b>	<b>(27.00)</b>	<b>\$0</b>	<b>(\$929,036)</b>	<b>(\$1,515,794)</b>	<b>(\$2,444,830)</b>	<b>(27.00)</b>	<b>\$0</b>	<b>(\$930,859)</b>	<b>(\$1,518,771)</b>	<b>(\$2,449,630)</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature initially adopted an additional 2% vacancy savings for the department. The rate was subsequently adjusted to an additional 0.75%. When added to the executive vacancy savings proposal of 4.0%, the total vacancy savings for the department is 4.75% in the 2019 biennium for all HB 2 programs.

DP 204 - Highway Construction Contractor Payments (Restricted) -

The legislature adopted increases in state special and federal special appropriations. These appropriations restore funding eliminated by DP 560, but restricts the use of the funding for contractor payments only.

DP 541 - Reduce Funding on Vacant Positions -

The legislature adopted a reduction of funding for vacant FTE.

DP 542 - Adjust Additional 2% Vacancy Savings -

The legislature adopted adjustments to the assessment of an additional 2% vacancy savings resulting from FTE funding reductions.

DP 560 - Balance Highway State Special Revenue Account -

The legislature adopted a reduction of state special revenue spending authority and its associated federal special revenue match in order to provide a balance of revenues and appropriations in the restricted highway state special revenue account.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	111,322,930	109,739,150	(1,583,780)	(1.42)%
Operating Expenses	170,963,644	160,282,411	(10,681,233)	(6.25)%
Equipment & Intangible Assets	527,603	450,416	(77,187)	(14.63)%
Capital Outlay	7,000	0	(7,000)	(100.00)%
Grants	50,000	50,000	0	0.00%
<b>Total Expenditures</b>	<b>\$282,871,177</b>	<b>\$270,521,977</b>	<b>(\$12,349,200)</b>	<b>(4.37)%</b>
State/Other Special Rev. Funds	266,038,010	254,291,687	(11,746,323)	(4.42)%
Federal Spec. Rev. Funds	16,833,167	16,230,290	(602,877)	(3.58)%
<b>Total Funds</b>	<b>\$282,871,177</b>	<b>\$270,521,977</b>	<b>(\$12,349,200)</b>	<b>(4.37)%</b>
<b>Total Ongoing</b>	<b>\$282,871,177</b>	<b>\$270,521,977</b>	<b>(\$12,349,200)</b>	<b>(4.37)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>

**Program Description**

The Maintenance Program is responsible for the repair, maintenance, and preservation of approximately 25,000 lane miles of roadways. Activities include but are not limited to: winter maintenance, reactive and preventive pavement preservation, pavement marking, signing, roadway striping, noxious weed control, traveler information, disaster and emergency services coordination, MDT’s long-range building program and state funded construction program, communications program, quality control, and any other necessary roadway and roadside repairs and maintenance. The Maintenance program is authorized by 2-15-2501(1), MCA; Title 60, MCA, and 23 USC 116.

**Program Highlights**

<b>Maintenance Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The Maintenance Program budget is reduced by \$12.3 million, or 4.4%, from the 2017 appropriations</li> <li>• Significant biennial reductions include:                             <ul style="list-style-type: none"> <li>◦ \$1.1 million reduction of funding associated with 8.00 vacant FTE</li> <li>◦ \$2.8 million reduction in overtime and differential pay</li> <li>◦ A net reduction of \$7.0 million in the state funded construction program for the purpose of balancing the highway state special revenue account after, \$3.0 million was reversed in Legislative actions</li> <li>◦ \$2.6 million reduction in equipment rental costs</li> </ul> </li> <li>• Reductions were offset by increases through various present law adjustments including increases in city road maintenance contracts and rest area maintenance</li> <li>• The legislature authorized new maintenance activities at rest stops and for 45.4 of new road miles assumed from counties</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	741.55	741.55	741.55	733.55	733.55
Personal Services	52,195,402	54,803,106	56,519,824	54,784,742	54,954,408
Operating Expenses	71,113,960	85,346,052	85,617,592	79,746,280	80,536,131
Equipment & Intangible Assets	288,314	302,395	225,208	225,208	225,208
Capital Outlay	5,314	7,000	0	0	0
Grants	0	25,000	25,000	25,000	25,000
<b>Total Expenditures</b>	<b>\$123,602,990</b>	<b>\$140,483,553</b>	<b>\$142,387,624</b>	<b>\$134,781,230</b>	<b>\$135,740,747</b>
State/Other Special Rev. Funds	115,048,069	131,914,914	134,123,096	126,689,508	127,602,179
Federal Spec. Rev. Funds	8,554,921	8,568,639	8,264,528	8,091,722	8,138,568
<b>Total Funds</b>	<b>\$123,602,990</b>	<b>\$140,483,553</b>	<b>\$142,387,624</b>	<b>\$134,781,230</b>	<b>\$135,740,747</b>
<b>Total Ongoing</b>	<b>\$123,602,990</b>	<b>\$140,483,553</b>	<b>\$142,387,624</b>	<b>\$134,781,230</b>	<b>\$135,740,747</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Narrative**

The Maintenance Program is the largest user of state special funds in MDT. Much of the program activities are related to the repairs and maintenance on Montana’s roadways that are not supported by federal funding, but constitute the maintenance of effort to federal highway funding.

The Maintenance Program budget includes reductions in personal services costs related to the equivalent of 8.00 FTE and the assessment of an additional 0.75% vacancy savings that brings the total vacancy savings in the program up to 4.75%. In a targeted effort to balance the restricted highway state special revenue account, the legislature reduced biennial costs of \$14.0 million from the account, \$10.0 million that was related to reductions to the state funded construction program. The legislature was able to reverse \$3.0 million of that reduction through budget cuts in other areas and a greater use of existing fund balance.

The state employee pay plan, as authorized in SB 294, will provide a 1% pay increase occurring on February 15 of each fiscal year of the biennium. The pay plan increase is not included in the budget numbers of this program.

**Funding**

The following table shows adopted program funding by source of authority.

Department of Transportation, 03-Maintenance Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02349 Highway Non-Restricted Account	15,260,163	0	0	15,260,163	6.00 %	
02422 Highways Special Revenue	239,031,524	0	0	239,031,524	94.00 %	
<b>State Special Total</b>	<b>\$254,291,687</b>	<b>\$0</b>	<b>\$0</b>	<b>\$254,291,687</b>	<b>94.00 %</b>	
03407 Highway Trust - Sp Rev	16,230,290	0	0	16,230,290	100.00 %	
<b>Federal Special Total</b>	<b>\$16,230,290</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,230,290</b>	<b>6.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$270,521,977</b>	<b>\$0</b>	<b>\$0</b>	<b>\$270,521,977</b>		

The state special revenue funding of the Maintenance Program is derived from highway state special revenue accounts. The funding proposal includes state special support from both the non-restricted account (02349) and HSRA (02422). Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway system.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	142,387,624	142,387,624	284,775,248	105.27 %
SWPL Adjustments	0	0	0	0.00 %	1,346,769	1,581,657	2,928,426	1.08 %
PL Adjustments	0	0	0	0.00 %	(2,486,861)	(1,759,828)	(4,246,689)	(1.57)%
New Proposals	0	0	0	0.00 %	(6,466,302)	(6,468,706)	(12,935,008)	(4.78)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$134,781,230</b>	<b>\$135,740,747</b>	<b>\$270,521,977</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----				-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	1,625,059	978	1,626,037	0.00	0	1,797,028	1,079	1,798,107
DP 3 - Inflation Deflation	0.00	0	(252,430)	(26,838)	(279,268)	0.00	0	(195,653)	(20,797)	(216,450)
DP 303 - Overtime / Differential	0.00	0	(1,393,978)	(839)	(1,394,817)	0.00	0	(1,393,978)	(839)	(1,394,817)
DP 304 - Equipment Rental	0.00	0	(1,371,889)	(145,855)	(1,517,744)	0.00	0	(989,036)	(105,151)	(1,094,187)
DP 306 - Secondary Roads	0.00	0	94,848	0	94,848	0.00	0	377,728	0	377,728
DP 307 - Rest Area Maintenance	0.00	0	168,907	0	168,907	0.00	0	189,204	0	189,204
DP 310 - MMS	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 311 - Maintenance Contracts	0.00	0	11,945	0	11,945	0.00	0	12,244	0	12,244
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$967,538)</b>	<b>(\$172,554)</b>	<b>(\$1,140,092)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$52,463)</b>	<b>(\$125,708)</b>	<b>(\$178,171)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 303 - Overtime / Differential -

The legislature adopted a reduction in state special and federal special revenue base appropriations for an adjustment in overtime and differential pay.

DP 304 - Equipment Rental -

The legislature adopted a reduction in state special revenue appropriations for equipment rentals through the Equipment Program that result from inflation adjustments in repairs and maintenance and statewide adjustments for personal services.

DP 306 - Secondary Roads -

The legislature adopted an increase in state special revenue appropriation for the assumption of the maintenance responsibility on state secondary roads. Each year counties nominate secondary roads for improvement. Many of the capital construction projects result in gravel roads being paved by the state and subsequently becoming eligible for state maintenance. In the 2019 biennium MDT anticipates that 45.4 miles of additional secondary roads would become eligible for MDT maintenance.

DP 307 - Rest Area Maintenance -

The legislature adopted an increase in state special revenue appropriation for the service and upkeep of rest areas. This request would increase the funding for rest area supplies not currently included in the budget and support the increase of contracts that will be rebid for the 2019 biennium, expected to increase by 3% per year.

DP 310 - MMS -

The legislature adopted an increase in state special revenue appropriation for the maintenance contract of the new maintenance management system (MMS), approved by the 2015 Legislature. The MMS system provides data input from remote handheld devices to record information regarding maintenance activities on the road. The contract will be with the vendor who developed the system.

DP 311 - Maintenance Contracts -

The legislature adopted an increase in state special revenue appropriation for road maintenance contract costs with the City of Missoula. The request would provide for an expected 2.5% increase in contracts with the city.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(425,605)	(252)	(425,857)	0.00	0	(426,962)	(252)	(427,214)
DP 312 - State Funded Construction Program (Restricted)	0.00	0	1,500,000	0	1,500,000	0.00	0	1,500,000	0	1,500,000
DP 541 - Reduce Funding on Vacant Positions	(8.00)	0	(551,475)	0	(551,475)	(8.00)	0	(552,543)	0	(552,543)
DP 542 - Adjust Additional 2% Vacancy Savings	0.00	0	11,030	0	11,030	0.00	0	11,051	0	11,051
DP 560 - Balance Highway State Special Revenue Account	0.00	0	(7,000,000)	0	(7,000,000)	0.00	0	(7,000,000)	0	(7,000,000)
<b>Total</b>	<b>(8.00)</b>	<b>\$0</b>	<b>(\$6,466,050)</b>	<b>(\$252)</b>	<b>(\$6,466,302)</b>	<b>(8.00)</b>	<b>\$0</b>	<b>(\$6,468,454)</b>	<b>(\$252)</b>	<b>(\$6,468,706)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature initially adopted an additional 2% vacancy savings for the department. The rate was subsequently adjusted to an additional 0.75%. When added to the executive vacancy savings proposal of 4.0%, the total vacancy savings for the department is 4.75% in the 2019 biennium for all HB 2 programs.

DP 312 - State Funded Construction Program (Restricted) -

The legislature adopted an increase in appropriation for the state funded construction program. These appropriations partially restore funding eliminated by DP 560, but restricts the use of the funding for the activities of the state funded construction only.

DP 541 - Reduce Funding on Vacant Positions -

The legislature adopted a reduction of funding for vacant FTE.

DP 542 - Adjust Additional 2% Vacancy Savings -

The legislature adopted adjustments to the assessment of an additional 2% vacancy savings resulting from FTE funding reductions.

DP 560 - Balance Highway State Special Revenue Account -

The legislature adopted a reduction of state special revenue spending authority in order to provide a balance of revenues and appropriations in the restricted highway state special revenue account.

### Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	817,546	834,243	16,697	2.04 %
Operating Expenses	4,915,606	4,351,292	(564,314)	(11.48)%
Equipment & Intangible Assets	7,549,506	7,603,506	54,000	0.72 %
Debt Service	90,898	38,898	(52,000)	(57.21)%
<b>Total Expenditures</b>	<b>\$13,373,556</b>	<b>\$12,827,939</b>	<b>(\$545,617)</b>	<b>(4.08)%</b>
Proprietary Funds	13,373,556	12,827,939	(545,617)	(4.08)%
<b>Total Funds</b>	<b>\$13,373,556</b>	<b>\$12,827,939</b>	<b>(\$545,617)</b>	<b>(4.08)%</b>

### Program Description

Note: The State Motor Pool Program is a non-HB 2 proprietary internal services program. Numbers included in this section of the report including the number of FTE and the budget are not included in the MDT program summary figures. The funding is included in the agency funding table under proprietary funds.

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components: 1) the daily rental fleet and 2) the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment to agencies statewide.

The State Motor Pool Program, as established in MCA 2-17-411, is responsible for the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the Motor Pool (this does not apply to motor vehicles used in the service of the governor, attorney general, or the highway patrol).

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). Other options for state employees are: 1) other state-owned vehicles not part of the State Motor Pool fleet; 2) personal vehicles, with authorization provided by the agency director; or 3) vehicles from a private rental agency contract. The rate for the use of personal vehicles, for state business travel, are set at \$0.54 per mile by the Internal Revenue Service for the current year if the State employee qualifies according to the conditions as discussed in the Employee Travel policy of the MOM manual.

### Program Highlights

<b>State Motor Pool Proprietary Program Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>• The legislature approved the motor pool rates as initially proposed</li> <li>• Motor pool rates are a dual rate structure including an assigned rate based on the type/class of vehicle and a usage rate based on the price of gasoline</li> <li>• The department provides rates in three tiers, which could be adjusted if the costs of gasoline increase</li> <li>• Rates are translated into an inflation rate of 6.5% in FY 2018 and 9.0% in FY 2019, which are applied to the agency's base year appropriations                             <ul style="list-style-type: none"> <li>◦ Rate increases are primarily driven by expected increases in the cost of gasoline</li> </ul> </li> <li>• Agencies requested and will be provided with 44 new leased vehicles</li> <li>• The legislature reduced the program by \$6,564 for 0.75% vacancy savings over the biennium                             <ul style="list-style-type: none"> <li>◦ The vacancy savings did not impact the rates</li> </ul> </li> </ul>	

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	6.00	6.00	6.00	6.00	6.00
Personal Services	402,683	402,783	414,763	416,863	417,380
Operating Expenses	2,073,170	2,467,252	2,448,354	2,129,385	2,221,907
Equipment & Intangible Assets	3,131,511	3,747,753	3,801,753	3,801,753	3,801,753
Debt Service	70,631	71,449	19,449	19,449	19,449
<b>Total Expenditures</b>	<b>\$5,677,995</b>	<b>\$6,689,237</b>	<b>\$6,684,319</b>	<b>\$6,367,450</b>	<b>\$6,460,489</b>
Proprietary Funds	5,677,995	6,689,237	6,684,319	6,367,450	6,460,489
<b>Total Funds</b>	<b>\$5,677,995</b>	<b>\$6,689,237</b>	<b>\$6,684,319</b>	<b>\$6,367,450</b>	<b>\$6,460,489</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Transportation, 07-Motor Pool Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
06506 Motor Pool - Int Svc	0	12,827,939	0	12,827,939	100.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$12,827,939</b>	<b>\$0</b>	<b>\$12,827,939</b>	<b>100.00 %</b>	
<b>Total All Funds</b>	<b>\$0</b>	<b>\$12,827,939</b>	<b>\$0</b>	<b>\$12,827,939</b>		

Funding for the State Motor Pool is generated through rental and lease fees charged to the state agencies, which are deposited in a proprietary fund.

*Funding Sources:* The following sources of funding were used to pay for the services provided by this program in FY 2016:

- General fund (56.7%)
- State special revenue (18.8%)
- Federal special revenue (22.0%)
- Proprietary funds (1.9%)
- Other (0.6%)

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	6,684,319	6,684,319	13,368,638	104.22 %
SWPL Adjustments	0	0	0	0.00 %	(313,487)	(220,444)	(533,931)	(4.16)%
PL Adjustments	0	0	0	0.00 %	(102)	(102)	(204)	(0.00)%
New Proposals	0	0	0	0.00 %	(3,280)	(3,284)	(6,564)	(0.05)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$6,367,450</b>	<b>\$6,460,489</b>	<b>\$12,827,939</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	5,482	0.00	0	0	0	6,003
DP 2 - Fixed Costs	0.00	0	0	0	87,411	0.00	0	0	0	78,998
DP 3 - Inflation Deflation	0.00	0	0	0	(406,380)	0.00	0	0	0	(305,445)
DP 703 - Overtime/Differential	0.00	0	0	0	(102)	0.00	0	0	0	(102)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$313,589)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$220,546)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 703 - Overtime/Differential -

The legislature approved a reduction in the proprietary base by \$102 each year for an adjustment in overtime and differential pay.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	0	0	(3,280)	0.00	0	0	0	(3,284)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,280)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,284)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature initially adopted an additional 2% vacancy savings for the department. The rate was subsequently adjusted to an additional 0.75%. The total vacancy savings for this program is 0.75% in the 2019 biennium.

**Other Issues**

*Proprietary Rates*

The legislature approved the proprietary rates for the state Motor Pool Program as recommended by the executive.

As shown in the adjacent figure, the State Motor Pool rental rates are based on a dual rate structure. Users pay a usage rate and an assigned rate. The usage rate is charged for actual miles driven and allows the program to recover costs directly related to the operation of the vehicle, such as repairs, parts, fuel, lubricants, and tires. The assigned rate is charged for hours the vehicle was used and allows the program to cover fixed costs associated with state ownership, such as insurance, interest payments on BOI loans, depreciation, and utilities. The dual rate structure provides: 1) more stable revenue to make loan payments and other cost obligations; and 2) equity among all vehicle classes so that one vehicle class does not subsidize another vehicle class.

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge. These rates are included in HB 2, Section R.

Motor Pool Rate Request				
		Tier 1	Tier 2	Tier 3
		Usage	Usage	Usage
		Rate	Rate	Rate
Class	Assigned Rate	2.28/gal	2.78/gal	3.28/gal
<u>FY 2018</u>				
02	1.346	0.117	0.138	0.160
04	1.994	0.151	0.182	0.214
05	0.534	0.089	0.102	0.115
06	1.040	0.106	0.125	0.143
07	0.341	0.168	0.196	0.225
11	1.116	0.180	0.216	0.252
12	1.241	0.135	0.160	0.185
<u>FY 2019</u>				
02	1.394	0.118	0.139	0.161
04	2.033	0.151	0.182	0.214
05	0.542	0.089	0.102	0.115
06	1.081	0.106	0.125	0.143
07	0.348	0.168	0.197	0.226
11	1.143	0.179	0.215	0.252
12	1.275	0.135	0.160	0.185

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	18,379,923	18,247,630	(132,293)	(0.72)%
Operating Expenses	30,796,353	27,583,761	(3,212,592)	(10.43)%
Equipment & Intangible Assets	15,535,256	14,230,256	(1,305,000)	(8.40)%
<b>Total Expenditures</b>	<b>\$64,711,532</b>	<b>\$60,061,647</b>	<b>(\$4,649,885)</b>	<b>(7.19)%</b>
Proprietary Funds	64,711,532	60,061,647	(4,649,885)	(7.19)%
<b>Total Funds</b>	<b>\$64,711,532</b>	<b>\$60,061,647</b>	<b>(\$4,649,885)</b>	<b>(7.19)%</b>

**Program Description**

Note: The Equipment Program is a non-HB 2 proprietary internal services program. Numbers included in this section of the report including the number of FTE and the budget are not included in the MDT program summary figures. The funding is included in the agency funding table under proprietary funds.

The Equipment Program is responsible for the acquisition, disposal, repair and maintenance of a fleet of approximately 4,700 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units and other specialized equipment. Programs in the Montana Department of Transportation are the exclusive users of the fleet/program. All units are assigned to the various user programs and are charged rental on a bi-weekly basis. Alternate sources for vehicles and equipment include renting heavy equipment under a rental company and renting or leasing light duty vehicles from a private rental agency contract.

**Program Highlights**

<b>Equipment Proprietary Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature approved the 60 day working capital rate for the Equipment Program</li> <li>• Lower program costs translate to budget reductions in the user programs of an average of \$1.5 million per year in the 2019 biennium</li> <li>• The legislature reduced the program by \$0.1 million for 0.75% vacancy savings over the biennium                             <ul style="list-style-type: none"> <li>◦ The vacancy savings did not impact the rates</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	123.00	123.00	123.00	123.00	123.00
Personal Services	8,662,927	9,052,419	9,327,504	9,116,869	9,130,761
Operating Expenses	11,180,704	15,443,322	15,353,031	13,559,803	14,023,958
Equipment & Intangible Assets	6,805,517	8,420,128	7,115,128	7,115,128	7,115,128
<b>Total Expenditures</b>	<b>\$26,649,148</b>	<b>\$32,915,869</b>	<b>\$31,795,663</b>	<b>\$29,791,800</b>	<b>\$30,269,847</b>
Proprietary Funds	26,649,148	32,915,869	31,795,663	29,791,800	30,269,847
<b>Total Funds</b>	<b>\$26,649,148</b>	<b>\$32,915,869</b>	<b>\$31,795,663</b>	<b>\$29,791,800</b>	<b>\$30,269,847</b>

**Program Narrative**

The Equipment Program rents and leases equipment only to the Montana Department of Transportation. In the 2017 biennium, a number of cost reductions have resulted in lower costs for user program leases and those cost reductions are planned to continue through the 2019 biennium. The reduced program costs translate to lower costs for user programs, and the legislature has reduced the program budgets by an average of \$1.5 million per year, as a result.

Revenues

Revenue is generated through the vehicle/equipment rental fees, from the gain on sale of surplus assets, and from reimbursements from accidents caused by an outside party. Revenues for the fleet are functionally tied to the severity of the winter, construction program workload, and travel requirements of the various department users. Annual mileage and hours of usage can vary significantly. The rental rates will be set to recover revenue to meet the programs obligations. There are no changes in fees in the 2019 biennium, but revenue and expenditures are expected to decline as a result of lower costs for repairs and maintenance and statewide adjustments for personal services in the 2019 biennium. The expected changes amount to a revenue reduction of 5.3% in the 2019 biennium.

**Funding**

The following table shows adopted program funding by source of authority.

Department of Transportation, 08-Equipment Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
06508 Highway Equipment - Int Svc.	0	60,061,647	0	60,061,647	100.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$60,061,647</b>	<b>\$0</b>	<b>\$60,061,647</b>	<b>100.00 %</b>	
<b>Total All Funds</b>	<b>\$0</b>	<b>\$60,061,647</b>	<b>\$0</b>	<b>\$60,061,647</b>		

Funding for the Equipment Program is generated through user fees charged to programs and divisions in MDT, which are deposited in a proprietary fund.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	31,795,663	31,795,663	63,591,326	105.88 %	
SWPL Adjustments	0	0	0	0.00 %	(1,901,749)	(1,423,465)	(3,325,214)	(5.54)%	
PL Adjustments	0	0	0	0.00 %	(31,046)	(31,046)	(62,092)	(0.10)%	
New Proposals	0	0	0	0.00 %	(71,068)	(71,305)	(142,373)	(0.24)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$29,791,800</b>	<b>\$30,269,847</b>	<b>\$60,061,647</b>		

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(108,521)	0.00	0	0	0	(94,392)
DP 2 - Fixed Costs	0.00	0	0	0	191,783	0.00	0	0	0	163,184
DP 3 - Inflation Deflation	0.00	0	0	0	(1,985,011)	0.00	0	0	0	(1,492,257)
DP 803 - Overtime/Differential	0.00	0	0	0	(31,046)	0.00	0	0	0	(31,046)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,932,795)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,454,511)</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 803 - Overtime/Differential -

The legislature approved a reduction in the proprietary base by \$31,046 each year for an adjustment in overtime and differential pay.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	0	0	(71,068)	0.00	0	0	0	(71,305)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$71,068)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$71,305)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature initially adopted an additional 2% vacancy savings for the department. The rate was subsequently adjusted to an additional 0.75%. The total vacancy savings for this program is 0.75% in the 2019 biennium.

**Other Issues**

*Proprietary Rates*

The legislature approved a sixty-day working capital rate for the Equipment Program as recommended by the executive.

The Equipment Program rental rates are based on a dual rate structure. The users pay a usage rate and an assigned rate. The usage rate is a mileage rate that is applied according to the actual miles/hours used by a vehicle or piece of equipment.

The usage rate is designed to recover "direct costs" that include labor, parts, fuel, lubricants, and tires. The assigned rate is a per hour rate designed to recover "fixed costs" such as insurance, depreciation, and administrative overhead costs. Rental rates are adjusted yearly. Rates are based on the actual operational costs for each vehicle or equipment sub-class during the base rental period. Costs are adjusted to reflect changes in operating expenses from the base. The effects are internal to the MDT and the program is held accountable to ensure the rates recover only needed operational monies.

The Equipment Program rates are calculated to be commensurate with costs each year using data from the equipment vehicle management system (EVMS) to identify indirect and direct costs for each class. The EVMS data is reconciled to SABHRS financial data and inflation factors are applied using Inflation.com information. The rates are also adjusted for any gains or losses from previous years. The Equipment Program financial team reviews the rates monthly to determine if they are commensurate with costs.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	17,815,066	17,616,336	(198,730)	(1.12)%
Operating Expenses	6,130,799	5,869,406	(261,393)	(4.26)%
Equipment & Intangible Assets	395,432	395,432	0	0.00 %
Transfers	99,432	99,432	0	0.00 %
<b>Total Expenditures</b>	<b>\$24,440,729</b>	<b>\$23,980,606</b>	<b>(\$460,123)</b>	<b>(1.88)%</b>
State/Other Special Rev. Funds	18,919,124	18,253,439	(665,685)	(3.52)%
Federal Spec. Rev. Funds	5,521,605	5,727,167	205,562	3.72 %
<b>Total Funds</b>	<b>\$24,440,729</b>	<b>\$23,980,606</b>	<b>(\$460,123)</b>	<b>(1.88)%</b>
<b>Total Ongoing</b>	<b>\$24,440,729</b>	<b>\$23,980,606</b>	<b>(\$460,123)</b>	<b>(1.88)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The Motor Carrier Services Program enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, dyed fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses and oversize/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance, and size/weight laws. The Motor Carrier Safety Assistance Program (MCSAP) conducts commercial motor carrier safety compliance reviews and safety audits to ensure commercial vehicles, drivers, and motor carriers are compliant with state safety laws and federal regulations by conducting vehicle and driver inspections and motor carrier compliance reviews and safety audits.

**Program Highlights**

<b>Motor Carrier Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature reduced the budget for the Motor Carrier Services Division by \$0.5 million or 1.9% from the 2017 biennium appropriations</li> <li>• Significant biennial reductions include:                             <ul style="list-style-type: none"> <li>◦ \$0.5 million reduction in personal services and operating costs related to the reduction of 4.00 FTE that were added during the height of the Bakken boom</li> <li>◦ \$0.2 million reduction of funding associated with reduction of 1.50 vacant FTE</li> <li>◦ Other program reductions resulted from the legislature's adoption of an additional 0.75% vacancy savings and 5% reduction plans along with the lower costs of equipment rentals and overtime pay</li> </ul> </li> <li>• Reductions were partially offset with increases resulting from personal services adjustments</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	128.94	128.94	128.94	123.44	123.44
Personal Services	8,537,726	8,758,503	9,056,563	8,795,282	8,821,054
Operating Expenses	2,503,200	3,065,374	3,065,425	2,930,327	2,939,079
Equipment & Intangible Assets	100,459	197,716	197,716	197,716	197,716
Transfers	25,794	49,716	49,716	49,716	49,716
<b>Total Expenditures</b>	<b>\$11,167,179</b>	<b>\$12,071,309</b>	<b>\$12,369,420</b>	<b>\$11,973,041</b>	<b>\$12,007,565</b>
State/Other Special Rev. Funds	8,833,050	9,482,924	9,436,200	9,113,631	9,139,808
Federal Spec. Rev. Funds	2,334,129	2,588,385	2,933,220	2,859,410	2,867,757
<b>Total Funds</b>	<b>\$11,167,179</b>	<b>\$12,071,309</b>	<b>\$12,369,420</b>	<b>\$11,973,041</b>	<b>\$12,007,565</b>
<b>Total Ongoing</b>	<b>\$11,167,179</b>	<b>\$12,071,309</b>	<b>\$12,369,420</b>	<b>\$11,973,041</b>	<b>\$12,007,565</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Narrative**

The Motor Carrier Services Division budget is used in large part for the costs of patrols that insure that motor carriers are in compliance with the state laws. For the 2019 biennium, and in recognition of the reduced motor carrier traffic in the Bakken area, the legislature reduced the increased staffing costs that were provided in the 2017 biennium budget. This action was the largest budget reduction adopted by the legislature for this program.

The state employee pay plan, as authorized in SB 294, will provide a 1% pay increase occurring on February 15 of each fiscal year of the biennium. The pay plan increase is not included in the budget numbers of this program.

**Funding**

The following table shows adopted program funding by source of authority.

Department of Transportation, 22-Motor Carrier Services Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02294 Uniform Carrier Registration	2,650,201	0	0	2,650,201	14.52 %	
02349 Highway Non-Restricted Account	89,056	0	0	89,056	0.49 %	
02422 Highways Special Revenue	15,514,182	0	0	15,514,182	84.99 %	
<b>State Special Total</b>	<b>\$18,253,439</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,253,439</b>	<b>76.12 %</b>	
03292 MCS FEDERAL GRANTS	5,726,935	0	0	5,726,935	100.00 %	
03407 Highway Trust - Sp Rev	232	0	0	232	0.00 %	
<b>Federal Special Total</b>	<b>\$5,727,167</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,727,167</b>	<b>23.88 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$23,980,606</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,980,606</b>		

The Motor Carrier Services Division is funded by the highway state special revenue accounts and federal special revenue. Most of the funding in the 2017 biennium is through the constitutionally restricted HSRA (02422). Other state special revenues supporting program activities include unified carrier registration fees and the highway non-restricted account. Federal funds are derived from federal grant programs and distributions from the federal highway trust.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	12,369,420	12,369,420	24,738,840	103.16 %	
SWPL Adjustments	0	0	0	0.00 %	228,162	256,420	484,582	2.02 %	
PL Adjustments	0	0	0	0.00 %	(123,513)	(116,809)	(240,322)	(1.00)%	
New Proposals	0	0	0	0.00 %	(501,028)	(501,466)	(1,002,494)	(4.18)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$11,973,041</b>	<b>\$12,007,565</b>	<b>\$23,980,606</b>		

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	178,743	53,511	232,254	0.00	0	198,914	59,550	258,464
DP 3 - Inflation Deflation	0.00	0	(2,965)	(1,127)	(4,092)	0.00	0	(1,481)	(563)	(2,044)
DP 304 - Equipment Rental	0.00	0	(17,410)	(6,614)	(24,024)	0.00	0	(12,552)	(4,768)	(17,320)
DP 2203 - Overtime/Differential	0.00	0	(76,567)	(22,922)	(99,489)	0.00	0	(76,567)	(22,922)	(99,489)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$81,801</b>	<b>\$22,848</b>	<b>\$104,649</b>	<b>0.00</b>	<b>\$0</b>	<b>\$108,314</b>	<b>\$31,297</b>	<b>\$139,611</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 304 - Equipment Rental -

The legislature adopted a reduction in state special and federal special revenue appropriations for equipment rentals through the Equipment Program that result from inflation adjustments in repairs and maintenance and statewide adjustments for personal services.

DP 2203 - Overtime/Differential -

The legislature adopted a reduction in state special and federal special revenue base appropriations for an adjustment in overtime and differential pay.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustment	0.00	0	(70,982)	0	(70,982)	0.00	0	(70,982)	0	(70,982)
DP 51 - Additional 2% Vacancy Savings	0.00	0	(59,215)	(17,725)	(76,940)	0.00	0	(59,377)	(17,775)	(77,152)
DP 541 - Reduce Funding on Vacant Positions	(1.50)	0	(75,178)	(22,456)	(97,634)	(1.50)	0	(75,240)	(22,475)	(97,715)
DP 542 - Adjust Additional 2% Vacancy Savings	0.00	0	7,982	2,386	10,368	0.00	0	7,988	2,389	10,377
DP 2201 - Reduce Bakken Housing Allowance and FTE Funding	(4.00)	0	(206,977)	(58,863)	(265,840)	(4.00)	0	(207,095)	(58,899)	(265,994)
<b>Total</b>	<b>(5.50)</b>	<b>\$0</b>	<b>(\$404,370)</b>	<b>(\$96,658)</b>	<b>(\$501,028)</b>	<b>(5.50)</b>	<b>\$0</b>	<b>(\$404,706)</b>	<b>(\$96,760)</b>	<b>(\$501,466)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustment -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The legislature adopted reductions for general fund and certain state special revenues to bring the applicable base reduction for this to 5% of the 2017 base budget as outlined in statute.

DP 51 - Additional 2% Vacancy Savings -

The legislature initially adopted an additional 2% vacancy savings for the department. The rate was subsequently adjusted to an additional 0.75%. When added to the executive vacancy savings proposal of 4.0%, the total vacancy savings for the department is 4.75% in the 2019 biennium for all HB 2 programs.

DP 541 - Reduce Funding on Vacant Positions -

The legislature adopted a reduction of funding for vacant FTE.

DP 542 - Adjust Additional 2% Vacancy Savings -

The legislature adopted adjustments to the assessment of an additional 2% vacancy savings resulting from FTE funding reductions.

DP 2201 - Reduce Bakken Housing Allowance and FTE Funding -

The legislature adopted a reduction of prior biennia increases in housing allowances and FTE funding associated with increased truck traffic in the Bakken region.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	1,537,328	1,596,546	59,218	3.85 %
Operating Expenses	8,727,688	2,642,550	(6,085,138)	(69.72)%
Grants	812,300	806,000	(6,300)	(0.78)%
Transfers	13,802	13,802	0	0.00 %
<b>Total Expenditures</b>	<b>\$11,091,118</b>	<b>\$5,058,898</b>	<b>(\$6,032,220)</b>	<b>(54.39)%</b>
State/Other Special Rev. Funds	3,769,584	3,670,117	(99,467)	(2.64)%
Federal Spec. Rev. Funds	7,321,534	1,388,781	(5,932,753)	(81.03)%
<b>Total Funds</b>	<b>\$11,091,118</b>	<b>\$5,058,898</b>	<b>(\$6,032,220)</b>	<b>(54.39)%</b>
<b>Total Ongoing</b>	<b>\$11,071,118</b>	<b>\$5,058,898</b>	<b>(\$6,012,220)</b>	<b>(54.31)%</b>
<b>Total OTO</b>	<b>\$20,000</b>	<b>\$0</b>	<b>(\$20,000)</b>	<b>(100.00)%</b>

**Program Description**

The Aeronautics Program: 1) facilitates the operation and infrastructure of airports and airways, both public and private, throughout Montana; 2) provides mechanisms for funding airport and aviation related projects throughout the state; 3) registers aircraft and pilots in accordance with Montana laws and regulations, and fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 4) coordinates and supervises aerial search and rescue operations. The program administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The program serves as a liaison between the State of Montana and various other entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines in order to assure the retention and continuation of airline service to Montana's rural communities. The program is also responsible for operation of the air carrier airport at West Yellowstone and for 15 other state-owned airports.

**Program Highlights**

<b>Aeronautics Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature reduced the budget for the Aeronautics Program by \$6.0 million, or 54.4%, from the 2017 biennium appropriations</li> <li>• The largest reason for the reduction is related to the 2017 biennium project appropriation of \$6.4 million for improvements at the West Yellowstone Airport, which was not continued into the 2019 biennium</li> <li>• Reductions are offset by new proposals that total \$857,066, primarily funded with federal special revenue</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	9.00	9.00	9.00	9.00	9.00
Personal Services	682,645	758,036	779,292	797,322	799,224
Operating Expenses	1,123,774	7,833,245	894,443	1,838,471	804,079
Grants	378,482	388,300	424,000	403,000	403,000
Transfers	6,267	6,901	6,901	6,901	6,901
<b>Total Expenditures</b>	<b>\$2,191,168</b>	<b>\$8,986,482</b>	<b>\$2,104,636</b>	<b>\$3,045,694</b>	<b>\$2,013,204</b>
State/Other Special Rev. Funds	1,681,541	1,859,850	1,909,734	1,851,815	1,818,302
Federal Spec. Rev. Funds	509,627	7,126,632	194,902	1,193,879	194,902
<b>Total Funds</b>	<b>\$2,191,168</b>	<b>\$8,986,482</b>	<b>\$2,104,636</b>	<b>\$3,045,694</b>	<b>\$2,013,204</b>
<b>Total Ongoing</b>	<b>\$2,191,168</b>	<b>\$8,986,482</b>	<b>\$2,084,636</b>	<b>\$3,045,694</b>	<b>\$2,013,204</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>

### Program Narrative

The overall change between the appropriated 2017 biennium budget and the 2019 biennium budget is a reduction of 54.4%. The reduction is primarily related to the West Yellowstone Airport Project approved in the 2017 biennium budget. The negative budget change associated with the \$6.4 million project is partially offset by new proposals for maintenance activities at state-owned airports statewide.

In total, new proposals for airport maintenance projects are \$1.0 million. These projects are not continuing costs, but the maintenance projects occur with such regularity that they are included in the base line of the budget. Furthermore, the associated costs occur only in FY 2018, and will not be included in the base budget calculations for the next biennium. The maintenance projects are primarily funded with federal special revenues.

The state employee pay plan, as authorized in SB 294, will provide a 1% pay increase occurring on February 15 of each fiscal year of the biennium. The pay plan increase is not included in the budget numbers of this program.

### Funding

The following table shows adopted program funding by source of authority.

Department of Transportation, 40-Aeronautics Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02286 Aeronautical Loan Account	665,000	0	0	665,000	18.12 %	
02287 Aeronautical Grant Account	665,000	0	0	665,000	18.12 %	
02422 Highways Special Revenue	0	0	0	0	0.00 %	
02827 Aeronautics Division	2,207,117	0	0	2,207,117	60.14 %	
02962 Airport Pvmnt. Preservation	133,000	0	0	133,000	3.62 %	
<b>State Special Total</b>	<b>\$3,670,117</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,670,117</b>	<b>64.87 %</b>	
03060 Aeronautics Division	1,381,781	0	0	1,381,781	99.50 %	
03407 Highway Trust - Sp Rev	7,000	0	0	7,000	0.50 %	
<b>Federal Special Total</b>	<b>\$1,388,781</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,388,781</b>	<b>24.55 %</b>	
06007 West Yellowstone Airport	0	598,997	0	598,997	100.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$598,997</b>	<b>\$0</b>	<b>\$598,997</b>	<b>10.59 %</b>	
<b>Total All Funds</b>	<b>\$5,058,898</b>	<b>\$598,997</b>	<b>\$0</b>	<b>\$5,657,895</b>		

The Aeronautics Program is funded with state and federal special revenues. State special revenue funds are derived primarily from state aviation fuel taxes and aviation license fees. Federal special revenue comes from Federal Aviation Administration grants.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	2,084,636	2,084,636	4,169,272	82.41 %
SWPL Adjustments	0	0	0	0.00 %	13,655	19,757	33,412	0.66 %
PL Adjustments	0	0	0	0.00 %	(426)	(426)	(852)	(0.02)%
New Proposals	0	0	0	0.00 %	947,829	(90,763)	857,066	16.94 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$3,045,694</b>	<b>\$2,013,204</b>	<b>\$5,058,898</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	24,291	0	24,291	0.00	0	26,208	0	26,208
DP 2 - Fixed Costs	0.00	0	(2,856)	0	(2,856)	0.00	0	(780)	0	(780)
DP 3 - Inflation Deflation	0.00	0	(7,780)	0	(7,780)	0.00	0	(5,671)	0	(5,671)
DP 304 - Equipment Rental	0.00	0	(426)	0	(426)	0.00	0	(426)	0	(426)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$13,229</b>	<b>\$0</b>	<b>\$13,229</b>	<b>0.00</b>	<b>\$0</b>	<b>\$19,331</b>	<b>\$0</b>	<b>\$19,331</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 304 - Equipment Rental -

The legislature adopted a reduction in state special revenue appropriations for equipment rentals through the Equipment Program that result from inflation adjustments in repairs and maintenance and statewide adjustments for personal services.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustment	0.00	0	(94,487)	0	(94,487)	0.00	0	(94,487)	0	(94,487)
DP 51 - Additional 2% Vacancy Savings	0.00	0	(6,261)	0	(6,261)	0.00	0	(6,276)	0	(6,276)
DP 4007 - West Yellowstone Airport Obstruction Removal	0.00	0	0	90,000	90,000	0.00	0	0	0	0
DP 4008 - West Yellowstone Airport Pavement Maintenance	0.00	0	0	152,577	152,577	0.00	0	0	0	0
DP 4009 - Lincoln Airport Hangar Taxi-lane Construction	0.00	0	39,600	356,400	396,000	0.00	0	0	0	0
DP 4010 - West Yellowstone Airport Terminal Improvements	0.00	0	0	400,000	400,000	0.00	0	0	0	0
DP 4015 - Whitefish Airport	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$51,148)</b>	<b>\$998,977</b>	<b>\$947,829</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$90,763)</b>	<b>\$0</b>	<b>(\$90,763)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustment -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The legislature adopted reductions for general fund and certain state special revenues to bring the applicable base reduction for this to 5% of the 2017 base budget as outlined in statute.

DP 51 - Additional 2% Vacancy Savings -

The legislature initially adopted an additional 2% vacancy savings for the department. The rate was subsequently adjusted to an additional 0.75%. When added to the executive vacancy savings proposal of 4.0%, the total vacancy savings for the department is 4.75% in the 2019 biennium for all HB 2 programs.

DP 4007 - West Yellowstone Airport Obstruction Removal -

The legislature adopted a federal funds appropriation that will provide for the removal of obstructions, including the removal and disposal of trees, at the Yellowstone Airport. The match to federal funds will be funded through the West Yellowstone Airport proprietary fund.

DP 4008 - West Yellowstone Airport Pavement Maintenance -

The legislature adopted a federal funds appropriation that will provide for the design and construction associated with pavement rehabilitation at the Yellowstone Airport. This project will be limited to pavement repairs required in the 2017 biennium West Yellowstone Taxiway & Apron reconstruction project. The match to federal funds will be funded through the West Yellowstone Airport proprietary fund.

DP 4009 - Lincoln Airport Hangar Taxi-lane Construction -

The legislature adopted state and federal funds appropriations that will construct a hangar taxi-lane at the Lincoln Airport. The project will make 20 additional hangar building sites available and increase the ability of the airport to generate airport revenues.

DP 4010 - West Yellowstone Airport Terminal Improvements -

The legislature adopted a federal funds appropriation that will provide for the design and construction of terminal improvements at the Yellowstone Airport. Due to the anticipated segmenting of available federal funds, this project will be phased over multiple years. The match to these federal funds will be funded through the West Yellowstone Airport proprietary fund.

DP 4015 - Whitefish Airport -

The ownership of the Whitefish Airport was recently transferred back to the Aeronautics Division. The legislature adopted state special funds appropriations that will provide for miscellaneous maintenance at the facility on an ongoing basis.

**Other Issues****West Yellowstone Airport Proprietary Rates***Program Description*

The Yellowstone Airport located in West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, located just 1 mile away, as well as service for a multitude of other recreational opportunities in the surrounding greater Yellowstone area. Commercial air service is available seasonally from June 1st to September 30th and the airport is open for private aircraft operations usually from mid-May through mid-November. The airport accomplishes these missions with extensive facilities to accommodate all sized aircraft and operations ranging from large, 4 engine, commercial service jets, to small, single engine, piston aircraft.

*Program Narrative*

The West Yellowstone Airport is an enterprise proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. The legislature reviewed the budget and rates for the West Yellowstone Airport Program and found no issues.

*Proprietary Rates*

There are no planned fee increases for the 2019 biennium and rates will change for the following:

- Yamaha Snowmobile rates will increase from \$9,000 per year to \$9,250 per year
- Chamber Snow Shoot will increase from \$1,250 + \$130 per day occupancy + \$250 Groomer Storage to \$1,375 + \$145 per day occupancy + \$275 Groomer Storage

*Significant New Proposals - Planned Airport Projects for the 2019 Biennium*NP 4013 – West Yellowstone Airport Pavement Maintenance

The program plans to provide proprietary funding of \$16,953 for the HB 2 federally funded DP 4008 and would provide for the design and construction associated with pavement rehabilitation at the Yellowstone Airport. This project will be limited to pavement repairs required in the 2017 biennium West Yellowstone Taxiway & Apron reconstruction project.

NP 4014 – West Yellowstone Airport Terminal Improvements

The program plans to provide proprietary funding for a match to the HB 2 federally funded DP 4010 and would provide for the design and construction of terminal improvements at the Yellowstone Airport. Due to the anticipated segmenting of available federal funds, this project will be phased over multiple years.

NP 4012 – West Yellowstone Obstruction Removal

The program plans to provide proprietary funding of \$10,000 for a match to the HB 2 federally funded DP 4007 and would provide for the removal of obstructions, including the removal and disposal of trees, at the Yellowstone Airport.

### Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	17,234,715	16,869,986	(364,729)	(2.12)%
Operating Expenses	11,469,355	13,081,153	1,611,798	14.05 %
Equipment & Intangible Assets	177,338	247,338	70,000	39.47 %
Grants	37,610,875	36,370,592	(1,240,283)	(3.30)%
Benefits & Claims	1,000	1,000	0	0.00 %
Transfers	4,170,208	3,190,452	(979,756)	(23.49)%
<b>Total Expenditures</b>	<b>\$70,663,491</b>	<b>\$69,760,521</b>	<b>(\$902,970)</b>	<b>(1.28)%</b>
State/Other Special Rev. Funds	15,847,903	18,582,173	2,734,270	17.25 %
Federal Spec. Rev. Funds	54,815,588	51,178,348	(3,637,240)	(6.64)%
<b>Total Funds</b>	<b>\$70,663,491</b>	<b>\$69,760,521</b>	<b>(\$902,970)</b>	<b>(1.28)%</b>
<b>Total Ongoing</b>	<b>\$70,663,491</b>	<b>\$69,760,521</b>	<b>(\$902,970)</b>	<b>(1.28)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Description

The Rail, Transit, and Planning Program provides: 1) a continuous statewide multimodal transportation planning process used to allocate highway program resources to ensure highway system performance goals are maintained and federal-aid highway and transit grant eligibility is maintained within the federal surface transportation programs; 2) an inventory of transportation infrastructure for the allocation of state fuel taxes to local governments; 3) support for the state's comprehensive statewide highway safety plan including technical analysis, performance tracking, and coordination with multiple administrative agencies and jurisdictions; 4) the point of contact for MDT for major developers seeking access onto the state's highway system; 5) mapping functions to aid in the publication of the state tourist map and geo-spatial infrastructure inventories; 6) transportation planning and programming assistance to metropolitan and urban areas; 7) administration and implementation of safety programs that help reduce traffic deaths, injuries, and property losses resulting from traffic crashes; 8) administration and implementation of environmental services that ensure environmental compliance with all applicable laws, rules, regulations, policies, orders, and agreements; and 9) responses to legislative or regulatory actions necessitating representation before courts, congressional hearings, the U.S. Department of Transportation, the Surface Transportation Board, and others. The planning function addresses system areas that include buses for transit systems, street and highway improvements, railroad track rehabilitation, and considerations for non-motorized improvements.

### Program Highlights

<b>Rail, Transit, and Planning Program Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>• The legislature reduced the budget for the Rail, Transit, &amp; Planning Program by \$0.9 million, or 1.3% from the 2017 biennium appropriations</li> <li>• The largest reduction was in the grants category and include the following actions:                             <ul style="list-style-type: none"> <li>◦ Reductions of over \$3.0 million as a result of non-continuing grant funding appropriated in the 2017 biennium</li> <li>◦ The reductions were offset by the legislative authorization of a \$2.0 million grant to Garfield County to recondition the road between Jordan and Hell Creek state park</li> </ul> </li> <li>• Personal service costs were reduced by \$0.4 million in the following actions:                             <ul style="list-style-type: none"> <li>◦ \$1.0 million reduction of funding associated with reduction of 5.75 vacant FTE</li> <li>◦ \$0.1 million reduction associated with an additional 0.75% vacancy savings imposed on the agency (total vacancy savings charged to the program is 4.75%)</li> <li>◦ Reductions were partially offset with increases resulting from personal services adjustments</li> </ul> </li> </ul>	

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	100.51	100.51	100.51	94.76	94.76
Personal Services	8,492,453	8,587,718	8,646,997	8,419,690	8,450,296
Operating Expenses	5,578,911	5,630,468	5,838,887	6,538,632	6,542,521
Equipment & Intangible Assets	48,379	53,669	123,669	123,669	123,669
Grants	17,628,791	20,360,183	17,250,692	19,185,296	17,185,296
Benefits & Claims	0	500	500	500	500
Transfers	1,741,996	2,574,982	1,595,226	1,595,226	1,595,226
<b>Total Expenditures</b>	<b>\$33,490,530</b>	<b>\$37,207,520</b>	<b>\$33,455,971</b>	<b>\$35,863,013</b>	<b>\$33,897,508</b>
State/Other Special Rev. Funds	6,930,627	7,475,771	8,372,132	10,282,489	8,299,684
Federal Spec. Rev. Funds	26,559,903	29,731,749	25,083,839	25,580,524	25,597,824
<b>Total Funds</b>	<b>\$33,490,530</b>	<b>\$37,207,520</b>	<b>\$33,455,971</b>	<b>\$35,863,013</b>	<b>\$33,897,508</b>
<b>Total Ongoing</b>	<b>\$33,490,530</b>	<b>\$37,207,520</b>	<b>\$33,455,971</b>	<b>\$35,863,013</b>	<b>\$33,897,508</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Narrative**

The Rail, Transit, and Planning program (RTP) is responsible for administering many of the grants programs of the agency. In the 2019 biennium, the legislature provided funding for an additional grant to Garfield County to reconstruct the road that leads to Hell Creek state park. The legislature restricted this grant funding for the purposes of reconditioning the road.

Additionally, the legislature passed HB 473 that increased fuel taxes and created a new local government (county and cities/towns) grant program that will be administered by the program. RTP will be responsible for developing and implementing an application/review process for local projects under a new local government road construction and

maintenance match program included in the legislation. Required activities will include determining the allocation of funds for 185 entities, reviewing requests and authorizing distribution of funds, tracking allocation balances and the allocation year of funds, tracking reservation of funds, tracking change in project prioritization, and tracking project completion and remaining funds for reallocation. Funding for the local government entities will be distributed using the same formula as the current local government distribution of gas taxes. The following are the grant conditions established in the legislation:

- Local governments have up to five years to make use of the funding before their funding is reallocated
- Local governments will need to show evidence of the adoption of a local government resolution to request and accept the funding
- Local governments will need to match each \$20 requested with \$1 of local government funds

RTP will develop and maintain a project website for the grant program.

The state employee pay plan, as authorized in SB 294, will provide a 1% pay increase occurring on February 15 of each fiscal year of the biennium. The pay plan increase is not included in the budget numbers of this program.

**Funding**

The following table shows adopted program funding by source of authority.

Department of Transportation, 50-Rail Transit and Planning Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02282 FTA Local Match	673,086	0	0	673,086	3.62 %	
02349 Highway Non-Restricted Account	3,760,793	0	0	3,760,793	20.24 %	
02422 Highways Special Revenue	9,346,056	0	0	9,346,056	50.30 %	
02436 County DUI Prevention Programs	990,250	0	0	990,250	5.33 %	
02795 TransADE Special Revenue	1,811,988	0	0	1,811,988	9.75 %	
02411 State Parks Miscellaneous	2,000,000	0	0	2,000,000	10.76 %	
<b>State Special Total</b>	<b>\$18,582,173</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,582,173</b>	<b>26.64 %</b>	
03147 FTA Grants	22,525,940	0	0	22,525,940	44.01 %	
03407 Highway Trust - Sp Rev	18,721,832	0	0	18,721,832	36.58 %	
03828 Traffic Safety	9,930,576	0	0	9,930,576	19.40 %	
<b>Federal Special Total</b>	<b>\$51,178,348</b>	<b>\$0</b>	<b>\$0</b>	<b>\$51,178,348</b>	<b>73.36 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$69,760,521</b>	<b>\$0</b>	<b>\$0</b>	<b>\$69,760,521</b>		

The Rail, Transit, and Planning Division is funded with a combination of state and federal special revenue funds. Highway state special revenue from both the restricted and non-restricted accounts support the overall administrative and operational costs of the program. Other funding includes:

- Federal transit authority (FTA) local match funds, which provides a local entity match for FTA grants
- TransAid special revenue, which in large part provides funding for transit services that serve the elderly and disabled (and can be used to match federal transit funds)
- County DUI prevention funds, which provide assistance to county DUI task force activities
- In the 2019 biennium, Parks Miscellaneous funds

Funding through the federal highway trust (03407) provides for costs of program administration, activities, and projects.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	33,455,971	33,455,971	66,911,942	95.92 %	
SWPL Adjustments	0	0	0	0.00 %	300,552	332,441	632,993	0.91 %	
PL Adjustments	0	0	0	0.00 %	717,871	721,083	1,438,954	2.06 %	
New Proposals	0	0	0	0.00 %	1,388,619	(611,987)	776,632	1.11 %	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$35,863,013</b>	<b>\$33,897,508</b>	<b>\$69,760,521</b>		

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	149,190	150,108	299,298	0.00	0	162,271	168,239	330,510
DP 2 - Fixed Costs	0.00	0	115	0	115	0.00	0	115	0	115
DP 3 - Inflation Deflation	0.00	0	1,139	0	1,139	0.00	0	1,816	0	1,816
DP 304 - Equipment Rental	0.00	0	(11,509)	0	(11,509)	0.00	0	(8,297)	0	(8,297)
DP 5003 - Overtime/Differential	0.00	0	9,659	9,721	19,380	0.00	0	9,659	9,721	19,380
DP 5007 - Revegetation	0.00	0	95,282	614,718	710,000	0.00	0	95,282	614,718	710,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$243,876</b>	<b>\$774,547</b>	<b>\$1,018,423</b>	<b>0.00</b>	<b>\$0</b>	<b>\$260,846</b>	<b>\$792,678</b>	<b>\$1,053,524</b>

\*\*Total Funds” amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 304 - Equipment Rental -

The legislature adopted a reduction in state special revenue appropriations for equipment rentals through the Equipment Program that result from inflation adjustments in repairs and maintenance and statewide adjustments for personal services.

DP 5003 - Overtime/Differential -

The legislature adopted a reduction in state special and federal special revenue base appropriations for an adjustment in overtime and differential pay.

DP 5007 - Revegetation -

The legislature adopted an increase in state special and federal special appropriation to provide funding for two purposes. The proposal would provide appropriations for: 1) the installation or retrofitting of storm water controls per the requirements of the Municipal Separate Storm Sewer Systems (MS4s); and 2) roadside reclamation and weed control (Revegetation) related to past federal aid projects. The MS4s component of this request would be a total funds cost of \$235,000 and the Revegetation component would have a total funds cost of \$475,000 in each year of the biennium. Both parts of this request anticipate an 86.6% federal match.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustment	0.00	0	(65,396)	0	(65,396)	0.00	0	(65,396)	0	(65,396)
DP 51 - Additional 2% Vacancy Savings	0.00	0	(40,743)	(41,202)	(81,945)	0.00	0	(40,346)	(41,853)	(82,199)
DP 541 - Reduce Funding on Vacant Positions	(5.75)	0	(236,990)	(246,663)	(483,653)	(5.75)	0	(237,170)	(246,850)	(484,020)
DP 542 - Adjust Additional 2% Vacancy Savings	0.00	0	9,610	10,003	19,613	0.00	0	9,618	10,010	19,628
DP 5009 - Grant to Garfield County - (Restricted)	0.00	0	2,000,000	0	2,000,000	0.00	0	0	0	0
<b>Total</b>	<b>(5.75)</b>	<b>\$0</b>	<b>\$1,666,481</b>	<b>(\$277,862)</b>	<b>\$1,388,619</b>	<b>(5.75)</b>	<b>\$0</b>	<b>(\$333,294)</b>	<b>(\$278,693)</b>	<b>(\$611,987)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustment -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The legislature adopted reductions for general fund and certain state special revenues to bring the applicable base reduction for this to 5% of the 2017 base budget as outlined in statute.

DP 51 - Additional 2% Vacancy Savings -

The legislature initially adopted an additional 2% vacancy savings for the department. The rate was subsequently adjusted to an additional 0.75%. When added to the executive vacancy savings proposal of 4.0%, the total vacancy savings for the department is 4.75% in the 2019 biennium for all HB 2 programs.

DP 541 - Reduce Funding on Vacant Positions -

The legislature adopted a reduction of funding for vacant FTE.

DP 542 - Adjust Additional 2% Vacancy Savings -

The legislature adopted adjustments to the assessment of an additional 2% vacancy savings resulting from FTE funding reductions.

DP 5009 - Grant to Garfield County - (Restricted) -

The legislature adopted a grant to Garfield County. The distribution of project funding will be administered by the department. The grant will provide funds to repair and lay gravel on 24.7 miles of Secondary 543 between Jordan and Hell Creek state park. This appropriation is restricted to the purpose of the repairs and application of gravel on Secondary 543 only. The state special funding for this grant is derived from the parks miscellaneous fund (02411).

**Agency Budget Comparison**

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	17,057,058	17,752,818	695,760	4.08 %
Operating Expenses	7,278,997	5,046,112	(2,232,885)	(30.68)%
Equipment & Intangible Assets	42,100	0	(42,100)	(100.00)%
Transfers	1,080,962	768,962	(312,000)	(28.86)%
Debt Service	39,934	0	(39,934)	(100.00)%
<b>Total Expenditures</b>	<b>\$25,499,051</b>	<b>\$23,567,892</b>	<b>(\$1,931,159)</b>	<b>(7.57)%</b>
General Fund	5,360,429	5,134,098	(226,331)	(4.22)%
State/Other Special Rev. Funds	16,312,764	14,775,493	(1,537,271)	(9.42)%
Federal Spec. Rev. Funds	3,825,858	3,658,301	(167,557)	(4.38)%
<b>Total Funds</b>	<b>\$25,499,051</b>	<b>\$23,567,892</b>	<b>(\$1,931,159)</b>	<b>(7.57)%</b>
<b>Total Ongoing</b>	<b>\$1,179,731</b>	<b>\$23,552,892</b>	<b>\$22,373,161</b>	<b>1,896.46 %</b>
<b>Total OTO</b>	<b>\$24,319,320</b>	<b>\$15,000</b>	<b>(\$24,304,320)</b>	<b>(99.94)%</b>

**Agency Description**

The Department of Livestock (Livestock) regulates domesticated animals. The mission includes protecting the livestock industry; controlling and eradicating animal diseases; and inspecting meat, milk, and eggs. The Board of Livestock serves as the statutory department head and consists of seven appointed members serving six year terms.

**Agency Highlights**

<b>Department of Livestock Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature considered the entirety of the department budget as a result of the 2015 Legislature designating the budget as one-time-only</li> <li>• The legislature appropriated funds in three divisions instead of six:                             <ul style="list-style-type: none"> <li>◦ Centralized Services</li> <li>◦ Animal Health</li> <li>◦ Brands Enforcement</li> </ul> </li> <li>• The legislature reduced state special revenue appropriation in the diagnostic laboratory function and instituted an enterprise funding system</li> <li>• The legislature funded a position for a deputy executive officer</li> <li>• The legislature added 2.00 FTE and associated funding for meat and poultry inspection</li> </ul>

**Agency Actuals and Budget Comparison**

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	2.00	2.00	2.00	137.62	137.62
Personal Services	7,819,188	8,450,045	8,607,013	8,862,752	8,890,066
Operating Expenses	3,221,570	3,538,323	3,740,674	2,588,874	2,457,238
Equipment & Intangible Assets	14,395	29,100	13,000	0	0
Transfers	437,322	567,481	513,481	384,481	384,481
Debt Service	13,835	19,967	19,967	0	0
<b>Total Expenditures</b>	<b>\$11,506,310</b>	<b>\$12,604,916</b>	<b>\$12,894,135</b>	<b>\$11,836,107</b>	<b>\$11,731,785</b>
General Fund	2,390,005	2,638,645	2,721,784	2,564,639	2,569,459
State/Other Special Rev. Funds	7,374,560	8,129,223	8,183,541	7,449,523	7,325,970
Federal Spec. Rev. Funds	1,741,745	1,837,048	1,988,810	1,821,945	1,836,356
<b>Total Funds</b>	<b>\$11,506,310</b>	<b>\$12,604,916</b>	<b>\$12,894,135</b>	<b>\$11,836,107</b>	<b>\$11,731,785</b>
<b>Total Ongoing</b>	<b>\$307,327</b>	<b>\$445,497</b>	<b>\$734,234</b>	<b>\$11,821,107</b>	<b>\$11,731,785</b>
<b>Total OTO</b>	<b>\$11,198,983</b>	<b>\$12,159,419</b>	<b>\$12,159,901</b>	<b>\$15,000</b>	<b>\$0</b>

### Summary of Legislative Action

The legislature approved the Department of Livestock budget with a decrease of \$1.9 million or 7.6% lower than the 2017 biennium. The general fund was reduced 4.2% or \$226,331 over the biennium. The legislature considered the entirety of the department budget as a result of the 2015 Legislature designating the budget as one-time-only. As a part of this process, the legislature appropriated funds in three divisions instead of six: Centralized Services, Animal Health, and Brands Enforcement.

Additionally, the legislature:

- reduced state special revenue appropriation in the diagnostic laboratory and created an enterprise funding system for that function
- added 2.00 FTE and associated funding for meat and poultry inspection
- funded a position for a deputy executive officer

### Funding

The following table shows adopted agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives.

Total Department of Livestock Funding by Source of Authority 2019 Biennium Budget Request - Department of Livestock						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	5,134,098	0	0	0	5,134,098	20.81 %
State Special Total	14,760,493	15,000	0	1,100,000	15,875,493	64.36 %
Federal Special Total	3,658,301	0	0	0	3,658,301	14.83 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$23,552,892</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$1,100,000</b>	<b>\$24,667,892</b>	
<b>Percent - Total All Sources</b>	<b>95.48 %</b>	<b>0.06 %</b>	<b>0.00 %</b>	<b>4.46 %</b>		

Livestock is funded with general fund, state special revenue, and federal special revenue. General fund provides support for some administrative functions, the diagnostic lab, and meat and poultry inspections. Federal special revenue comes from the bison operations cooperative agreement, the Greater Yellowstone Interagency Brucellosis Committee grant for contracted research, and from the U.S. Department of Agriculture in matching funds for meat and poultry inspection.

State special revenue in Livestock is derived primarily from a fee assessed to livestock owners. The two other major state special funds are brands inspection, from registration and inspection of brands and animal health, and from fees in the diagnostic lab. These three state special revenue funds comprise over 90% of the state special revenue in Livestock. While brands inspection and animal health fund specific activities, they are both supplemented by the per capita fee.

*Statutory Authority*

Livestock has two statutory appropriations for the use of state special revenue. The first is for Livestock Loss Board claims. Each fiscal year, \$200,000 is transferred from the general fund to the livestock loss mitigation restricted account. This money is used to make payments for livestock losses due to wolves and grizzly bears. Over the past three fiscal years, Livestock has expended an average of \$122,808 per year. The second is for predator control. Each fiscal year \$350,000 is transferred from the Per Capita account to the predatory animal account. These monies are available to Livestock for the destruction and control of predatory animals. This statutory appropriation sunsets at the end of FY 2017. Over the past three fiscal years, Livestock has expended an average of \$350,000 per year.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	188,740	188,740	377,480	7.35 %	734,234	734,234	1,468,468	6.23 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	2,325,300	2,330,120	4,655,420	90.68 %	10,573,375	10,591,853	21,165,228	89.81 %
New Proposals	50,599	50,599	101,198	1.97 %	528,498	405,698	934,196	3.96 %
<b>Total Budget</b>	<b>\$2,564,639</b>	<b>\$2,569,459</b>	<b>\$5,134,098</b>		<b>\$11,836,107</b>	<b>\$11,731,785</b>	<b>\$23,567,892</b>	

**Other Legislation**

HB 648 - Created an enterprise fund for the diagnostic laboratory function

SB 41 - Revised and broadened the terms of livestock loss prevention grants

SB 73 - Changed the termination date of the statutory appropriation for livestock loss mitigation to 2023 and created a statutory appropriation for livestock loss reduction

**Executive Budget Comparison**

The following table compares the legislative budget for the biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2017	Executive Budget Fiscal 2018	Legislative Budget Fiscal 2018	Leg — Exec. Difference Fiscal 2018	Executive Budget Fiscal 2019	Legislative Budget Fiscal 2019	Leg — Exec. Difference Fiscal 2019	Biennium Difference Fiscal 18-19
FTE	2.00	136.62	137.62	1.00	136.62	137.62	1.00	1.00
Personal Services	8,607,013	8,498,248	8,862,752	364,504	8,522,309	8,890,066	367,757	732,261
Operating Expenses	3,740,674	4,068,205	2,588,874	(1,479,331)	3,937,942	2,457,238	(1,480,704)	(2,960,035)
Equipment & Intangible Assets	13,000	13,000	0	(13,000)	13,000	0	(13,000)	(26,000)
Grants	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	513,481	384,481	384,481	0	384,481	384,481	0	0
Debt Service	19,967	19,967	0	(19,967)	19,967	0	(19,967)	(39,934)
<b>Total Costs</b>	<b>\$12,894,135</b>	<b>\$12,983,901</b>	<b>\$11,836,107</b>	<b>(\$1,147,794)</b>	<b>\$12,877,699</b>	<b>\$11,731,785</b>	<b>(\$1,145,914)</b>	<b>(\$2,293,708)</b>
General Fund	2,721,784	2,623,661	2,564,639	(59,022)	2,628,535	2,569,459	(59,076)	(118,098)
State/other Special Rev. Funds	8,183,541	8,513,459	7,449,523	(1,063,936)	8,387,971	7,325,970	(1,062,001)	(2,125,937)
Federal Spec. Rev. Funds	1,988,810	1,846,781	1,821,945	(24,836)	1,861,193	1,836,356	(24,837)	(49,673)
<b>Total Funds</b>	<b>\$12,894,135</b>	<b>\$12,983,901</b>	<b>\$11,836,107</b>	<b>(\$1,147,794)</b>	<b>\$12,877,699</b>	<b>\$11,731,785</b>	<b>(\$1,145,914)</b>	<b>(\$2,293,708)</b>
<b>Total Ongoing</b>	<b>\$734,234</b>	<b>\$12,968,901</b>	<b>\$11,821,107</b>	<b>(\$1,147,794)</b>	<b>\$12,877,699</b>	<b>\$11,731,785</b>	<b>(\$1,145,914)</b>	<b>(\$2,293,708)</b>
<b>Total OTO</b>	<b>\$12,159,901</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The legislative budget is lower than the executive request due to:

- The decision by the legislature to budget in three divisions rather than six
- The removal of animal health fees from the diagnostic lab in favor of an enterprise funding system

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,521,655	2,532,892	11,237	0.45 %
Operating Expenses	1,217,403	1,357,972	140,569	11.55 %
Transfers	178,962	174,962	(4,000)	(2.24)%
<b>Total Expenditures</b>	<b>\$3,918,020</b>	<b>\$4,065,826</b>	<b>\$147,806</b>	<b>3.77 %</b>
General Fund	207,992	185,584	(22,408)	(10.77)%
State/Other Special Rev. Funds	3,710,028	3,880,242	170,214	4.59 %
<b>Total Funds</b>	<b>\$3,918,020</b>	<b>\$4,065,826</b>	<b>\$147,806</b>	<b>3.77 %</b>
<b>Total Ongoing</b>	<b>\$309,496</b>	<b>\$4,065,826</b>	<b>\$3,756,330</b>	<b>1,213.69 %</b>
<b>Total OTO</b>	<b>\$3,608,524</b>	<b>\$0</b>	<b>(\$3,608,524)</b>	<b>(100.00)%</b>

**Program Description**

The Centralized Services Program is responsible for agency-wide administration, management, and planning. It provides budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, information technology, public information, risk management, and general services for Livestock. The Predator Control Program and Milk Control Bureau are also a part of centralized services.

Expenses of the Board of Livestock are budgeted as a part of the Centralized Services Program. Additionally, the following boards are administratively attached and supported by the Centralized Services Program:

- Board of Milk Control
- Livestock Loss Board
- Livestock Crimestoppers Commission
- Beef Research and Marketing Committee

**Program Highlights**

<p><b>Centralized Services Program Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• The legislature approved a state special revenue restricted appropriation for a deputy executive officer</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	1.00	1.00	1.00	17.00	17.00
Personal Services	1,278,772	1,262,767	1,258,888	1,265,454	1,267,438
Operating Expenses	511,568	604,078	613,325	748,490	609,482
Transfers	90,449	91,481	87,481	87,481	87,481
<b>Total Expenditures</b>	<b>\$1,880,789</b>	<b>\$1,958,326</b>	<b>\$1,959,694</b>	<b>\$2,101,425</b>	<b>\$1,964,401</b>
General Fund	90,994	109,623	98,369	92,307	93,277
State/Other Special Rev. Funds	1,789,795	1,848,703	1,861,325	2,009,118	1,871,124
<b>Total Funds</b>	<b>\$1,880,789</b>	<b>\$1,958,326</b>	<b>\$1,959,694</b>	<b>\$2,101,425</b>	<b>\$1,964,401</b>
<b>Total Ongoing</b>	<b>\$148,463</b>	<b>\$154,064</b>	<b>\$155,432</b>	<b>\$2,101,425</b>	<b>\$1,964,401</b>
<b>Total OTO</b>	<b>\$1,732,326</b>	<b>\$1,804,262</b>	<b>\$1,804,262</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Livestock, 01-Centralized Services Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	185,584	0	0	185,584	3.59 %
02117 Predatory Animal SSR	0	0	700,000	700,000	14.06 %
02124 LLB Restricted Special Revenue	0	0	400,000	400,000	8.03 %
02426 Lvstck Per Capita	3,203,974	0	0	3,203,974	64.33 %
02817 Milk Control Bureau	676,268	0	0	676,268	13.58 %
<b>State Special Total</b>	<b>\$3,880,242</b>	<b>\$0</b>	<b>\$1,100,000</b>	<b>\$4,980,242</b>	<b>96.41 %</b>
03345 LLRMB Fed Spec Rev Fund	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$4,065,826</b>	<b>\$0</b>	<b>\$1,100,000</b>	<b>\$5,165,826</b>	

Almost all funding comes from state special revenue funds, with the majority coming from the livestock per capita fund.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	98,369	98,369	196,738	106.01 %	155,432	155,432	310,864	7.65 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	(6,062)	(5,092)	(11,154)	(6.01)%	1,709,993	1,672,969	3,382,962	83.20 %
New Proposals	0	0	0	0.00 %	236,000	136,000	372,000	9.15 %
<b>Total Budget</b>	<b>\$92,307</b>	<b>\$93,277</b>	<b>\$185,584</b>		<b>\$2,101,425</b>	<b>\$1,964,401</b>	<b>\$4,065,826</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 26 - PC Replacement	0.00	0	3,900	0	3,900	0.00	0	3,900	0	3,900
DP 28 - Milk Control Travel Increase	0.00	0	4,800	0	4,800	0.00	0	4,800	0	4,800
DP 49 - Zero Base	(1.00)	(98,369)	(57,063)	0	(155,432)	(1.00)	(98,369)	(57,063)	0	(155,432)
DP 56 - Oracle License Funding Reinstatement	0.00	0	988	0	988	0.00	0	807	0	807
DP 10101 - Executive Office	3.00	0	334,884	0	334,884	3.00	0	325,762	0	325,762
DP 10103 - Information Technology Office	3.00	0	308,859	0	308,859	3.00	0	304,973	0	304,973
DP 10104 - Procurement and General Services Office	1.00	0	92,800	0	92,800	1.00	0	90,446	0	90,446
DP 10105 - Livestock Loss Board	1.00	92,307	0	0	92,307	1.00	93,277	0	0	93,277
DP 10106 - Board of Milk Control	3.00	0	283,053	0	283,053	3.00	0	283,615	0	283,615
DP 5603003 - Budgeting and Finance Office	5.00	0	743,834	0	743,834	5.00	0	720,821	0	720,821
<b>Grand Total All Present Law Adjustments</b>	<b>15.00</b>	<b>(\$6,062)</b>	<b>\$1,716,055</b>	<b>\$0</b>	<b>\$1,709,993</b>	<b>15.00</b>	<b>(\$5,092)</b>	<b>\$1,678,061</b>	<b>\$0</b>	<b>\$1,672,969</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 26 - PC Replacement -

The legislature approved funding for an additional 17 personal computers replaced per year.

DP 28 - Milk Control Travel Increase -

The legislature approved additional authority to cover increased travel costs associated with the Milk Control Bureau.

DP 49 - Zero Base -

The legislature approved reductions to start budgeting the department from a zero base. This was originally characterized as a new proposal but is a present law adjustment.

DP 56 - Oracle License Funding Reinstatement -

The legislature increased funding for Oracle license costs included in the State Information Technology Service Division. The license costs are allocated through fixed cost adjustments. This was originally characterized as a new proposal but is a present law adjustment.

DP 10101 - Executive Office -

The legislature funded the Board of Livestock and the personnel and operations of the Executive Office. This was originally characterized as a new proposal but is a present law adjustment.

DP 10103 - Information Technology Office -

The legislature funded the information technology functions of the department. This was originally characterized as a new proposal but is a present law adjustment.

DP 10104 - Procurement and General Services Office -

The legislature funded the procurement services of the department. This was originally characterized as a new proposal but is a present law adjustment.

DP 10105 - Livestock Loss Board -

The legislature funded the operations of the Livestock Loss Board. This was originally characterized as a new proposal but is a present law adjustment.

DP 10106 - Board of Milk Control -

The legislature funded the operations of the Board of Milk Control. This was originally characterized as a new proposal but is a present law adjustment.

DP 5603003 - Budgeting and Finance Office -

The legislature funded the Accounting Supervisor, Accountant, and Accounting Technicians within the Budgeting and Finance Office. This was originally characterized as a new proposal but is a present law adjustment.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 200 - Milk Control Study (Biennial)	0.00	0	100,000	0	100,000	0.00	0	0	0	0
DP 5603002 - Deputy Executive Officer (Restricted)	1.00	0	120,000	0	120,000	1.00	0	120,000	0	120,000
DP 5603005 - Employee Raises	0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
<b>Total</b>	<b>1.00</b>	<b>\$0</b>	<b>\$236,000</b>	<b>\$0</b>	<b>\$236,000</b>	<b>1.00</b>	<b>\$0</b>	<b>\$136,000</b>	<b>\$0</b>	<b>\$136,000</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 200 - Milk Control Study (Biennial) -

The legislature approved additional funding to conduct a study into the price formulas and methodology behind the milk control system.

DP 5603002 - Deputy Executive Officer (Restricted) -

The legislature funded a restricted appropriation for the department to hire a Deputy Executive Officer.

DP 5603005 - Employee Raises -

The legislature approved additional authority for employee raises.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,660,580	0	(2,660,580)	(100.00)%
Operating Expenses	1,707,574	0	(1,707,574)	(100.00)%
Equipment & Intangible Assets	19,700	0	(19,700)	(100.00)%
Debt Service	39,934	0	(39,934)	(100.00)%
<b>Total Expenditures</b>	<b>\$4,427,788</b>	<b>\$0</b>	<b>(\$4,427,788)</b>	<b>(100.00)%</b>
General Fund	1,798,367	0	(1,798,367)	(100.00)%
State/Other Special Rev. Funds	2,436,294	0	(2,436,294)	(100.00)%
Federal Spec. Rev. Funds	193,127	0	(193,127)	(100.00)%
<b>Total Funds</b>	<b>\$4,427,788</b>	<b>\$0</b>	<b>(\$4,427,788)</b>	<b>(100.00)%</b>
<b>Total Ongoing</b>	<b>\$100,309</b>	<b>\$0</b>	<b>(\$100,309)</b>	<b>(100.00)%</b>
<b>Total OTO</b>	<b>\$4,327,479</b>	<b>\$0</b>	<b>(\$4,327,479)</b>	<b>(100.00)%</b>

**Program Description**

The Diagnostic Laboratory provides veterinary laboratory diagnostic services for Montana. Testing is done for diseases that can spread from animals to humans and on dairy products. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks, and other agencies. The appropriations for this function were made in the Animal Health Division.

**Program Highlights**

<p><b>Diagnostic Laboratory Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• The legislature chose not to appropriate in this division</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
Personal Services	1,267,188	1,326,893	1,333,687	0	0
Operating Expenses	824,668	851,791	855,783	0	0
Equipment & Intangible Assets	5,000	19,700	0	0	0
Debt Service	13,835	19,967	19,967	0	0
<b>Total Expenditures</b>	<b>\$2,110,691</b>	<b>\$2,218,351</b>	<b>\$2,209,437</b>	<b>\$0</b>	<b>\$0</b>
General Fund	907,923	888,303	910,064	0	0
State/Other Special Rev. Funds	1,184,680	1,271,790	1,164,504	0	0
Federal Spec. Rev. Funds	18,088	58,258	134,869	0	0
<b>Total Funds</b>	<b>\$2,110,691</b>	<b>\$2,218,351</b>	<b>\$2,209,437</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Ongoing</b>	<b>\$24,873</b>	<b>\$24,873</b>	<b>\$75,436</b>	<b>\$0</b>	<b>\$0</b>
<b>Total OTO</b>	<b>\$2,085,818</b>	<b>\$2,193,478</b>	<b>\$2,134,001</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Livestock, 03-Diagnostic Laboratory Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0.00 %	
02426 Lvstk Per Capita	0	0	0	0	0.00 %	
02427 Animal Health	0	0	0	0	0.00 %	
02701 Milk and Egg Inspection	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
03673 Small Federal Grants	0	0	0	0	0.00 %	
03707 Homeland Security	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		

This function is appropriated in the Animal Health Division. Funding information can be found in that section.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	75,436	75,436	150,872	0.00 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	0	0	0	0.00 %	(75,436)	(75,436)	(150,872)	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 49 - Zero Base	0.00	0	0	(75,436)	(75,436)	0.00	0	0	(75,436)	(75,436)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$75,436)</b>	<b>(\$75,436)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$75,436)</b>	<b>(\$75,436)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 49 - Zero Base -

The legislature approved reductions to start budgeting the department from a zero base. This was originally characterized as a new proposal but is a present law adjustment.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,156,706	9,391,312	7,234,606	335.45 %
Operating Expenses	2,139,533	2,512,689	373,156	17.44 %
Equipment & Intangible Assets	22,400	0	(22,400)	(100.00)%
Transfers	644,000	594,000	(50,000)	(7.76)%
<b>Total Expenditures</b>	<b>\$4,962,639</b>	<b>\$12,498,001</b>	<b>\$7,535,362</b>	<b>151.84 %</b>
General Fund	1,590,117	4,948,514	3,358,397	211.20 %
State/Other Special Rev. Funds	1,467,421	3,891,186	2,423,765	165.17 %
Federal Spec. Rev. Funds	1,905,101	3,658,301	1,753,200	92.03 %
<b>Total Funds</b>	<b>\$4,962,639</b>	<b>\$12,498,001</b>	<b>\$7,535,362</b>	<b>151.84 %</b>
<b>Total Ongoing</b>	<b>\$69,652</b>	<b>\$12,483,001</b>	<b>\$12,413,349</b>	<b>17,821.96 %</b>
<b>Total OTO</b>	<b>\$4,892,987</b>	<b>\$15,000</b>	<b>(\$4,877,987)</b>	<b>(99.69)%</b>

**Program Description**

The Animal Health Division provides diagnosis, prevention, control, and eradication of animal diseases, including in bison and alternative livestock animals. Animal Health cooperates with the Departments of Public Health and Human Services; Fish, Wildlife, and Parks; and the U.S. Department of Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The Rabies Control Unit protects public and animal health from rabies by monitoring new rabies infections and enforcing quarantines.

**Program Highlights**

<b>Animal Health Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Overall expenditures increase due to the movement of the Diagnostic Lab, Milk and Egg, and Meat and Poultry appropriations into the Animal Health Division</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	0.00	0.00	0.00	67.51	67.51
Personal Services	919,353	1,024,793	1,131,913	4,685,933	4,705,379
Operating Expenses	920,701	1,045,997	1,093,536	1,255,918	1,256,771
Equipment & Intangible Assets	9,395	9,400	13,000	0	0
Transfers	346,873	347,000	297,000	297,000	297,000
<b>Total Expenditures</b>	<b>\$2,196,322</b>	<b>\$2,427,190</b>	<b>\$2,535,449</b>	<b>\$6,238,851</b>	<b>\$6,259,150</b>
General Fund	638,833	752,699	837,418	2,472,332	2,476,182
State/Other Special Rev. Funds	648,386	733,543	733,878	1,944,574	1,946,612
Federal Spec. Rev. Funds	909,103	940,948	964,153	1,821,945	1,836,356
<b>Total Funds</b>	<b>\$2,196,322</b>	<b>\$2,427,190</b>	<b>\$2,535,449</b>	<b>\$6,238,851</b>	<b>\$6,259,150</b>
<b>Total Ongoing</b>	<b>\$17,225</b>	<b>\$17,225</b>	<b>\$52,427</b>	<b>\$6,223,851</b>	<b>\$6,259,150</b>
<b>Total OTO</b>	<b>\$2,179,097</b>	<b>\$2,409,965</b>	<b>\$2,483,022</b>	<b>\$15,000</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Livestock, 04-Animal Health Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	4,948,514	0	0	4,948,514	39.59 %	
02262 Egg Shielded Grading Program	687,359	0	0	687,359	17.66 %	
02426 Lvstk Per Capita	2,353,620	0	0	2,353,620	60.49 %	
02427 Animal Health	11,434	0	0	11,434	0.29 %	
02701 Milk and Egg Inspection	838,773	0	0	838,773	21.56 %	
<b>State Special Total</b>	<b>\$3,891,186</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,891,186</b>	<b>31.13 %</b>	
03032 Animal Health Sp. Rev	42,000	0	0	42,000	1.15 %	
03209 Meat/Poultry Inspection Sp Rev	1,837,742	0	0	1,837,742	50.23 %	
03427 AH Federal Umbrella	1,717,368	0	0	1,717,368	46.94 %	
03673 Small Federal Grants	61,191	0	0	61,191	1.67 %	
03710 NAIS	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$3,658,301</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,658,301</b>	<b>29.27 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$12,498,001</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,498,001</b>		

Animal Health is primarily funded with federal funds supporting bison operations and the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) research and cooperative efforts. Animal Health is also supported with a state special revenue fund via the per capita livestock fee to support disease control, import/export activities, and alternative livestock activities.

Meat and poultry inspection is funded with general and federal special revenue funds. The primary federal special revenue is from the United States Department of Agriculture for meat/poultry inspection. The general fund acts as a 50% match for federal funds. Milk and egg inspection is primarily funded with industry fees and federal special revenue. The diagnostic laboratory is primarily fee for service with support from the per capita and general fund.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	52,427	52,427	104,854	0.84 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	2,421,733	2,425,583	4,847,316	97.96 %	5,893,926	5,937,025	11,830,951	94.66 %
New Proposals	50,599	50,599	101,198	2.04 %	292,498	269,698	562,196	4.50 %
<b>Total Budget</b>	<b>\$2,472,332</b>	<b>\$2,476,182</b>	<b>\$4,948,514</b>		<b>\$6,238,851</b>	<b>\$6,259,150</b>	<b>\$12,498,001</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 11 - Department Leased Vehicles	0.00	0	20,340	0	20,340	0.00	0	28,278	5,991	34,269
DP 49 - Zero Base	0.00	0	(52,427)	0	(52,427)	0.00	0	(52,427)	0	(52,427)
DP 10401 - State Veterinarian's Office	8.50	0	732,312	0	732,312	8.50	0	741,813	0	741,813
DP 10402 - Designated Surveillance Area	2.00	849,216	0	0	849,216	2.00	850,153	0	0	850,153
DP 10403 - Federal Disease Monitoring and Control	3.75	0	0	853,011	853,011	3.75	0	0	858,366	858,366
DP 10404 - Southwest District Meat Inspection	5.00	114,829	859	130,260	245,948	5.00	115,289	859	130,664	246,812
DP 10405 - Northwest District Meat Inspection	6.00	158,189	1,184	179,446	338,819	6.00	158,822	1,184	179,971	339,977
DP 10406 - Eastern District Meat Inspection	5.50	147,961	1,107	167,844	316,912	5.50	148,552	1,107	168,328	317,987
DP 10407 - Compliance Office	2.00	61,475	460	69,736	131,671	2.00	61,721	460	69,927	132,108
DP 10408 - Helena Office	4.00	281,620	2,107	319,464	603,191	4.00	282,746	2,107	320,904	605,757
DP 10409 - Milk and Egg Administration	1.75	0	106,596	6,886	113,482	1.75	0	110,145	6,886	117,031
DP 10410 - Milk and Egg Sanitation	3.00	0	219,194	14,114	233,308	3.00	0	217,350	14,114	231,464
DP 10411 - Shielded Egg Grading	2.50	0	343,538	0	343,538	2.50	0	343,821	0	343,821
DP 10412 - Milk Laboratory	1.90	115	156,845	0	156,960	1.90	0	158,450	0	158,450
DP 10413 - Clinical Pathology	2.49	90,319	27,874	2,857	121,050	2.49	90,597	27,751	2,859	121,207
DP 10414 - Clinical Microbiology	3.80	117,461	21,639	4,615	143,715	3.80	117,388	22,557	4,618	144,563
DP 10415 - Serology	1.90	87,689	23,348	3,002	114,039	1.90	87,849	23,503	3,004	114,356
DP 10416 - Virology	2.54	123,526	15,017	5,330	143,873	2.54	123,220	16,552	5,334	145,106
DP 10417 - Histopathology	6.34	256,661	22,203	11,282	290,146	6.34	255,830	25,951	11,290	293,071
DP 10418 - Molecular Diagnostics	2.54	132,672	58,651	3,499	194,822	2.54	133,416	56,224	3,501	193,141
<b>Grand Total All Present Law Adjustments</b>	<b>65.51</b>	<b>\$2,421,733</b>	<b>\$1,700,847</b>	<b>\$1,771,346</b>	<b>\$5,893,926</b>	<b>65.51</b>	<b>\$2,425,583</b>	<b>\$1,725,685</b>	<b>\$1,785,757</b>	<b>\$5,937,025</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 11 - Department Leased Vehicles -

The legislature approved additional authority for vehicle leases. One for an area supervisor that is shared between the Animal Health and Brands Enforcement Divisions, one in the federal bison program, and two in the meat and poultry inspection program.

DP 49 - Zero Base -

The legislature approved reductions to start budgeting the department from a zero base. This was originally characterized as a new proposal but is a present law adjustment.

DP 10401 - State Veterinarian's Office -

The legislature funded the functions of the State Veterinarian's Office. This was originally characterized as a new proposal but is a present law adjustment.

DP 10402 - Designated Surveillance Area -

The legislature funded the functions of the Designated Surveillance Area. This was originally characterized as a new proposal but is a present law adjustment.

DP 10403 - Federal Disease Monitoring and Control -

The legislature funded the federal disease monitoring and control functions. This was originally characterized as a new proposal but is a present law adjustment.

DP 10404 - Southwest District Meat Inspection -

The legislature funded meat and poultry inspection in the Southwest district. This was originally characterized as a new proposal but is a present law adjustment.

DP 10405 - Northwest District Meat Inspection -

The legislature funded meat and poultry inspection in the Northwest district. This was originally characterized as a new proposal but is a present law adjustment.

DP 10406 - Eastern District Meat Inspection -

The legislature funded meat and poultry inspection in the Eastern district. This was originally characterized as a new proposal but is a present law adjustment.

DP 10407 - Compliance Office -

The legislature funded the functions of the meat and poultry inspection compliance office. This was originally characterized as a new proposal but is a present law adjustment.

DP 10408 - Helena Office -

The legislature funded the functions of the meat and poultry inspection Helena office. This was originally characterized as a new proposal but is a present law adjustment.

DP 10409 - Milk and Egg Administration -

The legislature funded the functions of milk and egg administration. This was originally characterized as a new proposal but is a present law adjustment.

DP 10410 - Milk and Egg Sanitation -

The legislature funded the milk and egg sanitation functions. This was originally characterized as a new proposal but is a present law adjustment.

DP 10411 - Shielded Egg Grading -

The legislature funded the functions pertaining to shielded egg grading. This was originally characterized as a new proposal but is a present law adjustment.

DP 10412 - Milk Laboratory -

The legislature funded the functions of the milk laboratory. This was originally characterized as a new proposal but is a present law adjustment.

DP 10413 - Clinical Pathology -

The legislature funded the functions of the diagnostic laboratory pertaining to clinical pathology. This was originally characterized as a new proposal but is a present law adjustment.

DP 10414 - Clinical Microbiology -

The legislature funded the functions of the diagnostic laboratory pertaining to clinical microbiology. This was originally characterized as a new proposal but is a present law adjustment.

DP 10415 - Serology -

The legislature funded the functions of the diagnostic laboratory pertaining to serology. This was originally characterized as a new proposal but is a present law adjustment.

DP 10416 - Virology -

The legislature funded the functions of the diagnostic laboratory pertaining to virology. This was originally characterized as a new proposal but is a present law adjustment.

DP 10417 - Histopathology -

The legislature funded the functions of the diagnostic laboratory pertaining to histopathology. This was originally characterized as a new proposal but is a present law adjustment.

DP 10418 - Molecular Diagnostics -

The legislature funded the functions of the diagnostic laboratory pertaining to molecular diagnostics. This was originally characterized as a new proposal but is a present law adjustment.

**New Proposals**

The “New Proposals” table shows new changes to expenditures.

New Proposals	Fiscal 2018					Fiscal 2019				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - Lab Safety and Minor Equipment - Under \$5,000	0.00	0	7,800	0	7,800	0.00	0	0	0	0
DP 9 - Lab Computer Maintenance	0.00	0	22,000	0	22,000	0.00	0	22,000	0	22,000
DP 22 - Lab Continuing Education	0.00	0	7,500	0	7,500	0.00	0	7,500	0	7,500
DP 29 - Lab Supplies	0.00	0	37,000	0	37,000	0.00	0	37,000	0	37,000
DP 31 - Lab Equipment (OTO)	0.00	0	15,000	0	15,000	0.00	0	0	0	0
DP 5603001 - Per Capita Support for Diagnostic Lab	0.00	0	102,000	0	102,000	0.00	0	102,000	0	102,000
DP 5603004 - Additional Meat Inspectors	2.00	50,599	0	50,599	101,198	2.00	50,599	0	50,599	101,198
<b>Total</b>	<b>2.00</b>	<b>\$50,599</b>	<b>\$191,300</b>	<b>\$50,599</b>	<b>\$292,498</b>	<b>2.00</b>	<b>\$50,599</b>	<b>\$168,500</b>	<b>\$50,599</b>	<b>\$269,698</b>

\*\*Total Funds\*\* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 4 - Lab Safety and Minor Equipment - Under \$5,000 -

The legislature approved funding to replace minor lab equipment including a portable Bunsen burner, freezer data collector, an incubator, and a phone warning system. This was originally characterized as a present law adjustment but is a new proposal.

DP 9 - Lab Computer Maintenance -

The legislature approved funding for a maintenance agreement for Livestock’s new lab computer system.

DP 22 - Lab Continuing Education -

The legislature approved additional funding for staff continuing education and library books. This was originally characterized as a present law adjustment but is a new proposal.

DP 29 - Lab Supplies -

The legislature approved additional funding to account for increased lab supply costs. This was originally characterized as a present law adjustment but is a new proposal.

DP 31 - Lab Equipment (OTO) -

The legislature approved a one-time-only appropriation to replace equipment in the Diagnostic Laboratory.

DP 5603001 - Per Capita Support for Diagnostic Lab -

The legislature added per capita funding to the diagnostic lab and moved general fund to meat and poultry inspection functions.

DP 5603004 - Additional Meat Inspectors -

The legislature approved additional funding and 2.00 FTE for meat inspection.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison					
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change	
Personal Services	991,785	0	(991,785)	(100.00)%	
Operating Expenses	328,472	0	(328,472)	(100.00)%	
<b>Total Expenditures</b>	<b>\$1,320,257</b>	<b>\$0</b>	<b>(\$1,320,257)</b>	<b>(100.00)%</b>	
State/Other Special Rev. Funds	1,278,184	0	(1,278,184)	(100.00)%	
Federal Spec. Rev. Funds	42,073	0	(42,073)	(100.00)%	
<b>Total Funds</b>	<b>\$1,320,257</b>	<b>\$0</b>	<b>(\$1,320,257)</b>	<b>(100.00)%</b>	
<b>Total Ongoing</b>	<b>\$141,851</b>	<b>\$0</b>	<b>(\$141,851)</b>	<b>(100.00)%</b>	
<b>Total OTO</b>	<b>\$1,178,406</b>	<b>\$0</b>	<b>(\$1,178,406)</b>	<b>(100.00)%</b>	

**Program Description**

The Milk and Egg Inspection program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and inspections, done in cooperation with other state and federal agencies. The appropriations for this function were made in the Animal Health Division.

**Program Highlights**

<b>Milk &amp; Egg Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature chose not to appropriate in this division</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison						
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019	
FTE	1.00	1.00	1.00	0.00	0.00	
Personal Services	342,420	543,384	448,401	0	0	
Operating Expenses	72,747	131,935	196,537	0	0	
<b>Total Expenditures</b>	<b>\$415,167</b>	<b>\$675,319</b>	<b>\$644,938</b>	<b>\$0</b>	<b>\$0</b>	
State/Other Special Rev. Funds	395,968	654,587	623,597	0	0	
Federal Spec. Rev. Funds	19,199	20,732	21,341	0	0	
<b>Total Funds</b>	<b>\$415,167</b>	<b>\$675,319</b>	<b>\$644,938</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total Ongoing</b>	<b>\$19,974</b>	<b>\$61,551</b>	<b>\$80,300</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total OTO</b>	<b>\$395,193</b>	<b>\$613,768</b>	<b>\$564,638</b>	<b>\$0</b>	<b>\$0</b>	

**Funding**

The following table shows adopted program funding by source of authority.

Department of Livestock, 05-Milk & Egg Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02262 Egg Shielded Grading Program	0	0	0	0	0.00 %	
02426 Lvstk Per Capita	0	0	0	0	0.00 %	
02701 Milk and Egg Inspection	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
03032 Animal Health Sp. Rev	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		

This function is appropriated in the Animal Health Division. Funding information can be found in that section.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	80,300	80,300	160,600	0.00 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	0	0	0	0.00 %	(80,300)	(80,300)	(160,600)	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 49 - Zero Base	(1.00)	0	(80,300)	0	(80,300)	(1.00)	0	(80,300)	0	(80,300)
<b>Grand Total All Present Law Adjustments</b>	<b>(1.00)</b>	<b>\$0</b>	<b>(\$80,300)</b>	<b>\$0</b>	<b>(\$80,300)</b>	<b>(1.00)</b>	<b>\$0</b>	<b>(\$80,300)</b>	<b>\$0</b>	<b>(\$80,300)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 49 - Zero Base -

The legislature approved reductions to start budgeting the department from a zero base. This was originally characterized as a new proposal but is a present law adjustment.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	6,163,554	5,828,614	(334,940)	(5.43)%
Operating Expenses	987,944	1,175,451	187,507	18.98 %
Transfers	258,000	0	(258,000)	(100.00)%
<b>Total Expenditures</b>	<b>\$7,409,498</b>	<b>\$7,004,065</b>	<b>(\$405,433)</b>	<b>(5.47)%</b>
State/Other Special Rev. Funds	7,409,498	7,004,065	(405,433)	(5.47)%
<b>Total Funds</b>	<b>\$7,409,498</b>	<b>\$7,004,065</b>	<b>(\$405,433)</b>	<b>(5.47)%</b>
<b>Total Ongoing</b>	<b>\$252,138</b>	<b>\$7,004,065</b>	<b>\$6,751,927</b>	<b>2,677.87 %</b>
<b>Total OTO</b>	<b>\$7,157,360</b>	<b>\$0</b>	<b>(\$7,157,360)</b>	<b>(100.00)%</b>

**Program Description**

The Brands Enforcement Division (Brands) is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, and hide inspections.

**Program Highlights**

<p><b>Brands Enforcement Division Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• The legislature adopted a budget lower than the 2017 beinnium</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	0.00	0.00	0.00	53.11	53.11
Personal Services	2,878,731	2,994,587	3,168,967	2,911,365	2,917,249
Operating Expenses	471,282	491,392	496,552	584,466	590,985
Transfers	0	129,000	129,000	0	0
<b>Total Expenditures</b>	<b>\$3,350,013</b>	<b>\$3,614,979</b>	<b>\$3,794,519</b>	<b>\$3,495,831</b>	<b>\$3,508,234</b>
State/Other Special Rev. Funds	3,350,013	3,614,979	3,794,519	3,495,831	3,508,234
<b>Total Funds</b>	<b>\$3,350,013</b>	<b>\$3,614,979</b>	<b>\$3,794,519</b>	<b>\$3,495,831</b>	<b>\$3,508,234</b>
<b>Total Ongoing</b>	<b>\$62,242</b>	<b>\$62,242</b>	<b>\$189,896</b>	<b>\$3,495,831</b>	<b>\$3,508,234</b>
<b>Total OTO</b>	<b>\$3,287,771</b>	<b>\$3,552,737</b>	<b>\$3,604,623</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Livestock, 06-Brands Enforcement Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02425 Inspection and Control	6,008,283	0	0	6,008,283	85.78 %	
02426 Lvstk Per Capita	995,782	0	0	995,782	14.22 %	
02427 Animal Health	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$7,004,065</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,004,065</b>	<b>100.00 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$7,004,065</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,004,065</b>		

The livestock per capita and the brand inspection state special revenue accounts provide the support for Brands Enforcement. Inspection and control funds are generated from brand recordings and market and local inspections.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	189,896	189,896	379,792	5.42 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	0	0	0	0.00 %	3,305,935	3,318,338	6,624,273	94.58 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$3,495,831</b>	<b>\$3,508,234</b>	<b>\$7,004,065</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 11 - Department Leased Vehicles	0.00	0	10,449	0	10,449	0.00	0	10,449	0	10,449
DP 49 - Zero Base										
	0.00	0	(189,896)	0	(189,896)	0.00	0	(189,896)	0	(189,896)
DP 10601 - Helena Office										
	9.00	0	465,037	0	465,037	9.00	0	466,894	0	466,894
DP 10602 - Area Administration										
	1.50	0	156,751	0	156,751	1.50	0	157,265	0	157,265
DP 10603 - Market Inspection										
	26.61	0	1,512,444	0	1,512,444	26.61	0	1,517,661	0	1,517,661
DP 10604 - District Investigation										
	16.00	0	1,351,150	0	1,351,150	16.00	0	1,355,965	0	1,355,965
<b>Grand Total All Present Law Adjustments</b>	<b>53.11</b>	<b>\$0</b>	<b>\$3,305,935</b>	<b>\$0</b>	<b>\$3,305,935</b>	<b>53.11</b>	<b>\$0</b>	<b>\$3,318,338</b>	<b>\$0</b>	<b>\$3,318,338</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 11 - Department Leased Vehicles -

The legislature approved funding for two large pickup leases. One for an area supervisor that is shared between the Animal Health and Brands Enforcement Divisions and another for the federal bison program.

DP 49 - Zero Base -

The legislature approved reductions to start budgeting the department from a zero base. This was originally characterized as a new proposal but is a present law adjustment.

DP 10601 - Helena Office -

The legislature funded the functions of the Helena brands office. This was originally characterized as a new proposal but is a present law adjustment.

DP 10602 - Area Administration -

The legislature funded the functions of area brand administration. This was originally characterized as a new proposal but is a present law adjustment.

DP 10603 - Market Inspection -

The legislature funded the functions of market inspections. This was originally characterized as a new proposal but is a present law adjustment.

DP 10604 - District Investigation -

The legislature funded the functions of district inspections. This was originally characterized as a new proposal but is a present law adjustment.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison					
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change	
Personal Services	2,562,778	0	(2,562,778)	(100.00)%	
Operating Expenses	898,071	0	(898,071)	(100.00)%	
<b>Total Expenditures</b>	<b>\$3,460,849</b>	<b>\$0</b>	<b>(\$3,460,849)</b>	<b>(100.00)%</b>	
General Fund	1,763,953	0	(1,763,953)	(100.00)%	
State/Other Special Rev. Funds	11,339	0	(11,339)	(100.00)%	
Federal Spec. Rev. Funds	1,685,557	0	(1,685,557)	(100.00)%	
<b>Total Funds</b>	<b>\$3,460,849</b>	<b>\$0</b>	<b>(\$3,460,849)</b>	<b>(100.00)%</b>	
<b>Total Ongoing</b>	<b>\$306,285</b>	<b>\$0</b>	<b>(\$306,285)</b>	<b>(100.00)%</b>	
<b>Total OTO</b>	<b>\$3,154,564</b>	<b>\$0</b>	<b>(\$3,154,564)</b>	<b>(100.00)%</b>	

**Program Description**

The Meat and Poultry Inspection Division implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean and properly-labeled meat and poultry products for consumers. The appropriations for this function were made in the Animal Health Division.

**Program Highlights**

<p><b>Meat Inspection Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• The legislature chose not to appropriate in this division</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
Personal Services	1,132,724	1,297,621	1,265,157	0	0
Operating Expenses	420,604	413,130	484,941	0	0
<b>Total Expenditures</b>	<b>\$1,553,328</b>	<b>\$1,710,751</b>	<b>\$1,750,098</b>	<b>\$0</b>	<b>\$0</b>
General Fund	752,255	888,020	875,933	0	0
State/Other Special Rev. Funds	5,718	5,621	5,718	0	0
Federal Spec. Rev. Funds	795,355	817,110	868,447	0	0
<b>Total Funds</b>	<b>\$1,553,328</b>	<b>\$1,710,751</b>	<b>\$1,750,098</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Ongoing</b>	<b>\$34,550</b>	<b>\$125,542</b>	<b>\$180,743</b>	<b>\$0</b>	<b>\$0</b>
<b>Total OTO</b>	<b>\$1,518,778</b>	<b>\$1,585,209</b>	<b>\$1,569,355</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Department of Livestock, 10-Meat Inspection Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0.00 %	
02427 Animal Health	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
03209 Meat/Poultry Inspection Sp Rev	0	0	0	0	0.00 %	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		

This function is appropriated in the Animal Health Division. Funding information can be found in that section.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	90,371	90,371	180,742	0.00 %	180,743	180,743	361,486	0.00 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	(90,371)	(90,371)	(180,742)	0.00 %	(180,743)	(180,743)	(361,486)	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 49 - Zero Base	0.00	(90,371)	0	(90,372)	(180,743)	0.00	(90,371)	0	(90,372)	(180,743)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$90,371)</b>	<b>\$0</b>	<b>(\$90,372)</b>	<b>(\$180,743)</b>	<b>0.00</b>	<b>(\$90,371)</b>	<b>\$0</b>	<b>(\$90,372)</b>	<b>(\$180,743)</b>

\*\*Total Funds” amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 49 - Zero Base -

The legislature approved reductions to start budgeting the department from a zero base. This was originally characterized as a new proposal but is a present law adjustment.

### Agency Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	79,524,956	77,566,016	(1,958,940)	(2.46)%
Operating Expenses	40,174,151	37,279,498	(2,894,653)	(7.21)%
Equipment & Intangible Assets	2,723,531	2,706,132	(17,399)	(0.64)%
Capital Outlay	10,217	0	(10,217)	(100.00)%
Local Assistance	6,116,180	7,765,413	1,649,233	26.97 %
Grants	3,306,830	3,097,080	(209,750)	(6.34)%
Benefits & Claims	400,000	400,000	0	0.00 %
Transfers	4,291,089	3,387,486	(903,603)	(21.06)%
Debt Service	1,513,686	1,570,682	56,996	3.77 %
<b>Total Expenditures</b>	<b>\$138,060,640</b>	<b>\$133,772,307</b>	<b>(\$4,288,333)</b>	<b>(3.11)%</b>
General Fund	60,311,556	54,546,979	(5,764,577)	(9.56)%
State/Other Special Rev. Funds	73,171,833	74,246,464	1,074,631	1.47 %
Federal Spec. Rev. Funds	4,577,251	4,978,864	401,613	8.77 %
<b>Total Funds</b>	<b>\$138,060,640</b>	<b>\$133,772,307</b>	<b>(\$4,288,333)</b>	<b>(3.11)%</b>
<b>Total Ongoing</b>	<b>\$135,197,568</b>	<b>\$130,548,495</b>	<b>(\$4,649,073)</b>	<b>(3.44)%</b>
<b>Total OTO</b>	<b>\$2,863,072</b>	<b>\$3,223,812</b>	<b>\$360,740</b>	<b>12.60 %</b>

### Agency Description

The Department of Natural Resources and Conservation (DNRC) promotes the stewardship of the state's natural resources, protects Montana from wildfire, and teaches about conservation. DNRC also supports the State Board of Land Commissioners, which controls the disposition of state trust lands.

### Agency Highlights

<b>Department of Natural Resources and Conservation Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The department budget has an overall increase of 2.8% with a general fund decrease of 8.9% when compared to the 2017 biennium</li> <li>• The legislature reduced the Coal Shared Account as a part of instituting fixed ratios between the beneficiaries</li> <li>• The legislature provided new funding for aquatic invasive species response work, including funding DNRC activities pertaining to both mussels and invasive species coordination</li> </ul>

### Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	524.36	524.36	524.36	527.62	527.62
Personal Services	36,532,840	39,299,113	40,225,843	38,734,923	38,831,093
Operating Expenses	15,578,041	19,961,831	20,212,320	18,675,283	18,604,215
Equipment & Intangible Assets	1,269,660	1,370,465	1,353,066	1,353,066	1,353,066
Capital Outlay	24,267	10,217	0	0	0
Local Assistance	1,461,653	3,058,090	3,058,090	3,874,477	3,890,936
Grants	1,677,208	1,666,568	1,640,262	1,575,792	1,521,288
Benefits & Claims	0	200,000	200,000	200,000	200,000
Transfers	2,989,651	2,807,346	1,483,743	1,683,743	1,703,743
Debt Service	705,853	728,345	785,341	785,341	785,341
<b>Total Expenditures</b>	<b>\$60,239,173</b>	<b>\$69,101,975</b>	<b>\$68,958,665</b>	<b>\$66,882,625</b>	<b>\$66,889,682</b>
General Fund	28,183,273	29,861,515	30,450,041	27,273,145	27,273,834
State/Other Special Rev. Funds	29,940,926	37,010,066	36,161,767	37,121,602	37,124,862
Federal Spec. Rev. Funds	2,114,974	2,230,394	2,346,857	2,487,878	2,490,986
<b>Total Funds</b>	<b>\$60,239,173</b>	<b>\$69,101,975</b>	<b>\$68,958,665</b>	<b>\$66,882,625</b>	<b>\$66,889,682</b>
<b>Total Ongoing</b>	<b>\$59,663,565</b>	<b>\$67,164,210</b>	<b>\$68,033,358</b>	<b>\$65,220,719</b>	<b>\$65,327,776</b>
<b>Total OTO</b>	<b>\$575,608</b>	<b>\$1,937,765</b>	<b>\$925,307</b>	<b>\$1,661,906</b>	<b>\$1,561,906</b>

### Summary of Legislative Action

The legislature approved the Department of Natural Resources and Conservation budget with a decrease of \$4.3 million or 3.11%, compared to the 2017 biennium. This includes a reduction of \$5.8 million in general fund mostly related to the reduction of funds related to the Confederated Salish and Kootenai Tribes Water Compact implementation. The budget includes an increase of \$4.4 million in present law adjustments and the reduction of \$5.7 million through new proposals. Major changes to the budget include:

- Removal of the CSKT Water Compact Implementation funding
- Reduction of coal shared account funding
- Addition of loans for resource development
- Funding for fixed costs in the air operations program
- Morrill trust administration funding
- Funding for cabin site sales

The legislature chose to appropriate a number of items on a one-time-only basis to facilitate further study during the interim and the next legislative session. These include:

- Aquatic invasive species responses
- Fire tender funding
- Montana rural water administration
- Speculator Mine Centenary
- Conservation district administration

The legislature implemented fixed ratios on the Coal Shared Account through HB 648.

### Funding

The following table shows adopted agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	54,316,979	230,000	0	0	54,546,979	37.59 %
State Special Total	71,608,294	2,638,170	0	4,380,000	78,626,464	54.19 %
Federal Special Total	4,623,222	355,642	0	0	4,978,864	3.43 %
Proprietary Total	0	0	6,941,819	0	6,941,819	4.78 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$130,548,495</b>	<b>\$3,223,812</b>	<b>\$6,941,819</b>	<b>\$4,380,000</b>	<b>\$145,094,126</b>	
<b>Percent - Total All Sources</b>	<b>89.98 %</b>	<b>2.22 %</b>	<b>4.78 %</b>	<b>3.02 %</b>		

DNRC is primarily funded with the general fund and state special revenue funds. Federal revenue funds and proprietary funds associated with air operations and the state nursery make up the remainder of funding for DNRC.

*Statutory Authority*

DNRC has multiple statutory appropriations:

- Oil and gas production damage mitigation state special revenue fund is statutorily appropriated and under the authority of the Board of Oil and Gas. It receives \$650,000 from the Resource Indemnity Trust interest each biennium for the reclamation of drill sites and production areas associated with oil and natural gas production. Over the past three fiscal years, DNRC has expended an average of \$86,561 per year
- The trust land administration state special revenue fund which receives an \$80,000 transfer each biennium from the general fund for the purposes of administering the Morrill Trust lands. Over the past three biennium, DNRC has expended an average of \$63,280 per biennium
- The wildfire suppression state special revenue fund which pays for the state share of wildfire suppression. The fund receives revenue from the Governor’s unspent emergency general fund appropriation and general fund reversions in excess of 0.5% of the state general fund budget. Historically, the 10 year average for state costs is \$25.1 million
- The fire hazard reduction state special revenue fund which receives forfeited performance bonds on fire hazard reduction work and is used by DNRC to control timber debris. Over the past three fiscal years, DNRC has expended an average of \$16,102 per year
- The federal fire reimbursement federal special revenue fund allows DNRC to spend federal fire reimbursements. Over the past three fiscal years, DNRC has expended an average of \$5.9 million per year

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	30,301,091	30,301,091	60,602,182	111.10 %	68,033,358	68,033,358	136,066,716	101.72 %
SWPL Adjustments	(62,527)	(83,387)	(145,914)	(0.27)%	(537,520)	(477,103)	(1,014,623)	(0.76)%
PL Adjustments	347,446	358,864	706,310	1.29 %	2,188,278	2,206,144	4,394,422	3.28 %
New Proposals	(3,312,865)	(3,302,734)	(6,615,599)	(12.13)%	(2,801,491)	(2,872,717)	(5,674,208)	(4.24)%
<b>Total Budget</b>	<b>\$27,273,145</b>	<b>\$27,273,834</b>	<b>\$54,546,979</b>		<b>\$66,882,625</b>	<b>\$66,889,682</b>	<b>\$133,772,307</b>	

**Other Legislation**

HB 38 - Allowed for an increase in the timber volume associated with limited access sales, when access has been granted by the adjoining land owner of inaccessible trust lands

HB 337 - Required reporting on state water reservation reviews to the water policy interim committee

HB 444 - Allowed appropriations from HB2 in the 2017 biennium to be used for milfoil mitigation in Jefferson Slough

HB 498 - Extended the unlocking public lands program from 2020 to 2027

HB 597 - Created the Montana Public Land Access Network Grant Program funded by tax deductible donations which are statutorily appropriated

HB 622 - Created an invasive species council administered by DNRC, established the Upper Columbia conservation commission and establishes the Missouri River Containment and Quarantine Program

HB 648 - Fixed the Coal Shared Account distributions among DNRC, Agriculture, and the state library

SB15 - Changed historic right of way valuation on state lands from changing the full market value of the "acreage" to the full market value of the "estate or interest disposed of"

SB 24 - Mandated that commercial lease payments on state lands be the full market value of the rent

SB 28 - Authorized the Water Court to review certain decisions of the Department of Natural Resources and Conservation related to water right permits that are currently reviewed by the District Courts

SB 235 - Provided the Board of Land Commissioners the authority and discretion to extend state coal lease terms (At the time of publication, this bill had been vetoed, but was out for polling to override)

SB 248 - Set forth the limits of exempt well use on parcels of land created by family transfers and sets the filing fee at \$15 for an exempt groundwater certificate

SB 281 - Revised the use of the fire suppression account funds and requires \$5 million in expenditures for these uses should the fund balance exceed \$40 million at the end of each odd-numbered fiscal year

SB 299 - Provided for a process for disclosure of fracturing fluids and set a \$25 fee to owners or operators or service companies if they request that the composition of the fracturing fluid be withheld

SB 342 - Established good neighbor forestry accounts to be used for forest management activities pursuant to the DNRC good neighbor policy

SB 363 - Created a new electrical energy fee on hydroelectric facilities in the state and an invasive species fee for utilities. Additionally, it creates an aquatic invasive species prevention pass on fishing licenses or combination licenses

### **Executive Budget Comparison**

The following table compares the legislative budget for the biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2017	Executive Budget Fiscal 2018	Legislative Budget Fiscal 2018	Leg — Exec. Difference Fiscal 2018	Executive Budget Fiscal 2019	Legislative Budget Fiscal 2019	Leg — Exec. Difference Fiscal 2019	Biennium Difference Fiscal 18-19
FTE	524.36	527.36	527.62	0.26	527.36	527.62	0.26	0.26
Personal Services	40,225,843	39,658,066	38,734,923	(923,143)	39,785,923	38,831,093	(954,830)	(1,877,973)
Operating Expenses	20,212,320	17,774,906	18,675,283	900,377	17,707,466	18,604,215	896,749	1,797,126
Equipment & Intangible Assets	1,353,066	1,353,066	1,353,066	0	1,353,066	1,353,066	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	3,058,090	3,874,477	3,874,477	0	3,890,936	3,890,936	0	0
Grants	1,640,262	1,715,262	1,575,792	(139,470)	1,715,262	1,521,288	(193,974)	(333,444)
Benefits & Claims	200,000	200,000	200,000	0	200,000	200,000	0	0
Transfers	1,483,743	1,683,743	1,683,743	0	1,703,743	1,703,743	0	0
Debt Service	785,341	785,341	785,341	0	785,341	785,341	0	0
<b>Total Costs</b>	<b>\$68,958,665</b>	<b>\$67,044,861</b>	<b>\$66,882,625</b>	<b>(\$162,236)</b>	<b>\$67,141,737</b>	<b>\$66,889,682</b>	<b>(\$252,055)</b>	<b>(\$414,291)</b>
General Fund	30,450,041	15,555,138	27,273,145	11,718,007	15,487,512	27,273,834	11,786,322	23,504,329
State/other Special Rev. Funds	36,161,767	49,166,577	37,121,602	(12,044,975)	49,327,528	37,124,862	(12,202,666)	(24,247,641)
Federal Spec. Rev. Funds	2,346,857	2,323,146	2,487,878	164,732	2,326,697	2,490,986	164,289	329,021
Other	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$68,958,665</b>	<b>\$67,044,861</b>	<b>\$66,882,625</b>	<b>(\$162,236)</b>	<b>\$67,141,737</b>	<b>\$66,889,682</b>	<b>(\$252,055)</b>	<b>(\$414,291)</b>
<b>Total Ongoing</b>	<b>\$68,033,358</b>	<b>\$66,952,862</b>	<b>\$65,220,719</b>	<b>(\$1,732,143)</b>	<b>\$67,049,737</b>	<b>\$65,327,776</b>	<b>(\$1,721,961)</b>	<b>(\$3,454,104)</b>
<b>Total OTO</b>	<b>\$925,307</b>	<b>\$91,999</b>	<b>\$1,661,906</b>	<b>\$1,569,907</b>	<b>\$92,000</b>	<b>\$1,561,906</b>	<b>\$1,469,906</b>	<b>\$3,039,813</b>

The legislative budget is lower than the executive due to:

- Starting point motions that impacted both personal services and operating expenses
- Reductions in the Coal Shared Account

General fund is higher due to the legislature not approving an executive request to fund the the Forestry Division from the Fire Suppression Fund.

### Language and Statutory Authority

The following language is adopted by the legislature for HB 2:

"If federal funds are received by the department for Aquatic Invasive Species Response in excess of the federal special revenue in the Aquatic Invasive Species Response appropriation, the state special revenue appropriation for Aquatic Invasive Species Response must be reduced and federal special revenue increased by the amount of federal funds received."

"If sufficient federal funds are not received by the department for aquatic invasive species response, then the state special revenue appropriation for aquatic invasive species response may be increased and the federal special revenue decreased by like amounts."

"The department is authorized to decrease federal special revenue in the pollution control and/or drinking water revolving fund loan programs and increase state special revenue by a like amount within administration accounts when the amount of federal EPA CAP grant funds allocated for administration of the grant have been expended or federal funds and bond proceeds will be used for other program purposes as authorized in law providing for the distribution of funds."

"The department is appropriated up to \$600,000 for the 2019 biennium from the loan loss reserve account of the private loan program established in 85-1-603 for the purchase of prior liens on property held as loan security as provided in 85-1-615."

"During the 2019 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2019 biennium, up to \$100,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2019 biennium, up to \$500,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects."

"During the 2019 biennium, up to \$1 million of funds currently in or to be deposited in the Contract Timber Harvest account is appropriated to the department for contract harvesting, a tool to improve forest health and generate revenue for trust beneficiaries."

"The WRD Additional Personal Svc Water Rights Filing Fees appropriation is conditional upon additional personal services being needed for water rights processing."

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	9,739,530	9,302,480	(437,050)	(4.49)%
Operating Expenses	5,166,578	2,528,070	(2,638,508)	(51.07)%
Equipment & Intangible Assets	125,107	125,108	1	0.00 %
Transfers	1,301,332	0	(1,301,332)	(100.00)%
Debt Service	43,400	43,400	0	0.00 %
<b>Total Expenditures</b>	<b>\$16,375,947</b>	<b>\$11,999,058</b>	<b>(\$4,376,889)</b>	<b>(26.73)%</b>
General Fund	11,077,049	7,337,292	(3,739,757)	(33.76)%
State/Other Special Rev. Funds	4,691,683	4,060,473	(631,210)	(13.45)%
Federal Spec. Rev. Funds	607,215	601,293	(5,922)	(0.98)%
<b>Total Funds</b>	<b>\$16,375,947</b>	<b>\$11,999,058</b>	<b>(\$4,376,889)</b>	<b>(26.73)%</b>
<b>Total Ongoing</b>	<b>\$16,375,947</b>	<b>\$11,999,058</b>	<b>(\$4,376,889)</b>	<b>(26.73)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The Director’s Office is comprised of the Legal Services Office, Financial Services Office, Office of Information Technology, and the Human Resources Office. The Director’s Office provides legal, personnel, financial, budgetary, procurement and contracting, information technology, and communications services to the director and the divisions within DNRC.

**Program Highlights**

<b>Director's Office Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Overall expenditure reduction, including in general fund, operating expenses, and transfers is due to present law adjustments                             <ul style="list-style-type: none"> <li>◦ Major component is the removal of the CSKT water compact implementation funding from the base</li> <li>◦ Starting point motions to implement 5% reductions and vacancy savings</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	57.00	57.00	57.00	57.00	57.00
Personal Services	4,207,558	4,761,987	4,977,543	4,641,469	4,661,011
Operating Expenses	1,659,464	1,828,943	3,337,635	1,321,234	1,206,836
Equipment & Intangible Assets	79,561	62,553	62,554	62,554	62,554
Transfers	1,502,001	1,301,332	0	0	0
Debt Service	27,144	21,700	21,700	21,700	21,700
<b>Total Expenditures</b>	<b>\$7,475,728</b>	<b>\$7,976,515</b>	<b>\$8,399,432</b>	<b>\$6,046,957</b>	<b>\$5,952,101</b>
General Fund	4,949,565	5,398,304	5,678,745	3,722,864	3,614,428
State/Other Special Rev. Funds	2,245,652	2,297,700	2,393,983	2,024,321	2,036,152
Federal Spec. Rev. Funds	280,511	280,511	326,704	299,772	301,521
<b>Total Funds</b>	<b>\$7,475,728</b>	<b>\$7,976,515</b>	<b>\$8,399,432</b>	<b>\$6,046,957</b>	<b>\$5,952,101</b>
<b>Total Ongoing</b>	<b>\$7,475,728</b>	<b>\$7,976,515</b>	<b>\$8,399,432</b>	<b>\$6,046,957</b>	<b>\$5,952,101</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Natural Resources and Conservation, 21-Director's Office Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	7,337,292	0	0	7,337,292	61.15 %
02039 Forestry-Fire Protection Taxes	443,353	0	0	443,353	10.92 %
02052 Rangeland Improvement Loans	45,627	0	0	45,627	1.12 %
02073 Forestry - Slash Disposal	19,194	0	0	19,194	0.47 %
02145 Broadwater O & M	47,589	0	0	47,589	1.17 %
02223 Wastewater SRF Special Admin	92,045	0	0	92,045	2.27 %
02340 Coal Sev. Tax Shared SSR	33,107	0	0	33,107	0.82 %
02430 Water Right Appropriation	198,071	0	0	198,071	4.88 %
02431 Water Adjudication	682,000	0	0	682,000	16.80 %
02432 Oil & Gas ERA	295,084	0	0	295,084	7.27 %
02449 Forest Resources-Forest Improv	50,000	0	0	50,000	1.23 %
02491 Drinking Water Spec Admin Cost	92,043	0	0	92,043	2.27 %
02576 Natural Resources Operations	54,245	0	0	54,245	1.34 %
02825 Water Well Contractors	14,197	0	0	14,197	0.35 %
02938 TLMD Trust Administration	1,993,918	0	0	1,993,918	49.11 %
<b>State Special Total</b>	<b>\$4,060,473</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,060,473</b>	<b>33.84 %</b>
03255 CSD Federal Indirect	601,293	0	0	601,293	100.00 %
<b>Federal Special Total</b>	<b>\$601,293</b>	<b>\$0</b>	<b>\$0</b>	<b>\$601,293</b>	<b>5.01 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$11,999,058</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,999,058</b>	

The Director's Office is funded from revenue sources used throughout DNRC on a shared basis, with the majority of funding from the general fund. The state special revenue funds are allocated to cover the costs of services provided to other programs in DNRC. The federal revenue is a portion of the federal funds provided for overhead costs.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	5,678,745	5,678,745	11,357,490	154.79 %	8,399,432	8,399,432	16,798,864	140.00 %
SWPL Adjustments	(132,257)	(240,413)	(372,670)	(5.08)%	(439,165)	(532,081)	(971,246)	(8.09)%
PL Adjustments	(5,118)	(5,408)	(10,526)	(0.14)%	(8,622)	(9,137)	(17,759)	(0.15)%
New Proposals	(1,818,506)	(1,818,496)	(3,637,002)	(49.57)%	(1,904,688)	(1,906,113)	(3,810,801)	(31.76)%
<b>Total Budget</b>	<b>\$3,722,864</b>	<b>\$3,614,428</b>	<b>\$7,337,292</b>		<b>\$6,046,957</b>	<b>\$5,952,101</b>	<b>\$11,999,058</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----				-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(66,084)	(165,321)	(5,916)	(237,321)	0.00	(53,792)	(158,597)	(4,972)	(217,361)
DP 2 - Fixed Costs	0.00	(65,786)	(119,159)	(16,261)	(201,206)	0.00	(186,590)	(112,701)	(15,378)	(314,669)
DP 3 - Inflation Deflation	0.00	(387)	(221)	(30)	(638)	0.00	(31)	(17)	(3)	(51)
DP 53 - SWPLA Fixed Cost Reductions	0.00	(5,118)	(3,083)	(421)	(8,622)	0.00	(5,408)	(3,281)	(448)	(9,137)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$137,375)</b>	<b>(\$287,784)</b>	<b>(\$22,628)</b>	<b>(\$447,787)</b>	<b>0.00</b>	<b>(\$245,821)</b>	<b>(\$274,596)</b>	<b>(\$20,801)</b>	<b>(\$541,218)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	0.00	0	(19,419)	0	(19,419)	0.00	0	(19,419)	0	(19,419)
DP 51 - Additional 2% Vacancy Savings	0.00	(53,915)	(40,165)	(4,673)	(98,753)	0.00	(53,303)	(41,165)	(4,703)	(99,171)
DP 56 - Oracle License Funding Reinstatement	0.00	4,473	2,706	369	7,548	0.00	3,871	2,349	321	6,541
DP 555 - Appropriation Rebase	0.00	(244,064)	0	0	(244,064)	0.00	(244,064)	0	0	(244,064)
DP 556 - IT Convergence Savings	0.00	(25,000)	(25,000)	0	(50,000)	0.00	(25,000)	(25,000)	0	(50,000)
DP 2101 - Reduce funding for CSKT Water Compact	0.00	(1,500,000)	0	0	(1,500,000)	0.00	(1,500,000)	0	0	(1,500,000)
<b>Total</b>	<b>0.00</b>	<b>(\$1,818,506)</b>	<b>(\$81,878)</b>	<b>(\$4,304)</b>	<b>(\$1,904,688)</b>	<b>0.00</b>	<b>(\$1,818,496)</b>	<b>(\$83,235)</b>	<b>(\$4,382)</b>	<b>(\$1,906,113)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 56 - Oracle License Funding Reinstatement -

The legislature increased funding for Oracle license costs included in the State Information Technology Service Division. The license costs are allocated through fixed cost adjustments.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

DP 556 - IT Convergence Savings -

The legislature approved reductions to agency information technology costs for savings generated by migrating information technology assets to the state data center and other enterprise IT solutions.

DP 2101 - Reduce funding for CSKT Water Compact -

The legislature approved a reduction of general fund associated with the Confederated Salish and Kootenai Tribes (CSKT) Water Compact. In the 2017 biennium, the Governor's Office transferred contingency base funding to DNRC to start implementation of the CSKT Water Compact. This transfer made the funding part of the 2019 base budget. This decision package removes that funding.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	3,171,222	3,096,314	(74,908)	(2.36)%
Operating Expenses	1,036,925	1,040,089	3,164	0.31 %
Equipment & Intangible Assets	113,100	113,100	0	0.00 %
<b>Total Expenditures</b>	<b>\$4,321,247</b>	<b>\$4,249,503</b>	<b>(\$71,744)</b>	<b>(1.66)%</b>
State/Other Special Rev. Funds	4,109,336	4,038,151	(71,185)	(1.73)%
Federal Spec. Rev. Funds	211,911	211,352	(559)	(0.26)%
<b>Total Funds</b>	<b>\$4,321,247</b>	<b>\$4,249,503</b>	<b>(\$71,744)</b>	<b>(1.66)%</b>
<b>Total Ongoing</b>	<b>\$4,321,247</b>	<b>\$4,249,503</b>	<b>(\$71,744)</b>	<b>(1.66)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Description**

The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws, promotes conservation and prevents waste in the recovery of resources, and regulates exploration and production of oil and gas. Activities include:

- Issuing drilling permits
- Collecting and maintaining complete well data and production information
- Establishing well spacing units and pooling orders
- Inspecting drilling, production, and seismic operations
- Investigating complaints
- Plugging orphan wells

**Program Highlights**

<p><b>Oil &amp; Gas Conservation Division Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• Reduction in expenditures due to starting point motions to implement 5% reductions and vacancy savings</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program’s FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	20.00	20.00	20.00	20.00	20.00
Personal Services	1,363,729	1,563,655	1,607,567	1,546,432	1,549,882
Operating Expenses	390,708	521,153	515,772	519,490	520,599
Equipment & Intangible Assets	29,983	56,550	56,550	56,550	56,550
<b>Total Expenditures</b>	<b>\$1,784,420</b>	<b>\$2,141,358</b>	<b>\$2,179,889</b>	<b>\$2,122,472</b>	<b>\$2,127,031</b>
State/Other Special Rev. Funds	1,678,186	2,035,123	2,074,213	2,016,796	2,021,355
Federal Spec. Rev. Funds	106,234	106,235	105,676	105,676	105,676
<b>Total Funds</b>	<b>\$1,784,420</b>	<b>\$2,141,358</b>	<b>\$2,179,889</b>	<b>\$2,122,472</b>	<b>\$2,127,031</b>
<b>Total Ongoing</b>	<b>\$1,784,420</b>	<b>\$2,141,358</b>	<b>\$2,179,889</b>	<b>\$2,122,472</b>	<b>\$2,127,031</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows adopted program funding by source of authority.

Natural Resources and Conservation, 22-Oil & Gas Conservation Div. Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02010 Oil & Gas Damage Mitigation	0	0	380,000	380,000	8.60 %
02104 Miscellaneous State Spec Rev	0	0	0	0	0.00 %
02432 Oil & Gas ERA	4,038,151	0	0	4,038,151	91.40 %
<b>State Special Total</b>	<b>\$4,038,151</b>	<b>\$0</b>	<b>\$380,000</b>	<b>\$4,418,151</b>	<b>95.43 %</b>
03356 Oil & Gas Federal	211,352	0	0	211,352	100.00 %
<b>Federal Special Total</b>	<b>\$211,352</b>	<b>\$0</b>	<b>\$0</b>	<b>\$211,352</b>	<b>4.57 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$4,249,503</b>	<b>\$0</b>	<b>\$380,000</b>	<b>\$4,629,503</b>	

The Oil & Gas Conservation Division is funded through taxes levied on oil and gas wells and the class II operating fee. By statute (15-36-331, MCA), a percentage of oil production taxes and natural gas taxes are deposited to the account for the board’s use. The Board of Oil and Gas Conservation is authorized by statute (82-11-131, MCA) to set privilege and license taxes up to 3/10 of 1% of the market value of each barrel of crude petroleum produced and of each 10,000 cubic feet of natural gas produced to comply with 15-36-331, MCA. The privilege and license tax is currently set at 30% of the maximum allowed by statute. Additionally, 82-11-137, MCA provides for a maximum \$300 annual operating fee for each class II injection well. The board set the fee at \$200.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	0	0	0	0.00 %	2,179,889	2,179,889	4,359,778	102.60 %	
SWPL Adjustments	0	0	0	0.00 %	(24,620)	(19,989)	(44,609)	(1.05)%	
PL Adjustments	0	0	0	0.00 %	(29)	(28)	(57)	(0.00)%	
New Proposals	0	0	0	0.00 %	(32,768)	(32,841)	(65,609)	(1.54)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,122,472</b>	<b>\$2,127,031</b>	<b>\$4,249,503</b>		

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(28,367)	0	(28,367)	0.00	0	(24,844)	0	(24,844)
DP 2 - Fixed Costs	0.00	0	9,013	0	9,013	0.00	0	8,462	0	8,462
DP 3 - Inflation Deflation	0.00	0	(5,266)	0	(5,266)	0.00	0	(3,607)	0	(3,607)
DP 53 - SWPLA Fixed Cost Reductions	0.00	0	(29)	0	(29)	0.00	0	(28)	0	(28)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$24,649)</b>	<b>\$0</b>	<b>(\$24,649)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$20,017)</b>	<b>\$0</b>	<b>(\$20,017)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 2% Vacancy Savings	0.00	0	(32,768)	0	(32,768)	0.00	0	(32,841)	0	(32,841)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$32,768)</b>	<b>\$0</b>	<b>(\$32,768)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$32,841)</b>	<b>\$0</b>	<b>(\$32,841)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

# 57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

## Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	5,330,532	5,065,519	(265,013)	(4.97)%
Operating Expenses	6,700,734	5,903,806	(796,928)	(11.89)%
Equipment & Intangible Assets	87,486	87,486	0	0.00 %
Local Assistance	6,116,180	7,765,413	1,649,233	26.97 %
Grants	2,917,900	2,708,150	(209,750)	(7.19)%
Benefits & Claims	400,000	400,000	0	0.00 %
<b>Total Expenditures</b>	<b>\$21,552,832</b>	<b>\$21,930,374</b>	<b>\$377,542</b>	<b>1.75 %</b>
General Fund	4,316,701	3,466,305	(850,396)	(19.70)%
State/Other Special Rev. Funds	16,697,641	17,559,311	861,670	5.16 %
Federal Spec. Rev. Funds	538,490	904,758	366,268	68.02 %
<b>Total Funds</b>	<b>\$21,552,832</b>	<b>\$21,930,374</b>	<b>\$377,542</b>	<b>1.75 %</b>
<b>Total Ongoing</b>	<b>\$19,672,832</b>	<b>\$20,529,090</b>	<b>\$856,258</b>	<b>4.35 %</b>
<b>Total OTO</b>	<b>\$1,880,000</b>	<b>\$1,401,284</b>	<b>(\$478,716)</b>	<b>(25.46)%</b>

## Program Description

The Conservation and Resource Development Division (CARDD) provides technical, administrative, financial, and legal assistance to Montana's 58 conservation districts by administering the Conservation District Act, Montana Rangeland Resources Act, and the Natural Streambed and Land Preservation Act. CARDD also manages several loan and grant programs for local communities, local governments, state agencies, and private citizens, including the state revolving fund and coal severance tax loans. Grant programs administered by CARDD include the Reclamation Development, Renewable Resource, and Conservation District grants.

## Program Highlights

<b>Conservation &amp; Resource Development Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Overall increase of expenditures due to                             <ul style="list-style-type: none"> <li>◦ Aquatic Invasive Species Response</li> <li>◦ Montana Rural Water</li> <li>◦ Speculator Mine Centenary</li> <li>◦ Loan appropriations</li> </ul> </li> <li>• Reduction in the Coal Shared Account as part of fixing the distributions among beneficiaries</li> </ul>

## Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

**57060 - Natural Resources and Conservation23-Conservation & Resource Development Division**

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	27.17	27.17	27.17	28.68	28.68
Personal Services	2,169,483	2,952,843	2,377,689	2,543,889	2,521,630
Operating Expenses	3,090,543	4,018,994	2,681,740	2,951,470	2,952,336
Equipment & Intangible Assets	10,711	43,743	43,743	43,743	43,743
Local Assistance	1,461,653	3,058,090	3,058,090	3,874,477	3,890,936
Grants	1,492,743	1,472,103	1,445,797	1,381,327	1,326,823
Benefits & Claims	0	200,000	200,000	200,000	200,000
<b>Total Expenditures</b>	<b>\$8,225,133</b>	<b>\$11,745,773</b>	<b>\$9,807,059</b>	<b>\$10,994,906</b>	<b>\$10,935,468</b>
General Fund	2,008,914	2,564,706	1,751,995	1,731,402	1,734,903
State/Other Special Rev. Funds	5,952,286	8,917,135	7,780,506	8,811,125	8,748,186
Federal Spec. Rev. Funds	263,933	263,932	274,558	452,379	452,379
<b>Total Funds</b>	<b>\$8,225,133</b>	<b>\$11,745,773</b>	<b>\$9,807,059</b>	<b>\$10,994,906</b>	<b>\$10,935,468</b>
<b>Total Ongoing</b>	<b>\$7,931,854</b>	<b>\$10,305,773</b>	<b>\$9,367,059</b>	<b>\$10,244,264</b>	<b>\$10,284,826</b>
<b>Total OTO</b>	<b>\$293,279</b>	<b>\$1,440,000</b>	<b>\$440,000</b>	<b>\$750,642</b>	<b>\$650,642</b>

**Funding**

The following table shows adopted program funding by source of authority.

# 57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

Natural Resources and Conservation, 23-Conservation & Resource Development Division						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,466,305	0	0	3,466,305	13.37 %	
02015 TSEP Regional Water System	1,917,876	0	0	1,917,876	8.90 %	
02052 Rangeland Improvement Loans	151,596	0	0	151,596	0.70 %	
02104 Miscellaneous State Spec Rev	0	0	0	0	0.00 %	
02152 Wtr Pol. Ctrl Revolv Loan Acct	0	0	0	0	0.00 %	
02223 Wastewater SRF Special Admin	0	0	0	0	0.00 %	
02224 SRF Wastewater Investment Acct	0	0	0	0	0.00 %	
02255 SRF Principal Sub Account	0	0	0	0	0.00 %	
02298 GO Bond Proceeds 2010H	0	0	0	0	0.00 %	
02316 SRF Bonds State Administration	53,734	0	0	53,734	0.25 %	
02340 Coal Sev. Tax Shared SSR	4,212,614	0	0	4,212,614	19.54 %	
02409 General License	355,642	0	0	355,642	1.65 %	
02432 Oil & Gas ERA	1,274,786	0	0	1,274,786	5.91 %	
02433 Grazing District Fees	46,268	0	0	46,268	0.21 %	
02488 Drinking Water Loan Account	0	0	0	0	0.00 %	
02489 Drinking Water Principal Acct	0	0	0	0	0.00 %	
02490 Drinking Water Investment	400,000	0	0	400,000	1.86 %	
02533 2014A DW SRF BAN Proceeds	0	0	0	0	0.00 %	
02576 Natural Resources Operations	340,087	0	0	340,087	1.58 %	
02577 Natural Resources Projects	0	0	0	0	0.00 %	
02620 2015B DW SRF BAN Proceeds	0	0	0	0	0.00 %	
02625 CST 11B BAN PROCEEDS-TAXABLE	0	0	0	0	0.00 %	
02684 GO2015C WW SRF Proceeds	0	0	0	0	0.00 %	
02686 CST 12B BAN PROCEEDS-TAXABLE	0	0	0	0	0.00 %	
02694 Coal Bed Methane Protection	350,000	0	0	350,000	1.62 %	
02910 CST 14A BAN Proceeds (Exmp)	0	0	0	0	0.00 %	
02950 GO 2013E WW SRF Proceeds	0	0	0	0	0.00 %	
02967 GO 2013D Bond Proceeds Taxable	0	0	0	0	0.00 %	
02971 RDB PROCEEDS	8,356,708	0	0	8,356,708	38.76 %	
02845 Junk Vehicle Disposal	100,000	0	0	100,000	0.46 %	
02318 Sage Grouse Stewardship	0	0	4,000,000	4,000,000	18.55 %	
02325 CST 15A BAN PROCEEDS (TAXABLE)	0	0	0	0	0.00 %	
02683 CST2015B Proceeds (Taxable)	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$17,559,311</b>	<b>\$0</b>	<b>\$4,000,000</b>	<b>\$21,559,311</b>	<b>83.14 %</b>	
03152 DW14 SRF Grant	0	0	0	0	0.00 %	
03178 Res Dev & Cons - Fed	0	0	0	0	0.00 %	
03245 WPC15 SRF Grant	0	0	0	0	0.00 %	
03255 CSD Federal Indirect	355,642	0	0	355,642	39.31 %	
03409 WPC14 SRF Grant	0	0	0	0	0.00 %	
03430 DW SRF FY14 Grant	0	0	0	0	0.00 %	
03457 WPC SRF FY13 Grant	248,392	0	0	248,392	27.45 %	
03595 DW SRF FY13 Grant	0	0	0	0	0.00 %	
03687 DW15 SRF Grant	0	0	0	0	0.00 %	
03812 DW SRF 07 Grant	0	0	0	0	0.00 %	
03813 DW SRF 08 GRANT	0	0	0	0	0.00 %	
03952 DW16 SRF Grant	300,724	0	0	300,724	33.24 %	
<b>Federal Special Total</b>	<b>\$904,758</b>	<b>\$0</b>	<b>\$0</b>	<b>\$904,758</b>	<b>3.49 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$21,930,374</b>	<b>\$0</b>	<b>\$4,000,000</b>	<b>\$25,930,374</b>		

State special revenue makes up the majority of CARDD funding. General fund is used for the administration of programs. The federal special revenue provides grant and loan forgiveness administration.

## Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

# 57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	1,751,995	1,751,995	3,503,990	101.09 %	9,367,059	9,367,059	18,734,118	85.43 %
SWPL Adjustments	(15,440)	(11,876)	(27,316)	(0.79)%	(75,097)	(66,834)	(141,931)	(0.65)%
PL Adjustments	115,000	115,000	230,000	6.64 %	1,314,961	1,314,961	2,629,922	11.99 %
New Proposals	(120,153)	(120,216)	(240,369)	(6.93)%	387,983	320,282	708,265	3.23 %
<b>Total Budget</b>	<b>\$1,731,402</b>	<b>\$1,734,903</b>	<b>\$3,466,305</b>		<b>\$10,994,906</b>	<b>\$10,935,468</b>	<b>\$21,930,374</b>	

## Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(29,217)	(78,403)	0	(107,620)	0.00	(26,264)	(74,445)	0	(100,709)
DP 2 - Fixed Costs	0.00	14,322	19,451	0	33,773	0.00	14,563	19,734	0	34,297
DP 3 - Inflation Deflation	0.00	(545)	(705)	0	(1,250)	0.00	(175)	(247)	0	(422)
DP 53 - SWPLA Fixed Cost Reductions	0.00	0	(39)	0	(39)	0.00	0	(39)	0	(39)
DP 2302 - CARDD Conservation Districts Administration (Restricted/OTO)	0.00	115,000	0	0	115,000	0.00	115,000	0	0	115,000
DP 2306 - CARDD Loan Appropriation	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 2309 - CARDD Drinking Water Loan Forgiveness	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$99,560</b>	<b>\$1,140,304</b>	<b>\$0</b>	<b>\$1,239,864</b>	<b>0.00</b>	<b>\$103,124</b>	<b>\$1,145,003</b>	<b>\$0</b>	<b>\$1,248,127</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

### DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

### DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

### DP 53 - SWPLA Fixed Cost Reductions -

## 57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

The legislature reduced fixed costs for warrant writer, rent, and information technology.

### DP 2302 - CARDD Conservation Districts Administration (Restricted/OTO) -

The legislature approved additional general fund for Conservation District administration.

### DP 2306 - CARDD Loan Appropriation -

The legislature approved additional funding for administration of loans for the non-point source program to loan to private individuals.

### DP 2309 - CARDD Drinking Water Loan Forgiveness -

The legislature approved funding for local assistance to borrowers in the form of loan forgiveness.

## New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	(2.29)	0	(6,513)	0	(6,513)	(2.29)	0	(6,513)	0	(6,513)
DP 51 - Additional 2% Vacancy Savings	0.00	(19,710)	(27,579)	0	(47,289)	0.00	(19,773)	(27,660)	0	(47,433)
DP 555 - Appropriation Rebase	0.00	(100,443)	0	0	(100,443)	0.00	(100,443)	0	0	(100,443)
DP 2301 - CARDD Sage Grouse Statutory	0.00	0	0	0	0	0.00	0	0	0	0
DP 2310 - Balance Coal Tax Shared Account	0.00	0	(183,613)	0	(183,613)	0.00	0	(167,154)	0	(167,154)
DP 5555550 - Balance Coal Shared Account	0.00	0	(239,470)	0	(239,470)	0.00	0	(193,974)	0	(193,974)
DP 5555551 - Aquatic Invasive Species Response (Restricted/OTO)	1.51	0	177,821	177,821	355,642	1.51	0	177,821	177,821	355,642
DP 5555552 - Phased Coal Shared Account Ratios	0.00	0	94,405	0	94,405	0.00	0	64,893	0	64,893
DP 5706001 - Restore FTE	2.29	0	0	0	0	2.29	0	0	0	0
DP 5706003 - Montana Rural Water (OTO)	0.00	0	180,000	0	180,000	0.00	0	180,000	0	180,000
DP 5706005 - Restore State Special Revenue Funding	0.00	0	195,264	0	195,264	0.00	0	195,264	0	195,264
DP 5706010 - Fund Flathead Basin Commission	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 5706011 - Speculator Mine Centenary (Restricted/OTO)	0.00	0	100,000	0	100,000	0.00	0	0	0	0
<b>Total</b>	<b>1.51</b>	<b>(\$120,153)</b>	<b>\$330,315</b>	<b>\$177,821</b>	<b>\$387,983</b>	<b>1.51</b>	<b>(\$120,216)</b>	<b>\$262,677</b>	<b>\$177,821</b>	<b>\$320,282</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

## 57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

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### DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

### DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

### DP 2301 - CARDD Sage Grouse Statutory -

The legislature approved the proposal to add 1.00 FTE funded by statutory authority for the sage grouse program. This program and the additional FTE are statutorily appropriated for purposes of sage grouse conservation.

### DP 2310 - Balance Coal Tax Shared Account -

The legislature approved a reduction in expenditures from the Coal Severance Tax Shared Account due to lack of available funds.

### DP 5555550 - Balance Coal Shared Account -

The legislature approved a reduction to the the coal shared account as part of a effort to fix the ratio of distributions between the beneficiaries.

### DP 5555551 - Aquatic Invasive Species Response (Restricted/OTO) -

The legislature approved funding for DNRC's response to the aquatic invasive species on a one-time-only basis. This decision includes funding for both the emergent threat of mussels and the ongoing coordination of invasive species efforts.

### DP 5555552 - Phased Coal Shared Account Ratios -

The legislature chose to implement fixed ratios on the Coal Shared Account by implementing the rates over a 4 year period.

### DP 5706001 - Restore FTE -

The legislature restored FTE taken out of the budget as part of the starting point motions.

### DP 5706003 - Montana Rural Water (OTO) -

The legislature provided additional funding for Montana rural water operations and administration on a one-time-only basis.

### DP 5706005 - Restore State Special Revenue Funding -

The legislature restored state special revenue authority taken out of the budget as part of the starting point motions.

### DP 5706010 - Fund Flathead Basin Commission -

The legislature restored funding for the Flathead Basin Commission.

DP 5706011 - Speculator Mine Centenary (Restricted/OTO) -

The legislature funded grants for the Speculator Mine Centenary memorial.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	20,852,982	20,097,326	(755,656)	(3.62)%
Operating Expenses	10,546,228	9,861,292	(684,936)	(6.49)%
Equipment & Intangible Assets	284,398	266,998	(17,400)	(6.12)%
Transfers	63,182	43,182	(20,000)	(31.65)%
Debt Service	1,420,412	1,477,408	56,996	4.01%
<b>Total Expenditures</b>	<b>\$33,167,202</b>	<b>\$31,746,206</b>	<b>(\$1,420,996)</b>	<b>(4.28)%</b>
General Fund	20,148,345	18,277,903	(1,870,442)	(9.28)%
State/Other Special Rev. Funds	12,543,473	12,934,092	390,619	3.11%
Federal Spec. Rev. Funds	475,384	534,211	58,827	12.37%
<b>Total Funds</b>	<b>\$33,167,202</b>	<b>\$31,746,206</b>	<b>(\$1,420,996)</b>	<b>(4.28)%</b>
<b>Total Ongoing</b>	<b>\$33,027,202</b>	<b>\$31,746,206</b>	<b>(\$1,280,996)</b>	<b>(3.88)%</b>
<b>Total OTO</b>	<b>\$140,000</b>	<b>\$0</b>	<b>(\$140,000)</b>	<b>(100.00)%</b>

**Program Description**

The Water Resources Division (WRD) is responsible for programs associated with the uses, development, and protection of Montana's water. Activities include:

- Managing and maintaining the state-owned dams, reservoirs, and canals
- Developing and recommending in-state, interstate, and international water policy to the director, Governor, and Legislature
- Administering the dam safety, floodplain management, and water management activities
- Assisting the Water Court with the adjudication of pre-July 1, 1973, water rights
- Administering water rights including applications for new water rights, changes in historic water rights, and ownership updates

The Compact Implementation unit is in WRD and provides technical and legal support for implementation of approved water compacts with Native American tribes and federal agencies.

**Program Highlights**

<b>Water Resources Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Overall reduction in expenditures and general fund expenditures due to starting point motions to implement 5% reductions and vacancy savings</li> <li>• The legislature made the personal services increase for water rights filing fees conditional upon additional personal services being needed</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	134.30	134.30	134.30	133.05	133.05
Personal Services	9,824,569	10,295,891	10,557,091	10,031,754	10,065,572
Operating Expenses	2,765,612	5,223,261	5,322,967	4,927,121	4,934,171
Equipment & Intangible Assets	107,135	150,899	133,499	133,499	133,499
Transfers	15,977	41,591	21,591	21,591	21,591
Debt Service	678,709	681,708	738,704	738,704	738,704
<b>Total Expenditures</b>	<b>\$13,392,002</b>	<b>\$16,393,350</b>	<b>\$16,773,852</b>	<b>\$15,852,669</b>	<b>\$15,893,537</b>
General Fund	9,437,830	9,873,750	10,274,595	9,115,941	9,161,962
State/Other Special Rev. Funds	3,762,010	6,316,185	6,227,288	6,469,478	6,464,614
Federal Spec. Rev. Funds	192,162	203,415	271,969	267,250	266,961
<b>Total Funds</b>	<b>\$13,392,002</b>	<b>\$16,393,350</b>	<b>\$16,773,852</b>	<b>\$15,852,669</b>	<b>\$15,893,537</b>
<b>Total Ongoing</b>	<b>\$13,342,062</b>	<b>\$16,323,350</b>	<b>\$16,703,852</b>	<b>\$15,852,669</b>	<b>\$15,893,537</b>
<b>Total OTO</b>	<b>\$49,940</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$0</b>	<b>\$0</b>

Funding

The following table shows adopted program funding by source of authority.

Natural Resources and Conservation, 24-Water Resources Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	18,277,903	0	0	18,277,903	57.58 %
02104 Miscellaneous State Spec Rev	0	0	0	0	0.00 %
02145 Broadwater O & M	1,062,902	0	0	1,062,902	8.22 %
02146 Broadwater Irrigation	0	0	0	0	0.00 %
02147 Broadwater R & R	0	0	0	0	0.00 %
02216 Water Storage St Sp Rev Acct	519,518	0	0	519,518	4.02 %
02305 Blackfeet Mitigation	0	0	0	0	0.00 %
02351 Water Project Lands Lease Acct	113,600	0	0	113,600	0.88 %
02404 Water Project Loans	585,588	0	0	585,588	4.53 %
02430 Water Right Appropriation	1,272,014	0	0	1,272,014	9.83 %
02431 Water Adjudication	4,334,297	0	0	4,334,297	33.51 %
02470 State Project Hydro Earnings	4,617,948	0	0	4,617,948	35.70 %
02576 Natural Resources Operations	226,354	0	0	226,354	1.75 %
02825 Water Well Contractors	201,871	0	0	201,871	1.56 %
<b>State Special Total</b>	<b>\$12,934,092</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,934,092</b>	<b>40.74 %</b>
03034 Yellowstone Groundwater NPS	43,590	0	0	43,590	8.16 %
03094 FEMA Federal Grants	490,621	0	0	490,621	91.84 %
03308 Water Resources - Federal	0	0	0	0	0.00 %
03724 AA Miscellaneous Federal	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$534,211</b>	<b>\$0</b>	<b>\$0</b>	<b>\$534,211</b>	<b>1.68 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$31,746,206</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,746,206</b>	

Water Resources Division is predominantly funded with general fund and state special revenue, with a small amount of federal revenue. The largest state special revenue funding comes from funds set aside for water adjudication and income derived from state owned hydroelectric projects for repair and rehabilitation of state owned water projects.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	10,274,595	10,274,595	20,549,190	112.43 %	16,703,852	16,703,852	33,407,704	105.23 %
SWPL Adjustments	79,831	116,745	196,576	1.08 %	61,357	104,541	165,898	0.52 %
PL Adjustments	(42,602)	(44,196)	(86,798)	(0.47)%	157,398	155,804	313,202	0.99 %
New Proposals	(1,195,883)	(1,185,182)	(2,381,065)	(13.03)%	(1,069,938)	(1,070,660)	(2,140,598)	(6.74)%
<b>Total Budget</b>	<b>\$9,115,941</b>	<b>\$9,161,962</b>	<b>\$18,277,903</b>		<b>\$15,852,669</b>	<b>\$15,893,537</b>	<b>\$31,746,206</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	36,393	(22,211)	(2,086)	12,096	0.00	65,660	(16,940)	(2,084)	46,636
DP 2 - Fixed Costs	0.00	38,785	5,527	137	44,449	0.00	43,404	6,135	134	49,673
DP 3 - Inflation Deflation	0.00	4,653	90	69	4,812	0.00	7,681	453	98	8,232
DP 53 - SWPLA Fixed Cost Reductions	0.00	(6,233)	0	0	(6,233)	0.00	(6,343)	0	0	(6,343)
DP 54 - SWPLA Fixed Cost Reductions	0.00	(26,275)	0	0	(26,275)	0.00	(27,766)	0	0	(27,766)
DP 55 - SWPLA Fixed Cost Adjustment	0.00	4,934	0	0	4,934	0.00	4,941	0	0	4,941
DP 2401 - Per Diem Adjustment	0.00	(15,028)	0	0	(15,028)	0.00	(15,028)	0	0	(15,028)
DP 2402 - WRD Additional Personal Svcs-Water Rights Filing Fees	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$37,229</b>	<b>\$183,406</b>	<b>(\$1,880)</b>	<b>\$218,755</b>	<b>0.00</b>	<b>\$72,549</b>	<b>\$189,648</b>	<b>(\$1,852)</b>	<b>\$260,345</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

DP 54 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for rent and information technology.

DP 55 - SWPLA Fixed Cost Adjustment -

The legislature adopted further changes in fixed costs for non-office rent.

DP 2401 - Per Diem Adjustment -

The legislature approved a general fund reduction for per diem in WRD.

DP 2402 - WRD Additional Personal Srvcs-Water Rights Filing Fees -

The legislature approved additional personal services authority to meet statutory review timelines if there is increased demand.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	(1.25)	(380,220)	(169,333)	0	(549,553)	(1.25)	(380,220)	(169,333)	0	(549,553)
DP 51 - Additional 2% Vacancy Savings	0.00	(143,771)	(73,142)	(2,839)	(219,752)	0.00	(133,070)	(84,248)	(3,156)	(220,474)
DP 61 - Water Resource Operations	0.00	0	371,259	0	371,259	0.00	0	371,259	0	371,259
DP 555 - Appropriation Rebase	0.00	(471,892)	0	0	(471,892)	0.00	(471,892)	0	0	(471,892)
DP 5706012 - Eliminate Water Rights Compact Commission Funding	0.00	(200,000)	0	0	(200,000)	0.00	(200,000)	0	0	(200,000)
<b>Total</b>	<b>(1.25)</b>	<b>(\$1,195,883)</b>	<b>\$128,784</b>	<b>(\$2,839)</b>	<b>(\$1,069,938)</b>	<b>(1.25)</b>	<b>(\$1,185,182)</b>	<b>\$117,678</b>	<b>(\$3,156)</b>	<b>(\$1,070,660)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 61 - Water Resource Operations -

The legislature approved additional funding for Water Resources Division operations.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

DP 5706012 - Eliminate Water Rights Compact Commission Funding -

The legislature eliminated funding for the Reserved Water Rights Compact Commission. The funding was removed from HB 2 through SB 95.

## 57060 - Natural Resources and Conservation 35-Forestry & Trust Lands Management Division

### Program Budget Comparison

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	40,430,690	40,004,377	(426,313)	(1.05)%
Operating Expenses	16,723,686	17,946,241	1,222,555	7.31 %
Equipment & Intangible Assets	2,113,440	2,113,440	0	0.00 %
Capital Outlay	10,217	0	(10,217)	(100.00)%
Grants	388,930	388,930	0	0.00 %
Transfers	2,926,575	3,344,304	417,729	14.27 %
Debt Service	49,874	49,874	0	0.00 %
<b>Total Expenditures</b>	<b>\$62,643,412</b>	<b>\$63,847,166</b>	<b>\$1,203,754</b>	<b>1.92 %</b>
General Fund	24,769,461	25,465,479	696,018	2.81 %
State/Other Special Rev. Funds	35,129,700	35,654,437	524,737	1.49 %
Federal Spec. Rev. Funds	2,744,251	2,727,250	(17,001)	(0.62)%
<b>Total Funds</b>	<b>\$62,643,412</b>	<b>\$63,847,166</b>	<b>\$1,203,754</b>	<b>1.92 %</b>
<b>Total Ongoing</b>	<b>\$61,800,340</b>	<b>\$62,024,638</b>	<b>\$224,298</b>	<b>0.36 %</b>
<b>Total OTO</b>	<b>\$843,072</b>	<b>\$1,822,528</b>	<b>\$979,456</b>	<b>116.18 %</b>

### Program Description

DNRC has placed two divisions under a single heading – Forestry Division and Trust Land Management Division. The legislature has historically appropriated these two divisions as one, due to the overlapping duties and personnel.

The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting natural resources from wildfire, regulating forest practices, and providing a variety of services to private forest landowners. Specific activities include:

- Managing wildfires
- Enforcing Montana's streamside management zone regulations
- Setting voluntary best management practices on all forests in Montana
- Administering Montana Fire Hazard Reduction Law
- Providing technical forestry assistance to private landowners, businesses and communities
- Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana

The Trust Land Management Division (TLMD) provides for the administration and management of trust lands granted to the State of Montana by the Enabling Act of 1889. These lands total approximately 5.2 million surface acres and 6.2 million mineral acres. Additionally, TLMD is responsible for the administration of approximately 6,000 miles (40,000+ acres) of the beds of navigable waterways. TLMD is divided into four primary areas:

- Forest management
- Agriculture and grazing management
- Real estate management
- Minerals management

### Program Highlights

## 57060 - Natural Resources and Conservation 35-Forestry & Trust Lands Management Division

### Forestry & Trust Lands Management Division Major Budget Highlights

- Overall budget increase due to:
  - USFS-DNRC liason which added 1.00 FTE and associated funding
  - Forest in Focus county liason
  - Morrill Trust lands administration
  - Reinstatement of cabin site sales program
  - Trust lands lease marketing and negotiation
  - New fire tenders (OTO)

### Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	285.89	285.89	285.89	288.89	288.89
Personal Services	18,967,501	19,724,737	20,705,953	19,971,379	20,032,998
Operating Expenses	7,671,714	8,369,480	8,354,206	8,955,968	8,990,273
Equipment & Intangible Assets	1,042,270	1,056,720	1,056,720	1,056,720	1,056,720
Capital Outlay	24,267	10,217	0	0	0
Grants	184,465	194,465	194,465	194,465	194,465
Transfers	1,471,673	1,464,423	1,462,152	1,662,152	1,682,152
Debt Service	0	24,937	24,937	24,937	24,937
<b>Total Expenditures</b>	<b>\$29,361,890</b>	<b>\$30,844,979</b>	<b>\$31,798,433</b>	<b>\$31,865,621</b>	<b>\$31,981,545</b>
General Fund	11,786,964	12,024,755	12,744,706	12,702,938	12,762,541
State/Other Special Rev. Funds	16,302,792	17,443,923	17,685,777	17,799,882	17,854,555
Federal Spec. Rev. Funds	1,272,134	1,376,301	1,367,950	1,362,801	1,364,449
<b>Total Funds</b>	<b>\$29,361,890</b>	<b>\$30,844,979</b>	<b>\$31,798,433</b>	<b>\$31,865,621</b>	<b>\$31,981,545</b>
<b>Total Ongoing</b>	<b>\$29,129,501</b>	<b>\$30,417,214</b>	<b>\$31,383,126</b>	<b>\$30,954,357</b>	<b>\$31,070,281</b>
<b>Total OTO</b>	<b>\$232,389</b>	<b>\$427,765</b>	<b>\$415,307</b>	<b>\$911,264</b>	<b>\$911,264</b>

### Funding

The following table shows adopted program funding by source of authority.

## 57060 - Natural Resources and Conservation 35-Forestry & Trust Lands Management Division

Natural Resources and Conservation, 35-Forestry & Trust Lands Management Division					
Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	25,465,479	0	0	25,465,479	35.97 %
02031 LAND BANKING PRVT CLOSNG COSTS	540,784	0	0	540,784	1.52 %
02039 Forestry-Fire Protection Taxes	7,193,241	0	0	7,193,241	20.17 %
02073 Forestry - Slash Disposal	113,514	0	0	113,514	0.32 %
02104 Miscellaneous State Spec Rev	0	0	0	0	0.00 %
02119 Non Land Grant Income - NB	0	0	0	0	0.00 %
02297 Morrill Trust Land Admin	0	0	0	0	0.00 %
02449 Forest Resources-Forest Improv	2,706,620	0	0	2,706,620	7.59 %
02576 Natural Resources Operations	187,144	0	0	187,144	0.52 %
02623 Contract Timber Harvesting	0	0	0	0	0.00 %
02681 Historic Right-of-Way Acct	24,401	0	0	24,401	0.07 %
02847 Fire Suppression Fund	0	0	0	0	0.00 %
02912 TLMD LAND EXCHANGE ADMIN	100,000	0	0	100,000	0.28 %
02938 TLMD Trust Administration	24,788,733	0	0	24,788,733	69.52 %
<b>State Special Total</b>	<b>\$35,654,437</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,654,437</b>	<b>50.37 %</b>
03038 Non-Consolidated Grant FY11	0	0	0	0	0.00 %
03255 CSD Federal Indirect	0	0	0	0	0.00 %
03471 Consolidated Grant FY14	0	0	0	0	0.00 %
03472 Non-Consolidated Grant FY14	0	0	0	0	0.00 %
03483 Consolidated Grant FY15	0	0	0	0	0.00 %
03484 Non-Consolidated Grant FY15	0	0	0	0	0.00 %
03564 CONSOLIDATED GRANT-FY 16	0	0	0	0	0.00 %
03565 NON-CONSOLIDATED GRANT FY16	0	0	0	0	0.00 %
03567 CONSOLIDATED GRANT-FY17	0	0	0	0	0.00 %
03568 NON-CONSOLIDATED GRANT-FY 17	0	0	0	0	0.00 %
03724 AA Miscellaneous Federal	0	0	0	0	0.00 %
03805 CONSOLIDATED GRANT-FY12	0	0	0	0	0.00 %
03807 NON-CONSOLIDATED GRANT-FY12	0	0	0	0	0.00 %
03809 CONSOLIDATED GRANT-FY13	0	0	0	0	0.00 %
03810 NON-CONSOLIDATED GRANT-FY13	0	0	0	0	0.00 %
03469 CONSOLIDATED GRANT-FY18	1,062,801	0	0	1,062,801	38.97 %
03470 NON-CONSOLIDATED GRANT-FY18	300,000	0	0	300,000	11.00 %
03493 CONSOLIDATED GRANT-FY19	1,064,449	0	0	1,064,449	39.03 %
03494 NON-CONSOLIDATED GRANT-FY19	300,000	0	0	300,000	11.00 %
<b>Federal Special Total</b>	<b>\$2,727,250</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,727,250</b>	<b>3.85 %</b>
06003 State Nursery Enterprise Fund	0	1,570,868	0	1,570,868	22.63 %
06538 Air Operations Internal Svc.	0	5,370,951	0	5,370,951	77.37 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$6,941,819</b>	<b>\$0</b>	<b>\$6,941,819</b>	<b>9.81 %</b>
<b>Total All Funds</b>	<b>\$63,847,166</b>	<b>\$6,941,819</b>	<b>\$0</b>	<b>\$70,788,985</b>	

Over half of all funding for the Forestry and Trust Lands Management Division is from state special revenue. The primary source of state special funding comes from the fire protection taxes and the TLMD administration, which is funded with trust fund revenue, timber sales, and forest resources fees. General fund provides general division support as well as the fixed costs of the fire and aviation management program via a transfer to a proprietary fund. The remaining funding for this program comes from federal revenue and proprietary funds.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

## 57060 - Natural Resources and Conservation 35-Forestry & Trust Lands Management Division

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	12,595,756	12,595,756	25,191,512	98.92 %	31,383,126	31,383,126	62,766,252	98.31 %
SWPL Adjustments	5,339	52,157	57,496	0.23 %	(59,995)	37,260	(22,735)	(0.04)%
PL Adjustments	280,166	293,468	573,634	2.25 %	724,570	744,544	1,469,114	2.30 %
New Proposals	(178,323)	(178,840)	(357,163)	(1.40)%	(182,080)	(183,385)	(365,465)	(0.57)%
<b>Total Budget</b>	<b>\$12,702,938</b>	<b>\$12,762,541</b>	<b>\$25,465,479</b>		<b>\$31,865,621</b>	<b>\$31,981,545</b>	<b>\$63,847,166</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----				-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(27,769)	(89,119)	376	(116,512)	0.00	(3,221)	(52,557)	2,045	(53,733)
DP 2 - Fixed Costs	0.00	79,016	55,882	0	134,898	0.00	85,650	55,713	0	141,363
DP 3 - Inflation Deflation	0.00	(45,908)	(32,473)	0	(78,381)	0.00	(30,272)	(20,098)	0	(50,370)
DP 53 - SWPLA Fixed Cost Reductions	0.00	(234)	(293)	0	(527)	0.00	(232)	(293)	0	(525)
DP 54 - SWPLA Fixed Cost Reductions	0.00	0	(496)	0	(496)	0.00	0	(524)	0	(524)
DP 55 - SWPLA Fixed Cost Adjustment	0.00	0	93	0	93	0.00	0	93	0	93
DP 350101 - Forestry-Air Operations Fixed Costs Transfer	0.00	133,400	66,600	0	200,000	0.00	146,700	73,300	0	220,000
DP 350102 - Forestry-Funding Adjustment & CSKT Contracted Fire Protect	0.00	67,000	33,000	0	100,000	0.00	67,000	33,000	0	100,000
DP 350201 - TLMD MSU-Morrill Trust - Spending Authority Restoration	0.00	80,000	0	0	80,000	0.00	80,000	0	0	80,000
DP 350202 - TLMD Reinstate Cabin Site Sales Program	1.00	0	265,500	0	265,500	1.00	0	265,500	0	265,500
DP 350203 - TLMD Lease Marketing and Negotiation	1.00	0	80,000	0	80,000	1.00	0	80,000	0	80,000
<b>Grand Total All Present Law Adjustments</b>	<b>2.00</b>	<b>\$285,505</b>	<b>\$378,694</b>	<b>\$376</b>	<b>\$664,575</b>	<b>2.00</b>	<b>\$345,625</b>	<b>\$434,134</b>	<b>\$2,045</b>	<b>\$781,804</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

### DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

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### DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

### DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

### DP 54 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for rent and information technology.

### DP 55 - SWPLA Fixed Cost Adjustment -

The legislature adopted further changes in fixed costs for non-office rent.

### DP 350101 - Forestry-Air Operations Fixed Costs Transfer -

The legislature approved funding to cover increased fixed costs in the proprietary fund within the Forestry Division.

### DP 350102 - Forestry-Funding Adjustment & CSKT Contracted Fire Protect -

The legislature approved an increase in funding to pay for contracted fire protection by the Bureau of Indian Affairs and to adjust for increased federal grants.

### DP 350201 - TLMD MSU-Morrill Trust - Spending Authority Restoration -

The legislature approved restoration of funding for land management activities on the MSU-Morrill trust lands.

### DP 350202 - TLMD Reinstate Cabin Site Sales Program -

The legislature approved funding to restore 1.00 FTE and associated expenses to facilitate cabin and home site sales on trust lands.

### DP 350203 - TLMD Lease Marketing and Negotiation -

The legislature approved funding for 1.00 FTE and associated expenses to market and negotiate leases for trust lands.

### **New Proposals**

The "New Proposals" table shows new changes to expenditures.

## 57060 - Natural Resources and Conservation 35-Forestry & Trust Lands Management Division

New Proposals	Fiscal 2018					Fiscal 2019				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	(7.00)	0	(842,571)	0	(842,571)	(7.00)	0	(842,571)	0	(842,571)
DP 51 - Additional 2% Vacancy Savings	0.00	(171,887)	(248,231)	(5,525)	(425,643)	0.00	(172,404)	(248,998)	(5,546)	(426,948)
DP 555 - Appropriation Rebase	0.00	(218,436)	0	0	(218,436)	0.00	(218,436)	0	0	(218,436)
DP 350104 - Forestry-DNRC - USFS Liaison (OTO)	1.00	92,000	0	0	92,000	1.00	92,000	0	0	92,000
DP 5706001 - Restore FTE	7.00	0	0	0	0	7.00	0	0	0	0
DP 5706002 - Fire Tenders (Restricted/Biennial/OTO)	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 5706005 - Restore State Special Revenue Funding	0.00	0	181,306	0	181,306	0.00	0	181,306	0	181,306
DP 5706006 - Restore State Special Revenue (OTO)	0.00	0	661,264	0	661,264	0.00	0	661,264	0	661,264
DP 5706014 - Forest in Focus County Liaison	0.00	120,000	0	0	120,000	0.00	120,000	0	0	120,000
<b>Total</b>	<b>1.00</b>	<b>(\$178,323)</b>	<b>\$1,768</b>	<b>(\$5,525)</b>	<b>(\$182,080)</b>	<b>1.00</b>	<b>(\$178,840)</b>	<b>\$1,001</b>	<b>(\$5,546)</b>	<b>(\$183,385)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

### DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

### DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

### DP 350104 - Forestry-DNRC - USFS Liaison (OTO) -

The legislature approved 1.00 FTE to oversee the Forest in Focus grants and comply with the 2014 Farm Bill Priority Landscapes, Insect and Disease and Good Neighbor Authorities program.

### DP 5706001 - Restore FTE -

The legislature restored FTE taken out of the budget as part of the starting point motions.

### DP 5706002 - Fire Tenders (Restricted/Biennial/OTO) -

The legislature funded the fabrication of county fire tenders for combating wildland fires.

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### DP 5706005 - Restore State Special Revenue Funding -

The legislature restored state special revenue authority taken out of the budget as part of the starting point motions.

### DP 5706006 - Restore State Special Revenue (OTO) -

The legislature restored state special revenue authority on a one-time-only basis to the Trust Lands Management Division taken out of the budget as part of the starting point motions.

### DP 5706014 - Forest in Focus County Liaison -

The legislature approved funding the Forest in Focus County Liaison. A single FTE would be repurposed from inside the agency.

## **Other Issues**

### **Proprietary Rates**

#### Fund 06003 - State Nursery Enterprise Fund

##### *Proprietary Program Description*

The Montana State Conservation Seedling Nursery produces and distributes seedlings for conservation plantings, including applications such as fire and logging reforestation, farmstead windbreaks, shelterbelts, wildlife habitat, stream stabilization and restoration, and other conservation uses. The nursery grows an average of 900,000 seedlings annually on 87 acres of state land and in 13,500 square feet of greenhouse space. Sixty-seven plant species are currently in production. The nursery program is funded solely from the nursery proprietary account. Statutory authority for the program is in 77-5-404, MCA.

##### *Revenues*

The primary source of revenue is seedling sales. Other revenue sources are such services as seed collection, cleaning, storage, and selling products for seedling care and protection. The customer base for nursery products and services is comprised of private landowners in Montana, the DNRC Trust Land Management Division, the Department of Fish, Wildlife and Parks, Department of Environmental Quality, Montana Natural Resource Damage Program, the Conservation Reserve Program (CRP), Native American Tribal Governments, the Wildlife Habitat Incentives Program (WHIP), Pheasants Forever, and numerous other conservation programs and organizations. Historic and projected trends in nursery revenue are dependent on conservation activity in the state, landowner access to cost-share dollars for implementation of conservation projects, and long-term seedling production contracts from large scale conservation activities. Revenue potential is also dependent on the number of seedlings available for sale each fiscal year.

##### *Expenses*

The revenue generated funds the 10.92 FTE, in addition to all operating and capital equipment costs.

##### *Proprietary Rates*

The program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviewed the report for the enterprise fund.

#### Fund 06538 - Air Operations Internal Svc

##### *Proprietary Program Description*

The program operates five medium helicopters, two light helicopters, and three single engine fixed-wing airplanes. The aircraft are primarily used for fire detection, support, and suppression of wildfires, as well as reclamation work in the Department of Environmental Quality. Users of the aircraft include DNRC, other state agencies, local government, and federal agencies. Statutory authority for the program is in 77-5-103, MCA.

*Revenues*

The air operations program in the Forestry Division is funded by revenue generated by the aircraft rates and the general fund and fire protection tax revenues for fixed costs. Fixed costs are paid by the general fund and the fire protection tax revenues since these costs must be paid regardless of the number of hours flown. The general fund and fire protection taxes are appropriated by the legislature and transferred to and spent from the proprietary account.

*Expenses*

Costs include hangar rent, insurance, and personnel costs (14.23 FTE). Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft.

*Proprietary Rates*

For the 2019 biennium, figure 1 shows the rates adopted by the legislature.

Figure 1

<b>Aircraft</b>	<b>Current 2017 Bien</b>
Bell UH-1H Helicopters	\$1,650.00/hr.
Jet Ranger Helicopter	\$515.00/hr.
Cessna 180 Series Aircraft	\$175.00/hr.

The rates approved by the legislature are the maximum the program may charge during the biennium, they are not the rates the program must charge.

### Agency Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	16,239,675	15,930,476	(309,199)	(1.90)%
Operating Expenses	8,398,540	9,322,929	924,389	11.01 %
Equipment & Intangible Assets	728,320	827,778	99,458	13.66 %
Grants	10,336,822	11,006,567	669,745	6.48 %
Transfers	296,592	259,514	(37,078)	(12.50)%
<b>Total Expenditures</b>	<b>\$35,999,949</b>	<b>\$37,347,264</b>	<b>\$1,347,315</b>	<b>3.74 %</b>
General Fund	1,990,841	1,783,731	(207,110)	(10.40)%
State/Other Special Rev. Funds	30,100,442	32,224,274	2,123,832	7.06 %
Federal Spec. Rev. Funds	2,626,512	2,393,041	(233,471)	(8.89)%
Proprietary Funds	1,282,154	946,218	(335,936)	(26.20)%
<b>Total Funds</b>	<b>\$35,999,949</b>	<b>\$37,347,264</b>	<b>\$1,347,315</b>	<b>3.74 %</b>
<b>Total Ongoing</b>	<b>\$35,534,900</b>	<b>\$35,347,264</b>	<b>(\$187,636)</b>	<b>(0.53)%</b>
<b>Total OTO</b>	<b>\$465,049</b>	<b>\$2,000,000</b>	<b>\$1,534,951</b>	<b>330.06 %</b>

### Agency Description

The Department of Agriculture (Agriculture) regulates and promotes agriculture and associated industry in Montana. Agriculture is one of only two agencies required under the Montana Constitution and must "protect, enhance, and develop all agriculture" (Article XII, Section 1). Due to the existence of the Department of Livestock, Agriculture focuses primarily on non-animal related farm products.

### Agency Highlights

<b>Department of Agriculture Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Total expenditures are 3.7% higher than 2017 biennium. General fund is 10.4% lower than the 2017 biennium</li> <li>• The legislature approved a \$2.0 million OTO appropriation for Wheat and Barley Committee grants</li> </ul>

### Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium appropriated budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	114.74	114.74	114.74	114.42	114.42
Personal Services	7,268,179	8,006,901	8,232,774	7,955,692	7,974,784
Operating Expenses	3,440,346	3,841,255	4,557,285	5,004,165	4,318,764
Equipment & Intangible Assets	166,481	364,431	363,889	413,889	413,889
Grants	5,531,715	5,520,044	4,816,778	6,165,088	4,841,479
Transfers	166,835	166,835	129,757	129,757	129,757
<b>Total Expenditures</b>	<b>\$16,573,556</b>	<b>\$17,899,466</b>	<b>\$18,100,483</b>	<b>\$19,668,591</b>	<b>\$17,678,673</b>
General Fund	964,326	1,031,141	959,700	914,862	868,869
State/Other Special Rev. Funds	14,069,275	14,932,909	15,167,533	17,088,030	15,136,244
Federal Spec. Rev. Funds	1,106,700	1,301,923	1,324,589	1,192,700	1,200,341
Proprietary Funds	433,255	633,493	648,661	472,999	473,219
<b>Total Funds</b>	<b>\$16,573,556</b>	<b>\$17,899,466</b>	<b>\$18,100,483</b>	<b>\$19,668,591</b>	<b>\$17,678,673</b>
<b>Total Ongoing</b>	<b>\$16,352,588</b>	<b>\$17,666,975</b>	<b>\$17,867,925</b>	<b>\$17,668,591</b>	<b>\$17,678,673</b>
<b>Total OTO</b>	<b>\$220,968</b>	<b>\$232,491</b>	<b>\$232,558</b>	<b>\$2,000,000</b>	<b>\$0</b>

**Summary of Legislative Action**

The legislature approved the Department of Agriculture budget with a increase of \$1.3 million or 3.74%, over the 2017 biennium. The general fund was reduced 10.4% or \$207,110 over the biennium. The budget includes \$302,663 in present law adjustments and \$1.5 million in new proposals. Major additions to the budget include increased authority to allow Agriculture to spend fee money that had been amended by administrative rule. The legislature chose to appropriate the largest increase, \$2 million in state special revenue for the Montana Wheat and Barley Committee, on a one-time-only basis as the funding is not needed in future biennia.

**Funding**

The following table shows adopted agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives.

Total Department of Agriculture Funding by Source of Authority 2019 Biennium Budget Request - Department of Agriculture						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,783,731	0	0	1,468,330	3,252,061	5.66 %
State Special Total	30,224,274	2,000,000	0	3,527,060	35,751,334	62.26 %
Federal Special Total	2,393,041	0	0	0	2,393,041	4.17 %
Proprietary Total	946,218	0	116,400	14,966,414	16,029,032	27.91 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$35,347,264</b>	<b>\$2,000,000</b>	<b>\$116,400</b>	<b>\$19,961,804</b>	<b>\$57,425,468</b>	
<b>Percent - Total All Sources</b>	<b>61.55 %</b>	<b>3.48 %</b>	<b>0.20 %</b>	<b>34.76 %</b>		

Agriculture is funded from general fund, state special revenue, federal special revenue, and proprietary funds. State special revenue is the main funding source and many funds are constitutionally restricted. Major funds include:

- Noxious weed administration account
- Pesticide account
- Coal tax shared account
- Wheat and barley research and marketing account

General fund is primarily used for program activities such as grants, feed monitoring, grain grading and inspection, marketing, and statistics.

*Statutory Authority*

Agriculture has multiple statutory appropriations. Two are general fund statutory appropriations. The first is a pass-through administered by Agriculture for the cooperative development center which promotes rural business development. Each fiscal year, Agriculture is appropriated \$65,000 from the coal severance tax. Additionally, Agriculture receives \$625,000 per year from interest income of the coal severance tax permanent fund for the Growth Through Agriculture program which seeks to "strengthen and diversify the agriculture industry" (90-9-102, MCA). Both of these statutory appropriations are set to expire at the end of the 2019 biennium.

The legislature has statutorily appropriated the assessments, or "check-offs", on commodities for purposes of research and market development. These are all state special revenue and constitutionally-restricted accounts. Over the past three fiscal years the average annual spending has been:

- Cherry - \$10,813
- Pulse Crops - \$876,400
- Potato - \$73,133

Hail insurance payments are statutorily appropriated as a proprietary fund. Over the past three fiscal years, Agriculture has expended an average of \$7.6 million per year. Administrative costs for hail insurance are not part of the statutory appropriation and are instead authorized via HB 2.

Agriculture also has statutory appropriations for both grain warehouse liquidation and seed capital. These appropriations were not used during the past three fiscal years.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	959,700	959,700	1,919,400	107.61 %	17,867,925	17,867,925	35,735,850	95.69 %
SWPL Adjustments	10,937	(35,031)	(24,094)	(1.35)%	(76,970)	(96,596)	(173,566)	(0.46)%
PL Adjustments	(451)	(466)	(917)	(0.05)%	151,372	151,291	302,663	0.81 %
New Proposals	(55,324)	(55,334)	(110,658)	(6.20)%	1,726,264	(243,947)	1,482,317	3.97 %
<b>Total Budget</b>	<b>\$914,862</b>	<b>\$868,869</b>	<b>\$1,783,731</b>		<b>\$19,668,591</b>	<b>\$17,678,673</b>	<b>\$37,347,264</b>	

**Other Legislation**

HB 82 - Modified the vertebrate pest management program

HB 91 - Allowed for Agriculture to create rules for enforcement of the FDA Food Safety Modernization act

HB 126 - Changed pesticide laws including increasing the registration fees and revised the requirements for commercial applicators, commercial operators, dealer, and farm applicators

HB 130 - Changed the commercial feed inspection fee payments and reporting requirements

HB 131 - Changed the reporting and minimum fees on agricultural seed, commercial feed, and commercial fertilizers

SB 55 – Revised the fees on plant nurseries

SB 155 - Prohibited the local government from regulating agricultural seeds

SB 285 - Created an administratively attached Montanan Pulse Crop Committee and a statutory appropriation to support the promotion of pulse crops

### Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2017	Executive Budget Fiscal 2018	Legislative Budget Fiscal 2018	Leg — Exec. Difference Fiscal 2018	Executive Budget Fiscal 2019	Legislative Budget Fiscal 2019	Leg — Exec. Difference Fiscal 2019	Biennium Difference Fiscal 18-19
FTE	114.74	114.74	114.42	(0.32)	114.74	114.42	(0.32)	(0.32)
Personal Services	8,232,774	8,129,685	7,955,692	(173,993)	8,149,189	7,974,784	(174,405)	(348,398)
Operating Expenses	4,557,285	5,012,960	5,004,165	(8,795)	4,327,640	4,318,764	(8,876)	(17,671)
Equipment & Intangible Assets	363,889	413,889	413,889	0	413,889	413,889	0	0
Grants	4,816,778	6,166,778	6,165,088	(1,690)	4,816,778	4,841,479	24,701	23,011
Transfers	129,757	129,757	129,757	0	129,757	129,757	0	0
<b>Total Costs</b>	<b>\$18,100,483</b>	<b>\$19,853,069</b>	<b>\$19,668,591</b>	<b>(\$184,478)</b>	<b>\$17,837,253</b>	<b>\$17,678,673</b>	<b>(\$158,580)</b>	<b>(\$343,058)</b>
General Fund	959,700	923,755	914,862	(8,893)	877,787	868,869	(8,918)	(17,811)
State/other Special Rev. Funds	15,167,533	17,218,265	17,088,030	(130,235)	15,240,342	15,136,244	(104,098)	(234,333)
Federal Spec. Rev. Funds	1,324,589	1,235,190	1,192,700	(42,490)	1,242,915	1,200,341	(42,574)	(85,064)
Other	648,661	475,859	472,999	(2,860)	476,209	473,219	(2,990)	(5,850)
<b>Total Funds</b>	<b>\$18,100,483</b>	<b>\$19,853,069</b>	<b>\$19,668,591</b>	<b>(\$184,478)</b>	<b>\$17,837,253</b>	<b>\$17,678,673</b>	<b>(\$158,580)</b>	<b>(\$343,058)</b>
<b>Total Ongoing</b>	<b>\$17,867,925</b>	<b>\$17,853,069</b>	<b>\$17,668,591</b>	<b>(\$184,478)</b>	<b>\$17,837,253</b>	<b>\$17,678,673</b>	<b>(\$158,580)</b>	<b>(\$343,058)</b>
<b>Total OTO</b>	<b>\$232,558</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The legislative budget is lower than the executive request due to:

- Starting point motions that impacted both personal services through vacancy savings and operating expenses
- Present law adjustments in personal services and fixed costs

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,662,460	2,542,390	(120,070)	(4.51)%
Operating Expenses	393,809	364,749	(29,060)	(7.38)%
<b>Total Expenditures</b>	<b>\$3,056,269</b>	<b>\$2,907,139</b>	<b>(\$149,130)</b>	<b>(4.88)%</b>
General Fund	270,147	268,672	(1,475)	(0.55)%
State/Other Special Rev. Funds	2,303,851	2,332,811	28,960	1.26%
Federal Spec. Rev. Funds	219,344	152,346	(66,998)	(30.54)%
Proprietary Funds	262,927	153,310	(109,617)	(41.69)%
<b>Total Funds</b>	<b>\$3,056,269</b>	<b>\$2,907,139</b>	<b>(\$149,130)</b>	<b>(4.88)%</b>
<b>Total Ongoing</b>	<b>\$3,021,476</b>	<b>\$2,907,139</b>	<b>(\$114,337)</b>	<b>(3.78)%</b>
<b>Total OTO</b>	<b>\$34,793</b>	<b>\$0</b>	<b>(\$34,793)</b>	<b>(100.00)%</b>

**Program Description**

The Central Services Division provides support services to Agriculture, including financial, human resource, information technology, public information, legal, and administrative support activities. Included in this division is the Director's Office, which provides overall guidance and policy development for Agriculture as well as coordination with the agricultural industry and other branches of government.

**Program Highlights**

<b>Central Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Overall reduction in spending due to starting point motions to achieve 5% reductions</li> <li>• Proprietary fund reduction driven by changes in the administration of hail insurance (See Agriculture Development Division for details)</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	15.10	15.10	15.10	15.10	15.10
Personal Services	1,223,004	1,312,620	1,349,840	1,270,638	1,271,752
Operating Expenses	181,356	218,990	174,819	205,180	159,569
<b>Total Expenditures</b>	<b>\$1,404,360</b>	<b>\$1,531,610</b>	<b>\$1,524,659</b>	<b>\$1,475,818</b>	<b>\$1,431,321</b>
General Fund	119,927	156,041	114,106	157,733	110,939
State/Other Special Rev. Funds	1,060,455	1,137,588	1,166,263	1,167,023	1,165,788
Federal Spec. Rev. Funds	100,952	108,197	111,147	74,345	78,001
Proprietary Funds	123,026	129,784	133,143	76,717	76,593
<b>Total Funds</b>	<b>\$1,404,360</b>	<b>\$1,531,610</b>	<b>\$1,524,659</b>	<b>\$1,475,818</b>	<b>\$1,431,321</b>
<b>Total Ongoing</b>	<b>\$1,388,136</b>	<b>\$1,514,195</b>	<b>\$1,507,281</b>	<b>\$1,475,818</b>	<b>\$1,431,321</b>
<b>Total OTO</b>	<b>\$16,224</b>	<b>\$17,415</b>	<b>\$17,378</b>	<b>\$0</b>	<b>\$0</b>

Funding

The following table shows adopted program funding by source of authority.

Department of Agriculture, 15-Central Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	268,672	0	0	268,672	8.96 %	
02040 Wheat & Barley Research & Mktg	268,984	0	0	268,984	11.10 %	
02068 Noxious Weed Admin Account	135,528	0	0	135,528	5.59 %	
02071 Anhydrous Ammonia Account	5,020	0	0	5,020	0.21 %	
02093 ALFALFA LEAF CUTTING BEE	1,834	0	0	1,834	0.08 %	
02178 Cherry Research & Marketing	0	0	680	680	0.03 %	
02192 Pesticide Groundwater Account	329,000	0	0	329,000	13.58 %	
02193 Pesticide Account	317,005	0	0	317,005	13.08 %	
02198 Fert. Groundwater Account	13,674	0	0	13,674	0.56 %	
02205 Pulse Crop Research&Marketing	0	0	84,000	84,000	3.47 %	
02264 Organic Certification	105,046	0	0	105,046	4.34 %	
02265 FSI Produce	107,238	0	0	107,238	4.43 %	
02266 Commodity Dealer/Warehouse	29,402	0	0	29,402	1.21 %	
02267 Nursery Account	20,592	0	0	20,592	0.85 %	
02268 Produce Account	178,362	0	0	178,362	7.36 %	
02269 Seed Account	35,942	0	0	35,942	1.48 %	
02340 Coal Sev. Tax Shared SSR	0	0	0	0	0.00 %	
02341 Weed Seed Free Forage Account	20,010	0	0	20,010	0.83 %	
02452 Commercial Fertilizer	111,358	0	0	111,358	4.60 %	
02453 Grain Services	312,494	0	0	312,494	12.90 %	
02454 Commercial Feed	245,064	0	0	245,064	10.11 %	
02792 Apiary Account	37,532	0	0	37,532	1.55 %	
02793 Potato Research & Marketing	0	0	5,328	5,328	0.22 %	
02162 Environmental Quality Protecti	0	0	0	0	0.00 %	
02272 Plant Export Certification	58,726	0	0	58,726	2.42 %	
<b>State Special Total</b>	<b>\$2,332,811</b>	<b>\$0</b>	<b>\$90,008</b>	<b>\$2,422,819</b>	<b>80.84 %</b>	
03120 Agriculture CMD Federal	152,346	0	0	152,346	100.00 %	
<b>Federal Special Total</b>	<b>\$152,346</b>	<b>\$0</b>	<b>\$0</b>	<b>\$152,346</b>	<b>5.08 %</b>	
06052 Hail Insurance	153,310	0	0	153,310	100.00 %	
<b>Proprietary Total</b>	<b>\$153,310</b>	<b>\$0</b>	<b>\$0</b>	<b>\$153,310</b>	<b>5.12 %</b>	
<b>Total All Funds</b>	<b>\$2,907,139</b>	<b>\$0</b>	<b>\$90,008</b>	<b>\$2,997,147</b>		

The Central Services Division (CSD) is funded based on the expenditures of the other two divisions of Agriculture and their funding sources. A portion of the funding is an indirect cost reimbursement from federal grants administered by Agriculture.

CSD also uses an administrative assessment. It is charged to the state special and proprietary revenue accounts used by the divisions that are supported by CSD activities.

CSD is funded primarily with state special revenue. Major state special revenue, federal, and proprietary funds are:

- Wheat and Barley Research and Marketing Account
- Pesticide Groundwater Account
- Pesticide Account
- Agricultural CMD (Central Management Division) Fund (federal)
- Hail Insurance Fund (proprietary)

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	114,106	114,106	228,212	84.94 %	1,507,281	1,507,281	3,014,562	103.70 %
SWPL Adjustments	48,656	1,862	50,518	18.80 %	17,984	(26,434)	(8,450)	(0.29)%
PL Adjustments	0	0	0	0.00 %	(1,377)	(1,408)	(2,785)	(0.10)%
New Proposals	(5,029)	(5,029)	(10,058)	(3.74)%	(48,070)	(48,118)	(96,188)	(3.31)%
<b>Total Budget</b>	<b>\$157,733</b>	<b>\$110,939</b>	<b>\$268,672</b>		<b>\$1,475,818</b>	<b>\$1,431,321</b>	<b>\$2,907,139</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. “Statewide Present Law” adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	1,862	0	(53,023)	(51,161)	0.00	1,862	0	(51,861)	(49,999)
DP 2 - Fixed Costs	0.00	46,794	31,748	47,222	68,766	0.00	0	30,476	49,817	23,295
DP 3 - Inflation Deflation	0.00	0	379	0	379	0.00	0	270	0	270
DP 53 - SWPLA Fixed Cost Reductions	0.00	0	(1,829)	(2,721)	(1,266)	0.00	0	(1,687)	(2,757)	(1,289)
DP 54 - SWPLA Fixed Cost Reductions	0.00	0	(198)	(295)	(137)	0.00	0	(190)	(311)	(145)
DP 55 - SWPLA Fixed Cost Adjustment	0.00	0	38	56	26	0.00	0	34	55	26
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$48,656</b>	<b>\$30,138</b>	<b>(\$8,761)</b>	<b>\$16,607</b>	<b>0.00</b>	<b>\$1,862</b>	<b>\$28,903</b>	<b>(\$5,057)</b>	<b>(\$27,842)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

DP 54 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for rent and information technology.

DP 55 - SWPLA Fixed Cost Adjustment -

The legislature adopted further changes in fixed costs for non-office rent.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	Fiscal 2018					Fiscal 2019				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	0.00	(1,103)	0	0	(1,103)	0.00	(1,103)	0	0	(1,103)
DP 51 - Additional 2% Vacancy Savings	0.00	0	0	(28,041)	(28,041)	0.00	0	0	(28,089)	(28,089)
DP 555 - Appropriation Rebase	0.00	(4,662)	0	0	(4,662)	0.00	(4,662)	0	0	(4,662)
DP 556 - IT Convergence Savings	0.00	0	(12,000)	0	(15,000)	0.00	0	(12,000)	0	(15,000)
DP 6201001 - Reallocate Reductions	0.00	736	0	0	736	0.00	736	0	0	736
<b>Total</b>	<b>0.00</b>	<b>(\$5,029)</b>	<b>(\$12,000)</b>	<b>(\$28,041)</b>	<b>(\$48,070)</b>	<b>0.00</b>	<b>(\$5,029)</b>	<b>(\$12,000)</b>	<b>(\$28,089)</b>	<b>(\$48,118)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

DP 556 - IT Convergence Savings -

The legislature approved reductions to agency information technology costs for savings generated by migrating information technology assets to the state data center and other enterprise IT solutions.

DP 6201001 - Reallocate Reductions -

The legislature reallocated reductions across the department.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	9,040,851	8,936,192	(104,659)	(1.16)%
Operating Expenses	3,519,995	3,569,962	49,967	1.42%
Equipment & Intangible Assets	678,566	678,024	(542)	(0.08)%
Grants	4,558,522	4,488,094	(70,428)	(1.54)%
<b>Total Expenditures</b>	<b>\$17,797,934</b>	<b>\$17,672,272</b>	<b>(\$125,662)</b>	<b>(0.71)%</b>
General Fund	493,903	461,244	(32,659)	(6.61)%
State/Other Special Rev. Funds	15,109,867	15,169,342	59,475	0.39%
Federal Spec. Rev. Funds	2,194,164	2,041,686	(152,478)	(6.95)%
<b>Total Funds</b>	<b>\$17,797,934</b>	<b>\$17,672,272</b>	<b>(\$125,662)</b>	<b>(0.71)%</b>
<b>Total Ongoing</b>	<b>\$17,577,678</b>	<b>\$17,672,272</b>	<b>\$94,594</b>	<b>0.54%</b>
<b>Total OTO</b>	<b>\$220,256</b>	<b>\$0</b>	<b>(\$220,256)</b>	<b>(100.00)%</b>

**Program Description**

The Agricultural Sciences Division (ASD) administers and coordinates the major activities related to:

- Pesticide management
- Pest management
- Analytical laboratory services
- Noxious weed management
- Agricultural chemical groundwater program
- Seed, feed, and fertilizer programs
- Organic certification
- Nursery program
- Apiary program
- Commodity programs

ASD also administers agricultural programs related to the manufacturing and certification of commodities exported from or distributed in the state. ASD provides support to the Montana Noxious Weed Management Advisory Council, Noxious Weed Seed Free Forage Advisory Council, and the Montana Organic Commodity Advisory Council.

**Program Highlights**

<p><b>Agricultural Sciences Division Major Budget Highlights</b></p>
<ul style="list-style-type: none"> <li>• Overall decrease due to starting point motions intended to achieve 5% reductions and 6% vacancy savings</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	61.42	61.42	61.42	61.42	61.42
Personal Services	4,175,552	4,436,710	4,604,141	4,460,146	4,476,046
Operating Expenses	1,521,269	1,723,718	1,796,277	1,782,317	1,787,645
Equipment & Intangible Assets	90,752	339,554	339,012	339,012	339,012
Grants	2,369,329	2,314,475	2,244,047	2,244,047	2,244,047
<b>Total Expenditures</b>	<b>\$8,156,902</b>	<b>\$8,814,457</b>	<b>\$8,983,477</b>	<b>\$8,825,522</b>	<b>\$8,846,750</b>
General Fund	236,758	244,647	249,256	230,500	230,744
State/Other Special Rev. Funds	7,009,652	7,482,616	7,627,251	7,576,151	7,593,191
Federal Spec. Rev. Funds	910,492	1,087,194	1,106,970	1,018,871	1,022,815
<b>Total Funds</b>	<b>\$8,156,902</b>	<b>\$8,814,457</b>	<b>\$8,983,477</b>	<b>\$8,825,522</b>	<b>\$8,846,750</b>
<b>Total Ongoing</b>	<b>\$8,057,158</b>	<b>\$8,704,381</b>	<b>\$8,873,297</b>	<b>\$8,825,522</b>	<b>\$8,846,750</b>
<b>Total OTO</b>	<b>\$99,744</b>	<b>\$110,076</b>	<b>\$110,180</b>	<b>\$0</b>	<b>\$0</b>

Funding

The following table shows adopted program funding by source of authority.

Department of Agriculture, 30-Agricultural Sciences Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	461,244	0	0	461,244	2.59 %	
02068 Noxious Weed Admin Account	4,106,076	0	0	4,106,076	26.88 %	
02071 Anhydrous Ammonia Account	21,879	0	0	21,879	0.14 %	
02072 Manuals & Training Account	123,862	0	0	123,862	0.81 %	
02093 ALFALFA LEAF CUTTING BEE	15,070	0	0	15,070	0.10 %	
02192 Pesticide Groundwater Account	2,205,247	0	0	2,205,247	14.43 %	
02193 Pesticide Account	2,557,023	0	0	2,557,023	16.74 %	
02198 Fert. Groundwater Account	63,053	0	0	63,053	0.41 %	
02264 Organic Certification	648,836	0	0	648,836	4.25 %	
02265 FSI Produce	554,483	0	0	554,483	3.63 %	
02266 Commodity Dealer/Warehouse	198,963	0	108,000	306,963	2.01 %	
02267 Nursery Account	149,189	0	0	149,189	0.98 %	
02268 Produce Account	920,550	0	0	920,550	6.03 %	
02269 Seed Account	278,643	0	0	278,643	1.82 %	
02341 Weed Seed Free Forage Account	236,317	0	0	236,317	1.55 %	
02452 Commercial Fertilizer	697,521	0	0	697,521	4.57 %	
02454 Commercial Feed	1,607,279	0	0	1,607,279	10.52 %	
02782 Reverted Weed Grant Fund	132,000	0	0	132,000	0.86 %	
02792 Apiary Account	252,343	0	0	252,343	1.65 %	
02162 Environmental Quality Protecti	0	0	0	0	0.00 %	
02272 Plant Export Certification	361,008	0	0	361,008	2.36 %	
02465 Industrial Hemp	40,000	0	0	40,000	0.26 %	
<b>State Special Total</b>	<b>\$15,169,342</b>	<b>\$0</b>	<b>\$108,000</b>	<b>\$15,277,342</b>	<b>85.92 %</b>	
03118 Agriculture ASD Federal	2,041,686	0	0	2,041,686	100.00 %	
<b>Federal Special Total</b>	<b>\$2,041,686</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,041,686</b>	<b>11.48 %</b>	
06052 Hail Insurance	0	0	0	0	0.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$17,672,272</b>	<b>\$0</b>	<b>\$108,000</b>	<b>\$17,780,272</b>		

The Agricultural Sciences Division is funded with general fund, state special revenue, and federal special revenue. State special revenue represents the prominent funding source. It is derived primarily from fees assessed for regulatory activities, product registration, and technical services.

General fund provides inspection and testing for prohibited materials in feed related to bovine spongiform encephalopathy (BSE or mad cow disease) and noxious weed control grants. Federal special revenue includes funding from the U.S. Forest Service, U.S. Department of Agriculture, Environmental Protection Agency, and Bureau of Land Management. Federal funds support noxious weed mitigation and portions of the bovine spongiform encephalopathy (BSE) feed sampling program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	249,256	249,256	498,512	108.08 %	8,873,297	8,873,297	17,746,594	100.42 %
SWPL Adjustments	(4,644)	(4,394)	(9,038)	(1.96)%	(2,936)	18,649	15,713	0.09 %
PL Adjustments	(19)	(20)	(39)	(0.01)%	66,224	66,187	132,411	0.75 %
New Proposals	(14,093)	(14,098)	(28,191)	(6.11)%	(111,063)	(111,383)	(222,446)	(1.26)%
<b>Total Budget</b>	<b>\$230,500</b>	<b>\$230,744</b>	<b>\$461,244</b>		<b>\$8,825,522</b>	<b>\$8,846,750</b>	<b>\$17,672,272</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(4,265)	115,371	(78,930)	32,176	0.00	(3,993)	128,961	(76,572)	48,396
DP 2 - Fixed Costs	0.00	(379)	(19,855)	3,980	(16,254)	0.00	(401)	(19,648)	4,830	(15,219)
DP 3 - Inflation Deflation	0.00	0	(15,971)	(2,887)	(18,858)	0.00	0	(12,358)	(2,170)	(14,528)
DP 53 - SWPLA Fixed Cost Reductions	0.00	(18)	(2,233)	113	(2,138)	0.00	(18)	(2,320)	176	(2,162)
DP 54 - SWPLA Fixed Cost Reductions	0.00	(1)	(229)	11	(219)	0.00	(2)	(248)	18	(232)
DP 55 - SWPLA Fixed Cost Adjustment	0.00	0	43	(2)	41	0.00	0	44	(3)	41
DP 3006 - Authority for fees amended by rule	0.00	0	68,540	0	68,540	0.00	0	68,540	0	68,540
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$4,663)</b>	<b>\$145,666</b>	<b>(\$77,715)</b>	<b>\$63,288</b>	<b>0.00</b>	<b>(\$4,414)</b>	<b>\$162,971</b>	<b>(\$73,721)</b>	<b>\$84,836</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

DP 54 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for rent and information technology.

DP 55 - SWPLA Fixed Cost Adjustment -

The legislature adopted further changes in fixed costs for non-office rent.

DP 3006 - Authority for fees amended by rule -

The legislature approved additional authority to expend cash from higher fees. The new rates came from administrative rule amendments to make fees commensurate with costs.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	0.00	0	(2,587)	0	(2,587)	0.00	0	(2,587)	0	(2,587)
DP 51 - Additional 2% Vacancy Savings	0.00	(1,887)	(83,999)	(10,384)	(96,270)	0.00	(1,892)	(84,264)	(10,434)	(96,590)
DP 555 - Appropriation Rebase	0.00	(11,838)	0	0	(11,838)	0.00	(11,838)	0	0	(11,838)
DP 6201001 - Reallocate Reductions	0.00	(368)	0	0	(368)	0.00	(368)	0	0	(368)
<b>Total</b>	<b>0.00</b>	<b>(\$14,093)</b>	<b>(\$86,586)</b>	<b>(\$10,384)</b>	<b>(\$111,063)</b>	<b>0.00</b>	<b>(\$14,098)</b>	<b>(\$86,851)</b>	<b>(\$10,434)</b>	<b>(\$111,383)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

DP 6201001 - Reallocate Reductions -

The legislature reallocated reductions across the department.

**Program Budget Comparison**

The following Program Budget Comparison table compares the 2017 biennium appropriated budget to the 2019 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Legislative Budget 18-19	Biennium Change	Biennium % Change
Personal Services	4,536,364	4,451,894	(84,470)	(1.86)%
Operating Expenses	4,484,736	5,388,218	903,482	20.15%
Equipment & Intangible Assets	49,754	149,754	100,000	200.99%
Grants	5,778,300	6,518,473	740,173	12.81%
Transfers	296,592	259,514	(37,078)	(12.50)%
<b>Total Expenditures</b>	<b>\$15,145,746</b>	<b>\$16,767,853</b>	<b>\$1,622,107</b>	<b>10.71%</b>
General Fund	1,226,791	1,053,815	(172,976)	(14.10)%
State/Other Special Rev. Funds	12,686,724	14,722,121	2,035,397	16.04%
Federal Spec. Rev. Funds	213,004	199,009	(13,995)	(6.57)%
Proprietary Funds	1,019,227	792,908	(226,319)	(22.20)%
<b>Total Funds</b>	<b>\$15,145,746</b>	<b>\$16,767,853</b>	<b>\$1,622,107</b>	<b>10.71%</b>
<b>Total Ongoing</b>	<b>\$14,935,746</b>	<b>\$14,767,853</b>	<b>(\$167,893)</b>	<b>(1.12)%</b>
<b>Total OTO</b>	<b>\$210,000</b>	<b>\$2,000,000</b>	<b>\$1,790,000</b>	<b>852.38%</b>

**Program Description**

The Agricultural Development Division (ADD) administers programs to promote Montana agriculture. ADD is comprised of the following bureaus:

- Wheat and Barley
- Agriculture Development and Marketing
- State Grain Laboratory

ADD also provides support to the Agricultural Development Council, the Montana Wheat & Barley Committee, Alfalfa Seed Committee, Montana Pulse Advisory Committee, Montana Potato Advisory Committee, and the Cherry Advisory Committee.

**Program Highlights**

<b>Agricultural Development Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• One-time-only increase in expenditures due to a change in grant time periods for the Wheat and Barley Committee</li> <li>• Decrease in proprietary due to changes in administration of hail insurance</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares the program's FY 2016 actual expenditures with FY 2016 through FY 2019 appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Legislative Fiscal 2018	Legislative Fiscal 2019
FTE	38.22	38.22	38.22	37.90	37.90
Personal Services	1,869,623	2,257,571	2,278,793	2,224,908	2,226,986
Operating Expenses	1,737,721	1,898,547	2,586,189	3,016,668	2,371,550
Equipment & Intangible Assets	75,729	24,877	24,877	74,877	74,877
Grants	3,162,386	3,205,569	2,572,731	3,921,041	2,597,432
Transfers	166,835	166,835	129,757	129,757	129,757
<b>Total Expenditures</b>	<b>\$7,012,294</b>	<b>\$7,553,399</b>	<b>\$7,592,347</b>	<b>\$9,367,251</b>	<b>\$7,400,602</b>
General Fund	607,641	630,453	596,338	526,629	527,186
State/Other Special Rev. Funds	5,999,168	6,312,705	6,374,019	8,344,856	6,377,265
Federal Spec. Rev. Funds	95,256	106,532	106,472	99,484	99,525
Proprietary Funds	310,229	503,709	515,518	396,282	396,626
<b>Total Funds</b>	<b>\$7,012,294</b>	<b>\$7,553,399</b>	<b>\$7,592,347</b>	<b>\$9,367,251</b>	<b>\$7,400,602</b>
<b>Total Ongoing</b>	<b>\$6,907,294</b>	<b>\$7,448,399</b>	<b>\$7,487,347</b>	<b>\$7,367,251</b>	<b>\$7,400,602</b>
<b>Total OTO</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>\$105,000</b>	<b>\$2,000,000</b>	<b>\$0</b>

Funding

The following table shows adopted program funding by source of authority.

Department of Agriculture, 50-Agricultural Development Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,053,815	0	1,468,330	2,522,145	6.88 %
02040 Wheat & Barley Research & Mktg	11,342,843	0	0	11,342,843	62.84 %
02066 Agriculture In MT Schools Act.	180,482	0	0	180,482	1.00 %
02127 Food & Ag Development Program	0	0	0	0	0.00 %
02132 GTA Seed Capital Account	10	0	284,584	284,594	1.58 %
02178 Cherry Research & Marketing	0	0	49,704	49,704	0.28 %
02205 Pulse Crop Research&Marketing	0	0	2,770,064	2,770,064	15.35 %
02340 Coal Sev. Tax Shared SSR	804,473	0	0	804,473	4.46 %
02453 Grain Services	2,301,635	0	0	2,301,635	12.75 %
02461 Alfalfa Seed Assessment	77,952	0	0	77,952	0.43 %
02557 Research & Commercialization	0	0	0	0	0.00 %
02582 Certified Natural Beef	14,726	0	0	14,726	0.08 %
02793 Potato Research & Marketing	0	0	224,700	224,700	1.24 %
<b>State Special Total</b>	<b>\$14,722,121</b>	<b>\$0</b>	<b>\$3,329,052</b>	<b>\$18,051,173</b>	<b>49.26 %</b>
03225 Agriculture ADD Federal	199,009	0	0	199,009	100.00 %
<b>Federal Special Total</b>	<b>\$199,009</b>	<b>\$0</b>	<b>\$0</b>	<b>\$199,009</b>	<b>0.54 %</b>
06016 Beginning Farm Loans	0	116,400	0	116,400	0.73 %
06052 Hail Insurance	792,908	0	14,966,414	15,759,322	99.27 %
<b>Proprietary Total</b>	<b>\$792,908</b>	<b>\$116,400</b>	<b>\$14,966,414</b>	<b>\$15,875,722</b>	<b>43.32 %</b>
<b>Total All Funds</b>	<b>\$16,767,853</b>	<b>\$116,400</b>	<b>\$19,763,796</b>	<b>\$36,648,049</b>	

The Agricultural Development Division is funded with general fund, state special revenue, and federal special revenue. The funding for the Agricultural Development Division is mainly state special revenue. The largest account, the wheat and barley research and marketing fund receives revenues from assessments levied on the initial sale of each of the commodities. Additional funding sources include a portion of the coal severance tax collections that support the Growth Through Agriculture (GTA) program, grain testing fees, alfalfa seed assessments, income tax check offs for Agriculture in Montana Schools, and interest earnings from invested fund balances in various accounts.

General fund supports division administration, agricultural marketing, and the state grain lab. Federal special revenue is from federal grants used to develop agriculture markets, marketing projects, and related operating costs.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	596,338	596,338	1,192,676	113.18 %	7,487,347	7,487,347	14,974,694	89.31 %
SWPL Adjustments	(33,075)	(32,499)	(65,574)	(6.22)%	(92,018)	(88,811)	(180,829)	(1.08)%
PL Adjustments	(432)	(446)	(878)	(0.08)%	86,525	86,512	173,037	1.03 %
New Proposals	(36,202)	(36,207)	(72,409)	(6.87)%	1,885,397	(84,446)	1,800,951	10.74 %
<b>Total Budget</b>	<b>\$526,629</b>	<b>\$527,186</b>	<b>\$1,053,815</b>		<b>\$9,367,251</b>	<b>\$7,400,602</b>	<b>\$16,767,853</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes from the FY 2017 base appropriation to the budget approved by the legislature. "Statewide Present Law" adjustments are standard statewide categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(27,840)	50,183	(6,348)	(6,753)	0.00	(27,651)	51,902	(6,304)	(4,631)
DP 2 - Fixed Costs	0.00	(5,363)	13,475	587	(81,010)	0.00	(5,025)	13,582	586	(80,386)
DP 3 - Inflation Deflation	0.00	128	(4,036)	0	(4,255)	0.00	177	(3,624)	0	(3,794)
DP 53 - SWPLA Fixed Cost Reductions	0.00	(397)	(380)	25	(951)	0.00	(409)	(374)	26	(958)
DP 54 - SWPLA Fixed Cost Reductions	0.00	(42)	(31)	3	(91)	0.00	(45)	(32)	1	(97)
DP 55 - SWPLA Fixed Cost Adjustment	0.00	7	6	0	17	0.00	8	6	(1)	17
DP 3006 - Authority for fees amended by rule	0.00	0	85,000	0	85,000	0.00	0	85,000	0	85,000
DP 5001 - Per Diem Adjustment	0.00	0	2,550	0	2,550	0.00	0	2,550	0	2,550
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$33,507)</b>	<b>\$146,767</b>	<b>(\$5,733)</b>	<b>(\$5,493)</b>	<b>0.00</b>	<b>(\$32,945)</b>	<b>\$149,010</b>	<b>(\$5,692)</b>	<b>(\$2,299)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature approved adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline and others.

DP 53 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warrant writer, rent, and information technology.

DP 54 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for rent and information technology.

DP 55 - SWPLA Fixed Cost Adjustment -

The legislature adopted further changes in fixed costs for non-office rent.

DP 3006 - Authority for fees amended by rule -

The legislature approved additional authority to expend cash from higher fees. The new rates came from administrative rule amendments to make fees commensurate with costs.

DP 5001 - Per Diem Adjustment -

The legislature approved additional state special revenue in each year of the 2019 biennium for anticipated per diem payments.

**New Proposals**

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - 5% Plan Adjustments	(0.32)	0	(2,858)	0	(2,858)	(0.32)	0	(2,858)	0	(2,858)
DP 51 - Additional 2% Vacancy Savings	0.00	(5,452)	(34,288)	(1,255)	(47,211)	0.00	(5,457)	(34,323)	(1,255)	(47,255)
DP 555 - Appropriation Rebase	0.00	(30,382)	0	0	(30,382)	0.00	(30,382)	0	0	(30,382)
DP 5007 - Montana Wheat and Barley Committee (BIEN/OTO)	0.00	0	2,000,000	0	2,000,000	0.00	0	0	0	0
DP 5011 - Balance Coal Tax Shared Account	0.00	0	(32,094)	0	(32,094)	0.00	0	(28,284)	0	(28,284)
DP 5555550 - Balance Coal Shared Account	0.00	0	51,161	0	51,161	0.00	0	61,001	0	61,001
DP 5555553 - Phased Coal Shared Account Ratios	0.00	0	(52,851)	0	(52,851)	0.00	0	(36,300)	0	(36,300)
DP 6201001 - Reallocate Reductions	0.00	(368)	0	0	(368)	0.00	(368)	0	0	(368)
<b>Total</b>	<b>(0.32)</b>	<b>(\$36,202)</b>	<b>\$1,929,070</b>	<b>(\$1,255)</b>	<b>\$1,885,397</b>	<b>(0.32)</b>	<b>(\$36,207)</b>	<b>(\$40,764)</b>	<b>(\$1,255)</b>	<b>(\$84,446)</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - 5% Plan Adjustments -

Statute requires state agencies to submit a plan to reduce base expenditures for general fund and certain state special revenues as part of its budget submission. The executive incorporated a portion of these reductions in the proposed budget. The legislature adopted reductions for general fund and certain state special revenues to bring the total base reduction for the agency to 5% of the 2017 base budget as outlined in statute, with some exceptions.

DP 51 - Additional 2% Vacancy Savings -

The legislature adopted an additional 2% vacancy savings for the 2019 biennium, resulting in a total 6% vacancy savings for the 2019 biennium.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The legislature approved reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

DP 5007 - Montana Wheat and Barley Committee (BIEN/OTO) -

The legislature approved a one-time-only, biennial state special revenue appropriation for Montana Wheat and Barley Committee grants. The committee is transitioning to a calendar year grant cycle from the current fiscal year cycle. This legislative action allows the appropriation to match the year of the award and maintain required accounting practices.

DP 5011 - Balance Coal Tax Shared Account -

The legislature approved a reduction in expenditures from the Coal Severance Tax Shared Account due to lack of available funds.

DP 5555550 - Balance Coal Shared Account -

The legislature approved balancing the Coal Tax Shared Account using a fixed ratio. In order to do so, the department appropriation from the account is increased.

DP 5555553 - Phased Coal Shared Account Ratios -

The legislature implemented fixed ratios on the Coal Shared Account over a four year period.

DP 6201001 - Reallocate Reductions -

The legislature reallocated reductions across the department.

**Other Issues**Fund 06016 – Beginning Farm Loans*Proprietary Program Description*

The Montana Beginning Farmer/Rancher Loan Program is a tax-exempt bond program designed to assist beginning farmers/ranchers to acquire agricultural property at lower interest rates. The program enables lenders, individuals, partnerships, corporations, and other entities to receive federally tax-exempt interest with respect to a loan or contract sale made to a qualifying beginning farmer/rancher. The financial institution, after arranging the loan or sales contract, may obtain a federally tax-exempt bond in the amount of the loan or unpaid balance from the Montana agriculture loan authority. The loan and its collateral will be assigned to the financial institution as security for the bond.

*Revenues*

Revenues for the program are derived from an application fee and a percentage fee levied against the outstanding loan amount.

*Expenses*

Funds are only used to promote and administer the loan program. Once there is sufficient revenue to support it, 0.50 FTE and related operating expenses will be funded.

*Proprietary Rates*

The program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates of the program. Instead the legislature reviewed the report for the enterprise fund.

Fund 06052 – Hail Insurance*Proprietary Program Description*

The Hail Insurance Program provides low cost hail insurance coverage for crops grown in Montana and assists producers with recovery of their input costs should they experience hail damage. The program insures approximately 1.05 million acres of crops with coverage nearing \$70 million each year.

*Revenues*

Revenues for the program are derived from premium assessments paid by producers for crop acreage insured.

*Expenses*

The program pays for 2.17 permanent FTE and 3.30 seasonal FTE to support program operations.

*Proprietary Rates*

The program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates of the program. Instead the legislature reviewed the report for the enterprise fund.