

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 %
Total Expenditures	\$62,643,412	\$63,847,166	\$1,203,754	1.92 %
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)%
Total Funds	\$62,643,412	\$63,847,166	\$1,203,754	1.92 %
Total Ongoing	\$61,800,340	\$62,024,638	\$224,298	0.36 %
Total OTO	\$843,072	\$1,822,528	\$979,456	116.18 %

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

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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
Total Expenditures	\$29,361,890	\$30,844,979	\$31,798,433	\$31,865,621	\$31,981,545
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
Total Funds	\$29,361,890	\$30,844,979	\$31,798,433	\$31,865,621	\$31,981,545
Total Ongoing	\$29,129,501	\$30,417,214	\$31,383,126	\$30,954,357	\$31,070,281
Total OTO	\$232,389	\$427,765	\$415,307	\$911,264	\$911,264

Funding

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

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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 %
State Special Total	\$35,654,437	\$0	\$0	\$35,654,437	50.37 %
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 %
Federal Special Total	\$2,727,250	\$0	\$0	\$2,727,250	3.85 %
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 %
Proprietary Total	\$0	\$6,941,819	\$0	\$6,941,819	9.81 %
Total All Funds	\$63,847,166	\$6,941,819	\$0	\$70,788,985	

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.

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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)%
Total Budget	\$12,702,938	\$12,762,541	\$25,465,479		\$31,865,621	\$31,981,545	\$63,847,166	

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
Grand Total All Present Law Adjustments	2.00	\$285,505	\$378,694	\$376	\$664,575	2.00	\$345,625	\$434,134	\$2,045	\$781,804

*"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.

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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
Total	1.00	(\$178,323)	\$1,768	(\$5,525)	(\$182,080)	1.00	(\$178,840)	\$1,001	(\$5,546)	(\$183,385)

**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

Aircraft	Current 2017 Bien
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.