

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	693.60	693.60	700.28	700.28	693.60	700.28	6.68	0.96%
Estimated Impact of HB 2*			(24.20)	(24.20)		(24.20)	(24.20)	
<b>Net Estimated FTE*</b>			<b>676.08</b>	<b>676.08</b>		<b>676.08</b>	<b>(17.52)</b>	
Personal Services	39,400,159	40,915,669	42,394,102	42,436,198	80,315,828	84,830,300	4,514,472	5.62%
Operating Expenses	28,842,673	29,571,626	31,096,091	30,435,118	58,414,299	61,531,209	3,116,910	5.34%
Equipment & Intangible Assets	1,120,538	661,995	1,156,038	1,156,038	1,782,533	2,312,076	529,543	29.71%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	952,466	941,468	952,466	952,466	1,893,934	1,904,932	10,998	0.58%
Benefits & Claims	6,225	4,823	6,225	6,225	11,048	12,450	1,402	12.69%
Transfers	293,826	274,580	337,626	337,626	568,406	675,252	106,846	18.80%
Debt Service	25,898	15,300	27,698	27,698	41,198	55,396	14,198	34.46%
<b>Total Costs</b>	<b>\$70,641,785</b>	<b>\$72,385,461</b>	<b>\$75,970,246</b>	<b>\$75,351,369</b>	<b>\$143,027,246</b>	<b>\$151,321,615</b>	<b>\$8,294,369</b>	<b>5.80%</b>
General Fund	0	0	309,125	309,125	0	618,250	618,250	n/a
State Special	55,375,319	56,522,854	56,591,231	56,034,700	111,898,173	112,625,931	727,758	0.65%
Federal Special	15,266,466	15,862,607	19,069,890	19,007,544	31,129,073	38,077,434	6,948,361	22.32%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$70,641,785</b>	<b>\$72,385,461</b>	<b>\$75,970,246</b>	<b>\$75,351,369</b>	<b>\$143,027,246</b>	<b>\$151,321,615</b>	<b>\$8,294,369</b>	<b>5.80%</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

**Agency Description**

Agency Mission: Montana Fish, Wildlife and Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana, while contributing to the quality of life for present and future generations.

Fish, Wildlife, and Parks 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 commission provides direction on specific issues provided in statute. This guidance includes land usage, preservation and management of wildlife, establishment of license and permit fees, and the creation of hunting and fishing seasons.

## Agency Highlights

<b>Department of Fish, Wildlife and Parks Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The primary initiatives in the approved budget include:               <ul style="list-style-type: none"> <li>• Additional funding for the wolf management program</li> <li>• An additional 2.53 FTE for parks maintenance and operations</li> <li>• \$2.9 million in funding switches from state special revenue to federal funds in the Fisheries and Wildlife Divisions</li> <li>• Continuance and full-year funding of the general pay increase provided to staff partway through FY 2012 (\$2.5 million per year)</li> <li>• Continuance of funding for aquatic invasive species detection and containment activities (\$0.6 million general fund)</li> <li>• Developing and maintaining property managed for wildlife habitat</li> <li>• \$400,000 for fishing access site operation and maintenance</li> <li>• \$0.5 million for a long-term moose research project and sage grouse research</li> <li>• \$400,000 one-time-only/restricted funding to purchase heavy equipment in the parks division</li> <li>• Creating a restricted line-item appropriation for ongoing funding of shooting range grants instead of funding them from the base</li> </ul> </li> </ul>

### Summary of Legislative Action

The legislature approved a biennial budget of \$151.3 million, including \$81.6 million in general license funds. The budget includes \$5.9 million in statewide present law adjustments, including the funding for the pay increase given in FY 2012, accounting for \$5.0 million, \$2.5 million in present law adjustments, and \$1.6 million in new proposals. The budget is funded with 53.7% general license funds (\$81.6 million) and 23.6% federal special revenue (\$38.1 million).

Included in the approved budget is \$600,000 over the biennium for prevention of aquatic invasive species, along with HB 586 that provides \$1.0 million of general fund to the department.

The legislature also approved additional funding for the wolf management program to continue funding in alignment with SB 348 from the 2011 Legislature, requiring the department to allocate \$900,000 annually for wolf management. To reduce state special revenue expenditures, the legislature approved a funding switch of \$2.4 million from the general license account to federal funds, since the agency is receiving an increase in federal dollars due to an increase in sales of ammunition and firearms.

The legislature typically has provided shooting range grants in base level funding. The agency reduced these funds in the 2013 biennium. To prevent the agency from further reducing the funding for these grants, the funding was created as a restricted line item.

The legislature chose to appropriate a number of items on a one-time-only basis to allow for follow up review by the next legislature, including:

- Funding for aquatic invasive species
- Fishing lands access and fishing land access sites (FAS) operations and maintenance funding
- Game damage herders
- Grizzly bear study funding
- Park reservation system
- Parks equipment

*Boilerplate*

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 24.2 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

**Funding**

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

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$618,250	\$0	\$0	\$618,250	0.4%
State Special Total	112,625,931	-	2,919,009	115,544,940	71.3%
Federal Special Total	38,077,434	-	344,146	38,421,580	23.7%
Proprietary Total	-	7,459,723	-	7,459,723	4.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
<b>Total All Funds</b>	<b>\$151,321,615</b>	<b>\$7,459,723</b>	<b>\$3,263,155</b>	<b>\$162,044,493</b>	
Percent - Total All Sources	93.4%	4.6%	2.0%		

The department is funded with state special and federal special revenue. The legislature approved general fund in the 2015 biennium for continuance of aquatic invasive species (AIS) program activities. The most prominent funding source is the general license account (GLA), where the license and fee revenue from hunting and fishing is maintained. The state has assented to federal law to utilize these funds only for the operation of the state fish and wildlife agency. Any diversion of the funds from this purpose would result in the loss of federal excise tax funds.

The following table provides revenues, expenditures and estimated ending fund balance for the general license account.

FWP General License Account				
	Actual Fiscal 2012	Appropriated Fiscal 2013	Approved	
			Fiscal 2014	Fiscal 2015
Beginning Balance	\$33,186,061	\$29,450,091	\$20,223,750	\$17,742,326
License Revenue	32,445,894	33,727,400	34,255,000	34,800,000
Other Revenue	<u>7,036,443</u>	<u>5,510,000</u>	<u>5,673,270</u>	<u>5,572,000</u>
Total Funds Available	72,490,257	68,687,491	60,152,020	58,114,326
Disbursements				
Program Expenditures	40,684,695	43,964,224	41,894,109	41,875,734
Statutory Appropriations	773,215	363,281	473,215	473,215
Cat & Dog Bills	0	274,000	0	0
Continuing Capital Costs	1,760,397	3,862,236	0	0
LRB Projects	0	0	0	0
HB 13 Estimated Pay Increase	0	0	935,180	981,939
Budget Proposals (PL & NP)	0	0	(892,810)	(1,593,683)
Total Disbursements	<u>43,218,307</u>	<u>48,463,741</u>	<u>42,409,694</u>	<u>41,737,205</u>
Adjustments (Prior Year Revenue)	178,141	0	0	0
Available Ending Balance	\$29,450,091	\$20,223,750	\$17,742,326	\$16,377,121

*Structural Balance*

The revenues to the general license account are based on fees set by the legislature. Historically, fees have been set at a stable level for a period of eight to ten years. Early in the cycle, the increased fees generate more income than the revenue needed to meet expenses, creating a surplus of funds in the general license account, which is utilized when expenses begin to exceed revenues. During the later period, the balance in the GLA declines as expenditures exceed revenues. When the balance is projected to reach a certain point, the executive proposes a fee increase. The department considers a fund balance of \$6.0 million to be the critical point when fee increases are necessary to support department activities. The adjacent table provides a comparison of revenues and expenditures since FY 2002. The department managed a period of four years between FY 2005 and FY 2009 where revenues exceeded expenditures, resulting in an increasing ending fund balance. Beginning in FY 2010, the department began expending more than projected revenues, causing a decrease to the ending fund balance. This situation is to continue through the 2015 biennium. This indicates that the fund is at the turning point where expenditures exceed revenues and the department begins to spend down the fund balance.

Fish, Wildlife and Parks General License Account Revenues and Disbursements				
Fiscal Year	Revenues	Disbursements	Difference	Cumulative
*2015	\$40,372,000	\$41,737,205	(1,365,205)	(9,836,436)
*2014	39,928,270	42,409,694	(2,481,424)	(8,471,231)
*2013	39,237,400	48,463,741	(9,226,341)	(5,989,807)
2012	39,850,107	43,596,073	(3,745,966)	3,236,534
2011	38,486,839	40,167,839	(1,681,000)	6,982,500
2010	40,270,320	42,360,806	(2,090,486)	8,663,500
2009	42,201,959	39,362,308	2,839,651	10,753,986
2008	39,667,344	38,504,168	1,163,176	7,914,335
2007	36,060,099	31,692,176	4,367,923	6,751,159
2006	32,214,305	32,011,336	202,969	2,383,236
2005	30,399,417	30,149,840	249,577	2,180,267
2004	28,437,937	28,905,675	(467,738)	1,930,690
2003	29,189,792	27,039,789	2,150,003	2,398,428
2002	27,145,523	26,897,098	248,425	248,425

\*Based upon appropriations and executive request

A large part of the decline seen between FY 2012 and FY 2013 is due to the pay increases that the department gave in FY 2012, which totaled approximately \$4.8 million for the biennium, with approximately \$3.0 million being funding by the general license account per biennium. The legislature reduced expenditures by \$2.9 million for the 2015 biennium primarily through federal funding switches to aid in structural balance of the fund.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	70,641,785	70,641,785	141,283,570	93.37%
Statewide PL Adjustments	0	0	0	0.00%	2,935,069	2,959,424	5,894,493	3.90%
Other PL Adjustments	309,125	309,125	618,250	100.00%	1,276,947	1,276,429	2,553,376	1.69%
New Proposals	0	0	0	0.00%	1,116,445	473,731	1,590,176	1.05%
<b>Total Budget</b>	<b>\$309,125</b>	<b>\$309,125</b>	<b>\$618,250</b>		<b>\$75,970,246</b>	<b>\$75,351,369</b>	<b>\$151,321,615</b>	

**Other Legislation**

**HB 13** – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

**HB 163** - This bill requires the department to eliminate the mountain lion trophy license and is estimated to result in a net loss in revenue of \$20,000 to the general license account.

**HB 170** - This bill creates a 3-day nonresident upland game bird license would result in a net gain in revenue of \$98,500 annually to multiple state special revenue accounts.

**HB 273** - This bill removes the sunset date on the sale of licenses to a non-resident to hunt with a resident sponsor or family member. Removal of the sunset date continues the sale of these non-resident licenses and provides \$65,990 of revenue annually to multiple state special revenue accounts.

**HB 401** - This bill creates special application fees collected by the Department of Fish, Wildlife and Parks resulting in an increase of revenue in the amount of \$1,259,520 per year to the general license account.

**HB 580** - This bill appropriates \$75,000 from the state special revenue oil and gas ERA account to the Governor's Office for the biennia beginning July 1, 2011 and July 1, 2013 for the purpose of funding the Greater Sage-Grouse Habitat Conservation Advisory Council established by the Governor in Executive Order No. 2-2013.

**HB 586** - This bill establishes authority for the Department of Fish, Wildlife and Parks for check stations and quarantine measures for aquatic invasive species and appropriates \$1,000,000 from the general fund to the agency for the biennium. It also appropriates \$300,000 of general fund at the beginning of each biennium to the invasive species account, to be used by the Department of Natural Resources and Conservation (DNRC).

**Executive Budget Comparison**

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	693.60	705.03	700.28	(4.75)	706.78	700.28	(6.50)	
Estimated Impact of HB 2*			(24.20)	(24.20)		(24.20)	(24.20)	
<b>Net Estimated FTE*</b>			<b>676.08</b>	<b>(28.95)</b>		<b>676.08</b>	<b>(30.70)</b>	
Equipment & Intangible Assets	1,120,538	1,156,038	1,156,038	0	1,156,038	1,156,038	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	952,466	952,466	952,466	0	952,466	952,466	0	0
Benefits & Claims	6,225	6,225	6,225	0	6,225	6,225	0	0
Transfers	293,826	337,626	337,626	0	337,626	337,626	0	0
Debt Service	25,898	27,698	27,698	0	27,698	27,698	0	0
<b>Total Costs</b>	<b>\$70,641,785</b>	<b>\$75,848,167</b>	<b>\$75,970,246</b>	<b>\$122,079</b>	<b>\$76,020,541</b>	<b>\$75,351,369</b>	<b>(\$669,172)</b>	<b>(\$547,093)</b>
General Fund	0	309,125	309,125	0	309,125	309,125	0	0
State/Other Special	55,375,319	56,618,647	56,591,231	(27,416)	56,772,323	56,034,700	(737,623)	(765,039)
Federal Special	15,266,466	18,920,395	19,069,890	149,495	18,939,093	19,007,544	68,451	217,946
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$70,641,785</b>	<b>\$75,848,167</b>	<b>\$75,970,246</b>	<b>\$122,079</b>	<b>\$76,020,541</b>	<b>\$75,351,369</b>	<b>(\$669,172)</b>	<b>(\$547,093)</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative approved budget is \$0.5 million lower than the executive. Adjustments include additional funding for the grizzly bear study reimbursement and fishing access sites maintenance, offset by not approving the proposed migratory bird program funding increase or 7.0 additional FTE for the wolf program. In addition, the legislature imposed an additional 2% vacancy savings.

#### Language and Statutory Authority

The legislature included the following language in HB 2.

“Wildlife Division includes a reduction in state special revenue of \$519,403 in fiscal year 2014 and \$522,032 in fiscal year 2015 and federal special revenue of \$213,635 in fiscal year 2014 and \$211,731 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	30.00	30.00	30.00	30.00	30.00	30.00	0.00	0.00%
Personal Services	2,149,625	2,146,764	2,304,653	2,306,277	4,296,389	4,610,930	314,541	7.32%
Operating Expenses	2,176,778	2,181,475	2,011,254	2,011,477	4,358,253	4,022,731	(335,522)	(7.70%)
Equipment & Intangible Assets	53,111	53,241	53,111	53,111	106,352	106,222	(130)	(0.12%)
<b>Total Costs</b>	<b>\$4,379,514</b>	<b>\$4,381,480</b>	<b>\$4,369,018</b>	<b>\$4,370,865</b>	<b>\$8,760,994</b>	<b>\$8,739,883</b>	<b>(\$21,111)</b>	<b>(0.24%)</b>
State Special	4,368,822	4,370,787	4,358,326	4,360,173	8,739,609	8,718,499	(21,110)	(0.24%)
Federal Special	10,692	10,693	10,692	10,692	21,385	21,384	(1)	0.00%
<b>Total Funds</b>	<b>\$4,379,514</b>	<b>\$4,381,480</b>	<b>\$4,369,018</b>	<b>\$4,370,865</b>	<b>\$8,760,994</b>	<b>\$8,739,883</b>	<b>(\$21,111)</b>	<b>(0.24%)</b>

**Program Description**

Information Services provides information technology and information management services to the entire department including, but not limited to:

- Network creation and administration
- Hardware and off-the-shelf software procurement and configuration
- Support of automated license sales and drawings
- Intranet and Internet communications
- Software development, deployment, and support

**Program Highlights**

<b>Information Services Division</b>
<b>Major Budget Highlights</b>
◆ This budget remains static from the previous biennium

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Information Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$8,718,499	\$0	\$0	\$8,718,499	99.8%		
02409 General License	\$8,718,499	\$0	\$0	\$8,718,499	99.8%		
Federal Special Total	\$21,384	\$0	\$0	\$21,384	0.2%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$21,384	\$0	\$0	\$21,384	0.2%		
Total All Funds	\$8,739,883	\$0	\$0	\$8,739,883	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The division receives 99.8% of funding from the general license account. The remaining funding is from federal funds.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	4,379,514	4,379,514	8,759,028	100.22%
Statewide PL Adjustments	0	0	0	0.00%	(10,496)	(8,649)	(19,145)	(0.22%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	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>\$4,369,018</b>	<b>\$4,370,865</b>	<b>\$8,739,883</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					251,053					252,744
Vacancy Savings					(96,025)					(96,092)
Inflation/Deflation					(359)					(136)
Fixed Costs					(165,165)					(165,165)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>(\$10,496)</b>	<b>\$0</b>	<b>(\$10,496)</b>		<b>\$0</b>	<b>(\$8,649)</b>	<b>\$0</b>	<b>(\$8,649)</b>
DP 50 - Initial Motion to FY 2012 Base	0.00		10,496	0	10,496	0.00	0	8,649	0	8,649
DP 51 - Adjustment for Statewide Personal Services	0.00	0	155,028	0	155,028	0.00	0	156,652	0	156,652
DP 52 - Adjustment for Statewide Operations	0.00	0	(165,524)	0	(165,524)	0.00	0	(165,301)	0	(165,301)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$10,496)</b>	<b>\$0</b>	<b>(\$10,496)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$8,649)</b>	<b>\$0</b>	<b>(\$8,649)</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	184.10	184.10	187.25	187.25	184.10	187.25	3.15	1.71%
Personal Services	9,646,925	10,646,585	10,935,492	10,944,638	20,293,510	21,880,130	1,586,620	7.82%
Operating Expenses	5,894,144	6,014,455	6,544,790	6,175,539	11,908,599	12,720,329	811,730	6.82%
Equipment & Intangible Assets	401,532	401,696	436,532	436,532	803,228	873,064	69,836	8.69%
Capital Outlay	0	0	0	0	0	0	0	n/a
Transfers	72,896	0	72,896	72,896	72,896	145,792	72,896	100.00%
Debt Service	6,271	6,300	6,271	6,271	12,571	12,542	(29)	(0.23%)
<b>Total Costs</b>	<b>\$16,021,768</b>	<b>\$17,069,036</b>	<b>\$17,995,981</b>	<b>\$17,635,876</b>	<b>\$33,090,804</b>	<b>\$35,631,857</b>	<b>\$2,541,053</b>	<b>7.68%</b>
General Fund	0	0	309,125	309,125	0	618,250	618,250	n/a
State Special	7,520,814	8,317,292	8,242,020	7,856,959	15,838,106	16,098,979	260,873	1.65%
Federal Special	8,500,954	8,751,744	9,444,836	9,469,792	17,252,698	18,914,628	1,661,930	9.63%
<b>Total Funds</b>	<b>\$16,021,768</b>	<b>\$17,069,036</b>	<b>\$17,995,981</b>	<b>\$17,635,876</b>	<b>\$33,090,804</b>	<b>\$35,631,857</b>	<b>\$2,541,053</b>	<b>7.68%</b>

**Program Description**

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

- Operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited
- Regulates angler harvests
- Monitors fish populations
- Provides adequate public access

**Program Highlights**

<b>Fisheries Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increased by 7.68% from the previous biennium, predominantly due to statewide present law adjustments.</li> <li>◆ Other adjustments include:                             <ul style="list-style-type: none"> <li>• \$0.6 million general fund for the Aquatic Invasive Species (AIS) program,</li> <li>• \$850,000 fund switches from the general license fund with federal Dingle Johnson/ Wallop-Breaux Act funds</li> <li>• \$400,000 for fishing access site maintenance</li> </ul> </li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Fisheries Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$618,250	\$0	\$0	\$618,250	1.7%		
State Special Total	\$16,098,979	\$0	\$0	\$16,098,979	45.2%		
02148 Paddlefish Roe Account	\$49,828	\$0	\$0	\$49,828	0.1%		
02333 Fishing Access Site Maint	\$784,800	\$0	\$0	\$784,800	2.2%		
02409 General License	\$14,919,761	\$0	\$0	\$14,919,761	41.9%		
02558 Fas - Vehicle Registration	\$344,590	\$0	\$0	\$344,590	1.0%		
Federal Special Total	\$18,914,628	\$0	\$0	\$18,914,628	53.1%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$13,225,180	\$0	\$0	\$13,225,180	37.1%		
03403 Misc. Federal Funds	\$4,845,218	\$0	\$0	\$4,845,218	13.6%		
03408 State Wildlife Grants	\$844,230	\$0	\$0	\$844,230	2.4%		
Total All Funds	\$35,631,857	\$0	\$0	\$35,631,857	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The division is funded with 53.1% federal revenues, the largest source of which is the Wallup-Breaux program for sport fish restoration. Excise taxes on fishing rods, reels, creels, lures, flies, and artificial bait provide funding for the division. General license dollars contribute 41.9% of the division’s funding and are used for fish restoration and hatchery support.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	16,021,768	16,021,768	32,043,536	89.93%
Statewide PL Adjustments	0	0	0	0.00%	1,119,753	1,159,814	2,279,567	6.40%
Other PL Adjustments	309,125	309,125	618,250	100.00%	454,460	454,294	908,754	2.55%
New Proposals	0	0	0	0.00%	400,000	0	400,000	1.12%
<b>Total Budget</b>	<b>\$309,125</b>	<b>\$309,125</b>	<b>\$618,250</b>		<b>\$17,995,981</b>	<b>\$17,635,876</b>	<b>\$35,631,857</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,603,241					1,612,936
Vacancy Savings					(450,009)					(450,392)
Inflation/Deflation					(33,479)					(2,730)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$655,005</b>	<b>\$464,748</b>	<b>\$1,119,753</b>		<b>\$0</b>	<b>\$670,044</b>	<b>\$489,770</b>	<b>\$1,159,814</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(655,005)	(464,748)	(1,119,753)	0.00	0	(670,044)	(489,770)	(1,159,814)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	668,156	485,076	1,153,232	0.00	0	671,687	490,857	1,162,544
DP 52 - Adjustment for Statewide Operations	0.00	0	(13,151)	(20,328)	(33,479)	0.00	0	(1,643)	(1,087)	(2,730)
DP 302 - Fishing Access Site Operations & Maintenance Staff	3.15	0	81,201	54,134	135,335	3.15	0	81,101	54,068	135,169
DP 303 - Aquatic Invasive Species AIS OTO	0.00	309,125	0	0	309,125	0.00	309,125	0	0	309,125
DP 304 - Fishing Land Access OTO	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
<b>Total Other Present Law Adjustments</b>	<b>3.15</b>	<b>\$309,125</b>	<b>\$91,201</b>	<b>\$54,134</b>	<b>\$454,460</b>	<b>3.15</b>	<b>\$309,125</b>	<b>\$91,101</b>	<b>\$54,068</b>	<b>\$454,294</b>
<b>Grand Total All Present Law Adjustments</b>	<b>3.15</b>	<b>\$309,125</b>	<b>\$746,206</b>	<b>\$518,882</b>	<b>\$1,574,213</b>	<b>3.15</b>	<b>\$309,125</b>	<b>\$761,145</b>	<b>\$543,838</b>	<b>\$1,614,108</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 302 - Fishing Access Site Operations & Maintenance Staff - The legislature approved general license and federal funds for 3.15 FTE for maintaining existing fishing access sites (FAS) around the state. The duties the summer field employees will perform include latrine cleaning, weed control, fencing, vandalism repair, and overall site maintenance. River Rangers manage the FAS on the Beaverhead, Big Hole, and Madison rivers. Groundskeepers and maintenance workers provide services at more than 320 sites statewide.

DP 303 - Aquatic Invasive Species AIS OTO - The legislature approved general fund each year of the biennium for continuation of the aquatic invasive species (AIS) work including multi-agency coordination and the watercraft inspection program. General fund will support seasonal staff and operations allocated to implement the statewide watercraft inspection station program.

DP 304 - Fishing Land Access OTO - The legislature approved a one-time-only request for \$10,000 per year in general license funds to allow FWP to continue to address access needs and resolve conflict and access issues at bridges. The Fisheries and Enforcement Divisions have worked together to assist landowners and anglers in resolving conflict and providing access at bridge access sites. Funding has been used to construct safe passage for anglers and to resolve parking issues.

**New Proposals**

New Proposals											
-----Fiscal 2014-----						-----Fiscal 2015-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 301 - Funding Switch to Federal Dingell-Johnson											
03	0.00	0	(425,000)	425,000	0	0.00	0	(425,000)	425,000	0	
DP 305 - Contracted Services for O&M FAS (RST/BIEN/OTO)											
03	0.00	0	400,000	0	400,000	0.00	0	0	0	0	
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$25,000)</b>	<b>\$425,000</b>	<b>\$400,000</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$425,000)</b>	<b>\$425,000</b>	<b>\$0</b>	

DP 301 - Funding Switch to Federal Dingell-Johnson - The legislature approved a budget neutral shift of general license to federal special revenue. This adjustment allocates additional Dingle Johnson/Wallop-Breaux Act funds to maximize federal support, saving general license funds. The funds will be used specifically to support the Fort Peck Warm Water Hatchery in eastern Montana and to support boating access site maintenance across the state.

DP 305 - Contracted Services for O&M FAS RST/BIEN/OTO - The legislature approved general license funds for operation and maintenance of fishing access sites.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	113.88	113.88	113.88	113.88	113.88	113.88	0.00	0.00%
Personal Services	7,247,098	7,410,039	7,662,922	7,670,281	14,657,137	15,333,203	676,066	4.61%
Operating Expenses	1,981,961	2,044,517	1,953,253	1,963,791	4,026,478	3,917,044	(109,434)	(2.72%)
Equipment & Intangible Assets	116,256	86,377	116,256	116,256	202,633	232,512	29,879	14.75%
Grants	15,200	15,600	15,200	15,200	30,800	30,400	(400)	(1.30%)
Transfers	29,109	31,609	29,109	29,109	60,718	58,218	(2,500)	(4.12%)
<b>Total Costs</b>	<b>\$9,389,624</b>	<b>\$9,588,142</b>	<b>\$9,776,740</b>	<b>\$9,794,637</b>	<b>\$18,977,766</b>	<b>\$19,571,377</b>	<b>\$593,611</b>	<b>3.13%</b>
State Special	9,037,433	9,200,143	9,393,902	9,410,971	18,237,576	18,804,873	567,297	3.11%
Federal Special	352,191	387,999	382,838	383,666	740,190	766,504	26,314	3.56%
<b>Total Funds</b>	<b>\$9,389,624</b>	<b>\$9,588,142</b>	<b>\$9,776,740</b>	<b>\$9,794,637</b>	<b>\$18,977,766</b>	<b>\$19,571,377</b>	<b>\$593,611</b>	<b>3.13%</b>

**Program Description**

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

**Program Highlights**

<b>Enforcement Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The major driver of the increase is to restore overtime for on-the-ground wardens, which is a zero-based item</li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Enforcement Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$18,804,873	\$0	\$0	\$18,804,873	96.1%		
02115 Off-highway Vehicle Fines	\$112,132	\$0	\$0	\$112,132	0.6%		
02329 Snowmobile Fuel Tax-enforcemnt	\$59,017	\$0	\$0	\$59,017	0.3%		
02334 Hunting Access	\$879,966	\$0	\$0	\$879,966	4.5%		
02409 General License	\$17,185,045	\$0	\$0	\$17,185,045	87.8%		
02413 F & G Motorboat Cert Id	\$185,192	\$0	\$0	\$185,192	0.9%		
02414 Snowmobile Reg	\$139,520	\$0	\$0	\$139,520	0.7%		
02938 Tlmd - Administration	\$244,001	\$0	\$0	\$244,001	1.2%		
Federal Special Total	\$766,504	\$0	\$0	\$766,504	3.9%		
03403 Misc. Federal Funds	\$766,504	\$0	\$0	\$766,504	3.9%		
Total All Funds	\$19,571,377	\$0	\$0	\$19,571,377	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Enforcement Division is 87.8% funded with general license dollars. Other state special revenue includes non – resident hunting fees, fuel taxes, and off highway vehicle and snowmobile registration fees. Federal funds are primarily from the US Coast Guard and require a 25% match supplied from the general license account.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	9,389,624	9,389,624	18,779,248	95.95%
Statewide PL Adjustments	0	0	0	0.00%	97,116	115,013	212,129	1.08%
Other PL Adjustments	0	0	0	0.00%	290,000	290,000	580,000	2.96%
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>\$9,776,740</b>	<b>\$9,794,637</b>	<b>\$19,571,377</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					147,521					154,886
Vacancy Savings					(21,697)					(21,703)
Inflation/Deflation					(28,708)					(18,170)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$84,469</b>	<b>\$12,647</b>	<b>\$97,116</b>		<b>\$0</b>	<b>\$101,538</b>	<b>\$13,475</b>	<b>\$115,013</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(84,469)	(12,647)	(97,116)	0.00	0	(101,538)	(13,475)	(115,013)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	111,238	14,586	125,824	0.00	0	118,434	14,749	133,183
DP 52 - Adjustment for Statewide Operations	0.00	0	(26,769)	(1,939)	(28,708)	0.00	0	(16,896)	(1,274)	(18,170)
DP 401 - Game Warden Overtime	0.00	0	272,000	18,000	290,000	0.00	0	272,000	18,000	290,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$272,000</b>	<b>\$18,000</b>	<b>\$290,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$272,000</b>	<b>\$18,000</b>	<b>\$290,000</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$356,469</b>	<b>\$30,647</b>	<b>\$387,116</b>	<b>0.00</b>	<b>\$0</b>	<b>\$373,538</b>	<b>\$31,475</b>	<b>\$405,013</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 401 - Game Warden Overtime - The legislature approved authority for overtime compensation, primarily from general license funds. Overtime is zero-based in the budgeting process and must be requested each biennium. This adjustment funds the MPEA warden collective bargaining agreement for overtime compensation.

Game wardens are exempt in statute from the application of vacancy savings.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	137.98	137.98	137.98	137.98	137.98	137.98	0.00	0.00%
Personal Services	7,311,141	7,894,000	7,435,054	7,442,429	15,205,141	14,877,483	(327,658)	(2.15%)
Operating Expenses	9,420,156	9,532,270	10,808,356	10,528,960	18,952,426	21,337,316	2,384,890	12.58%
Equipment & Intangible Assets	47,867	46,091	47,867	47,867	93,958	95,734	1,776	1.89%
Grants	162,879	141,050	162,879	162,879	303,929	325,758	21,829	7.18%
Benefits & Claims	6,225	4,823	6,225	6,225	11,048	12,450	1,402	12.69%
<b>Total Costs</b>	<b>\$16,948,268</b>	<b>\$17,618,234</b>	<b>\$18,460,381</b>	<b>\$18,188,360</b>	<b>\$34,566,502</b>	<b>\$36,648,741</b>	<b>\$2,082,239</b>	<b>6.02%</b>
State Special	11,622,284	12,008,744	10,370,899	10,172,313	23,631,028	20,543,212	(3,087,816)	(13.07%)
Federal Special	5,325,984	5,609,490	8,089,482	8,016,047	10,935,474	16,105,529	5,170,055	47.28%
<b>Total Funds</b>	<b>\$16,948,268</b>	<b>\$17,618,234</b>	<b>\$18,460,381</b>	<b>\$18,188,360</b>	<b>\$34,566,502</b>	<b>\$36,648,741</b>	<b>\$2,082,239</b>	<b>6.02%</b>

**Program Description**

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

**Program Highlights**

<b>Wildlife Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increased due to the following :                             <ul style="list-style-type: none"> <li>● Statewide present law adjustments</li> <li>● \$1.2 million in additional funding for wolf management, including removal of all general license money from the wolf program</li> <li>● \$220,000 for Habitat Montana operations and maintenance</li> <li>● Additional authority to expend revenues from the income from the elk, goat, and sheep auction and the non-game check off receipts</li> <li>● \$0.5 million for moose and sage grouse research</li> <li>● \$300,000 to reimburse counties for the completion of the Cabinet-Yaak grizzly bear DNA population study</li> </ul> </li> <li>◆ \$2.0 million fund switch from the general license account to federal funds</li> <li>◆ A 2% additional vacancy savings reduction, which can be allocated across all agency programs</li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Wildlife Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$20,543,212	\$0	\$0	\$20,543,212	54.9%		
02061 Nongame Wildlife Account	\$100,822	\$0	\$0	\$100,822	0.3%		
02085 Waterfowl Stamp Spec. Rev.	\$26,126	\$0	\$0	\$26,126	0.1%		
02086 Mountain Sheep Account	\$295,962	\$0	\$0	\$295,962	0.8%		
02112 Moose Auction	\$100,000	\$0	\$0	\$100,000	0.3%		
02113 Upland Game Bird Habitat	\$369,566	\$0	\$0	\$369,566	1.0%		
02176 Mountain Goat Auction	\$28,000	\$0	\$0	\$28,000	0.1%		
02334 Hunting Access	\$9,484,179	\$0	\$0	\$9,484,179	25.3%		
02409 General License	\$8,443,068	\$0	\$0	\$8,443,068	22.6%		
02423 Wolf Management Account	\$869,134	\$0	\$0	\$869,134	2.3%		
02469 Habitat Trust Interest	\$750,355	\$0	\$0	\$750,355	2.0%		
02560 Elk Auction	\$76,000	\$0	\$0	\$76,000	0.2%		
Federal Special Total	\$16,105,529	\$0	\$0	\$16,105,529	43.0%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$14,439,888	\$0	\$0	\$14,439,888	38.6%		
03403 Misc. Federal Funds	\$957,785	\$0	\$0	\$957,785	2.6%		
03408 State Wildlife Grants	\$707,856	\$0	\$0	\$707,856	1.9%		
Proprietary Total	\$0	\$772,804	\$0	\$772,804	2.1%		
06540 Fwp Aircraft	\$0	\$772,804	\$0	\$772,804	2.1%		
Total All Funds	\$36,648,741	\$772,804	\$0	\$37,421,545	100.0%		
<b>Percent - Total All Sources</b>	<b>97.9%</b>	<b>2.1%</b>	<b>0.0%</b>				

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

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	16,948,268	16,948,268	33,896,536	92.49%
Statewide PL Adjustments	0	0	0	0.00%	873,038	893,695	1,766,733	4.82%
Other PL Adjustments	0	0	0	0.00%	286,300	286,300	572,600	1.56%
New Proposals	0	0	0	0.00%	352,775	60,097	412,872	1.13%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$18,460,381</b>	<b>\$18,188,360</b>	<b>\$36,648,741</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,244,339					1,251,537
Vacancy Savings					(342,224)					(342,513)
Inflation/Deflation					(29,077)					(15,329)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$457,168</b>	<b>\$415,870</b>	<b>\$873,038</b>		<b>\$0</b>	<b>\$470,217</b>	<b>\$423,478</b>	<b>\$893,695</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(457,168)	(415,870)	(873,038)	0.00	0	(470,217)	(423,478)	(893,695)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	476,469	425,646	902,115	0.00	0	480,448	428,576	909,024
DP 52 - Adjustment for Statewide Operations	0.00	0	(19,301)	(9,776)	(29,077)	0.00	0	(10,231)	(5,098)	(15,329)
DP 505 - Habitat Montana O&M	0.00	0	110,000	0	110,000	0.00	0	110,000	0	110,000
DP 507 - Game Herders for Game Damage Program OTO/RST	0.00	0	11,500	0	11,500	0.00	0	11,500	0	11,500
DP 509 - Auction Programs and Non-Game Check Off	0.00	0	164,800	0	164,800	0.00	0	164,800	0	164,800
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$286,300</b>	<b>\$0</b>	<b>\$286,300</b>	<b>0.00</b>	<b>\$0</b>	<b>\$286,300</b>	<b>\$0</b>	<b>\$286,300</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$743,468</b>	<b>\$415,870</b>	<b>\$1,159,338</b>	<b>0.00</b>	<b>\$0</b>	<b>\$756,517</b>	<b>\$423,478</b>	<b>\$1,179,995</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 505 - Habitat Montana O&M - The legislature approved funding from the habitat trust interest account for developing and maintaining property managed for wildlife habitat.

DP 507 - Game Herders for Game Damage Program OTO/RST - The legislature approved general license funds for operations in the game damage program. This authority will be used to hire local area ranch hands as short term workers under a modified level FTE to herd game animals away from crops and stored hay/grain in response to private landowner complaints of game damage. The need for herders varies from year to year based upon weather, animal distribution, and landowner ranch operations.

DP 509 - Auction Programs and Non-Game Check Off - The legislature approved funds to adjust base expenditures from state special revenue funding consistent with the income from the elk, goat, and sheep auction and the non-game check off receipts. The funding enables enhanced survey, management, and research efforts.

**New Proposals**

Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
05	0.00	0	(519,403)	(213,635)	(733,038)	0.00	0	(522,032)	(211,731)	(733,763)
DP 501 - Funding Shift to PR										
05	0.00	0	(1,000,000)	1,000,000	0	0.00	0	(1,000,000)	1,000,000	0
DP 502 - Funding Shift In Block Management										
05	0.00	0	(1,000,000)	1,000,000	0	0.00	0	(1,000,000)	1,000,000	0
DP 503 - Moose Research										
05	0.00	0	50,000	100,000	150,000	0.00	0	50,000	100,000	150,000
DP 504 - Sage Grouse Research										
05	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 506 - Wolf Program										
05	0.00	0	250,771	361,263	612,034	0.00	0	339,755	278,316	618,071
DP 510 - Completion of Grizzly Bear Study (OTO/RST)										
05	0.00	0	300,000	0	300,000	0.00	0	0	0	0
DP 511 - Remove General License Funding for Wolf Prg										
05	0.00	0	(76,221)	0	(76,221)	0.00	0	(74,211)	0	(74,211)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$1,994,853)</b>	<b>\$2,347,628</b>	<b>\$352,775</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$2,206,488)</b>	<b>\$2,266,585</b>	<b>\$60,097</b>

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 501 - Funding Shift to PR - The legislature approved a budget neutral shift of general license funds to federal special revenue. This adjustment allocates federal Pittman-Robertson funds to maximize federal support, saving general license funds.

DP 502 - Funding Shift In Block Management - The legislature approved a budget neutral shift of hunting access funds to federal special revenue. This adjustment allocates federal Pittman-Robertson funds to maximize federal support, reducing general license funds.

DP 503 - Moose Research - The legislature approved funding from the moose auction account and federal special revenue to fund a long-term research project to address concerns about moose populations. State special funding will be matched with federal Pittman-Robertson funding. Research will be conducted on three different moose populations in the state: the East Cabinets, the upper Big Hole Valley, and the Rocky Mountain Front, which is expected to last 10 years.

DP 504 - Sage Grouse Research - The legislature approved federal special revenue to fund a long-term (eight years) research project to evaluate the effectiveness of different grazing systems on sage grouse populations. The project is being accomplished through a partnership with the USDA Natural Resources Conservation Service (NRCS). Funding is a 3:1 match with federal Pittman-Robertson funding and general license funding, versus the current 1:1 match of NRCS funding.

DP 506 - Wolf Program - The legislature approved funding from the wolf collaring account and federal funds to continue to fund wolf program activities.

DP 510 - Completion of Grizzly Bear Study OTO/RST - The legislature approved general license funds on a one-time-only and restricted basis for FY 2014 to reimburse counties in the northwest corner of the state for costs incurred during the completion of the Cabinet-Yaak grizzly bear DNA population study.

DP 511 - Remove General License Funding for Wolf Prg - The legislature approved eliminating the department's general license account funding for the wolf program in the base budget.

**Language and Statutory Authority**

The legislature included the following language in HB 2 .

“Wildlife Division includes a reduction in state special revenue of \$519,403 in fiscal year 2014 and \$522,032 in fiscal year 2015 and federal special revenue of \$213,635 in fiscal year 2014 and \$211,731 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

**Proprietary Program Description****Aircraft Fund**

The department's aircraft fund provides aircraft to department employees. The aircraft users are department employees, mostly fish and wildlife biologists.

*Program Narrative*Expenses

Personal services are not covered by this fund. The two largest costs are fuel and repairs. The average annual repair costs for the past six years have been \$197,000. In FY 2012, the department flew approximately 1,200 hours in department aircraft.

Revenues

Every month, users are charged for the hours flown during the previous month on a per hour basis, depending upon the type of aircraft.

*Proprietary Rates*

For the 2015 biennium the following rates are approved by the legislature. The rates charged in the base year are shown for comparison purposes.

<b>Description</b>	<b>FY 2012</b>	<b>FY2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Per Hour Rates:				
2 Place Single Engine	\$108.07	\$108.07	\$150.00	\$150.00
Partnavia	\$514.56	\$514.56	\$500.00	\$500.00
Turbine Helicopters	\$576.10	\$576.10	\$500.00	\$500.00

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 table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	85.01	85.01	88.04	88.04	85.01	88.04	3.03	3.56%
Personal Services	4,420,026	4,259,683	4,907,824	4,916,251	8,679,709	9,824,075	1,144,366	13.18%
Operating Expenses	2,045,511	2,312,663	2,373,166	2,430,585	4,358,174	4,803,751	445,577	10.22%
Equipment & Intangible Assets	461,748	51,748	462,248	462,248	513,496	924,496	411,000	80.04%
Grants	437,605	445,318	437,605	437,605	882,923	875,210	(7,713)	(0.87%)
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$7,364,890</b>	<b>\$7,069,412</b>	<b>\$8,180,843</b>	<b>\$8,246,689</b>	<b>\$14,434,302</b>	<b>\$16,427,532</b>	<b>\$1,993,230</b>	<b>13.81%</b>
State Special	7,237,147	6,941,657	8,014,974	8,080,490	14,178,804	16,095,464	1,916,660	13.52%
Federal Special	127,743	127,755	165,869	166,199	255,498	332,068	76,570	29.97%
<b>Total Funds</b>	<b>\$7,364,890</b>	<b>\$7,069,412</b>	<b>\$8,180,843</b>	<b>\$8,246,689</b>	<b>\$14,434,302</b>	<b>\$16,427,532</b>	<b>\$1,993,230</b>	<b>13.81%</b>

**Program Description**

The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state, and for providing for their use and enjoyment. The program includes 54 parks, 13 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 334 fishing access sites. Other programs administered by the division include motorized and non-motorized trail grants and local government recreation grants. The division also provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and administrative facilities.

**Program Highlights**

<b>Parks Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increased primarily due to statewide present law adjustments and new proposals, including:                             <ul style="list-style-type: none"> <li>• \$400,000 one-time-only/restricted funding to purchase heavy equipment</li> <li>• \$164,000 for parks operations and maintenance, including 2.53 additional FTE</li> <li>• \$150,000 to continue funding the parks reservation system</li> <li>• A partially offsetting reduction in the snowmobile program to maintain the program at the previous biennium level</li> </ul> </li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Parks Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$16,095,464	\$0	\$1,725,223	\$17,820,687	96.4%		
02213 Off Highway Vehicle Gas Tax	\$230,000	\$0	\$0	\$230,000	1.2%		
02238 Off-hwy Vehicle Acct (coned)	\$1,120	\$0	\$0	\$1,120	0.0%		
02239 Off Hwy Vehicle Acct (parks)	\$44,123	\$0	\$0	\$44,123	0.2%		
02273 Motorboat Fees	\$106,089	\$0	\$0	\$106,089	0.6%		
02274 Fwp Accommodations Tax	\$0	\$0	\$1,725,223	\$1,725,223	9.3%	15-65-121	Direct
02328 Ohv Gas Tax - Con Ed	\$33,615	\$0	\$0	\$33,615	0.2%		
02330 Snowmobile Fuel Tax-con Ed	\$69,496	\$0	\$0	\$69,496	0.4%		
02331 Motorboat Certification-parks	\$38,059	\$0	\$0	\$38,059	0.2%		
02332 Snowmobile Registration-parks	\$439,668	\$0	\$0	\$439,668	2.4%		
02407 Snowmobile Fuel Tax	\$1,286,465	\$0	\$0	\$1,286,465	7.0%		
02408 Coal Tax Trust Account	\$1,787,062	\$0	\$0	\$1,787,062	9.7%		
02411 State Parks Miscellaneous	\$9,621,764	\$0	\$0	\$9,621,764	52.1%		
02412 Motorboat Fuel Tax	\$2,438,003	\$0	\$0	\$2,438,003	13.2%		
Federal Special Total	\$332,068	\$0	\$0	\$332,068	1.8%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$268,764	\$0	\$0	\$268,764	1.5%		
03403 Misc. Federal Funds	\$63,304	\$0	\$0	\$63,304	0.3%		
Proprietary Total	\$0	\$324,772	\$0	\$324,772	1.8%		
06068 Mfwp Visitor Services	\$0	\$324,772	\$0	\$324,772	1.8%		
Total All Funds	\$16,427,532	\$324,772	\$1,725,223	\$18,477,527	100.0%		
<b>Percent - Total All Sources</b>	<b>88.9%</b>	<b>1.8%</b>	<b>9.3%</b>				

The largest revenue source is the \$6.00 registration fee per vehicle charged in lieu of resident day use fees at state park sites, followed by motorboat fuel taxes, parks coal tax trust earnings, snowmobile fuel taxes, snowmobile registration fees, and off-highway vehicle registration fees. Federal funding sources include Wallop-Breaux, National Recreational Trails, the Land and Water Conservation fund, and miscellaneous federal revenues. These federal funding sources require a match of 20% to 50%. The department receives 6.5% of the accommodation tax collections for the maintenance of state parks. However, since the money is appropriated through statute, it is not included in HB 2.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Base Budget	0	0	0	0.00%	7,364,890	7,364,890	14,729,780	89.67%
Statewide PL Adjustments	0	0	0	0.00%	321,309	337,388	658,697	4.01%
Other PL Adjustments	0	0	0	0.00%	130,974	130,777	261,751	1.59%
New Proposals	0	0	0	0.00%	363,670	413,634	777,304	4.73%
<b>Budget Summary by Category</b>								
	<b>-----General Fund-----</b>				<b>-----Total Funds-----</b>			
Budget Item	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$8,180,843</b>	<b>\$8,246,689</b>	<b>\$16,427,532</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					526,944					535,961
Vacancy Savings					(197,884)					(198,241)
Inflation/Deflation					(7,751)					(332)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$314,853</b>	<b>\$6,456</b>	<b>\$321,309</b>		<b>\$0</b>	<b>\$330,566</b>	<b>\$6,822</b>	<b>\$337,388</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(314,853)	(6,456)	(321,309)	0.00	0	(330,566)	(6,822)	(337,388)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	322,422	6,638	329,060	0.00	0	330,891	6,829	337,720
DP 52 - Adjustment for Statewide Operations	0.00	0	(7,569)	(182)	(7,751)	0.00	0	(325)	(7)	(332)
DP 602 - Parks Operations & Maintenance Staff	2.53	0	135,768	0	135,768	2.53	0	135,571	0	135,571
DP 603 - Land & Water Conservation Fund Program Staff	0.00	0	85,143	0	85,143	0.00	0	85,143	0	85,143
DP 604 - Program Base Operations	0.00	0	115,063	0	115,063	0.00	0	115,063	0	115,063
DP 605 - Snowmobile Program RST/BIEN	0.00	0	(205,000)	0	(205,000)	0.00	0	(205,000)	0	(205,000)
<b>Total Other Present Law Adjustments</b>	<b>2.53</b>	<b>\$0</b>	<b>\$130,974</b>	<b>\$0</b>	<b>\$130,974</b>	<b>2.53</b>	<b>\$0</b>	<b>\$130,777</b>	<b>\$0</b>	<b>\$130,777</b>
<b>Grand Total All Present Law Adjustments</b>	<b>2.53</b>	<b>\$0</b>	<b>\$445,827</b>	<b>\$6,456</b>	<b>\$452,283</b>	<b>2.53</b>	<b>\$0</b>	<b>\$461,343</b>	<b>\$6,822</b>	<b>\$468,165</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 602 - Parks Operations & Maintenance Staff - The legislature approved funding from the parks miscellaneous and motorboat fuel tax accounts for state park operations and maintenance. The adjustment provides funding for a cumulative 2.53 FTE on an ongoing basis, including park manager and maintenance field positions and associated operations authorized in the 2011 biennium on a modified basis.

- o Pictograph Cave State Park - 1.00 FTE for a full-time manager
- o Region 1, the NW district park manager - 0.50 FTE that is combined with FTE for Thompson Chain Lakes and other recreational trails FTE for 1.0 FTE park manager
- o Travelers Rest - 0.25 FTE to account for a full time park manager at the park. The funding for this FTE replaces monies initially received from federal ARRA stimulus funding for this position in the 2011 biennium
- o Maintenance - 0.78 FTE to be used near Kalispell, Missoula, Bozeman, and Great Falls

DP 603 - Land & Water Conservation Fund Program Staff - The legislature approved state special revenue for authority for administering grants and providing administrative support for the recreational trails program and the land and water conservation fund.

DP 604 - Program Base Operations - The legislature approved an adjustment to the base from state special revenue to fund planned projects and ongoing operations at budgeted prior year levels. This adjustment also provides funding for recreational trails, snowmobile, and off-highway vehicle programs.

DP 605 - Snowmobile Program RST/BIEN - The legislature approved a reduction in snowmobile fuel tax funding for the snowmobile groomer program. The program purchases groomers for local snowmobile clubs to maintain trails during the winter season. Most of the biennial appropriation was spent in the base year of the 2013 biennium, and this reduction restores funding to the anticipated biennial level in the 2015 biennium. The revenue is dedicated funding from the snowmobile fuel tax.

**New Proposals**

New Proposals											
		-----Fiscal 2014-----					-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 606 - Parks Boat Safety											
06	0.50	0	0	31,670	31,670	0.50	0	0	31,634	31,634	
DP 607 - Parks Reservation System RST/OTO											
06	0.00	0	50,000	0	50,000	0.00	0	100,000	0	100,000	
DP 608 - Parks Equipment OTO											
06	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000	
DP 609 - Parks O&M RST											
06	0.00	0	82,000	0	82,000	0.00	0	82,000	0	82,000	
<b>Total</b>	<b>0.50</b>	<b>\$0</b>	<b>\$332,000</b>	<b>\$31,670</b>	<b>\$363,670</b>	<b>0.50</b>	<b>\$0</b>	<b>\$382,000</b>	<b>\$31,634</b>	<b>\$413,634</b>	

DP 606 - Parks Boat Safety - The legislature approved federal special revenue authority and 0.50 FTE for the promotion of boating safety, education, assistance, and maintenance activities in the Parks Division. This position will be combined with 1.50 FTE already in the base, creating 2.00 FTE.

DP 607 - Parks Reservation System RST/OTO - The legislature approved funding from the parks miscellaneous account to fund the Parks reservation system. The current memorandum of understanding with Idaho State Parks that provides a campsite reservation system for Montana will expire on December 31, 2013. In the event this contract is not renewed, this funding will be used to pay the operating costs of a replacement reservation system.

DP 608 - Parks Equipment OTO - The legislature approved state special revenue, primarily from the parks miscellaneous account, to purchase heavy equipment to maintain and repair infrastructure at parks statewide.

DP 609 - Parks O&M RST - The legislature approved funding from the coal tax trust and parks miscellaneous accounts for increasing operating costs statewide. The cost of garbage collection, electricity, latrine pumping, supplies, materials, and repairs and maintenance has increased significantly. Parks with high camping volumes and visitors require additional operations funding to pay for critical services such as park maintenance and safety improvements to ensure visitor enjoyment.

**Proprietary Program Description**

**Enterprise Funds**

*Proprietary Program Description*

In FY 2012, this fund accounted for \$185,769 of earned revenue, \$153,716 of expenditures, and a fund balance in the amount of \$346,914.

This 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 reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

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

Proprietary Rate Explanation

To ensure sufficient revenues are collected to replenish inventory.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	28.05	28.05	28.05	28.05	28.05	28.05	0.00	0.00%
Personal Services	1,913,282	1,886,792	1,953,298	1,953,838	3,800,074	3,907,136	107,062	2.82%
Operating Expenses	1,402,160	1,401,374	1,404,147	1,408,880	2,803,534	2,813,027	9,493	0.34%
Grants	336,782	339,500	336,782	336,782	676,282	673,564	(2,718)	(0.40%)
<b>Total Costs</b>	<b>\$3,652,224</b>	<b>\$3,627,666</b>	<b>\$3,694,227</b>	<b>\$3,699,500</b>	<b>\$7,279,890</b>	<b>\$7,393,727</b>	<b>\$113,837</b>	<b>1.56%</b>
State Special	2,927,312	2,891,479	2,963,774	2,968,352	5,818,791	5,932,126	113,335	1.95%
Federal Special	724,912	736,187	730,453	731,148	1,461,099	1,461,601	502	0.03%
<b>Total Funds</b>	<b>\$3,652,224</b>	<b>\$3,627,666</b>	<b>\$3,694,227</b>	<b>\$3,699,500</b>	<b>\$7,279,890</b>	<b>\$7,393,727</b>	<b>\$113,837</b>	<b>1.56%</b>

**Program Description**

The Communication and Education Division coordinates the department's information and education programs, administers a statewide shooting range grants program, and oversees a wild animal rehabilitation center. Specific responsibilities include:

- Distributes public information through various outlets, including Montana Outdoors Magazine
- Coordinates youth education programs
- Coordinates the production of hunting, fishing, and trapping regulations
- Coordinates the hunter, bow-hunter, trapper, boat, and safety programs
- Oversees the education center, Montana Wild
- Provides reception services at the department's Helena Headquarters

**Program Highlights**

<b>Communication &amp; Education Division Major Budget Highlights</b>
◆ The legislatively approved budget increase is due entirely to statewide present law adjustments

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Communication And Education Div						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference Category
State Special Total	\$5,932,126	\$0	\$0	\$5,932,126	80.2%	
02409 General License	\$5,932,126	\$0	\$0	\$5,932,126	80.2%	
Federal Special Total	\$1,461,601	\$0	\$0	\$1,461,601	19.8%	
03097 Fedl Fish(w/b) Wildlife(p/r)	\$1,393,084	\$0	\$0	\$1,393,084	18.8%	
03403 Misc. Federal Funds	\$68,517	\$0	\$0	\$68,517	0.9%	
Total All Funds	\$7,393,727	\$0	\$0	\$7,393,727	100.0%	
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>			

The largest funding source in the Communication and Education Division is the general license account, accounting for 80.2% of funding. Federal funds are primarily Pittman-Robertson and Wallop-Breaux funds derived from federal excise taxes on sporting rifles, ammunition, and fishing equipment, which require a 25% match.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	3,652,224	3,652,224	7,304,448	98.79%
Statewide PL Adjustments	0	0	0	0.00%	42,003	47,276	89,279	1.21%
Other PL Adjustments	0	0	0	0.00%	0	0	0	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>\$3,694,227</b>	<b>\$3,699,500</b>	<b>\$7,393,727</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					121,405					121,968
Vacancy Savings					(81,389)					(81,412)
Inflation/Deflation					1,987					6,720
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$36,462</b>	<b>\$5,541</b>	<b>\$42,003</b>		<b>\$0</b>	<b>\$41,040</b>	<b>\$6,236</b>	<b>\$47,276</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(36,462)	(5,541)	(42,003)	0.00	0	(41,040)	(6,236)	(47,276)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	34,737	5,279	40,016	0.00	0	35,206	5,350	40,556
DP 52 - Adjustment for Statewide Operations	0.00	0	1,725	262	1,987	0.00	0	5,834	886	6,720
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$36,462</b>	<b>\$5,541</b>	<b>\$42,003</b>	<b>0.00</b>	<b>\$0</b>	<b>\$41,040</b>	<b>\$6,236</b>	<b>\$47,276</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

**New Proposals**

New Proposals											
		-----Fiscal 2014-----				-----Fiscal 2015-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 801 - Shooting Ranges Funding 08	0.00	0	0	0	0	0.00	0	0	0	0	
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

DP 801 - Shooting Ranges Funding - The legislature approved removing funding from the base for shooting ranges funding by general license money, and created a restricted line item, for a zero impact.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	65.12	65.12	65.62	65.62	65.12	65.62	0.50	0.77%
Personal Services	3,855,366	3,892,201	4,222,276	4,226,781	7,747,567	8,449,057	701,490	9.05%
Operating Expenses	4,978,633	5,096,710	5,065,364	4,975,683	10,075,343	10,041,047	(34,296)	(0.34%)
Equipment & Intangible Assets	12,640	13,526	12,640	12,640	26,166	25,280	(886)	(3.39%)
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	0	0	0	0	0	0	0	n/a
Transfers	112,679	163,829	164,779	164,779	276,508	329,558	53,050	19.19%
<b>Total Costs</b>	<b>\$8,959,318</b>	<b>\$9,166,266</b>	<b>\$9,465,059</b>	<b>\$9,379,883</b>	<b>\$18,125,584</b>	<b>\$18,844,942</b>	<b>\$719,358</b>	<b>3.97%</b>
State Special	8,898,467	9,097,118	9,387,727	9,318,104	17,995,585	18,705,831	710,246	3.95%
Federal Special	60,851	69,148	77,332	61,779	129,999	139,111	9,112	7.01%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$8,959,318</b>	<b>\$9,166,266</b>	<b>\$9,465,059</b>	<b>\$9,379,883</b>	<b>\$18,125,584</b>	<b>\$18,844,942</b>	<b>\$719,358</b>	<b>3.97%</b>

**Program Description**

The division is made up of two sections. The two sections' responsibilities are as follows:

**Management:**

- Overall department direction regarding policy, planning, program development, guidelines, and budgets
- Liaison with the Governor's Office and the Legislature
- Interaction with the Fish, Wildlife and Parks Commission
- Liaison with Montana's Indian tribes and with other state and federal agencies
- Legal
- Human resource management
- Real estate functions

**Finance:**

- Department-wide support for accounting
- Fiscal management
- Purchasing and property management
- Federal aid administration
- Sale of hunting, fishing, and other recreational licenses

**Program Highlights**

<b>Management and Finance Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approve budget increased primarily due to statewide present law adjustments and present law adjustments including:                             <ul style="list-style-type: none"> <li>● \$110,000 funding for the legal unit for increased workload</li> <li>● \$104,000 for search and rescue funding</li> </ul> </li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Management And Finance							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$18,705,831	\$0	\$1,193,786	\$19,899,617	74.4%		
02086 Mountain Sheep Account	\$60,000	\$0	\$0	\$60,000	0.2%		
02112 Moose Auction	\$2,600	\$0	\$0	\$2,600	0.0%		
02176 Mountain Goat Auction	\$4,600	\$0	\$0	\$4,600	0.0%		
02408 Coal Tax Trust Account	\$26,436	\$0	\$0	\$26,436	0.1%		
02409 General License	\$18,357,904	\$0	\$946,430	\$19,304,334	72.2%	87-1-230	Direct
02411 State Parks Miscellaneous	\$0	\$0	\$76,190	\$76,190	0.3%	87-1-230	Direct
02469 Habitat Trust Interest	\$45,887	\$0	\$171,166	\$217,053	0.8%	87-1-230	Direct
02547 Search & Rescue	\$199,304	\$0	\$0	\$199,304	0.7%		
02559 Mule Deer Auction	\$4,500	\$0	\$0	\$4,500	0.0%		
02560 Elk Auction	\$4,600	\$0	\$0	\$4,600	0.0%		
Federal Special Total	\$139,111	\$0	\$344,146	\$483,257	1.8%	87-1-230	Direct
03097 Fedl Fish(w/b) Wildlife(p/r)	\$139,111	\$0	\$344,146	\$483,257	1.8%		
Proprietary Total	\$0	\$6,362,147	\$0	\$6,362,147	23.8%		
06501 Duplicating Center	\$0	\$153,144	\$0	\$153,144	0.6%		
06502 Equipment Enterprise Fund	\$0	\$5,997,752	\$0	\$5,997,752	22.4%		
06503 F & G Warehouse Inventory	\$0	\$211,251	\$0	\$211,251	0.8%		
Total All Funds	\$18,844,942	\$6,362,147	\$1,537,932	\$26,745,021	100.0%		
<b>Percent - Total All Sources</b>	<b>70.5%</b>	<b>23.8%</b>	<b>5.8%</b>				

The division is primarily funded by general license account revenues, with the remaining funding from miscellaneous special revenue funds and federal funds.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	8,959,318	8,959,318	17,918,636	95.08%
Statewide PL Adjustments	0	0	0	0.00%	390,528	305,507	696,035	3.69%
Other PL Adjustments	0	0	0	0.00%	115,213	115,058	230,271	1.22%
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>\$9,465,059</b>	<b>\$9,379,883</b>	<b>\$18,844,942</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					484,986					489,771
Vacancy Savings					(173,610)					(173,808)
Inflation/Deflation					8,055					15,982
Fixed Costs					71,097					(26,438)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$374,047</b>	<b>\$16,481</b>	<b>\$390,528</b>		<b>\$0</b>	<b>\$304,579</b>	<b>\$928</b>	<b>\$305,507</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(374,047)	(16,481)	(390,528)	0.00	0	(304,579)	(928)	(305,507)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	298,378	12,998	311,376	0.00	0	315,001	962	315,963
DP 52 - Adjustment for Statewide Operations	0.00	0	83,248	3,483	86,731	0.00	0	(2,916)	(34)	(2,950)
DP 901 - Legal Unit	0.50	0	55,534	0	55,534	0.50	0	55,452	0	55,452
DP 902 - Search and Rescue	0.00	0	52,100	0	52,100	0.00	0	52,100	0	52,100
<b>Total Other Present Law Adjustments</b>	<b>0.50</b>	<b>\$0</b>	<b>\$115,213</b>	<b>\$0</b>	<b>\$115,213</b>	<b>0.50</b>	<b>\$0</b>	<b>\$115,058</b>	<b>\$0</b>	<b>\$115,058</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.50</b>	<b>\$0</b>	<b>\$489,260</b>	<b>\$16,481</b>	<b>\$505,741</b>	<b>0.50</b>	<b>\$0</b>	<b>\$419,637</b>	<b>\$928</b>	<b>\$420,565</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 901 - Legal Unit - The legislature approved funding from the general license account and an additional 0.5 FTE due to increased work load from litigation in state, federal, and water courts; and for increased legal work in the acquisition, monitoring, and enforcement of conservation easements for fish and wildlife habitat.

DP 902 - Search and Rescue - The legislature approved funding from the search and rescue account each year of the biennium to re-establish authority for a transfer to the Department of Military Affairs for costs incurred by search and rescue clubs when searching for hunters, anglers, or trappers. The revenue source for these funds is \$0.25 for each conservation license sold, which is statutorily dedicated for this purpose.

**Proprietary Rates**

**Proprietary Program Description**

The General Services Division provides the following functions funded with proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program:

- Duplicating Center
- Vehicle Fund
- Supply Warehouse

**Duplicating Center***Proprietary Program Description*

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

Approved Rates**Duplicating Services Rates**

<b>Item</b>	<b>FY 2012</b>	<b>FY2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Copies				
1-20	\$0.065	\$0.070	\$0.070	\$0.075
21-100	\$0.050	\$0.055	\$0.055	\$0.060
101-1,000	\$0.045	\$0.050	\$0.050	\$0.056
1,001-5,000	\$0.040	\$0.045	\$0.045	\$0.050
Color - per sheet	\$0.25	\$0.25	\$0.25	\$0.25
Binding				
Collating (per sheet)	\$0.010	\$0.010	\$0.010	\$0.010
Hand Stapling (per set)	\$0.020	\$0.020	\$0.020	\$0.020
Saddle stitch (per set)	\$0.035	\$0.035	\$0.035	\$0.035
Folding (per sheet)	\$0.010	\$0.010	\$0.010	\$0.010
Punching (per sheet)	\$0.005	\$0.005	\$0.005	\$0.005
Cutting (per minute)	\$0.600	\$0.600	\$0.600	\$0.600

**Equipment Enterprise Fund***Proprietary Program Description*

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

Approved Rates

<b>Description</b>	<b>FY 2012</b>	<b>FY2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
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

Vehicles will be assessed a minimum overhead charge in addition to the regular rates if not driven a minimum number of miles.

**Significant Present Law Adjustments**

Each year, department employees drive over 6.1 million miles in department owned vehicles. The department currently has a fleet of over 450 vehicles, which are mainly used by enforcement officers, fish and wildlife biologists and parks employees. The rate includes funding for vehicle replacement of 40 vehicles in both FY 2014 and FY 2015. This is based on replacing vehicles after a minimum of 120,000 miles.

## Warehouse Inventory

### *Proprietary Program Description*

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

### *Rate Explanation*

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

The FY 2012 rate was 24% and the FY 2013 rate was 24%. Due to a substantial increase to inventory, the department currently has a \$27,000 loan from another fund. This loan is necessary to maintain a positive cash balance in this fund. In order to reduce this loan, the legislature approved a warehouse overhead rate of 25% in FY 2014 and 25% in FY 2015. The rate is calculated by estimating the support costs required to maintain the warehouse function such as personal services, office supplies, and other miscellaneous office costs. Based on estimated warehouse sales, a fixed overhead percentage is determined that allows the department to recover the warehouse support costs. This rate is also adjusted for any previous over or under collections. Due to the size of this operation, a simple warehouse overhead rate has been considered the most logical.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	49.46	49.46	49.46	49.46	49.46	49.46	0.00	0.00%
Personal Services	2,856,696	2,779,605	2,972,583	2,975,703	5,636,301	5,948,286	311,985	5.54%
Operating Expenses	943,330	988,162	935,761	940,203	1,931,492	1,875,964	(55,528)	(2.87%)
Equipment & Intangible Assets	27,384	9,316	27,384	27,384	36,700	54,768	18,068	49.23%
Transfers	79,142	79,142	70,842	70,842	158,284	141,684	(16,600)	(10.49%)
Debt Service	19,627	9,000	21,427	21,427	28,627	42,854	14,227	49.70%
<b>Total Costs</b>	<b>\$3,926,179</b>	<b>\$3,865,225</b>	<b>\$4,027,997</b>	<b>\$4,035,559</b>	<b>\$7,791,404</b>	<b>\$8,063,556</b>	<b>\$272,152</b>	<b>3.49%</b>
State Special	3,763,040	3,695,634	3,859,609	3,867,338	7,458,674	7,726,947	268,273	3.60%
Federal Special	163,139	169,591	168,388	168,221	332,730	336,609	3,879	1.17%
<b>Total Funds</b>	<b>\$3,926,179</b>	<b>\$3,865,225</b>	<b>\$4,027,997</b>	<b>\$4,035,559</b>	<b>\$7,791,404</b>	<b>\$8,063,556</b>	<b>\$272,152</b>	<b>3.49%</b>

**Program Description**

Fish and Wildlife Administration program provides oversight of the Enforcement, Wildlife, Fisheries, and Communication and Education Divisions and the seven regional offices that are responsible for program implementation. The program also includes a strategic planning section to support division wide planning needs and a data services section is responsible for maintenance and support of biological databases and agency’s website.

**Program Highlights**

<b>Fish and Wildlife Administration Major Budget Highlights</b>
◆ The legislatively approve budget increased primarily due to statewide present law adjustments

**Funding**

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

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Fish And Wildlife Admin							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$7,726,947	\$0	\$0	\$7,726,947	95.8%		
02409 General License	\$7,726,947	\$0	\$0	\$7,726,947	95.8%		
Federal Special Total	\$336,609	\$0	\$0	\$336,609	4.2%		
03403 Misc. Federal Funds	\$262,498	\$0	\$0	\$262,498	3.3%		
03408 State Wildlife Grants	\$74,111	\$0	\$0	\$74,111	0.9%		
Total All Funds	\$8,063,556	\$0	\$0	\$8,063,556	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The program provides management oversight of all fish and wildlife activities. Because of this role the program is 95.8% funded from general license account revenues. Miscellaneous federal funds and state wildlife grants provide federal funds to the program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	3,926,179	3,926,179	7,852,358	97.38%
Statewide PL Adjustments	0	0	0	0.00%	101,818	109,380	211,198	2.62%
Other PL Adjustments	0	0	0	0.00%	0	0	0	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>\$4,027,997</b>	<b>\$4,035,559</b>	<b>\$8,063,556</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					239,744					242,995
Vacancy Savings					(123,857)					(123,988)
Inflation/Deflation					(7,569)					(3,127)
Fixed Costs					(6,500)					(6,500)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$96,569</b>	<b>\$5,249</b>	<b>\$101,818</b>		<b>\$0</b>	<b>\$104,297</b>	<b>\$5,083</b>	<b>\$109,380</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(96,569)	(5,249)	(101,818)	0.00	0	(104,297)	(5,083)	(109,380)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	110,566	5,321	115,887	0.00	0	113,879	5,128	119,007
DP 52 - Adjustment for Statewide Operations	0.00	0	(13,997)	(72)	(14,069)	0.00	0	(9,581)	(46)	(9,627)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1</b>	<b>(\$1)</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$96,569</b>	<b>\$5,249</b>	<b>\$101,818</b>	<b>0.00</b>	<b>\$0</b>	<b>\$104,298</b>	<b>\$5,082</b>	<b>\$109,380</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	383.48	383.48	385.48	385.48	383.48	385.48	2.00	0.52%
Estimated Impact of HB 2*			(15.96)	(15.96)		(15.96)	(15.96)	
<b>Net Estimated FTE*</b>			<b>369.52</b>	<b>369.52</b>		<b>369.52</b>	<b>(13.96)</b>	
Personal Services	24,910,379	26,767,880	26,223,275	26,247,842	51,678,259	52,471,117	792,858	1.53%
Operating Expenses	21,054,758	27,281,233	28,908,523	28,253,833	48,335,991	57,162,356	8,826,365	18.26%
Equipment & Intangible Assets	60,755	118,872	101,740	101,740	179,627	203,480	23,853	13.28%
Grants	1,635,863	1,806,461	1,635,863	1,635,863	3,442,324	3,271,726	(170,598)	(4.96%)
Benefits & Claims	0	0	425,000	425,000	0	850,000	850,000	n/a
Transfers	32,398	30,332	32,398	32,398	62,730	64,796	2,066	3.29%
<b>Total Costs</b>	<b>\$47,694,153</b>	<b>\$56,004,778</b>	<b>\$57,326,799</b>	<b>\$56,696,676</b>	<b>\$103,698,931</b>	<b>\$114,023,475</b>	<b>\$10,324,544</b>	<b>9.96%</b>
General Fund	5,162,636	5,287,921	5,222,831	5,225,695	10,450,557	10,448,526	(2,031)	(0.02%)
State Special	24,657,802	29,342,925	32,198,162	31,523,051	54,000,727	63,721,213	9,720,486	18.00%
Federal Special	17,873,715	21,373,932	19,905,806	19,947,930	39,247,647	39,853,736	606,089	1.54%
<b>Total Funds</b>	<b>\$47,694,153</b>	<b>\$56,004,778</b>	<b>\$57,326,799</b>	<b>\$56,696,676</b>	<b>\$103,698,931</b>	<b>\$114,023,475</b>	<b>\$10,324,544</b>	<b>9.96%</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

### Agency Description

Mission Statement: To protect, promote, and improve a clean and healthful environment to benefit present and future generations.

The department is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations; and for the siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and cleanup activities related to the federal and state superfund programs and leaking underground storage tanks; and regulation and permitting of mining conducted on private, state, and federal lands. This work is completed through five divisions - Central Management, Planning Prevention and Assistance, Enforcement, Remediation, and Permitting and Compliance. The Petroleum Tank Compensation Board is also attached for administrative purposes.

The department works in partnership with the federal Environmental Protection Agency (EPA). Congress gave the EPA the initial responsibility for development and implementation of environmental protection, but many federal statutes contain preference for delegation of the program to the states when the state can demonstrate capacity to carry it out. This arrangement establishes state-federal environmental goals and priorities with the funding and flexibility to achieve desired results. These joint activities become the basis of future agreements and long-term strategic planning. Given this unique relationship, the federal government dictates many of the department's activities.

## Agency Highlights

<b>Department of Environmental Quality Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ Significant adjustments made by the legislature include:               <ul style="list-style-type: none"> <li>• \$6.6 million in operating adjustments to bring spending authority back to the previously appropriated amount in FY 2012</li> <li>• \$850,000 for the orphan share claims feasibility study</li> <li>• Hard rock reclamation projects and operating expenses amounting to \$6.1 million</li> <li>• Funding for pay increases given in FY 2012 that amounted to approximately \$255,700 for the biennium</li> <li>• \$400,000 one-time-only funding from state special revenue for leaking underground storage tank recovery expenditures</li> </ul> </li> </ul>	

### Summary of Legislative Action

The legislature approved a biennial budget of \$114.0 million, of which 52.5% is derived from state special revenue. The budget includes \$3.6 million in statewide present law adjustments, \$14.7 million in present law adjustments and an increase of \$291,000 from the adoption of new proposals.

Major biennial budget items include:

- \$6.6 million in base adjustments department wide
- \$1.9 million for the Orphan Share Program
- \$6.1 million of hard rock reclamation funds for maintenance at the Zortman- Landusky site

The below chart displays the department wide base adjustments. These adjustments were made to add funds to the level appropriated by the 2011 Legislature, primarily due to American Recovery and Reinvestment Act (ARRA) funding in the base year that reduced expenditures for ongoing projects and base expenditures that were low because of extensive work done on the Yellowstone oil spill, the costs for which were reimbursed by Exxon Mobile.

Common Decision Packages 2015 Biennium		
Division	FY 2014	FY 2015
Central Services (DP 1005)	\$199,242	\$198,725
Planning, Prevention and Assistance (DP 2001)	1,595,569	1,595,569
Enforcement (DP 3001 and 3002)	(1,326)	(2,487)
Remediation (DP 4001)	175,774	176,574
Permitting and Compliance (DP 5001)	1,272,458	1,271,020
Petro Board (DP 9001)	<u>51,350</u>	<u>51,350</u>
Total	<u>\$3,293,067</u>	<u>\$3,290,751</u>

### Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 15.96 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

### Funding

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

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$10,448,526	\$0	\$0	\$10,448,526	7.7%
State Special Total	63,721,213	-	7,963,076	71,684,289	52.5%
Federal Special Total	39,853,736	-	-	39,853,736	29.2%
Proprietary Total	-	14,515,841	-	14,515,841	10.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$114,023,475</u>	<u>\$14,515,841</u>	<u>\$7,963,076</u>	<u>\$136,502,392</u>	
Percent - Total All Sources	83.5%	10.6%	5.8%		

The department's largest source of funding at 52.5% is state special revenue. This revenue is derived from permitting fees, fines, and bonds proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. The federal revenue is provided from the U.S. Environmental Protection Agency (EPA) performance partnership grant, the Superfund Program, and other federal grant resources. The 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. Wetland grants require a 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.

The department receives appropriation authority from state special revenue accounts that receive resource indemnity trust interest and natural resource taxes. This collection of funds is often referred to as resource indemnity funding. The current status of these funds is shown in Figure 1. Impacts to these accounts include capital appropriations, fund transfers, and HB 2 appropriations. The groundwater and operations accounts have a negative balance at the end of the 2015 biennium.

The legislature chose to continue the matching appropriation in comparison to the statutory appropriation amount to the groundwater account in anticipation of higher than projected revenues for the amount delegated to the groundwater account from the RIT interest, which has been the same for the past 14 years.

The natural resources operations account is also estimated to have a negative balance at the end of the 2015 biennium. The legislature did not make any adjustments to the proposed appropriation from this account given that there is usually a carry forward from this account.

Related Funds	Resource Indemnity Funding									
	02010 Oil & Gas	02022 Future Fish	02070 HazWas	02107 ECA	02162 EQPF	02216 Wa Sto	02289 GRW	02472 Orphan Share	02576 Operations	2577 Projects
Beginning FY2013 Fund Balance	\$389,398	\$1,265,466	\$569,528	\$697,712	\$5,386,454	\$950,000	\$0	\$10,040,797	\$1,775,947	\$6,795,909
RIT Interest		\$500,000	\$93,860		\$32,490		\$300,000		\$234,650	\$3,500,000
STIP	\$1,000		1,726		10,000	\$1,500				
RIGWA			386,961		386,961		366,000		386,961	773,922
Metal Mines Tax									1,339,000	
Oil and Gas Tax	50,000							\$3,204,839	2,194,500	2,346,594
Other Income	0				792,311	35,000			3,500	3,525
<b>FY 2013 Total Revenues &amp; Fund Balance</b>	<b>\$440,398</b>	<b>\$1,765,466</b>	<b>\$1,052,075</b>	<b>\$697,712</b>	<b>\$6,608,216</b>	<b>\$986,500</b>	<b>\$666,000</b>	<b>\$13,245,636</b>	<b>\$5,934,558</b>	<b>\$13,419,950</b>
FY 2013 Appropriations	<u>(\$166,216)</u>		<u>(\$621,637)</u>	<u>(\$25,000)</u>	<u>(\$4,099,429)</u>	<u>(\$250,768)</u>	<u>(\$666,000)</u>	<u>(\$4,119,422)</u>	<u>(\$3,995,487)</u>	
FY 2013 Budget Amendment										
Transfers								(1,200,000)	(11,756)	
Reserved for Capital Appropriations										
HB 6 and HB 7 Appropriation		<u>(\$1,765,366)</u>						<u>(\$5,825,311)</u>	<u>(\$623,000)</u>	(12,191,663)
Project Line Item Veto Richland County HB 7										<u>\$293,000</u>
<b>Projected Fund Balance Ending FY 2013</b>	<b>\$274,182</b>	<b>\$100</b>	<b>\$430,438</b>	<b>\$672,712</b>	<b>\$2,508,787</b>	<b>\$735,732</b>	<b>\$0</b>	<b>\$2,100,903</b>	<b>\$1,304,315</b>	<b>\$1,521,287</b>
<b>Revenues for 2015 Biennium</b>										
RIT Interest - Direct		<u>\$985,521</u>	\$94,120		\$32,580	\$485,521	\$591,313		\$235,300	\$6,898,646
RIGWA			959,172		959,172		732,000			1,918,344
Anticipated reversions										
Short Term Investment Pool - Interest	<u>\$2,000</u>		<u>\$3,473</u>		20,000	3,000		\$45,000		
Admin Fees					1,553,586					
Metal Mines Tax									2,534,000	
Oil and Gas Tax								<u>\$6,385,568</u>	<u>\$4,372,491</u>	4,675,534
Agency Generated Revenues					7,530,000	<u>\$70,000</u>				31,000
Transfers - Other										<u>\$20,723,686</u>
Other Income					<u>\$1,036</u>					
<b>Projected Fund Balance Beginning FY 2014</b>	<b>\$276,182</b>	<b>\$985,621</b>	<b>\$1,487,203</b>	<b>\$672,712</b>	<b>\$12,604,125</b>	<b>\$1,294,253</b>	<b>\$1,323,313</b>	<b>\$8,531,471</b>	<b>\$8,446,106</b>	<b>\$35,768,497</b>
<b>Appropriations for 2015 Biennium</b>										
UM-Bureau of Mines								(\$1,332,000)		
DNRC - Centralized Services										(76,404)
DNRC - Conservation and Resource Devel. Division										(1,362,355)
DNRC-Water Resources Division										(415,867)
DNRC - Board of Oil & Gas										
DNRC - Forestry/Trust Lands										(187,314)
DEQ-Central Management										(266,566)
DEQ-Planning, Prevention & Assistance				(\$155,504)						0
DEQ-Enforcement				(48,674)						(12,550)
DEQ-Remediation				(161,666)						0
DEQ-Permitting & Compliance				<u>(716,826)</u>		<u>(\$7,597,018)</u>		<u>(\$1,922,529)</u>		(3,799,270)
Judiciary-Water Court										<u>(2,032,300)</u>
HB 6 and HB 7 Request										
Non-Budgeted Transfers									(2,400,000)	
<b>Total Appropriations</b>	<b>\$0</b>	<b>\$0</b>	<b><u>(\$1,082,670)</u></b>	<b>\$0</b>	<b><u>(\$7,597,018)</u></b>	<b>\$0</b>	<b><u>(\$1,332,000)</u></b>	<b><u>(\$4,322,529)</u></b>	<b><u>(\$8,504,398)</u></b>	<b><u>(\$35,696,963)</u></b>
<b>Ending Fund Balance</b>	<b>\$276,182</b>	<b>\$985,621</b>	<b>\$404,533</b>	<b>\$672,712</b>	<b>\$5,007,107</b>	<b>\$1,294,253</b>	<b>(\$8,687)</b>	<b>\$4,208,942</b>	<b>(\$58,292)</b>	<b>\$71,534</b>

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,162,636	5,162,636	10,325,272	98.82%	47,694,153	47,694,153	95,388,306	83.66%
Statewide PL Adjustments	91,581	93,616	185,197	1.77%	1,785,331	1,813,975	3,599,306	3.16%
Other PL Adjustments	(3,294)	(2,710)	(6,004)	(0.06%)	7,372,911	7,372,061	14,744,972	12.93%
New Proposals	(28,092)	(27,847)	(55,939)	(0.54%)	474,404	(183,513)	290,891	0.26%
<b>Total Budget</b>	<b>\$5,222,831</b>	<b>\$5,225,695</b>	<b>\$10,448,526</b>		<b>\$57,326,799</b>	<b>\$56,696,676</b>	<b>\$114,023,475</b>	

**Other Legislation**

**HB 13** – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

**HB 256** - This bill requires the Department of Environmental Quality to provide written notice either in person or by first class mail disclosing the availability of a draft environmental review selecting the department's preferred alternative for a one-mile wide facility siting corridor to the owners of property within the corridor. The names and addresses of the property owners must be obtained from the property tax rolls of the county where the property is located. The agency estimates these activities will increase the time required for the permitting process such as staff time, mailing, travel, and other operating costs and estimates a cost of an additional \$35,456 in FY 2014 and \$32,470 in FY 2015. The legislature did not increase expenditure authority to account for the passage of this bill.

**SB 410** – This bill includes a one-time-only biennial appropriation of \$7.5 million general fund to the Governor's Office. The funding can be transferred at the Governor's discretion in the 2015 biennium to the following departments for operations costs:

- Governor's Office
- Public Health and Human Services
- Natural Resources and Conservation
- Environmental Quality
- Administration
- Commerce
- Revenue
- Corrections
- Labor and Industry

Any funds transferred are one-time-only and consequently will not be part of the FY 2014 budget base.

### Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	383.48	385.48	385.48	0.00	385.48	385.48	0.00	
Estimated Impact of HB 2*			(15.96)	(15.96)		(15.96)	(15.96)	
<b>Net Estimated FTE*</b>			<b>369.52</b>	<b>(15.96)</b>		<b>369.52</b>	<b>(15.96)</b>	
Personal Services	24,910,379	26,822,917	26,223,275	(599,642)	26,844,949	26,247,842	(597,107)	(1,196,749)
Operating Expenses	21,054,758	28,735,706	28,908,523	172,817	28,479,989	28,253,833	(226,156)	(53,339)
Equipment & Intangible Assets	60,755	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
Benefits & Claims	0	425,000	425,000	0	425,000	425,000	0	0
Transfers	32,398	32,398	32,398	0	32,398	32,398	0	0
<b>Total Costs</b>	<b>\$47,694,153</b>	<b>\$57,753,624</b>	<b>\$57,326,799</b>	<b>(\$426,825)</b>	<b>\$57,519,939</b>	<b>\$56,696,676</b>	<b>(\$823,263)</b>	<b>(\$1,250,088)</b>
General Fund	5,162,636	6,457,202	5,222,831	(1,234,371)	6,200,552	5,225,695	(974,857)	(2,209,228)
State/Other Special	24,657,802	31,164,648	32,198,162	1,033,514	31,135,556	31,523,051	387,495	1,421,009
Federal Special	17,873,715	20,131,774	19,905,806	(225,968)	20,183,831	19,947,930	(235,901)	(461,869)
<b>Total Funds</b>	<b>\$47,694,153</b>	<b>\$57,753,624</b>	<b>\$57,326,799</b>	<b>(\$426,825)</b>	<b>\$57,519,939</b>	<b>\$56,696,676</b>	<b>(\$823,263)</b>	<b>(\$1,250,088)</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislature approved a biennial budget \$1.3 million below the executive request.

Legislative adjustments include:

- Approving an additional \$400,000 from the orphan share account for leaking underground storage tank work
- \$50,600 in operations reductions from general fund in the Enforcement Division
- General fund to state special revenue funding switches:
  - \$150,000 for database development
  - \$250,000 for the county air program
  - \$100,000 for an opencut mining database
  - \$79,000 for a coal and opencut systems specialist
- An additional \$1.1 million reduction for a 2% additional agency-wide vacancy savings

The legislature did not approve the following biennial executive proposals:

- \$100,000 for legal challenges
- \$245,700 from general fund for operations adjustments
- \$83,000 from general fund for an opencut science specialist
- \$200,000 funding switch from general fund to state special revenue for the subdivisions sub-program

### Language and Statutory Authority

The legislature approved the following language in HB 2.

"The Planning, Prevention, and Assistance 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."

"Permitting and Compliance Division includes a reduction in general fund of \$33,957 in fiscal year 2014 and \$33,712 in fiscal year 2015, state special revenue of \$290,347 in fiscal year 2014 and \$281,120 in fiscal year 2015, and federal special revenue of \$232,124 in fiscal year 2014 and \$242,060 in fiscal year 2015. The reduction is the equivalent of an

additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

"If federal funds are received to help meet the annual shortfall in operating and maintenance costs at the Zortman-Landusky mine sites, this orphan share spending authority will be reduced by the same amount."

"The department is appropriated up to \$1,000,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2015 biennium for the purpose of paying contract expenses related to the recovery of funds."

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	9.00	9.00	8.00	8.00	9.00	8.00	(1.00)	(11.11%)
Personal Services	754,893	837,783	730,827	731,225	1,592,676	1,462,052	(130,624)	(8.20%)
Operating Expenses	801,179	1,063,929	1,101,708	1,101,543	1,865,108	2,203,251	338,143	18.13%
<b>Total Costs</b>	<b>\$1,556,072</b>	<b>\$1,901,712</b>	<b>\$1,832,535</b>	<b>\$1,832,768</b>	<b>\$3,457,784</b>	<b>\$3,665,303</b>	<b>\$207,519</b>	<b>6.00%</b>
General Fund	314,978	370,706	305,432	305,682	685,684	611,114	(74,570)	(10.88%)
State Special	940,718	1,189,782	1,201,531	1,161,938	2,130,500	2,363,469	232,969	10.93%
Federal Special	300,376	341,224	325,572	365,148	641,600	690,720	49,120	7.66%
<b>Total Funds</b>	<b>\$1,556,072</b>	<b>\$1,901,712</b>	<b>\$1,832,535</b>	<b>\$1,832,768</b>	<b>\$3,457,784</b>	<b>\$3,665,303</b>	<b>\$207,519</b>	<b>6.00%</b>

### Program Description

The Central Management Program consists of the Director's Office, a Financial Services office, and an Information Technology Office. It is the organizational component of DEQ responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out the department's mission and statutory responsibilities. The Director's Office includes the director's staff, the deputy director, an administrative officer, a public information officer, a centralized legal services unit, and a centralized personnel office. The Financial Services Office provides budgeting, accounting, payroll, procurement, and contract management support to other divisions. The Information Technology Office provides information technology services support to other divisions.

### Program Highlights

<b>Central Management Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increased by 6.0% from the 2013 biennium primarily due to: <ul style="list-style-type: none"> <li>• Statewide present law adjustments</li> <li>• Base operating increase by \$397,967 over the biennium</li> </ul> </li> <li>◆ The legislature approved transferring 1.0 FTE attorney position and approximately \$85,000 to the Remediation Division</li> </ul>

### Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Central Management Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$611,114	\$0	\$0	\$611,114	3.4%		
State Special Total	\$2,363,469	\$0	\$0	\$2,363,469	13.0%		
02075 Ust Leak Prevention Program	\$25,145	\$0	\$0	\$25,145	0.1%		
02097 Environmental Rehab & Response	\$200,000	\$0	\$0	\$200,000	1.1%		
02157 Solid Waste Management Fee	\$72,920	\$0	\$0	\$72,920	0.4%		
02201 Air Quality-operating Fees	\$133,560	\$0	\$0	\$133,560	0.7%		
02202 Asbestos Control	\$50,291	\$0	\$0	\$50,291	0.3%		
02204 Public Drinking Water	\$18,142	\$0	\$0	\$18,142	0.1%		
02278 Mpdcs Permit Program	\$89,135	\$0	\$0	\$89,135	0.5%		
02542 Mt Environ Policy Act Fee	\$1,455,565	\$0	\$0	\$1,455,565	8.0%		
02555 Alternative Energy Rev Loan	\$12,573	\$0	\$0	\$12,573	0.1%		
02576 Natural Resources Operations Ssr Fu	\$266,566	\$0	\$0	\$266,566	1.5%		
02845 Junk Vehicle Disposal	\$39,572	\$0	\$0	\$39,572	0.2%		
Federal Special Total	\$690,720	\$0	\$0	\$690,720	3.8%		
03067 Dsl Federal Reclamation Grant	\$645	\$0	\$0	\$645	0.0%		
03151 2012 Exchange Network Grant	\$48,358	\$0	\$0	\$48,358	0.3%		
03152 Dw Srf Fy15 Grant	\$2,515	\$0	\$0	\$2,515	0.0%		
03262 Epa Ppg	\$374,442	\$0	\$0	\$374,442	2.1%		
03337 2011 Exchange Network Grant	\$182,000	\$0	\$0	\$182,000	1.0%		
03430 Dw Srf Fy14 Grant	\$2,514	\$0	\$0	\$2,514	0.0%		
03436 Nps 09 Staffing & Support	\$20,015	\$0	\$0	\$20,015	0.1%		
03691 Non Pt Source Staffing/support	\$20,014	\$0	\$0	\$20,014	0.1%		
03816 Doi Osm A&e Grant	\$40,217	\$0	\$0	\$40,217	0.2%		
Proprietary Total	\$0	\$14,515,841	\$0	\$14,515,841	79.8%		
06509 Deq Indirects	\$0	\$14,515,841	\$0	\$14,515,841	79.8%		
Total All Funds	\$3,665,303	\$14,515,841	\$0	\$18,181,144	100.0%		
<b>Percent - Total All Sources</b>	<b>20.2%</b>	<b>79.8%</b>	<b>0.0%</b>				

The majority of the functions in the division are funded with non-budgeted proprietary funds that are not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the Environmental Protection Agency (EPA). The indirect rate is assessed against funding for all personal services, temporary services, and work study projects as well as contracted services within each division, and transferred to fund operating costs. This funding currently supports 55.00 FTE who provide management tasks, budgeting, accounting, payroll, procurement, contract management, and information technology services to other divisions. A further discussion of the proposed rate for the proprietary fund is at the end of the division narrative.

The appropriated funds provide support for the agency's legal services, the Board of Environmental Review, and Montana Environmental Protection Act (MEPA) activities. The appropriated funds consist of general fund, a number of state special revenue fees, and small federal grants. The majority of the funding comes from Montana Environmental Policy Act (MEPA) review fees.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	314,978	314,978	629,956	103.08%	1,556,072	1,556,072	3,112,144	84.91%
Statewide PL Adjustments	20,640	20,757	41,397	6.77%	62,289	62,924	125,213	3.42%
Other PL Adjustments	(30,186)	(30,053)	(60,239)	(9.86%)	214,174	213,772	427,946	11.68%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$305,432</b>	<b>\$305,682</b>	<b>\$611,114</b>		<b>\$1,832,535</b>	<b>\$1,832,768</b>	<b>\$3,665,303</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					95,878					96,151
Vacancy Savings					(34,032)					(34,040)
Inflation/Deflation					443					813
<b>Total Statewide Present Law Adjustments</b>		<b>\$20,640</b>	<b>\$55,734</b>	<b>(\$14,085)</b>	<b>\$62,289</b>		<b>\$20,757</b>	<b>\$16,511</b>	<b>\$25,656</b>	<b>\$62,924</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(20,640)	(55,734)	14,085	(62,289)	0.00	(20,757)	(16,511)	(25,656)	(62,924)
DP 51 - Adjustment for Statewide Personal Services	0.00	20,675	55,252	(14,081)	61,846	0.00	20,811	15,665	25,635	62,111
DP 52 - Adjustment for Statewide Operations	0.00	(35)	10,327	(5)	10,287	0.00	(54)	10,672	21	10,639
DP 1002 - EPA FY11 Exchange Network Grant	0.00	0	0	91,000	91,000	0.00	0	0	91,000	91,000
DP 1004 - Move Attorney from PGM 10 to PGM 40	(1.00)	(30,186)	0	(55,726)	(85,912)	(1.00)	(30,053)	0	(55,726)	(85,779)
DP 1005 - Central Management Program Base Adjustment HB2	0.00	0	195,234	4,008	199,242	0.00	0	194,883	3,842	198,725
<b>Total Other Present Law Adjustments</b>	<b>(1.00)</b>	<b>(\$30,186)</b>	<b>\$205,079</b>	<b>\$39,281</b>	<b>\$214,174</b>	<b>(1.00)</b>	<b>(\$30,053)</b>	<b>\$204,709</b>	<b>\$39,116</b>	<b>\$213,772</b>
<b>Grand Total All Present Law Adjustments</b>	<b>(1.00)</b>	<b>(\$9,546)</b>	<b>\$260,813</b>	<b>\$25,196</b>	<b>\$276,463</b>	<b>(1.00)</b>	<b>(\$9,296)</b>	<b>\$221,220</b>	<b>\$64,772</b>	<b>\$276,696</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1002 - EPA FY11 Exchange Network Grant - DEQ was awarded EPA grant funding to continue work on the existing Montana Exchange Network Node. DEQ and EPA have been working to improve data accuracy of underground storage tank/leaking underground storage tank (UST/LUST) site location data and to establish UST/LUST data partnerships with states, tribes, local governments, and interested parties.

DP 1004 - Move Attorney from PGM 10 to PGM 40 - The legislature approved a reduction of \$85,912 in FY 2014 and \$85,779 in FY 2015 from general fund and the LUST trust recovery account to adjust for the transfer of an attorney from the Central Management Program to the Remediation Division. This transfer aligns the position with workload requirements. This is budget neutral and nets to \$0 across the two programs.

DP 1005 - Central Management Program Base Adjustment HB2 - The legislature approved state and federal special revenue, primarily the natural resources operations SSR account, to restore spending authority for the base budget in the Central Management Program. Primary factors related to this appropriation include: environmental impact statement (EIS) activity reduction in the base year (new projects are in the queue), legal costs incurred by the Board of Environmental Review exceeded current funding levels, and an approximate 9 month attorney pool vacancy in the base year.

### **Proprietary Rates**

#### **Proprietary Program Description**

The legislature approved an indirect rate of 24% against personal services and 4% against operations.

#### **Proprietary Rate Explanation**

The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The department changed the method of indirect rate application from one rate applied only to personal services to two rates, one applied to personal services and a second applied to operating expenses. The application of these two rates provides a more equitable basis for funding proprietary services. The department negotiates the indirect cost rates with the U.S. Environmental Protection Agency (EPA).

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	83.50	83.50	83.50	83.50	83.50	83.50	0.00	0.00%
Personal Services	5,713,653	6,111,850	6,090,720	6,098,317	11,825,503	12,189,037	363,534	3.07%
Operating Expenses	5,035,015	6,853,257	6,948,607	6,799,478	11,888,272	13,748,085	1,859,813	15.64%
Equipment & Intangible Assets	0	28,000	0	0	28,000	0	(28,000)	(100.00%)
Grants	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$10,748,668</b>	<b>\$12,993,107</b>	<b>\$13,039,327</b>	<b>\$12,897,795</b>	<b>\$23,741,775</b>	<b>\$25,937,122</b>	<b>\$2,195,347</b>	<b>9.25%</b>
General Fund	2,604,298	2,627,355	2,630,738	2,631,807	5,231,653	5,262,545	30,892	0.59%
State Special	2,155,346	2,716,726	3,303,571	3,154,171	4,872,072	6,457,742	1,585,670	32.55%
Federal Special	5,989,024	7,649,026	7,105,018	7,111,817	13,638,050	14,216,835	578,785	4.24%
<b>Total Funds</b>	<b>\$10,748,668</b>	<b>\$12,993,107</b>	<b>\$13,039,327</b>	<b>\$12,897,795</b>	<b>\$23,741,775</b>	<b>\$25,937,122</b>	<b>\$2,195,347</b>	<b>9.25%</b>

### Program Description

The Planning, Prevention, and Assistance Division: 1) finances construction and improvement of community drinking water and wastewater systems and provides engineering review and technical assistance to community water infrastructure planners; 2) finances energy saving retrofits of public buildings and renewable energy systems for homeowners and small businesses; 3) provides technical assistance and education to builders, homeowners, and businesses on energy efficiency and renewable energy, indoor air quality, radon, recycling, and solid waste reduction; 4) assists small businesses in reducing emissions and complying with environmental regulations; 5) monitors water quality conditions, assesses potential pollution problems, and aids industry to achieve cost effective compliance with water quality laws and regulations; 6) assists communities in planning for energy, watershed, air shed, and solid and hazardous waste management; 7) develops water quality restoration plans (Total Maximum Daily Loads or TMDLs); 8) proposes rules, drafts policy, and develops water quality standards. The division consists of three bureaus: Technical and Financial Assistance, Water Quality Planning, and Energy and Pollution Prevention, along with a Financial Management and Budgeting Unit.

### Program Highlights

<b>Planning, Prevention, and Assistance Division</b>	
<b>Major Budget Highlights</b>	
◆	The legislatively approved budget increased by 9.25% from the 2013 biennium due to: <ul style="list-style-type: none"> <li>● Statewide present law adjustments</li> <li>● Base operating increase of \$3.2 million</li> <li>● \$340,000 for water pollution control</li> <li>● \$400,000 for database development and maintenance</li> </ul>
◆	The legislature approved a \$100,000 general fund decrease in operations

### Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Plan.Prevent. & Assist.Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,262,545	\$0	\$0	\$5,262,545	20.3%		
State Special Total	\$6,457,742	\$0	\$0	\$6,457,742	24.9%		
02070 Hazardous Waste-cercla	\$155,504	\$0	\$0	\$155,504	0.6%		
02157 Solid Waste Management Fee	\$271,508	\$0	\$0	\$271,508	1.0%		
02201 Air Quality-operating Fees	\$245,058	\$0	\$0	\$245,058	0.9%		
02206 Agriculture Monitoring	\$10,212	\$0	\$0	\$10,212	0.0%		
02223 Wastewater Srf Special Admin	\$2,251,282	\$0	\$0	\$2,251,282	8.7%		
02278 Mpdcs Permit Program	\$384,044	\$0	\$0	\$384,044	1.5%		
02291 Alternative Energy Loan Arra	\$100,142	\$0	\$0	\$100,142	0.4%		
02370 Energy Conserv Repayment Acct	\$420,722	\$0	\$0	\$420,722	1.6%		
02472 Orphan Share Fund	\$150,000	\$0	\$0	\$150,000	0.6%		
02491 Drinking Water Spec Admin Cost	\$790,048	\$0	\$0	\$790,048	3.0%		
02555 Alternative Energy Rev Loan	\$183,160	\$0	\$0	\$183,160	0.7%		
02955 State Energy Conservation Arra	\$985,068	\$0	\$0	\$985,068	3.8%		
02973 Univ System Benefits Program	\$510,994	\$0	\$0	\$510,994	2.0%		
Federal Special Total	\$14,216,835	\$0	\$0	\$14,216,835	54.8%		
03003 Wetland Dev-prof Capacity	\$47,326	\$0	\$0	\$47,326	0.2%		
03007 Doe Special Projects	\$32,740	\$0	\$0	\$32,740	0.1%		
03033 Wetland Develop-ill	\$98,484	\$0	\$0	\$98,484	0.4%		
03091 106 Monitor Suppl Initiative	\$246,598	\$0	\$0	\$246,598	1.0%		
03152 Dw Srf Fy15 Grant	\$743,302	\$0	\$0	\$743,302	2.9%		
03199 Stripper Wells	\$222,784	\$0	\$0	\$222,784	0.9%		
03212 Stripper-secp	\$29,980	\$0	\$0	\$29,980	0.1%		
03217 Wetland Watershed Grant	\$172,694	\$0	\$0	\$172,694	0.7%		
03218 Diamond Shamrock-admin.	\$42,950	\$0	\$0	\$42,950	0.2%		
03262 Epa Ppg	\$3,851,952	\$0	\$0	\$3,851,952	14.9%		
03430 Dw Srf Fy14 Grant	\$743,302	\$0	\$0	\$743,302	2.9%		
03436 Nps 09 Staffing & Support	\$1,351,217	\$0	\$0	\$1,351,217	5.2%		
03437 Doe-state Energy Program	\$753,952	\$0	\$0	\$753,952	2.9%		
03459 Doe Competitive Special Proj	\$206,996	\$0	\$0	\$206,996	0.8%		
03465 Doe Washington State Univ	\$147,676	\$0	\$0	\$147,676	0.6%		
03481 Nps14 Project Grant	\$1,386,584	\$0	\$0	\$1,386,584	5.3%		
03482 Nps15 Project Grant	\$1,386,584	\$0	\$0	\$1,386,584	5.3%		
03676 Bureau Of Land Management	\$161,488	\$0	\$0	\$161,488	0.6%		
03691 Non Pt Source Staffing/support	\$1,344,418	\$0	\$0	\$1,344,418	5.2%		
03695 Srf St Tribal Rel Agrmt Grant	\$284,202	\$0	\$0	\$284,202	1.1%		
03723 Clean Diesel Ds-97867001	\$568,854	\$0	\$0	\$568,854	2.2%		
03814 Epa Water Quality 205j	\$213,186	\$0	\$0	\$213,186	0.8%		
03817 Wetland 401 Certification Grnt	\$179,566	\$0	\$0	\$179,566	0.7%		
Total All Funds	\$25,937,122	\$0	\$0	\$25,937,122	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air quality permits and the interest from the investments made in community drinking water projects. The largest portion of federal funds is provided through the Environmental Protection Agency (EPA) programs, including the performance partnership grant and funds for non-point source water projects under the federal Clean Water Act. General fund is utilized for the Total Maximum Daily Loads (TMDL) program and for matching federal grants.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,604,298	2,604,298	5,208,596	98.97%	10,748,668	10,748,668	21,497,336	82.88%
Statewide PL Adjustments	26,440	27,509	53,949	1.03%	375,090	383,558	758,648	2.92%
Other PL Adjustments	0	0	0	0.00%	1,765,569	1,765,569	3,531,138	13.61%
New Proposals	0	0	0	0.00%	150,000	0	150,000	0.58%
<b>Total Budget</b>	<b>\$2,630,738</b>	<b>\$2,631,807</b>	<b>\$5,262,545</b>		<b>\$13,039,327</b>	<b>\$12,897,795</b>	<b>\$25,937,122</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					630,850					638,765
Vacancy Savings					(253,783)					(254,101)
Inflation/Deflation					(1,977)					(1,106)
<b>Total Statewide Present Law Adjustments</b>		<b>\$26,440</b>	<b>\$160,774</b>	<b>\$187,876</b>	<b>\$375,090</b>		<b>\$27,509</b>	<b>\$161,374</b>	<b>\$194,675</b>	<b>\$383,558</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(26,440)	(160,774)	(187,876)	(375,090)	0.00	(27,509)	(161,374)	(194,675)	(383,558)
DP 51 - Adjustment for Statewide Personal Services	0.00	26,614	161,106	189,347	377,067	0.00	27,613	161,480	195,571	384,664
DP 52 - Adjustment for Statewide Operations	0.00	(174)	(332)	(1,471)	(1,977)	0.00	(104)	(106)	(896)	(1,106)
DP 2001 - Planning, Prevention & Assist Operations Adjustmnt	0.00	0	667,451	928,118	1,595,569	0.00	0	667,451	928,118	1,595,569
DP 2002 - Water Pollution Control State Special Authority	0.00	0	170,000	0	170,000	0.00	0	170,000	0	170,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$837,451</b>	<b>\$928,118</b>	<b>\$1,765,569</b>	<b>0.00</b>	<b>\$0</b>	<b>\$837,451</b>	<b>\$928,118</b>	<b>\$1,765,569</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$26,440</b>	<b>\$998,225</b>	<b>\$1,115,994</b>	<b>\$2,140,659</b>	<b>0.00</b>	<b>\$27,509</b>	<b>\$998,825</b>	<b>\$1,122,793</b>	<b>\$2,149,127</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2001 - Planning, Prevention & Assist Operations Adjustmnt - The legislature approved state special and federal special revenue from multiple accounts to bring spending authority to the previous biennium appropriated level in the Planning, Prevention, and Assistance Program. Administrative appropriations for unfinished projects, position vacancies, and federal stimulus funding are the primary factors in lower base year spending.

DP 2002 - Water Pollution Control State Special Authority - The legislature approved funding from the wastewater SRF special administration account to fund various activities related to clean water. Activities include advanced training, wetland program projects, and pilot projects.

**New Proposals**

New Proposals											
Program	FTE	Fiscal 2014				Fiscal 2015					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 2005 - Database Development OTO/BIEN/RST Approp	20	0.00	0	150,000	0	150,000	0.00	0	0	0	0
DP 2006 - Database & Application Maintenance	20	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 2007 - Reduction in Operations	20	0.00	(50,000)	0	0	(50,000)	0.00	(50,000)	0	0	(50,000)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$150,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

DP 2005 - Database Development OTO/BIEN/RST Approp - The legislature approved orphan share revenue for a one-time database development and enhancement project. The project's purpose is to complete the phased development of the bureau's Water Quality Assessment, Reporting, and Documentation (WARD) information management system.

DP 2006 - Database & Application Maintenance - The legislature approved general fund to provide for the ongoing maintenance of the department's water quality database and related technical systems.

DP 2007 - Reduction in Operations - The legislature approved an operating reduction from general fund for each year of the biennium.

**Language and Statutory Authority**

The legislature approved the following language in HB 2.

"The Planning, Prevention, and Assistance 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."

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	14.73	14.73	14.73	14.73	14.73	14.73	0.00	0.00%
Personal Services	954,426	1,044,982	1,013,791	1,014,663	1,999,408	2,028,454	29,046	1.45%
Operating Expenses	329,721	343,235	325,376	324,285	672,956	649,661	(23,295)	(3.46%)
<b>Total Costs</b>	<b>\$1,284,147</b>	<b>\$1,388,217</b>	<b>\$1,339,167</b>	<b>\$1,338,948</b>	<b>\$2,672,364</b>	<b>\$2,678,115</b>	<b>\$5,751</b>	<b>0.22%</b>
General Fund	506,701	547,775	517,710	518,091	1,054,476	1,035,801	(18,675)	(1.77%)
State Special	433,707	468,717	461,409	461,071	902,424	922,480	20,056	2.22%
Federal Special	343,739	371,725	360,048	359,786	715,464	719,834	4,370	0.61%
<b>Total Funds</b>	<b>\$1,284,147</b>	<b>\$1,388,217</b>	<b>\$1,339,167</b>	<b>\$1,338,948</b>	<b>\$2,672,364</b>	<b>\$2,678,115</b>	<b>\$5,751</b>	<b>0.22%</b>

**Program Description**

The Enforcement Division is responsible for formal enforcement of the public health and environmental protection laws and rules administered by the department. Division staff works with department attorneys and regulatory programs to draft administrative orders, calculate penalties, negotiate settlements, and monitor compliance with orders issued by the department. The 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 legislatively approved budget increased by less than 1% from the 2013 biennium, including the following adjustments:                             <ul style="list-style-type: none"> <li>• Statewide present law adjustments</li> <li>• \$3,813 net operations increase</li> </ul> </li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Enforcement Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,035,801	\$0	\$0	\$1,035,801	38.7%		
State Special Total	\$922,480	\$0	\$0	\$922,480	34.4%		
02070 Hazardous Waste-cercla	\$48,674	\$0	\$0	\$48,674	1.8%		
02075 Ust Leak Prevention Program	\$63,657	\$0	\$0	\$63,657	2.4%		
02157 Solid Waste Management Fee	\$57,073	\$0	\$0	\$57,073	2.1%		
02201 Air Quality-operating Fees	\$190,216	\$0	\$0	\$190,216	7.1%		
02202 Asbestos Control	\$68,455	\$0	\$0	\$68,455	2.6%		
02204 Public Drinking Water	\$285,321	\$0	\$0	\$285,321	10.7%		
02278 Mpdes Permit Program	\$99,354	\$0	\$0	\$99,354	3.7%		
02576 Natural Resources Operations Ssr Fu	\$12,550	\$0	\$0	\$12,550	0.5%		
02845 Junk Vehicle Disposal	\$97,180	\$0	\$0	\$97,180	3.6%		
Federal Special Total	\$719,834	\$0	\$0	\$719,834	26.9%		
03067 Dsl Federal Reclamation Grant	\$9,116	\$0	\$0	\$9,116	0.3%		
03262 Epa Ppg	\$701,608	\$0	\$0	\$701,608	26.2%		
03433 Epa Ppg Fy10-11	\$1	\$0	\$0	\$1	0.0%		
03816 Doi Osm A&e Grant	\$9,109	\$0	\$0	\$9,109	0.3%		
Total All Funds	\$2,678,115	\$0	\$0	\$2,678,115	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The division is funded with general fund and a variety of state special and federal revenue sources. The division’s primary state special revenue funds are the fees collected for air, asbestos control, and discharge permits, as well as subdivision review fees. The largest percentage of federal funds is provided through the Environmental Protection Agency (EPA) programs, predominantly the performance partnership grant.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	506,701	506,701	1,013,402	97.84%	1,284,147	1,284,147	2,568,294	95.90%
Statewide PL Adjustments	36,344	36,725	73,069	7.05%	56,346	57,288	113,634	4.24%
Other PL Adjustments	0	0	0	0.00%	24,009	22,848	46,857	1.75%
New Proposals	(25,335)	(25,335)	(50,670)	(4.89%)	(25,335)	(25,335)	(50,670)	(1.89%)
<b>Total Budget</b>	<b>\$517,710</b>	<b>\$518,091</b>	<b>\$1,035,801</b>		<b>\$1,339,167</b>	<b>\$1,338,948</b>	<b>\$2,678,115</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					101,607					102,515
Vacancy Savings					(42,242)					(42,278)
Inflation/Deflation					(3,019)					(2,949)
<b>Total Statewide Present Law Adjustments</b>		<b>\$36,344</b>	<b>\$14,216</b>	<b>\$5,786</b>	<b>\$56,346</b>		<b>\$36,725</b>	<b>\$14,531</b>	<b>\$6,032</b>	<b>\$57,288</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(36,344)	(14,216)	(5,786)	(56,346)	0.00	(36,725)	(14,531)	(6,032)	(57,288)
DP 51 - Adjustment for Statewide Personal Services	0.00	38,291	14,978	6,096	59,365	0.00	38,615	15,277	6,345	60,237
DP 52 - Adjustment for Statewide Operations	0.00	(1,947)	(762)	(310)	(3,019)	0.00	(1,890)	(746)	(313)	(2,949)
DP 3001 - Enforcement Operations Adjustments	0.00	0	13,486	10,523	24,009	0.00	0	12,833	10,015	22,848
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$13,486</b>	<b>\$10,523</b>	<b>\$24,009</b>	<b>0.00</b>	<b>\$0</b>	<b>\$12,833</b>	<b>\$10,015</b>	<b>\$22,848</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$36,344</b>	<b>\$27,702</b>	<b>\$16,309</b>	<b>\$80,355</b>	<b>0.00</b>	<b>\$36,725</b>	<b>\$27,364</b>	<b>\$16,047</b>	<b>\$80,136</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 3001 - Enforcement Operations Adjustments - The legislature approved state special and federal special revenue, from multiple accounts, to bring the appropriation up to the FY 2012 appropriated level. Base expenditures were low due to staff vacancies as well as extensive work done on the Yellowstone oil spill, the cost of which was reimbursed by Exxon Mobile.

**New Proposals**

New Proposals	Fiscal 2014					Fiscal 2015					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3002 - Operations Reduction	30	0.00	(25,335)	0	0	(25,335)	0.00	(25,335)	0	0	(25,335)
<b>Total</b>	<b>0.00</b>	<b>(\$25,335)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,335)</b>	<b>0.00</b>	<b>(\$25,335)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,335)</b>	

DP 3002 - Operations Reduction - The legislature approved a reduction in operations from general fund.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	63.01	63.01	64.01	64.01	63.01	64.01	1.00	1.59%
Personal Services	3,779,059	4,280,194	4,367,429	4,370,489	8,059,253	8,737,918	678,665	8.42%
Operating Expenses	6,240,712	7,613,450	7,223,415	6,825,662	13,854,162	14,049,077	194,915	1.41%
Benefits & Claims	0	0	425,000	425,000	0	850,000	850,000	n/a
Transfers	9,364	7,500	9,364	9,364	16,864	18,728	1,864	11.05%
<b>Total Costs</b>	<b>\$10,029,135</b>	<b>\$11,901,144</b>	<b>\$12,025,208</b>	<b>\$11,630,515</b>	<b>\$21,930,279</b>	<b>\$23,655,723</b>	<b>\$1,725,444</b>	<b>7.87%</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	5,223,156	5,762,678	6,544,668	6,146,579	10,985,834	12,691,247	1,705,413	15.52%
Federal Special	4,805,979	6,138,466	5,480,540	5,483,936	10,944,445	10,964,476	20,031	0.18%
<b>Total Funds</b>	<b>\$10,029,135</b>	<b>\$11,901,144</b>	<b>\$12,025,208</b>	<b>\$11,630,515</b>	<b>\$21,930,279</b>	<b>\$23,655,723</b>	<b>\$1,725,444</b>	<b>7.87%</b>

**Program Description**

The Remediation Division protects human health and the environment by restoring contaminated sites to a level that prevents unacceptable exposure to hazardous substances that have been released to soil, sediment, surface water, or groundwater. The division also ensures compliance with state and federal regulations. It oversees and conducts or supports remedial investigation and efficient, cost-effective cleanup activities at state and federal Superfund sites; supervises voluntary cleanup activities; reclaims abandoned mine lands; implements corrective actions at sites with leaking petroleum storage tanks; and oversees groundwater remediation at sites where improper placement of wastes has caused groundwater contamination. This division is divided into three bureaus. The Hazardous Waste Site Cleanup Bureau oversees or conducts the investigation and cleanup of sites contaminated by chemical spills, hazardous substances, and petroleum released by industrial and commercial operations. The bureau works with the Petroleum Tank Release Compensation Board for eligibility and reimbursement determinations. The Mine Waste Cleanup Bureau is responsible for administering and overseeing remedial actions at historical (pre-1977) abandoned mines, ore-transport, and processing facilities. The bureau also oversees the state provisions of the federal Comprehensive Environmental Response and Liability Act (CERCLA or federal Superfund program) for cleanup activities at National Priority List (NPL) sites.

**Program Highlights**

<b>Remediation Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increased by 7.87% from the 2013 biennium primarily due to:                             <ul style="list-style-type: none"> <li>● Statewide present law adjustments</li> <li>● \$352,348 base operating increase</li> <li>● \$850,000 for the orphan share claims feasibility study</li> <li>● \$798,910 for LUST trust cost recovery expenditures</li> <li>● \$402,832 for the Beal and Basin reclamation bond expenditures</li> </ul> </li> <li>◆ The legislature approved transferring 1.0 FTE attorney position from the Central Services Division</li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Remediation Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$12,691,247	\$0	\$0	\$12,691,247	53.6%		
02058 Petroleum Storage Tank Cleanup	\$2,566,043	\$0	\$0	\$2,566,043	10.8%		
02070 Hazardous Waste-cercla	\$161,666	\$0	\$0	\$161,666	0.7%		
02162 Environmental Quality Protecti	\$7,597,018	\$0	\$0	\$7,597,018	32.1%		
02206 Agriculture Monitoring	\$21,615	\$0	\$0	\$21,615	0.1%		
02314 Dnrc Grants - Remediation	\$200,000	\$0	\$0	\$200,000	0.8%		
02438 Pegasus - Beal Mountain	\$303,896	\$0	\$0	\$303,896	1.3%		
02472 Orphan Share Fund	\$1,272,529	\$0	\$0	\$1,272,529	5.4%		
02520 Fy06 Cercla Bond Proceeds	\$69,618	\$0	\$0	\$69,618	0.3%		
02565 Lust Cost Recovery	\$399,926	\$0	\$0	\$399,926	1.7%		
02940 Pegasus - Basin	\$98,936	\$0	\$0	\$98,936	0.4%		
Federal Special Total	\$10,964,476	\$0	\$0	\$10,964,476	46.4%		
03036 Deq Federal Aml Grant	\$569,571	\$0	\$0	\$569,571	2.4%		
03158 Blm Interagency Agreement	\$624,120	\$0	\$0	\$624,120	2.6%		
03221 Epa Lust Trust Fy2010	\$1,061,893	\$0	\$0	\$1,061,893	4.5%		
03256 Epa Superfund Core Fy2010	\$431,626	\$0	\$0	\$431,626	1.8%		
03257 Superfund Multi-site	\$1,925,275	\$0	\$0	\$1,925,275	8.1%		
03259 Superfund Multi Site	\$464	\$0	\$0	\$464	0.0%		
03260 Carpenter Snow Creek Superfund	\$165,100	\$0	\$0	\$165,100	0.7%		
03261 Lust Supplemental Grant	\$141,607	\$0	\$0	\$141,607	0.6%		
03262 Epa Ppg	\$406,683	\$0	\$0	\$406,683	1.7%		
03295 Tank Closure Grant	\$100,000	\$0	\$0	\$100,000	0.4%		
03351 Mgmt Assist - Butte Mine Flood	\$100,000	\$0	\$0	\$100,000	0.4%		
03353 Management Assist - Spec Acct	\$570,180	\$0	\$0	\$570,180	2.4%		
03360 Management Assistance - Bulk	\$1,013,155	\$0	\$0	\$1,013,155	4.3%		
03438 Brownsfield State Response	\$161,982	\$0	\$0	\$161,982	0.7%		
03463 Mine Lease/reclamation	\$125,517	\$0	\$0	\$125,517	0.5%		
03721 Libby Asbestos/troy	\$2,355,545	\$0	\$0	\$2,355,545	10.0%		
03973 Brownfields Grants	\$1,211,758	\$0	\$0	\$1,211,758	5.1%		
Total All Funds	\$23,655,723	\$0	\$0	\$23,655,723	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The 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), resource indemnity groundwater assessment taxes, and oil and gas taxes 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.

For a further discussion of the RIT funds, see the Summary section of this agency's narrative.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	10,029,135	10,029,135	20,058,270	84.79%
Statewide PL Adjustments	0	0	0	0.00%	500,513	504,743	1,005,256	4.25%
Other PL Adjustments	0	0	0	0.00%	1,095,560	1,096,637	2,192,197	9.27%
New Proposals	0	0	0	0.00%	400,000	0	400,000	1.69%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$12,025,208</b>	<b>\$11,630,515</b>	<b>\$23,655,723</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					680,857					684,183
Vacancy Savings					(178,399)					(178,532)
Inflation/Deflation					(1,945)					(908)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>(\$46,731)</b>	<b>\$547,244</b>	<b>\$500,513</b>		<b>\$0</b>	<b>(\$44,831)</b>	<b>\$549,574</b>	<b>\$504,743</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	46,731	(547,244)	(500,513)	0.00	0	44,831	(549,574)	(504,743)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	(45,601)	548,059	502,458	0.00	0	(44,366)	550,017	505,651
DP 52 - Adjustment for Statewide Operations	0.00	0	(1,130)	(815)	(1,945)	0.00	0	(467)	(441)	(908)
DP 4001 - Remediation Division Operating Adjustment	0.00	0	85,621	90,153	175,774	0.00	0	85,630	90,944	176,574
DP 4003 - Orphan Share Claims Feas Studies (BIEN/RST/OTO)	0.00	0	425,000	0	425,000	0.00	0	425,000	0	425,000
DP 4004 - LUST Trust Cost Recovery Expenditures	0.00	0	199,455	0	199,455	0.00	0	199,455	0	199,455
DP 4005 - Beal & Basin Reclamation Bond Expend. (BIEN/RST)	0.00	0	201,416	0	201,416	0.00	0	201,416	0	201,416
DP 4006 - Remediation Division Additional Leased Vehicle	0.00	0	0	8,003	8,003	0.00	0	0	8,413	8,413
DP 4007 - Move Attorney from PGM 10 to PGM 40	1.00	0	56,751	29,161	85,912	1.00	0	56,755	29,024	85,779
<b>Total Other Present Law Adjustments</b>	<b>1.00</b>	<b>\$0</b>	<b>\$968,243</b>	<b>\$127,317</b>	<b>\$1,095,560</b>	<b>1.00</b>	<b>\$0</b>	<b>\$968,254</b>	<b>\$128,383</b>	<b>\$1,096,637</b>
<b>Grand Total All Present Law Adjustments</b>	<b>1.00</b>	<b>\$0</b>	<b>\$921,512</b>	<b>\$674,561</b>	<b>\$1,596,073</b>	<b>1.00</b>	<b>\$0</b>	<b>\$923,423</b>	<b>\$677,957</b>	<b>\$1,601,380</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 4001 - Remediation Division Operating Adjustment - The legislature approved state and federal special revenue, from multiple accounts, to bring spending authority up to the FY 2012 appropriated level for the Hazardous Waste Site Cleanup Bureau (HWSCB) and the Mine Waste Cleanup Bureau (MWCB). Operating adjustments for the HWSCB reflect increased activity for preliminary assessment and site investigation (PA/SI), litigation on state superfund sites, and contractual activity at other state superfund sites. Base activity included emergency response to the Yellowstone pipeline spill. The MWCB was provided authority for completion of hard rock abandoned mine cleanup projects for which cash has already been received, and the MWCB has anticipated increased contractual activity for certain federal superfund sites.

DP 4003 - Orphan Share Claims Feas Studies BIEN/RST/OTO - The legislature approved state special revenue orphan share funding. The department would reimburse the orphan share expenses for the remedial investigation and feasibility studies being conducted during the 2015 biennium. Claims are anticipated under the Controlled Allocation of Liability Act (CALA) for two sites: the S&W Sawmill in Darby and the Joslyn Street Tailings in Helena.

DP 4004 - LUST Trust Cost Recovery Expenditures - The legislature approved state special revenue Leaking Underground Storage Tank (LUST) cost recovery shares to compensate for reductions in federal grants funds. The purpose of these expenditures is to continue the department's efforts to investigate and clean up petroleum releases from certain underground storage tanks to prevent human health and environmental impacts where the cleanup is not eligible for reimbursement from the petroleum tank release compensation fund. LUST trust cost recovery funds are monies from recalcitrant responsible parties that have reimbursed the department for expenditures to clean up certain petroleum release sites.

DP 4005 - Beal & Basin Reclamation Bond Expend BIEN/RST - The legislature approved funding from the Pegasus Beal Mountain and Basin forfeited reclamation bond moneys over the 2015 biennium. The funds are the remaining forfeited reclamation bond monies for the Beal and Basin mine sites and will be used to continue utilizing contracted services for ongoing reclamation activity. At Beal, these funds will supplement Forest Service expenditures for site maintenance and water monitoring needs. At the Basin site, these funds will be used to reclaim abandoned mine infrastructure and conduct site maintenance to supplement EPA expenditures at the regional mine waste repository located at the former mine site.

DP 4006 - Remediation Division Additional Leased Vehicle - The legislature approved federal funding for an additional vehicle to better access remote sites. In order to investigate and develop plans for reclamation, it is necessary to access off-road abandoned mines sites.

DP 4007 - Move Attorney from PGM 10 to PGM 40 - The legislature approved state special and federal special revenue for the transfer of an attorney from the Central Management Program to the Remediation Division. This transfer aligns the position with workload requirements. This is budget neutral and nets to \$0 across the two divisions.

**New Proposals**

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4010 - LUST Recovery Cost Expenditures (OTO)	40	0.00	0	400,000	0	400,000	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$400,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

DP 4010 - LUST Recovery Cost Expenditures OTO - The legislature approved \$400,000 from the orphan share account for FY 2014, for LUST recovery expenditures.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	207.14	207.14	209.14	209.14	207.14	209.14	2.00	0.97%
Personal Services	13,323,147	14,081,666	13,660,514	13,673,224	27,404,813	27,333,738	(71,075)	(0.26%)
Operating Expenses	8,441,458	11,112,640	13,051,359	12,944,747	19,554,098	25,996,106	6,442,008	32.94%
Equipment & Intangible Assets	60,755	90,872	101,740	101,740	151,627	203,480	51,853	34.20%
Grants	1,635,863	1,806,461	1,635,863	1,635,863	3,442,324	3,271,726	(170,598)	(4.96%)
Transfers	23,034	22,832	23,034	23,034	45,866	46,068	202	0.44%
<b>Total Costs</b>	<b>\$23,484,257</b>	<b>\$27,114,471</b>	<b>\$28,472,510</b>	<b>\$28,378,608</b>	<b>\$50,598,728</b>	<b>\$56,851,118</b>	<b>\$6,252,390</b>	<b>12.36%</b>
General Fund	1,736,659	1,742,085	1,768,951	1,770,115	3,478,744	3,539,066	60,322	1.73%
State Special	15,313,001	18,498,895	20,068,931	19,981,250	33,811,896	40,050,181	6,238,285	18.45%
Federal Special	6,434,597	6,873,491	6,634,628	6,627,243	13,308,088	13,261,871	(46,217)	(0.35%)
<b>Total Funds</b>	<b>\$23,484,257</b>	<b>\$27,114,471</b>	<b>\$28,472,510</b>	<b>\$28,378,608</b>	<b>\$50,598,728</b>	<b>\$56,851,118</b>	<b>\$6,252,390</b>	<b>12.36%</b>

**Program Description**

The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 17 state regulatory and 5 related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety, and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws, and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, and when necessary recommends formal enforcement actions to the Enforcement Division. Activities are organized in the Air Resources Management Bureau (air); Industrial and Energy Minerals Bureau (coal, uranium, opencut); Environmental Management Bureau (hard rock, facility siting); Public Water and Subdivision Bureau (public water supply, subdivision and operator certification); Water Protection Bureau (water discharge); and Waste and Underground Tank Management Bureau (solid waste, junk vehicles, septage pumpers, hazardous waste, asbestos, underground storage tanks, and meth standards).

**Program Highlights**

Permitting and Compliance Division Major Budget Highlights	
◆	The legislatively approved budget increased by 12.36% primarily due to: <ul style="list-style-type: none"> <li>• Statewide present law adjustments</li> <li>• \$2.5 million operations increase</li> <li>• \$6.1 million for projects administered by the Hard Rock and Major Facility Siting Act (MFSA) for cost reimbursement projects, primarily for the Zortman/Landusky sites</li> <li>• An additional 2.0 FTE and funding for an systems specialist and an opencut science specialist</li> <li>• \$250,000 county air program funding increase</li> <li>• \$62,400 from general fund for IEMB FileNet data storage</li> </ul>
◆	These increases were partially offset by the application of an additional 2% vacancy savings that can be allocated among all divisions

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Permitting & Compliance Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$3,539,066	\$0	\$0	\$3,539,066	6.2%		
State Special Total	\$40,050,181	\$0	\$0	\$40,050,181	70.4%		
02036 Opencut Fees	\$817,213	\$0	\$0	\$817,213	1.4%		
02054 Ust-installer Lic & Permit Acc	\$97,334	\$0	\$0	\$97,334	0.2%		
02070 Hazardous Waste-cercla	\$716,826	\$0	\$0	\$716,826	1.3%		
02075 Ust Leak Prevention Program	\$38,538	\$0	\$0	\$38,538	0.1%		
02096 Reclamation - Bond Forfeitures	\$108,092	\$0	\$0	\$108,092	0.2%		
02157 Solid Waste Management Fee	\$1,156,444	\$0	\$0	\$1,156,444	2.0%		
02201 Air Quality-operating Fees	\$8,187,583	\$0	\$0	\$8,187,583	14.4%		
02202 Asbestos Control	\$520,886	\$0	\$0	\$520,886	0.9%		
02204 Public Drinking Water	\$1,695,073	\$0	\$0	\$1,695,073	3.0%		
02278 Mpdcs Permit Program	\$4,494,871	\$0	\$0	\$4,494,871	7.9%		
02418 Subdivision Plat Review	\$1,331,494	\$0	\$0	\$1,331,494	2.3%		
02420 Bd Of Cert For W&ww Op	\$293,437	\$0	\$0	\$293,437	0.5%		
02421 Hazardous Waste Fees	\$456,652	\$0	\$0	\$456,652	0.8%		
02428 Major Facility Siting	\$1,938,220	\$0	\$0	\$1,938,220	3.4%		
02472 Orphan Share Fund	\$500,000	\$0	\$0	\$500,000	0.9%		
02521 Pegasus Bankruptcy/operations	\$1,462,642	\$0	\$0	\$1,462,642	2.6%		
02576 Natural Resources Operations Ssr Fu	\$3,799,270	\$0	\$0	\$3,799,270	6.7%		
02579 Coal & Uranium Mine Account	\$579,526	\$0	\$0	\$579,526	1.0%		
02845 Junk Vehicle Disposal	\$3,842,332	\$0	\$0	\$3,842,332	6.8%		
02954 Septage Fees	\$134,764	\$0	\$0	\$134,764	0.2%		
02988 Hard Rock Mining Reclamation	\$7,878,984	\$0	\$0	\$7,878,984	13.9%		
Federal Special Total	\$13,261,871	\$0	\$0	\$13,261,871	23.3%		
03028 Ust Energy Policy Act Prov	\$392,000	\$0	\$0	\$392,000	0.7%		
03067 Dsl Federal Reclamation Grant	\$1,465,504	\$0	\$0	\$1,465,504	2.6%		
03107 National Park Service - Yellowstone	\$43,200	\$0	\$0	\$43,200	0.1%		
03152 Dw Srf Fy15 Grant	\$511,524	\$0	\$0	\$511,524	0.9%		
03243 Blm-armb 9/30/16	\$91,414	\$0	\$0	\$91,414	0.2%		
03262 Epa Ppg	\$6,023,978	\$0	\$0	\$6,023,978	10.6%		
03309 Ust Leak Prevention Grant	\$392,000	\$0	\$0	\$392,000	0.7%		
03325 Pm 2.5 To 3/31/09	\$780,000	\$0	\$0	\$780,000	1.4%		
03326 Blm For Zortman & Landusky	\$744,926	\$0	\$0	\$744,926	1.3%		
03430 Dw Srf Fy14 Grant	\$810,428	\$0	\$0	\$810,428	1.4%		
03433 Epa Ppg Fy10-11	(\$1)	\$0	\$0	(\$1)	0.0%		
03436 Nps 09 Staffing & Support	\$98,791	\$0	\$0	\$98,791	0.2%		
03438 Brownsfield State Response	\$21,387	\$0	\$0	\$21,387	0.0%		
03595 Dw Srf Fy13	\$300,000	\$0	\$0	\$300,000	0.5%		
03691 Non Pt Source Staffing/support	\$98,791	\$0	\$0	\$98,791	0.2%		
03816 Doi Osm A&e Grant	\$1,466,542	\$0	\$0	\$1,466,542	2.6%		
03973 Brownfields Grants	\$21,387	\$0	\$0	\$21,387	0.0%		
Total All Funds	\$56,851,118	\$0	\$0	\$56,851,118	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The division is funded with general fund and a variety of state and federal special revenue sources. The general fund supports operating expenses.

State special revenue consists of forfeited hard rock reclamation bonds, and fees collected for various activities such as air permits, junk vehicle fines, public water supply connections, and subdivision reviews. These funds are used to administer related permits and compliance operations in the division. The division also receives Resource Indemnity Trust (RIT) interest, Resource Indemnity Ground Water Assessment (RIGWA) taxes, and metal mines and oil and gas taxes via the hazardous waste and natural resources operations funds.

Federal special revenue sources include the Environmental Protection Agency (EPA) and the Bureau of Land Management (BLM). Federal funds are directed toward specific sites or for primary costs of the permitting programs.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	1,736,659	1,736,659	3,473,318	98.14%	23,484,257	23,484,257	46,968,514	82.62%
Statewide PL Adjustments	8,157	8,625	16,782	0.47%	816,265	830,644	1,646,909	2.90%
Other PL Adjustments	26,892	27,343	54,235	1.53%	4,222,249	4,221,885	8,444,134	14.85%
New Proposals	(2,757)	(2,512)	(5,269)	(0.15%)	(50,261)	(158,178)	(208,439)	(0.37%)
<b>Total Budget</b>	<b>\$1,768,951</b>	<b>\$1,770,115</b>	<b>\$3,539,066</b>		<b>\$28,472,510</b>	<b>\$28,378,608</b>	<b>\$56,851,118</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,411,711					1,422,486
Vacancy Savings					(589,402)					(589,834)
Inflation/Deflation					(5,945)					(1,909)
Fixed Costs					(99)					(99)
<b>Total Statewide Present Law Adjustments</b>		<b>\$8,157</b>	<b>\$636,033</b>	<b>\$172,075</b>	<b>\$816,265</b>		<b>\$8,625</b>	<b>\$647,564</b>	<b>\$174,455</b>	<b>\$830,644</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(8,157)	(636,033)	(172,075)	(816,265)	0.00	(8,625)	(647,564)	(174,455)	(830,644)
DP 51 - Adjustment for Statewide Personal Services	0.00	8,774	639,375	174,160	822,309	0.00	9,075	648,374	175,203	832,652
DP 52 - Adjustment for Statewide Operations	0.00	(617)	(3,342)	(2,085)	(6,044)	0.00	(450)	(810)	(748)	(2,008)
DP 5001 - Permitting & Compliance Division Operations Adjust	0.00	24,947	990,640	256,871	1,272,458	0.00	24,947	989,202	256,871	1,271,020
DP 5002 - Hard Rock Reclamation/MFSA Projects (RST/BIEN)	0.00	0	2,812,946	0	2,812,946	0.00	0	2,812,946	0	2,812,946
DP 5003 - County Air Program Funding Increase	0.00	0	125,000	0	125,000	0.00	0	125,000	0	125,000
DP 5004 - Permitting & Compliance Division Leased Vehicles	0.00	1,945	6,691	3,209	11,845	0.00	2,396	7,143	3,380	12,919
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$26,892</b>	<b>\$3,935,277</b>	<b>\$260,080</b>	<b>\$4,222,249</b>	<b>0.00</b>	<b>\$27,343</b>	<b>\$3,934,291</b>	<b>\$260,251</b>	<b>\$4,221,885</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$35,049</b>	<b>\$4,571,310</b>	<b>\$432,155</b>	<b>\$5,038,514</b>	<b>0.00</b>	<b>\$35,968</b>	<b>\$4,581,855</b>	<b>\$434,706</b>	<b>\$5,052,529</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 5001 - Permitting & Compliance Division Operations Adjust - The legislature approved general fund, state special, and federal special revenue to bring funding to the FY 2012 appropriated level. Reduced base year expenditures are primarily due to staff vacancies, which led to reduced operating expenditures for activities including inspections, compliance work and permit review. Additionally, several staff were assigned to the Yellowstone oil spill response and charged their time there, the costs of which were reimbursed by Exxon Mobile.

DP 5002 - Hard Rock Reclamation/MFSA Projects RST/BIEN - The legislature approved state special revenue, primarily from the major facility siting and hard rock mining reclamation accounts, for projects administered by the Hard Rock and Major Facility Siting Act Programs (MFSA). Hard rock mining reclamation authority will be used for operation and maintenance of the Zortman/Landusky mine site and the funding will come from the hard rock mining reclamation fund. MFSA budget authority will be used for cost reimbursement projects for MFSA analysis of project applications that arise during the 2015 biennium. Bond forfeitures and settlements over the course of the biennium will be used for reclamation of specific mine sites and funded by settlement agreements or by forfeitures of various reclamation surety bonds.

DP 5003 - County Air Program Funding Increase - The legislature added funding from the air quality operating fees account for county air quality programs to keep pace with inflation as well as for increased workload related to air quality within the division. County air quality programs conduct monitoring, permitting, and/or compliance activities either on behalf of or in lieu of the department. Federal grant funding typically passed through to counties has not increased, nor has it kept up with inflation and workload. County air quality programs have not received an increase in state assistance since the year 2000.

DP 5004 - Permitting & Compliance Division Leased Vehicles - The legislature approved general fund, state special, and federal special revenue for leased vehicles in the Permitting and Compliance Division. The funding includes five SUVs-two replacing vehicles currently rented and three replacing division owned vehicles that have excessive miles and wear. Due to location, the MDT motor pool is not an available option. The vehicles are required for inspections and site visits.

**New Proposals**

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 54 - Additional Vacancy Savings	50	0.00	(33,957)	(290,347)	(232,124)	(556,428)	0.00	(33,712)	(281,120)	(242,060)	(556,892)
DP 5005 - Zortman/Landusky Additional Funding (OTO/RST/BIEN)	50	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 5006 - Opencut Mining Program Database (OTO/REST/BIEN)	50	0.00	0	100,000	0	100,000	0.00	0	0	0	0
DP 5007 - IEMB (Coal and Opencut) Systems Specialist (OTO)	50	1.00	0	81,753	0	81,753	1.00	0	77,298	0	77,298
DP 5008 - Opencut Science Specialist (OTO)	50	1.00	0	43,214	0	43,214	1.00	0	40,216	0	40,216
DP 5009 - IEMB FileNet Data Storage	50	0.00	31,200	0	0	31,200	0.00	31,200	0	0	31,200
<b>Total</b>	<b>2.00</b>	<b>(\$2,757)</b>	<b>\$184,620</b>	<b>(\$232,124)</b>	<b>(\$50,261)</b>	<b>2.00</b>	<b>(\$2,512)</b>	<b>\$86,394</b>	<b>(\$242,060)</b>	<b>(\$158,178)</b>	

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 5005 - Zortman/Landusky Additional Funding OTO/RST/BIEN - The legislature approved a one-time-only, restricted amount of \$250,000 per year from the orphan share account for site reclamation and water treatment projects at the Zortman and Landusky mine sites. If federal funds are received to help meet the annual shortfall in operating costs for the wastewater treatment plants at Zortman-Landusky, this general fund spending authority will be reduced by the same amount. Annual site operating costs are approximately \$2.5 million, over triple the amount of the water treatment bond that is available annually. Costs also have increased substantially due to weather patterns and increasing costs of water treatment inputs such as lime, fuel, electricity, and labor.

DP 5006 - Opencut Mining Program Database OTO/REST/BIEN - The legislature approved \$100,000, all from the opencut fee account, to replace an existing Access 2003 database that does not properly support the program's business processes. In 2014, Access 2003 will no longer be supported by Microsoft.

DP 5007 - IEMB (Coal and Opencut) Systems Specialist OTO - The legislature approved funding from the opencut fees and coal and uranium mine accounts for 1.00 FTE to support the development and maintenance of system tools in support of coal and open cut mining regulatory programs.

DP 5008 - Opencut Science Specialist OTO - The legislature approved partial funding from the opencut fees accounts for an additional FTE to perform permit review, compliance assistance, inspections, and bond release for the opencut mining program.

DP 5009 - IEMB FileNet Data Storage - The legislature approved general fund to cover additional costs of FileNet data storage. Storage charges have increased 600% in this program due to increased use and an eroding rate base for FileNet among state agencies.

#### **Language and Statutory Authority**

The legislature approved the following language in HB 2.

“Permitting and Compliance Division includes a reduction in general fund of \$33,957 in fiscal year 2014 and \$33,712 in fiscal year 2015, state special revenue of \$290,347 in fiscal year 2014 and \$281,120 in fiscal year 2015, and federal special revenue of \$232,124 in fiscal year 2014 and \$242,060 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

"If federal funds are received to help meet the annual shortfall in operating and maintenance costs at the Zortman-Landusky mine sites, this orphan share spending authority will be reduced by the same amount."

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	6.10	6.10	6.10	6.10	6.10	6.10	0.00	0.00%
Personal Services	385,201	411,405	359,994	359,924	796,606	719,918	(76,688)	(9.63%)
Operating Expenses	206,673	294,722	258,058	258,118	501,395	516,176	14,781	2.95%
<b>Total Costs</b>	<b>\$591,874</b>	<b>\$706,127</b>	<b>\$618,052</b>	<b>\$618,042</b>	<b>\$1,298,001</b>	<b>\$1,236,094</b>	<b>(\$61,907)</b>	<b>(4.77%)</b>
State Special	591,874	706,127	618,052	618,042	1,298,001	1,236,094	(61,907)	(4.77%)
<b>Total Funds</b>	<b>\$591,874</b>	<b>\$706,127</b>	<b>\$618,052</b>	<b>\$618,042</b>	<b>\$1,298,001</b>	<b>\$1,236,094</b>	<b>(\$61,907)</b>	<b>(4.77%)</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**

Petro Tank Release Compensation Board Major Budget Highlights	
◆	The legislatively approved budget decreased by 4.77% from the 2013 biennium due to the net of statewide present law adjustments and an increase in operating expenditures

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Petro Tank Release Comp. Board							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$1,236,094	\$0	\$7,963,076	\$9,199,170	100.0%		
02058 Petroleum Storage Tank Cleanup	\$1,236,094	\$0	\$7,963,076	\$9,199,170	100.0%	75-11-313	Pass Thru
Total All Funds	\$1,236,094	\$0	\$7,963,076	\$9,199,170	100.0%		
<b>Percent - Total All Sources</b>	<b>13.4%</b>	<b>0.0%</b>	<b>86.6%</b>				

The program is funded entirely through a portion of the \$0.0075 fee on gasoline, diesel, heating oil, and aviation fuel distributed in Montana. The fund is fiscally stable and is expected to have an ending balance of 69.8% of FY 2015 expenditures.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	591,874	591,874	1,183,748	95.77%
Statewide PL Adjustments	0	0	0	0.00%	(25,172)	(25,182)	(50,354)	(4.07%)
Other PL Adjustments	0	0	0	0.00%	51,350	51,350	102,700	8.31%
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>\$618,052</b>	<b>\$618,042</b>	<b>\$1,236,094</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(10,208)					(10,280)
Vacancy Savings					(14,999)					(14,997)
Inflation/Deflation					35					95
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>(\$25,172)</b>	<b>\$0</b>	<b>(\$25,172)</b>		<b>\$0</b>	<b>(\$25,182)</b>	<b>\$0</b>	<b>(\$25,182)</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	25,172	0	25,172	0.00	0	25,182	0	25,182
DP 51 - Adjustment for Statewide Personal Services	0.00	0	(25,207)	0	(25,207)	0.00	0	(25,277)	0	(25,277)
DP 52 - Adjustment for Statewide Operations	0.00	0	35	0	35	0.00	0	95	0	95
DP 9001 - Petro Board Staff Operating Adjustments	0.00	0	51,350	0	51,350	0.00	0	51,350	0	51,350
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$51,350</b>	<b>\$0</b>	<b>\$51,350</b>	<b>0.00</b>	<b>\$0</b>	<b>\$51,350</b>	<b>\$0</b>	<b>\$51,350</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$26,178</b>	<b>\$0</b>	<b>\$26,178</b>	<b>0.00</b>	<b>\$0</b>	<b>\$26,168</b>	<b>\$0</b>	<b>\$26,168</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 9001 - Petro Board Staff Operating Adjustments - The legislature approved funding from the petroleum storage tank cleanup account for operating adjustments, including anticipated legal services, computer replacement on a five-year schedule, and an indirect rate adjustment on personal services.

**Language and Statutory Authority**

The legislature approved the following language in 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 2015 biennium for the purpose of paying contract expenses related to the recovery of funds."

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	2,111.26	2,111.26	2,129.26	2,129.26	2,111.26	2,129.26	18.00	0.85%
Estimated Impact of HB 2*			(87.93)	(87.93)		(87.93)	(87.93)	
<b>Net Estimated FTE*</b>			<b>2041.33</b>	<b>2041.33</b>		<b>2041.33</b>	<b>(69.93)</b>	
Personal Services	135,664,992	149,304,587	141,983,925	142,137,313	284,969,579	284,121,238	(848,341)	(0.30%)
Operating Expenses	464,815,199	515,749,160	473,009,105	467,557,879	980,564,359	940,566,984	(39,997,375)	(4.08%)
Equipment & Intangible Assets	5,211,589	3,983,540	5,415,397	5,276,589	9,195,129	10,691,986	1,496,857	16.28%
Capital Outlay	8,469,285	30,763,403	19,754,763	19,655,763	39,232,688	39,410,526	177,838	0.45%
Grants	26,917,961	23,539,731	30,910,271	30,728,271	50,457,692	61,638,542	11,180,850	22.16%
Benefits & Claims	1,250	1,500	1,250	1,250	2,750	2,500	(250)	(9.09%)
Transfers	1,565,952	1,834,501	2,260,952	1,985,952	3,400,453	4,246,904	846,451	24.89%
Debt Service	151,412	151,414	151,412	151,412	302,826	302,824	(2)	0.00%
<b>Total Costs</b>	<b>\$642,797,640</b>	<b>\$725,327,836</b>	<b>\$673,487,075</b>	<b>\$667,494,429</b>	<b>\$1,368,125,476</b>	<b>\$1,340,981,504</b>	<b>(\$27,143,972)</b>	<b>(1.98%)</b>
State Special	226,716,607	267,661,094	245,952,786	240,825,250	494,377,701	486,778,036	(7,599,665)	(1.54%)
Federal Special	416,081,033	457,666,742	427,534,289	426,669,179	873,747,775	854,203,468	(19,544,307)	(2.24%)
<b>Total Funds</b>	<b>\$642,797,640</b>	<b>\$725,327,836</b>	<b>\$673,487,075</b>	<b>\$667,494,429</b>	<b>\$1,368,125,476</b>	<b>\$1,340,981,504</b>	<b>(\$27,143,972)</b>	<b>(1.98%)</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

### Agency Description

The mission of the Montana Department of Transportation (MDT) 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.

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 of Transportation constructs and maintains the state highway infrastructure. 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 facilitation
- 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 Department of Transportation budget is funded with 36% state special revenue funds and 64% federal funds, and includes no general fund</li> <li>◆ An estimated 50% of the budget funds contracts for highway construction projects</li> <li>◆ The MDT budget is a reduction of 2.0% in total funds</li> <li>◆ Federal funds are appropriated at \$19.5 million lower than the prior biennium due to:                         <ul style="list-style-type: none"> <li>• The reduction is related to the ending of American Recovery and Relief Act funding</li> <li>• Federal funding under the new federal surface transportation act (MAP 21) is expected to be consistent with previous funding levels</li> </ul> </li> <li>◆ The legislature appropriated less state special revenues than the 2013 biennium                         <ul style="list-style-type: none"> <li>• 100% state funded construction program is budgeted at \$33.5 million</li> </ul> </li> <li>◆ The legislature approved two agency wide budget items:                         <ul style="list-style-type: none"> <li>• Equipment rentals program, agency wide biennial reductions of \$1.1 million</li> <li>• Overtime and differential pay, agency wide biennial funding of \$11.6 million (costs that are not carried forward in the base budget)</li> </ul> </li> <li>◆ The legislature approved an additional 18.00 FTE, which include:                         <ul style="list-style-type: none"> <li>• 5.00 FTE in the Maintenance Program</li> <li>• 11.00 FTE in the Motor Carrier Program (7 FTE funded with federal special revenue)</li> <li>• 2.00 FTE in the Rail, Transit, and Planning Program</li> </ul> </li> <li>◆ An additional 2% of vacancy savings is applied to the budget, resulting in total vacancy savings of 6%</li> <li>◆ The budget includes funding for increased planning activities related to MAP 21, the new federal surface transportation funding legislation</li> <li>◆ Specific funding is provided for the Rail Service Competition Council</li> <li>◆ Emergency medical services grants are increased by \$100,000 per year</li> </ul>

**Summary of Legislative Action**

The legislature approved a total fund budget that is reduced by \$27.1 million, or 2.0% from the 2013 biennium and reflects the completion of additional federal funded projects from the American Relief and Recovery Act of 2009 and a more historical rate of funding in the 100% state funded construction program. The legislature added \$5.0 million in appropriations to the 100% state funded construction program, increasing the biennial level of funding from \$28.5 million to \$33.5 million. The MDT budget does not include any appropriations from the general fund.

The legislature took several actions that impacted the MDT personal services budget and resulted in a reduction of 0.3% in personal service costs. The legislature approved an increase in staffing levels of 18.00 FTE, based upon projected activities. Increases in the personal services budget are offset by the legislatively imposed additional 2% vacancy

savings, which reduced costs by \$5.8 million in total funds over the biennium. The legislature approved HB 13, the state employee pay plan, but the amounts are not included in the tables since the Governor's Office will have the discretion and oversight of allocating the appropriations.

The legislature also reviewed and when necessary approved changes to three non-budgeted proprietary programs within MDT. The rates of the motor pool program were approved with a rate reduction for the 2015 biennium. The reduction primarily reflects an anticipated reduced fuel cost. The equipment program, a strictly internal program that is not used by any outside entity, will provide reduced user rates, which are likewise tied to the reductions in anticipated fuel costs. The third proprietary program, the West Yellowstone Airport program, receives operating revenues through facility leases and fees. Some of the rents and fees will increase slightly in the 2015 biennium. Coupled with reductions in operating expenditures, the program will have an adequate 60 day working capital balance in the enterprise fund.

#### *Boilerplate*

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 87.93 FTE for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

#### **Agency Discussion**

Montana has a vast network of highways that plays a major role in Montana's transportation needs. Montana has nearly 70,000 centerline miles of public roads, of which the department has responsibility for nearly 11,000. The remaining miles are mostly rural and municipal roads maintained by local governments or private citizens. The legislature provides roughly \$1.3 billion in the 2015 biennium to maintain, rebuild, and operate the 11,000 miles of paved roads under its responsibility. To a large extent, funding to support construction activities comes from federal funding, 63.7%, with state matching funds from the highways state special revenue account. The state special revenue account also supports highway maintenance and operation costs that are important in keeping the highways in good repair and safe for the traveling public. Because of the strong reliance on highways state special revenue funding, the legislature pays a particular interest in this funding source. Among other things, the legislature includes estimates of the three most dominant revenue sources for the account in its revenue estimates of key non-general fund sources (SJ 2 in the 2013 Legislative Session). The following provides a summary of the two accounts that make up the highways state special revenue account: the restricted account funded with revenues that are protected by the state constitution (HSRA-R) and the nonrestricted account funded with revenues that are not constitutionally protected (HSRA-NR).

#### *Sources of Revenue*

The Constitution of the State of Montana states that revenues from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways are to be used solely for paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Constitutionally protected revenues, estimated to be \$579.1 million in the 2015 biennium, are deposited in HSRA-R and expended for purposes specified in the constitution. Nonrestricted revenues are derived from special use permits and motor fuel penalties and interest payments, estimated to be \$19.5 million in the 2015 biennium, and are deposited in HSRA-NR and expended for other purposes not restricted by the constitution.

#### *Expenditures*

The highway state special revenue funds are used to finance components of the Department of Justice (DOJ) budget

(principally the budget of the highway patrol), capital projects for the Department of Fish, Wildlife, and Parks (parks roads), statutory appropriations in MDT (fuel tax distributions to local governments and highway construction debt service), capital projects for MDT, and the MDT budget contained in HB 2. To illustrate the importance of the HSRA-R, \$459.7 million or 94.4% of the MDT state special revenue appropriations included in HB 2 are directed from the fund in the 2015 biennium. When combined with the HSRA-NR, HB 2 state special appropriations from the funds are 98.3% of the total appropriations. To provide a working capital analysis that is as accurate as possible, the estimated HB 13 costs associated with the HSRA funds have been included in the calculation. To estimate the impact to the funds, assumptions included the provision of a 3% pay increase on the base salaries attributed to the funds. The first increase is assumed to occur on October 1, 2013 and the second on July 1, 2014. Health insurance benefits are increased, in fiscal year terms, at the beginning of each fiscal year of the biennium. HB 13 impacts were calculated for MDT and DOJ, and do not include raises for the highway patrol, whose raises were included in the HB 2 budget. The HB 13 impacts are not certain, given that the legislation allows the Governor's Office to allocate lump sums among agencies, and as a result there is a likelihood that the amounts included in the working capital analysis will change.

## Highways State Special Revenue Account Working Capital Analysis

Estimated Working Capital Balance			
Highways Special Revenue Accounts (02422 and 02349)			
Fiscal Years 2013 - 2015			
Description	FY 2013	FY 2014	FY 2015
	Approp.	Approp.	Approp.
<u>Combined Account (\$ in Millions)</u>			
Beginning Balance	\$68.4	\$29.1	\$24.2
Revenues	297.7	297.7	300.9
Expenditures	<u>(337.0)</u>	<u>(307.4)</u>	<u>(294.2)</u>
Revenues less Expenditures	(39.3)	(9.7)	6.7
Adjustments	0.0	0.0	0.0
Anticipated Reversions	<u>0.0</u>	<u>4.8</u>	<u>0.0</u>
Ending Combined Working Capital Balance	<u>\$29.1</u>	<u>\$24.2</u>	<u>\$30.9</u>
<u>Restricted Account - 02422 (\$ Millions)</u>			
Beginning Working Capital Balance	\$68.3	\$26.4	\$22.1
Revenues <sup>1</sup>			
Gasoline Tax	131.2	131.7	132.2
Diesel Tax	73.3	75.3	77.3
Gross Vehicle Weight Fees (GVW)	25.1	25.5	26.0
Federal Indirect Cost Recovery <sup>2</sup>	50.7	47.5	47.4
Other Revenues	<u>8.1</u>	<u>8.1</u>	<u>8.1</u>
Total Revenues	288.4	288.1	291.0
Expenditures			
Montana Department of Transportation (MDT)			
MDT Statutory Appropriations	(16.8)	(17.4)	(17.4)
MDT - HB 2 and HB 13 <sup>3</sup>	(274.9)	(234.0)	(231.9)
Non-Budgeted	<u>(1.1)</u>	<u>0.0</u>	<u>0.0</u>
Total MDT	(292.8)	(251.4)	(249.3)
Other Highway Special Revenue Appropriations			
Department of Justice (DOJ) - HB 2 and HB 13 <sup>3</sup>	(31.5)	(35.0)	(35.1)
MDT Long-Range Information Technology Projects (HB 10)	0.0	(2.0)	0.0
Parks Program (FWP) Long-Range Building Projects (HB 5)	(2.0)	(1.5)	0.0
MDT Long-Range Building Projects (HB 5)	<u>(4.1)</u>	<u>(7.3)</u>	<u>0.0</u>
Total Expenditures	<u>(330.3)</u>	<u>(297.2)</u>	<u>(284.4)</u>
Revenues Less Expenditures	(41.9)	(9.1)	6.6
Adjustments	0.0	0.0	0.0
Anticipated Reversions	<u>0.0</u>	<u>4.8</u>	<u>0.0</u>
Ending Working Capital Balance	<u>\$26.4</u>	<u>\$22.1</u>	<u>\$28.7</u>
<u>Nonrestricted Account - 02349 (\$ in Millions)</u>			
Beginning Working Capital Balance	\$0.1	\$2.7	\$2.1
Revenues			
GVW <sup>1</sup>	8.9	9.2	9.5
Other Revenues	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Total Revenues	9.3	9.6	9.9
Expenditures			
Statutory Transfer to Noxious Weed SS Revenue Account	(0.1)	(0.1)	(0.1)
MDT - HB 2 and HB 13 <sup>3</sup>	(6.3)	(9.5)	(9.2)
DOJ - HB 2 and HB 13 <sup>3</sup>	(0.3)	(0.5)	(0.5)
Parks Program (FWP) Grant (HB 5)	<u>0.0</u>	<u>(0.1)</u>	<u>0.0</u>
Total Expenditures	<u>(6.7)</u>	<u>(10.2)</u>	<u>(9.8)</u>
Revenues Less Expenditures	2.6	(0.6)	0.1
Adjustments	0.0	0.0	0.0
Anticipated Reversions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Ending Working Capital Balance	<u>\$2.7</u>	<u>\$2.1</u>	<u>\$2.2</u>
<u>Sources and Assumptions</u>			
<sup>1</sup> SI 2			
<sup>2</sup> Federal indirect cost rate for the 2015 biennium is 11.08%			
<sup>3</sup> HB 13 estimates based on 3% increases to base salary for FY 2014, beginning Oct. 2013, and FY 2015 plus health care as allocated to HSRA funds and are subject to change			

### Analysis Results

The working capital figure above shows the result of a working capital analysis of the highways state special revenue account. The figure shows individual and combined balances for the restricted and nonrestricted accounts. When looking at the combined funds, revenues exceed expenditures by \$6.7 million in the 2015 biennium, and as such the funds are structurally balanced. The calculation includes one adjustment from a reversion expected at the end of the 2013 biennium and will have a positive estimated impact of \$4.8 million in FY 2014. The individual estimated working capital analyses show working capital balances of \$28.7 million and \$2.2 million, for the restricted and nonrestricted funds respectively, by the end of the 2015 biennium. The agency requests a working capital balance of at least \$20 million in the restricted fund for the purpose of cash flowing road projects. This is a concern because the federal funding of highway and road construction is provided on a reimbursement basis. The estimate for the working capital balance meets that standard in both fiscal years of the 2015 biennium.

### Funding

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

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$0	\$0	\$0	\$0	0.0%
State Special Total	486,778,036	-	42,965,452	529,743,488	35.7%
Federal Special Total	854,203,468	-	31,001,851	885,205,319	59.7%
Proprietary Total	-	68,176,949	-	68,176,949	4.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
<b>Total All Funds</b>	<b><u>\$1,340,981,504</u></b>	<b><u>\$68,176,949</u></b>	<b><u>\$73,967,303</u></b>	<b><u>\$1,483,125,756</u></b>	
<b>Percent - Total All Sources</b>	<b>90.4%</b>	<b>4.6%</b>	<b>5.0%</b>		

The department is funded from a combination of state special revenue and federal special revenue. State special revenue can be grouped into two general categories: 1) those that are protected by the state constitution; and 2) those that are not. In the base and for the 2015 biennium all highway construction expenditures from state funds are accounted for in the highways state special revenue restricted account, which is used as the match for federal funding of the department.

Restricted revenues are from:

- Gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways

They can only be used for:

- Paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs

A diversion of funds to other purposes can only be done through a 3/5<sup>th</sup> vote of the members of each chamber of the legislature.

Non-restricted revenues are derived from:

- Special use permits and motor fuel penalties and interest payments

They can be used for:

- Any purpose for which the legislature sees fit

*Federal Aid Highway Funding*

Federal aid for highway construction is primarily realized from the distribution of revenue derived from federal excise taxes on motor fuels and other transportation products, such as heavy truck tires. Montana has historically received significantly more federal-aid highway construction funds than are collected in federal motor fuels excise taxes from Montana sources. Montana receives more than \$2.20 of federal funding for highways for every \$1.00 collected in the state and sent to the federal highway trust fund. In the 2015 biennium, federal funds will support 63.7% of the total MDT budget and the primary source of federal funds comes through the federal highway trust fund. In the 2015 biennium, the appropriations related to the federal highway trust fund are \$845.5 million or 99.0% of total federal funds in the agency.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	642,797,640	642,797,640	1,285,595,280	95.87%
Statewide PL Adjustments	0	0	0	0.00%	2,938,864	2,901,525	5,840,389	0.44%
Other PL Adjustments	0	0	0	0.00%	24,407,303	23,894,083	48,301,386	3.60%
New Proposals	0	0	0	0.00%	3,343,268	(2,098,819)	1,244,449	0.09%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$673,487,075</b>	<b>\$667,494,429</b>	<b>\$1,340,981,504</b>	

**Other Legislation**

HB 4 – This legislation provides FY 2013 appropriations for federal funds known at the time of the legislative session and for the continuation of federal authority that is not expected to be fully committed in FY 2013. New federal special revenue fund appropriations include \$29.7 million for emergency relief funds and \$9.0 million for the Yellowstone international airport interchange development.

HB 5 – This legislation includes two projects for MDT with appropriations that total \$7.3 million. The largest of the projects, an appropriation to the Department of Administration in the amount of \$5.2 million, will fund construction of four new buildings across the state for upgraded maintenance, vehicle storage, and office spaces. The second project provides an appropriation of \$2.1 million to MDT for statewide facility maintenance and upgrades, as well as the construction of vehicle sheds.

HB 10 – This legislation provides an appropriation of \$2.0 million of state special revenue for the Department of Transportation to replace the current maintenance management system (MMS) developed in the 1980's. Replacing the current system with a full-featured MMS is expected to improve timeliness, accuracy of data collection and employee efficiency. The new system would also support all of the maintenance programs within the division, in addition to the current support of the general maintenance operations.

HB 13 - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

**Executive Budget Comparison**

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	2,111.26	2,129.26	2,129.26	0.00	2,129.26	2,129.26	0.00	
Estimated Impact of HB 2*			(87.93)	(87.93)			(87.93)	
<b>Net Estimated FTE*</b>			<b>2041.33</b>	<b>(87.93)</b>		<b>2041.33</b>	<b>(87.93)</b>	
Personal Services	135,664,992	144,860,391	141,983,925	(2,876,466)	145,017,104	142,137,313	(2,879,791)	(5,756,257)
Operating Expenses	464,815,199	467,957,627	473,009,105	5,051,478	467,396,442	467,557,879	161,437	5,212,915
Equipment & Intangible Assets	5,211,589	5,415,397	5,415,397	0	5,276,589	5,276,589	0	0
Capital Outlay	8,469,285	19,754,763	19,754,763	0	19,655,763	19,655,763	0	0
Grants	26,917,961	30,810,271	30,910,271	100,000	30,628,271	30,728,271	100,000	200,000
Benefits & Claims	1,250	1,250	1,250	0	1,250	1,250	0	0
Transfers	1,565,952	2,260,952	2,260,952	0	1,985,952	1,985,952	0	0
Debt Service	151,412	151,412	151,412	0	151,412	151,412	0	0
<b>Total Costs</b>	<b>\$642,797,640</b>	<b>\$671,212,063</b>	<b>\$673,487,075</b>	<b>\$2,275,012</b>	<b>\$670,112,783</b>	<b>\$667,494,429</b>	<b>(\$2,618,354)</b>	<b>(\$343,342)</b>
State/Other Special	226,716,607	242,820,702	245,952,786	3,132,084	242,585,380	240,825,250	(1,760,130)	1,371,954
Federal Special	416,081,033	428,391,361	427,534,289	(857,072)	427,527,403	426,669,179	(858,224)	(1,715,296)
<b>Total Funds</b>	<b>\$642,797,640</b>	<b>\$671,212,063</b>	<b>\$673,487,075</b>	<b>\$2,275,012</b>	<b>\$670,112,783</b>	<b>\$667,494,429</b>	<b>(\$2,618,354)</b>	<b>(\$343,342)</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget for MDT is a net biennium reduction of \$343,342 from the executive proposal. The changes to the biennial budget include:

- o Increase of \$5.0 million in the 100% state funded construction program
- o Increase of \$100,000 per year in the Emergency Medical Services grant program in the Rail, Transit, and Planning Division
- o Increase of \$50,000 per year for the Rail Service Competition Council through the Rail, Transit, and Planning Division
- o Reduction of \$5.7 million with the adoption of an additional 2% vacancy savings, \$4.0 million in state special revenue and \$1.7 million in federal special revenue
- o Rejection of funding for site monitoring and cleanup planning at the Lincoln airport - (\$110,000)
- o Fixed cost adjustments - \$340,639
- o Rejection of the Professional Development Center request - (\$117,724)

### Language and Statutory Authority

The legislature approved the following language in HB 2.

"General Operations Program includes a reduction in state special revenue of \$2,019,394 in fiscal year 2014 and \$2,021,567 in fiscal year 2015 and federal special revenue of \$857,071 in fiscal year 2014 and \$858,224 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

"The department may adjust appropriations in the general operations, construction, maintenance, and transportation planning programs between state special revenue and federal special revenue funds if the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program."

"All appropriations in the department are biennial."

"All remaining federal pass-through grant appropriations for highway traffic safety, including reversions for the 2013 biennium, are authorized to continue and are appropriated in FY 2014 and FY 2015."

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	186.37	186.37	186.37	186.37	186.37	186.37	0.00	0.00%
Personal Services	11,598,457	15,030,406	10,558,961	10,563,249	26,628,863	21,122,210	(5,506,653)	(20.68%)
Operating Expenses	11,820,138	11,643,503	12,751,437	12,509,642	23,463,641	25,261,079	1,797,438	7.66%
Equipment & Intangible Assets	5,287	63,253	5,287	5,287	68,540	10,574	(57,966)	(84.57%)
Grants	360,666	428,064	360,666	360,666	788,730	721,332	(67,398)	(8.55%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	151,412	151,414	151,412	151,412	302,826	302,824	(2)	0.00%
<b>Total Costs</b>	<b>\$23,935,960</b>	<b>\$27,316,640</b>	<b>\$23,827,763</b>	<b>\$23,590,256</b>	<b>\$51,252,600</b>	<b>\$47,418,019</b>	<b>(\$3,834,581)</b>	<b>(7.48%)</b>
State Special	22,477,591	25,148,228	23,544,181	23,307,456	47,625,819	46,851,637	(774,182)	(1.63%)
Federal Special	1,458,369	2,168,412	283,582	282,800	3,626,781	566,382	(3,060,399)	(84.38%)
<b>Total Funds</b>	<b>\$23,935,960</b>	<b>\$27,316,640</b>	<b>\$23,827,763</b>	<b>\$23,590,256</b>	<b>\$51,252,600</b>	<b>\$47,418,019</b>	<b>(\$3,834,581)</b>	<b>(7.48%)</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, 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>◆ Personal service reductions are related to the legislatively imposed additional 2% vacancy savings</li> <li>◆ Operating expenses increase by \$1.8 million                             <ul style="list-style-type: none"> <li>• Fixed cost adjustments are responsible for over half of the 7.7% increase in operating expenses</li> </ul> </li> <li>◆ Federal funds are reduced by \$1.3 million or 37.1% from the 2013 biennium due to a decentralization of federal training grants and reduced funding of grant awards</li> </ul>

**Program Narrative**

The General Operations Program will be reduced by 7.5% in the 2015 biennium from the 2013 biennium level, which is primarily related to the addition of 2% vacancy savings imposed on most agencies. For MDT, the vacancy savings amounted to a total of \$5.8 million. The full reduction is contained in this program and included in the table above, and language included in HB 2 allows MDT to allocate the reduction across programs as needed. The program also includes reductions in federal funding above the vacancy savings related to two changes: 1) in past biennia federal training grant expenditures were centralized in the program, and those funds will now be appropriated directly to the benefiting programs; and 2) the funding from the federal government for two grant programs, the On the Job Training and Disadvantaged Business Enterprises Grants, were less than anticipated by the 2011 Legislature.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - General Operations Program							
Funds	HB 2	Non-		Total All Sources	% Total All Funds	MCA Reference	Statutory Category
		Budgeted Proprietary	Statutory Appropriation				
State Special Total	\$46,851,637	\$0	\$41,557,452	\$88,409,089	99.4%	18-11-112	Pass Thru
02301 Tribal Motor Fuels Admin.	\$0	\$0	\$82,610	\$82,610	0.1%	18-11-112	Pass Thru
02303 Tribal Motor Fuels Tax Acct	\$0	\$0	\$8,142,842	\$8,142,842	9.2%	15-70-101	Pass Thru
02422 Highways Special Revenue	\$46,851,637	\$0	\$33,332,000	\$80,183,637	90.1%		
Federal Special Total	\$566,382	\$0	\$0	\$566,382	0.6%		
03407 Highway Trust - Sp Rev	\$566,382	\$0	\$0	\$566,382	0.6%		
Total All Funds	\$47,418,019	\$0	\$41,557,452	\$88,975,471	100.0%		
<b>Percent - Total All Sources</b>	<b>53.3%</b>	<b>0.0%</b>	<b>46.7%</b>				

The General Operations Program is funded from the highways state special revenue fund and federal special revenue. The highways state special revenue fund 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.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	23,935,960	23,935,960	47,871,920	100.96%
Statewide PL Adjustments	0	0	0	0.00%	2,395,512	2,126,808	4,522,320	9.54%
Other PL Adjustments	0	0	0	0.00%	280,509	315,031	595,540	1.26%
New Proposals	0	0	0	0.00%	(2,784,218)	(2,787,543)	(5,571,761)	(11.75%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$23,827,763</b>	<b>\$23,590,256</b>	<b>\$47,418,019</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,359,015					2,366,938
Vacancy Savings					(558,174)					(558,484)
Inflation/Deflation					3,082					6,819
Fixed Costs					591,589					311,535
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$2,713,227</b>	<b>(\$317,715)</b>	<b>\$2,395,512</b>		<b>\$0</b>	<b>\$2,444,153</b>	<b>(\$317,345)</b>	<b>\$2,126,808</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(2,713,227)	317,715	(2,395,512)	0.00	0	(2,444,153)	317,345	(2,126,808)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	1,691,120	109,721	1,800,841	0.00	0	1,698,268	110,186	1,808,454
DP 52 - Adjustment for Statewide Operations	0.00	0	728,778	36,233	765,011	0.00	0	469,257	19,396	488,653
DP 53 - Base Funding Switch	0.00	0	463,669	(463,669)	0	0.00	0	446,927	(446,927)	0
DP 101 - Overtime/Differential	0.00	0	36,129	0	36,129	0.00	0	36,129	0	36,129
DP 102 - Equipment Rental	0.00	0	(460)	0	(460)	0.00	0	(297)	0	(297)
DP 107 - Credit Card Fees	0.00	0	62,000	0	62,000	0.00	0	96,000	0	96,000
DP 108 - Contract Increases	0.00	0	12,500	0	12,500	0.00	0	12,900	0	12,900
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$280,509</b>	<b>\$0</b>	<b>\$280,509</b>	<b>0.00</b>	<b>\$0</b>	<b>\$315,031</b>	<b>\$0</b>	<b>\$315,031</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,993,736</b>	<b>(\$317,715)</b>	<b>\$2,676,021</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,759,184</b>	<b>(\$317,345)</b>	<b>\$2,441,839</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 101 - Overtime/Differential - The legislature approved an increase in personal services costs to reestablish base year overtime and differential pay with associated benefits.

DP 102 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 107 - Credit Card Fees - The legislature approved an increase to credit card fees due to escalating volume of credit card transactions.

DP 108 - Contract Increases - The legislature approved an increase for the built-in maintenance increases associated with the Xerox contract and TEAMMATE software contract.

**New Proposals**

New Proposals										
		-----Fiscal 2014-----				-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
01	0.00	0	(2,019,394)	(857,072)	(2,876,466)	0.00	0	(2,021,567)	(858,224)	(2,879,791)
DP 106 - Small Business Enterprise										
01	0.00	0	92,248	0	92,248	0.00	0	92,248	0	92,248
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$1,927,146)</b>	<b>(\$857,072)</b>	<b>(\$2,784,218)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$1,929,319)</b>	<b>(\$858,224)</b>	<b>(\$2,787,543)</b>

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 106 - Small Business Enterprise - The legislature approved additional funding in response to a federal directive that gives guidance to the Disadvantaged Business Enterprise, Small Business Element supportive services program.

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	923.72	923.72	923.72	923.72	923.72	923.72	0.00	0.00%
Personal Services	63,336,896	68,400,681	66,827,805	66,919,871	131,737,577	133,747,676	2,010,099	1.53%
Operating Expenses	366,040,300	394,653,099	366,066,739	366,162,770	760,693,399	732,229,509	(28,463,890)	(3.74%)
Equipment & Intangible Assets	4,678,597	2,233,088	4,678,597	4,678,597	6,911,685	9,357,194	2,445,509	35.38%
Capital Outlay	8,467,785	30,450,603	19,753,263	19,654,263	38,918,388	39,407,526	489,138	1.26%
Grants	13,058,612	6,909,952	13,058,612	13,058,612	19,968,564	26,117,224	6,148,660	30.79%
Benefits & Claims	500	0	500	500	500	1,000	500	100.00%
<b>Total Costs</b>	<b>\$455,582,690</b>	<b>\$502,647,423</b>	<b>\$470,385,516</b>	<b>\$470,474,613</b>	<b>\$958,230,113</b>	<b>\$940,860,129</b>	<b>(\$17,369,984)</b>	<b>(1.81%)</b>
State Special	75,004,645	83,568,478	79,700,873	79,820,096	158,573,123	159,520,969	947,846	0.60%
Federal Special	380,578,045	419,078,945	390,684,643	390,654,517	799,656,990	781,339,160	(18,317,830)	(2.29%)
<b>Total Funds</b>	<b>\$455,582,690</b>	<b>\$502,647,423</b>	<b>\$470,385,516</b>	<b>\$470,474,613</b>	<b>\$958,230,113</b>	<b>\$940,860,129</b>	<b>(\$17,369,984)</b>	<b>(1.81%)</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 budget for this program in the 2015 biennium reduces appropriations by 1.8% from the 2013 biennium</li> <li>◆ Total reductions from operating expenses are primarily related to completion of ARRA program work</li> <li>◆ Although the budget is reduced from the appropriations of the 2013 biennium, it provides a 3.2% growth from the base</li> <li>◆ The budget includes a present law, combined state and federal special revenue funded adjustment of \$22.5 million for right-of-way land acquisition</li> </ul>

### Program Narrative

The budget for the Construction Program is reduced by \$17.4 million, or 1.8%. The primary costs of the program are payments to contractors for road construction projects. In the base year, personal services are approximately 14% of the total budget and much of the remaining budget can be tied to highway construction projects. The significant amount of federal funding in the program supports construction projects on the interstate highway system. The reduction in operating expenses results from reduced contractor payments as MDT winds down the work resulting from the federal government's 2009 American Relief and Recovery Act (ARRA). While the budget is reduced from the 2013 biennium, it is an increase from the base expenditures of approximately 3.2% in both years of the biennium. Further adjustments are based on planned construction activities of the tentative construction plan (TCP) approved in November 2011, and

includes \$22.5 million in appropriations for right-of-way acquisition. While the TCP was updated in November 2012, the priorities and costs did not change substantially from the plan used in the development of the 2015 biennium budget.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Construction Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$159,520,969	\$0	\$200,000	\$159,720,969	16.4%		
02422 Highways Special Revenue	\$159,520,969	\$0	\$200,000	\$159,720,969	16.4%	15-70-101	Pass Thru
Federal Special Total	\$781,339,160	\$0	\$31,001,851	\$812,341,011	83.6%		
03407 Highway Trust - Sp Rev	\$781,339,160	\$0	\$31,001,851	\$812,341,011	83.6%	17-7-502	Direct
Total All Funds	\$940,860,129	\$0	\$31,201,851	\$972,061,980	100.0%		
<b>Percent - Total All Sources</b>	<b>96.8%</b>	<b>0.0%</b>	<b>3.2%</b>				

Costs eligible for reimbursement under the federal-aid construction program are funded with highways state special revenue funds and federal special revenue funds apportioned to Montana and distributed by the U.S. Department of Transportation. Construction design, construction, and construction management costs, as well as direct 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 program also provides a maintenance-of-effort highway construction program funded entirely with highways state special revenue. The primary sources of revenue for the highways state special revenue funds are highway-user fees derived from motor fuel taxes and gross vehicle weight fees.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	455,582,690	455,582,690	911,165,380	96.84%
Statewide PL Adjustments	0	0	0	0.00%	170,093	268,402	438,495	0.05%
Other PL Adjustments	0	0	0	0.00%	14,632,733	14,623,521	29,256,254	3.11%
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>\$470,385,516</b>	<b>\$470,474,613</b>	<b>\$940,860,129</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,840,877					2,936,776
Vacancy Savings					(2,647,127)					(2,650,960)
Inflation/Deflation					(9,454)					(4,060)
Fixed Costs					(14,203)					(13,354)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$1,539,438</b>	<b>(\$1,369,345)</b>	<b>\$170,093</b>		<b>\$0</b>	<b>\$1,594,825</b>	<b>(\$1,326,423)</b>	<b>\$268,402</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(1,539,438)	1,369,345	(170,093)	0.00	0	(1,594,825)	1,326,423	(268,402)
DP 51 - Adjustment to Statewide Personal Services	0.00	0	31,897	161,853	193,750	0.00	0	47,055	238,761	285,816
DP 52 - Adjustment for Statewide Operations	0.00	0	(3,895)	(19,762)	(23,657)	0.00	0	(2,867)	(14,547)	(17,414)
DP 53 - Base Funding Switch	0.00	0	1,511,436	(1,511,436)	0	0.00	0	1,550,637	(1,550,637)	0
DP 204 - Equipment Rental	0.00	0	(48,986)	(40,764)	(89,750)	0.00	0	(31,636)	(26,326)	(57,962)
DP 205 - Overtime/Differential	0.00	0	1,753,429	1,543,730	3,297,159	0.00	0	1,753,429	1,543,730	3,297,159
DP 206 - Licensing Fees	0.00	0	139,846	0	139,846	0.00	0	197,846	0	197,846
DP 208 - Right of Way Land Acquisition	0.00	0	1,312,501	9,972,977	11,285,478	0.00	0	1,300,987	9,885,491	11,186,478
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$3,156,790</b>	<b>\$11,475,943</b>	<b>\$14,632,733</b>	<b>0.00</b>	<b>\$0</b>	<b>\$3,220,626</b>	<b>\$11,402,895</b>	<b>\$14,623,521</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$4,696,228</b>	<b>\$10,106,598</b>	<b>\$14,802,826</b>	<b>0.00</b>	<b>\$0</b>	<b>\$4,815,451</b>	<b>\$10,076,472</b>	<b>\$14,891,923</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment to Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 204 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 205 - Overtime/Differential - The legislature approved an increase in personal services to reestablish base year overtime and differential pay with associated benefits.

DP 206 - Licensing Fees - The legislature approved an increase in state and federal special revenue authority for the increased costs of third party software licensing fees.

DP 208 - Right of Way Land Acquisition - The legislature approved restoration of the core federal aid program. The adjustment provides sufficient funding for right of way acquisitions expected for the 2015 biennium project schedule.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	765.67	765.67	770.67	770.67	765.67	770.67	5.00	0.65%
Personal Services	45,878,465	50,557,523	48,356,025	48,399,447	96,435,988	96,755,472	319,484	0.33%
Operating Expenses	79,068,886	98,776,819	84,117,159	79,405,923	177,845,705	163,523,082	(14,322,623)	(8.05%)
Equipment & Intangible Assets	423,744	1,622,412	438,744	423,744	2,046,156	862,488	(1,183,668)	(57.85%)
Capital Outlay	1,500	312,800	1,500	1,500	314,300	3,000	(311,300)	(99.05%)
Benefits & Claims	250	0	250	250	250	500	250	100.00%
<b>Total Costs</b>	<b>\$125,372,845</b>	<b>\$151,269,554</b>	<b>\$132,913,678</b>	<b>\$128,230,864</b>	<b>\$276,642,399</b>	<b>\$261,144,542</b>	<b>(\$15,497,857)</b>	<b>(5.60%)</b>
State Special	114,651,967	143,194,400	125,245,389	120,562,566	257,846,367	245,807,955	(12,038,412)	(4.67%)
Federal Special	10,720,878	8,075,154	7,668,289	7,668,298	18,796,032	15,336,587	(3,459,445)	(18.41%)
<b>Total Funds</b>	<b>\$125,372,845</b>	<b>\$151,269,554</b>	<b>\$132,913,678</b>	<b>\$128,230,864</b>	<b>\$276,642,399</b>	<b>\$261,144,542</b>	<b>(\$15,497,857)</b>	<b>(5.60%)</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>◆ Total funds would decline by \$15.5 million, or 5.6% in the 2015 biennium compared to the 2013 biennium but is an increase from the base year</li> <li>◆ Personal services would increase by 0.3% primarily due to the addition of 5.00 FTE</li> <li>◆ Operating expenses include:                             <ul style="list-style-type: none"> <li>• Ongoing costs of a newly constructed rest area</li> <li>• Maintenance costs for 49.1 miles of newly designated state secondary roads</li> <li>• A more historical funding pattern for the 100% state funded construction program</li> </ul> </li> </ul>

**Program Narrative**

The Maintenance Program budget is reduced in comparison with the 2013 biennium, but the 2015 biennium budget would represent an increase over the base year FY 2012. The budget for the Maintenance Program includes funding for new maintenance concerns for both primary and secondary roads, as seen in the present law adjustments figure below. The primary reason for the reduction in the budget is the return to a more historical funding level in the 100% state funded construction program, although the legislature added \$5.0 million of appropriations to increase the biennial level of funding from \$28.5 million to \$33.5 million. The maintenance program budget also includes the addition of 5.00 FTE to manage the increases in the road maintenance workload.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Maintenance Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$245,807,955	\$0	\$1,208,000	\$247,015,955	94.2%		
02349 Highway Non-restricted Account	\$15,799,606	\$0	\$0	\$15,799,606	6.0%		
02422 Highways Special Revenue	\$230,008,349	\$0	\$1,208,000	\$231,216,349	88.1%		
Federal Special Total	\$15,336,587	\$0	\$0	\$15,336,587	5.8%		
03407 Highway Trust - Sp Rev	\$15,336,587	\$0	\$0	\$15,336,587	5.8%		
Total All Funds	\$261,144,542	\$0	\$1,208,000	\$262,352,542	100.0%		
<b>Percent - Total All Sources</b>	<b>99.5%</b>	<b>0.0%</b>	<b>0.5%</b>				

The Maintenance Program is primarily funded with the state special revenue from highways state special revenue funds. The funding includes state special support from both the non-restricted account and the constitutionally restricted account. Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	125,372,845	125,372,845	250,745,690	96.02%
Statewide PL Adjustments	0	0	0	0.00%	(65,674)	51,472	(14,202)	(0.01%)
Other PL Adjustments	0	0	0	0.00%	2,606,507	2,806,547	5,413,054	2.07%
New Proposals	0	0	0	0.00%	5,000,000	0	5,000,000	1.91%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$132,913,678</b>	<b>\$128,230,864</b>	<b>\$261,144,542</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,878,805					1,924,457
Vacancy Savings					(1,910,313)					(1,912,198)
Inflation/Deflation					(34,166)					39,213
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$2,986,915</b>	<b>(\$3,052,589)</b>	<b>(\$65,674)</b>		<b>\$0</b>	<b>\$3,104,052</b>	<b>(\$3,052,580)</b>	<b>\$51,472</b>
DP 50 - Initial Motion for FY 2012 Base	0.00	0	(2,986,915)	3,052,589	65,674	0.00	0	(3,104,052)	3,052,580	(51,472)
DP 51 - Adjustment to Statewide Personal Services	0.00	0	(28,814)	(2,694)	(31,508)	0.00	0	11,211	1,048	12,259
DP 52 - Adjustment for Statewide Operations	0.00	0	(31,244)	(2,922)	(34,166)	0.00	0	35,860	3,353	39,213
DP 53 - Base Funding Switch	0.00	0	3,046,973	(3,046,973)	0	0.00	0	3,056,981	(3,056,981)	0
DP 301 - Secondary Roads Maintenance	0.00	0	188,864	0	188,864	0.00	0	204,256	0	204,256
DP 303 - Expanded Transportation Infrastructure	5.00	0	384,023	0	384,023	5.00	0	373,186	0	373,186
DP 305 - Equipment Rental	0.00	0	(551,125)	0	(551,125)	0.00	0	(355,924)	0	(355,924)
DP 306 - OT/Differential	0.00	0	2,248,653	0	2,248,653	0.00	0	2,248,653	0	2,248,653
DP 307 - Maintenance Contracts	0.00	0	34,368	0	34,368	0.00	0	34,652	0	34,652
DP 308 - Noxious Weed Program	0.00	0	215,724	0	215,724	0.00	0	215,724	0	215,724
DP 310 - Rest Area Maintenance	0.00	0	86,000	0	86,000	0.00	0	86,000	0	86,000
<b>Total Other Present Law Adjustments</b>	<b>5.00</b>	<b>\$0</b>	<b>\$2,606,507</b>	<b>\$0</b>	<b>\$2,606,507</b>	<b>5.00</b>	<b>\$0</b>	<b>\$2,806,547</b>	<b>\$0</b>	<b>\$2,806,547</b>
<b>Grand Total All Present Law Adjustments</b>	<b>5.00</b>	<b>\$0</b>	<b>\$5,593,422</b>	<b>(\$3,052,589)</b>	<b>\$2,540,833</b>	<b>5.00</b>	<b>\$0</b>	<b>\$5,910,599</b>	<b>(\$3,052,580)</b>	<b>\$2,858,019</b>

DP 50 - Initial Motion for FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment to Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 301 - Secondary Roads Maintenance - The legislature approved funding for the maintenance of an additional 49.1 secondary road lane miles in the 2015 biennium, an addition to the 6,064 miles currently maintained.

DP 303 - Expanded Transportation Infrastructure - The legislature approved an increase of 5.00 FTE and appropriation authority from state special revenue (HSRA-R) for additional road maintenance responsibilities due to the increase in lane miles and infrastructure from highway construction projects. This adjustment addresses additional operational costs associated with winter maintenance operations and normal maintenance activities including surface, shoulders, and roadside maintenance.

DP 305 - Equipment Rental - The legislature approved a reduction of operational expenses from state special revenue funding (HSRA-R) for equipment usage and associated rate changes from MDT's Equipment Program.

DP 306 - OT/Differential - The legislature approved an increase in personal services costs from state special revenue (HSRA-R) to reestablish base year overtime and differential pay with associated benefits.

DP 307 - Maintenance Contracts - The legislature approved an increase of state special revenue (HSRA-R) for contract maintenance costs in the City of Missoula and Lincoln County.

DP 308 - Noxious Weed Program - The legislature approved an adjustment to base expenditures to the level of the original budget.

DP 310 - Rest Area Maintenance - The legislature approved increased state special revenue (HSRA-R) appropriation authority for supplies and maintenance at the new rest area in Conrad.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 320 - Increase to State Funded Construction Program										
03	0.00	0	5,000,000	0	5,000,000	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

DP 320 - Increase to State Funded Construction Program - The legislature approved this proposal that will increase the state funded construction program in the 2015 biennium to \$33.5 million.

## Proprietary Rates

### Proprietary Program Description

The Motor Pool 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). In the 2015 biennium, the program does not expect any major changes to the customer base. The State Motor Pool has received requests from state agencies to purchase 55 additional vehicles for lease during the 2015 biennium.

### Program Highlights

<b>State Motor Pool Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The 2015 biennium budget for the State Motor Pool increases by 5.1% primarily due to increased funding authority for the vehicle replacement pool</li> <li>◆ The legislature approved reduced rates for the Motor Pool, which impacts most agencies with three rate ranges based on the price of gasoline</li> </ul>

## Proprietary Revenues and Expenses

### Expenses

Significant biennial costs for the program are:

- Personal services for 6.00 FTE of \$687,131 or 6.3% of total costs
- Operating costs of \$5.5 million, including:
  - Gasoline, \$3.3 million
  - Repair and maintenance costs, \$364,606
  - Contracted services to support the motor pool management system, \$396,190
  - Insurance and bonds, \$194,532
- Equipment costs of \$5.5 million
- Debt service costs of \$193,583

Direct costs from vehicle usage include fuel, oil, repairs, and tires, and are supported by the usage rates. Indirect costs such as administrative overhead costs, insurance, interest payments, and utility costs are supported by the vehicle possession rates.

Changes in the 2015 biennium the State Motor Pool Program budget include:

- Personal services - projected to decline by \$10,668 or 1.5%
- Operating costs – projected to increase by \$543,765 or 5.6%
- Total expenses – projected to increase by 533,097 or 5.1%

### Revenues

Revenue is primarily generated through vehicle rental fees, which provided 97% of the program revenue in the base year. The following sources of funding were used to pay for the services provided by this program in FY 2012:

- General fund (53.0%)
- State special revenue (26.6%)
- Federal special revenue (18.3%)
- University funds (0.6%)
- Other (10.4%)

**Proprietary Rate Explanation**

For the 2015 biennium the rates approved by the legislature are listed in Section R of HB 2. Separate rates are charged for the time a vehicle is in the possession of the user (assigned time rate) and for the miles driven (usage rate). The tier 1 rates are based on an assumed gasoline pump price of \$3.50 per gallon. Additional tiers of rates are provided that allows progressively higher rates if the retail price of gasoline increases above \$4.00 per gallon (tier 2) and again above \$4.50 per gallon (tier 3). 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.

State Motor Pool							
Base Rates and 2015 Biennium Rates							
Class	Description	FY 2012 (Actual)		FY 2014		FY 2015	
		Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)
		<u>Tier 1 \$2.85/gal</u>		<u>Tier 1 \$3.50/gal</u>		<u>Tier 1 \$3.50/gal</u>	
2	Small Utilities	1.265	0.155	0.990	0.203	1.090	0.204
3	Hybrid SUV	1.685	0.101	1.872	0.186	1.890	0.186
4	Large Utilities	1.990	0.205	1.655	0.280	1.700	0.281
5	Hybrid Sedans	1.477	0.072	1.522	0.112	1.547	0.113
6	Passenger Cars	1.278	0.134	0.999	0.159	1.025	0.159
7	Small Pickup	1.343	0.200	0.686	0.231	0.703	0.232
11	Large Pickup	1.352	0.222	0.963	0.262	0.947	0.261
12	Vans	1.283	0.183	1.203	0.226	1.272	0.227
		<u>Tier 2 \$3.35/gal</u>		<u>Tier 2 \$4.00/gal</u>		<u>Tier 2 \$4.00/gal</u>	
2	Small Utilities	1.265	0.178	0.990	0.229	1.090	0.230
3	Hybrid SUV	1.685	0.116	1.872	0.208	1.890	0.209
4	Large Utilities	1.990	0.237	1.655	0.317	1.700	0.318
5	Hybrid Sedans	1.477	0.083	1.522	0.126	1.547	0.127
6	Passenger Cars	1.278	0.153	0.999	0.178	1.025	0.179
7	Small Pickup	1.343	0.229	0.686	0.259	0.703	0.260
11	Large Pickup	1.352	0.253	0.963	0.295	0.947	0.294
12	Vans	1.283	0.210	1.203	0.254	1.272	0.255
		<u>Tier 2 \$3.85/gal</u>		<u>Tier 3 \$4.50/gal</u>		<u>Tier 3 \$4.50/gal</u>	
2	Small Utilities	1.265	0.201	0.990	0.255	1.090	0.256
3	Hybrid SUV	1.685	0.132	1.872	0.231	1.890	0.232
4	Large Utilities	1.990	0.268	1.655	0.353	1.700	0.354
5	Hybrid Sedans	1.477	0.094	1.522	0.141	1.547	0.141
6	Passenger Cars	1.278	0.172	0.999	0.198	1.025	0.199
7	Small Pickup	1.343	0.257	0.686	0.287	0.703	0.288
11	Large Pickup	1.352	0.285	0.963	0.328	0.947	0.326
12	Vans	1.283	0.237	1.203	0.283	1.272	0.284

**Proprietary Rates**

**Proprietary Program Description**

The Equipment Program is responsible for the acquisition, disposal, repair, and maintenance of a fleet of approximately 4,600 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. The various programs within the Montana Department of Transportation (MDT) such as Construction, Motor Carrier Services, Maintenance, and Right-of-Way use the fleet exclusively. All units are assigned to the various user programs and are charged rental on a bi-weekly basis. The Equipment Program supports 123.00 FTE. Alternate sources for vehicles and equipment include renting heavy equipment from a rental company and renting or leasing light duty vehicles from a private rental agency contract.

**Program Highlights**

<b>Equipment Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The Equipment Program budget is reduced by 3.9% primarily due to:                             <ul style="list-style-type: none"> <li>● Plans to purchase less equipment</li> <li>● Reduced fuel costs anticipated in the 2015 biennium</li> <li>● Present law adjustments include new equipment for the needs of the Maintenance Program</li> </ul> </li> </ul>

**Proprietary Revenues and Expenses**

*Expenses*

Significant costs for the program are for:

- Personal services for 123.00 FTE, \$15.3 million or 27.6% of total costs
- Operating costs of \$27.5 million, including:
  - Gasoline and diesel fuel, \$16.2 million
  - Equipment repair and maintenance costs, \$8.3 million
  - Insurance and bonds, \$427,953
- Equipment costs of \$13.6 million

In the 2015 biennium the Equipment Program budget includes:

- Personal services - projected to increase by \$100,259, or 0.7%
- Operating costs – projected to decline by \$2,342,487, or 5.5%
- Total expenses – projected to decline by \$2,242,228 or 3.9%

*Revenues*

Revenue is generated through the vehicle/equipment rental fees, gains on the sale of surplus assets, and reimbursements from equipment accidents caused by an outside party. Vehicle rental fees provide the majority of the revenue for the program. 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 are set on a fee basis to recover revenue to meet the program’s obligations. Rental rates are calculated each year and billed to the agency users biweekly.

**Proprietary Rate Explanation**

For the 2015 biennium the legislature approved allowing the Equipment Program the flexibility to charge various rates while operating at no more than a 60-day working capital balance. For the 2015 biennium, the proprietary rates will be

reduced from the 2013 biennium. The primary reason for the reduction, which impacts the budgets of all programs but the Aeronautics Division, is lower fuel costs. The total reduction, a base reduction in the impacted programs, is \$1.1 million for the 2015 biennium.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	123.00	123.00	134.00	134.00	123.00	134.00	11.00	8.94%
Personal Services	7,140,175	7,234,547	7,934,738	7,936,487	14,374,722	15,871,225	1,496,503	10.41%
Operating Expenses	3,060,205	3,769,945	3,498,847	3,255,065	6,830,150	6,753,912	(76,238)	(1.12%)
Equipment & Intangible Assets	16,233	0	140,041	16,233	16,233	156,274	140,041	862.69%
Transfers	41,850	2,250	41,850	41,850	44,100	83,700	39,600	89.80%
<b>Total Costs</b>	<b>\$10,258,463</b>	<b>\$11,006,742</b>	<b>\$11,615,476</b>	<b>\$11,249,635</b>	<b>\$21,265,205</b>	<b>\$22,865,111</b>	<b>\$1,599,906</b>	<b>7.52%</b>
State Special	7,630,748	7,788,221	8,517,509	8,200,713	15,418,969	16,718,222	1,299,253	8.43%
Federal Special	2,627,715	3,218,521	3,097,967	3,048,922	5,846,236	6,146,889	300,653	5.14%
<b>Total Funds</b>	<b>\$10,258,463</b>	<b>\$11,006,742</b>	<b>\$11,615,476</b>	<b>\$11,249,635</b>	<b>\$21,265,205</b>	<b>\$22,865,111</b>	<b>\$1,599,906</b>	<b>7.52%</b>

**Program Description**

The Motor Carrier Services Division 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>◆ Total funds increase by \$1.6 million, or 7.5% from the 2013 biennium primarily due to the addition of 11.00 FTE that include:                             <ul style="list-style-type: none"> <li>• 4.00 FTE funded with \$896,967 of state special revenue (HSRA-R) to start a roving patrol program</li> <li>• 7.00 FTE funded with \$752,576 of federal special revenue for increased border enforcement</li> </ul> </li> <li>◆ Operating expenses will increase with a one-time-only appropriation for the development of two information technology projects, \$102,233</li> </ul>	

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Motor Carrier Services Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$16,718,222	\$0	\$0	\$16,718,222	73.1%		
02294 Ucr Fund	\$2,229,944	\$0	\$0	\$2,229,944	9.8%		
02349 Highway Non-restricted Account	\$57,560	\$0	\$0	\$57,560	0.3%		
02422 Highways Special Revenue	\$14,430,718	\$0	\$0	\$14,430,718	63.1%		
Federal Special Total	\$6,146,889	\$0	\$0	\$6,146,889	26.9%		
03292 Mcs Federal Grants	\$6,146,889	\$0	\$0	\$6,146,889	26.9%		
Total All Funds	\$22,865,111	\$0	\$0	\$22,865,111	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Motor Carrier Services Division is funded with the highways state special revenue fund and federal special revenue. State funds are revenue from highway user fees such as motor fuel taxes and gross vehicle weight fees. Except for a portion funded with unified carrier registration state special revenue, the remaining state special revenue for the 2015 biennium is from the highways state special revenue account and non-restricted account. Federal funds are from federal Motor Carrier Safety Assistance Program and border enforcement grants.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	10,258,463	10,258,463	20,516,926	89.73%
Statewide PL Adjustments	0	0	0	0.00%	19,727	24,649	44,376	0.19%
Other PL Adjustments	0	0	0	0.00%	376,467	277,799	654,266	2.86%
New Proposals	0	0	0	0.00%	960,819	688,724	1,649,543	7.21%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$11,615,476</b>	<b>\$11,249,635</b>	<b>\$22,865,111</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					317,665					320,379
Vacancy Savings					(298,321)					(298,432)
Inflation/Deflation					383					2,702
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$15,303</b>	<b>\$4,424</b>	<b>\$19,727</b>		<b>\$0</b>	<b>\$18,888</b>	<b>\$5,761</b>	<b>\$24,649</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(15,303)	(4,424)	(19,727)	0.00	0	(18,888)	(5,761)	(24,649)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	14,389	4,955	19,344	0.00	0	16,325	5,622	21,947
DP 52 - Adjustment for Statewide Operations	0.00	0	284	99	383	0.00	0	2,010	692	2,702
DP 53 - Base Funding Switch	0.00	0	630	(630)	0	0.00	0	553	(553)	0
DP 2204 - Equipment Rental	0.00	0	(6,441)	(3,625)	(10,066)	0.00	0	(4,160)	(2,341)	(6,501)
DP 2205 - Overtime/Differential	0.00	0	143,306	41,774	185,080	0.00	0	143,306	41,774	185,080
DP 2209 - CVIEW & CCAMS Projects (Bien/OTO)	0.00	0	51,117	51,116	102,233	0.00	0	0	0	0
DP 2210 - Wyoming/Montana Joint Port Project	0.00	0	85,062	0	85,062	0.00	0	85,062	0	85,062
DP 2214 - Scale Site Repair (OTO/RST)	0.00	0	14,158	0	14,158	0.00	0	14,158	0	14,158
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$287,202</b>	<b>\$89,265</b>	<b>\$376,467</b>	<b>0.00</b>	<b>\$0</b>	<b>\$238,366</b>	<b>\$39,433</b>	<b>\$277,799</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$302,505</b>	<b>\$93,689</b>	<b>\$396,194</b>	<b>0.00</b>	<b>\$0</b>	<b>\$257,254</b>	<b>\$45,194</b>	<b>\$302,448</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 2204 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 2205 - Overtime/Differential - The legislature approved an increase in personal services costs to reestablish base year overtime and differential pay with associated benefits.

DP 2209 - CVIEW & CCAMS Projects (Bien/OTO) - The legislature approved appropriation authority to support the development of two information technology projects:

- o Commercial Carrier Account Management System (CCAMS) Project, which is expected to improve the accuracy and consistency of Motor Carrier account information across registration, licensing, and safety systems

- o Commercial Vehicle Information Exchange Window (CVIEW) Enhancement Project, which is expected to make in-state vehicle registration information available to officers at the roadside

The legislature designated the funding as one-time-only.

DP 2210 - Wyoming/Montana Joint Port Project - The legislature approved a present law adjustment to bring base year expenditures up to the Dietz, Wyoming joint port-of-entry weigh station facility contract levels.

DP 2214 - Scale Site Repair (OTO/RST) - The legislature approved additional appropriation authority in FY 2014 to retrofit/repair the scale pit at the Lima weigh station facility and in FY 2015 to retrofit/repair the Bozeman 4 corners weigh scale facility. The funding was designated as one-time-only and was restricted to the use of this purpose only.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2201 - MCS Patrol FTE										
22	4.00	0	584,256	0	584,256	4.00	0	312,711	0	312,711
DP 2202 - Border Enforcement FTE										
22	7.00	0	0	376,563	376,563	7.00	0	0	376,013	376,013
<b>Total</b>	<b>11.00</b>	<b>\$0</b>	<b>\$584,256</b>	<b>\$376,563</b>	<b>\$960,819</b>	<b>11.00</b>	<b>\$0</b>	<b>\$312,711</b>	<b>\$376,013</b>	<b>\$688,724</b>

DP 2201 - MCS Patrol FTE - The legislature approved funding for 4.00 FTE to establish a roving patrol program to address activities, as seen in areas such as Teton and Cascade Counties, where manufacturing activities supporting Oil Sands operations in Canada have increased commercial trucking activities. The program will allow flexibility to adapt to changing trucking activities and is funded with restricted highway special revenue (HSRA-R).

DP 2202 - Border Enforcement FTE - The legislature approved funding for 7.00 FTE to increase and sustain safety compliance of commercial vehicles that cross the US/Canadian border. The border Enforcement Grant (BEG) program is primarily a Montana/Canada border program with the objective of assuring compliance with state and federal safety laws and regulations. In conjunction with safety inspections, MDT also screens for and enforces illegal transport of goods, including volatile commodities and drug interdiction. This addition is funded with MCS federal grants funds.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	627,813	648,142	639,093	642,339	1,275,955	1,281,432	5,477	0.43%
Operating Expenses	617,251	1,496,226	1,058,717	890,734	2,113,477	1,949,451	(164,026)	(7.76%)
Grants	458,323	519,859	488,000	488,000	978,182	976,000	(2,182)	(0.22%)
Transfers	7,478	10,818	7,478	7,478	18,296	14,956	(3,340)	(18.26%)
<b>Total Costs</b>	<b>\$1,710,865</b>	<b>\$2,675,045</b>	<b>\$2,193,288</b>	<b>\$2,028,551</b>	<b>\$4,385,910</b>	<b>\$4,221,839</b>	<b>(\$164,071)</b>	<b>(3.74%)</b>
State Special	1,638,236	1,825,191	1,844,071	1,829,334	3,463,427	3,673,405	209,978	6.06%
Federal Special	72,629	849,854	349,217	199,217	922,483	548,434	(374,049)	(40.55%)
<b>Total Funds</b>	<b>\$1,710,865</b>	<b>\$2,675,045</b>	<b>\$2,193,288</b>	<b>\$2,028,551</b>	<b>\$4,385,910</b>	<b>\$4,221,839</b>	<b>(\$164,071)</b>	<b>(3.74%)</b>

**Program Description**

The Aeronautics Division: 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 division 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 division 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 division is also responsible for operation of the air carrier airport at West Yellowstone and for 14 other state-owned airports.

**Program Highlights**

<b>Aeronautics Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget for the Aeronautics Program is reduced by 3.7% from the 2013 biennium budget primarily due to the cancellation of a federally funded project for an equipment storage facility</li> </ul>

**Program Narrative**

The Aeronautics Program has a HB 2 budgeted program and a non-budgeted proprietary program (West Yellowstone Airport), included in the proprietary section below. The budget for the Aeronautics division funds the costs of operations and maintenance at the airports. The reduction in the division results primarily from the cancellation of a federally funded firefighting and snow plowing equipment storage construction project. The elimination of this project reduced the full amount of appropriation in the 2013 biennium (\$475,000) and provides the appearance of a reduced budget in the 2015 biennium. A new project appropriation for \$166,667, primarily funded with federal funds, will provide runway improvements at the Lincoln airport.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Aeronautics Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$3,673,405	\$0	\$0	\$3,673,405	79.2%		
02286 Aeronautical Loan Account	\$700,000	\$0	\$0	\$700,000	15.1%		
02287 Aeronautical Grant Account	\$800,000	\$0	\$0	\$800,000	17.2%		
02349 Highway Non-restricted Account	\$275,670	\$0	\$0	\$275,670	5.9%		
02827 Aeronautics Division	\$1,729,735	\$0	\$0	\$1,729,735	37.3%		
02962 Airport Pvm. Preservation	\$168,000	\$0	\$0	\$168,000	3.6%		
Federal Special Total	\$548,434	\$0	\$0	\$548,434	11.8%		
03060 Aeronautics Division	\$548,434	\$0	\$0	\$548,434	11.8%		
Proprietary Total	\$0	\$418,753	\$0	\$418,753	9.0%		
06007 West Yellowstone Airport	\$0	\$418,753	\$0	\$418,753	9.0%		
Total All Funds	\$4,221,839	\$418,753	\$0	\$4,640,592	100.0%		
<b>Percent - Total All Sources</b>	<b>91.0%</b>	<b>9.0%</b>	<b>0.0%</b>				

The Aeronautics Program is funded by both state and federal special revenue funds. State special revenue funds are derived primarily from state aviation fuel taxes and aviation license fees. Federal special revenue comes from FAA grants.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,710,865	1,710,865	3,421,730	81.05%
Statewide PL Adjustments	0	0	0	0.00%	3,698	5,559	9,257	0.22%
Other PL Adjustments	0	0	0	0.00%	312,058	312,127	624,185	14.78%
New Proposals	0	0	0	0.00%	166,667	0	166,667	3.95%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,193,288</b>	<b>\$2,028,551</b>	<b>\$4,221,839</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					37,417					40,798
Vacancy Savings					(26,537)					(26,672)
Inflation/Deflation					(3,206)					(1,917)
Fixed Costs					(3,976)					(6,650)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$12,110</b>	<b>(\$8,412)</b>	<b>\$3,698</b>		<b>\$0</b>	<b>\$13,971</b>	<b>(\$8,412)</b>	<b>\$5,559</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(12,110)	8,412	(3,698)	0.00	0	(13,971)	8,412	(5,559)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	10,419	461	10,880	0.00	0	13,527	599	14,126
DP 52 - Adjustment for Statewide Operations	0.00	0	(6,877)	(305)	(7,182)	0.00	0	(8,203)	(364)	(8,567)
DP 53 - Base Funding Switch	0.00	0	8,568	(8,568)	0	0.00	0	8,647	(8,647)	0
DP 4006 - Aero Grants, Loans & Pavement Preservation (BIEN)	0.00	0	143,851	0	143,851	0.00	0	143,851	0	143,851
DP 4007 - Aeronautics State System Plan (BIEN)	0.00	0	15,000	135,000	150,000	0.00	0	15,000	135,000	150,000
DP 4008 - Reestablish Aeronautics Base	0.00	0	18,207	0	18,207	0.00	0	18,276	0	18,276
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$177,058</b>	<b>\$135,000</b>	<b>\$312,058</b>	<b>0.00</b>	<b>\$0</b>	<b>\$177,127</b>	<b>\$135,000</b>	<b>\$312,127</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$189,168</b>	<b>\$126,588</b>	<b>\$315,756</b>	<b>0.00</b>	<b>\$0</b>	<b>\$191,098</b>	<b>\$126,588</b>	<b>\$317,686</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 4006 - Aero Grants, Loans & Pavement Preservation (BIEN) - The legislature approved an increase of the base budget to the original budgeted amount for the 2013 biennium and new appropriation authority for grant, loan and pavement preservation budgets. Airport grants for safety and development as well as airport loans for safety and development are issued based upon application and available funds. Pavement preservation grants are given to the seven large commercial service airports in the state for the purpose of preserving the runways and are awarded by the Aeronautics Board. The funding is designated as biennial.

DP 4007 - Aeronautics State System Plan (BIEN) - The legislature approved appropriation authority of state special and federal special revenue that will fund an update to the annual state aviation system plan. Federal funds for this update are from a system planning grant from the FAA. The system plan provides both voluntary and mandated infrastructure and capital improvement plans that the FAA, state, and local communities use to develop individual airport projects around the state. The funding is designated as biennial.

DP 4008 - Reestablish Aeronautics Base - The legislature approved appropriation authority that would reestablish the base budget for fuel, travel, supplies, and equipment for the search and rescue program. Expenditures in this program

were below average (59.2%) due to the lack of extended air searches during the base budget period. This funding would also increase the Aeronautics Board per diem, travel, and meeting expenditures.

**New Proposals**

New Proposals											
Program	FTE	Fiscal 2014				Fiscal 2015					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 4002 - Lincoln Airport Runway Improvements (OTO/BIEN)	40	0.00	0	16,667	150,000	166,667	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$16,667</b>	<b>\$150,000</b>	<b>\$166,667</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

DP 4002 - Lincoln Airport Runway Improvements (OTO/BIEN) - The legislature approved appropriation authority for improvements at the Lincoln airport runway. The improvements are to meet current FAA pavement requirements and rehabilitation of the runway surfaces at the airport. The funding was designated as one-time-only and the appropriation is biennial.

**Proprietary Rates**

**Proprietary Program Description**

The Yellowstone Airport located in West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, as well as service for other recreational opportunities in the surrounding greater Yellowstone area. Commercial air service is available seasonally from June 1st to September 30th annually 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, four engine, commercial service jets to small, single engine, piston aircraft.

Fees for leases and other business services are both market and recovery based. Additional operating expenses planned in the 2015 biennium include a minor runway maintenance project funded with 90% FAA airport improvement program funds and performed in accordance with FAA mandates and advisory circulars. The program is staffed with one airport manager who works 8 months full time and 4 months half time. The airport also has two other employees, an airport operations chief and an airport fire fighter who are employed seasonally.

<b>West Yellowstone Airport Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Increases in several rates provide an increase of 6% in revenues from the base year</li> <li>◆ The budget for the West Yellowstone Airport will be 4.7% lower than the 2013 biennium primarily due to reduced energy costs</li> <li>◆ Operating income will be approximately \$20,000 in each year of the biennium</li> </ul>

**Proprietary Revenues and Expenses**

The enterprise revenue sources when combined with existing working capital balances are projected to recover sufficient cash to fund projected expenditures at the airport. Annual budgeted expenses at the Yellowstone Airport, for a three year period, average \$213,490/year. The Yellowstone Airport currently supports 2.00 FTE to maintain federal airport certification requirements.

*Expenses*

Significant biennial costs for the program are:

- o Personal services for 2.00 FTE are \$301,707 or 74.4% of total costs
- o Operating costs are \$103,864 or 25.6% of total costs and include:
- o Electricity and natural gas, \$41,228
- o Consultant and professional services, \$22,974

In the 2015 biennium the West Yellowstone budget includes:

- o Personal services - projected to increase by \$8,607, or 2.9%
- o Operating costs – projected to decline by \$28,607, or 21.6%
- o Total expenses – projected to decline by 4.7%

*Revenues*

Operations of the West Yellowstone Airport are funded from an enterprise type proprietary fund with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Total operating revenues in the 2015 biennium, as seen in the figure above, are expected to be \$445,168, an increase of 2.9% over revenues in the 2013 biennium. With slightly increased fees and reduced operating costs, operating income is projected to be \$19,879 in FY 2014 and \$19,718 in FY 2015.

**Proprietary Rate Explanation**

Most landing fees will not increase for the 2015 biennium. Car rental and airline rates will increase from \$2.25 a square foot to \$2.50 a square foot and the building lease agreement with Nevada Testing will go from \$5.50 a square foot to \$6.00 a square foot. The full list of rates to be charged in the 2015 biennium are seen in the table below.

West Yellowstone Airport Rates 2015 Biennium	
2015 Biennium Fees	
Description	Fee
Landing Fees	
Scheduled Air Carrier	\$1.10/1000 lbs.
Landing Fees	
Other Uses	9,001-16,500 lbs. = \$25
Landing Fees	
Other Uses	>16,500 lbs. = \$1.60/1000 lbs.
Fuel Flowage Fee	\$0.08/gallon
Building Leases	
Car Rental, Airline	\$2.50/sq. ft.
Building Leases	
FBO, Hangar Ground	\$0.12/sq. ft.
Ad Boards	\$200 per board
Tax Transfer	\$11,000 est.
Sales receipts	
Car Rental, Café, and Gift	10% of gross sales
<u>Non-Aero Rentals</u>	
City (2014 & 2015)	\$11,000 per year
Energy West (2014 & 2015)	\$13,500 per year
	6.00/sq. ft. + utilities + usage fee
Nevada Testing (2014 & 2015)	(\$975/customer annual +\$75/day)

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	103.50	103.50	105.50	105.50	103.50	105.50	2.00	1.93%
Personal Services	7,083,186	7,433,288	7,667,303	7,675,920	14,516,474	15,343,223	826,749	5.70%
Operating Expenses	4,208,419	5,409,568	5,516,206	5,333,745	9,617,987	10,849,951	1,231,964	12.81%
Equipment & Intangible Assets	87,728	64,787	152,728	152,728	152,515	305,456	152,941	100.28%
Grants	13,040,360	15,681,856	17,002,993	16,820,993	28,722,216	33,823,986	5,101,770	17.76%
Benefits & Claims	500	1,500	500	500	2,000	1,000	(1,000)	(50.00%)
Transfers	1,516,624	1,821,433	2,211,624	1,936,624	3,338,057	4,148,248	810,191	24.27%
<b>Total Costs</b>	<b>\$25,936,817</b>	<b>\$30,412,432</b>	<b>\$32,551,354</b>	<b>\$31,920,510</b>	<b>\$56,349,249</b>	<b>\$64,471,864</b>	<b>\$8,122,615</b>	<b>14.41%</b>
State Special	5,313,420	6,136,576	7,100,763	7,105,085	11,449,996	14,205,848	2,755,852	24.07%
Federal Special	20,623,397	24,275,856	25,450,591	24,815,425	44,899,253	50,266,016	5,366,763	11.95%
<b>Total Funds</b>	<b>\$25,936,817</b>	<b>\$30,412,432</b>	<b>\$32,551,354</b>	<b>\$31,920,510</b>	<b>\$56,349,249</b>	<b>\$64,471,864</b>	<b>\$8,122,615</b>	<b>14.41%</b>

**Program Description**

The Rail, Transit, and Planning Division 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 assure environmental compliance with all relative laws, rules, regulations, policies, orders, and agreements; and 9) responses to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US 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 transportation enhancements for non-motorized and beautification improvements.

**Program Highlights**

<b>Rail, Transit, &amp; Planning Division Major Budget Highlights</b>	
◆	Total funds in this program will increase by nearly \$8.1 million or 14.4% from the 2013 biennium primarily due to: <ul style="list-style-type: none"> <li>• Two present law adjustments equaling \$10.7 million related to the new federal surface transportation legislation, MAP 21</li> <li>• Increased funding for the Emergency Medical Services grant program</li> <li>• Specific funding for the Rail Service Competition Council</li> </ul>
◆	Personal service costs would increase 5.7% primarily due to: <ul style="list-style-type: none"> <li>• 1.00 FTE transferred from the Construction Program in the base year</li> <li>• 2.00 FTE for activities related to MAP 21</li> </ul>

**Program Narrative**

The legislature provided additional authority to the Rail, Transit, and Planning Division that will fund the compliance activities related to the new federal surface transportation legislation, MAP 21. MAP 21 establishes performance-based planning requirements that align federal funding with key goals and tracks progress toward achievements. The increased funding is expected to facilitate compliance with the federal goals. The legislature also increased funding for two existing programs in the division:

- o Emergency Medical Services grant program funding increases from \$1.0 million/FY to \$1.1 million/FY for the provision of additional grants, as grant requests have exceeded available funds in past years
- o Rail Service Competition Council funding will increase by \$50,000/FY over the base expenditures of \$7,759 to specifically fund the activities of the council, for which major costs include contracted services for rail transit related studies

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Rail, Transit, & Planning Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$14,205,848	\$0	\$0	\$14,205,848	22.0%		
02282 Fta Local Match	\$1,219,112	\$0	\$0	\$1,219,112	1.9%		
02349 Highway Non-restricted Account	\$2,515,518	\$0	\$0	\$2,515,518	3.9%		
02422 Highways Special Revenue	\$8,915,350	\$0	\$0	\$8,915,350	13.8%		
02436 County Dui Prevention Programs	\$989,870	\$0	\$0	\$989,870	1.5%		
02795 Trans Aid Special Revenue	\$565,998	\$0	\$0	\$565,998	0.9%		
Federal Special Total	\$50,266,016	\$0	\$0	\$50,266,016	78.0%		
03147 Fta Grants	\$21,307,034	\$0	\$0	\$21,307,034	33.0%		
03407 Highway Trust - Sp Rev	\$17,287,509	\$0	\$0	\$17,287,509	26.8%		
03828 Traffic Safety	\$11,671,473	\$0	\$0	\$11,671,473	18.1%		
Total All Funds	\$64,471,864	\$0	\$0	\$64,471,864	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Rail, Transit, and Planning Division is funded with a combination of state and federal special revenue funds. Transit grants provided through the program are based on a sliding scale. The state match is provided by the local entity receiving services or on a rare occasion with the constitutionally restricted highways state special revenue funds. The remaining division activities after deducting federal transit grants and local matching funds are funded with federal planning and research funds and state special revenue funds.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	25,936,817	25,936,817	51,873,634	80.46%
Statewide PL Adjustments	0	0	0	0.00%	415,508	424,635	840,143	1.30%
Other PL Adjustments	0	0	0	0.00%	6,199,029	5,559,058	11,758,087	18.24%
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>\$32,551,354</b>	<b>\$31,920,510</b>	<b>\$64,471,864</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					728,297					737,496
Vacancy Savings					(312,459)					(312,835)
Inflation/Deflation					(543)					(239)
Fixed Costs					213					213
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$670,601</b>	<b>(\$255,093)</b>	<b>\$415,508</b>		<b>\$0</b>	<b>\$674,321</b>	<b>(\$249,686)</b>	<b>\$424,635</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(670,601)	255,093	(415,508)	0.00	0	(674,321)	249,686	(424,635)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	85,189	330,649	415,838	0.00	0	86,996	337,665	424,661
DP 52 - Adjustment for Statewide Operations	0.00	0	(68)	(262)	(330)	0.00	0	(5)	(21)	(26)
DP 53 - Base Funding Switch	0.00	0	585,480	(585,480)	0	0.00	0	587,330	(587,330)	0
DP 5003 - Overtime/Differential	0.00	0	30,295	0	30,295	0.00	0	30,295	0	30,295
DP 5004 - Equipment Rental	0.00	0	(5,040)	0	(5,040)	0.00	0	(3,255)	0	(3,255)
DP 5006 - MAP 21 Adjustment to Grant Programs	0.00	0	470,000	4,668,900	5,138,900	0.00	0	470,000	4,033,100	4,503,100
DP 5008 - MAP21 Performance Based Planning	2.00	0	103,347	413,387	516,734	2.00	0	102,164	408,614	510,778
DP 5009 - City Park Rest Areas	0.00	0	17,507	0	17,507	0.00	0	17,507	0	17,507
DP 5010 - Pollution Prevention & Abatement (RST)	0.00	0	320,000	0	320,000	0.00	0	320,000	0	320,000
DP 5011 - EMS Grant Local Match	0.00	0	130,633	0	130,633	0.00	0	130,633	0	130,633
DP 5020 - Rail Service Competition Council	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
<b>Total Other Present Law Adjustments</b>	<b>2.00</b>	<b>\$0</b>	<b>\$1,116,742</b>	<b>\$5,082,287</b>	<b>\$6,199,029</b>	<b>2.00</b>	<b>\$0</b>	<b>\$1,117,344</b>	<b>\$4,441,714</b>	<b>\$5,559,058</b>
<b>Grand Total All Present Law Adjustments</b>	<b>2.00</b>	<b>\$0</b>	<b>\$1,787,343</b>	<b>\$4,827,194</b>	<b>\$6,614,537</b>	<b>2.00</b>	<b>\$0</b>	<b>\$1,791,665</b>	<b>\$4,192,028</b>	<b>\$5,983,693</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 5003 - Overtime/Differential - The legislature approved an increase in personal services to reestablish base year overtime and differential pay with associated benefits. The addition is funded with HSRA-R state special revenues.

DP 5004 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 5006 - MAP 21 Adjustment to Grant Programs - The legislature approved base restoration and additional spending authority of combined state special and federal special revenue for the biennium to fund transit operating costs and transit grants, and highway safety operating costs and safety grants due to newly passed surface transportation legislation (MAP 21).

DP 5008 - MAP21 Performance Based Planning - The legislature approved an adjustment to combine state special and federal special revenue in the biennium to fund personal services and operating costs for 2.00 FTE, contracted services, and equipment due to more extensive statutory requirements for transportation planning and programming under MAP 21.

DP 5009 - City Park Rest Areas - The legislature approved an adjustment in appropriation authority for funding assistance to local governments for routine maintenance and minor improvements of city park rest areas.

DP 5010 - Pollution Prevention & Abatement (RST) - The legislature approved an adjustment in appropriation authority to fund revised environmental fees for storm water permits and Clean Water Act certifications, along with new requirements for monitoring stream mitigation projects and storm water management and pollution prevention within small municipal separate storm sewer system (MS4) facilities.

DP 5011 - EMS Grant Local Match - The legislature approved base restoration and an increase for the EMS program to bring the annual budget to \$1,100,000. The Emergency Medical Services grant program expenses were less than the base spending and statutory match due to the late processing of purchase orders in the base year.

DP 5020 - Rail Service Competition Council - The legislature approved funding for the Rail Service Competition Council. The funding is provided through the highway state special revenue non-restricted fund.

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	140.75	140.75	142.72	142.72	140.75	142.72	1.97	1.40%
Estimated Impact of HB 2*			(5.79)	(5.79)		(5.79)	(5.79)	
<b>Net Estimated FTE*</b>			<b>136.93</b>	<b>136.93</b>		<b>136.93</b>	<b>(3.82)</b>	
Equipment & Intangible Assets	7,149	62,689	7,149	7,149	69,838	14,298	(55,540)	(79.53%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	75,997	0	75,997	75,997	75,997	151,994	75,997	100.00%
Debt Service	24,842	25,000	24,842	24,842	49,842	49,684	(158)	(0.32%)
<b>Total Costs</b>	<b>\$9,920,944</b>	<b>\$10,457,364</b>	<b>\$10,562,684</b>	<b>\$10,517,446</b>	<b>\$20,378,308</b>	<b>\$21,080,130</b>	<b>\$701,822</b>	<b>3.44%</b>
General Fund	986,083	991,064	1,507,983	1,497,575	1,977,147	3,005,558	1,028,411	52.01%
State Special	7,569,126	7,977,812	7,657,822	7,629,303	15,546,938	15,287,125	(259,813)	(1.67%)
Federal Special	1,365,735	1,488,488	1,396,879	1,390,568	2,854,223	2,787,447	(66,776)	(2.34%)
<b>Total Funds</b>	<b>\$9,920,944</b>	<b>\$10,457,364</b>	<b>\$10,562,684</b>	<b>\$10,517,446</b>	<b>\$20,378,308</b>	<b>\$21,080,130</b>	<b>\$701,822</b>	<b>3.44%</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

**Agency Description**

Mission Statement: To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

The Department of Livestock is responsible for controlling and eradicating animal diseases; preventing the transmission of animal diseases to humans; protecting the livestock industry from theft and predatory animals; meat, milk, and egg inspection; and regulating the milk industry relative to producer pricing. The department, which is provided for in 2-15-3101, MCA, consists of the Board of Livestock and its appointed executive officer, the Livestock Crimestoppers' Commission, the Milk Control Board, the Livestock Loss Reduction and Mitigation Board, and until FY 2014 the Board of Horse Racing.

The department is organized into six divisions: Centralized Services, Diagnostic Laboratory, Animal Health, Milk and Egg, Brands Enforcement, and Meat and Poultry Inspection. The Board of Livestock, which is the statutory head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

**Agency Highlights**

<b>Department of Livestock Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Major initiatives funded by the legislature are:                             <ul style="list-style-type: none"> <li>● Brucellosis surveillance</li> <li>● Maintaining the animal health system</li> </ul> </li> <li>◆ General fund increases by 52.01% over the biennium primarily due to the brucellosis surveillance program, DSA veterinarian and compliance specialist funding, and animal health system network support fees</li> <li>◆ State special revenue decreases over the biennium due to fully funding the brucellosis surveillance program from general fund</li> <li>◆ The agency did not provide pay plan pay increases during the 2013 biennium</li> </ul>

**Summary of Legislative Action**

Total funding for the department increases by 3.44% compared to the 2013 biennium, with general fund increases of 52.01%, state special revenue decreases of 1.67%, and federal funds decreases of 2.34%.

General fund expenditures increase as a result of the following:

- o Statewide present law adjustments
- o Brucellosis surveillance, including a Brucellosis Vet and Compliance Specialist approved on a one-time-only basis totaling \$1.0 million for the biennium

State special revenues decrease due to:

- o Brucellosis surveillance and a Brucellosis Vet and Compliance Specialist being funded fully by general fund, while FY 2013 includes funding for this purpose from state special revenue

The legislature had approved \$250,000 each year of the biennium from the coal bed methane account for predator control of the grizzly bear. The Governor vetoed this decision package.

*Boilerplate*

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 5.79 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

**Funding**

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

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$3,005,558	\$0	\$0	\$3,005,558	13.3%
State Special Total	15,287,125	-	1,469,766	16,756,891	74.3%
Federal Special Total	2,787,447	-	-	2,787,447	12.4%
Proprietary Total	-	-	-	-	0.0%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
<b>Total All Funds</b>	<b>\$21,080,130</b>	<b>\$0</b>	<b>\$1,469,766</b>	<b>\$22,549,896</b>	
Percent - Total All Sources	93.5%	0.0%	6.5%		

The Department of 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. The legislative approved budget contains a 52.01% increase in general fund from the 2013 biennium. The increase is mainly attributable to present law adjustments, costs associated with the brucellosis designated surveillance area (DSA), and

funding for a DSA veterinarian and compliance specialist. 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 match funds for meat and poultry inspection.

**Funds Status**

*Animal Health Fund*

Fund Balance

The animal health fund derives revenue from lab testing fees and milk and egg inspection fees. The diagnostic lab and the milk and egg functions are supported by this fund. The department has had challenges balancing expenditures with revenues. The adjacent table shows actuals through FY 2012, and appropriated and approved expenditures and projected revenues through the 2015 biennium. Milk and egg fees are driven by industry inspection requirements. The fees for lab activities have not been adjusted since December 2007; therefore, any increase in revenues is dependent upon lab activities. Total revenues are as estimated by LFD staff based on historical data.

Department of Livestock Animal Health Fund				
	Actual FY 2012	Appropriated FY 2013	Legislative Approved FY 2014	Approved FY 2015
Beginning Balance	\$268,023	\$12,498	(\$77,264)	\$36,087
Revenues*	1,185,927	1,332,021	1,332,021	1,332,021
<u>Expenditures</u>				
Central Services	\$0	\$0	\$0	\$0
Laboratory	1,123,370	1,139,269	974,975	1,076,344
Animal Health	6,934	60,829	38,970	38,918
Milk & Egg	305,222	358,177	341,216	345,202
Brands	0	0	0	0
Meat & Poultry	5,926	5,717	5,718	5,717
Total Expenditures	<u>\$1,441,452</u>	<u>\$1,563,992</u>	<u>\$1,360,879</u>	<u>\$1,466,181</u>
Ending Fund Balance	<u>\$12,498</u>	<u>(\$219,473)</u>	<u>(\$106,122)</u>	<u>(\$98,073)</u>

As shown, the account is projected to be negative at the end of FY 2013 if all appropriations are expended, even with no support provided to the Central Services Division. While the legislature approved a reduction in expenditures for the 2015 biennium from the FY 2013 appropriated level, the account remains structurally unbalanced. Therefore, if the department is to expend the entire appropriation, additional revenues will have to be generated. Lab fees were last adjusted in 2007.

*Livestock Per Capita Fee Fund*

Fund Balance

The livestock per capita fund is the largest state special revenue fund supporting this agency and supports animal health functions in the Animal Health Division and the Diagnostic Laboratory, predator control, the Centralized Services Division, and a portion of the Brand Enforcement Division. Per capita revenue is derived by taxation on the ownership of livestock and interest earnings on the fund balance, with fees set by the Board of Livestock annually. The following table shows the revenues to and actual and approved expenditures from the fund through the 2015 biennium. Estimated revenues reflect recent increases in revenues adopted by the board. While the legislature approved a reduction in expenditures for the 2015 biennium from the FY 2013 appropriated level. The fund continues to supplement other state special revenue funds and is supplemented by general fund, so unless the reduction in expenditures continues or fees are raised, the fund will be structurally imbalanced in the near future.

*Revenues*

The Board of Livestock annually evaluates a number of factors to determine if and how much the per capita tax rate should change. The change is limited in statute (15-24-922, MCA) to 110% of the average of the past three years less a reasonable nonpayment rate. The board increased the per capita fee in FY 2012 and again in FY

Department of Livestock Per Capita Fund				
	Actual FY 2012	Appropriated FY 2013	Legislative Approved FY 2014	Approved FY 2015
Beginning Balance	\$1,097,858	\$871,362	\$981,337	\$1,102,968
Revenues	\$4,028,207	\$4,336,485	\$4,336,485	\$4,336,485
<u>Expenditures</u>				
Central Services	\$1,680,742	\$1,542,588	\$1,270,575	\$1,226,381
Laboratory	551,252	564,700	689,701	588,912
Animal Health	871,942	973,357	649,848	649,887
Milk & Egg	1,695	0	0	0
Brands	1,149,072	1,145,865	1,604,730	1,564,223
Meat & Poultry	0	0	0	0
Total Expenditures	<u>\$4,254,703</u>	<u>\$4,226,510</u>	<u>\$4,214,854</u>	<u>\$4,029,403</u>
Ending Fund Balance	<u>\$871,362</u>	<u>\$981,337</u>	<u>\$1,102,968</u>	<u>\$1,410,050</u>

2013. Increased revenues totaled about \$310,400 in FY 2012 and \$308,278 in FY 2013. The approved budget assumes stagnant revenues for the 2015 biennium.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	986,083	986,083	1,972,166	65.62%	9,920,944	9,920,944	19,841,888	94.13%
Statewide PL Adjustments	(13,433)	(11,903)	(25,336)	(0.84%)	378,702	348,295	726,997	3.45%
Other PL Adjustments	27,212	15,487	42,699	1.42%	(11,747)	(22,872)	(34,619)	(0.16%)
New Proposals	508,121	507,908	1,016,029	33.81%	274,785	271,079	545,864	2.59%
<b>Total Budget</b>	<b>\$1,507,983</b>	<b>\$1,497,575</b>	<b>\$3,005,558</b>		<b>\$10,562,684</b>	<b>\$10,517,446</b>	<b>\$21,080,130</b>	

### Other Legislation

**HB 13** - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

**SB 21** - This bill moves the administratively attached Board of Horse Racing from the Department of Livestock (DOL) to the Department of Commerce. The Board of Horse Racing is funded with state special revenue. The bill specifies that any enactment of the 2013 Legislature that references the Board of Horse Racing as part of the Department of Livestock must be changed to reflect the Department of Commerce.

### Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	140.75	134.01	142.72	8.71	134.01	142.72	8.71	
Estimated Impact of HB 2*			(5.79)	(5.79)		(5.79)	(5.79)	
<b>Net Estimated FTE*</b>			<b>136.93</b>	<b>(2.92)</b>		<b>136.93</b>	<b>(2.92)</b>	
Personal Services	6,855,799	7,074,414	7,267,726	193,312	7,079,424	7,272,183	192,759	386,071
Operating Expenses	2,957,157	3,179,702	3,186,970	7,268	3,129,966	3,137,275	7,309	14,577
Equipment & Intangible Assets	7,149	7,149	7,149	0	7,149	7,149	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	75,997	75,997	75,997	0	75,997	75,997	0	0
Debt Service	24,842	24,842	24,842	0	24,842	24,842	0	0
<b>Total Costs</b>	<b>\$9,920,944</b>	<b>\$10,362,104</b>	<b>\$10,562,684</b>	<b>\$200,580</b>	<b>\$10,317,378</b>	<b>\$10,517,446</b>	<b>\$200,068</b>	<b>\$400,648</b>
General Fund	986,083	1,526,113	1,507,983	(18,130)	1,515,716	1,497,575	(18,141)	(36,271)
State/Other Special	7,569,126	7,422,493	7,657,822	235,329	7,394,464	7,629,303	234,839	470,168
Federal Special	1,365,735	1,413,498	1,396,879	(16,619)	1,407,198	1,390,568	(16,630)	(33,249)
<b>Total Funds</b>	<b>\$9,920,944</b>	<b>\$10,362,104</b>	<b>\$10,562,684</b>	<b>\$200,580</b>	<b>\$10,317,378</b>	<b>\$10,517,446</b>	<b>\$200,068</b>	<b>\$400,648</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget is just over \$0.4 million higher than the executive request because the legislature did not approve a proposed reduction in the Brands Enforcement Division, which would have decreased the budget by

\$700,000 and 8.71 FTE. The 2% additional vacancy savings reduction applied statewide partially offset this increase.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

“Centralized Services Program includes a reduction in state special revenue of \$116,334 in fiscal year 2014 and \$116,408 in fiscal year 2015. Meat and Poultry Inspection Program includes a reduction in general fund of \$18,130 in fiscal year 2014 and \$18,141 in fiscal year 2015 and federal special revenue of \$16,619 in fiscal year 2014 and \$16,630 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	20.78	20.78	19.75	19.75	20.78	19.75	(1.03)	(4.96%)
Personal Services	1,138,874	1,190,550	1,046,030	1,045,323	2,329,424	2,091,353	(238,071)	(10.22%)
Operating Expenses	509,872	762,037	581,247	533,037	1,271,909	1,114,284	(157,625)	(12.39%)
Equipment & Intangible Assets	7,149	9,352	7,149	7,149	16,501	14,298	(2,203)	(13.35%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	75,997	0	75,997	75,997	75,997	151,994	75,997	100.00%
<b>Total Costs</b>	<b>\$1,731,892</b>	<b>\$1,961,939</b>	<b>\$1,710,423</b>	<b>\$1,661,506</b>	<b>\$3,693,831</b>	<b>\$3,371,929</b>	<b>(\$321,902)</b>	<b>(8.71%)</b>
General Fund	67,374	70,100	85,077	80,354	137,474	165,431	27,957	20.34%
State Special	1,664,518	1,891,839	1,625,346	1,581,152	3,556,357	3,206,498	(349,859)	(9.84%)
<b>Total Funds</b>	<b>\$1,731,892</b>	<b>\$1,961,939</b>	<b>\$1,710,423</b>	<b>\$1,661,506</b>	<b>\$3,693,831</b>	<b>\$3,371,929</b>	<b>(\$321,902)</b>	<b>(8.71%)</b>

### Program Description

The Centralized Services Division is responsible for:

- Budgeting
- Accounting
- Payroll
- Personnel
- Legal services
- Purchasing
- Administrative
- Information technology
- Public information
- General services functions
- Supervising the Milk Control Bureau and Livestock Loss Board staff, both of which are administratively attached to the department

The Predator Control Program is administered by the Board of Livestock and the executive officer. The Livestock Crimestoppers Commission and the Beef Research and Marketing Committee are also administratively attached. The 2013 Legislature transferred the Board of Horse Racing (BOHR) to the Department of Commerce beginning in FY 2014.

### Program Highlights

<b>Centralized Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget decreased by 8.71% from the previous biennium primarily due to a reduction of 1.03 FTE and \$68,519 in FY 2014 and \$68,427 in FY 2015 of state special revenue funding associated with the Board of Horse Racing (BOHR) activities in order to align expenditures with available funding</li> <li>◆ The Board of Horse Racing was given a general fund loan in FY 2012 of \$628,428, to be repaid over a period of ten years with annual payments of \$62,842.</li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Centralized Services Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$165,431	\$0	\$0	\$165,431	3.4%		
State Special Total	\$3,206,498	\$0	\$1,469,766	\$4,676,264	96.6%		
02029 Board Of Horse Racing	\$174,978	\$0	\$258,000	\$432,978	8.9%	23-4-105	Pass Thru
02063 Bohr Simulcast	\$120,000	\$0	\$111,766	\$231,766	4.8%	23-4-105	Pass Thru
02117 Predatory Animal Ssr	\$0	\$0	\$700,000	\$700,000	14.5%	81-7-106	Direct
02124 Llbn Restricted	\$0	\$0	\$400,000	\$400,000	8.3%	81-1-110	Pass Thru
02426 Lvstk Per Capita	\$2,496,956	\$0	\$0	\$2,496,956	51.6%		
02817 Milk Control Bureau	\$414,564	\$0	\$0	\$414,564	8.6%		
Total All Funds	\$3,371,929	\$0	\$1,469,766	\$4,841,695	100.0%		
<b>Percent - Total All Sources</b>	<b>69.6%</b>	<b>0.0%</b>	<b>30.4%</b>				

The Centralized Services Division is primarily funded by livestock per capita fees, accounting for 51.6% of funding. The remaining special revenue supports the administratively attached Milk Control Bureau and Board of Horse Racing. General fund accounts for 3.4%, which supports operations and payment for wolf losses.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	67,374	67,374	134,748	81.45%	1,731,892	1,731,892	3,463,784	102.72%
Statewide PL Adjustments	1,377	1,654	3,031	1.83%	121,847	77,871	199,718	5.92%
Other PL Adjustments	16,326	11,326	27,652	16.72%	41,537	36,578	78,115	2.32%
New Proposals	0	0	0	0.00%	(184,853)	(184,835)	(369,688)	(10.96%)
<b>Total Budget</b>	<b>\$85,077</b>	<b>\$80,354</b>	<b>\$165,431</b>		<b>\$1,710,423</b>	<b>\$1,661,506</b>	<b>\$3,371,929</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					141,569					140,813
Vacancy Savings					(50,960)					(50,929)
Inflation/Deflation					(107)					152
Fixed Costs					31,345					(12,165)
<b>Total Statewide Present Law Adjustments</b>		<b>\$1,377</b>	<b>\$120,470</b>	<b>\$0</b>	<b>\$121,847</b>		<b>\$1,654</b>	<b>\$76,217</b>	<b>\$0</b>	<b>\$77,871</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(1,377)	(120,489)	0	(121,866)	0.00	(1,654)	(76,236)	0	(77,890)
DP 51 - Adjustment for Statewide Personal Services	0.00	852	89,776	0	90,628	0.00	1,099	88,804	0	89,903
DP 52 - Adjustment for Statewide Operations	0.00	525	32,314	0	32,839	0.00	555	(10,926)	0	(10,371)
DP 101 - Replacement Personal Computers	0.00	0	18,610	0	18,610	0.00	0	18,610	0	18,610
DP 102 - Animal Health System Maintenance	0.00	5,000	5,000	0	10,000	0.00	5,000	5,000	0	10,000
DP 103 - Animal Health System Customization (OTO)	0.00	5,000	0	0	5,000	0.00	0	0	0	0
DP 106 - Livestock Loss Board Meetings	0.00	6,326	0	0	6,326	0.00	6,326	0	0	6,326
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$16,326</b>	<b>\$25,211</b>	<b>\$0</b>	<b>\$41,537</b>	<b>0.00</b>	<b>\$11,326</b>	<b>\$25,252</b>	<b>\$0</b>	<b>\$36,578</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$17,703</b>	<b>\$145,681</b>	<b>\$0</b>	<b>\$163,384</b>	<b>0.00</b>	<b>\$12,980</b>	<b>\$101,469</b>	<b>\$0</b>	<b>\$114,449</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 101 - Replacement Personal Computers - The legislature approved funding from the per capita fee fund to continue replacing computers on a five year cycle. The appropriation, all from state special revenue, accounts for the additional amount above and beyond the base (\$9,990), which replaces 22 computers.

DP 102 - Animal Health System Maintenance - The legislature approved 50% general fund and 50% from the per capita fee fund each year of the 2015 biennium for network support and software maintenance costs for the USAHerds system. The system came on line in January of 2011 and maintenance costs were not billed in FY 2012. This system is used by the department to manage the importing of animals into the state, and to track and manage animal diseases.

DP 103 - Animal Health System Customization OTO - The legislature approved one-time-only general fund in FY 2014 for customization of the USAHerds system.

DP 106 - Livestock Loss Board Meetings - The legislature approved expenditures in the base for the Livestock Loss Board (LLB), including two in-person meetings from the general fund. The legislature approved additional funding for four in-person meetings. The total cost for four meetings is \$12,652, or an increase of \$6,326 over base expenditures.

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
01	0.00	0	(116,334)	0	(116,334)	0.00	0	(116,408)	0	(116,408)
DP 109 - Board of Horse Racing Adjustment										
01	(1.03)	0	(68,519)	0	(68,519)	(1.03)	0	(68,427)	0	(68,427)
<b>Total</b>	<b>(1.03)</b>	<b>\$0</b>	<b>(\$184,853)</b>	<b>\$0</b>	<b>(\$184,853)</b>	<b>(1.03)</b>	<b>\$0</b>	<b>(\$184,835)</b>	<b>\$0</b>	<b>(\$184,835)</b>

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 109 - Board of Horse Racing Adjustment - The legislature approved a reduction of 1.03 FTE and \$68,519 in FY 2014 and \$68,427 in FY 2015 from the Board of Horse Racing account and the simulcast account, for funding associated with the Board of Horse Racing (BOHR) activities in order to align expenditures to available funding.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

“Centralized Services Program includes a reduction in state special revenue of \$116,334 in fiscal year 2014 and \$116,408 in fiscal year 2015. Meat and Poultry Inspection Program includes a reduction in general fund of \$18,130 in fiscal year 2014 and \$18,141 in fiscal year 2015 and federal special revenue of \$16,619 in fiscal year 2014 and \$16,630 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	21.76	21.76	21.76	21.76	21.76	21.76	0.00	0.00%
Personal Services	1,147,130	1,178,036	1,196,492	1,198,472	2,325,166	2,394,964	69,798	3.00%
Operating Expenses	793,588	751,342	733,166	731,226	1,544,930	1,464,392	(80,538)	(5.21%)
Equipment & Intangible Assets	0	5,258	0	0	5,258	0	(5,258)	(100.00%)
Debt Service	24,842	25,000	24,842	24,842	49,842	49,684	(158)	(0.32%)
<b>Total Costs</b>	<b>\$1,965,560</b>	<b>\$1,959,636</b>	<b>\$1,954,500</b>	<b>\$1,954,540</b>	<b>\$3,925,196</b>	<b>\$3,909,040</b>	<b>(\$16,156)</b>	<b>(0.41%)</b>
General Fund	302,657	303,837	289,824	289,284	606,494	579,108	(27,386)	(4.52%)
State Special	1,662,903	1,655,799	1,664,676	1,665,256	3,318,702	3,329,932	11,230	0.34%
Federal Special	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$1,965,560</b>	<b>\$1,959,636</b>	<b>\$1,954,500</b>	<b>\$1,954,540</b>	<b>\$3,925,196</b>	<b>\$3,909,040</b>	<b>(\$16,156)</b>	<b>(0.41%)</b>

**Program Description**

The Diagnostic Laboratory provides livestock laboratory diagnostic support for livestock producers and the Animal Health and Milk and Egg programs. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks, and other agencies in protecting the health of animals, wildlife, and the public.

**Program Highlights**

Diagnostic Laboratory Program Major Budget Highlights	
◆	The legislatively approved budget decreases by 0.41% from the previous biennium due to statewide present law adjustments, offset by a \$55,000 operations reduction.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Diagnostic Laboratory Program							
Funds	Non-Budgeted HB 2	Statutory Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$579,108	\$0	\$0	\$579,108	14.8%		
State Special Total	\$3,329,932	\$0	\$0	\$3,329,932	85.2%		
02426 Lvstk Per Capita	\$1,278,613	\$0	\$0	\$1,278,613	32.7%		
02427 Animal Health	\$2,051,319	\$0	\$0	\$2,051,319	52.5%		
Total All Funds	\$3,909,040	\$0	\$0	\$3,909,040	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Diagnostic Laboratory (lab) is supported with general fund, animal health fees, and per capita fees. The Diagnostic Laboratory (lab) is located on the Montana State University campus in Bozeman. The lab provides fee-for-service testing to veterinarians, livestock producers, and public health and wildlife agencies.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	302,657	302,657	605,314	104.53%	1,965,560	1,965,560	3,931,120	100.56%
Statewide PL Adjustments	(12,833)	(13,373)	(26,206)	(4.53%)	33,632	36,466	70,098	1.79%
Other PL Adjustments	0	0	0	0.00%	6,808	7,514	14,322	0.37%
New Proposals	0	0	0	0.00%	(51,500)	(55,000)	(106,500)	(2.72%)
<b>Total Budget</b>	<b>\$289,824</b>	<b>\$289,284</b>	<b>\$579,108</b>		<b>\$1,954,500</b>	<b>\$1,954,540</b>	<b>\$3,909,040</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					99,217					101,278
Vacancy Savings					(49,855)					(49,936)
Inflation/Deflation					(4,313)					(3,720)
Fixed Costs					(11,417)					(11,156)
<b>Total Statewide Present Law Adjustments</b>		<b>(\$12,833)</b>	<b>\$46,465</b>	<b>\$0</b>	<b>\$33,632</b>		<b>(\$13,373)</b>	<b>\$49,839</b>	<b>\$0</b>	<b>\$36,466</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	12,833	(46,465)	0	(33,632)	0.00	13,373	(49,839)	0	(36,466)
DP 51 - Adjustment for Statewide Personal Services	0.00	(13,314)	62,676	0	49,362	0.00	(14,193)	65,535	0	51,342
DP 52 - Adjustment for Statewide Operations	0.00	481	(16,211)	0	(15,730)	0.00	820	(15,696)	0	(14,876)
DP 302 - Milk Lab Incubator (OTO)	0.00	0	2,000	0	2,000	0.00	0	0	0	0
DP 304 - Lab Recharges to MSU	0.00	0	4,808	0	4,808	0.00	0	7,514	0	7,514
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$6,808</b>	<b>\$0</b>	<b>\$6,808</b>	<b>0.00</b>	<b>\$0</b>	<b>\$7,514</b>	<b>\$0</b>	<b>\$7,514</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$12,833)</b>	<b>\$53,273</b>	<b>\$0</b>	<b>\$40,440</b>	<b>0.00</b>	<b>(\$13,373)</b>	<b>\$57,353</b>	<b>\$0</b>	<b>\$43,980</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 302 - Milk Lab Incubator OTO - The legislature approved funding to replace a 20 year old incubator in the milk lab with funding from the animal health fund.

DP 304 - Lab Recharges to MSU - The legislature approved an increase to the base in the 2015 biennium from the per capita fee fund. MSU charges the lab for facility services. Lab recharges are assessed by MSU for facility services based upon square footage.

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - Operational Reduction and Fund Switch										
03	0.00	0	(55,000)	0	(55,000)	0.00	0	(55,000)	0	(55,000)
DP 303 - PCR Shaker and Micro Centrifuge (OTO)										
03	0.00	0	3,500	0	3,500	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$51,500)</b>	<b>\$0</b>	<b>(\$51,500)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$55,000)</b>	<b>\$0</b>	<b>(\$55,000)</b>

DP 301 - Operational Reduction and Fund Switch - The legislature approved a reduction of \$55,000 of per capita fee state special revenue funding and operational expenditures each year of the 2015 biennium. In addition, animal health state special revenue funding is replaced with per capita fee state special revenue in FY 2014 in order to balance the department’s expenditures with available funding.

DP 303 - PCR Shaker and Micro Centrifuge (OTO) - The legislature approved one-time-only per capita fee funding to replace the PCR (Polymerase Chain Reaction) machine, a molecular biological test of DNA, that producers use to identify specific animal diseases in a timely manner. The testing procedure generates significant revenue for the department.

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	13.50	13.50	15.50	15.50	13.50	15.50	2.00	14.81%
Personal Services	613,170	804,387	957,044	956,146	1,417,557	1,913,190	495,633	34.96%
Operating Expenses	760,180	715,128	981,743	981,058	1,475,308	1,962,801	487,493	33.04%
Equipment & Intangible Assets	0	38,831	0	0	38,831	0	(38,831)	(100.00%)
<b>Total Costs</b>	<b>\$1,373,350</b>	<b>\$1,558,346</b>	<b>\$1,938,787</b>	<b>\$1,937,204</b>	<b>\$2,931,696</b>	<b>\$3,875,991</b>	<b>\$944,295</b>	<b>32.21%</b>
General Fund	0	0	506,615	506,413	0	1,013,028	1,013,028	n/a
State Special	643,558	713,838	688,818	688,805	1,357,396	1,377,623	20,227	1.49%
Federal Special	729,792	844,508	743,354	741,986	1,574,300	1,485,340	(88,960)	(5.65%)
<b>Total Funds</b>	<b>\$1,373,350</b>	<b>\$1,558,346</b>	<b>\$1,938,787</b>	<b>\$1,937,204</b>	<b>\$2,931,696</b>	<b>\$3,875,991</b>	<b>\$944,295</b>	<b>32.21%</b>

### Program Description

The Animal Health Division (State Veterinarian Office) provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and alternative livestock animals. The program cooperates with the Departments of Public Health and Human Services and Fish, Wildlife and Parks and the US 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>◆ The legislatively approved budget increases by 32.2% from the previous biennium due primarily to: <ul style="list-style-type: none"> <li>• Statewide present law adjustments</li> <li>• \$0.5 million general fund each year of the biennium for brucellosis testing, including a veterinarian and a compliance specialist</li> </ul> </li> </ul>

### Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Animal Health Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,013,028	\$0	\$0	\$1,013,028	26.1%		
State Special Total	\$1,377,623	\$0	\$0	\$1,377,623	35.5%		
02426 Lvstk Per Capita	\$1,299,735	\$0	\$0	\$1,299,735	33.5%		
02427 Animal Health	\$77,888	\$0	\$0	\$77,888	2.0%		
Federal Special Total	\$1,485,340	\$0	\$0	\$1,485,340	38.3%		
03427 Bison Trap Funds	\$1,485,340	\$0	\$0	\$1,485,340	38.3%		
Total All Funds	\$3,875,991	\$0	\$0	\$3,875,991	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The program is predominantly funded with state special revenue from the per capita fund to support disease control, import/export activities, and alternative livestock activities. Federal funds support bison operations and the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) research and cooperative efforts. General fund supports brucellosis activities for the 2015 biennium.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,373,350	1,373,350	2,746,700	70.86%
Statewide PL Adjustments	0	0	0	0.00%	204,306	203,225	407,531	10.51%
Other PL Adjustments	0	0	0	0.00%	(145,484)	(145,784)	(291,268)	(7.51%)
New Proposals	506,615	506,413	1,013,028	100.00%	506,615	506,413	1,013,028	26.14%
<b>Total Budget</b>	<b>\$506,615</b>	<b>\$506,413</b>	<b>\$1,013,028</b>		<b>\$1,938,787</b>	<b>\$1,937,204</b>	<b>\$3,875,991</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					244,744					244,018
Vacancy Savings					(34,317)					(34,287)
Inflation/Deflation					(2,106)					(1,150)
Fixed Costs					(4,015)					(5,356)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$42,773</b>	<b>\$161,533</b>	<b>\$204,306</b>		<b>\$0</b>	<b>\$42,827</b>	<b>\$160,398</b>	<b>\$203,225</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(42,773)	(161,533)	(204,306)	0.00	0	(42,827)	(160,398)	(203,225)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	46,578	163,849	210,427	0.00	0	46,170	163,561	209,731
DP 52 - Adjustment for Statewide Operations	0.00	0	(3,805)	(2,316)	(6,121)	0.00	0	(3,343)	(3,163)	(6,506)
DP 403 - Vehicle Lease -Animal Health Division	0.00	0	2,487	0	2,487	0.00	0	2,420	0	2,420
DP 404 - Cattle Health (Bison) Fund Reduction	0.00	0	0	(147,971)	(147,971)	0.00	0	0	(148,204)	(148,204)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,487</b>	<b>(\$147,971)</b>	<b>(\$145,484)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,420</b>	<b>(\$148,204)</b>	<b>(\$145,784)</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$45,260</b>	<b>\$13,562</b>	<b>\$58,822</b>	<b>0.00</b>	<b>\$0</b>	<b>\$45,247</b>	<b>\$12,194</b>	<b>\$57,441</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 403 - Vehicle Lease -Animal Health Division - The legislature approved per capita fee funding to replace one vehicle with a leased vehicle from the DOT motor pool over the biennium. The vehicle is used by animal health inspectors traveling over 40,000 miles a year investigating animal disease and import violations.

DP 404 - Cattle Health (Bison) Fund Reduction - The legislature approved reducing cattle health (bison) federal funds to the amount anticipated to be received, or \$716,000. The reduction will have an impact on contracts with the Department of Fish, Wildlife, and Parks that do brucellosis testing

**New Proposals**

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - DSA Vet and Compliance Specialist (OTO)											
04	2.00	133,447	0	0	133,447	2.00	133,245	0	0	133,245	
DP 402 - DSA Brucellosis Testing (OTO)											
04	0.00	373,168	0	0	373,168	0.00	373,168	0	0	373,168	
<b>Total</b>	<b>2.00</b>	<b>\$506,615</b>	<b>\$0</b>	<b>\$0</b>	<b>\$506,615</b>	<b>2.00</b>	<b>\$506,413</b>	<b>\$0</b>	<b>\$0</b>	<b>\$506,413</b>	

DP 401 - DSA Vet and Compliance Specialist OTO - The legislature approved general fund for a veterinarian and a compliance specialist for the Designated Surveillance Area (DSA) for brucellosis control in Montana.

DP 402 - DSA Brucellosis Testing (OTO) - The legislature approved general fund for brucellosis surveillance to maintain brucellosis free status in Montana. The cost per test is estimated at \$9.89 and an estimated 37,731 cattle tested for a total anticipated cost of \$373,168 each year. The DSA has expanded over this last biennium and covers approximately 6,000 square miles, including parts of Park, Gallatin, Madison, and Beaverhead counties.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	6.50	6.50	6.50	6.50	6.50	6.50	0.00	0.00%
Personal Services	304,972	426,661	366,786	367,934	731,633	734,720	3,087	0.42%
Operating Expenses	65,008	53,720	62,969	65,807	118,728	128,776	10,048	8.46%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$369,980</b>	<b>\$480,381</b>	<b>\$429,755</b>	<b>\$433,741</b>	<b>\$850,361</b>	<b>\$863,496</b>	<b>\$13,135</b>	<b>1.54%</b>
State Special	341,490	451,893	401,265	405,251	793,383	806,516	13,133	1.66%
Federal Special	28,490	28,488	28,490	28,490	56,978	56,980	2	0.00%
<b>Total Funds</b>	<b>\$369,980</b>	<b>\$480,381</b>	<b>\$429,755</b>	<b>\$433,741</b>	<b>\$850,361</b>	<b>\$863,496</b>	<b>\$13,135</b>	<b>1.54%</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 product and site inspections, done in cooperation with other state and federal agencies.

**Program Highlights**

<b>Milk and Egg Program Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increases by 1.5% from the previous biennium primarily due to statewide present law adjustments.</li> <li>◆ The legislature approved funding to replace one vehicle with a leased vehicle</li> </ul>	

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Milk & Egg Program							
Funds	Non- HB 2	Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$806,516	\$0	\$0	\$806,516	93.4%		
02262 Egg Shielded Grading Program	\$120,098	\$0	\$0	\$120,098	13.9%		
02427 Animal Health	\$686,418	\$0	\$0	\$686,418	79.5%		
Federal Special Total	\$56,980	\$0	\$0	\$56,980	6.6%		
03032 Animal Health Sp. Rev	\$56,980	\$0	\$0	\$56,980	6.6%		
Total All Funds	\$863,496	\$0	\$0	\$863,496	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

State special revenue from milk industry fees is the primary funding source for this division. Federal special revenues are provided by the U.S. Department of Agriculture to conduct shell egg surveillance.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	369,980	369,980	739,960	85.69%
Statewide PL Adjustments	0	0	0	0.00%	57,288	58,921	116,209	13.46%
Other PL Adjustments	0	0	0	0.00%	2,487	4,840	7,327	0.85%
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>\$429,755</b>	<b>\$433,741</b>	<b>\$863,496</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					77,097					78,293
Vacancy Savings					(15,283)					(15,331)
Inflation/Deflation					(1,260)					(811)
Fixed Costs					(3,266)					(3,230)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$57,288</b>	<b>\$0</b>	<b>\$57,288</b>		<b>\$0</b>	<b>\$58,921</b>	<b>\$0</b>	<b>\$58,921</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(57,288)	0	(57,288)	0.00	0	(58,921)	0	(58,921)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	61,814	0	61,814	0.00	0	62,962	0	62,962
DP 52 - Adjustment for Statewide Operations	0.00	0	(4,526)	0	(4,526)	0.00	0	(4,041)	0	(4,041)
DP 501 - Milk and Egg Vehicle Lease	0.00	0	2,487	0	2,487	0.00	0	4,840	0	4,840
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,487</b>	<b>\$0</b>	<b>\$2,487</b>	<b>0.00</b>	<b>\$0</b>	<b>\$4,840</b>	<b>\$0</b>	<b>\$4,840</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$59,775</b>	<b>\$0</b>	<b>\$59,775</b>	<b>0.00</b>	<b>\$0</b>	<b>\$63,761</b>	<b>\$0</b>	<b>\$63,761</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 501 - Milk and Egg Vehicle Lease - The legislature approved animal health funding to replace one vehicle with a leased vehicle from the DOT motor pool over the biennium. The vehicle is used by milk and egg inspectors traveling over 40,000 miles a year. This request replaces one of five pick-up trucks each year.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	57.71	57.71	57.71	57.71	57.71	57.71	0.00	0.00%
Personal Services	2,737,255	2,802,797	2,776,095	2,777,695	5,540,052	5,553,790	13,738	0.25%
Operating Expenses	516,628	449,624	498,847	508,370	966,252	1,007,217	40,965	4.24%
Equipment & Intangible Assets	0	9,248	0	0	9,248	0	(9,248)	(100.00%)
<b>Total Costs</b>	<b>\$3,253,883</b>	<b>\$3,261,669</b>	<b>\$3,274,942</b>	<b>\$3,286,065</b>	<b>\$6,515,552</b>	<b>\$6,561,007</b>	<b>\$45,455</b>	<b>0.70%</b>
General Fund	2,943	2,943	2,943	2,943	5,886	5,886	0	0.00%
State Special	3,250,940	3,258,726	3,271,999	3,283,122	6,509,666	6,555,121	45,455	0.70%
Federal Special	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$3,253,883</b>	<b>\$3,261,669</b>	<b>\$3,274,942</b>	<b>\$3,286,065</b>	<b>\$6,515,552</b>	<b>\$6,561,007</b>	<b>\$45,455</b>	<b>0.70%</b>

**Program Description**

The Brands Enforcement Division 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, hide inspections, and livestock inspections.

**Program Highlights**

Brands Enforcement Division Major Budget Highlights	
◆	The legislatively approved budget increases by 0.7% from the previous biennium due to overtime and funding for leased vehicles, partially offset by statewide present law adjustments

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Brands Enforcement Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,886	\$0	\$0	\$5,886	0.1%		
State Special Total	\$6,555,121	\$0	\$0	\$6,555,121	99.9%		
02425 Inspection And Control	\$3,386,168	\$0	\$0	\$3,386,168	51.6%		
02426 Lvstck Per Capita	\$3,168,953	\$0	\$0	\$3,168,953	48.3%		
Total All Funds	\$6,561,007	\$0	\$0	\$6,561,007	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Brands Enforcement Division is funded with per capita fees and inspection and control funds. Inspection and control funds are generated from brand recordings, and market and local inspections. General fund comprises less than 1% of the total.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,943	2,943	5,886	100.00%	3,253,883	3,253,883	6,507,766	99.19%
Statewide PL Adjustments	0	0	0	0.00%	(40,074)	(33,476)	(73,550)	(1.12%)
Other PL Adjustments	0	0	0	0.00%	61,133	65,658	126,791	1.93%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$2,943</b>	<b>\$2,943</b>	<b>\$5,886</b>		<b>\$3,274,942</b>	<b>\$3,286,065</b>	<b>\$6,561,007</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					96,200					97,867
Vacancy Savings					(113,339)					(113,406)
Inflation/Deflation					(10,113)					(5,525)
Fixed Costs					(12,822)					(12,412)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>(\$40,074)</b>	<b>\$0</b>	<b>(\$40,074)</b>		<b>\$0</b>	<b>(\$33,476)</b>	<b>\$0</b>	<b>(\$33,476)</b>
DP 50 - Initial Motion to FY 2012 Base	0.00		40,074	0	40,074	0.00	0	33,476	0	33,476
DP 51 - Adjustment for Statewide Personal Services	0.00	0	(17,139)	0	(17,139)	0.00	0	(15,539)	0	(15,539)
DP 52 - Adjustment for Statewide Operations	0.00	0	(22,935)	0	(22,935)	0.00	0	(17,937)	0	(17,937)
DP 601 - Brands Division Vehicle Lease	0.00	0	5,154	0	5,154	0.00	0	9,679	0	9,679
DP 602 - Brand Overtime (RST)	0.00	0	55,979	0	55,979	0.00	0	55,979	0	55,979
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$61,133</b>	<b>\$0</b>	<b>\$61,133</b>	<b>0.00</b>	<b>\$0</b>	<b>\$65,658</b>	<b>\$0</b>	<b>\$65,658</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$21,059</b>	<b>\$0</b>	<b>\$21,059</b>	<b>0.00</b>	<b>\$0</b>	<b>\$32,182</b>	<b>\$0</b>	<b>\$32,182</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 601 - Brands Division Vehicle Lease - The legislature approved inspection and control funds to replace five vehicles each year with leased vehicles from the DOT Motor Pool in a fleet of 30 brand enforcement vehicles.

DP 602 - Brand Overtime RST - The legislature approved funding for the restoration of overtime authority at the FY 2012 level from the inspection and control account. The program works extensive overtime during the fall market and at other peak times of the year. Overtime funding is required to be approved every biennium.

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	20.50	20.50	21.50	21.50	20.50	21.50	1.00	4.88%
Personal Services	914,398	926,725	925,279	926,613	1,841,123	1,851,892	10,769	0.58%
Operating Expenses	311,881	308,668	328,998	317,777	620,549	646,775	26,226	4.23%
<b>Total Costs</b>	<b>\$1,226,279</b>	<b>\$1,235,393</b>	<b>\$1,254,277</b>	<b>\$1,244,390</b>	<b>\$2,461,672</b>	<b>\$2,498,667</b>	<b>\$36,995</b>	<b>1.50%</b>
General Fund	613,109	614,184	623,524	618,581	1,227,293	1,242,105	14,812	1.21%
State Special	5,717	5,717	5,718	5,717	11,434	11,435	1	0.01%
Federal Special	607,453	615,492	625,035	620,092	1,222,945	1,245,127	22,182	1.81%
<b>Total Funds</b>	<b>\$1,226,279</b>	<b>\$1,235,393</b>	<b>\$1,254,277</b>	<b>\$1,244,390</b>	<b>\$2,461,672</b>	<b>\$2,498,667</b>	<b>\$36,995</b>	<b>1.50%</b>

### Program Description

The Meat and Poultry Inspection Program was established in 1987 by the Montana Meat and Poultry Inspection Act. It 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, wholesome, and properly-labeled meat and poultry products for consumers.

### Program Highlights

<b>Meat and Poultry Inspection Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increases by 1.5% from the previous biennium primarily due to: <ul style="list-style-type: none"> <li>• Funding for a meat inspector, inspector training, and meat inspection field supplies</li> <li>• Application in this program of the 2% additional vacancy savings reduction, which can be allocated across all agency programs</li> </ul> </li> </ul>

### Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Meat/Poultry Inspection							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,242,105	\$0	\$0	\$1,242,105	49.7%		
State Special Total	\$11,435	\$0	\$0	\$11,435	0.5%		
02427 Animal Health	\$11,435	\$0	\$0	\$11,435	0.5%		
Federal Special Total	\$1,245,127	\$0	\$0	\$1,245,127	49.8%		
03209 Meat/poultry Inspection Sp Rev	\$1,245,127	\$0	\$0	\$1,245,127	49.8%		
Total All Funds	\$2,498,667	\$0	\$0	\$2,498,667	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The majority of meat and poultry inspection program funding is split evenly between federal funds and the general fund. Per cooperative agreement with the US Department of Agriculture, state special revenue funds cannot be used as match when they are derived through a fee on producers being inspected by the program. Since the majority of state special revenue funds are generated from fees on producers being inspected, general fund is used as match. A small portion of state special revenue derived from inspection fees on facilities are used in this division.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	613,109	613,109	1,226,218	98.72%	1,226,279	1,226,279	2,452,558	98.15%
Statewide PL Adjustments	(1,977)	(184)	(2,161)	(0.17%)	1,703	5,288	6,991	0.28%
Other PL Adjustments	10,886	4,161	15,047	1.21%	21,772	8,322	30,094	1.20%
New Proposals	1,506	1,495	3,001	0.24%	4,523	4,501	9,024	0.36%
<b>Total Budget</b>	<b>\$623,524</b>	<b>\$618,581</b>	<b>\$1,242,105</b>		<b>\$1,254,277</b>	<b>\$1,244,390</b>	<b>\$2,498,667</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					45,867					47,329
Vacancy Savings					(38,411)					(38,468)
Inflation/Deflation					(5,631)					(3,696)
Fixed Costs					(122)					123
<b>Total Statewide Present Law Adjustments</b>										
		<b>(\$1,977)</b>	<b>\$1</b>	<b>\$3,679</b>	<b>\$1,703</b>		<b>(\$184)</b>	<b>\$0</b>	<b>\$5,472</b>	<b>\$5,288</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	1,977	(1)	(3,679)	(1,703)	0.00	184	0	(5,472)	(5,288)
DP 51 - Adjustment for Statewide Personal Services	0.00	(8,656)	4	16,108	7,456	0.00	(308)	0	9,169	8,861
DP 52 - Adjustment for Statewide Operations	0.00	6,679	(3)	(12,429)	(5,753)	0.00	124	0	(3,697)	(3,573)
DP 1001 - Meat Inspector Training (OTO/BIEN)	0.00	4,161	0	4,161	8,322	0.00	4,161	0	4,161	8,322
DP 1002 - Meat Inspection Field Supplies (OTO/BIEN)	0.00	6,725	0	6,725	13,450	0.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$10,886</b>	<b>\$0</b>	<b>\$10,886</b>	<b>\$21,772</b>	<b>0.00</b>	<b>\$4,161</b>	<b>\$0</b>	<b>\$4,161</b>	<b>\$8,322</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$8,909</b>	<b>\$1</b>	<b>\$14,565</b>	<b>\$23,475</b>	<b>0.00</b>	<b>\$3,977</b>	<b>\$0</b>	<b>\$9,633</b>	<b>\$13,610</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1001 - Meat Inspector Training OTO/BIEN - The legislature approved funding from the general fund and the meat and poultry inspection account for training for the Food Safety Inspection Service (FSIS) meat inspection program to maintain equal status in the federal state cooperative agreement.

DP 1002 - Meat Inspection Field Supplies OTO/BIEN - The legislature approved funding from the general fund and the meat and poultry inspection account for meat inspection equipment for field and office work used for the FSIS cooperative agreement. Funding is for items such as antibiotic test kits incubators, data loggers, and thermal couplers. This request is funded with 50% general fund and 50% federal funds.

**New Proposals**

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings	10	0.00	(18,130)	0	(16,619)	(34,749)	0.00	(18,141)	0	(16,630)	(34,771)
DP 1003 - Meat Inspection - New Plants (OTO)	10	1.00	19,636	0	19,636	39,272	1.00	19,636	0	19,636	39,272
<b>Total</b>	<b>1.00</b>	<b>\$1,506</b>	<b>\$0</b>	<b>\$3,017</b>	<b>\$4,523</b>	<b>1.00</b>	<b>\$1,495</b>	<b>\$0</b>	<b>\$3,006</b>	<b>\$4,501</b>	

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 1003 - Meat Inspection - New Plants (OTO) - The legislature approved funding from the general fund and the meat and poultry inspection account for a meat inspector for new plants. Currently, there are six new plants that are requesting to begin operations. The legislature added 1.00 FTE meat inspector in the 2015 biennium funded with 50% general fund and 50% federal funds.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

“Centralized Services Program includes a reduction in state special revenue of \$116,334 in fiscal year 2014 and \$116,408 in fiscal year 2015. Meat and Poultry Inspection Program includes a reduction in general fund of \$18,130 in fiscal year 2014 and \$18,141 in fiscal year 2015 and federal special revenue of \$16,619 in fiscal year 2014 and \$16,630 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	544.78	544.78	545.78	545.78	544.78	545.78	1.00	0.18%
Estimated Impact of HB 2*			(22.49)	(22.49)		(22.49)	(22.49)	
<b>Net Estimated FTE*</b>			<b>523.29</b>	<b>523.29</b>		<b>523.29</b>	<b>(21.49)</b>	
Equipment & Intangible Assets	989,822	930,497	1,165,808	1,166,472	1,920,319	2,332,280	411,961	21.45%
Capital Outlay	11,128	122,204	11,128	11,128	133,332	22,256	(111,076)	(83.31%)
Local Assistance	0	0	5,000,000	5,000,000	0	10,000,000	10,000,000	n/a
Grants	1,553,481	1,476,647	1,993,481	1,593,481	3,030,128	3,586,962	556,834	18.38%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	1,343,852	1,331,665	1,331,297	1,325,194	2,675,517	2,656,491	(19,026)	(0.71%)
Debt Service	381,946	473,418	641,253	631,370	855,364	1,272,623	417,259	48.78%
<b>Total Costs</b>	<b>\$48,801,644</b>	<b>\$54,140,515</b>	<b>\$60,871,400</b>	<b>\$58,047,315</b>	<b>\$102,942,159</b>	<b>\$118,918,715</b>	<b>\$15,976,556</b>	<b>15.52%</b>
General Fund	21,727,611	22,811,451	23,666,442	23,614,354	44,539,062	47,280,796	2,741,734	6.16%
State Special	25,053,700	29,275,510	35,208,644	32,441,542	54,329,210	67,650,186	13,320,976	24.52%
Federal Special	2,020,333	2,053,554	1,996,314	1,991,419	4,073,887	3,987,733	(86,154)	(2.11%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$48,801,644</b>	<b>\$54,140,515</b>	<b>\$60,871,400</b>	<b>\$58,047,315</b>	<b>\$102,942,159</b>	<b>\$118,918,715</b>	<b>\$15,976,556</b>	<b>15.52%</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

### Agency Description

Mission: To help ensure Montana's land and water resources provide benefits for present and future generations.

The department is responsible for managing state trust land, protecting Montana's natural resources from wildfire; promoting stewardship of state water, soil, forest, and rangeland resources; providing assistance to the conservation districts; providing natural resource conservation education; and providing support to the Reserved Water Rights Compact Commission (will sunset July 2013) and the Board of Oil and Gas Conservation.

The department also administers the State Board of Land Commissioners, composed of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State. This board exercises general authority, direction, and control over the care, management, and disposition of state lands under its administration. The department director is the chief administrative officer of the board.

### Agency Highlights

Department of Natural Resources and Conservation	
Major Budget Highlights	
◆	The legislatively approved budget increased 15.5% over the 2013 biennium, with the primary initiatives being: <ul style="list-style-type: none"> <li>• \$2.6 million from state special revenue for overtime at the Broadwater hydropower facility, fisheries mitigation work, continued rehabilitation on the Ruby Dam and other state water projects, and loan repayment for Middle Creek Dam</li> <li>• \$200,000 per year in drinking water loan forgiveness</li> <li>• \$5.0 million per year for loan appropriation authority</li> <li>• Transfer of 3.00 FTE to the Water Court as part of the water rights adjudication process</li> </ul>

**Summary of Legislative Action**

The legislature approved a biennial budget of \$118.9 million, of which \$67.7 million is derived from state special revenue. The total budget includes \$4.9 million in statewide present law adjustment, \$15.8 million in present law adjustments, and \$662,620 in new proposals.

The legislature had approved an additional \$1.4 million to the Board of Oil and Gas Conservation for educational purposes and \$0.5 million for Montana Rural Water Systems (MRWS). These items were line-item vetoed by the Governor. HB 2 also includes \$1.3 million in state special revenue for conservation districts and a water center at the Montana University System that are contingent on passage and approval of HB 556, a bill that would have eliminated the transfer of the balance of the coal tax shared account to the general fund to support projects listed above. The Governor vetoed this bill. As of this writing, a veto override poll had been sent to legislators. Therefore, these funds are still reflected in the agency comparison table.

Items that the legislature focused on that were passed and approved included \$740,000 over the biennium to continue an oil recovery study and compliance and field inspections and a decrease of \$1.4 million by an additional 2% vacancy savings rate applied to the Forestry and Trust Land Division, which can be allocated throughout the agency.

*Fire Suppression*

Montana had a severe 2012-2013 fire season. As a result, a large supplemental was appropriated to pay the fire suppression costs determined to be the responsibility of the state. The Figure shows the total current and projected fire suppression costs to the end of FY 2013, and how those costs were funded. As shown, the total is \$60.3 million, of which all but \$10.0 million is the responsibility of the state.

The legislature took two major actions to address future fire costs:

- o Appropriated more general fund for fire suppression in HB 3 than was necessary to pay current and projected 2013 biennium fire costs, with the unobligated balance transferred to the fire suppression fund. As of this writing, the amount to be transferred is estimated at \$14.2 million of the \$50 million appropriated in HB 3
- o Passed HB 354, which transfers the following potential funding sources to the fire suppression fund:
  - o Any unencumbered and unexpended funds from the Governor’s emergency statutory appropriation at the end of the biennium
  - o Any unencumbered and unexpended general fund reversions in excess of 0.5% of total general fund appropriations each fiscal year as long as no reductions are required as provided in MCA 17-7-140
  - o Any corporate license tax collected in excess of the revenue estimate each fiscal year through FY 2015

Fire Suppression Costs and Sources of Funding FY 2013	
Total Actual and Projected Fire Costs	FY 2013
Other Parties Responsibility	\$10,006,875
State Responsibility	<u>50,251,567</u>
<b>Total</b>	<b>\$60,258,442</b>
Method of Funding State Responsibility	
Fire Suppression Fund*	4,100,000
Governor's Emergency Fund	10,368,145
Supplemental Appropriation**	<u>35,783,422</u>
<b>Total</b>	<b><u>\$50,251,567</u></b>

\*Total amount available in FY 2013 prior to replenishment by HB 354.

\*\*Total appropriation in HB 3 was \$50 million, with the additional funds transferred to the fire suppression fund.

Sources of Funding for Fire Suppression Fund 2015 Biennium	
Sources	2015 Biennium
Excess Supplemental Appropriation*	\$14,216,578
HB 354	
Excess Corporate License over Revenue Estimate	**
Excess Governor's Emergency Fund	**
Reversions over 0.5%	**
*Projected as of May 10, 2013.	
**No projections at this time.	

The fire suppression fund is capped at \$100 million and statutorily appropriated to the Department of Natural Resources and Conservation.

### Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 22.49 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

### Funding

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

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$47,280,796	\$0	\$0	\$47,280,796	37.8%
State Special Total	67,650,186	-	-	67,650,186	54.1%
Federal Special Total	3,987,733	-	-	3,987,733	3.2%
Proprietary Total	-	6,108,957	-	6,108,957	4.9%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
<b>Total All Funds</b>	<b>\$118,918,715</b>	<b>\$6,108,957</b>	<b>\$0</b>	<b>\$125,027,672</b>	
<b>Percent - Total All Sources</b>	<b>95.1%</b>	<b>4.9%</b>	<b>0.0%</b>		

General fund supports operating costs across the department. The programs in the Forestry Division and the Water Resource Division receive the most general fund support.

The agency receives funds from interest derived from the resource indemnity trust (RIT), Resource Indemnity Groundwater Assessment (RIGWA) taxes, metal mines and oil and gas taxes for projects and operational support. The grant and loan programs funded by the RIT funds are also managed by the agency. A discussion on RIT and related funds can be found in the agency narrative of the Department of Environmental Quality.

Other state special revenue is derived from fire protection taxes, oil and gas operating fees, forest improvement fees, and revenues retained from state land activities for administration costs. Federal funds come from a variety of sources such as the Federal Emergency Management Agency, the United States Department of Agriculture, and the Bureau of Land Management. The agency includes proprietary funding that does not require an appropriation and so does not appear in HB 2. Rates charged to generate these funds are approved by the legislature and discussed in the individual program narratives that follow. This agency has an air operations fund and the seedling nursery fund. Both can be found at the end of the Forestry Division.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	21,727,611	21,727,611	43,455,222	91.91%	48,801,644	48,801,644	97,603,288	82.08%
Statewide PL Adjustments	1,790,458	1,735,676	3,526,134	7.46%	2,479,955	2,406,913	4,886,868	4.11%
Other PL Adjustments	440,991	443,930	884,921	1.87%	8,979,190	6,824,989	15,804,179	13.29%
New Proposals	(292,618)	(292,863)	(585,481)	(1.24%)	610,611	13,769	624,380	0.53%
<b>Total Budget</b>	<b>\$23,666,442</b>	<b>\$23,614,354</b>	<b>\$47,280,796</b>		<b>\$60,871,400</b>	<b>\$58,047,315</b>	<b>\$118,918,715</b>	

### Other Legislation

**HB 3** - This bill appropriates \$50.0 million for fire costs incurred and anticipated in the 2013 biennium and to replenish the fire suppression fund. For a further discussion, see the Fire Suppression discussion in the Summary of Legislative Action section of this narrative.

**HB 6** - This bill appropriates \$29.5 million, all from the natural resources projects account, for the renewable resource grant and loan (RRGL) program.

**HB 7** - This bill appropriates \$6.2 million, all from the natural resources projects account, for the reclamation and development grant program (RDGP).

**HB 11** - This bill appropriates \$17,000,000 from the treasure state endowment regional water system special revenue account to finance the state's share of regional water system projects authorized in MCA 90-6-715 (2).

**HB 13** - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

**HB 354** - This bill transfers the following potential funding sources to the fire suppression fund:

- Any unencumbered and unexpended funds from the Governor's emergency statutory appropriation at the end of the biennium
- Any unencumbered and unexpended general fund reversions in excess of 0.5% of total general fund appropriations each fiscal year as long as no reductions are required as provided in MCA 17-7-140
- Any corporate license tax collected in excess of the revenue estimate each fiscal year through FY 2015

**HB 586** - This bill amends the aquatic invasive species act and appropriates \$1.0 million to the Department of Fish, Wildlife, and Parks and \$300,000 to the Department of Natural Resources and Conservation from the general fund for the 2015 biennium for prevention and eradication of aquatic invasive species.

**SB 410** –This bill includes a one-time-only biennial appropriation of \$7.5 million general fund to the Governor’s Office. The funding can be transferred at the Governor’s discretion in the 2015 biennium to the following departments for operations costs:

- o Governor’s Office
- o Public Health and Human Services
- o Natural Resources and Conservation
- o Environmental Quality
- o Administration
- o Commerce
- o Revenue
- o Corrections
- o Labor and Industry

Any funds transferred are one-time-only and consequently will not be part of the FY 2014 budget base.

**Executive Budget Comparison**

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	544.78	542.78	545.78	3.00	542.78	545.78	3.00	
Estimated Impact of HB 2*			(22.49)	(22.49)		(22.49)	(22.49)	
<b>Net Estimated FTE*</b>			<b>523.29</b>	<b>(19.49)</b>		<b>523.29</b>	<b>(19.49)</b>	
Personal Services	31,457,109	33,810,098	33,250,474	(559,624)	33,838,456	33,278,045	(560,411)	(1,120,035)
Operating Expenses	13,064,306	16,731,521	17,277,959	546,438	14,491,935	14,841,625	349,690	896,128
Equipment & Intangible Assets	989,822	1,116,676	1,165,808	49,132	1,116,676	1,166,472	49,796	98,928
Capital Outlay	11,128	11,128	11,128	0	11,128	11,128	0	0
Local Assistance	0	5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Grants	1,553,481	1,553,481	1,993,481	440,000	1,553,481	1,593,481	40,000	480,000
Benefits & Claims	0	200,000	200,000	0	200,000	200,000	0	0
Transfers	1,343,852	1,331,297	1,331,297	0	1,325,194	1,325,194	0	0
Debt Service	381,946	641,253	641,253	0	631,370	631,370	0	0
<b>Total Costs</b>	<b>\$48,801,644</b>	<b>\$60,395,454</b>	<b>\$60,871,400</b>	<b>\$475,946</b>	<b>\$58,168,240</b>	<b>\$58,047,315</b>	<b>(\$120,925)</b>	<b>\$355,021</b>
General Fund	21,727,611	24,185,711	23,666,442	(519,269)	24,133,452	23,614,354	(519,098)	(1,038,367)
State/Other Special	25,053,700	34,149,975	35,208,644	1,058,669	31,979,863	32,441,542	461,679	1,520,348
Federal Special	2,020,333	2,059,768	1,996,314	(63,454)	2,054,925	1,991,419	(63,506)	(126,960)
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$48,801,644</b>	<b>\$60,395,454</b>	<b>\$60,871,400</b>	<b>\$475,946</b>	<b>\$58,168,240</b>	<b>\$58,047,315</b>	<b>(\$120,925)</b>	<b>\$355,021</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget decreased by \$931,979 from the executively proposed budget. The primary differences include new proposals accounting for \$740,000 over the biennium to continue an oil recovery study and compliance and field inspections that the Governor had not recommended, offset by a decrease of \$1.4 million resulting from an additional 2% vacancy savings.

Included in the table above is the expenditures contingent upon passage and approval of HB 556 detailed on page 2 of this summary. The table shows an increase of \$355,021 over the Governor’s proposed budget.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

"During the 2015 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 2015 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 2015 biennium, up to \$2,200,000 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."

"The department is appropriated up to \$600,000 for the 2015 biennium from the natural resources operations account established in 15-38-301 for the purchase of prior liens on property held as loan security as provided in 85-1-615."

"The department is appropriated up to \$200,000 for the 2015 biennium from the coal bed methane protection account established in 76-15-904 for potential landowner or water right holder claims for emergency loss of water related to coal bed methane development."

"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."

"If House Bill No. 556 is not passed and approved, Yellowstone River Conservation District Council, Sheridan County Conservation District, Conservation District Support, MT Salinity Drilling Equipment, MT Salinity Technical Assistance, and MSU Montana Water Center funding is void."

"Forestry and Trust Lands includes a reduction in general fund of \$296,118 in fiscal year 2014 and \$296,363 in fiscal year 2015, state special revenue of \$345,471 in fiscal year 2014 and \$345,757 in fiscal year 2015, and federal special revenue of \$63,454 in fiscal year 2014 and \$63,506 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	55.50	55.50	56.50	56.50	55.50	56.50	1.00	1.80%
Personal Services	3,298,585	3,678,126	3,834,406	3,833,742	6,976,711	7,668,148	691,437	9.91%
Operating Expenses	1,535,224	892,084	1,616,387	1,465,386	2,427,308	3,081,773	654,465	26.96%
<b>Total Costs</b>	<b>\$4,833,809</b>	<b>\$4,570,210</b>	<b>\$5,450,793</b>	<b>\$5,299,128</b>	<b>\$9,404,019</b>	<b>\$10,749,921</b>	<b>\$1,345,902</b>	<b>14.31%</b>
General Fund	3,117,526	3,044,606	3,497,385	3,418,502	6,162,132	6,915,887	753,755	12.23%
State Special	1,470,507	1,275,663	1,685,156	1,618,584	2,746,170	3,303,740	557,570	20.30%
Federal Special	245,776	249,941	268,252	262,042	495,717	530,294	34,577	6.98%
<b>Total Funds</b>	<b>\$4,833,809</b>	<b>\$4,570,210</b>	<b>\$5,450,793</b>	<b>\$5,299,128</b>	<b>\$9,404,019</b>	<b>\$10,749,921</b>	<b>\$1,345,902</b>	<b>14.31%</b>

### Program Description

Centralized Services Division is comprised of the Director's Office, Legal Services Office, Financial Services Office, Office of Information Technology, and the Human Resources Office. The director is responsible for the administration of all the functions vested by law in the department and for establishing policy to be followed by the department. In addition, the work units in the Centralized Services Division provide legal, personnel, financial, budgetary, procurement and contracting, information technology, and communications services to the director and the divisions within the agency.

### Program Highlights

<b>Centralized Serviced Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increased 14.31% over the 2013 biennium, primarily due to present law adjustments, including 1.00 FTE for an applications developer and an agency-wide records management and imaging program</li> </ul>

### Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Centralized Services							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$6,915,887	\$0	\$0	\$6,915,887	64.3%		
State Special Total	\$3,303,740	\$0	\$0	\$3,303,740	30.7%		
02039 Forestry-fire Protection Taxes	\$362,795	\$0	\$0	\$362,795	3.4%		
02052 Rangeland Improvement Loans	\$33,406	\$0	\$0	\$33,406	0.3%		
02073 Forestry - Slash Disposal	\$11,482	\$0	\$0	\$11,482	0.1%		
02145 Broadwater O & M	\$44,887	\$0	\$0	\$44,887	0.4%		
02340 Coal Sev. Tax Shared Ssr	\$19,833	\$0	\$0	\$19,833	0.2%		
02430 Water Right Appropriation	\$171,200	\$0	\$0	\$171,200	1.6%		
02431 Water Adjudication	\$592,083	\$0	\$0	\$592,083	5.5%		
02432 Oil & Gas Era	\$210,226	\$0	\$0	\$210,226	2.0%		
02576 Natural Resources Operations Ssr Fu	\$76,404	\$0	\$0	\$76,404	0.7%		
02825 Water Well Contractors	\$12,527	\$0	\$0	\$12,527	0.1%		
02938 Tlmd - Administration	\$1,768,897	\$0	\$0	\$1,768,897	16.5%		
Federal Special Total	\$530,294	\$0	\$0	\$530,294	4.9%		
03255 Csd Federal Indirect	\$530,294	\$0	\$0	\$530,294	4.9%		
Total All Funds	\$10,749,921	\$0	\$0	\$10,749,921	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The division is funded from revenue sources used throughout the department on a shared basis, with 64% general fund, 31% state special revenue, and 5% federal revenue. The state special revenue funds are allocated to cover the cost of services provided to other programs in the department. 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.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,117,526	3,117,526	6,235,052	90.16%	4,833,809	4,833,809	9,667,618	89.93%
Statewide PL Adjustments	288,947	210,093	499,040	7.22%	446,725	324,491	771,216	7.17%
Other PL Adjustments	90,912	90,883	181,795	2.63%	170,259	140,828	311,087	2.89%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$3,497,385</b>	<b>\$3,418,502</b>	<b>\$6,915,887</b>		<b>\$5,450,793</b>	<b>\$5,299,128</b>	<b>\$10,749,921</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					622,659					622,079
Vacancy Savings					(156,848)					(156,826)
Inflation/Deflation					510					1,171
Fixed Costs					(19,596)					(141,933)
<b>Total Statewide Present Law Adjustments</b>		<b>\$288,947</b>	<b>\$135,302</b>	<b>\$22,476</b>	<b>\$446,725</b>		<b>\$210,093</b>	<b>\$98,132</b>	<b>\$16,266</b>	<b>\$324,491</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(288,947)	(135,302)	(22,476)	(446,725)	0.00	(210,093)	(98,132)	(16,266)	(324,491)
DP 51 - Adjustment for Statewide Personal Services	0.00	946,125	(442,327)	(37,987)	465,811	0.00	211,048	408,987	(154,782)	465,253
DP 52 - Adjustment for Statewide Operations	0.00	(651,266)	577,629	60,463	(13,174)	0.00	4,928	(310,855)	171,048	(134,879)
DP 2101 - CSD/OIT Applications Development	1.00	85,000	0	0	85,000	1.00	85,000	0	0	85,000
DP 2102 - DNRC Records Management	0.00	0	79,347	0	79,347	0.00	0	49,945	0	49,945
<b>Total Other Present Law Adjustments</b>	<b>1.00</b>	<b>\$90,912</b>	<b>\$79,347</b>	<b>\$0</b>	<b>\$170,259</b>	<b>1.00</b>	<b>\$90,883</b>	<b>\$49,945</b>	<b>\$0</b>	<b>\$140,828</b>
<b>Grand Total All Present Law Adjustments</b>	<b>1.00</b>	<b>\$379,859</b>	<b>\$214,649</b>	<b>\$22,476</b>	<b>\$616,984</b>	<b>1.00</b>	<b>\$300,976</b>	<b>\$148,077</b>	<b>\$16,266</b>	<b>\$465,319</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2101 - CSD/OIT Applications Development - The legislature approved general fund and 1.00 FTE for an applications developer to provide software engineering and application development capabilities to meet a wide variety of DNRC responsibilities across the organization. It is anticipated that internal systems development expertise will provide significant cost savings for initial application development, enhancements, and maintenance.

DP 2102 - DNRC Records Management - The legislature approved state special revenue funding, primarily from the fire protection taxes and trust land administration accounts, for the implementation of a comprehensive, agency-wide records management and imaging program using an enterprise/electronic content management (ECM) approach. The goal of the program is to increase efficiency by reducing costs and inefficiencies related to paper storage costs, space requirements, and staff time spent managing and accessing DNRC information.

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	21.50	21.50	24.50	24.50	21.50	24.50	3.00	13.95%
Personal Services	1,092,278	1,310,775	1,490,167	1,489,582	2,403,053	2,979,749	576,696	24.00%
Operating Expenses	494,829	3,757,299	872,251	745,329	4,252,128	1,617,580	(2,634,548)	(61.96%)
Equipment & Intangible Assets	52,729	48,075	86,729	86,729	100,804	173,458	72,654	72.07%
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$1,639,836</b>	<b>\$5,116,149</b>	<b>\$2,449,147</b>	<b>\$2,321,640</b>	<b>\$6,755,985</b>	<b>\$4,770,787</b>	<b>(\$1,985,198)</b>	<b>(29.38%)</b>
State Special	1,532,366	5,008,598	2,337,677	2,210,170	6,540,964	4,547,847	(1,993,117)	(30.47%)
Federal Special	107,470	107,551	111,470	111,470	215,021	222,940	7,919	3.68%
<b>Total Funds</b>	<b>\$1,639,836</b>	<b>\$5,116,149</b>	<b>\$2,449,147</b>	<b>\$2,321,640</b>	<b>\$6,755,985</b>	<b>\$4,770,787</b>	<b>(\$1,985,198)</b>	<b>(29.38%)</b>

**Program Description**

The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division’s responsibilities include the following:

- Issue drilling permits
- Classify wells
- Establish well spacing units and pooling orders
- Inspect drilling, production, and seismic operations
- Investigate complaints
- Perform engineering studies
- Determine incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects
- Operate the underground injection control program
- Plug orphan wells
- Collect and maintain complete well data and production information

**Program Highlights**

<b>Oil and Gas Conservation Division Major Budget Highlights</b>
<p>◆ The legislatively approved budget decreased by 29.38% from the previous biennium due to one-time-only funding of \$3.0 million in the 2013 biennium to fund educational and research activities of the Board of Oil and Gas per 82-11-111(7), MCA</p>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Oil & Gas Conservation Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$4,547,847	\$0	\$0	\$4,547,847	95.3%		
02432 Oil & Gas Era	\$4,547,847	\$0	\$0	\$4,547,847	95.3%		
Federal Special Total	\$222,940	\$0	\$0	\$222,940	4.7%		
03356 Oil & Gas Federal	\$222,940	\$0	\$0	\$222,940	4.7%		
Total All Funds	\$4,770,787	\$0	\$0	\$4,770,787	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The division is funded through taxes levied on oil and gas wells and the class II annual 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 (BOGC) 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. Section 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.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,639,836	1,639,836	3,279,672	68.74%
Statewide PL Adjustments	0	0	0	0.00%	245,667	247,327	492,994	10.33%
Other PL Adjustments	0	0	0	0.00%	188,490	68,582	257,072	5.39%
New Proposals	0	0	0	0.00%	375,154	365,895	741,049	15.53%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,449,147</b>	<b>\$2,321,640</b>	<b>\$4,770,787</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					300,427					300,028
Vacancy Savings					(55,457)					(55,439)
Inflation/Deflation					(2,851)					(880)
Fixed Costs					3,548					3,618
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$241,667</b>	<b>\$4,000</b>	<b>\$245,667</b>		<b>\$0</b>	<b>\$243,327</b>	<b>\$4,000</b>	<b>\$247,327</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(241,667)	(4,000)	(245,667)	0.00	0	(243,327)	(4,000)	(247,327)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	241,103	3,867	244,970	0.00	0	241,054	3,535	244,589
DP 52 - Adjustment for Statewide Operations	0.00	0	564	133	697	0.00	0	2,273	465	2,738
DP 2201 - BOGC Regulatory Program Adjustments (OTO)	0.00	0	40,360	0	40,360	0.00	0	40,452	0	40,452
DP 2202 - BOGC UIC Program Adjustments (OTO)	0.00	0	28,130	0	28,130	0.00	0	28,130	0	28,130
DP 2204 - Proc Manual & Field Inspections Sys (OTO/BIEN/RST)	0.00	0	120,000	0	120,000	0.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$188,490</b>	<b>\$0</b>	<b>\$188,490</b>	<b>0.00</b>	<b>\$0</b>	<b>\$68,582</b>	<b>\$0</b>	<b>\$68,582</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$430,157</b>	<b>\$4,000</b>	<b>\$434,157</b>	<b>0.00</b>	<b>\$0</b>	<b>\$311,909</b>	<b>\$4,000</b>	<b>\$315,909</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2201 - BOGC Regulatory Program Adjustments OTO - The legislature approved funding from the oil and gas account for board member per diem, legal services, rent, janitorial services, property tax increases, and increased vehicle purchase costs.

DP 2202 - BOGC UIC Program Adjustments OTO - The legislature approved funding from the oil and gas account for board member per diem; legal services, janitorial services, rent, and property tax increases; an engineering contract for specialized Underground Injection Control (UIC) analyses; and increased vehicle purchase costs.

DP 2204 - Proc Manual & Field Inspections Sys OTO/BIEN/RST - The legislature approved funding from the oil and gas account for a biennial, one-time-only restricted appropriation to continue the development of a field inspection procedures manual and inspection system as suggested in a legislative audit of the Oil and Gas Division. Montana Tech did a scoping study of the project in FY 2012 and will perform the work through the 2015 biennium.

**New Proposals**

New Proposals										
	-----Fiscal 2014-----					-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2208 - BOGC EOR Study (OTO)										
22	0.00	0	178,976	0	178,976	0.00	0	169,717	0	169,717
DP 2209 - Compliance and Field Inspections (OTO)										
22	3.00	0	196,178	0	196,178	3.00	0	196,178	0	196,178
<b>Total</b>	<b>3.00</b>	<b>\$0</b>	<b>\$375,154</b>	<b>\$0</b>	<b>\$375,154</b>	<b>3.00</b>	<b>\$0</b>	<b>\$365,895</b>	<b>\$0</b>	<b>\$365,895</b>

DP 2208 - BOGC EOR Study OTO - The legislature approved funding from the oil and gas account to continue the Elm Coulee EOR study, which is an engineering feasibility study to evaluate the benefits of using miscible gases to improve the recovery of Bakken oil in the Elm Coulee Field in Richland County, Montana.

DP 2209 - Compliance and Field Inspections OTO - The legislature approved funding from the oil and gas account to fund 3.00 new FTE and related expenses to assist with compliance and field inspections associated with the Bakken oil boom in Eastern Montana.

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	25.65	25.65	25.65	25.65	25.65	25.65	0.00	0.00%
Personal Services	1,759,356	1,692,406	1,772,403	1,773,145	3,451,762	3,545,548	93,786	2.72%
Operating Expenses	1,743,665	1,935,860	2,567,982	2,382,389	3,679,525	4,950,371	1,270,846	34.54%
Equipment & Intangible Assets	25,547	25,622	25,547	25,547	51,169	51,094	(75)	(0.15%)
Local Assistance	0	0	5,000,000	5,000,000	0	10,000,000	10,000,000	n/a
Grants	1,364,016	1,292,156	1,804,016	1,404,016	2,656,172	3,208,032	551,860	20.78%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$4,892,584</b>	<b>\$4,946,044</b>	<b>\$11,369,948</b>	<b>\$10,785,097</b>	<b>\$9,838,628</b>	<b>\$22,155,045</b>	<b>\$12,316,417</b>	<b>125.18%</b>
General Fund	976,643	985,337	1,005,989	1,008,041	1,961,980	2,014,030	52,050	2.65%
State Special	3,633,141	3,640,954	10,065,693	9,478,790	7,274,095	19,544,483	12,270,388	168.69%
Federal Special	282,800	319,753	298,266	298,266	602,553	596,532	(6,021)	(1.00%)
<b>Total Funds</b>	<b>\$4,892,584</b>	<b>\$4,946,044</b>	<b>\$11,369,948</b>	<b>\$10,785,097</b>	<b>\$9,838,628</b>	<b>\$22,155,045</b>	<b>\$12,316,417</b>	<b>125.18%</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. The division also manages several loan and grant programs for local communities, local governments, state agencies, and private citizens. The programs include the state revolving fund, which at the end of FY 2012 included \$530 million loaned to communities for water and waste water systems, coal severance tax loans to governmental entities totaling \$39 million, and private loans for \$21.4 million. Grant programs administered by the division include the Reclamation Development, Renewable Resource, and Conservation District grant programs.

### Program Highlights

Conservation and Resource Development Division Major Budget Highlights	
◆	The legislatively approved budget increased by budget by 125.18% from the previous biennium primarily due to a \$5.0 million per year addition for range land loans and other loans for the private non-point source loan program and funding for special projects for conservation districts.

### Program Narrative

CARDD provides tools to help communities in Eastern Montana that have need for financing of water and wastewater improvements. The legislature provided funds for increased operating costs to service the projects that come into the program.

Programs the department is planning to provide loan funding for include water and wastewater system upgrades, development, and improvements. Entities that are receiving these services include the cities of Culbertson, Glendive, Flaxville, Sidney, Billings, and Miles City, and the Dry Prairie water system, with loan amounts surpassing \$21 million.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Conservation/Resource Dev Div							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$2,014,030	\$0	\$0	\$2,014,030	9.1%		
State Special Total	\$19,544,483	\$0	\$0	\$19,544,483	88.2%		
02015 Tsep Regional Water System	\$1,463,998	\$0	\$0	\$1,463,998	6.6%		
02052 Rangeland Improvement Loans	\$1,019,000	\$0	\$0	\$1,019,000	4.6%		
02316 Go94b/ban 93d Admin	\$53,478	\$0	\$0	\$53,478	0.2%		
02340 Coal Sev. Tax Shared Ssr	\$5,687,000	\$0	\$0	\$5,687,000	25.7%		
02433 Grazing District Fees	\$48,652	\$0	\$0	\$48,652	0.2%		
02490 Drinking Water Investment	\$400,000	\$0	\$0	\$400,000	1.8%		
02576 Natural Resources Operations Ssr Fu	\$1,362,355	\$0	\$0	\$1,362,355	6.1%		
02694 Coal Bed Methane Protection	\$510,000	\$0	\$0	\$510,000	2.3%		
02971 Srf Go Bond 2000f Tax Nps/rcb	\$9,000,000	\$0	\$0	\$9,000,000	40.6%		
Federal Special Total	\$596,532	\$0	\$0	\$596,532	2.7%		
03149 Wpc Srf Fy06 Grant	\$136,259	\$0	\$0	\$136,259	0.6%		
03152 Dw Srf Fy15 Grant	\$162,007	\$0	\$0	\$162,007	0.7%		
03409 Wpc Srf Fy10 Grant	\$136,259	\$0	\$0	\$136,259	0.6%		
03430 Dw Srf Fy14 Grant	\$162,007	\$0	\$0	\$162,007	0.7%		
Total All Funds	\$22,155,045	\$0	\$0	\$22,155,045	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

General fund supports program administration, salaries, and operating expenses. Funding from the natural resource operations fund is used to administer the Reclamation and Development Grants Program (RDGP) and the Renewable Resources Grant and Loan Program (RRGLP). Coal severance tax is used to cover division administrative costs and provide grants to conservation districts for natural resource related projects such as streambed stabilization, soil conservation, educational activities, and demonstrations of new technologies. The remaining sources of state special revenue are program specific and support such activities as the Montana Grass Commission and the Treasure State Endowment Program.

*Coal Severance Tax Shared Account*

The legislature appropriates funds from the coal severance tax shared account for this program, the Department of Agriculture’s Growth through Agriculture program, and for general support of the Montana State Library. For a further discussion, see the summary section of the Department of Agriculture.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	976,643	976,643	1,953,286	96.98%	4,892,584	4,892,584	9,785,168	44.17%
Statewide PL Adjustments	25,846	27,898	53,744	2.67%	14,364	16,513	30,877	0.14%
Other PL Adjustments	0	0	0	0.00%	5,522,500	5,522,500	11,045,000	49.85%
New Proposals	3,500	3,500	7,000	0.35%	940,500	353,500	1,294,000	5.84%
<b>Total Budget</b>	<b>\$1,005,989</b>	<b>\$1,008,041</b>	<b>\$2,014,030</b>		<b>\$11,369,948</b>	<b>\$10,785,097</b>	<b>\$22,155,045</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					86,888					87,663
Vacancy Savings					(73,841)					(73,874)
Inflation/Deflation					(1,386)					(464)
Fixed Costs					2,703					3,188
<b>Total Statewide Present Law Adjustments</b>		<b>\$25,846</b>	<b>(\$3,648)</b>	<b>(\$7,834)</b>	<b>\$14,364</b>		<b>\$27,898</b>	<b>(\$3,551)</b>	<b>(\$7,834)</b>	<b>\$16,513</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(25,846)	3,648	7,834	(14,364)	0.00	(27,898)	3,551	7,834	(16,513)
DP 51 - Adjustment for Statewide Personal Services	0.00	22,754	(2,453)	(7,254)	13,047	0.00	21,943	(1,310)	(6,844)	13,789
DP 52 - Adjustment for Statewide Operations	0.00	3,092	(1,195)	(580)	1,317	0.00	5,955	(2,241)	(990)	2,724
DP 2301 - CARDD Operating Adjustments (OTO/RST)	0.00	0	171,700	23,300	195,000	0.00	0	171,700	23,300	195,000
DP 2305 - CARDD Regional Water Admin Funds (OTO/RST)	0.00	0	47,500	0	47,500	0.00	0	47,500	0	47,500
DP 2306 - Drinking Water Program Loan Forgiveness (OTO/RST)	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 2307 - CARDD Coal Bed Methane Program Operating Funds	0.00	0	80,000	0	80,000	0.00	0	80,000	0	80,000
DP 2311 - CARDD Loan Appropriation Authority	0.00	0	5,000,000	0	5,000,000	0.00	0	5,000,000	0	5,000,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$5,499,200</b>	<b>\$23,300</b>	<b>\$5,522,500</b>	<b>0.00</b>	<b>\$0</b>	<b>\$5,499,200</b>	<b>\$23,300</b>	<b>\$5,522,500</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$25,846</b>	<b>\$5,495,552</b>	<b>\$15,466</b>	<b>\$5,536,864</b>	<b>0.00</b>	<b>\$27,898</b>	<b>\$5,495,649</b>	<b>\$15,466</b>	<b>\$5,539,013</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2301 - CARDD Operating Adjustments OTO/RST - The legislature approved state and federal special revenue, primarily from the natural resources operations account, for administrative expenses related to the increasing demand for loan and grant programs administered by the division across the state and particularly in Eastern Montana. The major cost drivers are rent increases, legal fees and court costs, and janitorial services contract increases.

DP 2305 - CARDD Regional Water Admin Funds OTO/RST - The legislature approved funding from the TSEP regional water system account for regional water system operating expenses. The primary cost driver is the final engineering documents required in the Dry-Redwater and North Central Montana systems. Water system staff in these two regions are preparing the documents for federal authorization. The Dry Prairie and Musselshell systems also received minor increases in operating costs primarily related to fuel, travel, and supplies.

DP 2306 - Drinking Water Program Loan Forgiveness OTO/RST - The legislature approved one-time-only restricted funding from the drinking water investment account to match federal funds for hardship communities in the Safe Drinking Water program. These funds will be used by the state to provide local assistance to borrowers in the form of

loan forgiveness and are aimed at disadvantaged communities who borrowed from the program yet are unable to meet loan obligations. No state special funds were used in the previous biennium as federal funds awarded to the program provided the loan forgiveness.

DP 2307 - CARDD Coal Bed Methane Program Operating Funds - The legislature approved funding from the coal bed methane account to allow conservation districts with coal bed methane development or impacts associated with such development to use these funds for expenses involved in operating the Coal Bed Methane Protection Program established under 76-15-901, MCA.

DP 2311 - CARDD Loan Appropriation Authority - The legislature approved authority for range land loans and other loans in the private non-point source loan program from the rangeland improvement loans and SRF bonding account.

**New Proposals**

Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2315 - Yellowstone River Cons. District Council (OTO/RST)										
23	0.00	0	75,000	0	75,000	0.00	0	0	0	0
DP 2316 - Sheridan County Cons Dist Groundwater (OTO/RST)										
23	0.00	0	23,000	0	23,000	0.00	0	23,000	0	23,000
DP 2317 - Cons. Dist. Support (OTO/RST)										
23	0.00	0	287,000	0	287,000	0.00	0	287,000	0	287,000
DP 2318 - Upgrade Drilling Equipment MT Salinity (OTO/RST)										
23	0.00	0	112,000	0	112,000	0.00	0	0	0	0
DP 2319 - Provide Technical Assistance MT Salinity (OTO/RST)										
23	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 2320 - MT University System Water Center MSU (OTO/RST)										
23	0.00	0	400,000	0	400,000	0.00	0	0	0	0
DP 2321 - Montana Grass Conservation Commission (OTO)										
23	0.00	3,500	0	0	3,500	0.00	3,500	0	0	3,500
<b>Total</b>	<b>0.00</b>	<b>\$3,500</b>	<b>\$937,000</b>	<b>\$0</b>	<b>\$940,500</b>	<b>0.00</b>	<b>\$3,500</b>	<b>\$350,000</b>	<b>\$0</b>	<b>\$353,500</b>

DP 2315 - Yellowstone River Cons. District Council OTO/RST - The legislature approved funding from the coal tax shared account for FY 2014 for the Yellowstone River Conservation District Council. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2316 - Sheridan County Cons Dist Groundwater OTO/RST - The legislature approved funding from the coal tax shared account for each year of the biennium to support the Sheridan County Conservation District Groundwater Monitoring Program. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2317 - Cons. Dist. Support OTO/RST - The legislature approved funding from the coal taxed shared account for each year of the biennium to support the Natural Streambed Preservation Act, fire rehabilitation activities, office operations, soil health improvement, irrigation waste management, range improvement for livestock and wildlife, watershed management, and other natural resource conservation activities. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2318 - Upgrade Drilling Equipment MT Salinity OTO/RST - The legislature approved funding from the coal tax shared account for FY 2014 to upgrade drilling equipment for the Montana Salinity Control Association. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2319 - Provide Technical Assistance MT Salinity OTO/RST - The legislature approved funding from the coal tax shared account for each year of the biennium to be used by the Montana Salinity Control Association to work with the Conservation Districts to provide technical assistance to Montana's farms and ranches to address saline problems. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2320 - MT University System Water Center MSU OTO/RST - The legislature approved funding from the coal tax shared account for FY 2014 for improved water supply planning tools and outreach for the Montana University System Water Center at Montana State University. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2321 - Montana Grass Conservation Commission OTO - The legislature approved general fund for both years of the biennium to better manage grassland resources of the Montana Cooperative State Grazing Districts.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

"If House Bill No. 556 is not passed and approved, Yellowstone River Conservation District Council, Sheridan County Conservation District, Conservation District Support, MT Salinity Drilling Equipment, MT Salinity Technical Assistance, and MSU Montana Water Center funding is void."

"The department is appropriated up to \$600,000 for the 2015 biennium from the natural resources operations account established in 15-38-301 for the purchase of prior liens on property held as loan security as provided in 85-1-615."

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	145.05	145.05	142.05	142.05	145.05	142.05	(3.00)	(2.07%)
Personal Services	8,858,376	9,186,234	9,285,562	9,296,870	18,044,610	18,582,432	537,822	2.98%
Operating Expenses	2,394,726	2,748,155	4,756,467	2,764,361	5,142,881	7,520,828	2,377,947	46.24%
Equipment & Intangible Assets	33,020	66,334	33,020	33,020	99,354	66,040	(33,314)	(33.53%)
Capital Outlay	0	3,000	0	0	3,000	0	(3,000)	(100.00%)
Transfers	7,500	0	7,500	7,500	7,500	15,000	7,500	100.00%
Debt Service	363,268	469,743	622,575	612,692	833,011	1,235,267	402,256	48.29%
<b>Total Costs</b>	<b>\$11,656,890</b>	<b>\$12,473,466</b>	<b>\$14,705,124</b>	<b>\$12,714,443</b>	<b>\$24,130,356</b>	<b>\$27,419,567</b>	<b>\$3,289,211</b>	<b>13.63%</b>
General Fund	8,025,094	8,476,974	8,586,944	8,601,223	16,502,068	17,188,167	686,099	4.16%
State Special	3,451,445	3,815,106	5,889,762	3,884,741	7,266,551	9,774,503	2,507,952	34.51%
Federal Special	180,351	181,386	228,418	228,479	361,737	456,897	95,160	26.31%
<b>Total Funds</b>	<b>\$11,656,890</b>	<b>\$12,473,466</b>	<b>\$14,705,124</b>	<b>\$12,714,443</b>	<b>\$24,130,356</b>	<b>\$27,419,567</b>	<b>\$3,289,211</b>	<b>13.63%</b>

### Program Description

The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water.

Responsibilities of the division include:

- Manages and maintains the state-owned dams, reservoirs, and canals
- Develops and recommends in-state, interstate, and international water policy to the director, Governor, and Legislature
- Administers the Dam Safety, Floodplain Management, and Water Management programs
- Provides support to the Board of Water Well Contractors
- Assists the Water Court with the adjudication of pre-July 1, 1973, water rights
- Administers applications for new water rights, changes in historic water rights, and ownership updates
- Maintains centralized water rights records

The division consists of an administration unit, a compact implementation unit and five bureaus:

- Water Management Bureau
- Water Rights Bureau
- Water Adjudication Bureau
- State Water Projects Bureau
- Water Operations Bureau

The Compact Implementation unit will provide technical and legal support for implementation of approved water compacts for Indian tribes and federal agencies. In addition, the Flathead Basin Commission is administratively attached to the department.

### Program Highlights

<b>Water Resources Division Major Budget Highlights</b>
<p>◆ The legislatively approved budget increased by 13.6% from the previous biennium primarily due to various adjustments related to state water projects, including a projects adjustment of \$2.6 million from state special revenue</p>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Water Resources Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$17,188,167	\$0	\$0	\$17,188,167	62.7%		
State Special Total	\$9,774,503	\$0	\$0	\$9,774,503	35.6%		
02145 Broadwater O & M	\$981,191	\$0	\$0	\$981,191	3.6%		
02351 Water Project Lands Lease Acct	\$19,834	\$0	\$0	\$19,834	0.1%		
02404 Water Project Loans	\$616,410	\$0	\$0	\$616,410	2.2%		
02430 Water Right Appropriation	\$871,054	\$0	\$0	\$871,054	3.2%		
02431 Water Adjudication	\$3,850,462	\$0	\$0	\$3,850,462	14.0%		
02470 State Project Hydro Earnings	\$2,657,837	\$0	\$0	\$2,657,837	9.7%		
02576 Natural Resources Operations Ssr Fu	\$415,867	\$0	\$0	\$415,867	1.5%		
02694 Coal Bed Methane Protection	\$200,000	\$0	\$0	\$200,000	0.7%		
02825 Water Well Contractors	\$161,848	\$0	\$0	\$161,848	0.6%		
Federal Special Total	\$456,897	\$0	\$0	\$456,897	1.7%		
03034 Yellowstone Groundwater Nps	\$46,000	\$0	\$0	\$46,000	0.2%		
03094 Fema Federal Grants	\$410,897	\$0	\$0	\$410,897	1.5%		
Total All Funds	\$27,419,567	\$0	\$0	\$27,419,567	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Water Resources Division is predominantly funded with general fund and state special revenue, with a minor amount of federal revenue. Sources and purposes of state special revenue include:

- o Water storage account funded by direct allocation of RIT interest and revenue from water purchase contracts for the purpose of construction, operation, maintenance, and rehabilitation of state water storage projects
- o Water rights fees derived from fees collected to record rights to support water rights management
- o Funds set aside for water adjudication
- o Income derived from state owned hydroelectric projects for repair and rehabilitation of state owned water projects
- o Fees from water well contractors that support the Board of Water Well Contractors

General fund is utilized for personal services, general operating costs, and specific activities such as preparing for water litigation and map modernization. Federal funds are from Federal Emergency Management Agency (FEMA) grants and the Bureau of Reclamation.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	8,025,094	8,025,094	16,050,188	93.38%	11,656,890	11,656,890	23,313,780	85.03%
Statewide PL Adjustments	483,416	491,101	974,517	5.67%	631,650	640,770	1,272,420	4.64%
Other PL Adjustments	78,434	85,028	163,462	0.95%	2,416,584	416,783	2,833,367	10.33%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$8,586,944</b>	<b>\$8,601,223</b>	<b>\$17,188,167</b>		<b>\$14,705,124</b>	<b>\$12,714,443</b>	<b>\$27,419,567</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					960,358					971,923
Vacancy Savings					(392,143)					(392,609)
Inflation/Deflation					(6,363)					(2,161)
Fixed Costs					69,798					63,617
<b>Total Statewide Present Law Adjustments</b>		<b>\$483,416</b>	<b>\$150,167</b>	<b>(\$1,933)</b>	<b>\$631,650</b>		<b>\$491,101</b>	<b>\$151,541</b>	<b>(\$1,872)</b>	<b>\$640,770</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(483,416)	(150,167)	1,933	(631,650)	0.00	(491,101)	(151,541)	1,872	(640,770)
DP 51 - Adjustment for Statewide Personal Services	0.00	407,111	163,136	(2,032)	568,215	0.00	413,949	167,365	(2,000)	579,314
DP 52 - Adjustment for Statewide Operations	0.00	76,305	(12,969)	99	63,435	0.00	77,152	(15,824)	128	61,456
DP 2402 - WRD Stream Gaging Stations (OTO/RST)	0.00	28,726	0	0	28,726	0.00	29,700	0	0	29,700
DP 2403 - WRD Operating Adjustment	0.00	49,708	20,872	0	70,580	0.00	55,328	24,151	0	79,479
DP 2404 - WRD State Water Projects Adjustments	0.00	0	2,298,307	0	2,298,307	0.00	0	288,424	0	288,424
DP 2405 - WRD FEMA CAP Spending Authority	0.00	0	0	50,000	50,000	0.00	0	0	50,000	50,000
DP 2406 - WRD Floodplain Mapping (OTO)	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 2407 - WRD Board Of Water Well Contractors Adjustment	0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
DP 2408 - WRD Adjudication FTE Reduction	(3.00)	0	(147,029)	0	(147,029)	(3.00)	0	(146,820)	0	(146,820)
<b>Total Other Present Law Adjustments</b>	<b>(3.00)</b>	<b>\$78,434</b>	<b>\$2,288,150</b>	<b>\$50,000</b>	<b>\$2,416,584</b>	<b>(3.00)</b>	<b>\$85,028</b>	<b>\$281,755</b>	<b>\$50,000</b>	<b>\$416,783</b>
<b>Grand Total All Present Law Adjustments</b>	<b>(3.00)</b>	<b>\$561,850</b>	<b>\$2,438,317</b>	<b>\$48,067</b>	<b>\$3,048,234</b>	<b>(3.00)</b>	<b>\$576,129</b>	<b>\$433,296</b>	<b>\$48,128</b>	<b>\$1,057,553</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2402 - WRD Stream Gaging Stations OTO/RST - The legislature approved a one-time-only request from general fund for the Water Management Bureau (WMB) operating budget to cover increases in Montana's share of the cost to jointly operate and maintain 43 US Geological Services (USGS) stream gages in Montana. The funding agreement is managed through the WMB and the funding represents 67 percent of the WMB operating budget.

DNRC supported gages serve the following functions: a) 1 related to international apportionment on Poplar River; b) 1 related to FERC licensed hydropower site on Missouri River at Toston; c) 5 related to Yellowstone River Compact; d) 16 related to state owned water projects; and e) 20 related to special projects or to support local water management initiatives.

DP 2403 - WRD Operating Adjustment - The legislature approved state special and general fund at the level appropriated by the 2011 Legislature and to cover projected increases in contracted services and rent expense as well as scheduled computer replacement.

DP 2404 - WRD State Water Projects Adjustments - The legislature approved funding from the Broadwater operations and maintenance, water projects loans, and state project hydro earnings account for overtime at the Broadwater hydropower facility, fisheries mitigation work required by the Federal Energy Regulatory Commission (FERC) licenses, continued rehabilitation on the Ruby Dam and other state water projects, and debt service for repayment of a federal loan for rehabilitation on the Middle Creek Dam.

DP 2405 - WRD FEMA CAP Spending Authority - The legislature approved federal special revenue authority for the Community Assistance Program of the National Flood Insurance Program. The department receives an annual grant from the Federal Emergency Management Agency (FEMA) for the Community Assistance Program. The primary purpose of the award is to reduce the damage claims to the National Flood Insurance program by providing education and technical and administrative support to county and city planning staff involved in administering local floodplain management programs.

DP 2406 - WRD Floodplain Mapping OTO - The legislature approved funding from the coal bed methane account for contracted engineering and mapping services to continue with the process of preparing floodplain maps in the state. After the 2011 flooding, numerous elected officials reported that residents complained that they were unaware they were living in an area subject to flood hazards. The funding is to prioritize the need and provide state funds for contracting engineering and mapping services to prepare floodplain mapping in the state.

DP 2407 - WRD Board Of Water Well Contractors Adjustment - The legislature approved funding from the water well contractors account in the 2015 biennium for contracted legal and other litigation costs for the Board of Water Well Contractors. No litigation related expenses were incurred in the base year.

DP 2408 - WRD Adjudication FTE Reduction - The legislature approved a reduction from the water adjudication account and 3.00 FTE. The reduction is in accordance with the transition plan the division has in place for the sunset of the HB 22 Water Right Adjudication Program in 2020. These FTE are transferred to the Water Court in the Judicial Branch.

### **Language and Statutory Authority**

The legislature included the following language in HB 2.

"During the 2015 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 2015 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 2015 biennium, up to \$2,200,000 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."

"The department is appropriated up to \$200,000 for the 2015 biennium from the coal bed methane protection account established in 76-15-904 for potential landowner or water right holder claims for emergency loss of water related to coal bed methane development."

"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."

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	297.08	297.08	297.08	297.08	297.08	297.08	0.00	0.00%
Personal Services	16,448,514	17,219,253	16,867,936	16,884,706	33,667,767	33,752,642	84,875	0.25%
Operating Expenses	6,895,862	7,385,892	7,464,872	7,484,160	14,281,754	14,949,032	667,278	4.67%
Equipment & Intangible Assets	878,526	790,466	1,020,512	1,021,176	1,668,992	2,041,688	372,696	22.33%
Capital Outlay	11,128	119,204	11,128	11,128	130,332	22,256	(108,076)	(82.92%)
Grants	189,465	184,491	189,465	189,465	373,956	378,930	4,974	1.33%
Transfers	1,336,352	1,331,665	1,323,797	1,317,694	2,668,017	2,641,491	(26,526)	(0.99%)
Debt Service	18,678	3,675	18,678	18,678	22,353	37,356	15,003	67.12%
<b>Total Costs</b>	<b>\$25,778,525</b>	<b>\$27,034,646</b>	<b>\$26,896,388</b>	<b>\$26,927,007</b>	<b>\$52,813,171</b>	<b>\$53,823,395</b>	<b>\$1,010,224</b>	<b>1.91%</b>
General Fund	9,608,348	10,304,534	10,576,124	10,586,588	19,912,882	21,162,712	1,249,830	6.28%
State Special	14,966,241	15,535,189	15,230,356	15,249,257	30,501,430	30,479,613	(21,817)	(0.07%)
Federal Special	1,203,936	1,194,923	1,089,908	1,091,162	2,398,859	2,181,070	(217,789)	(9.08%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$25,778,525</b>	<b>\$27,034,646</b>	<b>\$26,896,388</b>	<b>\$26,927,007</b>	<b>\$52,813,171</b>	<b>\$53,823,395</b>	<b>\$1,010,224</b>	<b>1.91%</b>

### Program Description

#### *The Forestry Division*

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 programs include:

- Fire and Aviation Management - Protecting 50 million acres of state and private forest and watershed lands from wildfire through a combination of direct protection and county support
- Forest Practice Regulation - Enforcing Montana's streamside management zone regulations and monitoring the voluntary best management practices program on all forests in Montana
- Administering Montana Fire Hazard Reduction Law - Ensuring that the fire hazard created by logging and other forest management operations on private forest lands is adequately reduced, or that additional fire protection is provided until the hazard is reduced
- Providing Forestry Services - Providing technical forestry assistance to private landowners, businesses, and communities
- Tree and Shrub Nursery - Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana

#### *Trust Land Management*

The Trust Land Management Division is responsible for managing Montana's trust land resources to provide revenues to the trust beneficiaries while considering environmental factors and protecting future income generating capacity of the land. These lands currently total 5.2 million surface acres, 6.2 million mineral acres, and approximately 6,000 miles (40,000+ acres) of the beds of navigable waterways. The division provides this through four primary programs: 1) forest management; 2) agriculture and grazing management; 3) special use management; and 4) minerals management.

## Program Highlights

<b>Forestry and Trust Lands Administration Major Budget Highlights</b>	
◆	The legislatively approved budget increased by 1.9% from the previous biennium primarily due to the net of: <ul style="list-style-type: none"> <li>• Statewide present law adjustments and numerous other present law adjustments</li> <li>• Application in this program of the 2% additional vacancy savings reduction, which can be allocated across all agency programs</li> </ul>

## Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Forestry/Trust Lands							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$21,162,712	\$0	\$0	\$21,162,712	35.3%		
State Special Total	\$30,479,613	\$0	\$0	\$30,479,613	50.9%		
02031 Land Banking - Pvt Closing Costs	\$431,772	\$0	\$0	\$431,772	0.7%		
02039 Forestry-fire Protection Taxes	\$5,960,641	\$0	\$0	\$5,960,641	9.9%		
02073 Forestry - Slash Disposal	\$131,217	\$0	\$0	\$131,217	0.2%		
02449 Forest Resources-forest Improv	\$2,245,761	\$0	\$0	\$2,245,761	3.7%		
02576 Natural Resources Operations Ssr Fu	\$187,314	\$0	\$0	\$187,314	0.3%		
02623 Contract Timber Harvesting	\$802,056	\$0	\$0	\$802,056	1.3%		
02681 Historic Right-of-way Acct	\$24,778	\$0	\$0	\$24,778	0.0%		
02912 Tlmd Land Exchange Admin	\$100,000	\$0	\$0	\$100,000	0.2%		
02938 Tlmd - Administration	\$20,596,074	\$0	\$0	\$20,596,074	34.4%		
Federal Special Total	\$2,181,070	\$0	\$0	\$2,181,070	3.6%		
03471 Consolidated Grant Fy14	\$853,362	\$0	\$0	\$853,362	1.4%		
03472 Non-consolidated Grant Fy14	\$300,000	\$0	\$0	\$300,000	0.5%		
03483 Consolidated Grant Fy15	\$854,668	\$0	\$0	\$854,668	1.4%		
03484 Non-consolidated Grant Fy15	\$173,040	\$0	\$0	\$173,040	0.3%		
Proprietary Total	\$0	\$6,108,957	\$0	\$6,108,957	10.2%		
06003 State Nursery Enterprise Fund	\$0	\$1,294,640	\$0	\$1,294,640	2.2%		
06538 Air Operations Internal Svc.	\$0	\$4,814,317	\$0	\$4,814,317	8.0%		
Total All Funds	\$53,823,395	\$6,108,957	\$0	\$59,932,352	100.0%		
<b>Percent - Total All Sources</b>	<b>89.8%</b>	<b>10.2%</b>	<b>0.0%</b>				

General fund provides general division support as well as the fixed costs of the Fire and Aviation Management program. A transfer from the general fund is made to the proprietary fund, from which it is spent.

State special revenue support comes from forest improvement fees and forest protection fees. Forest improvement fees consist of \$25 for each slash hazard reduction agreement and \$.060 per thousand board feet sold, plus any forfeited fire hazard reduction bonds. Fees are established when timber sales are approved based upon the state's projected costs of slash disposal, road maintenance, and reforestation.

The department is also required to collect up to one-third of the state’s fire protection appropriation from private landowners through a forest protection fee. The other two-thirds are funded with general fund. The department is required to levy the tax so that collections equal the amount appropriated by the legislature.

The Trust Land Management Division is funded with trust fund revenue, timber sales, and forest resource fees. The remaining funding is from recreational use and resource development of state lands. Because funding for state lands is taken directly from revenues, any expenditure for administration of state lands is a direct reduction in trust income. General fund is utilized for personal services for the management of non-trust state lands.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	9,608,348	9,608,348	19,216,696	90.80%	25,778,525	25,778,525	51,557,050	95.79%
Statewide PL Adjustments	992,249	1,006,584	1,998,833	9.45%	1,141,549	1,177,812	2,319,361	4.31%
Other PL Adjustments	271,645	268,019	539,664	2.55%	681,357	676,296	1,357,653	2.52%
New Proposals	(296,118)	(296,363)	(592,481)	(2.80%)	(705,043)	(705,626)	(1,410,669)	(2.62%)
<b>Total Budget</b>	<b>\$10,576,124</b>	<b>\$10,586,588</b>	<b>\$21,162,712</b>		<b>\$26,896,388</b>	<b>\$26,927,007</b>	<b>\$53,823,395</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,846,260					1,864,324
Vacancy Savings					(731,795)					(732,506)
Inflation/Deflation					(40,958)					(23,084)
Fixed Costs					68,042					69,078
<b>Total Statewide Present Law Adjustments</b>		<b>\$992,249</b>	<b>\$251,355</b>	<b>(\$102,055)</b>	<b>\$1,141,549</b>		<b>\$1,006,584</b>	<b>\$271,803</b>	<b>(\$100,575)</b>	<b>\$1,177,812</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(992,249)	(327,059)	102,055	(1,217,253)	0.00	(1,006,584)	(347,507)	100,575	(1,253,516)
DP 51 - Adjustment for Statewide Personal Services	0.00	944,665	361,718	(116,214)	1,190,169	0.00	944,090	373,557	(110,125)	1,207,522
DP 52 - Adjustment for Statewide Operations	0.00	47,584	(34,659)	14,159	27,084	0.00	62,494	(26,050)	9,550	45,994
DP 35011 - FD & TLMD Operating & Capital Adjustments	0.00	113,704	65,772	0	179,476	0.00	114,167	66,525	0	180,692
DP 35012 - FD Federal And State Special Authority	0.00	0	50,000	51,481	101,481	0.00	0	50,000	51,307	101,307
DP 35014 - Air Operations Transfer	0.00	(8,412)	(4,143)	0	(12,555)	0.00	(12,501)	(6,157)	0	(18,658)
DP 35016 - FD Narrow Band Radios (OTO/REST)	0.00	86,353	42,533	0	128,886	0.00	86,353	42,533	0	128,886
DP 35021 - TLMD MSU-Morrill Trust Projects (BIEN/OTO)	0.00	80,000	0	0	80,000	0.00	80,000	0	0	80,000
DP 35023 - TLMD Land Transaction Funds OTO	0.00	0	204,069	0	204,069	0.00	0	204,069	0	204,069
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$271,645</b>	<b>\$358,231</b>	<b>\$51,481</b>	<b>\$681,357</b>	<b>0.00</b>	<b>\$268,019</b>	<b>\$356,970</b>	<b>\$51,307</b>	<b>\$676,296</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,263,894</b>	<b>\$609,586</b>	<b>(\$50,574)</b>	<b>\$1,822,906</b>	<b>0.00</b>	<b>\$1,274,603</b>	<b>\$628,773</b>	<b>(\$49,268)</b>	<b>\$1,854,108</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 35011 - FD & TLMD Operating & Capital Adjustments - The legislature approved general fund and state special revenue for rent increases and fire engine purchase and development.

DP 35012 - FD Federal And State Special Authority - The legislature approved funding to increase spending authority in the slash hazard reduction state special revenue account by \$50,000 as the fees collected exceed existing authority. The adjustment also includes authority to spend federal reimbursements for use of firefighting equipment on other state or federal fires, as the number of those fires has increased.

DP 35014 - Air Operations Transfer - The legislature approved a reduction of funding from the general fund and fire protection taxes account due to a decrease in the aircraft insurance premium.

DP 35016 - FD Narrow Band Radios OTO/REST - The legislature approved general fund and fire protection taxes funding to purchase narrow-band, digital capable radios and associated maintenance.

DP 35021 - TLMD MSU-Morrill Trust Projects BIEN/OTO - The legislature approved one-time-only, biennial funding from the general fund to implement and complete land management projects on the MSU-Morrill trust lands. Projects for the biennium include five timber harvest projects, timber thinning and weed management, agriculture and grazing lease renewals, commercial lease evaluations, a new phase of the Whitefish Trail, land banking and land exchange, and continuing work on the Smith Lake Dam rehabilitation project. The authority would cover contracted services, supplies and materials, and other operating costs to manage activities on the Morrill Trust Lands.

DP 35023 - TLMD Land Transaction Funds OTO - The legislature approved state special revenue, primarily from the land banking private closing costs account, to add authority to the FY 2012 appropriated level in the Trust Land Management Division.

**New Proposals**

Program	FTE	Fiscal 2014				Fiscal 2015					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 54 - Additional Vacancy Savings	35	0.00	(296,118)	(345,471)	(63,454)	(705,043)	0.00	(296,363)	(345,757)	(63,506)	(705,626)
<b>Total</b>	<b>0.00</b>	<b>(\$296,118)</b>	<b>(\$345,471)</b>	<b>(\$63,454)</b>	<b>(\$705,043)</b>	<b>0.00</b>	<b>(\$296,363)</b>	<b>(\$345,757)</b>	<b>(\$63,506)</b>	<b>(\$705,626)</b>	

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

“Forestry and Trust Lands includes a reduction in general fund of \$296,118 in fiscal year 2014 and \$296,363 in fiscal

year 2015, state special revenue of \$345,471 in fiscal year 2014 and \$345,757 in fiscal year 2015, and federal special revenue of \$63,454 in fiscal year 2014 and \$63,506 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

## Air Operations

### *Proprietary Program Description*

The air operations program in the Forestry Division is funded from the air operations proprietary account for those costs that can be supported by the aircraft rates, and by general fund and fire protection tax revenue for fixed costs. 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, and reclamation work in the Department of Environmental Quality. Fixed costs are paid by the general fund and the fire protection tax revenues since they must be paid regardless of the number of hours flown. These costs include hangar rent, insurance, and personnel costs (14.23 FTE). The general fund and fire protection taxes are appropriated by the legislature and transferred to and spent from the proprietary account. 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. Users of the aircraft include DNRC, other state agencies, and federal agencies. This revenue is deposited in the proprietary account. Statutory authority for the program is in 77-5-103, MCA.

<u>DEPT AIRCRAFT</u>	<u>CURRENT</u>	<u>2015 BIEN APPROVED</u>
Bell UH-1H Helicopters	\$1,075.00/hr	\$1,225.00/hr
Jet Ranger Helicopter	\$475.00/hr	\$515.00/hr
Cessna 180 Series Aircraft	\$150.00/hr	\$175.00/hr

## Seedling Nursery

### *Proprietary Program Description*

The Montana 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 program mission is to produce the highest quality, locally-adapted, source-identified seedlings available for conservation practices in Montana and to ensure affordable seedlings are available to Montana landowners. 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. During FY 2011 and 2012, an average of 750 landowners/businesses ordered seedlings. Of the 1.7 million seedlings grown during that time period, approximately 1.6 million seedlings were used in reforestation and stream restoration. DNRC nursery seedlings were planted in 50 of the 56 Montana counties. The nursery program is funded solely from the nursery proprietary account. No general fund or federal dollars are used in the program. Total FTE funded from the revenue generated are 10.92. Statutory authority for the program is in 77-5-404, MCA.

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	119.40	119.40	119.53	119.53	119.40	119.53	0.13	0.11%
Estimated Impact of HB 2*			(4.89)	(4.89)		(4.89)	(4.89)	
<b>Net Estimated FTE*</b>			<b>114.64</b>	<b>114.64</b>		<b>114.64</b>	<b>(4.76)</b>	
Equipment & Intangible Assets	475,714	376,124	566,389	566,389	851,838	1,132,778	280,940	32.98%
Grants	3,705,742	4,700,033	5,080,402	5,126,726	8,405,775	10,207,128	1,801,353	21.43%
Transfers	276,644	340,639	293,074	293,074	617,283	586,148	(31,135)	(5.04%)
<b>Total Costs</b>	<b>\$13,712,945</b>	<b>\$15,477,245</b>	<b>\$17,240,724</b>	<b>\$17,296,912</b>	<b>\$29,190,190</b>	<b>\$34,537,636</b>	<b>\$5,347,446</b>	<b>18.32%</b>
General Fund	921,046	923,538	969,358	927,068	1,844,584	1,896,426	51,842	2.81%
State Special	10,475,040	11,647,754	13,620,585	13,716,995	22,122,794	27,337,580	5,214,786	23.57%
Federal Special	1,854,084	2,329,665	2,076,508	2,078,203	4,183,749	4,154,711	(29,038)	(0.69%)
Other	462,775	576,288	574,273	574,646	1,039,063	1,148,919	109,856	10.57%
<b>Total Funds</b>	<b>\$13,712,945</b>	<b>\$15,477,245</b>	<b>\$17,240,724</b>	<b>\$17,296,912</b>	<b>\$29,190,190</b>	<b>\$34,537,636</b>	<b>\$5,347,446</b>	<b>18.32%</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

### Agency Description

Agency Mission: The mission of the Montana Department of Agriculture is to protect producers and consumers, and to enhance and develop agriculture and allied industries.

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

- Strengthens and diversifies the Montana agriculture industry through private-public partnerships
- Collects and publishes agricultural production and marketing statistics relating to agricultural products
- Assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibitions of agriculture
- Adopts standards for grade and other classifications of farm products
- Coordinates the planning and maintenance of economical and efficient marketing distribution systems
- Gathers and distributes marketing information concerning supply, demand, price, and movement of farm products
- Regulates production and marketing of food and fiber products
- Registers pesticides and fertilizers and enforces laws pertaining to them

## Agency Highlights

<b>Department of Agriculture Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislative approved budget increases by \$5.4 million from the previous biennium due primarily to statewide present law adjustments and new proposals, including:               <ul style="list-style-type: none"> <li>• An additional \$3.3 million from the wheat and barley marketing account for one-time-only appropriations for Wheat and Barley Committee</li> <li>• \$210,000 from state special revenue for the food and ag centers</li> <li>• Continued funding for salary increases given by the department in FY 2012 at an approximate annualized cost of \$263,000</li> </ul> </li> <li>◆ These increases were partially offset by the application of an additional 2% vacancy savings</li> </ul>

### Summary of Legislative Action

The legislature approved a biennial budget of \$34.5 million. The budget includes \$1.5 million in statewide present law adjustments, \$2.0 million in additional present law adjustments, and \$3.5 million in new proposals. The HB 2 budget is funded with 5.5% general fund.

Major budget items include:

- \$2.1 million in operating adjustments
- \$3.3 million in additional authority for the Wheat and Barley Committee
- \$200,000 for the analytical lab
- \$210,000 for the food and agricultural development centers

### Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 4.89 statewide and by 4% for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

### Funding

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

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$1,896,426	\$0	\$2,630,000	\$4,526,426	8.4%
State Special Total	27,337,580	-	1,456,301	28,793,881	53.6%
Federal Special Total	4,154,711	-	-	4,154,711	7.7%
Proprietary Total	1,148,919	116,400	14,966,414	16,231,733	30.2%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$34,537,636</u>	<u>\$116,400</u>	<u>\$19,052,715</u>	<u>\$53,706,751</u>	
Percent - Total All Sources	64.3%	0.2%	35.5%		

The Department of Agriculture is funded from general fund, state special revenue, federal special revenue, and proprietary funds.

- State special revenue is the predominant funding source, comprising 77% of the total funding in HB 2. Major funds include:
  - Wheat and Barley Research and Marketing Account (21%)
  - Noxious Weed Admin Account (13%)
  - Pesticide Account (10%)
  - Coal tax shared account

General fund comprises about 5.5% of the department's HB 2 budget and is primarily used for program activities such as grants, mad cow disease, agriculture literacy, marketing, and statistics.

#### *Coal Tax Shared Account*

The coal tax shared revenue fund is statutorily designated for libraries, conservation districts, and the Growth Through Agriculture program. The figures below summarize the condition of the fund. MCA 15-35-108 (3) provides that the ending fund balance of the coal tax shared account is to be transferred to the general fund. The fund shows a negative balance for FY 2013 and 2014. The legislature did not make adjustments to this fund due to passage of HB 556, a bill that would have eliminated the transfer for FY 2013, 2014, and 2015 and funding an additional \$1.3 million in projects, primarily for conservation districts. HB 556 was vetoed by the Governor and the \$1.3 million in projects became void and the majority of the approved funding remains in the base.

Coal Tax Shared State Special Revenue				
	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Balance	\$1,772,339	\$0	\$0	\$0
<u>Expenditures</u>				
Montana State Library	509,801	509,800	562,801	562,801
Natural Resources & Conservation	2,205,313	2,204,821	3,147,033	2,559,800
Agriculture	<u>385,856</u>	<u>374,901</u>	<u>434,565</u>	<u>435,014</u>
Total Expenditures	\$3,100,970	\$3,089,522	\$4,144,399	\$3,557,615
Revenues	<u>\$2,879,777</u>	<u>\$2,997,000</u>	<u>\$3,165,000</u>	<u>\$3,293,000</u>
Ending Fund Balance*	<u>\$1,551,146</u>	<u>(\$92,522)</u>	<u>(\$979,399)</u>	<u>(\$264,615)</u>

\*The ending fund balance transfers to the general fund at the end of each fiscal year.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	921,046	921,046	1,842,092	97.13%	13,712,945	13,712,945	27,425,890	79.41%
Statewide PL Adjustments	42,494	225	42,719	2.25%	788,493	752,149	1,540,642	4.46%
Other PL Adjustments	13,184	13,195	26,379	1.39%	1,015,309	1,015,319	2,030,628	5.88%
New Proposals	(7,366)	(7,398)	(14,764)	(0.78%)	1,723,977	1,816,499	3,540,476	10.25%
<b>Total Budget</b>	<b>\$969,358</b>	<b>\$927,068</b>	<b>\$1,896,426</b>		<b>\$17,240,724</b>	<b>\$17,296,912</b>	<b>\$34,537,636</b>	

### Other Legislation

**HB 13** – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

**HB 189**-This bill increases the maximum amount of hail insurance per acre of crops and would be phased in by the Department of Agriculture over two years. The hail insurance fund would experience increased revenues from premiums paid by policy holders and increased payments of benefits for damaged crops. HB 189 also reduces the collection fee percentage paid to the Department of Revenue and caps the transfer to the general fund.

**HB 454** – This bill provides funding for PERS defined benefit plan and revises the guaranteed annual benefit adjustment (GABA). Under current law, beginning July 1, 2013, the Growth through Agriculture program would receive a statutory appropriation of \$1.25 million from the interest earnings of the coal tax permanent fund. HB 454 maintains the statutory appropriation for this purpose at the 2013 biennium level of \$625,000 per year.

**SB 144**- This bill changes the amount the Department of Agriculture may spend to manage the noxious weed management program by assigning the percentage limit to all department non-grant expenditures rather than just administrative costs of the Department of Agriculture, and by using grant expenditures instead of total expenditures to calculate the limit. This will reduce the amount spent on department-based programs and increase the amount distributed as grants, resulting in a net zero fiscal impact, but will also reduce FTE by 1.35 in FY 2014 and 2.35 in FY 2015.

SB162- This bill transfers the administrative responsibilities of collecting hail insurance fees currently administered by the Department of Revenue to the Department of Agriculture. There are costs to the department in assisting with this transition in FY 2014. In addition, the department will no longer be entitled to withhold 2% of the fees collected for administering the collection of the hail insurance beginning January 1, 2014. As amended, the bill caps the amount transferred from the Board of Hail Insurance enterprise fund to the state general fund at \$100,000 per year, and results in a net zero impact.

### Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	119.40	124.28	119.53	(4.75)	124.28	119.53	(4.75)	
Estimated Impact of HB 2*			(4.89)	(4.89)		(4.89)	(4.89)	
<b>Net Estimated FTE*</b>			<b>114.64</b>	<b>(9.64)</b>		<b>114.64</b>	<b>(9.64)</b>	
Personal Services	6,231,460	7,050,624	6,791,932	(258,692)	7,056,429	6,797,819	(258,610)	(517,302)
Operating Expenses	3,023,385	3,635,450	4,508,927	873,477	3,593,301	4,512,904	919,603	1,793,080
Equipment & Intangible Assets	475,714	566,389	566,389	0	566,389	566,389	0	0
Grants	3,705,742	4,288,457	5,080,402	791,945	4,288,457	5,126,726	838,269	1,630,214
Transfers	276,644	293,074	293,074	0	293,074	293,074	0	0
<b>Total Costs</b>	<b>\$13,712,945</b>	<b>\$15,833,994</b>	<b>\$17,240,724</b>	<b>\$1,406,730</b>	<b>\$15,797,650</b>	<b>\$17,296,912</b>	<b>\$1,499,262</b>	<b>\$2,905,992</b>
General Fund	921,046	1,114,782	969,358	(145,424)	1,072,513	927,068	(145,445)	(290,869)
State/Other Special	10,475,040	12,012,131	13,620,585	1,608,454	12,016,003	13,716,995	1,700,992	3,309,446
Federal Special	1,854,084	2,122,757	2,076,508	(46,249)	2,124,236	2,078,203	(46,033)	(92,282)
Proprietary	462,775	584,324	574,273	(10,051)	584,898	574,646	(10,252)	(20,303)
<b>Total Funds</b>	<b>\$13,712,945</b>	<b>\$15,833,994</b>	<b>\$17,240,724</b>	<b>\$1,406,730</b>	<b>\$15,797,650</b>	<b>\$17,296,912</b>	<b>\$1,499,262</b>	<b>\$2,905,992</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget increases state special revenue funding by \$1.4 million for FY 2014 and \$1.5 million for FY 2015 over the level proposed by the executive. The adjustment included a one-time-only adjustment of \$105,000 each year of the biennium from the research and commercialization account for the food and agricultural development centers, \$3.3 million for the biennium for additional appropriation authority for the Wheat and Barley Committee from the wheat and barley account, and a reduction of \$280,000 for the biennium, all from general fund, for eurasian watermilfoil.

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	14.87	14.87	15.00	15.00	14.87	15.00	0.13	0.87%
Personal Services	989,461	987,963	943,446	945,655	1,977,424	1,889,101	(88,323)	(4.47%)
Operating Expenses	164,932	166,632	184,726	140,096	331,564	324,822	(6,742)	(2.03%)
<b>Total Costs</b>	<b>\$1,154,393</b>	<b>\$1,154,595</b>	<b>\$1,128,172</b>	<b>\$1,085,751</b>	<b>\$2,308,988</b>	<b>\$2,213,923</b>	<b>(\$95,065)</b>	<b>(4.12%)</b>
General Fund	126,572	120,913	140,820	97,483	247,485	238,303	(9,182)	(3.71%)
State Special	794,993	795,020	753,317	753,207	1,590,013	1,506,524	(83,489)	(5.25%)
Federal Special	109,835	110,134	105,866	106,082	219,969	211,948	(8,021)	(3.65%)
Other	122,993	128,528	128,169	128,979	251,521	257,148	5,627	2.24%
<b>Total Funds</b>	<b>\$1,154,393</b>	<b>\$1,154,595</b>	<b>\$1,128,172</b>	<b>\$1,085,751</b>	<b>\$2,308,988</b>	<b>\$2,213,923</b>	<b>(\$95,065)</b>	<b>(4.12%)</b>

### Program Description

The Central Services Division provides support services for the department, 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 policy development for the department as well as coordination with the agricultural industry and other branches of government.

### Program Highlights

<b>Centralized Services Division Major Budget Highlights</b>	
◆	The legislatively approved budget decreased 4.12% from the previous biennium primarily due to the following adjustments: <ul style="list-style-type: none"> <li>• Additional vacancy savings of \$288,255 for the biennium</li> <li>• Statewide present law adjustments of \$189,622</li> </ul>

### Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget - Centralized Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$238,303	\$0	\$0	\$238,303	10.7%		
State Special Total	\$1,506,524	\$0	\$19,225	\$1,525,749	68.3%	80-11-518	Direct
02040 Wheat & Barley Research & Mktg	\$223,746	\$0	\$0	\$223,746	10.0%		
02068 Noxious Weed Admin Account	\$168,208	\$0	\$0	\$168,208	7.5%		
02071 Anhydrous Ammonia Account	\$4,190	\$0	\$0	\$4,190	0.2%		
02093 Alfalfa Leaf Cutting Bee	\$1,228	\$0	\$0	\$1,228	0.1%		
02178 Cherry Check-off	\$0	\$0	\$486	\$486	0.0%		
02192 Pesticide Groundwater Account	\$243,517	\$0	\$0	\$243,517	10.9%		
02193 Pesticide Account	\$328,786	\$0	\$0	\$328,786	14.7%		
02198 Fert. Groundwater Account	\$7,184	\$0	\$0	\$7,184	0.3%		
02205 Pulse Crop Research & Mrktg	\$0	\$0	\$16,055	\$16,055	0.7%	80-11-518	Direct
02264 Organic Certification	\$56,630	\$0	\$0	\$56,630	2.5%		
02265 Fsi Produce	\$65,202	\$0	\$0	\$65,202	2.9%		
02266 Commodity Dealer/warehouse	\$21,182	\$0	\$0	\$21,182	0.9%		
02267 Nursery Account	\$52,088	\$0	\$0	\$52,088	2.3%		
02268 Produce Account	\$125,998	\$0	\$0	\$125,998	5.6%		
02269 Seed Account	\$23,486	\$0	\$0	\$23,486	1.1%		
02340 Coal Sev. Tax Shared Ssr	(\$160,907)	\$0	\$0	(\$160,907)	-7.2%		
02341 Weed Seed Free Forage Account	\$6,188	\$0	\$0	\$6,188	0.3%		
02452 Commercial Fertilizer	\$54,626	\$0	\$0	\$54,626	2.4%		
02453 Grain Services	\$161,778	\$0	\$0	\$161,778	7.2%		
02454 Commercial Feed	\$106,078	\$0	\$0	\$106,078	4.8%		
02792 Apiary Account	\$17,316	\$0	\$0	\$17,316	0.8%		
02793 Potato Research & Marketing	\$0	\$0	\$2,684	\$2,684	0.1%		
Federal Special Total	\$211,948	\$0	\$0	\$211,948	9.5%		
03120 Agriculture Cmd Federal	\$211,948	\$0	\$0	\$211,948	9.5%		
Proprietary Total	\$257,148	\$0	\$0	\$257,148	11.5%		
06052 Hail Insurance	\$257,148	\$0	\$0	\$257,148	11.5%		
Total All Funds	\$2,213,923	\$0	\$19,225	\$2,233,148	100.0%		
<b>Percent - Total All Sources</b>	<b>99.1%</b>	<b>0.0%</b>	<b>0.9%</b>				

The Central Services Division (CSD) is funded based on the expenditures of the two divisions of the agency and their funding sources. A portion of the funding is an indirect cost reimbursement from federal grants administered by the agency. The division also uses an administrative assessment charged to the general fund, state special, and proprietary revenue accounts used by the divisions that are supported by CSD activities. General fund is used to account for any difference between the assessed amount and the budgeted expenditures for the CSD and for the costs associated with the legislative audit.

The division is funded primarily with state special revenue, with general fund accounting for approximately 10.7% of the 2015 biennium budget. Major state special revenue, federal, and proprietary funds are:

- Wheat and Barley Research and Marketing Account
- Pesticide Groundwater Account
- Pesticide Account
- Agricultural CMD Fund (federal)
- Hail Insurance Fund (proprietary)

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	126,572	126,572	253,144	106.23%	1,154,393	1,154,393	2,308,786	104.28%
Statewide PL Adjustments	19,754	(23,562)	(3,808)	(1.60%)	115,983	73,679	189,662	8.57%
Other PL Adjustments	1,860	1,871	3,731	1.57%	1,860	1,870	3,730	0.17%
New Proposals	(7,366)	(7,398)	(14,764)	(6.20%)	(144,064)	(144,191)	(288,255)	(13.02%)
<b>Total Budget</b>	<b>\$140,820</b>	<b>\$97,483</b>	<b>\$238,303</b>		<b>\$1,128,172</b>	<b>\$1,085,751</b>	<b>\$2,213,923</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					133,900					136,348
Vacancy Savings					(44,935)					(45,032)
Inflation/Deflation					(21)					12
Fixed Costs					27,039					(17,649)
<b>Total Statewide Present Law Adjustments</b>		<b>\$19,754</b>	<b>\$38,722</b>	<b>\$42,280</b>	<b>\$115,983*</b>		<b>(\$23,562)</b>	<b>\$38,723</b>	<b>\$42,280</b>	<b>\$73,679*</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(19,754)	(38,722)	(42,280)	(115,983)*	0.00	23,562	(38,723)	(42,280)	(73,679)*
DP 51 - Adjustment for Statewide Personal Services	0.00	0	35,799	39,088	88,965*	0.00	0	36,364	39,703	91,316*
DP 52 - Adjustment for Statewide Operations	0.00	21,614	2,923	3,192	28,878*	0.00	(21,691)	2,359	2,576	(15,767)*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,860</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,860*</b>	<b>0.00</b>	<b>\$1,871</b>	<b>\$0</b>	<b>(\$1)</b>	<b>\$1,870*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$21,614</b>	<b>\$38,722</b>	<b>\$42,280</b>	<b>\$117,843*</b>	<b>0.00</b>	<b>(\$21,691)</b>	<b>\$38,723</b>	<b>\$42,279</b>	<b>\$75,549*</b>

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

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

**New Proposals**

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
15	0.00	(7,366)	(80,398)	(46,249)	(144,064)*	0.00	(7,398)	(80,509)	(46,032)	(144,191)*
DP 1503 - Central Services Division FTE										
15	0.13	0	0	0	0	0.13	0	0	0	0
<b>Total</b>	<b>0.13</b>	<b>(\$7,366)</b>	<b>(\$80,398)</b>	<b>(\$46,249)</b>	<b>(\$144,064)*</b>	<b>0.13</b>	<b>(\$7,398)</b>	<b>(\$80,509)</b>	<b>(\$46,032)</b>	<b>(\$144,191)*</b>

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

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 1503 - Central Services Division FTE - The legislature approved adding 0.13 FTE. In the 2011 legislative session, the department erroneously funded a portion (0.13 FTE) of an existing permanent, full time position with statutory authority, causing the position to be split into two position numbers. Operational expenses will be transferred to statutory authority, resulting in a net zero change to the HB 2 budget. DP 1504 is a statutory appropriation adjustment, which deletes the 0.13 FTE to balance DP 1503.

**Language and Statutory Authority**

The legislature included the following language in HB 2:

“Central Management Division includes a reduction in general fund of \$7,366 in fiscal year 2014 and \$7,398 in fiscal year 2015, state special revenue of \$80,398 in fiscal year 2014 and \$80,509 in fiscal year 2015, federal special revenue of \$46,249 in fiscal year 2014 and \$46,032 in fiscal year 2015, and proprietary funds of \$10,051 in fiscal year 2014 and \$10,252 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	65.78	65.78	65.78	65.78	65.78	65.78	0.00	0.00%
Personal Services	3,703,936	3,816,092	3,992,202	3,993,528	7,520,028	7,985,730	465,702	6.19%
Operating Expenses	1,426,418	1,831,475	1,890,998	1,892,754	3,257,893	3,783,752	525,859	16.14%
Equipment & Intangible Assets	450,837	361,124	541,512	541,512	811,961	1,083,024	271,063	33.38%
Grants	2,060,581	3,130,006	2,559,047	2,559,047	5,190,587	5,118,094	(72,493)	(1.40%)
Transfers	59,412	75,842	75,842	75,842	135,254	151,684	16,430	12.15%
<b>Total Costs</b>	<b>\$7,701,184</b>	<b>\$9,214,539</b>	<b>\$9,059,601</b>	<b>\$9,062,683</b>	<b>\$16,915,723</b>	<b>\$18,122,284</b>	<b>\$1,206,561</b>	<b>7.13%</b>
General Fund	287,508	296,125	296,527	296,527	583,633	593,054	9,421	1.61%
State Special	5,690,888	6,723,883	6,817,432	6,819,035	12,414,771	13,636,467	1,221,696	9.84%
Federal Special	1,722,788	2,194,531	1,945,642	1,947,121	3,917,319	3,892,763	(24,556)	(0.63%)
<b>Total Funds</b>	<b>\$7,701,184</b>	<b>\$9,214,539</b>	<b>\$9,059,601</b>	<b>\$9,062,683</b>	<b>\$16,915,723</b>	<b>\$18,122,284</b>	<b>\$1,206,561</b>	<b>7.13%</b>

### Program Description

The Agricultural Sciences Division (ASD) administers and coordinates major activities related to:

- Pesticide management
- Pest management
- Analytical laboratory services
- Noxious weed management
- Agricultural chemical groundwater monitoring
- Seed, feed and fertilizer labeling
- Organic certification
- Nursery and plant health certification
- Apiary programs
- Commodity and produce programs

ASD also administers agricultural programs related to the regulation, certification, and shipping of commodities exported from or distributed in the state. The division provides support to the Montana Noxious Weed Management Advisory Council, Noxious Weed Seed Free Forage Advisory Council, Montana Noxious Weed Summit Advisory Council, Montana Organic Commodity Advisory Council, and the Montana Mint Committee.

### Program Highlights

<b>Agricultural Sciences Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increases 7.13% above the previous biennium due to the following: <ul style="list-style-type: none"> <li>• Statewide present law adjustments and various new proposals</li> <li>• Operating adjustment of \$1.9 million for the biennium to bring authority back to FY 2012 authorized level</li> <li>• \$200,000 for the biennium for the analytical lab</li> </ul> </li> </ul>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget - Agricultural Sciences Division							
Funds	HB 2	Non-		Total All Sources	% Total All Funds	MCA Reference	Statutory Category
		Budgeted Proprietary	Statutory Appropriation				
General Fund	\$593,054	\$0	\$0	\$593,054	3.3%		
State Special Total	\$13,636,467	\$0	\$115,800	\$13,752,267	75.4%		
02037 Mint Committee	\$30,000	\$0	\$0	\$30,000	0.2%		
02068 Noxious Weed Admin Account	\$4,000,142	\$0	\$0	\$4,000,142	21.9%		
02071 Anhydrous Ammonia Account	\$39,302	\$0	\$0	\$39,302	0.2%		
02072 Manuals & Training Account	\$70,462	\$0	\$0	\$70,462	0.4%		
02093 Alfalfa Leaf Cutting Bee	\$7,562	\$0	\$0	\$7,562	0.0%		
02192 Pesticide Groundwater Account	\$1,711,352	\$0	\$0	\$1,711,352	9.4%		
02193 Pesticide Account	\$2,630,320	\$0	\$0	\$2,630,320	14.4%		
02198 Fert. Groundwater Account	\$50,168	\$0	\$0	\$50,168	0.3%		
02264 Organic Certification	\$460,263	\$0	\$0	\$460,263	2.5%		
02265 Fsi Produce	\$536,413	\$0	\$0	\$536,413	2.9%		
02266 Commodity Dealer/warehouse	\$161,308	\$0	\$108,000	\$269,308	1.5%	80-4-416	Pass Thru
02267 Nursery Account	\$355,365	\$0	\$0	\$355,365	1.9%		
02268 Produce Account	\$1,243,691	\$0	\$0	\$1,243,691	6.8%		
02269 Seed Account	\$170,412	\$0	\$7,800	\$178,212	1.0%	80-5-510	Pass Thru
02341 Weed Seed Free Forage Account	\$114,837	\$0	\$0	\$114,837	0.6%		
02452 Commercial Fertilizer	\$464,350	\$0	\$0	\$464,350	2.5%		
02454 Commercial Feed	\$1,379,824	\$0	\$0	\$1,379,824	7.6%		
02792 Apiary Account	\$210,696	\$0	\$0	\$210,696	1.2%		
Federal Special Total	\$3,892,763	\$0	\$0	\$3,892,763	21.3%		
03118 Agriculture Asd Federal	\$3,892,763	\$0	\$0	\$3,892,763	21.3%		
Total All Funds	\$18,122,284	\$0	\$115,800	\$18,238,084	100.0%		
<b>Percent - Total All Sources</b>	<b>99.4%</b>	<b>0.0%</b>	<b>0.6%</b>				

The Agricultural Sciences Division is funded with general fund, state special revenue, and federal special revenue. General fund supports less than 5% of the division’s budget, and funds portions of the state grain lab.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	287,508	287,508	575,016	96.96%	7,701,184	7,701,184	15,402,368	84.99%
Statewide PL Adjustments	(2,305)	(2,305)	(4,610)	(0.78%)	331,581	334,663	666,244	3.68%
Other PL Adjustments	11,324	11,324	22,648	3.82%	926,836	926,836	1,853,672	10.23%
New Proposals	0	0	0	0.00%	100,000	100,000	200,000	1.10%
<b>Total Budget</b>	<b>\$296,527</b>	<b>\$296,527</b>	<b>\$593,054</b>		<b>\$9,059,601</b>	<b>\$9,062,683</b>	<b>\$18,122,284</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					453,944					455,323
Vacancy Savings					(166,178)					(166,231)
Inflation/Deflation					(4,688)					(2,160)
Fixed Costs					48,503					47,731
<b>Total Statewide Present Law Adjustments</b>		<b>(\$2,305)</b>	<b>\$433,632</b>	<b>(\$99,746)</b>	<b>\$331,581</b>		<b>(\$2,305)</b>	<b>\$435,235</b>	<b>(\$98,267)</b>	<b>\$334,663</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	2,305	(433,631)	99,745	(331,581)	0.00	2,305	(435,238)	98,270	(334,663)
DP 51 - Adjustment for Statewide Personal Services	0.00	(2,092)	411,489	(121,631)	287,766	0.00	(2,089)	412,209	(121,028)	289,092
DP 52 - Adjustment for Statewide Operations	0.00	(213)	22,142	21,886	43,815	0.00	(216)	23,029	22,758	45,571
DP 3001 - Program 30 Operating Adjustment	0.00	11,324	592,912	322,600	926,836	0.00	11,324	592,912	322,600	926,836
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$11,324</b>	<b>\$592,912</b>	<b>\$322,600</b>	<b>\$926,836</b>	<b>0.00</b>	<b>\$11,324</b>	<b>\$592,912</b>	<b>\$322,600</b>	<b>\$926,836</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$9,019</b>	<b>\$1,026,544</b>	<b>\$222,854</b>	<b>\$1,258,417</b>	<b>0.00</b>	<b>\$9,019</b>	<b>\$1,028,147</b>	<b>\$224,333</b>	<b>\$1,261,499</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 3001 - Program 30 Operating Adjustment - The legislature approved funding to restore operations authority to base levels, including general fund, multiple state special, and federal funding. Actual expenditures in FY 2012 were lower than the level authorized by the 62nd Legislature due to the variable nature of agricultural activity. This authority will be used for office supplies, field supplies, lab supplies, training, travel, equipment, and grants.

**New Proposals**

New Proposals											
-----Fiscal 2014-----						-----Fiscal 2015-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 3002 - Analytical Laboratory	30	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	

DP 3002 - Analytical Laboratory - The legislature approved funding from the commercial feed and pesticide accounts each year of the 2015 biennium to account for fee-for-service funds that were previously received, held, and expended by the Montana agricultural experiment station at Montana State University on behalf of this jointly operated laboratory. The additional authority will enable the analytical laboratory to continue to use the funds for equipment and general operational activity such as supplies, maintenance, and student interns.

**Language and Statutory Authority**

The legislature included the following language in HB 2:

“Central Management Division includes a reduction in general fund of \$7,366 in fiscal year 2014 and \$7,398 in fiscal year 2015, state special revenue of \$80,398 in fiscal year 2014 and \$80,509 in fiscal year 2015, federal special revenue of \$46,249 in fiscal year 2014 and \$46,032 in fiscal year 2015, and proprietary funds of \$10,051 in fiscal year 2014 and \$10,252 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

### Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	38.75	38.75	38.75	38.75	38.75	38.75	0.00	0.00%
Personal Services	1,538,063	1,785,633	1,856,284	1,858,636	3,323,696	3,714,920	391,224	11.77%
Operating Expenses	1,432,035	1,472,654	2,433,203	2,480,054	2,904,689	4,913,257	2,008,568	69.15%
Equipment & Intangible Assets	24,877	15,000	24,877	24,877	39,877	49,754	9,877	24.77%
Grants	1,645,161	1,570,027	2,521,355	2,567,679	3,215,188	5,089,034	1,873,846	58.28%
Transfers	217,232	264,797	217,232	217,232	482,029	434,464	(47,565)	(9.87%)
<b>Total Costs</b>	<b>\$4,857,368</b>	<b>\$5,108,111</b>	<b>\$7,052,951</b>	<b>\$7,148,478</b>	<b>\$9,965,479</b>	<b>\$14,201,429</b>	<b>\$4,235,950</b>	<b>42.51%</b>
General Fund	506,966	506,500	532,011	533,058	1,013,466	1,065,069	51,603	5.09%
State Special	3,989,159	4,128,851	6,049,836	6,144,753	8,118,010	12,194,589	4,076,579	50.22%
Federal Special	21,461	25,000	25,000	25,000	46,461	50,000	3,539	7.62%
Other	339,782	447,760	446,104	445,667	787,542	891,771	104,229	13.23%
<b>Total Funds</b>	<b>\$4,857,368</b>	<b>\$5,108,111</b>	<b>\$7,052,951</b>	<b>\$7,148,478</b>	<b>\$9,965,479</b>	<b>\$14,201,429</b>	<b>\$4,235,950</b>	<b>42.51%</b>

### Program Description

The Agricultural Development Division (ADD) administers programs to promote Montana agriculture by working through:

- The Rural Development Bureau
- The Agriculture Marketing & Business Development Bureau
- The State Grain Laboratory
- The Wheat and Barley Committee, which is attached to the Department of Agriculture for administrative purposes. It is composed of seven members appointed by the Governor for 3 year terms and oversees the Wheat and Barley program.
- The Montana Agriculture Development Council, which is attached to the Department of Agriculture for administrative purposes. It is composed of seven members appointed by the Governor for 3 year terms and oversees the Montana Growth through Agriculture Program.

There are five agricultural commodity research and marketing committees that are administratively attached to the Department of Agriculture and supported by the Agricultural Development Division. These committees are comprised primarily of producers of their given commodities who provide direction for the development, research, and marketing of their products and industries. These committees are:

- The Alfalfa Seed Committee
- The Montana Wheat and Barley Committee
- The Cherry Advisory Committee
- The Potato Advisory Committee
- The Pulse Crop Advisory Committee

The division houses two proprietary programs:

- The Hail Insurance Program, managed by the Hail Insurance Board, providing low-cost hail insurance coverage for crops grown in Montana.
- The Farm and Ranch Loan Program, a federally supported program to assist beginning farmers and ranchers in the state to acquire agricultural land.

The division also provides agricultural literacy services around the state.

**Program Highlights**

<b>Agricultural Development Division Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increased 42.51% above the previous biennium due primarily to the following:                             <ul style="list-style-type: none"> <li>• Statewide present law adjustments</li> <li>• Operating adjustment of \$173,200 for the biennium to bring authority back to the FY 2012 authorized level</li> <li>• \$76,151 each year of the biennium from the Coal Severance Tax Shared Account for increased grants and loans related to agricultural development</li> <li>• \$210,000 from the research and commercialization account for additional spending authority for the food and ag centers</li> <li>• \$3.3 million of additional appropriation authority for the biennium from the wheat and barley account for the Wheat and Barley Committee</li> </ul> </li> </ul>	

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget - Agricultural Development Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,065,069	\$0	\$2,630,000	\$3,695,069	11.1%	15-35-108	Direct
State Special Total	\$12,194,589	\$0	\$1,321,276	\$13,515,865	40.7%		
02040 Wheat & Barley Research & Mktg	\$9,195,365	\$0	\$0	\$9,195,365	27.7%		
02066 Agriculture In Mt Schools Act.	\$35,550	\$0	\$0	\$35,550	0.1%		
02132 Gta Seed Capital Account	\$0	\$0	\$284,584	\$284,584	0.9%	90-9-301	Pass Thru
02178 Cherry Check-off	\$0	\$0	\$48,204	\$48,204	0.1%	80-11-518	Direct
02205 Pulse Crop Research & Mrktg	\$0	\$0	\$879,864	\$879,864	2.6%	80-11-518	Direct
02340 Coal Sev. Tax Shared Ssr	\$869,579	\$0	\$0	\$869,579	2.6%		
02453 Grain Services	\$1,790,604	\$0	\$0	\$1,790,604	5.4%		
02461 Alfalfa Seed Assessment	\$77,991	\$0	\$0	\$77,991	0.2%		
02557 Research & Commercialization	\$210,000	\$0	\$0	\$210,000	0.6%		
02582 Certified Natural Beef	\$15,500	\$0	\$0	\$15,500	0.0%		
02793 Potato Research & Marketing	\$0	\$0	\$108,624	\$108,624	0.3%	80-11-518	Direct
Federal Special Total	\$50,000	\$0	\$0	\$50,000	0.2%		
03225 Agriculture Add Federal	\$50,000	\$0	\$0	\$50,000	0.2%		
Proprietary Total	\$891,771	\$116,400	\$14,966,414	\$15,974,585	48.1%		
06016 Beginning Farm Loans	\$0	\$116,400	\$0	\$116,400	0.4%		
06052 Hail Insurance	\$891,771	\$0	\$14,966,414	\$15,858,185	47.7%	80-2-222	Pass Thru
<b>Total All Funds</b>	<b>\$14,201,429</b>	<b>\$116,400</b>	<b>\$18,917,690</b>	<b>\$33,235,519</b>	<b>100.0%</b>		
<b>Percent - Total All Sources</b>	<b>42.7%</b>	<b>0.4%</b>	<b>56.9%</b>				

The funding for the Agricultural Development Division is dominated by state special revenue (SSR), accounting for 81.2% of the program’s HB 2 total funding. The largest account, the wheat and barley research and marketing SSR account, comprises 68.4% of the HB 2 appropriation for the program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	506,966	506,966	1,013,932	95.20%	4,857,368	4,857,368	9,714,736	68.41%
Statewide PL Adjustments	25,045	26,092	51,137	4.80%	340,929	343,807	684,736	4.82%
Other PL Adjustments	0	0	0	0.00%	86,613	86,613	173,226	1.22%
New Proposals	0	0	0	0.00%	1,768,041	1,860,690	3,628,731	25.55%
<b>Total Budget</b>	<b>\$532,011</b>	<b>\$533,058</b>	<b>\$1,065,069</b>		<b>\$7,052,951</b>	<b>\$7,148,478</b>	<b>\$14,201,429</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					395,234					397,691
Vacancy Savings					(77,013)					(77,118)
Inflation/Deflation					(1,731)					(660)
Fixed Costs					24,439					23,894
<b>Total Statewide Present Law Adjustments</b>		<b>\$25,045</b>	<b>\$269,404</b>	<b>\$0</b>	<b>\$340,929*</b>		<b>\$26,092</b>	<b>\$271,672</b>	<b>\$0</b>	<b>\$343,807*</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(25,045)	(269,404)	0	(340,929)*	0.00	(26,092)	(271,672)	0	(343,807)*
DP 51 - Adjustment for Statewide Personal Services	0.00	21,923	252,399	0	318,221*	0.00	23,426	253,558	0	320,573*
DP 52 - Adjustment for Statewide Operations	0.00	3,122	17,005	0	22,708*	0.00	2,666	18,114	0	23,234*
DP 5001 - Program 50 Operating Adjustment	0.00	0	23,232	3,539	86,613*	0.00	0	23,232	3,539	86,613*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$23,232</b>	<b>\$3,539</b>	<b>\$86,613*</b>	<b>0.00</b>	<b>\$0</b>	<b>\$23,232</b>	<b>\$3,539</b>	<b>\$86,613*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$25,045</b>	<b>\$292,636</b>	<b>\$3,539</b>	<b>\$427,542*</b>	<b>0.00</b>	<b>\$26,092</b>	<b>\$294,904</b>	<b>\$3,539</b>	<b>\$430,420*</b>

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

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 5001 - Program 50 Operating Adjustment - The legislature approved adjustments to base operations authority from the alfalfa seed assessment, hail insurance, and certified beef state special revenue accounts, and federal funding. Actual expenditures in FY 2012 were lower than the level authorized by the 62<sup>nd</sup> Legislature due to the variable nature of agricultural activity. This authority will be used for research contracts and grants, supplies, travel, and meeting expenses in the alfalfa seed, hail insurance, marketing, and certified natural beef programs.

**New Proposals**

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5002 - Coal Severance Tax Shared Account	50	0.00	0	76,151	0	76,151	0.00	0	76,151	0	76,151
DP 5003 - Ag in Montana Schools Account	50	0.00	0	3,000	0	3,000	0.00	0	3,000	0	3,000
DP 5009 - Food and Ag Center Funding (RST/OTO)	50	0.00	0	105,000	0	105,000	0.00	0	105,000	0	105,000
DP 5012 - Wheat and Barley Committee Funding (RST)	50	0.00	0	1,583,890	0	1,583,890	0.00	0	1,676,539	0	1,676,539
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,768,041</b>	<b>\$0</b>	<b>\$1,768,041</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,860,690</b>	<b>\$0</b>	<b>\$1,860,690</b>	

DP 5002 - Coal Severance Tax Shared Account - The legislature approved funding at the 2011 biennium level for grants and loans related to agricultural development, from the coal tax shared account.

DP 5003 - Ag in Montana Schools Account - The legislature approved funding from the agriculture in Montana schools account to match operating authority more closely to the revenues that are received through the voluntary check off. The additional funding will be used for supplies, printing, and travel to develop and deliver agriculture related curriculum to classroom teachers.

DP 5009 - Food and Ag Center Funding RST/OTO - The legislature approved adding funding from the research and commercialization account for the 2015 biennium to provide additional funding to the Montana food and agricultural development centers. This funds the food and agricultural development centers at \$300,000 each year of the biennium, including the statutory appropriation of \$195,000 annually authorized in MCA 90-3-1003(4) from the research and commercialization account.

DP 5012 - Wheat and Barley Committee Funding RST - The legislature approved removing \$2.9 million each year of the biennium from the wheat and barley account from the base and adding an additional appropriation of \$1.6 million in FY 2014 and \$1.7 million in FY 2015. Funding for the Wheat and Barley Committee totaled \$4.5 million for FY 2014 and \$4.6 million for FY 2015, all from the wheat and barley account.

**Proprietary Rates**

**Proprietary Program Description**

The Hail Insurance program (fund 06052) has been in operation since 1917. The function of the program is to provide low cost hail insurance coverage for crops grown in Montana to assist producers in recovering their input costs should there be hail damage. The program insures approximately 1.9 million acres of crops with coverage exceeding \$85 million each year. The program pays for 3.17 permanent FTE and 4.55 seasonal FTE to support program operations. The program is statutorily appropriated under Title 80, Chapter 2, part 2, MCA.

The Montana Beginning Farmer/Rancher Loan Program (fund 06016) is a tax-exempt bond program designed to assist beginning farmers/ranchers in the State of Montana 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, will obtain from the Montana agriculture loan authority a federally tax-exempt bond in the amount of the loan or unpaid balance. The loan and its collateral will be assigned to the financial institution as security for the bond. In the case of a contract sale, the contract will be entered into by the authority, and the financial institution will receive the bond to evidence the authority's obligations under the contract. The authority's right, title and interest in the contract will then be assigned to the beginning farmer/rancher who assumes payment obligations of the authority under the contract. Once the program is operational, it will fund a 0.50 FTE and related operating expenses. The FTE will not be filled until revenue will support it. The program is statutorily appropriated under Title 80, Chapter 12, part 2, MCA.

**Proprietary Revenues and Expenses**

The Board of Hail Insurance is responsible for estimating annual expenses and recommending the premium to be imposed on participating producers, no changes have been made in services or fees. Using the agreed upon formula, the program must maintain \$1,321,552 in cash to maintain an ongoing operation. The Department of Revenue issues the insurance policies to producers.

The Farm and Ranch Loan 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 reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

**Proprietary Rate Explanation**

The Montana Beginning Farmer/Rancher Loan Program applicants pay a \$50 application fee and a loan participation fee of 1.5% of the value of the bond.

**Language and Statutory Authority**

The legislature included the following language in HB 2:

“Central Management Division includes a reduction in general fund of \$7,366 in fiscal year 2014 and \$7,398 in fiscal year 2015, state special revenue of \$80,398 in fiscal year 2014 and \$80,509 in fiscal year 2015, federal special revenue of \$46,249 in fiscal year 2014 and \$46,032 in fiscal year 2015, and proprietary funds of \$10,051 in fiscal year 2014 and \$10,252 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”