

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	701.28	701.28	686.62	686.58	701.28	686.58	(14.70)
Personal Services	42,585,794	46,814,483	47,871,477	47,879,160	89,400,277	95,750,637	6,350,360
Operating Expenses	28,466,697	29,726,375	31,879,948	31,864,150	58,193,072	63,744,098	5,551,026
Equipment & Intangible Assets	920,550	946,038	790,831	791,031	1,866,588	1,581,862	(284,726)
Capital Outlay	0	0	0	0	0	0	0
Grants	546,310	952,466	593,910	593,910	1,498,776	1,187,820	(310,956)
Benefits & Claims	800	6,225	800	800	7,025	1,600	(5,425)
Transfers	263,797	338,408	336,721	336,721	602,205	673,442	71,237
Debt Service	21,615	21,427	16,088	12,427	43,042	28,515	(14,527)
Total Costs	\$72,805,563	\$78,805,422	\$81,489,775	\$81,478,199	\$151,610,985	\$162,967,974	\$11,356,989
General Fund	0	309,125	974,000	974,000	309,125	1,948,000	1,638,875
State/Other Special Rev. Funds	54,376,925	58,434,134	60,562,622	60,598,121	112,811,059	121,160,743	8,349,684
Federal Spec. Rev. Funds	18,428,638	20,062,163	19,953,153	19,906,078	38,490,801	39,859,231	1,368,430
Total Funds	\$72,805,563	\$78,805,422	\$81,489,775	\$81,478,199	\$151,610,985	\$162,967,974	\$11,356,989

Agency Description

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

The department is composed of seven divisions: fisheries, enforcement, wildlife, parks, communication & education, administration, and department management. During the 2013 biennium, the department reorganized eliminating a division and transferring its functions to administration.

Agency Highlights

Department of Fish, Wildlife & Parks Major Budget Highlights
<ul style="list-style-type: none"> • The biennial appropriations increased by 4.1% or approximately \$6.3 million when compared to the 2015 biennium. <ul style="list-style-type: none"> ◦ The majority of this increase was related to operating adjustments (\$5.6 million) and personal services adjustments (\$6.3 million) • The legislature provided \$1.9 million general fund to continue the Aquatic Invasive Species program • The legislature restricted both the hunter access program administration and one forest management FTE in order for further review to take place during the interim

Summary of Legislative Action

The legislature approved a biennial budget of \$163.0 million, including \$1.9 million in general fund and \$87.0 in general license funds. The budget includes \$14.5 in present law adjustments and \$679,014 in new proposals. The general license fund supplies 53.4% of the department's funding, and federal fish and wildlife funding provides 19% of the total funding. Major additions to the biennial budget include \$1.9 million for aquatic invasive species, \$561,380 in technology upgrades, and \$420,000 for snowmobile equipment. Reductions include \$2.8 million in general license funds and \$1.4 million in personal services and operating adjustments. The legislature chose to appropriate a number of items on a one-time-only basis to facilitate further study during the interim and the next legislative session. These items include:

- Aquatic invasive species
- Forest management
- Hunting access program administration

Both hunting access administration and forest management require reports to the environmental quality council during the interim (NOTE: House Bill 2 language regarding the the forest management reporting was inadvertently dropped from the final version of the bill. It was the intent of the legislature that the department report on the performance of the forest management).

Agency Discussion*License Fee Revisions*

During the 2013 interim, the Environmental Quality Council and License and Funding Citizen Advisory Committee studied ways to structure the general license fee in such a way as to generate increased revenue for the department while simplifying the structure. The general license account (GLA) is the major funding source for the department and is the depository for hunting, fishing, and conservation fees charged to residents and nonresidents. This fund accounts for 53% of the departmental budget. Traditionally, FWP has sought a fee increase when the projected fund balance approaches \$6.0 million, the minimal amount needed to buffer cash flow. The increases have been approved by the legislature about once every ten years. In early years, revenues will exceed expenditures while in the later years the reverse is true, leading to a critical balance point.

The resulting bill, HB 140, passed the legislature and was approved by the governor during the 2015 session. The legislation consists of a major revision to the entire fee structure. Among the major changes, the legislation:

- Required the department to review fees on a 4-year cycle rather than the historic, 10-year cycle

- Established a new base hunting license as a prerequisite to individual tags and stamps (Net \$8 increase for residents)
- Increased the costs of fishing licenses (Net \$3 increase for residents)
- Increased the hunting access distribution to 28.5% from 25%
- Changed discounted licenses to a standard cost of ½ the full price license. Military service-based licenses remain intact
- Increased non-resident moose, goat, sheep, and bison nonresident licenses from \$750 to \$1250
- Created a Hunter Apprentice program with ability to use hunting licenses for a limited duration

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.

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,948,000	0	0	1,948,000	1.11 %
State Special Total	121,160,743	0	3,900,281	125,061,024	71.56 %
Federal Special Total	39,859,231	0	250,000	40,109,231	22.95 %
Proprietary Total	0	7,640,984	0	7,640,984	4.37 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$162,967,974	\$7,640,984	\$4,150,281	\$174,759,239	
Percent - Total All Sources	93.25 %	4.37 %	2.37 %		

FWP is predominately funded by state special revenue sources derived from fees for hunting, fishing, and other recreational activities. The largest of these funds is the general license account. Federal sources are predominately derived from federal excise taxes on hunting and fishing equipment, grants for endangered species and state wildlife grants.

General License Funds

During the 2015 session, the legislature approved HB 140 (See Agency Discussion Section) which changed fees and the structure of the fund. Without taking into account impacts resulting from the fee increases, the following table sets forth the legislatively-approved usage of the general license fund.

	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Estimated FY 2015	Approved FY 2016	Approved FY 2017
General License Acct							
Beginning Fund Balances:	\$34.90	\$33.20	\$29.50	\$30.40	\$27.40	\$20.80	\$16.30
Revenue	38.5	39.6	40.7	39.0	39.6	40.8	41.1
Expenditures:							
HB2 Operations	(36.9)	(40.4)	(37.6)	(40.7)	(43.3)	(37.8)	(37.8)
HB5 Capital	(1.9)	(2.0)	(1.2)	(1.1)	(4.5)	(0.8)	(0.8)
Misc Items*	(1.3)	(1.0)	(0.9)	(0.1)	1.6	1.6	1.6
Total Expenditures	(40.2)	(43.4)	(39.8)	(41.9)	(46.2)	(45.3)	(46.2)
Ending Fund Balances	\$33.20	\$29.50	\$30.40	\$27.40	\$20.80	\$16.30	\$11.20
*includes reversions, carryforward							

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	73,876,464	73,876,464	147,752,928	90.66 %
PL Adjustments	974,000	974,000	1,948,000	100.00 %	7,278,702	7,257,330	14,536,032	8.92 %
New Proposals	0	0	0	0.00 %	334,609	344,405	679,014	0.42 %
Total Budget	\$974,000	\$974,000	\$1,948,000		\$81,489,775	\$81,478,199	\$162,967,974	

Other Legislation

HB 140 – Revised fees for hunting and fishing licenses, eliminated some free licenses, and created an apprentice hunting certificate

HB 167 – Increased fees for non-resident off-highway vehicles that can be used by the department

HB 212 – Clarified that trapping is a form of hunting as defined under the Montana constitution

HB 221 - Extended a fishing license to critically injured first responders as a part of rehabilitation activities

HB 279 - Revised the laws related to tagging of game animals and associated penalties

HB 300 – Created a snowmobile trail pass that must be purchased when FWP maintained or funded trails are used

HB 525 – Created a aquatic invasive species trust and grant program

HB 553 – Gave peace officers enforcement powers over aquatic invasive species infestations

HJ 13 – Requested an interim study looking at the intersection of road closures on federal lands and diminished hunting opportunities

SB 21 – Created penalties for misuse of replacement fish and game licenses

SB 46 – Allowed for electronic signatures to be used for hunting and fishing licenses

SB 230 – Required a public scoping for land acquisitions by the department over 640 acres

SB 261 – Created a Sage Grouse Oversight team that involves fish, wildlife, and parks departmental participation

SB 333 – Changed the state policy toward non-resident hunters

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	701.28	694.62	686.62	(8.00)	694.08	686.58	(7.50)	(8.00)
Personal Services	42,585,794	48,906,797	47,871,477	(1,035,320)	48,878,756	47,879,160	(999,596)	(2,034,916)
Operating Expenses	28,466,697	35,071,507	31,879,948	(3,191,559)	35,055,773	31,864,150	(3,191,623)	(6,383,182)
Equipment & Intangible Assets	920,550	794,210	790,831	(3,379)	788,710	791,031	2,321	(1,058)
Capital Outlay	0	0	0	0	0	0	0	0
Grants	546,310	593,910	593,910	0	593,910	593,910	0	0
Benefits & Claims	800	800	800	0	800	800	0	0
Transfers	263,797	363,464	336,721	(26,743)	363,464	336,721	(26,743)	(53,486)
Debt Service	21,615	16,088	16,088	0	12,427	12,427	0	0
Total Costs	\$72,805,563	\$85,746,776	\$81,489,775	(\$4,257,001)	\$85,693,840	\$81,478,199	(\$4,215,641)	(\$8,472,642)
General Fund	0	1,628,431	974,000	(654,431)	1,532,716	974,000	(558,716)	(1,213,147)
State/other Special Rev. Funds	54,376,925	61,089,624	60,562,622	(527,002)	61,128,258	60,598,121	(530,137)	(1,057,139)
Federal Spec. Rev. Funds	18,428,638	23,028,721	19,953,153	(3,075,568)	23,032,866	19,906,078	(3,126,788)	(6,202,356)
Total Funds	\$72,805,563	\$85,746,776	\$81,489,775	(\$4,257,001)	\$85,693,840	\$81,478,199	(\$4,215,641)	(\$8,472,642)

The legislature appropriated \$8.5 million less over the biennium than requested by the executive. The legislature did not approve legislative contract authority (\$6 million) and moved requested sage grouse funding (\$1.0 million) to DNRC.

Language and Statutory Authority

The legislature included the following language in HB 2:

Hunting Access Program Landowner Contracts may be used either for hunter access program payments to landowners or field services provided to manage hunting on block management areas. The department will report on Hunting Access Program Landowner Contracts to the environmental quality council in terms of acres, costs, and services provided to manage hunting on block management areas 90 days after big game hunting season ends.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	181.25	181.25	174.67	174.65	181.25	174.65	(6.60)	(3.64)%
Personal Services	10,251,922	11,391,798	11,441,687	11,441,687	21,643,720	22,883,374	1,239,654	5.73 %
Operating Expenses	5,098,487	5,934,807	6,131,415	6,167,743	11,033,294	12,299,158	1,265,864	11.47 %
Equipment & Intangible Assets	370,455	436,532	370,455	370,455	806,987	740,910	(66,077)	(8.19)%
Transfers	2,392	3,500	2,392	2,392	5,892	4,784	(1,108)	(18.81)%
Debt Service	0	0	0	0	0	0	0	0.00 %
Total Costs	\$15,723,256	\$17,766,637	\$17,945,949	\$17,982,277	\$33,489,893	\$35,928,226	\$2,438,333	7.28 %
General Fund	0	309,125	974,000	974,000	309,125	1,948,000	1,638,875	530.17 %
State/Other Special Rev. Funds	7,035,907	7,517,599	7,494,003	7,530,738	14,553,506	15,024,741	471,235	3.24 %
Federal Spec. Rev. Funds	8,687,349	9,939,913	9,477,946	9,477,539	18,627,262	18,955,485	328,223	1.76 %
Total Funds	\$15,723,256	\$17,766,637	\$17,945,949	\$17,982,277	\$33,489,893	\$35,928,226	\$2,438,333	7.28 %

Program Description

The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems as well as meeting public demand for fishing opportunities and aquatic wildlife stewardship. This 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
- Manages the fishing access site program

Program Highlights

Fisheries Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 budget decreased program funding 2.0% or \$720,300

Funding

The following table shows program funding by source from all sources of authority.

Department of Fish, Wildlife, and Parks, 03-Fisheries Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,948,000	0	0	1,948,000	5.42 %	
02051 Private Contracts & Grants	0	0	0	0	0.00 %	
02084 Fish WL Forest Management	0	0	0	0	0.00 %	
02148 Paddlefish Roe Account	49,828	0	0	49,828	0.33 %	
02333 Fishing Access Site Maint	820,124	0	0	820,124	5.46 %	
02409 General License	13,786,959	0	0	13,786,959	91.76 %	
02558 FAS - Vehicle Registration	367,830	0	0	367,830	2.45 %	
State Special Total	\$15,024,741	\$0	\$0	\$15,024,741	41.82 %	
03097 Fedl Fish(W/B) Wildlife(P/R)	12,961,249	0	0	12,961,249	68.38 %	
03129 USFWS SECTION 6	0	0	0	0	0.00 %	
03403 Misc. Federal Funds	5,150,006	0	0	5,150,006	27.17 %	
03408 State Wildlife Grants	844,230	0	0	844,230	4.45 %	
Federal Special Total	\$18,955,485	\$0	\$0	\$18,955,485	52.76 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$35,928,226	\$0	\$0	\$35,928,226		

This program is predominantly funded with GLA (General License Account) dollars derived from fishing license fees and 25 cents from each light vehicle registration to support the Fishing Access Site (FAS) program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	18,108,948	18,108,948	36,217,896	100.81 %
PL Adjustments	974,000	974,000	1,948,000	100.00 %	(162,999)	(126,671)	(289,670)	(0.81)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$974,000	\$974,000	\$1,948,000		\$17,945,949	\$17,982,277	\$35,928,226	

Present law adjustments lower the program budget from the 2015 legislative base. Operating adjustments and reductions to the General License Account drive this reduction.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	36,166	48,724	84,890	0.00	0	36,166	48,724	84,890
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	103,568	120,351	223,919	0.00	0	103,568	120,351	223,919
DP 525 - Fixed Costs	0.00	0	0	0	0	0.00	0	0	0	0
DP 527 - Inflation/Deflation Adjustment	0.00	0	(15,091)	0	(15,091)	0.00	0	(7,949)	0	(7,949)
DP 530 - Reorganizations	0.00	0	(661,186)	0	(661,186)	0.00	0	(661,186)	0	(661,186)
DP 535 - Program Transfers	0.00	0	(250)	0	(250)	0.00	0	(250)	0	(250)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(28,239)	(28,242)	(56,481)	0.00	0	(28,646)	(28,649)	(57,295)
DP 1000 - Executive Adjustment	0.00	0	0	(602,800)	(602,800)	0.00	0	0	(602,800)	(602,800)
DP 2409 - General License Reductions	0.00	0	(230,000)	0	(230,000)	0.00	0	(230,000)	0	(230,000)
DP 300301 - Hatchery Operations	0.00	0	120,000	0	120,000	0.00	0	150,000	0	150,000
DP 300302 - Aquatic Invasive Species (AIS) (OTO)	0.00	974,000	0	0	974,000	0.00	974,000	0	0	974,000
DP 300444 - Statewide 4% FTE Reduction - Program 03	(6.58)	0	0	0	0	(6.60)	0	0	0	0
Grand Total All Present Law Adjustments	(6.58)	\$974,000	(\$675,032)	(\$461,967)	(\$162,999)	(6.60)	\$974,000	(\$638,297)	(\$462,374)	(\$126,671)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance rates as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Costs -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization eliminating the information services division (previously program 01) and moving it to the administration program (program 09) and consolidating management and other administrative duties in the department management division (program 12). This included total transfers of \$661,186 in state special revenue and 7.00 FTE from program 03 into program 12 for management and administration.

DP 535 - Program Transfers -

The legislature adopted program transfers made by the department in the interim. This includes transfers of \$250 in state special revenue from program 03 to program 09.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 1000 - Executive Adjustment -

The legislature approved an operating adjustment to budgets based on the FY2015 base.

DP 2409 - General License Reductions -

The legislature decreased funding in General License funded programs to address the funding gap. The decreases are an extension of agency implemented reductions in the 2015 biennium.

DP 300301 - Hatchery Operations -

The legislature provided \$120,000 in FY 2016 and \$150,000 in FY 2017 of state special revenue to cover increases in direct and overhead costs within the hatchery system. This increase compensates for inflationary pressure on items such as fish food, utilities and other operating expenses.

DP 300302 - Aquatic Invasive Species (AIS) (OTO) -

The legislature approved \$974,000 per year in general fund to temporarily continue watercraft inspection, monitoring, and prevention efforts in the Aquatic Invasive Species (AIS) program. The AIS mission is to minimize the risk of introducing or spreading AIS into or between Montana's water bodies.

DP 300444 - Statewide 4% FTE Reduction - Program 03 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	116.88	116.88	116.49	116.49	116.88	116.49	(0.39)	(0.33)%
Personal Services	7,593,799	8,375,841	8,501,509	8,501,509	15,969,640	17,003,018	1,033,378	6.47 %
Operating Expenses	2,018,595	1,992,131	2,047,853	2,051,030	4,010,726	4,098,883	88,157	2.20 %
Equipment & Intangible Assets	34,652	116,256	34,652	34,852	150,908	69,504	(81,404)	(53.94)%
Grants	15,199	15,200	15,199	15,199	30,399	30,398	(1)	0.00 %
Transfers	38,672	35,609	38,672	38,672	74,281	77,344	3,063	4.12 %
Total Costs	\$9,700,917	\$10,535,037	\$10,637,885	\$10,641,262	\$20,235,954	\$21,279,147	\$1,043,193	5.16 %
State/Other Special Rev. Funds	9,362,775	10,124,846	10,050,032	10,053,841	19,487,621	20,103,873	616,252	3.16 %
Federal Spec. Rev. Funds	338,142	410,191	587,853	587,421	748,333	1,175,274	426,941	57.05 %
Total Funds	\$9,700,917	\$10,535,037	\$10,637,885	\$10,641,262	\$20,235,954	\$21,279,147	\$1,043,193	5.16 %

Program Description

The Law Enforcement Division is responsible for ensuring compliance with laws and regulations to protect and preserve big game animals, fur-bearing animals, fish, game birds, and other protected wildlife. The division also enforces the laws and regulations relative to lands or waters under agency jurisdiction 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

Law Enforcement Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 budget increased program funding 4.6% or \$943,416 • The increase is attributed to: <ul style="list-style-type: none"> ◦ Personal services adjustments ◦ Operating adjustments

Funding

The following table shows program funding by source from all sources of authority.

Department of Fish, Wildlife, and Parks, 04-Law Enforcement Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02056 FAS Maintenance	0	0	0	0	0.00 %
02115 Off-Highway Vehicle Fines	117,586	0	0	117,586	0.58 %
02329 Snowmobile Fuel Tax-Enforcemnt	60,703	0	0	60,703	0.30 %
02334 Hunting Access	940,865	0	0	940,865	4.68 %
02409 General License	17,988,873	0	0	17,988,873	89.48 %
02411 State Parks Miscellaneous	399,215	0	0	399,215	1.99 %
02413 F & G Motorboat Cert Id	187,811	0	0	187,811	0.93 %
02414 Snowmobile Reg	144,416	0	0	144,416	0.72 %
02938 TLMD - Administration	264,404	0	0	264,404	1.32 %
State Special Total	\$20,103,873	\$0	\$0	\$20,103,873	94.48 %
03097 Fedl Fish(W/B) Wildlife(P/R)	354,448	0	0	354,448	30.16 %
03403 Misc. Federal Funds	820,826	0	0	820,826	69.84 %
Federal Special Total	\$1,175,274	\$0	\$0	\$1,175,274	5.52 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$21,279,147	\$0	\$0	\$21,279,147	

The largest source of funding is the General License Account, other state special funds support the division in relation to warden activities, such as snowmobile fees, state parks funds and trust land revenues. The biennial change in funding represents a shift between GLA and federal dollars.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	10,337,121	10,337,121	20,674,242	97.16 %
PL Adjustments	0	0	0	0.00 %	300,764	304,141	604,905	2.84 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$10,637,885	\$10,641,262	\$21,279,147	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	54,646	1,969	56,615	0.00	0	54,646	1,969	56,615
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	9,961	582	10,543	0.00	0	9,961	582	10,543
DP 527 - Inflation/Deflation Adjustment	0.00	0	(8,614)	0	(8,614)	0.00	0	(4,536)	0	(4,536)
DP 530 - Reorganizations	0.00	0	197,916	0	197,916	0.00	0	197,916	0	197,916
DP 550 - Motor Pool Rate Adjustment	0.00	0	(28,799)	(28,801)	(57,600)	0.00	0	(29,250)	(29,251)	(58,501)
DP 1000 - Executive Adjustment	0.00	0	(47,399)	(4,679)	(52,078)	0.00	0	(47,217)	(4,661)	(51,878)
DP 400401 - Game Warden Overtime	0.00	0	56,169	2,341	58,510	0.00	0	56,169	2,341	58,510
DP 400444 - Statewide 4% FTE Reduction - Program 04	(0.39)	0	0	0	0	(0.39)	0	0	0	0
DP 5201061 - Operating Adjustment (OTO)	0.00	0	95,472	0	95,472	0.00	0	95,472	0	95,472
Grand Total All Present Law Adjustments	(0.39)	\$0	\$329,352	(\$28,588)	\$300,764	(0.39)	\$0	\$333,161	(\$29,020)	\$304,141

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance rates as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization moving 3.00 FTE from the parks division (program 06) to the law enforcement division (program 4). The movement of the FTE included total transfers of \$197,916 in state special revenue.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 1000 - Executive Adjustment -

The legislature approved an operating adjustment to budgets based on the FY2015 base.

DP 400401 - Game Warden Overtime -

The legislature provided \$53,510 each year of the biennium, raising the budgeted amount for overtime to \$348,510.

DP 400444 - Statewide 4% FTE Reduction - Program 04 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

DP 5201061 - Operating Adjustment (OTO) -

The legislature approved additional appropriations for game warden personal services and operating costs.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 400404 - Funding Switch to PR	0.00	0	(206,250)	206,250	0	0.00	0	(206,250)	206,250	0
Total	0.00	\$0	(\$206,250)	\$206,250	\$0	0.00	\$0	(\$206,250)	\$206,250	\$0

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

DP 400404 - Funding Switch to PR -

The legislature approved a fund switch of \$206,250 per year from the general license account to Pittman Robertson (PR) funds. PR funds are for non-enforcement duties which may maximize federal funds and offset general license dollars.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	135.98	135.98	133.94	133.93	135.98	133.93	(2.05)	(1.51)%
Personal Services	8,245,831	9,209,049	9,212,850	9,212,461	17,454,880	18,425,311	970,431	5.56 %
Operating Expenses	10,091,906	10,126,394	10,928,159	10,934,198	20,218,300	21,862,357	1,644,057	8.13 %
Equipment & Intangible Assets	47,867	47,867	47,867	47,867	95,734	95,734	0	0.00 %
Capital Outlay	0	0	0	0	0	0	0	0.00 %
Grants	0	162,879	0	0	162,879	0	(162,879)	(100.00)%
Benefits & Claims	800	6,225	800	800	7,025	1,600	(5,425)	(77.22)%
Transfers	0	0	0	0	0	0	0	0.00 %
Total Costs	\$18,386,404	\$19,552,414	\$20,189,676	\$20,195,326	\$37,938,818	\$40,385,002	\$2,446,184	6.45 %
General Fund	0	0	0	0	0	0	0	0.00 %
State/Other Special Rev. Funds	9,990,806	11,023,122	11,599,579	11,605,341	21,013,928	23,204,920	2,190,992	10.43 %
Federal Spec. Rev. Funds	8,395,598	8,529,292	8,590,097	8,589,985	16,924,890	17,180,082	255,192	1.51 %
Total Funds	\$18,386,404	\$19,552,414	\$20,189,676	\$20,195,326	\$37,938,818	\$40,385,002	\$2,446,184	6.45 %

Program Description

The Wildlife Division is responsible for the conservation and management of Montana's birds, mammals, reptiles, and amphibians and their habitat. Activities related to the Wildlife Division include monitoring the status of wildlife and habitats, conserving and enhancing wildlife habitat, as well as providing opportunity for public enjoyment of wildlife through hunting, trapping, and viewing. The division manages animals legislatively categorized as big game, nongame wildlife, migratory game birds, upland game, furbearers, and threatened and endangered species. Responsibilities within the Wildlife Division fall into four major themes: management, habitat, access, and wildlife conflict.

Program Highlights

Wildlife Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 budget increased program funding 3.9% or \$1,528,762 • The biennial increase is attributable to: <ul style="list-style-type: none"> ◦ Personal services and operating adjustments ◦ Additional FTE for wildlife management areas and forest management

Funding

The following table shows program funding by source from all sources of authority.

Department of Fish, Wildlife, and Parks, 05-Wildlife Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0.00 %	
02051 Private Contracts & Grants	0	0	0	0	0.00 %	
02061 Nongame Wildlife Account	100,822	0	0	100,822	0.43 %	
02084 Fish WL Forest Management	242,573	0	0	242,573	1.05 %	
02085 Waterfowl Stamp Spec. Rev.	26,125	0	0	26,125	0.11 %	
02086 Mountain Sheep Account	295,961	0	0	295,961	1.28 %	
02112 Moose Auction	86,314	0	0	86,314	0.37 %	
02113 Upland Game Bird Habitat	370,803	0	0	370,803	1.60 %	
02176 Mountain Goat Auction	28,000	0	0	28,000	0.12 %	
02334 Hunting Access	10,783,763	0	0	10,783,763	46.47 %	
02409 General License	9,456,108	0	0	9,456,108	40.75 %	
02423 Wolf Collaring	367,122	0	0	367,122	1.58 %	
02424 Wolf Depredation	367,062	0	0	367,062	1.58 %	
02469 Habitat Trust Interest	992,267	0	0	992,267	4.28 %	
02559 Mule Deer Auction	50,000	0	0	50,000	0.22 %	
02560 Elk Auction	38,000	0	0	38,000	0.16 %	
02432 Oil and Gas ERA	0	0	0	0	0.00 %	
State Special Total	\$23,204,920	\$0	\$0	\$23,204,920	56.37 %	
03097 Fedl Fish(W/B) Wildlife(P/R)	15,558,088	0	0	15,558,088	90.56 %	
03129 USFWS SECTION 6	0	0	0	0	0.00 %	
03403 Misc. Federal Funds	897,734	0	0	897,734	5.23 %	
03408 State Wildlife Grants	724,260	0	0	724,260	4.22 %	
Federal Special Total	\$17,180,082	\$0	\$0	\$17,180,082	41.73 %	
06540 FWP AIRCRAFT	0	780,360	0	780,360	100.00 %	
Proprietary Total	\$0	\$780,360	\$0	\$780,360	1.90 %	
Total All Funds	\$40,385,002	\$780,360	\$0	\$41,165,362		

This division is predominantly funded with hunter access fees, the General License Account, and federal fish and wildlife funds. The majority of the increase in funds is from state special revenue.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	19,485,909	19,485,909	38,971,818	96.50 %
PL Adjustments	0	0	0	0.00 %	439,158	445,012	884,170	2.19 %
New Proposals	0	0	0	0.00 %	264,609	264,405	529,014	1.31 %
Total Budget	\$0	\$0	\$0		\$20,189,676	\$20,195,326	\$40,385,002	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	30,568	33,137	63,705	0.00	0	30,568	33,137	63,705
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	88,831	79,100	167,931	0.00	0	88,831	79,100	167,931
DP 527 - Inflation/Deflation Adjustment	0.00	0	(16,239)	0	(16,239)	0.00	0	(8,553)	0	(8,553)
DP 530 - Reorganizations	0.00	0	(77,379)	0	(77,379)	0.00	0	(77,379)	0	(77,379)
DP 535 - Program Transfers	0.00	0	132,384	0	132,384	0.00	0	132,384	0	132,384
DP 550 - Motor Pool Rate Adjustment	0.00	0	(51,430)	(51,432)	(102,862)	0.00	0	(51,600)	(51,604)	(103,204)
DP 1000 - Executive Adjustment	0.00	0	(149,533)	0	(149,533)	0.00	0	(151,083)	0	(151,083)
DP 2409 - General License Reductions	0.00	0	(177,000)	0	(177,000)	0.00	0	(177,000)	0	(177,000)
DP 5501 - Remove Hunting Access from Base	0.00	0	(4,632,760)	(1,563,565)	(6,196,325)	0.00	0	(4,632,760)	(1,563,565)	(6,196,325)
DP 500444 - Statewide 4% FTE Reduction - Program 05	(4.90)	0	0	0	0	(4.91)	0	0	0	0
DP 500512 - Hunting Access Program Administration (Restricted/OTO)	0.00	0	784,637	234,535	1,019,172	0.00	0	784,637	234,535	1,019,172
DP 500513 - Hunting Access Program Landowner Contracts (Restricted)	0.00	0	4,446,274	1,329,030	5,775,304	0.00	0	4,446,274	1,329,090	5,775,364
DP 500520 - Adjust FTE in Base	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	(4.90)	\$0	\$378,353	\$60,805	\$439,158	(4.91)	\$0	\$384,319	\$60,693	\$445,012

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance rates as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization eliminating the information services division (previously program 01) and moving it to the administration program (program 09) and consolidating management and other administrative duties in the department management division (program 12). This included total transfers of \$77,379 in state special revenue and 1.50 FTE from program 05 into program 12 for management and administration.

DP 535 - Program Transfers -

The legislature adopted the program transfers administered by the department in the interim. These included transfers of \$167,214 state special revenue from program 12 to program 05, and \$34,830 state special revenue from program 05 to program 09.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 1000 - Executive Adjustment -

The legislature approved an operating adjustment to budgets based on the FY2015 base.

DP 2409 - General License Reductions -

The legislature decreased funding in General License funded programs to address the funding gap. The decreases are an extension of agency implemented reductions in the 2015 biennium.

DP 5501 - Remove Hunting Access from Base -

This adjustment moved FTE from the base to the OTO line item.

DP 500444 - Statewide 4% FTE Reduction - Program 05 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

DP 500512 - Hunting Access Program Administration (Restricted/OTO) -

The legislature restricted the appropriation for the hunter access program administration and gave it a one-time-only designation. Additionally, the department was required to use the part of the funds to report to the environmental quality council on the the hunting access program in terms of acres and costs required 90 days after big game hunting season ends. The legislature took this action in order to closely monitor the administration of the program.

DP 500513 - Hunting Access Program Landowner Contracts (Restricted) -

The legislature restricted the appropriation for the Hunting Access Program landowner contracts. This separated the contract portion of the appropriation from the administration of the program.

DP 500520 - Adjust FTE in Base -

This action removes the FTE from the wildlife base in order to line-item the hunting access program.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 500504 - WMA Maintenance FTE	1.86	0	118,232	0	118,232	1.86	0	118,209	0	118,209
DP 500508 - Forest Management FTE and Operations	1.00	0	121,377	0	121,377	1.00	0	121,196	0	121,196
DP 500509 - Mule Deer Auction	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
Total	2.86	\$0	\$264,609	\$0	\$264,609	2.86	\$0	\$264,405	\$0	\$264,405

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

DP 500504 - WMA Maintenance FTE -

This legislature provided \$118,232 in FY 2016 and \$118,209 in FY 2017 for 1.86 FTE. These positions were previously funded under SB 164 from the 2009 session and are dedicated to maintenance of wildlife management areas.

DP 500508 - Forest Management FTE and Operations -

The legislature established \$121,377 in FY 2016 and \$121,196 in FY 2017 for 1.00 FTE and related operational expenses with the intent of establishing an active forest management program including sustainable yield activities on the 151,000 acres of forest land administered by FWP as well as guide forest planning for the 203,000 acres of conservation easement interests held by FWP. The legislature also required a cost/benefit analysis of the program to be delivered to the environmental quality council.

DP 500509 - Mule Deer Auction -

The legislature adopted \$25,000 per year in state special revenue for enhanced mule deer management efforts to improve the understanding of habitat use by the species and enable predictive population modeling. Funding is from the earmarked mule deer auction account which must be used to benefit the species.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	83.04	83.04	83.18	83.17	83.04	83.17	0.13	0.16 %
Personal Services	4,668,467	4,962,980	5,503,477	5,503,283	9,631,447	11,006,760	1,375,313	14.28 %
Operating Expenses	2,100,742	2,245,812	2,277,364	2,280,344	4,346,554	4,557,708	211,154	4.86 %
Equipment & Intangible Assets	388,948	252,248	257,108	257,108	641,196	514,216	(126,980)	(19.80)%
Grants	390,000	437,605	437,600	437,600	827,605	875,200	47,595	5.75 %
Total Costs	\$7,548,157	\$7,898,645	\$8,475,549	\$8,478,335	\$15,446,802	\$16,953,884	\$1,507,082	9.76 %
State/Other Special Rev. Funds	7,407,592	7,723,487	8,296,967	8,299,753	15,131,079	16,596,720	1,465,641	9.69 %
Federal Spec. Rev. Funds	140,565	175,158	178,582	178,582	315,723	357,164	41,441	13.13 %
Total Funds	\$7,548,157	\$7,898,645	\$8,475,549	\$8,478,335	\$15,446,802	\$16,953,884	\$1,507,082	9.76 %

Program Description

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

Program Highlights

Parks Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 budget increased program funding 0.8% or \$131,424 • Increases are attributable to: <ul style="list-style-type: none"> ◦ An additional 3.0 FTE to provide onsite customer support at parks and visitor centers.

Funding

The following table shows program funding by source from all sources of authority.

Department of Fish, Wildlife, and Parks, 06-Parks Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02051 Private Contracts & Grants	0	0	0	0	0.00 %	
02213 Off Highway Vehicle Gas Tax	258,218	0	0	258,218	1.28 %	
02238 Off-Hwy Vehicle Acct (Coned)	1,546	0	0	1,546	0.01 %	
02239 Off Hwy Vehicle Acct (Parks)	45,892	0	0	45,892	0.23 %	
02273 Motorboat Fees	114,816	0	0	114,816	0.57 %	
02274 FWP Accommodations Tax	0	0	3,520,281	3,520,281	17.50 %	
02328 OHV Gas Tax - Con Ed	34,712	0	0	34,712	0.17 %	
02330 Snowmobile Fuel Tax-Con Ed	69,496	0	0	69,496	0.35 %	
02331 Motorboat Certification-Parks	40,574	0	0	40,574	0.20 %	
02332 Snowmobile Registration-Parks	440,152	0	0	440,152	2.19 %	
02407 Snowmobile Fuel Tax	1,722,530	0	0	1,722,530	8.56 %	
02408 Coal Tax Trust Account	1,913,528	0	0	1,913,528	9.51 %	
02409 General License	0	0	0	0	0.00 %	
02411 State Parks Miscellaneous	9,296,681	0	0	9,296,681	46.21 %	
02412 Motorboat Fuel Tax	2,658,575	0	0	2,658,575	13.22 %	
State Special Total	\$16,596,720	\$0	\$3,520,281	\$20,117,001	96.10 %	
03097 Fedl Fish(W/B) Wildlife(P/R)	293,896	0	0	293,896	82.29 %	
03403 Misc. Federal Funds	63,268	0	0	63,268	17.71 %	
Federal Special Total	\$357,164	\$0	\$0	\$357,164	1.71 %	
06068 MFWP Visitor Services	0	459,342	0	459,342	100.00 %	
Proprietary Total	\$0	\$459,342	\$0	\$459,342	2.19 %	
Total All Funds	\$16,953,884	\$459,342	\$3,520,281	\$20,933,507		

The parks division is funded with light vehicle registration fees as well as fuel taxes, recreational vehicle registration fees, and some coal tax dollars. This division does not utilize the General License Account due to federal regulations.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	8,254,219	8,254,219	16,508,438	97.37 %
PL Adjustments	0	0	0	0.00 %	221,330	224,116	445,446	2.63 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$8,475,549	\$8,478,335	\$16,953,884	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	37,861	1,106	38,967	0.00	0	37,861	1,106	38,967
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	97,120	2,318	99,438	0.00	0	97,120	2,318	99,438
DP 527 - Inflation/Deflation Adjustment	0.00	0	(6,878)	0	(6,878)	0.00	0	(3,623)	0	(3,623)
DP 530 - Reorganizations	0.00	0	(444,824)	0	(444,824)	0.00	0	(444,824)	0	(444,824)
DP 535 - Program Transfers	0.00	0	(750)	0	(750)	0.00	0	(750)	0	(750)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(20,400)	0	(20,400)	0.00	0	(20,675)	0	(20,675)
DP 1000 - Executive Adjustment	0.00	0	106,486	0	106,486	0.00	0	106,486	0	106,486
DP 600444 - Statewide 4% FTE Reduction - Program 06	(2.86)	0	0	0	0	(2.87)	0	0	0	0
DP 600603 - Snowmobile Equipment (Restricted/Biennial)	0.00	0	210,000	0	210,000	0.00	0	210,000	0	210,000
DP 600604 - Park Rangers & Administrative Staff	3.00	0	141,291	0	141,291	3.00	0	141,097	0	141,097
DP 600605 - Operations Increases	0.00	0	98,000	0	98,000	0.00	0	98,000	0	98,000
Grand Total All Present Law Adjustments	0.14	\$0	\$217,906	\$3,424	\$221,330	0.13	\$0	\$220,692	\$3,424	\$224,116

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance rates as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization eliminating the information services division (previously program 01) and moving it to the administration program (program 09) and consolidating management and other administrative duties in the department management division (program 12). This included total transfers of \$246,908 in state special revenue and 2.00 FTE from program 06 to program 12 for management and administration. Additionally, the legislature adopted the reorganization moving 3.00 FTE from the parks division (program 06) to the enforcement division (program 4). The movement of the FTE included total transfers of \$197,916 in state special revenue.

DP 535 - Program Transfers -

The legislature adopted the program transfers administered by the department in the interim. This included a transfer of \$750 state special revenue from program 06 to program 09.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 1000 - Executive Adjustment -

The legislature approved an operating adjustment to budgets based on the FY2015 base.

DP 600444 - Statewide 4% FTE Reduction - Program 06 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

DP 600603 - Snowmobile Equipment (Restricted/Biennial) -

The legislature reinstated the biennial appropriation to purchase snowmobile trail groomers at the previously authorized level. This adjustment would bring the biennial appropriation to \$210,000 annually for a total of \$420,000 for the biennium.

DP 600604 - Park Rangers & Administrative Staff -

The legislature provided for approximately \$141,000 per year in state special revenue for 3.00 FTE as front line customer support at parks and visitor centers statewide.

DP 600605 - Operations Increases -

The legislature approved \$98,000 per year in state special revenue to address increasing park operating costs statewide. The cost of garbage collection, electricity, latrine pumping, supplies, materials, and repairs and maintenance have increased.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	27.05	27.05	25.75	25.75	27.05	25.75	(1.30)	(4.81)%
Personal Services	1,931,308	2,022,944	2,075,075	2,075,075	3,954,252	4,150,150	195,898	4.95 %
Operating Expenses	1,386,313	1,403,380	1,378,250	1,379,690	2,789,693	2,757,940	(31,753)	(1.14)%
Grants	141,111	336,782	141,111	141,111	477,893	282,222	(195,671)	(40.94)%
Total Costs	\$3,458,732	\$3,763,106	\$3,594,436	\$3,595,876	\$7,221,838	\$7,190,312	(\$31,526)	(0.44)%
State/Other Special Rev. Funds	2,733,643	3,011,621	2,841,577	2,843,051	5,745,264	5,684,628	(60,636)	(1.06)%
Federal Spec. Rev. Funds	725,089	751,485	752,859	752,825	1,476,574	1,505,684	29,110	1.97 %
Total Funds	\$3,458,732	\$3,763,106	\$3,594,436	\$3,595,876	\$7,221,838	\$7,190,312	(\$31,526)	(0.44)%

Program Description

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

Program Highlights

Communication and Education Division Major Budget Highlights	
•	When compared to the 2015 biennium appropriations, the 2017 budget decreases program funding 4.8% or \$364,567

Funding

The following table shows program funding by source from all sources of authority.

Department of Fish, Wildlife, and Parks, 08-Communication and Education Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund		0	0	0	0	0.00 %
02409 General License	5,684,628	0	0	5,684,628		100.00 %
State Special Total	\$5,684,628	\$0	\$0	\$5,684,628		79.06 %
03097 Fedl Fish(W/B) Wildlife(P/R)	1,434,314	0	0	1,434,314		95.26 %
03403 Misc. Federal Funds	71,370	0	0	71,370		4.74 %
Federal Special Total	\$1,505,684	\$0	\$0	\$1,505,684		20.94 %
Proprietary Total	\$0	\$0	\$0	\$0		0.00 %
Total All Funds	\$7,190,312	\$0	\$0	\$7,190,312		

This program is funded with 79% general license funds and 21% federal funds.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	3,824,320	3,824,320	7,648,640	106.37 %
PL Adjustments	0	0	0	0.00 %	(229,884)	(228,444)	(458,328)	(6.37)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$3,594,436	\$3,595,876	\$7,190,312	

Present law adjustments lower the program budget from the 2015 legislative base. Reorganizations, operating adjustments and reductions to the General License Account drive this reduction.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----				-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	10,802	1,712	12,514	0.00	0	10,802	1,712	12,514
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	34,289	5,328	39,617	0.00	0	34,289	5,328	39,617
DP 527 - Inflation/Deflation Adjustment	0.00	0	(3,187)	0	(3,187)	0.00	0	(1,679)	0	(1,679)
DP 530 - Reorganizations	0.00	0	(59,214)	0	(59,214)	0.00	0	(59,214)	0	(59,214)
DP 535 - Program Transfers	0.00	0	(2,000)	0	(2,000)	0.00	0	(2,000)	0	(2,000)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(2,438)	(2,438)	(4,876)	0.00	0	(2,472)	(2,472)	(4,944)
DP 1000 - Executive Adjustment	0.00	0	(9,510)	(3,228)	(12,738)	0.00	0	(9,510)	(3,228)	(12,738)
DP 2409 - General License Reductions	0.00	0	(200,000)	0	(200,000)	0.00	0	(200,000)	0	(200,000)
DP 800444 - Statewide 4% FTE REduction - Program 08	(1.30)	0	0	0	0	(1.30)	0	0	0	0
Grand Total All Present Law Adjustments	(1.30)	\$0	(\$231,258)	\$1,374	(\$229,884)	(1.30)	\$0	(\$229,784)	\$1,340	(\$228,444)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance rates as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization eliminating the information services division (previously program 01) and moving it to the administration program (program 09) and consolidating management and other administrative duties in the department management division (program 12). This included total transfers of \$59,214 in state special revenue and 1.00 FTE from program 08 to program 12 for management and administration.

DP 535 - Program Transfers -

The legislature adopted the program transfers administered by the department in the interim. This included a transfer of \$2000 state special revenue from program 08 to program 09.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 1000 - Executive Adjustment -

The legislature approved an operating adjustment to budgets based on the FY2015 base.

DP 2409 - General License Reductions -

The legislature decreased funding in General License funded programs to address the funding gap. The decreases are an extension of agency implemented reductions in the 2015 biennium.

DP 800444 - Statewide 4% FTE REducation - Program 08 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5201081 - Shooting Range Grants	0.00	0	0	0	0	0.00	0	0	0	0
Total	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0

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

DP 5201081 - Shooting Range Grants -

The legislature line itemed \$350,000 for shooting range grants with the intent of increasing grants across the state.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	78.82	78.82	76.12	76.12	78.82	76.12	(2.70)	(3.43)%
Personal Services	4,993,780	5,561,210	5,748,820	5,757,086	10,554,990	11,505,906	950,916	9.01 %
Operating Expenses	6,193,252	6,453,133	7,488,217	7,417,244	12,646,385	14,905,461	2,259,076	17.86 %
Equipment & Intangible Assets	63,630	65,751	65,751	65,751	129,381	131,502	2,121	1.64 %
Capital Outlay	0	0	0	0	0	0	0	0.00 %
Grants	0	0	0	0	0	0	0	0.00 %
Transfers	91,119	168,992	164,043	164,043	260,111	328,086	67,975	26.13 %
Total Costs	\$11,341,781	\$12,249,086	\$13,466,831	\$13,404,124	\$23,590,867	\$26,870,955	\$3,280,088	13.90 %
State/Other Special Rev. Funds	11,218,705	12,051,919	13,191,450	13,174,779	23,270,624	26,366,229	3,095,605	13.30 %
Federal Spec. Rev. Funds	123,076	197,167	275,381	229,345	320,243	504,726	184,483	57.61 %
Total Funds	\$11,341,781	\$12,249,086	\$13,466,831	\$13,404,124	\$23,590,867	\$26,870,955	\$3,280,088	13.90 %

Program Description

The Administration Division manages the administrative branch of the department. This branch is responsible for providing consistent, quality direction to the division and regions throughout the agency. The division is centralized to provide services including accounting, information technology services, fiscal management and budget preparation, procurement and property management, management of federal aid, maintenance of internal control procedures, sale of hunting, fishing and other recreational licenses, and maintenance of biological and GIS applications.

(Note: During the 2013 Legislative Session, the information technology activities were in a separate program.)

Program Highlights

Administration Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 budget increased program funding 40.1% or \$7,689,442 <ul style="list-style-type: none"> ◦ The majority of the increase was due to reorganization which eliminated the Information Technology Division and relocated its activities into this program. • The legislature approved \$150,000 for the Hunters Against Hunger program.

Funding

The following table shows program funding by source from all sources of authority.

Department of Fish, Wildlife, and Parks, 09-Administration Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02022 RIT-Bull/Cutthroat Trout Enhanc	0	0	0	0	0.00 %	
02051 Private Contracts & Grants	0	0	0	0	0.00 %	
02086 Mountain Sheep Account	64,000	0	0	64,000	0.24 %	
02092 Parks Forest Management	0	0	0	0	0.00 %	
02112 Moose Auction	4,663	0	0	4,663	0.02 %	
02176 Mountain Goat Auction	3,000	0	0	3,000	0.01 %	
02408 Coal Tax Trust Account	0	0	0	0	0.00 %	
02409 General License	25,929,100	0	0	25,929,100	98.34 %	
02411 State Parks Miscellaneous	0	0	0	0	0.00 %	
02469 Habitat Trust Interest	6,000	0	0	6,000	0.02 %	
02547 Search & Rescue	200,000	0	0	200,000	0.76 %	
02559 Mule Deer Auction	2,800	0	0	2,800	0.01 %	
02560 Elk Auction	6,666	0	0	6,666	0.03 %	
02600 Hunters Against Hunger	150,000	0	0	150,000	0.57 %	
State Special Total	\$26,366,229	\$0	\$0	\$26,366,229	79.24 %	
03097 Fedl Fish(W/B) Wildlife(P/R)	311,576	0	0	311,576	61.73 %	
03129 USFWS SECTION 6	0	0	0	0	0.00 %	
03403 Misc. Federal Funds	193,150	0	0	193,150	38.27 %	
03408 State Wildlife Grants	0	0	0	0	0.00 %	
Federal Special Total	\$504,726	\$0	\$0	\$504,726	1.52 %	
06501 Duplicating Center	0	153,118	0	153,118	2.39 %	
06502 Equipment Enterprise Fund	0	6,036,920	0	6,036,920	94.31 %	
06503 F & G Warehouse Inventory	0	211,244	0	211,244	3.30 %	
Proprietary Total	\$0	\$6,401,282	\$0	\$6,401,282	19.24 %	
Total All Funds	\$26,870,955	\$6,401,282	\$0	\$33,272,237		

This program is funded with 79% General License dollars, the remainder are other state special funds and federal authority.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	9,641,091	9,641,091	19,282,182	71.76 %
PL Adjustments	0	0	0	0.00 %	3,755,740	3,683,033	7,438,773	27.68 %
New Proposals	0	0	0	0.00 %	70,000	80,000	150,000	0.56 %
Total Budget	\$0	\$0	\$0		\$13,466,831	\$13,404,124	\$26,870,955	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (RST/BIEN)										
0.00	0	83,140	14,671	97,811	0.00	0	0	0	0	
DP 515 - State Share Health Insurance										
0.00	0	35,773	1,221	36,994	0.00	0	35,773	1,221	36,994	
DP 520 - Fully Fund 2015 Legislatively Authorized FTE										
0.00	0	131,561	520	132,081	0.00	0	131,561	520	132,081	
DP 525 - Fixed Costs										
0.00	0	508,288	0	508,288	0.00	0	516,686	0	516,686	
DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial)										
0.00	0	2,327	411	2,738	0.00	0	0	0	0	
DP 527 - Inflation/Deflation Adjustment										
0.00	0	(8,034)	0	(8,034)	0.00	0	(4,230)	0	(4,230)	
DP 529 - Statutory PS Adjustments										
0.00	0	7,956	2,962	10,918	0.00	0	103,145	38,389	141,534	
DP 530 - Reorganizations										
0.00	0	2,489,472	133,363	2,622,835	0.00	0	2,489,472	133,363	2,622,835	
DP 531 - SITSD Rate Adjustment										
0.00	0	45,844	0	45,844	0.00	0	57,602	0	57,602	
DP 532 - General Liability Insurance Rate Adjustment										
0.00	0	(16,097)	0	(16,097)	0.00	0	(16,097)	0	(16,097)	
DP 535 - Program Transfers										
0.00	0	45,330	0	45,330	0.00	0	45,330	0	45,330	
DP 550 - Motor Pool Rate Adjustment										
0.00	0	(957)	(958)	(1,915)	0.00	0	(134)	(133)	(267)	
DP 570 - All Other Personal Services										
0.00	0	3,808	3,809	7,617	0.00	0	(57,366)	(57,367)	(114,733)	
DP 1000 - Executive Adjustment										
0.00	0	115,654	(60,303)	55,351	0.00	0	115,651	(60,303)	55,348	
DP 2409 - General License Reductions										
0.00	0	(317,000)	0	(317,000)	0.00	0	(317,000)	0	(317,000)	
DP 900444 - Statewide 4% FTE Reduction - Program 09										
(2.70)	0	0	0	0	(2.70)	0	0	0	0	
DP 900901 - FWP Technology										
0.00	0	280,690	0	280,690	0.00	0	280,690	0	280,690	
DP 5201050 - Additional Motor Pool Adjustment										
0.00	0	136,408	115,881	252,289	0.00	0	136,409	109,851	246,260	
Grand Total All Present Law Adjustments										
(2.70)	\$0	\$3,544,163	\$211,577	\$3,755,740	(2.70)	\$0	\$3,517,492	\$165,541	\$3,683,033	

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

DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (RST/BIEN) -

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance rates as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Costs -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit,

grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Statutory PS Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 530 - Reorganizations -

The legislature adopted the reorganization eliminating the information services division (previously program 01) and moving it to the administration program (program 09) and consolidating management and other administrative duties in the department management division (program 12). This included total transfers of \$4,886,799 in state special revenue and \$152,182 in federal special revenue and 37.50 FTE from various other programs into program 09 for technology services, and total transfers of \$1,911,421 in state special revenue and \$34,247 in federal special revenue and 23.80 FTE from program 09 into program 12 for management and administration.

DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 535 - Program Transfers -

The legislature adopted the program transfers administered by the department in the interim. These included state special revenue transfers of \$34,830 from program 05 to program 09, \$7500 from program 12 to program 09, \$2000 from program 08 to program 09, \$750 from program 06 to program 09, and \$250 from program 03 to program 09.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - All Other Personal Services -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 1000 - Executive Adjustment -

The legislature approved an operating adjustment to budgets based on the FY2015 base.

DP 2409 - General License Reductions -

The legislature decreased funding in General License funded programs to address the funding gap. The decreases are an extension of agency implemented reductions in the 2015 biennium.

DP 900444 - Statewide 4% FTE Reduction - Program 09 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

DP 900901 - FWP Technology -

The legislature approved \$280,690 per year in state special revenue to update radios and provide a sustainable radio replacement schedule. In addition, it will provide permanent funding for the department's participation in the DOJ SmartCop System. This project provides for the installation and maintenance of Mobile Computer Terminals along with functional vehicle mounted and portable radios for FWP game wardens. Reliable communication is essential to both officer and public safety. This project is in cooperation with Montana Department of Justice, Montana Highway Patrol, and the Statewide Radio Interoperability group.

DP 5201050 - Additional Motor Pool Adjustment -

The legislature made an adjustment to the appropriation for the FWP motor pool costs.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 900904 - Hunters Against Hunger	0.00	0	70,000	0	70,000	0.00	0	80,000	0	80,000
Total	0.00	\$0	\$70,000	\$0	\$70,000	0.00	\$0	\$80,000	\$0	\$80,000

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

DP 900904 - Hunters Against Hunger -

The legislature provided \$70,000 in FY 2016 and \$80,000 in FY 2017 to enter into a contract with non-profit organizations (MT Food Bank) to process and distribute wild game meat to those in need. SB 123 (2013) established the Hunters Against Hunger program to provide for optional donations on certain hunting licenses.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	78.26	78.26	76.47	76.47	78.26	76.47	(1.79)	(2.29)%
Personal Services	4,900,687	5,290,661	5,388,059	5,388,059	10,191,348	10,776,118	584,770	5.74 %
Operating Expenses	1,577,402	1,570,718	1,628,690	1,633,901	3,148,120	3,262,591	114,471	3.64 %
Equipment & Intangible Assets	14,998	27,384	14,998	14,998	42,382	29,996	(12,386)	(29.22)%
Benefits & Claims	0	0	0	0	0	0	0	0.00 %
Transfers	131,614	130,307	131,614	131,614	261,921	263,228	1,307	0.50 %
Debt Service	21,615	21,427	16,088	12,427	43,042	28,515	(14,527)	(33.75)%
Total Costs	\$6,646,316	\$7,040,497	\$7,179,449	\$7,180,999	\$13,686,813	\$14,360,448	\$673,635	4.92 %
State/Other Special Rev. Funds	6,627,497	6,981,540	7,089,014	7,090,618	13,609,037	14,179,632	570,595	4.19 %
Federal Spec. Rev. Funds	18,819	58,957	90,435	90,381	77,776	180,816	103,040	132.48 %
Total Funds	\$6,646,316	\$7,040,497	\$7,179,449	\$7,180,999	\$13,686,813	\$14,360,448	\$673,635	4.92 %

Program Description

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

Program Highlights

Department Management Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 budget increased program funding 72.9% or \$6,053,800 <ul style="list-style-type: none"> ◦ The majority of this increase was related to reorganizations that took place during the 2015 biennium.

Funding

The following table shows program funding by source from all sources of authority.

Department of Fish, Wildlife, and Parks, 12-Department Management Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02051 Private Contracts & Grants	0	0	0	0	0.00 %	
02086 Mountain Sheep Account	0	0	0	0	0.00 %	
02112 Moose Auction	0	0	0	0	0.00 %	
02114 Wildlife Habitat	0	0	0	0	0.00 %	
02176 Mountain Goat Auction	0	0	0	0	0.00 %	
02407 Snowmobile Fuel Tax	0	0	0	0	0.00 %	
02408 Coal Tax Trust Account	26,436	0	0	26,436	0.18 %	
02409 General License	14,104,496	0	380,000	14,484,496	99.48 %	
02411 State Parks Miscellaneous	0	0	0	0	0.00 %	
02412 Motorboat Fuel Tax	0	0	0	0	0.00 %	
02469 Habitat Trust Interest	48,700	0	0	48,700	0.33 %	
02547 Search & Rescue	0	0	0	0	0.00 %	
02559 Mule Deer Auction	0	0	0	0	0.00 %	
02560 Elk Auction	0	0	0	0	0.00 %	
State Special Total	\$14,179,632	\$0	\$380,000	\$14,559,632	97.13 %	
03097 Fedl Fish(W/B) Wildlife(P/R)	99,258	0	250,000	349,258	81.07 %	
03403 Misc. Federal Funds	79,850	0	0	79,850	18.53 %	
03408 State Wildlife Grants	1,708	0	0	1,708	0.40 %	
Federal Special Total	\$180,816	\$0	\$250,000	\$430,816	2.87 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$14,360,448	\$0	\$630,000	\$14,990,448		

The Management Division is funded almost entirely of state special revenue, of which the largest source is the General License Account, or \$14.6 million for the biennium. The division also utilizes a small amount of federal authority.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	4,224,856	4,224,856	8,449,712	58.84 %
PL Adjustments	0	0	0	0.00 %	2,954,593	2,956,143	5,910,736	41.16 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$7,179,449	\$7,180,999	\$14,360,448	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	36,948	216	37,164	0.00	0	36,948	216	37,164
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	56,702	3,532	60,234	0.00	0	56,702	3,532	60,234
DP 525 - Fixed Costs	0.00	0	0	0	0	0.00	0	0	0	0
DP 527 - Inflation/Deflation Adjustment	0.00	0	(3,521)	0	(3,521)	0.00	0	(1,855)	0	(1,855)
DP 530 - Reorganizations	0.00	0	3,113,026	(122,671)	2,990,355	0.00	0	3,113,026	(122,671)	2,990,355
DP 535 - Program Transfers	0.00	0	(174,714)	0	(174,714)	0.00	0	(174,714)	0	(174,714)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(3,861)	(3,864)	(7,725)	0.00	0	(3,916)	(3,918)	(7,834)
DP 1000 - Executive Adjustment	0.00	0	(4,200)	0	(4,200)	0.00	0	(4,207)	0	(4,207)
DP 120001 - Lease Payment Increases	0.00	0	12,000	45,000	57,000	0.00	0	12,000	45,000	57,000
Grand Total All Present Law Adjustments	0.00	\$0	\$3,032,380	(\$77,787)	\$2,954,593	0.00	\$0	\$3,033,984	(\$77,841)	\$2,956,143

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance rates as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Costs -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization eliminating the information services division (previously program 01) and moving it to the administration program (program 09) and consolidating management and other administrative duties in the department management division (program 12). This included total transfers of \$3,594,356 in state special revenue

and \$18,819 in federal special revenue and 36.3 FTE from various other programs into program 12 for management and administration, and total transfers of \$481,330 in state special revenue and \$141,490 in federal special revenue and 7.50 FTE from program 12 into program 09 for technology services.

DP 535 - Program Transfers -

The legislature adopted the program transfers administered by the department in the interim. These included state special revenue transfers of \$167,214 from program 12 to program 05, and \$7,500 from program 12 to program 09.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 1000 - Executive Adjustment -

The legislature approved an operating adjustment to budgets based on the FY2015 base.

DP 120001 - Lease Payment Increases -

The legislature adopted \$57,000 per year in state and federal special revenue for increased land lease payments.

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	383.47	383.47	365.55	365.54	383.47	365.54	(17.93)
Personal Services	26,154,656	28,600,895	29,153,487	29,251,962	54,755,551	58,405,449	3,649,898
Operating Expenses	21,981,631	28,250,831	34,334,893	34,339,671	50,232,462	68,674,564	18,442,102
Equipment & Intangible Assets	157,973	101,740	101,740	101,740	259,713	203,480	(56,233)
Grants	1,094,008	1,635,863	1,635,863	1,635,863	2,729,871	3,271,726	541,855
Benefits & Claims	0	425,000	0	0	425,000	0	(425,000)
Transfers	76,313	35,400	32,398	32,398	111,713	64,796	(46,917)
Total Costs	\$49,464,581	\$59,049,729	\$65,258,381	\$65,361,634	\$108,514,310	\$130,620,015	\$22,105,705
General Fund	5,303,211	5,508,477	5,545,692	5,540,248	10,811,688	11,085,940	274,252
State/Other Special Rev. Funds	25,976,905	32,613,798	36,374,721	36,492,827	58,590,703	72,867,548	14,276,845
Federal Spec. Rev. Funds	18,184,465	20,927,454	23,337,968	23,328,559	39,111,919	46,666,527	7,554,608
Proprietary Funds	0	0	0	0	0	0	0
Total Funds	\$49,464,581	\$59,049,729	\$65,258,381	\$65,361,634	\$108,514,310	\$130,620,015	\$22,105,705

Agency Description

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, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands. The department works in partnership with the federal Environmental Protection Agency (EPA), but many federal statutes contain preference for delegation of the program to the states when the state can demonstrate the capacity to carry it out. This arrangement establishes state-federal environmental goals and priorities with the funding and flexibility to achieve desired results.

Agency Highlights

Department of Environmental Quality Major Budget Highlights
<ul style="list-style-type: none"> • The biennial appropriations increases by 11.2% or \$13.1 million dollars when compared to the 2015 biennium <ul style="list-style-type: none"> ◦ The majority of this increase was related to new proposals in state and federal special revenue • Present law adjustments reduced department funding by \$1.5 million, primarily due to personal services and operating adjustments • New proposals totaling \$15.6 million increase the overall departmental budget <ul style="list-style-type: none"> ◦ \$500,000 in general fund for water treatment at Zortman/Landusky ◦ \$7.0 million in state special revenue for expanded use of the Orphan Share Fund ◦ \$8.0 million in federal special revenue for remediation of abandoned mine lands

Summary of Legislative Action

The legislatively approved budget increases total expenditures by \$22.1 million over the level proposed by the executive. The adjustment includes \$7.0 million in additional authority for expanded use of the orphan share fund and \$8.0 million in federal funding for abandoned mine lands.

Agency Discussion*Expanded Orphan Share Usage*

The legislature authorized and the governor approved SB 96 which expanded the acceptable uses of the Orphan Share Fund. The Orphan Share program was established to provide a means for determining and paying for a defunct party's share of remediation costs. The expansion of the orphan share allows the department to use the fund for response to occasions where "there has been a release or there is a substantial threat of a release into the environment that may present an imminent and substantial endangerment to the public health, safety, or welfare or to the environment" (Chap 119, 2015 session). Additionally, the expansion allows the department to use up to 20% of the appropriated funds for data collection and analysis. The use of all Orphan Share funds must be reviewed by the Environmental Quality Council each year.

The change allows the department to be far more proactive in its remediation actions when authority is available. As a starting initiative in using the expanded Orphan Share, the legislature appropriated \$7.0 million over the 2017 biennium to the department. The department suggested that the expanded authority could be used in sites such as a former dry cleaning facility with air and groundwater contamination, an inactive railroad repair facility with soil contamination, and an end-of-life fuel station that could be set up for closure.

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.

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	11,085,940	0	0	11,085,940	7.28 %
State Special Total	72,867,548	0	7,474,000	80,341,548	52.75 %
Federal Special Total	46,666,527	0	0	46,666,527	30.64 %
Proprietary Total	0	14,203,774	0	14,203,774	9.33 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$130,620,015	\$14,203,774	\$7,474,000	\$152,297,789	
Percent - Total All Sources	85.77 %	9.33 %	4.91 %		

The department's largest source of funding is state special revenue. This revenue is derived from permitting fees, fines, and bond 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. General fund is utilized for personal services, travel, communications, equipment, and to match federal grants.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	5,508,477	5,508,477	11,016,954	99.38 %	58,257,215	58,257,215	116,514,430	89.20 %
PL Adjustments	(212,785)	(218,229)	(431,014)	(3.89)%	(794,057)	(690,804)	(1,484,861)	(1.14)%
New Proposals	250,000	250,000	500,000	4.51 %	7,795,223	7,795,223	15,590,446	11.94 %
Total Budget	\$5,545,692	\$5,540,248	\$11,085,940		\$65,258,381	\$65,361,634	\$130,620,015	

Other Legislation

HB 226 - Changed the allocation of the Resource Indemnity Trust proceeds

HB 434 - Revised asbestos control laws including the creation of an asbestos advisory council

SB 20 - Changes the allocation of the metalliferous mines license tax collections

SB 96 – Expanded possible uses for the Orphan Share state special revenue fund

SB 102 – Revised the air quality fee structure of the department

SB 112 – Requires the department to develop total maximum daily load when one is not available and a discharge permit application is made

SB 136 – Caps the total fees that the department can assess for remediation waste

SB 325 – Limits the water standards the department is able to apply to a level no higher than the federal level and sets the process for enacting such standards

SB 355 - Revised the brownfield site cleanup eligibility laws

SB 368 - Requires the department to publish information on pipelines that cross bodies of water

SB 387 - Enacts penalties when the department is obstructed from enforcing water quality regulations

SB 409 – Creates standards for tailing storage facilities including fees, provisions for inspections, and enforcement processes

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	383.47	365.55	365.55	0.00	365.54	365.54	0.00	0.00
Personal Services	26,154,656	29,653,755	29,153,487	(500,268)	29,661,876	29,251,962	(409,914)	(910,182)
Operating Expenses	21,981,631	30,680,625	34,334,893	3,654,268	30,684,430	34,339,671	3,655,241	7,309,509
Equipment & Intangible Assets	157,973	189,079	101,740	(87,339)	189,079	101,740	(87,339)	(174,678)
Grants	1,094,008	1,654,293	1,635,863	(18,430)	1,654,293	1,635,863	(18,430)	(36,860)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	76,313	130,682	32,398	(98,284)	130,682	32,398	(98,284)	(196,568)
Total Costs	\$49,464,581	\$62,308,434	\$65,258,381	\$2,949,947	\$62,320,360	\$65,361,634	\$3,041,274	\$5,991,221
General Fund	5,303,211	6,011,153	5,545,692	(465,461)	6,011,704	5,540,248	(471,456)	(936,917)
State/other Special Rev. Funds	25,976,905	32,015,567	36,374,721	4,359,154	32,023,117	36,492,827	4,469,710	8,828,864
Federal Spec. Rev. Funds	18,184,465	24,281,714	23,337,968	(943,746)	24,285,539	23,328,559	(956,980)	(1,900,726)
Other	0	0	0	0	0	0	0	0
Total Funds	\$49,464,581	\$62,308,434	\$65,258,381	\$2,949,947	\$62,320,360	\$65,361,634	\$3,041,274	\$5,991,221

The legislatively-approved budget increases total expenditures over the level proposed by the executive by \$6.0 million. The adjustment includes additional state special revenue authority for expanded use of the orphan share fund and additional federal special revenue authority for abandoned mine lands.

Language and Statutory Authority

The legislature included 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.

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

If SB 136 is not passed and approved, then Hazardous Waste/CERCLA Fees is void.

The department is appropriated up to \$1,000,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2017 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 by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	8.00	8.00	7.64	7.64	8.00	7.64	(0.36)	(4.50)%
Personal Services	717,876	792,831	764,730	772,371	1,510,707	1,537,101	26,394	1.75%
Operating Expenses	1,152,831	1,101,543	1,086,782	1,091,808	2,254,374	2,178,590	(75,784)	(3.36)%
Equipment & Intangible Assets	9,624	0	0	0	9,624	0	(9,624)	(100.00)%
Total Costs	\$1,880,331	\$1,894,374	\$1,851,512	\$1,864,179	\$3,774,705	\$3,715,691	(\$59,014)	(1.56)%
General Fund	284,396	323,563	280,926	281,707	607,959	562,633	(45,326)	(7.46)%
State/Other Special Rev. Funds	1,176,906	1,187,058	1,203,941	1,213,709	2,363,964	2,417,650	53,686	2.27%
Federal Spec. Rev. Funds	419,029	383,753	366,645	368,763	802,782	735,408	(67,374)	(8.39)%
Proprietary Funds	0	0	0	0	0	0	0	0.00%
Total Funds	\$1,880,331	\$1,894,374	\$1,851,512	\$1,864,179	\$3,774,705	\$3,715,691	(\$59,014)	(1.56)%

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

Central Management Program Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 biennium appropriation reduced program funding by 1.1% or \$41,041 <ul style="list-style-type: none"> ◦ Increases in expenditures are primarily due to various personal services adjustments, including annualization of costs of the 2015 biennium pay plan and fully funding all FTE

Funding

The following table shows program funding by source from all sources of authority.

Department of Environmental Quality, 10-Central Management Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	562,633	0	0	562,633	3.14 %
02075 UST Leak Prevention Program	26,310	0	0	26,310	1.09 %
02097 Environmental Rehab & Response	200,000	0	0	200,000	8.27 %
02157 Solid Waste Management Fee	77,134	0	0	77,134	3.19 %
02201 Air Quality-Operating Fees	144,360	0	0	144,360	5.97 %
02202 Asbestos Control	53,602	0	0	53,602	2.22 %
02204 Public Drinking Water	19,342	0	0	19,342	0.80 %
02223 Wastewater SRF Special Admin	196	0	0	196	0.01 %
02278 MPDES Permit Program	101,438	0	0	101,438	4.20 %
02370 Energy Conserv Repayment Acct	132	0	0	132	0.01 %
02418 Subdivision Plat Review	5,214	0	0	5,214	0.22 %
02542 MT Environ Policy Act Fee	1,501,620	0	0	1,501,620	62.11 %
02555 Alternative Energy Rev Loan	12,910	0	0	12,910	0.53 %
02576 Natural Resources Operations SSR Fu	274,272	0	0	274,272	11.34 %
02955 STATE ENERGY CONSERVATION ARRA	1,120	0	0	1,120	0.05 %
State Special Total	\$2,417,650	\$0	\$0	\$2,417,650	13.49 %
03015 2013 Exchange Network Grant	0	0	0	0	0.00 %
03067 DSL Federal Reclamation Grant	0	0	0	0	0.00 %
03151 2012 Exchange Network Grant	48,358	0	0	48,358	6.58 %
03152 DW SRF FY15 Grant	5,404	0	0	5,404	0.73 %
03262 EPA PPG	370,070	0	0	370,070	50.32 %
03337 2011 Exchange Network Grant	182,000	0	0	182,000	24.75 %
03430 DW SRF FY14 Grant	0	0	0	0	0.00 %
03433 EPA PPG FY10-11	0	0	0	0	0.00 %
03436 NPS 09 Staffing & Support	43,010	0	0	43,010	5.85 %
03442 FY09 Exchange Network Grant	0	0	0	0	0.00 %
03691 Non Pt Source Staffing/Support	146	0	0	146	0.02 %
03816 DOI OSM A&E GRANT	86,420	0	0	86,420	11.75 %
Federal Special Total	\$735,408	\$0	\$0	\$735,408	4.10 %
06509 DEQ Indirects	0	14,203,774	0	14,203,774	100.00 %
Proprietary Total	\$0	\$14,203,774	\$0	\$14,203,774	79.26 %
Total All Funds	\$3,715,691	\$14,203,774	\$0	\$17,919,465	

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 personal services and operations. The division uses the fund to support personal services, contracted, services and operating costs for management, budgeting, accounting, payroll, procurement, contract management, and information technology services to other divisions. The legislature approved a 24.0% cap on personal services and a 4.0% cap on all other expenditures for the indirect rate.

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 MEPA review fees.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	323,563	323,563	647,126	115.02 %	1,894,374	1,894,374	3,788,748	101.97 %
PL Adjustments	(42,637)	(41,856)	(84,493)	(15.02)%	(42,862)	(30,195)	(73,057)	(1.97)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$280,926	\$281,707	\$562,633		\$1,851,512	\$1,864,179	\$3,715,691	

Present law adjustments are negative due to personal services adjustments as well as operating adjustments for fixed cost and inflation/deflation factors.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	1,525	3,279	(1,090)	3,714	0.00	1,525	3,279	(1,090)	3,714
DP 525 - Fixed Cost Adjustment	0.00	(2,978)	(17,196)	(11,307)	(31,481)	0.00	(2,978)	(17,203)	(11,314)	(31,495)
DP 527 - Inflation/Deflation Adjustment	0.00	(7,196)	(41,570)	(27,338)	(76,104)	0.00	(6,720)	(38,820)	(25,530)	(71,070)
DP 529 - Longevity and Other Adjustments	0.00	0	(6,347)	0	(6,347)	0.00	0	(1,566)	0	(1,566)
DP 531 - SITSD Rate Adjustment	0.00	2,878	16,619	10,927	30,424	0.00	2,878	16,623	10,930	30,431
DP 532 - General Liability Insurance Rate Adjustment	0.00	(16,086)	(2,319)	(76)	(18,481)	0.00	(16,086)	(2,319)	(77)	(18,482)
DP 550 - Motor Pool Adjustment	0.00	(5)	(19)	(7)	(31)	0.00	(5)	(19)	(7)	(31)
DP 570 - Other Personal Services Adjustments	0.00	(51,657)	144,047	(117,858)	(25,468)	0.00	(72,947)	231,254	(180,915)	(22,608)
DP 580 - Additional Operating Adjustments	0.00	30,882	(79,611)	129,641	80,912	0.00	52,477	(164,578)	193,013	80,912
DP 1000444 - Statewide 4% FTE Reduction - Program 10	(0.36)	0	0	0	0	(0.36)	0	0	0	0
Grand Total All Present Law Adjustments	(0.36)	(\$42,637)	\$16,883	(\$17,108)	(\$42,862)	(0.36)	(\$41,856)	\$26,651	(\$14,990)	(\$30,195)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Other Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 1000444 - Statewide 4% FTE Reduction - Program 10 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	83.50	83.50	79.54	79.53	83.50	79.53	(3.97)	(4.75)%
Personal Services	6,144,569	6,504,816	6,759,099	6,770,811	12,649,385	13,529,910	880,525	6.96 %
Operating Expenses	4,572,721	6,799,478	5,727,555	5,727,502	11,372,199	11,455,057	82,858	0.73 %
Transfers	45,665	0	0	0	45,665	0	(45,665)	(100.00)%
Total Costs	\$10,762,955	\$13,304,294	\$12,486,654	\$12,498,313	\$24,067,249	\$24,984,967	\$917,718	3.81 %
General Fund	2,667,804	2,735,585	2,765,194	2,768,112	5,403,389	5,533,306	129,917	2.40 %
State/Other Special Rev. Funds	2,815,838	3,264,414	3,423,857	3,428,116	6,080,252	6,851,973	771,721	12.69 %
Federal Spec. Rev. Funds	5,279,313	7,304,295	6,297,603	6,302,085	12,583,608	12,599,688	16,080	0.13 %
Total Funds	\$10,762,955	\$13,304,294	\$12,486,654	\$12,498,313	\$24,067,249	\$24,984,967	\$917,718	3.81 %

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

Planning, Prevention, & Assistance Division Major Budget Highlights
<ul style="list-style-type: none"> When compared to the 2015 biennium appropriations, the 2017 biennium appropriation reduced program funding by 5.6% or \$1.5 million

Funding

The following table shows program funding by source from all sources of authority.

53010 - Department of Environmental Quality 20-Planning, Prevention, & Assistance Division

Department of Environmental Quality, 20-Planning, Prevention, & Assistance Division						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	5,533,306	0	0	5,533,306	22.15 %	
02070 Hazardous Waste-CERCLA	166,190	0	0	166,190	2.43 %	
02157 Solid Waste Management Fee	285,926	0	0	285,926	4.17 %	
02201 Air Quality-Operating Fees	256,728	0	0	256,728	3.75 %	
02206 Agriculture Monitoring	10,547	0	0	10,547	0.15 %	
02223 Wastewater SRF Special Admin	2,570,748	0	0	2,570,748	37.52 %	
02278 MPDES Permit Program	391,709	0	0	391,709	5.72 %	
02291 Alternative Energy Loan ARRA	135,100	0	0	135,100	1.97 %	
02370 Energy Conserv Repayment Acct	442,494	0	0	442,494	6.46 %	
02388 Misc. State Special Revenue	0	0	0	0	0.00 %	
02491 Drinking Water Spec Admin Cost	832,533	0	0	832,533	12.15 %	
02555 Alternative Energy Rev Loan	219,994	0	0	219,994	3.21 %	
02955 STATE ENERGY CONSERVATION ARRA	1,029,506	0	0	1,029,506	15.02 %	
02973 Univ System Benefits Program	510,498	0	0	510,498	7.45 %	
State Special Total	\$6,851,973	\$0	\$0	\$6,851,973	27.42 %	
03003 Wetland Dev-Prof Capacity	47,326	0	0	47,326	0.38 %	
03007 DOE Special Projects	32,740	0	0	32,740	0.26 %	
03013 DERA Stimulus	0	0	0	0	0.00 %	
03033 Wetland Develop-ILF	98,484	0	0	98,484	0.78 %	
03070 106 Monitoring Initiative	0	0	0	0	0.00 %	
03091 106 Monitor Suppl Initiative	246,598	0	0	246,598	1.96 %	
03152 DW SRF FY15 Grant	1,571,328	0	0	1,571,328	12.47 %	
03199 Stripper Wells	222,784	0	0	222,784	1.77 %	
03212 Stripper-SECP	29,980	0	0	29,980	0.24 %	
03217 Wetland Watershed Grant	172,694	0	0	172,694	1.37 %	
03218 Diamond Shamrock-Admin.	42,950	0	0	42,950	0.34 %	
03229 Wetland Voluntary Restoration	3,661	0	0	3,661	0.03 %	
03262 EPA PPG	1,979,597	0	0	1,979,597	15.71 %	
03318 FY 13 Water Quality 604B Grant	0	0	0	0	0.00 %	
03385 106 Suppl Mont Init II	0	0	0	0	0.00 %	
03430 DW SRF FY14 Grant	895	0	0	895	0.01 %	
03433 EPA PPG FY10-11	0	0	0	0	0.00 %	
03436 NPS 09 Staffing & Support	2,239,860	0	0	2,239,860	17.78 %	
03437 DOE-State Energy Program	780,212	0	0	780,212	6.19 %	
03440 FY11 NPS Project Grant	16,260	0	0	16,260	0.13 %	
03450 FY09 NPS PROJECT GRANT	0	0	0	0	0.00 %	
03459 DOE Competitive Special Proj	216,080	0	0	216,080	1.72 %	
03465 DOE Washington State Univ	148,055	0	0	148,055	1.18 %	
03481 NPS14 Project Grant	0	0	0	0	0.00 %	
03482 NPS15 Project Grant	2,773,168	0	0	2,773,168	22.01 %	
03490 FY12 Wetland Development Grant	0	0	0	0	0.00 %	
03595 DW SRF FY13	0	0	0	0	0.00 %	
03676 Bureau of Land Management	161,488	0	0	161,488	1.28 %	
03691 Non Pt Source Staffing/Support	679,781	0	0	679,781	5.40 %	
03695 SRF St Tribal Rel Agrmt Grant	271,131	0	0	271,131	2.15 %	
03704 DOE - MT Wind Powering	0	0	0	0	0.00 %	
03716 NPS10 Project Grant	0	0	0	0	0.00 %	
03723 Clean Diesel DS-97867001	569,640	0	0	569,640	4.52 %	
03814 EPA Water Quality 205J	213,186	0	0	213,186	1.69 %	
03817 Wetland 401 Certification Grnt	81,790	0	0	81,790	0.65 %	
Federal Special Total	\$12,599,688	\$0	\$0	\$12,599,688	50.43 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$24,984,967	\$0	\$0	\$24,984,967		

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 wastewater revolving funds, drinking water revolving funds, and state buildings revolving fund. 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

53010 - Department of Environmental Quality 20-Planning, Prevention, & Assistance Division

federal Clean Water Act. General fund is utilized for the Total Maximum Daily Loads (TMDL) program and for matching of federal grants.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	2,735,585	2,735,585	5,471,170	98.88 %	13,304,294	13,304,294	26,608,588	106.50 %
PL Adjustments	29,609	32,527	62,136	1.12 %	(817,640)	(805,981)	(1,623,621)	(6.50)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,765,194	\$2,768,112	\$5,533,306		\$12,486,654	\$12,498,313	\$24,984,967	

Present law adjustments reduce the program budget due to implementation of the 2015 biennium vacancy savings.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	7,263	14,662	16,734	38,659	0.00	7,261	14,658	16,733	38,652
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	20,388	30,623	83,112	134,123	0.00	20,388	30,623	83,112	134,123
DP 529 - Longevity and Other Adjustments	0.00	4,610	5,501	12,310	22,421	0.00	7,894	9,421	21,080	38,395
DP 550 - Motor Pool Adjustment	0.00	(885)	(1,057)	(2,365)	(4,307)	0.00	(896)	(1,070)	(2,394)	(4,360)
DP 570 - Other Personal Services Adjustments	0.00	(84,881)	226,127	(82,166)	59,080	0.00	(85,234)	226,483	(86,424)	54,825
DP 580 - Additional Operating Adjustments	0.00	83,114	(116,413)	(1,034,317)	(1,067,616)	0.00	83,114	(116,413)	(1,034,317)	(1,067,616)
DP 2000444 - Statewide 4% FTE Reduction - Program 20	(3.96)	0	0	0	0	(3.97)	0	0	0	0
Grand Total All Present Law Adjustments	(3.96)	\$29,609	\$159,443	(\$1,006,692)	(\$817,640)	(3.97)	\$32,527	\$163,702	(\$1,002,210)	(\$805,981)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Other Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 2000444 - Statewide 4% FTE Reduction - Program 20 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	64.00	64.00	61.00	61.00	64.00	61.00	(3.00)	(4.69)%
Personal Services	4,123,725	4,662,668	4,665,422	4,687,337	8,786,393	9,352,759	566,366	6.45 %
Operating Expenses	6,696,693	6,825,662	11,101,287	11,101,257	13,522,355	22,202,544	8,680,189	64.19 %
Equipment & Intangible Assets	8,245	0	0	0	8,245	0	(8,245)	(100.00)%
Benefits & Claims	0	425,000	0	0	425,000	0	(425,000)	(100.00)%
Transfers	7,354	9,364	9,364	9,364	16,718	18,728	2,010	12.02 %
Total Costs	\$10,836,017	\$11,922,694	\$15,776,073	\$15,797,958	\$22,758,711	\$31,574,031	\$8,815,320	38.73 %
State/Other Special Rev. Funds	5,246,390	6,260,514	5,877,050	5,894,542	11,506,904	11,771,592	264,688	2.30 %
Federal Spec. Rev. Funds	5,589,627	5,662,180	9,899,023	9,903,416	11,251,807	19,802,439	8,550,632	75.99 %
Total Funds	\$10,836,017	\$11,922,694	\$15,776,073	\$15,797,958	\$22,758,711	\$31,574,031	\$8,815,320	38.73 %

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.

Program Highlights

Remediation Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 biennium appropriation increased program funding by 31.4% or \$7.6 million. <ul style="list-style-type: none"> ◦ Increases are due to \$8.0 million in federal special revenue for remediation on abandoned mine lands.

Funding

The following table shows program funding by source from all sources of authority.

Department of Environmental Quality, 40-Remediation Division						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02058 Petroleum Storage Tank Cleanup	2,688,514	0	0	2,688,514	22.84 %	
02070 Hazardous Waste-CERCLA	168,618	0	0	168,618	1.43 %	
02162 Environmental Quality Protecti	7,797,936	0	0	7,797,936	66.24 %	
02206 Agriculture Monitoring	21,618	0	0	21,618	0.18 %	
02314 DNRC Grants - REMediation	200,000	0	0	200,000	1.70 %	
02438 Pegasus - Beal Mountain	303,896	0	0	303,896	2.58 %	
02451 LUST Cost Recovery - 10% Match	0	0	0	0	0.00 %	
02472 Orphan Share Fund	22,530	0	0	22,530	0.19 %	
02520 FY06 CERCLA BOND PROCEEDS	69,618	0	0	69,618	0.59 %	
02565 LUST Cost Recovery	399,926	0	0	399,926	3.40 %	
02940 Pegasus - Basin	98,936	0	0	98,936	0.84 %	
State Special Total	\$11,771,592	\$0	\$0	\$11,771,592	37.28 %	
03036 DEQ Federal AML Grant	701,854	0	0	701,854	3.54 %	
03107 National Park Service - Yellowstone	0	0	0	0	0.00 %	
03158 BLM INTERAGENCY AGREEMENT	625,226	0	0	625,226	3.16 %	
03221 EPA LUST Trust FY2010	1,147,840	0	0	1,147,840	5.80 %	
03228 L.U.S.T./Trust	3,338	0	0	3,338	0.02 %	
03256 EPA Superfund Core FY2010	458,810	0	0	458,810	2.32 %	
03257 Superfund Multi-Site	3,043,438	0	0	3,043,438	15.37 %	
03259 SUPERFUND MULTI SITE	464	0	0	464	0.00 %	
03260 Carpenter Snow Creek Superfund	168,442	0	0	168,442	0.85 %	
03261 LUST Supplemental Grant	141,622	0	0	141,622	0.72 %	
03262 EPA PPG	419,654	0	0	419,654	2.12 %	
03295 Tank Closure Grant	109,524	0	0	109,524	0.55 %	
03325 PM 2.5 TO 3/31/09	0	0	0	0	0.00 %	
03351 MGMT ASSIST - BUTTE MINE FLOOD	100,000	0	0	100,000	0.50 %	
03353 MANAGEMENT ASSIST - SPEC ACCT	652,000	0	0	652,000	3.29 %	
03360 MANAGEMENT ASSISTANCE - BULK	1,074,458	0	0	1,074,458	5.43 %	
03361 DOI Surface Mining AML	0	0	0	0	0.00 %	
03433 EPA PPG FY10-11	0	0	0	0	0.00 %	
03438 Brownsfield State Response	28,202	0	0	28,202	0.14 %	
03447 DEQ-Federal AML03 Grant	0	0	0	0	0.00 %	
03463 MINE LEASE/RECLAMATION	125,518	0	0	125,518	0.63 %	
03468 Core Cooperative Grant-FY05	6,686	0	0	6,686	0.03 %	
03663 AML Special Projects	0	0	0	0	0.00 %	
03667 Pollution Prevention Grant	8,000,000	0	0	8,000,000	40.40 %	
03721 Libby Asbestos/Troy	1,562,679	0	0	1,562,679	7.89 %	
03973 Brownfields Grants	1,432,684	0	0	1,432,684	7.23 %	
Federal Special Total	\$19,802,439	\$0	\$0	\$19,802,439	62.72 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$31,574,031	\$0	\$0	\$31,574,031		

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) 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.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	
2015 Budget	0	0	0	0.00 %	11,497,694	11,497,694	22,995,388	72.83 %	
PL Adjustments	0	0	0	0.00 %	278,379	300,264	578,643	1.83 %	
New Proposals	0	0	0	0.00 %	4,000,000	4,000,000	8,000,000	25.34 %	
Total Budget	\$0	\$0	\$0		\$15,776,073	\$15,797,958	\$31,574,031		

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	18,877	10,769	29,646	0.00	0	18,877	10,769	29,646
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	52,804	49,941	102,745	0.00	0	52,804	49,941	102,745
DP 529 - Longevity and Other Adjustments	0.00	0	(12,899)	0	(12,899)	0.00	0	4,388	0	4,388
DP 550 - Motor Pool Adjustment	0.00	0	(1,198)	(1,163)	(2,361)	0.00	0	(1,214)	(1,177)	(2,391)
DP 570 - Other Personal Services Adjustments	0.00	0	264,723	(381,461)	(116,738)	0.00	0	265,540	(377,650)	(112,110)
DP 580 - Additional Operating Adjustments	0.00	0	(280,771)	558,757	277,986	0.00	0	(281,367)	559,353	277,986
DP 4000444 - Statewide 4% FTE Reduction - Program 40	(3.00)	0	0	0	0	(3.00)	0	0	0	0
Grand Total All Present Law Adjustments	(3.00)	\$0	\$41,536	\$236,843	\$278,379	(3.00)	\$0	\$59,028	\$241,236	\$300,264

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Other Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 4000444 - Statewide 4% FTE Reduction - Program 40 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4004002 - Operating Adjustment for Abandoned Mine Lands	0.00	0	0	4,000,000	4,000,000	0.00	0	0	4,000,000	4,000,000
DP 5301002 - Hazardous Waste/CERCLA Fees	0.00	0	0	0	0	0.00	0	0	0	0
Total	0.00	\$0	\$0	\$4,000,000	\$4,000,000	0.00	\$0	\$0	\$4,000,000	\$4,000,000

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

DP 4004002 - Operating Adjustment for Abandoned Mine Lands -

The legislature re-established base budget authority for the Abandoned Mine Lands program. The department had previously sunset appropriations due to anticipated reductions in federal funding.

DP 5301002 - Hazardous Waste/CERCLA Fees -

The legislature approved additional authority for fees collected under administrative rules governing hazardous waste.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	14.73	14.73	14.13	14.13	14.73	14.13	(0.60)	(4.07)%
Personal Services	951,454	1,102,045	1,053,195	1,058,047	2,053,499	2,111,242	57,743	2.81 %
Operating Expenses	362,345	324,285	376,523	376,511	686,630	753,034	66,404	9.67 %
Equipment & Intangible Assets	15,139	0	0	0	15,139	0	(15,139)	(100.00)%
Total Costs	\$1,328,938	\$1,426,330	\$1,429,718	\$1,434,558	\$2,755,268	\$2,864,276	\$109,008	3.96 %
General Fund	521,448	551,847	561,008	562,884	1,073,295	1,123,892	50,597	4.71 %
State/Other Special Rev. Funds	454,943	488,587	489,458	491,119	943,530	980,577	37,047	3.93 %
Federal Spec. Rev. Funds	352,547	385,896	379,252	380,555	738,443	759,807	21,364	2.89 %
Total Funds	\$1,328,938	\$1,426,330	\$1,429,718	\$1,434,558	\$2,755,268	\$2,864,276	\$109,008	3.96 %

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

Enforcement Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 biennium appropriation increased program funding by 2.1% or \$57,892 <ul style="list-style-type: none"> ◦ Budget increases are primarily due to increases in personal services including annualization of HB 13 from the 2015 biennium.

Funding

The following table shows program funding by source from all sources of authority.

Department of Environmental Quality, 30-Enforcement Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,123,892	0	0	1,123,892	39.24 %	
02070 Hazardous Waste-CERCLA	51,804	0	0	51,804	5.28 %	
02075 UST Leak Prevention Program	67,768	0	0	67,768	6.91 %	
02157 Solid Waste Management Fee	60,812	0	0	60,812	6.20 %	
02162 Environmental Quality Protecti	0	0	0	0	0.00 %	
02201 Air Quality-Operating Fees	202,572	0	0	202,572	20.66 %	
02202 Asbestos Control	72,690	0	0	72,690	7.41 %	
02204 Public Drinking Water	266,982	0	0	266,982	27.23 %	
02223 Wastewater SRF Special Admin	35,275	0	0	35,275	3.60 %	
02278 MPDES Permit Program	105,750	0	0	105,750	10.78 %	
02418 Subdivision Plat Review	136	0	0	136	0.01 %	
02576 Natural Resources Operations SSR Fu	13,352	0	0	13,352	1.36 %	
02845 Junk Vehicle Disposal	103,436	0	0	103,436	10.55 %	
02955 STATE ENERGY CONSERVATION ARRA	0	0	0	0	0.00 %	
State Special Total	\$980,577	\$0	\$0	\$980,577	34.23 %	
03067 DSL Federal Reclamation Grant	92	0	0	92	0.01 %	
03262 EPA PPG	740,173	0	0	740,173	97.42 %	
03433 EPA PPG FY10-11	2	0	0	2	0.00 %	
03816 DOI OSM A&E GRANT	19,540	0	0	19,540	2.57 %	
Federal Special Total	\$759,807	\$0	\$0	\$759,807	26.53 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$2,864,276	\$0	\$0	\$2,864,276		

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 fees, discharge permits, and 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 utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	551,847	551,847	1,103,694	98.20 %	1,426,330	1,426,330	2,852,660	99.59 %
PL Adjustments	9,161	11,037	20,198	1.80 %	3,388	8,228	11,616	0.41 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$561,008	\$562,884	\$1,123,892		\$1,429,718	\$1,434,558	\$2,864,276	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	2,695	2,351	1,822	6,868	0.00	2,695	2,351	1,822	6,868
DP 529 - Longevity and Other Adjustments	0.00	(1,509)	(1,336)	(1,054)	(3,899)	0.00	(14)	(12)	(10)	(36)
DP 550 - Motor Pool Adjustment	0.00	(371)	(329)	(260)	(960)	0.00	(376)	(333)	(263)	(972)
DP 570 - Other Personal Services Adjustments	0.00	(28,468)	(17,439)	(5,912)	(51,819)	0.00	(27,428)	(17,125)	(6,277)	(50,830)
DP 580 - Additional Operating Adjustments	0.00	36,814	17,624	(1,240)	53,198	0.00	36,160	17,651	(613)	53,198
DP 3000444 - Statewide 4% FTE Reduction - Program 30	(0.60)	0	0	0	0	(0.60)	0	0	0	0
Grand Total All Present Law Adjustments	(0.60)	\$9,161	\$871	(\$6,644)	\$3,388	(0.60)	\$11,037	\$2,532	(\$5,341)	\$8,228

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Other Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 3000444 - Statewide 4% FTE Reduction - Program 30 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	207.14	207.14	197.64	197.64	207.14	197.64	(9.50)	(4.59)%
Personal Services	13,838,254	15,148,914	15,525,595	15,577,463	28,987,168	31,103,058	2,115,890	7.30 %
Operating Expenses	8,946,147	12,941,745	15,791,857	15,791,704	21,887,892	31,583,561	9,695,669	44.30 %
Equipment & Intangible Assets	124,965	101,740	101,740	101,740	226,705	203,480	(23,225)	(10.24)%
Grants	1,094,008	1,635,863	1,635,863	1,635,863	2,729,871	3,271,726	541,855	19.85 %
Transfers	23,294	26,036	23,034	23,034	49,330	46,068	(3,262)	(6.61)%
Total Costs	\$24,026,668	\$29,854,298	\$33,078,089	\$33,129,804	\$53,880,966	\$66,207,893	\$12,326,927	22.88 %
General Fund	1,829,563	1,897,482	1,938,564	1,927,545	3,727,045	3,866,109	139,064	3.73 %
State/Other Special Rev. Funds	15,653,156	20,765,486	24,744,080	24,828,519	36,418,642	49,572,599	13,153,957	36.12 %
Federal Spec. Rev. Funds	6,543,949	7,191,330	6,395,445	6,373,740	13,735,279	12,769,185	(966,094)	(7.03)%
Total Funds	\$24,026,668	\$29,854,298	\$33,078,089	\$33,129,804	\$53,880,966	\$66,207,893	\$12,326,927	22.88 %

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 Energy and 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).

Program Highlights

Permitting and Compliance Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to the 2015 biennium appropriations, the 2017 biennium appropriation increased program funding by 12.0% or \$7.1 million. Increases are due primarily to: <ul style="list-style-type: none"> ◦ \$7.0 million in state special revenue funding for expanded use of the orphan share fund. ◦ \$500,000 in general fund for water cleanup at Zortman/Landusky.

Funding

The following table shows program funding by source from all sources of authority.

Department of Environmental Quality, 50-Permitting & Compliance Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,866,109	0	0	3,866,109	5.84 %
02036 Opencut Fees	588,432	0	0	588,432	1.19 %
02054 UST-Installer Lic & Permit Acc	100,656	0	0	100,656	0.20 %
02070 Hazardous Waste-CERCLA	835,946	0	0	835,946	1.69 %
02075 UST Leak Prevention Program	348,366	0	0	348,366	0.70 %
02096 Reclamation - Bond Forfeitures	208,092	0	0	208,092	0.42 %
02138 Zort/Land Open Cut Bond Forfei	0	0	0	0	0.00 %
02157 Solid Waste Management Fee	1,219,276	0	0	1,219,276	2.46 %
02201 Air Quality-Operating Fees	8,210,801	0	0	8,210,801	16.56 %
02202 Asbestos Control	548,276	0	0	548,276	1.11 %
02204 Public Drinking Water	2,109,976	0	0	2,109,976	4.26 %
02278 MPDES Permit Program	4,844,530	0	0	4,844,530	9.77 %
02308 DNRC Grants Permit Cmpl Div	0	0	0	0	0.00 %
02417 Orphan Share Transfers	0	0	0	0	0.00 %
02418 Subdivision Plat Review	1,372,844	0	0	1,372,844	2.77 %
02420 Bd of Cert For W&WW OP	298,924	0	0	298,924	0.60 %
02421 Hazardous Waste Fees	486,732	0	0	486,732	0.98 %
02428 Major Facility Siting	3,455,524	0	0	3,455,524	6.97 %
02472 Orphan Share Fund	7,000,000	0	0	7,000,000	14.12 %
02521 Pegasus Bankruptcy/Operations	1,462,642	0	0	1,462,642	2.95 %
02576 Natural Resources Operations SSR Fu	4,055,710	0	0	4,055,710	8.18 %
02579 Coal & Uranium Mine Account	523,848	0	0	523,848	1.06 %
02845 Junk Vehicle Disposal	3,884,280	0	0	3,884,280	7.84 %
02954 Septage Fees	138,760	0	0	138,760	0.28 %
02988 Hard Rock Mining Reclamation	7,878,984	0	0	7,878,984	15.89 %
State Special Total	\$49,572,599	\$0	\$0	\$49,572,599	74.87 %
03028 UST Energy Policy Act Prov	62,276	0	0	62,276	0.49 %
03067 DSL Federal Reclamation Grant	52,370	0	0	52,370	0.41 %
03107 National Park Service - Yellowstone	45,494	0	0	45,494	0.36 %
03152 DW SRF FY15 Grant	1,117,450	0	0	1,117,450	8.75 %
03243 BLM-ARMB 9/30/16	91,414	0	0	91,414	0.72 %
03262 EPA PPG	5,052,917	0	0	5,052,917	39.57 %
03309 UST Leak Prevention Grant	784,000	0	0	784,000	6.14 %
03325 PM 2.5 TO 3/31/09	816,208	0	0	816,208	6.39 %
03326 BLM For Zortman & Landusky	744,926	0	0	744,926	5.83 %
03430 DW SRF FY14 Grant	598,538	0	0	598,538	4.69 %
03433 EPA PPG FY10-11	0	0	0	0	0.00 %
03435 PM 2.5 Fiscal Year 2004	0	0	0	0	0.00 %
03436 NPS 09 Staffing & Support	208,494	0	0	208,494	1.63 %
03438 Brownsfield State Response	0	0	0	0	0.00 %
03569 DW SRF FY16 Grant	20,020	0	0	20,020	0.16 %
03574 DW SRF FY17 Grant	31,662	0	0	31,662	0.25 %
03595 DW SRF FY13	0	0	0	0	0.00 %
03691 Non Pt Source Staffing/Support	0	0	0	0	0.00 %
03798 Homeland Water System Security	0	0	0	0	0.00 %
03816 DOI OSM A&E GRANT	3,096,528	0	0	3,096,528	24.25 %
03973 Brownfields Grants	46,888	0	0	46,888	0.37 %
Federal Special Total	\$12,769,185	\$0	\$0	\$12,769,185	19.29 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$66,207,893	\$0	\$0	\$66,207,893	

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

State special revenue consists of forfeited hard rock reclamation bonds, 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 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).

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	1,897,482	1,897,482	3,794,964	98.16 %	29,486,784	29,486,784	58,973,568	89.07 %
PL Adjustments	(208,918)	(219,937)	(428,855)	(11.09)%	(203,918)	(152,203)	(356,121)	(0.54)%
New Proposals	250,000	250,000	500,000	12.93 %	3,795,223	3,795,223	7,590,446	11.46 %
Total Budget	\$1,938,564	\$1,927,545	\$3,866,109		\$33,078,089	\$33,129,804	\$66,207,893	

Present law adjustments for the program are negative due to operating adjustments adopted by the legislature.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	8,340	60,700	27,013	96,053	0.00	8,340	60,700	27,013	96,053
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	13,324	197,693	109,007	320,024	0.00	13,324	197,693	109,007	320,024
DP 529 - Longevity and Other Adjustments	0.00	1,453	15,619	5,506	22,578	0.00	4,519	48,578	17,126	70,223
DP 550 - Motor Pool Adjustment	0.00	(998)	(10,726)	(3,781)	(15,505)	0.00	(1,008)	(10,832)	(3,818)	(15,658)
DP 570 - Other Personal Services Adjustments	0.00	(752,063)	3,548,008	(2,783,602)	12,343	0.00	(766,138)	3,599,594	(2,816,890)	16,566
DP 580 - Additional Operating Adjustments	0.00	521,026	(3,828,578)	1,849,972	(1,457,580)	0.00	521,026	(3,828,578)	1,849,972	(1,457,580)
DP 5000444 - Statewide 4% FTE Reduction - Program 50	(9.50)	0	0	0	0	(9.50)	0	0	0	0
DP 5005002 - Hard Rock Reclamation/MFSA Projects (Restricted/Biennial)	0.00	0	812,946	0	812,946	0.00	0	812,946	0	812,946
DP 5005004 - Leased Vehicle to Replace Owned Vehicle	0.00	0	5,223	0	5,223	0.00	0	5,223	0	5,223
Grand Total All Present Law Adjustments	(9.50)	(\$208,918)	\$800,885	(\$795,885)	(\$203,918)	(9.50)	(\$219,937)	\$885,324	(\$817,590)	(\$152,203)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Other Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 5000444 - Statewide 4% FTE Reduction - Program 50 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

DP 5005002 - Hard Rock Reclamation/MFSA Projects (Restricted/Biennial) -

The legislature increased appropriations for projects administered under the Metal Mine Reclamation Act (MMRA) and Major Facility Siting Act Programs (MFSA).

DP 5005004 - Leased Vehicle to Replace Owned Vehicle -

The legislature appropriated funds for the department to replace two surplus, 15+ year old, agency-owned vehicles with one leased SUV.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5005005 - Lease Vehicle for Missoula Office	0.00	0	5,223	0	5,223	0.00	0	5,223	0	5,223
DP 5301001 - Orphan Share Expanded Usage (Restricted/Biennial/OTO)	0.00	0	3,500,000	0	3,500,000	0.00	0	3,500,000	0	3,500,000
DP 5301002 - Hazardous Waste/CERCLA Fees	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 5301003 - Zortman/Landusky Additional (Restricted/OTO)	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
Total	0.00	\$250,000	\$3,545,223	\$0	\$3,795,223	0.00	\$250,000	\$3,545,223	\$0	\$3,795,223

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

DP 5005005 - Lease Vehicle for Missoula Office -

The legislature appropriated funds for the department to lease a vehicle from the state motor pool rather renting from a private rental company in Missoula.

DP 5301001 - Orphan Share Expanded Usage (Restricted/Biennial/OTO) -

The legislature appropriated funds from the Orphan Share fund for expanded usage for projects detailed in SB96.

DP 5301002 - Hazardous Waste/CERCLA Fees -

The legislature approved additional authority for fees collected under administrative rules governing hazardous waste.

DP 5301003 - Zortman/Landusky Additional (Restricted/OTO) -

The legislature approved a restricted, one-time-only general fund appropriation for water treatment at Zortman/Landusky. Historically, BLM has made year-end funding available to support water treatment. If BLM funds are received, this general fund appropriation will be reduced by the like amount.

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

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	6.10	6.10	5.60	5.60	6.10	5.60	(0.50)	(8.20)%
Personal Services	378,778	389,621	385,446	385,933	768,399	771,379	2,980	0.39%
Operating Expenses	250,894	258,118	250,889	250,889	509,012	501,778	(7,234)	(1.42)%
Total Costs	\$629,672	\$647,739	\$636,335	\$636,822	\$1,277,411	\$1,273,157	(\$4,254)	(0.33)%
State/Other Special Rev. Funds	629,672	647,739	636,335	636,822	1,277,411	1,273,157	(4,254)	(0.33)%
Total Funds	\$629,672	\$647,739	\$636,335	\$636,822	\$1,277,411	\$1,273,157	(\$4,254)	(0.33)%

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
<ul style="list-style-type: none"> When compared to the 2015 biennium appropriations, the 2017 biennium appropriation reduced program funding by 0.5% or \$6,419.

Funding

The following table shows program funding by source from all sources of authority.

Department of Environmental Quality, 90-Petroleum Tank Release Compensation Board Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00%	
02058 Petroleum Storage Tank Cleanup	1,273,157	0	7,474,000	8,747,157	100.00%	
02542 MT Environ Policy Act Fee	0	0	0	0	0.00%	
State Special Total	\$1,273,157	\$0	\$7,474,000	\$8,747,157	100.00%	
Federal Special Total	\$0	\$0	\$0	\$0	0.00%	
Proprietary Total	\$0	\$0	\$0	\$0	0.00%	
Total All Funds	\$1,273,157	\$0	\$7,474,000	\$8,747,157		

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

The program is funded entirely through a portion of the \$0.0075 fee on gasoline, diesel, heating oil, and aviation fuel distributed in Montana.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	647,739	647,739	1,295,478	101.75 %
PL Adjustments	0	0	0	0.00 %	(11,404)	(10,917)	(22,321)	(1.75)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$636,335	\$636,822	\$1,273,157	

Present law adjustments are negative due to both operating adjustments adopted by the legislature and the impact of the 2015 vacancy savings.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	2,722	0	2,722	0.00	0	2,722	0	2,722
DP 529 - Longevity and Other Adjustments	0.00	0	1,734	0	1,734	0.00	0	2,540	0	2,540
DP 550 - Motor Pool Adjustment	0.00	0	(5)	0	(5)	0.00	0	(5)	0	(5)
DP 570 - Other Personal Services Adjustments	0.00	0	(8,631)	0	(8,631)	0.00	0	(8,950)	0	(8,950)
DP 580 - Additional Operating Adjustments	0.00	0	(7,224)	0	(7,224)	0.00	0	(7,224)	0	(7,224)
DP 9000444 - Statewide 4% FTE Reduction - Program 90	(0.50)	0	0	0	0	(0.50)	0	0	0	0
Grand Total All Present Law Adjustments	(0.50)	\$0	(\$11,404)	\$0	(\$11,404)	(0.50)	\$0	(\$10,917)	\$0	(\$10,917)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

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

DP 550 - Motor Pool Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Other Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 9000444 - Statewide 4% FTE Reduction - Program 90 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	138.47	138.47	242.18	242.18	138.47	242.18	103.71
Personal Services	6,966,271	7,635,552	4,536,644	4,536,940	14,601,823	9,073,584	(5,528,239)
Operating Expenses	2,699,712	3,248,357	7,628,021	7,589,256	5,948,069	15,217,277	9,269,208
Equipment & Intangible Assets	61,689	7,149	27,999	27,999	68,838	55,998	(12,840)
Grants	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0
Transfers	223,054	75,997	133,578	133,578	299,051	267,156	(31,895)
Debt Service	19,967	24,842	19,967	19,967	44,809	39,934	(4,875)
Total Costs	\$9,970,693	\$10,991,897	\$12,346,209	\$12,307,740	\$20,962,590	\$24,653,949	\$3,691,359
General Fund	984,208	1,559,633	2,581,223	2,634,190	2,543,841	5,215,413	2,671,572
State/Other Special Rev. Funds	7,607,738	7,961,560	7,981,180	7,907,800	15,569,298	15,888,980	319,682
Federal Spec. Rev. Funds	1,378,747	1,470,704	1,783,806	1,765,750	2,849,451	3,549,556	700,105
Total Funds	\$9,970,693	\$10,991,897	\$12,346,209	\$12,307,740	\$20,962,590	\$24,653,949	\$3,691,359

Agency Description

The department is responsible for controlling and eradicating animal diseases, preventing the transmission of animal diseases to humans, and protecting the livestock industry from theft and predatory animals.

Agency Highlights

Department of Livestock Major Budget Highlights
The 2017 Legislatively adopted budget is 13.7% above the Legislatively appropriated 2015 budget. Of the \$24.7 million biennial budget, all but \$0.3 million was placed under a one-time-only designation by the legislature.

Summary of Legislative Action

The biennial budget would increase by 13.7% due to increases in the operating budget primarily in the Animal Health Division, Brands Enforcement Division, and the Meat and Poultry Inspection Program. The legislature added 1 new egg inspector to the Milk and Egg Program. In addition, the legislature increased general fund appropriations in the Diagnostic Laboratory, Animal Health Division, and Meath and Poultry Inspection Program to meet requests of the livestock industry.

Agency Discussion

Fiscal Management Issues

The Legislative Audit Division completed a financial audit of the Department of Livestock in May of 2014. This audit raised issues that were in violation of constitutional or state law, including:

- Dispersing funds without charging an appropriation
- Errors in calculating the 2012 per capita fees
- Expending deferred brand revenues for current year operations

Though the department concurred with the findings, there is no guarantee corrections have been made until such time the Audit Division returns for a follow up review.

Given the issues above, the joint appropriations subcommittee chose to implement zero-base budgeting for this department. This started the budget at zero and established a process for the department to provide information to the subcommittee to establish a balanced and sustainable budget for FY 2016 and FY 2017 without regard for historical patterns. At the conclusion of the budgeting process, the legislature put nearly all of the funding for the department under a one-time-only designation. The status of the department's budget and expenditures may be examined by the Legislative Finance Committee during the 2017 interim.

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.

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	5,215,413	0	0	5,215,413	20.25 %
State Special Total	15,888,980	0	1,100,000	16,988,980	65.97 %
Federal Special Total	3,549,556	0	0	3,549,556	13.78 %
Proprietary Total	0	0	0	0	0.00 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$24,653,949	\$0	\$1,100,000	\$25,753,949	
Percent - Total All Sources	95.73 %	0.00 %	4.27 %		

Nearly two-thirds of the department is funded by state special revenue while the remainder comes from both general and federal funds.

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. General funds are used primarily in the Diagnostic Lab, Animal Health Division, and Meat and Poultry Inspection Program.

State special revenue in the Department of Livestock is derived primarily from taxes and fees assessed to livestock owners on a per capita basis and accounts for 66% of the total budget. Three state special revenue funds comprise over 90% of state special revenue in the department. While two of the funds are used for specific activities, they are both supplemented by the primary funding state special revenue source, the per capita fee fund. Therefore, the fates of each of the accounts are intertwined and must be looked at in total. The following table shows the functions of the department and the related funding sources.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	1,029,423	1,029,423	2,058,846	39.48 %	10,437,890	10,437,890	20,875,780	84.68 %
PL Adjustments	1,551,800	1,604,767	3,156,567	60.52 %	1,908,319	1,869,850	3,778,169	15.32 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,581,223	\$2,634,190	\$5,215,413		\$12,346,209	\$12,307,740	\$24,653,949	

Other Legislation

SB 100 - Grants the Board of Livestock the power to control and eradicate feral swine.

SB 108 - Clarifies the calculation of the annual per capita fee.

SB 183 - Revises milk licensing assessments.

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	138.47	139.12	242.18	103.06	139.12	242.18	103.06	103.06
Personal Services	6,966,271	8,424,105	4,536,644	(3,887,461)	8,422,558	4,536,940	(3,885,618)	(7,773,079)
Operating Expenses	2,699,712	3,549,800	7,628,021	4,078,221	3,481,761	7,589,256	4,107,495	8,185,716
Equipment & Intangible Assets	61,689	61,689	27,999	(33,690)	61,689	27,999	(33,690)	(67,380)
Grants	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	223,054	223,054	133,578	(89,476)	223,054	133,578	(89,476)	(178,952)
Debt Service	19,967	19,967	19,967	0	19,967	19,967	0	0
Total Costs	\$9,970,693	\$12,278,615	\$12,346,209	\$67,594	\$12,209,029	\$12,307,740	\$98,711	\$166,305
General Fund	984,208	2,536,002	2,581,223	45,221	2,536,504	2,634,190	97,686	142,907
State/other Special Rev. Funds	7,607,738	7,976,807	7,981,180	4,373	7,906,775	7,907,800	1,025	5,398
Federal Spec. Rev. Funds	1,378,747	1,765,806	1,783,806	18,000	1,765,750	1,765,750	0	18,000
Total Funds	\$9,970,693	\$12,278,615	\$12,346,209	\$67,594	\$12,209,029	\$12,307,740	\$98,711	\$166,305

The 2017 biennium legislatively approved budget increases department funding by \$166,305 when compared to the executive request. Major increases occurred in the Animal Health, Milk and Egg, and Centralized Services programs.

Language and Statutory Authority

The legislature approved the following language to be included in HB 2:

During the 2017 biennium, up to \$500,000 of state special authority is appropriated if livestock per capita fees are raised and the subsequent funds are available.

The department of livestock shall report on the structural balance on all fee-based funds to the economic affairs interim committee at the first meeting following July 1 of 2015 and 2016.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	18.50	18.50	37.00	37.00	18.50	37.00	18.50	100.00 %
Personal Services	1,052,400	1,133,404	1,049,214	1,049,214	2,185,804	2,098,428	(87,376)	(4.00)%
Operating Expenses	489,352	481,988	801,841	762,594	971,340	1,564,435	593,095	61.06 %
Equipment & Intangible Assets	0	7,149	0	0	7,149	0	(7,149)	(100.00)%
Grants	0	0	0	0	0	0	0	0.00 %
Benefits & Claims	0	0	0	0	0	0	0	0.00 %
Transfers	87,481	75,997	87,481	87,481	163,478	174,962	11,484	7.02 %
Total Costs	\$1,629,233	\$1,698,538	\$1,938,536	\$1,899,289	\$3,327,771	\$3,837,825	\$510,054	15.33 %
General Fund	78,570	84,078	95,223	95,027	162,648	190,250	27,602	16.97 %
State/Other Special Rev. Funds	1,550,663	1,614,460	1,843,313	1,804,262	3,165,123	3,647,575	482,452	15.24 %
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$1,629,233	\$1,698,538	\$1,938,536	\$1,899,289	\$3,327,771	\$3,837,825	\$510,054	15.33 %

Program Description

The Centralized Services Division is responsible for budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, information technology, public information, risk management, and general services for the department. The Milk Control Bureau staff and the Livestock Loss Board (LLB) staff are supervised in the Central Services Division. The Board of Milk Control and the Livestock Loss Board 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.

Program Highlights

Centralized Services Program Major Budget Highlights
<ul style="list-style-type: none"> The 2017 legislatively approved budget increased from the 2015 biennium due to increases in state special revenue and general fund to meet the needs of the livestock industry. Nearly the entire program was appropriated funds on a one-time-only basis.

Funding

The following table shows program funding by source from all sources of authority.

Department of Livestock, 01-Centralized Services Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	190,250	0	0	190,250	3.85 %	
02029 Board Of Horse Racing	0	0	0	0	0.00 %	
02063 BOHR SIMULCAST	0	0	0	0	0.00 %	
02117 Predatory Animal SSR	0	0	700,000	700,000	14.74 %	
02124 LLBM Restricted	0	0	400,000	400,000	8.43 %	
02426 Lvstk Per Capita	3,287,669	0	0	3,287,669	69.25 %	
02817 Milk Control Bureau	359,906	0	0	359,906	7.58 %	
State Special Total	\$3,647,575	\$0	\$1,100,000	\$4,747,575	96.15 %	
03345 LLRMB Federal Special	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$3,837,825	\$0	\$1,100,000	\$4,937,825		

Approximately 96.2% of the funding comes from state special revenue funds, the majority coming from the livestock per capita fund. The livestock per capita fund funds 67% of the entire program. The remaining funding comes from the general fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	84,078	84,078	168,156	88.39 %	1,698,538	1,698,538	3,397,076	88.52 %
PL Adjustments	11,145	10,949	22,094	11.61 %	239,998	200,751	440,749	11.48 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$95,223	\$95,027	\$190,250		\$1,938,536	\$1,899,289	\$3,837,825	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 242 - Centralized Services Adjustment	0.00	16,653	0	0	16,653	0.00	16,457	0	0	16,457
DP 244 - State Special Revenue Adjustments	0.00	0	253,599	0	253,599	0.00	0	253,599	0	253,599
DP 245 - Legislative Audit Restoration	0.00	0	39,051	0	39,051	0.00	0	0	0	0
DP 5603 - Zero Base Budget Adjustment	0.00	(84,078)	(1,614,460)	0	(1,698,538)	0.00	(84,078)	(1,614,460)	0	(1,698,538)
DP 5605 - CP 10 Establish New Budget Level (RST/OTO)	16.50	0	1,550,663	0	1,550,663	17.50	0	1,550,663	0	1,550,663
DP 100001 - Restore Livestock Loss Board Funding	2.00	78,570	0	0	78,570	1.00	78,570	0	0	78,570
Grand Total All Present Law Adjustments	18.50	\$11,145	\$228,853	\$0	\$239,998	18.50	\$10,949	\$189,802	\$0	\$200,751

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

DP 242 - Centralized Services Adjustment -

The legislature increased funding for the centralized services program to meet the requests of the livestock industry.

DP 244 - State Special Revenue Adjustments -

The legislature increased funding from state special revenue to meet the needs of the livestock industry.

DP 245 - Legislative Audit Restoration -

The legislature restored funding for the legislative audit of the department.

DP 5603 - Zero Base Budget Adjustment -

The legislature removed all funding from the base budget to start the zero based budgeting process.

DP 5605 - CP 10 Establish New Budget Level (RST/OTO) -

The legislature established the budget at 2014 actual levels less general fund expenditures.

DP 100001 - Restore Livestock Loss Board Funding -

The legislature approved ongoing funding for the Livestock Loss Board.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	21.76	21.76	43.02	43.02	21.76	43.02	21.26	97.70 %
Personal Services	1,239,897	1,268,447	1,239,897	1,239,897	2,508,344	2,479,794	(28,550)	(1.14)%
Operating Expenses	728,475	731,226	888,614	874,137	1,459,701	1,762,751	303,050	20.76 %
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00 %
Debt Service	19,967	24,842	19,967	19,967	44,809	39,934	(4,875)	(10.88)%
Total Costs	\$1,988,339	\$2,024,515	\$2,148,478	\$2,134,001	\$4,012,854	\$4,282,479	\$269,625	6.72 %
General Fund	287,512	294,731	896,806	874,940	582,243	1,771,746	1,189,503	204.30 %
State/Other Special Rev. Funds	1,700,827	1,729,784	1,192,093	1,199,628	3,430,611	2,391,721	(1,038,890)	(30.28)%
Federal Spec. Rev. Funds	0	0	59,579	59,433	0	119,012	119,012	0.00 %
Total Funds	\$1,988,339	\$2,024,515	\$2,148,478	\$2,134,001	\$4,012,854	\$4,282,479	\$269,625	6.72 %

Program Description

The Diagnostic Laboratory provides 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
<ul style="list-style-type: none"> • The Diagnostic Laboratory 2017 Legislatively approved budget would increase over the 2015 biennium due to general fund increases in operating expenses. • The legislature increased general fund within the lab due to the role in played in overall public health. In previous years it was funded almost entirely with state special revenue. The entire budget for the diagnostic laboratory was designated as a one-time-only basis.

Funding

The following table shows program funding by source from all sources of authority.

Department of Livestock, 03-Diagnostic Laboratory Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,771,746	0	0	1,771,746	41.37 %
02426 Lvstk Per Capita	478,363	0	0	478,363	20.00 %
02427 Animal Health	1,689,114	0	0	1,689,114	70.62 %
02701 Milk and Egg Inspection	224,244	0	0	224,244	9.38 %
State Special Total	\$2,391,721	\$0	\$0	\$2,391,721	55.85 %
03032 Animal Health Sp. Rev	119,012	0	0	119,012	100.00 %
03673 Small Federal Grants	0	0	0	0	0.00 %
03707 Homeland Security	0	0	0	0	0.00 %
Federal Special Total	\$119,012	\$0	\$0	\$119,012	2.78 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$4,282,479	\$0	\$0	\$4,282,479	

The Diagnostic Laboratory is mostly funded by general funds and state special funds. The majority of state special funds come from the livestock per capita fees and the animal health fund. Federal funds are responsible for the remaining 3%.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	294,731	294,731	589,462	33.27 %	2,024,515	2,024,515	4,049,030	94.55 %
PL Adjustments	602,075	580,209	1,182,284	66.73 %	123,963	109,486	233,449	5.45 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$896,806	\$874,940	\$1,771,746		\$2,148,478	\$2,134,001	\$4,282,479	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	-----Fiscal 2016-----				-----Fiscal 2017-----			
	FTE	General Fund	State Special	Federal Special Total Funds	FTE	General Fund	State Special	Federal Special Total Funds
DP 240 - Diagnostic Lab Adjustment	0.00	896,806	(508,734)	59,579 447,651	0.00	874,940	(501,199)	59,433 433,174
DP 5603 - Zero Base Budget Adjustment	0.00	(294,731)	(1,729,784)	0 (2,024,515)	0.00	(294,731)	(1,729,784)	0 (2,024,515)
DP 5605 - CP 10 Establish New Budget Level (RST/OTO)	21.26	0	1,700,827	0 1,700,827	21.26	0	1,700,827	0 1,700,827
Grand Total All Present Law Adjustments	21.26	\$602,075	(\$537,691)	\$59,579 \$123,963	21.26	\$580,209	(\$530,156)	\$59,433 \$109,486

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

DP 240 - Diagnostic Lab Adjustment -

The legislature increased funding for the diagnostic lab program to meet the needs of the livestock industry.

DP 5603 - Zero Base Budget Adjustment -

The legislature removed all funding from the base budget to start the zero based budgeting process.

DP 5605 - CP 10 Establish New Budget Level (RST/OTO) -

The legislature established the budget at 2014 actual levels less general fund expenditures.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	13.50	13.50	27.00	27.00	13.50	27.00	13.50	100.00 %
Personal Services	679,680	858,580	562,078	562,078	1,538,260	1,124,156	(414,104)	(26.92)%
Operating Expenses	645,119	1,143,189	1,810,730	1,883,787	1,788,308	3,694,517	1,906,209	106.59 %
Equipment & Intangible Assets	61,689	0	27,999	27,999	61,689	55,998	(5,691)	(9.23)%
Transfers	6,573	0	9,158	9,158	6,573	18,316	11,743	178.66 %
Total Costs	\$1,393,061	\$2,001,769	\$2,409,965	\$2,483,022	\$3,394,830	\$4,892,987	\$1,498,157	44.13 %
General Fund	0	506,413	763,459	837,418	506,413	1,600,877	1,094,464	216.12 %
State/Other Special Rev. Funds	647,788	729,971	697,376	697,460	1,377,759	1,394,836	17,077	1.24 %
Federal Spec. Rev. Funds	745,273	765,385	949,130	948,144	1,510,658	1,897,274	386,616	25.59 %
Total Funds	\$1,393,061	\$2,001,769	\$2,409,965	\$2,483,022	\$3,394,830	\$4,892,987	\$1,498,157	44.13 %

Program Description

The Animal Health Division 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, 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

Animal Health Division Major Budget Highlights
The legislature appropriated an additional \$1.1 million of general fund for operating expenses. The entire budget for the division was appropriated as a one-time-only designation.

Funding

The following table shows program funding by source from all sources of authority.

Department of Livestock, 04-Animal Health Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,600,877	0	0	1,600,877	32.72 %	
02426 Lvstk Per Capita	1,394,836	0	0	1,394,836	100.00 %	
02427 Animal Health	0	0	0	0	0.00 %	
State Special Total	\$1,394,836	\$0	\$0	\$1,394,836	28.51 %	
03032 Animal Health Sp. Rev	406,728	0	0	406,728	21.44 %	
03427 Bison Trap Funds	1,490,546	0	0	1,490,546	78.56 %	
03710 West Nile Virus	0	0	0	0	0.00 %	
Federal Special Total	\$1,897,274	\$0	\$0	\$1,897,274	38.78 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$4,892,987	\$0	\$0	\$4,892,987		

The program is primarily funded with federal funds supporting bison operations and the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) research and cooperative efforts. The program is also supported with a state special revenue fund via a per capita livestock fee to support disease control, import/export activities, and alternative livestock activities while the remaining funding comes from the general fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
	2015 Budget	0	0	0	0.00 %	1,495,356	1,495,356	2,990,712
PL Adjustments	763,459	837,418	1,600,877	100.00 %	914,609	987,666	1,902,275	38.88 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$763,459	\$837,418	\$1,600,877		\$2,409,965	\$2,483,022	\$4,892,987	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	-----Fiscal 2016-----				-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 241 - Animal Health Adjustment	0.00	763,459	0	0	763,459	0.00	837,418	0	0	837,418
DP 244 - State Special Revenue Adjustments	0.00	0	49,588	203,857	253,445	0.00	0	49,672	202,871	252,543
DP 5603 - Zero Base Budget Adjustment	0.00	0	(729,971)	(765,385)	(1,495,356)	0.00	0	(729,971)	(765,385)	(1,495,356)
DP 5605 - CP 10 Establish New Budget Level (RST/OTO)	13.50	0	647,788	745,273	1,393,061	13.50	0	647,788	745,273	1,393,061
Grand Total All Present Law Adjustments	13.50	\$763,459	(\$32,595)	\$183,745	\$914,609	13.50	\$837,418	(\$32,511)	\$182,759	\$987,666

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

DP 241 - Animal Health Adjustment -

The legislature provided general fund (\$1.6 million) for the animal health program to meet the needs of the livestock industry.

DP 244 - State Special Revenue Adjustments -

The legislature increased funding from state special revenue to meet the needs of the livestock industry.

DP 5603 - Zero Base Budget Adjustment -

The legislature removed all funding from the base budget to start the zero based budgeting process.

DP 5605 - CP 10 Establish New Budget Level (RST/OTO) -

The legislature established the budget at 2014 actual levels less general fund expenditures.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	6.50	6.50	14.00	14.00	6.50	14.00	7.50	115.38 %
Personal Services	360,783	391,994	413,299	413,595	752,777	826,894	74,117	9.85 %
Operating Expenses	64,420	65,807	252,985	203,855	130,227	456,840	326,613	250.80 %
Total Costs	\$425,203	\$457,801	\$666,284	\$617,450	\$883,004	\$1,283,734	\$400,730	45.38 %
State/Other Special Rev. Funds	403,862	429,311	644,943	596,109	833,173	1,241,052	407,879	48.95 %
Federal Spec. Rev. Funds	21,341	28,490	21,341	21,341	49,831	42,682	(7,149)	(14.35)%
Total Funds	\$425,203	\$457,801	\$666,284	\$617,450	\$883,004	\$1,283,734	\$400,730	45.38 %

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

Milk and Egg Program Major Budget Highlights
<ul style="list-style-type: none"> This program's budget increases in the 2017 biennium compared to the previous biennium due to personal services present law adjustments and the addition of 1.0 new FTE egg grader. Operating expenses also increased over the prior biennium. Aside from the funding for the new egg grader, the entire budget was appropriated as a one-time-only designation.

Funding

The following table shows program funding by source from all sources of authority.

Department of Livestock, 05-Milk & Egg Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02262 Egg Shielded Grading Program	334,754	0	0	334,754	26.97 %	
02427 Animal Health	0	0	0	0	0.00 %	
02701 Milk and Egg Inspection	906,298	0	0	906,298	73.03 %	
State Special Total	\$1,241,052	\$0	\$0	\$1,241,052	96.68 %	
03032 Animal Health Sp. Rev	42,682	0	0	42,682	100.00 %	
Federal Special Total	\$42,682	\$0	\$0	\$42,682	3.32 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$1,283,734	\$0	\$0	\$1,283,734		

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 utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	457,801	457,801	915,602	71.32 %
PL Adjustments	0	0	0	0.00 %	208,483	159,649	368,132	28.68 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$666,284	\$617,450	\$1,283,734	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 244 - State Special Revenue Adjustments	0.00	0	188,565	0	188,565	0.00	0	139,435	0	139,435
DP 5603 - Zero Base Budget Adjustment	0.00	0	(429,311)	(28,490)	(457,801)	0.00	0	(429,311)	(28,490)	(457,801)
DP 5605 - CP 10 Establish New Budget Level (RST/OTO)	6.50	0	403,862	21,341	425,203	6.50	0	403,862	21,341	425,203
DP 500512 - Egg Grading - FTE	1.00	0	52,516	0	52,516	1.00	0	52,812	0	52,812
Grand Total All Present Law Adjustments	7.50	\$0	\$215,632	(\$7,149)	\$208,483	7.50	\$0	\$166,798	(\$7,149)	\$159,649

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

DP 244 - State Special Revenue Adjustments -

The legislature increased funding from state special revenue to meet the needs of the industry.

DP 5603 - Zero Base Budget Adjustment -

The legislature removed all funding from the base budget to start the zero based budgeting process.

DP 5605 - CP 10 Establish New Budget Level (RST/OTO) -

The legislature established the budget at 2014 actual levels less general fund expenditures.

DP 500512 - Egg Grading - FTE -

The budget includes \$52,516 in FY 2016 and \$52,812 in FY 2017 of state special revenue for one egg grading inspector. Funding for this FTE will come entirely from fees for egg grading service provided to the plant. This adjustment is for ongoing support.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	57.71	57.71	80.16	80.16	57.71	80.16	22.45	38.90 %
Personal Services	2,690,277	2,947,117	898,021	898,021	5,637,394	1,796,042	(3,841,352)	(68.14)%
Operating Expenses	479,603	508,370	2,662,777	2,669,663	987,973	5,332,440	4,344,467	439.74 %
Transfers	129,000	0	36,939	36,939	129,000	73,878	(55,122)	(42.73)%
Total Costs	\$3,298,880	\$3,455,487	\$3,597,737	\$3,604,623	\$6,754,367	\$7,202,360	\$447,993	6.63 %
General Fund	0	3,170	0	0	3,170	0	(3,170)	(100.00)%
State/Other Special Rev. Funds	3,298,880	3,452,317	3,597,737	3,604,623	6,751,197	7,202,360	451,163	6.68 %
Total Funds	\$3,298,880	\$3,455,487	\$3,597,737	\$3,604,623	\$6,754,367	\$7,202,360	\$447,993	6.63 %

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 Brands Enforcement Division's 2017 biennial budget increased slightly compared to the 2015 biennial budget. Decreases in personal services and transfers were entirely offset by increases in operating expenses. The entire division's budget was designated as a one-time-only appropriation.	

Funding

The following table shows program funding by source from all sources of authority.

Department of Livestock, 06-Brands Enforcement Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0.00 %	
02425 Inspection and Control	3,237,740	0	0	3,237,740	44.95 %	
02426 Lvstk Per Capita	3,964,620	0	0	3,964,620	55.05 %	
State Special Total	\$7,202,360	\$0	\$0	\$7,202,360	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$7,202,360	\$0	\$0	\$7,202,360		

Funding for this program comes from two state special revenue funds, namely the inspection and control fund and the livestock per capita fund. Inspection and control funds are generated from brand recordings as well as market and local inspections.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	3,170	3,170	6,340	0.00 %	3,455,487	3,455,487	6,910,974	95.95 %
PL Adjustments	(3,170)	(3,170)	(6,340)	0.00 %	142,250	149,136	291,386	4.05 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$3,597,737	\$3,604,623	\$7,202,360	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----				-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 244 - State Special Revenue Adjustments	0.00	0	298,857	0	298,857	0.00	0	305,743	0	305,743
DP 5603 - Zero Base Budget Adjustment	0.00	(3,170)	(3,452,317)	0	(3,455,487)	0.00	(3,170)	(3,452,317)	0	(3,455,487)
DP 5605 - CP 10 Establish New Budget Level (RST/OTO)	22.45	0	3,298,880	0	3,298,880	22.45	0	3,298,880	0	3,298,880
Grand Total All Present Law Adjustments	22.45	(\$3,170)	\$145,420	\$0	\$142,250	22.45	(\$3,170)	\$152,306	\$0	\$149,136

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

DP 244 - State Special Revenue Adjustments -

The legislature increased funding in state special revenue to meet the needs of the industry.

DP 5603 - Zero Base Budget Adjustment -

The legislature removed all funding from the base budget to start the zero based budgeting process.

DP 5605 - CP 10 Establish New Budget Level (RST/OTO) -

The legislature established the budget at 2014 actual levels less general fund expenditures.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	20.50	20.50	41.00	41.00	20.50	41.00	20.50	100.00 %
Personal Services	943,234	1,036,010	374,135	374,135	1,979,244	748,270	(1,230,974)	(62.19)%
Operating Expenses	292,743	317,777	1,211,074	1,195,220	610,520	2,406,294	1,795,774	294.14 %
Total Costs	\$1,235,977	\$1,353,787	\$1,585,209	\$1,569,355	\$2,589,764	\$3,154,564	\$564,800	21.81 %
General Fund	618,126	671,241	825,735	826,805	1,289,367	1,652,540	363,173	28.17 %
State/Other Special Rev. Funds	5,718	5,717	5,718	5,718	11,435	11,436	1	0.01 %
Federal Spec. Rev. Funds	612,133	676,829	753,756	736,832	1,288,962	1,490,588	201,626	15.64 %
Total Funds	\$1,235,977	\$1,353,787	\$1,585,209	\$1,569,355	\$2,589,764	\$3,154,564	\$564,800	21.81 %

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

Meat and Poultry Inspection Major Budget Highlights
The program's 2017 biennial appropriation increased compared to the 2015 biennial budget due to increased general and federal funds in the operating expenses budget. This program was appropriated funds as a one-time-only designation.

Funding

The following table shows program funding by source from all sources of authority.

Department of Livestock, 10-Meat & Poultry Inspection Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,652,540	0	0	1,652,540	52.39 %	
02427 Animal Health	11,436	0	0	11,436	100.00 %	
State Special Total	\$11,436	\$0	\$0	\$11,436	0.36 %	
03209 Meat/Poultry Inspection Sp Rev	1,490,588	0	0	1,490,588	100.00 %	
Federal Special Total	\$1,490,588	\$0	\$0	\$1,490,588	47.25 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$3,154,564	\$0	\$0	\$3,154,564		

The program is nearly entirely funded with general fund and federal funds. The remainder of the funding comes from the animal health state special revenue fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	647,444	647,444	1,294,888	78.36 %	1,306,193	1,306,193	2,612,386	82.81 %
PL Adjustments	178,291	179,361	357,652	21.64 %	279,016	263,162	542,178	17.19 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$825,735	\$826,805	\$1,652,540		\$1,585,209	\$1,569,355	\$3,154,564	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	-----Fiscal 2016-----				-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 243 - Meat & Poultry Adjustments	0.00	207,609	0	141,623	349,232	0.00	208,679	0	124,699	333,378
DP 5603 - Zero Base Budget Adjustment	0.00	(647,444)	(5,717)	(653,032)	(1,306,193)	0.00	(647,444)	(5,717)	(653,032)	(1,306,193)
DP 5605 - CP 10 Establish New Budget Level (RST/OTO)	20.50	618,126	5,718	612,133	1,235,977	20.50	618,126	5,718	612,133	1,235,977
Grand Total All Present Law Adjustments	20.50	\$178,291	\$1	\$100,724	\$279,016	20.50	\$179,361	\$1	\$83,800	\$263,162

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

DP 243 - Meat & Poultry Adjustments -

The legislature increased funding for the meat and poultry inspection program to meet the needs of the industry.

DP 5603 - Zero Base Budget Adjustment -

The legislature removed all funding from the base budget to start the zero based budgeting process.

DP 5605 - CP 10 Establish New Budget Level (RST/OTO) -

The legislature established the budget at 2014 actual levels less general fund expenditures.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	20.50	20.50	41.00	41.00	20.50	41.00	20.50	100.00 %
Personal Services	943,234	1,036,010	374,135	374,135	1,979,244	748,270	(1,230,974)	(62.19)%
Operating Expenses	292,743	317,777	1,211,074	1,195,220	610,520	2,406,294	1,795,774	294.14 %
Total Costs	\$1,235,977	\$1,353,787	\$1,585,209	\$1,569,355	\$2,589,764	\$3,154,564	\$564,800	21.81 %
General Fund	618,126	671,241	825,735	826,805	1,289,367	1,652,540	363,173	28.17 %
State/Other Special Rev. Funds	5,718	5,717	5,718	5,718	11,435	11,436	1	0.01 %
Federal Spec. Rev. Funds	612,133	676,829	753,756	736,832	1,288,962	1,490,588	201,626	15.64 %
Total Funds	\$1,235,977	\$1,353,787	\$1,585,209	\$1,569,355	\$2,589,764	\$3,154,564	\$564,800	21.81 %

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

Meat and Poultry Inspection Major Budget Highlights
The program's 2017 biennial appropriation increased compared to the 2015 biennial budget due to increased general and federal funds in the operating expenses budget. This program was appropriated funds as a one-time-only designation.

Funding

The following table shows program funding by source from all sources of authority.

Department of Livestock, 10-Meat & Poultry Inspection Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,652,540	0	0	1,652,540	52.39 %	
02427 Animal Health	11,436	0	0	11,436	100.00 %	
State Special Total	\$11,436	\$0	\$0	\$11,436	0.36 %	
03209 Meat/Poultry Inspection Sp Rev	1,490,588	0	0	1,490,588	100.00 %	
Federal Special Total	\$1,490,588	\$0	\$0	\$1,490,588	47.25 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$3,154,564	\$0	\$0	\$3,154,564		

The program is nearly entirely funded with general fund and federal funds. The remainder of the funding comes from the animal health state special revenue fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	647,444	647,444	1,294,888	78.36 %	1,306,193	1,306,193	2,612,386	82.81 %
PL Adjustments	178,291	179,361	357,652	21.64 %	279,016	263,162	542,178	17.19 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$825,735	\$826,805	\$1,652,540		\$1,585,209	\$1,569,355	\$3,154,564	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	-----Fiscal 2016-----				-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 243 - Meat & Poultry Adjustments	0.00	207,609	0	141,623	349,232	0.00	208,679	0	124,699	333,378
DP 5603 - Zero Base Budget Adjustment	0.00	(647,444)	(5,717)	(653,032)	(1,306,193)	0.00	(647,444)	(5,717)	(653,032)	(1,306,193)
DP 5605 - CP 10 Establish New Budget Level (RST/OTO)	20.50	618,126	5,718	612,133	1,235,977	20.50	618,126	5,718	612,133	1,235,977
Grand Total All Present Law Adjustments	20.50	\$178,291	\$1	\$100,724	\$279,016	20.50	\$179,361	\$1	\$83,800	\$263,162

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

DP 243 - Meat & Poultry Adjustments -

The legislature increased funding for the meat and poultry inspection program to meet the needs of the industry.

DP 5603 - Zero Base Budget Adjustment -

The legislature removed all funding from the base budget to start the zero based budgeting process.

DP 5605 - CP 10 Establish New Budget Level (RST/OTO) -

The legislature established the budget at 2014 actual levels less general fund expenditures.

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	542.78	542.78	525.36	525.36	542.78	525.36	(17.42)
Personal Services	33,658,682	36,106,465	38,057,899	38,039,325	69,765,147	76,097,224	6,332,077
Operating Expenses	15,333,960	14,498,283	19,870,820	18,647,113	29,832,243	38,517,933	8,685,690
Equipment & Intangible Assets	1,280,066	1,197,514	1,370,464	1,353,065	2,477,580	2,723,529	245,949
Capital Outlay	0	11,128	0	0	11,128	0	(11,128)
Local Assistance	2,558,090	5,000,000	3,058,090	3,058,090	7,558,090	6,116,180	(1,441,910)
Grants	1,492,466	1,553,481	6,666,568	6,640,262	3,045,947	13,306,830	10,260,883
Benefits & Claims	0	200,000	200,000	200,000	200,000	400,000	200,000
Transfers	1,362,888	1,325,194	1,486,014	1,483,743	2,688,082	2,969,757	281,675
Debt Service	572,753	631,370	770,212	763,641	1,204,123	1,533,853	329,730
Total Costs	\$56,258,905	\$60,523,435	\$71,480,067	\$70,185,239	\$116,782,340	\$141,665,306	\$24,882,966
General Fund	23,637,803	24,992,866	32,706,982	32,683,632	48,630,669	65,390,614	16,759,945
State/Other Special Rev. Funds	30,745,155	33,507,241	36,662,374	35,395,232	64,252,396	72,057,606	7,805,210
Federal Spec. Rev. Funds	1,875,947	2,023,328	2,110,711	2,106,375	3,899,275	4,217,086	317,811
Capital Projects Funds	0	0	0	0	0	0	0
Proprietary Funds	0	0	0	0	0	0	0
Total Funds	\$56,258,905	\$60,523,435	\$71,480,067	\$70,185,239	\$116,782,340	\$141,665,306	\$24,882,966

Agency Description

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 and the Board of Oil and Gas Conservation.

The department consists of seven divisions with the following functions:

The Centralized Services Division provides management and administrative services for the department. This includes such activities as accounting, budgeting human resources, department leadership, and legal services.

The Oil and Gas Conservation Division is responsible for programs operated for the prevention of resource waste through regulation of oil and gas exploration and production. This division supports the quasi-judicial Board of Oil and Gas that is charged with regulation of the industry.

The Conservation and Resources Development Division provides administrative, legal, and technical assistance and financial grants to the conservation districts and manages natural resource conservation and development grant and loan programs for local governments, state agencies, and private individuals.

The Water Resource Division is responsible for the administration of all water use within the state, including: maintaining the database for all water rights, providing technical and legal support for implementation of approved water compacts for Indian tribes and federal agencies, managing state water projects, investigating water use violations, ensuring dam safety compliance, providing water adjudication support to the Water Court.

The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities

include protecting Montana's natural resources from wildfire; regulating forest practices, providing a variety of services to private forest landowners, enforcing streamside management zone regulations; administering Montana's Fire Hazard Reduction Law; providing technical forestry assistance to private landowners, businesses, and communities; and growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

The Trust Land Management division is responsible for the management of the state trust land resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income-generating capacity of the land. This work is done under the direction of the State Board of Land Commissioners (comprised of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State), who are constitutionally charged to oversee trust resources. The department director is the chief administrative officer of the board.

Agency Highlights

Department of Natural Resources and Conservation	
Major Budget Highlights	
<ul style="list-style-type: none"> • The 2017 legislatively-approved department biennial budget grew by 9.9% compared to the approved 2015 biennial budget. • The major appropriations are: <ul style="list-style-type: none"> ◦ Sage grouse conservation of \$10 million general fund over the biennium ◦ Nearly \$1.1 million over the biennium of state special funds over the biennium for contracted services to support sage grouse conservation ◦ Numerous appropriations in the Conservation & Resource Development Division including \$1.0 million of state special revenue for the Jefferson Slough in FY 2016 	

Summary of Legislative Action

The legislature adopted a 2017 biennial budget that grew by 9.9% compared to the 2015 biennial appropriation. The increase was driven primarily by a \$10 million dollar general fund appropriation over the biennium for sage grouse management. Additionally, another \$1.1 million was appropriated for contracted services for the purpose of implementing the sage grouse program. Numerous projects were funded in the CAARD program and approximately \$530,000 of state special revenue was appropriated for the implementation of the cabin site sales program.

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.

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	65,390,614	0	0	65,390,614	44.02 %
State Special Total	72,057,606	0	660,000	72,717,606	48.95 %
Federal Special Total	4,217,086	0	0	4,217,086	2.84 %
Proprietary Total	0	6,217,806	0	6,217,806	4.19 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$141,665,306	\$6,217,806	\$660,000	\$148,543,112	
Percent - Total All Sources	95.37 %	4.19 %	0.44 %		

The department is primarily funded with the general fund and state special revenue funds, making up 44.0% and 49.0% of the funding respectively. Federal and proprietary funds make up the remainder of funding for this department.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	24,793,313	24,793,313	49,586,626	75.83 %	59,100,303	59,100,303	118,200,606	83.44 %
PL Adjustments	2,069,302	2,069,442	4,138,744	6.33 %	5,446,493	5,394,482	10,840,975	7.65 %
New Proposals	5,844,367	5,820,877	11,665,244	17.84 %	6,933,271	5,690,454	12,623,725	8.91 %
Total Budget	\$32,706,982	\$32,683,632	\$65,390,614		\$71,480,067	\$70,185,239	\$141,665,306	

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	542.78	526.36	525.36	(1.00)	526.36	525.36	(1.00)	(1.00)
Personal Services	33,658,682	38,591,856	38,057,899	(533,957)	38,584,025	38,039,325	(544,700)	(1,078,657)
Operating Expenses	15,333,960	18,262,073	19,870,820	1,608,747	18,416,057	18,647,113	231,056	1,839,803
Equipment & Intangible Assets	1,280,066	1,370,466	1,370,464	(2)	1,353,066	1,353,065	(1)	(3)
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	2,558,090	3,058,090	3,058,090	0	3,058,090	3,058,090	0	0
Grants	1,492,466	6,666,568	6,666,568	0	6,640,262	6,640,262	0	0
Benefits & Claims	0	200,000	200,000	0	200,000	200,000	0	0
Transfers	1,362,888	1,486,014	1,486,014	0	1,483,743	1,483,743	0	0
Debt Service	572,753	770,212	770,212	0	763,641	763,641	0	0
Total Costs	\$56,258,905	\$70,405,279	\$71,480,067	\$1,074,788	\$70,498,884	\$70,185,239	(\$313,645)	\$761,143
General Fund	23,637,803	33,362,899	32,706,982	(655,917)	33,441,779	32,683,632	(758,147)	(1,414,064)
State/other Special Rev. Funds	30,745,155	34,774,834	36,662,374	1,887,540	34,786,159	35,395,232	609,073	2,496,613
Federal Spec. Rev. Funds	1,875,947	2,267,546	2,110,711	(156,835)	2,270,946	2,106,375	(164,571)	(321,406)
Other	0	0	0	0	0	0	0	0
Total Funds	\$56,258,905	\$70,405,279	\$71,480,067	\$1,074,788	\$70,498,884	\$70,185,239	(\$313,645)	\$761,143

The legislature adopted a budget that was \$761,143 higher than the executive request of \$140,904,163. General fund appropriations were \$1.4 million below the executive request of \$66.8 million.

Language and Statutory Authority

The legislature approved the following language for inclusion in HB 2:

During the 2017 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 2017 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 2017 biennium, up to \$500,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects.

The amount appropriated of \$590,744 in FY 2016 and \$495,736 in FY 2017 for the Conservation and Resource Development Division is restricted for the purpose of sage grouse management.

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.

During the 2017 biennium, up to \$1 million of funds currently in or to be deposited in the Contract Timber Harvest account is appropriated to the department for contract harvesting, a tool to improve forest health and generate revenue for trust beneficiaries.

The department is appropriated up to \$600,000 for the 2017 biennium from the loan loss reserve account of the private loan program established in 85-1-603 for the purchase of prior liens on property held as loan security as provided in 85-1-615.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	59.00	59.00	57.00	57.00	59.00	57.00	(2.00)	(3.39)%
Personal Services	3,547,129	4,137,348	4,518,918	4,517,595	7,684,477	9,036,513	1,352,036	17.59 %
Operating Expenses	1,476,665	1,451,139	1,871,263	1,805,674	2,927,804	3,676,937	749,133	25.59 %
Equipment & Intangible Assets	62,554	31,042	62,552	62,553	93,596	125,105	31,509	33.66 %
Total Costs	\$5,086,348	\$5,619,529	\$6,452,733	\$6,385,822	\$10,705,877	\$12,838,555	\$2,132,678	19.92 %
General Fund	3,137,985	3,538,746	4,174,013	4,106,524	6,676,731	8,280,537	1,603,806	24.02 %
State/Other Special Rev. Funds	1,678,733	1,802,762	1,985,522	1,989,676	3,481,495	3,975,198	493,703	14.18 %
Federal Spec. Rev. Funds	269,630	278,021	293,198	289,622	547,651	582,820	35,169	6.42 %
Capital Projects Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$5,086,348	\$5,619,529	\$6,452,733	\$6,385,822	\$10,705,877	\$12,838,555	\$2,132,678	19.92 %

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

Centralized Services Division Major Budget Highlights
<ul style="list-style-type: none"> • Increases in this program's 2017 biennial budget compared to the previous biennial budget are primarily due to: <ul style="list-style-type: none"> ◦ Increases in personal services due to present law adjustments. ◦ Global operating adjustments that were adopted by the Legislature.

Funding

The following table shows program funding by source from all sources of authority.

Natural Resources and Conservation, 21-Centralized Services					
Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	8,280,537	0	0	8,280,537	64.50 %
02039 Forestry-Fire Protection Taxes	457,425	0	0	457,425	11.51 %
02052 Rangeland Improvement Loans	40,066	0	0	40,066	1.01 %
02073 Forestry - Slash Disposal	13,793	0	0	13,793	0.35 %
02145 Broadwater O & M	51,108	0	0	51,108	1.29 %
02152 Wtr Pol. Ctrl Revolv Loan Acct	0	0	0	0	0.00 %
02223 Wastewater SRF Special Admin	30,105	0	0	30,105	0.76 %
02340 Coal Sev. Tax Shared SSR	22,980	0	0	22,980	0.58 %
02430 Water Right Appropriation	196,862	0	0	196,862	4.95 %
02431 Water Adjudication	690,685	0	0	690,685	17.37 %
02432 Oil & Gas ERA	249,313	0	0	249,313	6.27 %
02491 Drinking Water Spec Admin Cost	30,105	0	0	30,105	0.76 %
02576 Natural Resources Operations SSR Fu	90,242	0	0	90,242	2.27 %
02825 Water Well Contractors	14,822	0	0	14,822	0.37 %
02938 TLMD - Administration	2,087,692	0	0	2,087,692	52.52 %
State Special Total	\$3,975,198	\$0	\$0	\$3,975,198	30.96 %
03255 CSD Federal Indirect	582,820	0	0	582,820	100.00 %
Federal Special Total	\$582,820	\$0	\$0	\$582,820	4.54 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$12,838,555	\$0	\$0	\$12,838,555	

Nearly two-thirds of Centralized Services is funded by the general fund, while just under one-third is funded by state special revenue. The state special revenue funds are allocated to cover the costs of services provided to other programs in the department. The remaining federal revenue is a portion of the federal funds provided for overhead costs.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	3,534,869	3,534,869	7,069,738	85.38 %	5,538,024	5,538,024	11,076,048	86.27 %
PL Adjustments	639,144	571,655	1,210,799	14.62 %	914,709	847,798	1,762,507	13.73 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$4,174,013	\$4,106,524	\$8,280,537		\$6,452,733	\$6,385,822	\$12,838,555	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Bien)	0.00	122,264	0	0	122,264	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	17,580	9,169	953	27,702	0.00	17,540	9,145	1,017	27,702
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	45,932	23,277	10,501	79,710	0.00	45,932	23,277	10,501	79,710
DP 525 - Fixed Cost Adjustments	0.00	12,257	6,390	711	19,358	0.00	18,109	9,442	1,050	28,601
DP 527 - Inflation/Deflation Adjustments	0.00	(8,886)	(4,441)	(261)	(13,588)	0.00	(6,790)	(3,421)	(342)	(10,553)
DP 529 - Longevity and Other Adjustments	0.00	227,791	118,979	13,197	359,967	0.00	219,770	114,789	12,733	347,292
DP 531 - SITSD Rate Adjustment	0.00	52,183	7,522	247	59,952	0.00	158,463	22,841	751	182,055
DP 532 - General Liability Insurance Rate Adjustment	0.00	(632)	(91)	0	(723)	0.00	(632)	(91)	0	(723)
DP 550 - Motor Pool Rate Adjustment	0.00	(136)	(71)	(8)	(215)	0.00	(138)	(72)	(8)	(218)
DP 570 - Additional Operating Adjustments	0.00	132,720	84,393	(13,432)	203,681	0.00	125,299	91,973	(13,593)	203,679
DP 580 - Additional Personal Services Adjustments	0.00	(12,768)	(7,233)	(1,098)	(21,099)	0.00	(5,898)	(3,341)	(508)	(9,747)
DP 2100444 - Statewide 4% FTE Reduction-Program 21	(2.00)	0	0	0	0	(2.00)	0	0	0	0
DP 2102110 - CSD Operating Adjustments	0.00	50,839	22,494	4,367	77,700	0.00	0	0	0	0
Grand Total All Present Law Adjustments	(2.00)	\$639,144	\$260,388	\$15,177	\$914,709	(2.00)	\$571,655	\$264,542	\$11,601	\$847,798

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

DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Bien) -

The legislature provided a restricted biennial appropriation for legislative audit. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustments -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustments -

The legislature adopted inflation/deflation adjustments.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal services adjustments for longevity, retirement, unemployment insurance, and workers compensation.

DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 580 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 2100444 - Statewide 4% FTE Reduction-Program 21 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 2100444 includes a reduction of 2.00 FTE each year.

DP 2102110 - CSD Operating Adjustments -

The legislature adopted all operating adjustments except those adjustments associated with rent.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	21.00	21.00	20.00	20.00	21.00	20.00	(1.00)	(4.76)%
Personal Services	1,255,489	1,579,900	1,545,573	1,545,602	2,835,389	3,091,175	255,786	9.02 %
Operating Expenses	469,490	732,411	496,074	497,257	1,201,901	993,331	(208,570)	(17.35)%
Equipment & Intangible Assets	53,550	86,729	56,550	56,550	140,279	113,100	(27,179)	(19.37)%
Total Costs	\$1,778,529	\$2,399,040	\$2,098,197	\$2,099,409	\$4,177,569	\$4,197,606	\$20,037	0.48 %
General Fund	0	0	0	0	0	0	0	0.00 %
State/Other Special Rev. Funds	1,671,446	2,291,951	1,987,232	1,988,198	3,963,397	3,975,430	12,033	0.30 %
Federal Spec. Rev. Funds	107,083	107,089	110,965	111,211	214,172	222,176	8,004	3.74 %
Total Funds	\$1,778,529	\$2,399,040	\$2,098,197	\$2,099,409	\$4,177,569	\$4,197,606	\$20,037	0.48 %

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

Oil and Gas Conservation Division Major Budget Highlights
The legislature adopted a 2017 biennial budget that was nearly identical to the previous biennium. The slight increase was due to globally adopted personal services increases that were almost entirely offset by decreases in operating expenses and equipment.

Funding

The following table shows program funding by source from all sources of authority.

Natural Resources and Conservation, 22-Oil & Gas Conservation Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0.00 %	
02010 Oil & Gas Damage Mitigation	0	0	500,000	500,000	11.17 %	
02432 Oil & Gas ERA	3,975,430	0	0	3,975,430	88.83 %	
State Special Total	\$3,975,430	\$0	\$500,000	\$4,475,430	95.27 %	
03356 Oil & Gas Federal	222,176	0	0	222,176	100.00 %	
Federal Special Total	\$222,176	\$0	\$0	\$222,176	4.73 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$4,197,606	\$0	\$500,000	\$4,697,606		

The division is funded through taxes levied on oil and gas wells and the class II operating fee. By statute (15-36-331, MCA), a percentage of oil production taxes and natural gas taxes are deposited to the account for the board’s use. The Board of Oil and Gas Conservation is authorized by statute (82-11-131, MCA) to set privilege and license taxes up to 3/10 of 1% of the market value of each barrel of crude petroleum produced and of each 10,000 cubic feet of natural gas produced to comply with 15-36-331, MCA. The privilege and license tax is currently set at 30% of the maximum allowed by statute. 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 utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	1,977,481	1,977,481	3,954,962	94.22 %
PL Adjustments	0	0	0	0.00 %	120,716	121,928	242,644	5.78 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$2,098,197	\$2,099,409	\$4,197,606	

Present Law Adjustments

The “Present Law Adjustments” table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	9,721	0	9,721	0.00	0	9,721	0	9,721
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	26,301	4,381	30,682	0.00	0	26,301	4,381	30,682
DP 525 - Fixed Cost Adjustments	0.00	0	6,911	0	6,911	0.00	0	10,212	0	10,212
DP 527 - Inflation/Deflation Adjustments	0.00	0	(4,852)	0	(4,852)	0.00	0	(3,769)	0	(3,769)
DP 529 - Longevity and Other Adjustments	0.00	0	79,116	0	79,116	0.00	0	74,501	0	74,501
DP 532 - General Liability Insurance Rate Adjustment	0.00	0	0	(47)	(47)	0.00	0	0	(47)	(47)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(82)	0	(82)	0.00	0	(83)	0	(83)
DP 570 - Additional Operating Adjustments	0.00	0	(46,076)	0	(46,076)	0.00	0	(46,076)	0	(46,076)
DP 580 - Additional Personal Services Adjustments	0.00	0	(8,173)	(458)	(8,631)	0.00	0	(3,775)	(212)	(3,987)
DP 2102111 - Non-Helena Rent	0.00	0	1,274	0	1,274	0.00	0	1,274	0	1,274
DP 2200444 - Statewide 4% FTE Reduction - Program 22	(1.00)	0	0	0	0	(1.00)	0	0	0	0
DP 2202201 - O&G Regulatory and UIC Program Adjustments	0.00	0	52,700	0	52,700	0.00	0	49,500	0	49,500
Grand Total All Present Law Adjustments	(1.00)	\$0	\$116,840	\$3,876	\$120,716	(1.00)	\$0	\$117,806	\$4,122	\$121,928

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustments -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustments -

The legislature adopted inflation/deflation adjustments.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal services adjustments for longevity, retirement, unemployment insurance, and workers compensation.

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 580 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 2102111 - Non-Helena Rent -

The legislature approved rent increases for department buildings located outside of Helena.

DP 2200444 - Statewide 4% FTE Reduction - Program 22 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 2200444 includes a reduction of 1.00 FTE each year.

DP 2202201 - O&G Regulatory and UIC Program Adjustments -

The budget includes \$52,700 in FY 2016 and \$49,500 in FY 2017 of state special revenue for board member per diem, legal services, janitorial services, a contract for Underground Injection Control (UIC) tech support, and increased vehicle purchase costs.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	26.65	26.65	26.17	26.17	26.65	26.17	(0.48)	(1.80)%
Personal Services	1,902,347	1,978,033	2,095,910	2,096,025	3,880,380	4,191,935	311,555	8.03 %
Operating Expenses	1,774,026	2,088,752	4,052,135	2,976,213	3,862,778	7,028,348	3,165,570	81.95 %
Equipment & Intangible Assets	43,743	25,547	43,743	43,743	69,290	87,486	18,196	26.26 %
Local Assistance	2,558,090	5,000,000	3,058,090	3,058,090	7,558,090	6,116,180	(1,441,910)	(19.08)%
Grants	1,298,001	1,364,016	6,472,103	6,445,797	2,662,017	12,917,900	10,255,883	385.27 %
Benefits & Claims	0	200,000	200,000	200,000	200,000	400,000	200,000	100.00 %
Transfers	0	0	0	0	0	0	0	0.00 %
Total Costs	\$7,576,207	\$10,656,348	\$15,921,981	\$14,819,868	\$18,232,555	\$30,741,849	\$12,509,294	68.61 %
General Fund	1,018,319	1,052,113	6,791,282	6,779,316	2,070,432	13,570,598	11,500,166	555.45 %
State/Other Special Rev. Funds	6,290,180	9,312,875	8,836,203	7,744,605	15,603,055	16,580,808	977,753	6.27 %
Federal Spec. Rev. Funds	267,708	291,360	294,496	295,947	559,068	590,443	31,375	5.61 %
Total Funds	\$7,576,207	\$10,656,348	\$15,921,981	\$14,819,868	\$18,232,555	\$30,741,849	\$12,509,294	68.61 %

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 2014 included \$530 million loaned to communities for water and waste water systems, coal severance tax loans to governmental entities totaling \$42 million, and private loans for \$22 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
<p>The Division's 2017 biennial budget increased over the 2015 biennium due primarily to:</p> <ul style="list-style-type: none"> • Establishing a Sage Grouse Conservation Fund with \$10 million in general fund over the biennium • Nearly \$1.1 million over the biennium in contracted services for sage grouse conservation • \$1 million in state special revenue in FY 2016 for the Jefferson Slough • Numerous continuing CAARD projects statewide

Funding

The following table shows program funding by source from all sources of authority.

57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

Natural Resources and Conservation, 23-Conservation & Resource Development Division						
Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	13,570,598	0	0	13,570,598	44.14 %	
02015 TSEP Regional Water System	1,943,998	0	0	1,943,998	11.72 %	
02052 Rangeland Improvement Loans	172,790	0	0	172,790	1.04 %	
02107 Environmental Contingency RIT	0	0	0	0	0.00 %	
02145 Broadwater O & M	0	0	0	0	0.00 %	
02298 GO Bond Proceeds 2010H	0	0	0	0	0.00 %	
02316 GO94B/Ban 93D Admin	50,467	0	0	50,467	0.30 %	
02340 Coal Sev. Tax Shared SSR	4,806,563	0	0	4,806,563	28.99 %	
02351 Water Project Lands Lease Acct	0	0	0	0	0.00 %	
02430 Water Right Appropriation	0	0	0	0	0.00 %	
02431 Water Adjudication	0	0	0	0	0.00 %	
02432 Oil & Gas ERA	1,386,480	0	0	1,386,480	8.36 %	
02433 Grazing District Fees	51,855	0	0	51,855	0.31 %	
02470 State Project Hydro Earnings	0	0	0	0	0.00 %	
02490 Drinking Water Investment	400,000	0	0	400,000	2.41 %	
02491 Drinking Water Spec Admin Cost	0	0	0	0	0.00 %	
02576 Natural Resources Operations SSR Fu	480,000	0	0	480,000	2.89 %	
02621 CST 09A BAN Proceeds Exempt	0	0	0	0	0.00 %	
02622 CST 09B BAN Proceeds Taxable	0	0	0	0	0.00 %	
02685 CST 12A BAN PROCEEDS-EXEMPT	0	0	0	0	0.00 %	
02686 CST 12B BAN PROCEEDS-TAXABLE	0	0	0	0	0.00 %	
02694 Coal Bed Methane Protection	950,000	0	0	950,000	5.73 %	
02825 Water Well Contractors	0	0	0	0	0.00 %	
02910 CST 14A BAN Proceeds (Exmp)	0	0	0	0	0.00 %	
02950 GO 2013E WW SRF Proceeds	0	0	0	0	0.00 %	
02967 GO 2013E Bond Proceeds Taxable	0	0	0	0	0.00 %	
02971 SRF GO BOND 2000F TAX NPS/RCB	5,938,655	0	0	5,938,655	35.82 %	
02845 Junk Vehicle Fund	400,000	0	0	400,000	2.41 %	
State Special Total	\$16,580,808	\$0	\$0	\$16,580,808	53.94 %	
03034 Yellowstone Groundwater NPS	0	0	0	0	0.00 %	
03094 FEMA Federal Grants	0	0	0	0	0.00 %	
03149 WPC SRF FY06 GRANT	0	0	0	0	0.00 %	
03152 DW SRF FY15 Grant	306,391	0	0	306,391	51.89 %	
03245 WPC SRF 11 Grant	6,673	0	0	6,673	1.13 %	
03409 WPC SRF FY10 GRANT	256,298	0	0	256,298	43.41 %	
03430 DW SRF FY14 Grant	0	0	0	0	0.00 %	
03457 WPC SRF 05/08 Grant	7,204	0	0	7,204	1.22 %	
03569 DW SRF FY16 Grant	6,673	0	0	6,673	1.13 %	
03574 DW SRF FY17 Grant	7,204	0	0	7,204	1.22 %	
Federal Special Total	\$590,443	\$0	\$0	\$590,443	1.92 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$30,741,849	\$0	\$0	\$30,741,849		

The general fund and state special revenue funds represent 44% and 54% respectively of this program's funding with federal special revenue funding the remaining 2%.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	1,035,808	1,035,808	2,071,616	15.27 %	10,096,661	10,096,661	20,193,322	65.69 %
PL Adjustments	96,097	84,221	180,318	1.33 %	(610,551)	(583,247)	(1,193,798)	(3.88)%
New Proposals	5,659,377	5,659,287	11,318,664	83.41 %	6,435,871	5,306,454	11,742,325	38.20 %
Total Budget	\$6,791,282	\$6,779,316	\$13,570,598		\$15,921,981	\$14,819,868	\$30,741,849	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	8,464	4,011	0	12,475	0.00	8,489	3,986	0	12,475
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	6,375	23,582	6,906	36,863	0.00	6,375	23,582	6,906	36,863
DP 525 - Fixed Cost Adjustments	0.00	13,375	21,920	0	35,295	0.00	20,494	31,651	0	52,145
DP 527 - Inflation/Deflation Adjustments	0.00	(4,513)	(9,920)	0	(14,433)	0.00	(2,725)	(6,138)	0	(8,863)
DP 529 - Longevity and Other Adjustments	0.00	98,644	46,746	0	145,390	0.00	95,478	44,832	0	140,310
DP 532 - General Liability Insurance Rate Adjustment	0.00	(833)	(120)	0	(953)	0.00	(833)	(120)	0	(953)
DP 550 - Motor Pool Rate Adjustment	0.00	(205)	(336)	0	(541)	0.00	(216)	(333)	0	(549)
DP 570 - Additional Operating Adjustments	0.00	(144,005)	(2,425,822)	6,906	(2,562,921)	0.00	(143,699)	(2,426,128)	6,906	(2,562,921)
DP 580 - Additional Personal Services Adjustments	0.00	(1,772)	(7,328)	(722)	(9,822)	0.00	(819)	(3,385)	(333)	(4,537)
DP 999901 - Coal Shared Account Adjustment	0.00	0	0	0	0	0.00	0	21,187	0	21,187
DP 2102111 - Non-Helena Rent	0.00	3,265	1,017	814	5,096	0.00	2,634	1,368	1,094	5,096
DP 2300444 - Statewide 4% FTE Reduction-Program 23	(0.98)	0	0	0	0	(0.98)	0	0	0	0
DP 2302301 - CARDD Operating adjustments	0.00	50,302	15,666	12,532	78,500	0.00	32,043	16,643	13,314	62,000
DP 2302303 - CARDD Conservation District Administration (BIEN)	0.00	50,000	200,000	0	250,000	0.00	50,000	200,000	0	250,000
DP 2302304 - CARDD Conservation District 223 Program (BIEN)	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 2302306 - CARDD Regional Water Administration	0.00	0	297,500	0	297,500	0.00	0	297,500	0	297,500
DP 2302307 - CARDD Loan Appropriation	0.00	0	500,000	0	500,000	0.00	0	500,000	0	500,000
DP 2302308 - CARDD Drinking Water Loan Forgiveness (OTO/RST)	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 2302314 - CARDD Sheridan County Ground-Water	0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000
DP 5706002 - St. Mary Rehab. Working Group (RST)	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 5706003 - Montana Grass Conservations Commission	0.00	7,000	0	0	7,000	0.00	7,000	0	0	7,000
Grand Total All Present Law Adjustments	(0.98)	\$96,097	(\$733,084)	\$26,436	(\$610,551)	(0.98)	\$84,221	(\$695,355)	\$27,887	(\$583,247)

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

57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustments -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustments -

The legislature adopted inflation/deflation adjustments.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal services adjustments for longevity, retirement, unemployment insurance, and workers compensation.

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 580 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 999901 - Coal Shared Account Adjustment -

The legislature increased appropriations for the coal tax shared account based on revised revenue estimates.

DP 2102111 - Non-Helena Rent -

57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

The legislature approved rent increases for department buildings located outside of Helena.

DP 2300444 - Statewide 4% FTE Reduction-Program 23 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 2300444 includes a reduction of 0.98 FTE each year.

DP 2302301 - CARDD Operating adjustments -

The legislature approved \$78,500 in FY 2016 and \$62,000 in FY 2017 in combined general fund, state special, and federal special revenue for expenses related to the increasing demand for loan and grant programs administered by the division. The financial and technical assistance resources provided to communities across the state and particularly in Eastern Montana continues to demand more of CARDD staff. The major cost drivers are consulting and professional services.

DP 2302303 - CARDD Conservation District Administration (BIEN) -

The legislature adopted \$250,000 per year in combined general fund and state special revenue to provide additional funding to the Administrative Grant program, assisting conservation districts with expenses associated with the operation of the district.

DP 2302304 - CARDD Conservation District 223 Program (BIEN) -

The legislature adopted \$250,000 per year of state special revenue for the conservation district 223 program. Additional funding is needed to respond to flooding, forest fires, and the mitigation of these natural resource events.

DP 2302306 - CARDD Regional Water Administration -

The legislature approved \$297,500 per year of state special revenue to pay for operating expenses of the Regional Water Board associated with development of the RWS, personal services, communication, travel and other expenses. This appropriation matches funding from the federal U.S. Bureau of Reclamation (USBR). The Dry Prairie and North Central RWS have water plants started. The Dry Red and Central Montana systems will have the largest amount of work to be done on their preliminary development.

DP 2302307 - CARDD Loan Appropriation -

The legislature approved \$500,000 per year in state special revenue authority for Range Land loans and other loans in the private non-point source loan program. Appropriation authority for loans ensures compliance with 17-8-101(1), MCA, and Montana Operations Manual Accounting Policy 318.

DP 2302308 - CARDD Drinking Water Loan Forgiveness (OTO/RST) -

The legislature adopted a one-time-only, restricted request of \$200,000 per year in state special revenue to match federal authority for hardship communities in the Safe Drinking Water program. These funds enable 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 and are unable to meet loan obligations.

DP 2302314 - CARDD Sheridan County Ground-Water -

57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

The legislature approved \$10,000 in general fund per year to monitor the Clear Lake Aquifer in the Sheridan County Conservation District.

DP 5706002 - St. Mary Rehab. Working Group (RST) -

The legislature adopted \$150,000 per year in state special revenue to fund the St. Mary Rehabilitation Working Group.

DP 5706003 - Montana Grass Conservations Commission -

The legislature approved \$7,000 per year in general fund for the Montana Grass Conservation Commission.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2302305 - CARDD Montana Rural Water - OTO	0.00	0	240,000	0	240,000	0.00	0	240,000	0	240,000
DP 2302309 - CARDD Fund Switch from Natural Resource Operations Acct	0.00	629,082	(629,082)	0	0	0.00	629,082	(629,082)	0	0
DP 2302310 - CARDD Coal Severance Tax Shared Reduction	0.00	0	(425,168)	0	(425,168)	0.00	0	(459,487)	0	(459,487)
DP 2302311 - CARRD Invasive Species Staff	0.50	30,295	0	0	30,295	0.50	30,205	0	0	30,205
DP 2302312 - Sage Grouse Conservation Fund (OTO/BIEN/RST)	0.00	5,000,000	0	0	5,000,000	0.00	5,000,000	0	0	5,000,000
DP 2302313 - CARDD Sage Grouse Operating	0.00	0	590,744	0	590,744	0.00	0	495,736	0	495,736
DP 2302315 - Jefferson Slough (OTO/Restricted/Biennial)	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
Total	0.50	\$5,659,377	\$776,494	\$0	\$6,435,871	0.50	\$5,659,287	(\$352,833)	\$0	\$5,306,454

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

DP 2302305 - CARDD Montana Rural Water - OTO -

Montana Rural Water (MRW) assists communities with water and wastewater systems by providing technical support. The legislature approved \$240,000 per year as a one-time-only state special revenue appropriation to pay for training and operating expenses of the MRW staff. Salaries, communication, travel, and other expenses would be paid by contract. The staff provides training statewide.

DP 2302309 - CARDD Fund Switch from Natural Resource Operations Acct -

The legislature approved a fund switch from the natural resource operations account to the general fund.

DP 2302310 - CARDD Coal Severance Tax Shared Reduction -

The legislature approved a reduction each year to bring utilization of the coal severance tax shared account in line with revenue projections.

DP 2302311 - CARRD Invasive Species Staff -

57060 - Natural Resources and Conservation23-Conservation & Resource Development Division

The legislature adopted general fund for 0.50 FTE to staff the Montana Invasive Species Advisory Council. The council provides a non-partisan forum for understanding invasive species issues and determining ways to identify, prevent, eliminate, reduce, and mitigate the impacts of both terrestrial and aquatic invasive species in Montana.

DP 2302312 - Sage Grouse Conservation Fund (OTO/BIEN/RST) -

The legislature adopted \$5,000,000 of general fund each year to fund voluntary and incentive-based, non-regulatory conservation measures on private land to conserve sage grouse habitat, including the promotion and support of mitigation and conservation plans and measures.

DP 2302313 - CARDD Sage Grouse Operating -

The legislature adopted \$590,744 in FY 2016 and \$495,736 in FY 2017 in state special revenue to be used for consulting and professional services to support sage grouse conservation.

DP 2302315 - Jefferson Slough (OTO/Restricted/Biennial) -

The legislature approved \$1,000,000 in state special revenue in FY 2016 for the Jefferson Slough Bypass Channel as a biennial, restricted, one-time-only appropriation.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	140.05	140.05	135.30	135.30	140.05	135.30	(4.75)	(3.39)%
Personal Services	9,431,146	9,774,740	10,020,155	10,020,917	19,205,886	20,041,072	835,186	4.35 %
Operating Expenses	4,481,589	2,747,998	5,142,318	5,021,924	7,229,587	10,164,242	2,934,655	40.59 %
Equipment & Intangible Assets	73,499	33,020	150,899	133,499	106,519	284,398	177,879	166.99 %
Transfers	21,591	7,500	21,591	21,591	29,091	43,182	14,091	48.44 %
Debt Service	547,816	612,692	745,275	738,704	1,160,508	1,483,979	323,471	27.87 %
Total Costs	\$14,555,641	\$13,175,950	\$16,080,238	\$15,936,635	\$27,731,591	\$32,016,873	\$4,285,282	15.45 %
General Fund	8,686,233	9,018,771	9,388,318	9,390,051	17,705,004	18,778,369	1,073,365	6.06 %
State/Other Special Rev. Funds	5,687,027	3,931,699	6,498,465	6,353,403	9,618,726	12,851,868	3,233,142	33.61 %
Federal Spec. Rev. Funds	182,381	225,480	193,455	193,181	407,861	386,636	(21,225)	(5.20)%
Total Funds	\$14,555,641	\$13,175,950	\$16,080,238	\$15,936,635	\$27,731,591	\$32,016,873	\$4,285,282	15.45 %

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:

- Manage and maintain the state-owned dams, reservoirs, and canals
- Develop and recommend in-state, interstate, and international water policy to the director, Governor, and Legislature
- Administer the Dam Safety, Floodplain Management, and Water Management programs
- Provide support to the Board of Water Well Contractors
- Assist the Water Court with the adjudication of pre-July 1, 1973, water rights
- Administer applications for new water rights, changes in historic water rights, and ownership updates
- Maintain centralized water rights records

The division consists of an administration unit and five bureaus:

- Water Management Bureau
- Water Rights Bureau
- Water Adjudication Bureau
- State Water Projects Bureau
- Water Operations Bureau

The compact implementation unit is under the Water Management Bureau and provides technical and legal support for implementation of approved water compacts for Indian tribes and federal agencies.

Program Highlights

Water Resources Division Major Budget Highlights
<p>The Division's 2017 biennial budget increased over the prior biennium primarily due to:</p> <ul style="list-style-type: none"> • Globally adopted personal services and operating adjustments • Funding for the following new proposals: <ul style="list-style-type: none"> ◦ Surface water assessment and monitoring ◦ State water project dam analysis • Funding for multiple other state water projects

Funding

The following table shows program funding by source from all sources of authority.

Natural Resources and Conservation, 24-Water Resources Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	18,778,369	0	0	18,778,369	58.65 %	
02010 Oil & Gas Damage Mitigation	0	0	0	0	0.00 %	
02145 Broadwater O & M	1,076,767	0	0	1,076,767	8.38 %	
02146 Broadwater Irrigation	0	0	0	0	0.00 %	
02147 Broadwater R & R	0	0	0	0	0.00 %	
02216 Water Storage St Sp Rev Acct	460,000	0	0	460,000	3.58 %	
02351 Water Project Lands Lease Acct	119,460	0	0	119,460	0.93 %	
02404 Water Project Loans	765,928	0	0	765,928	5.96 %	
02430 Water Right Appropriation	1,038,869	0	0	1,038,869	8.08 %	
02431 Water Adjudication	3,963,174	0	0	3,963,174	30.84 %	
02470 State Project Hydro Earnings	4,771,701	0	0	4,771,701	37.13 %	
02576 Natural Resources Operations SSR Fu	445,587	0	0	445,587	3.47 %	
02694 Coal Bed Methane Protection	0	0	0	0	0.00 %	
02825 Water Well Contractors	210,382	0	0	210,382	1.64 %	
02938 TLMD - Administration	0	0	0	0	0.00 %	
State Special Total	\$12,851,868	\$0	\$0	\$12,851,868	40.14 %	
03034 Yellowstone Groundwater NPS	38,220	0	0	38,220	9.89 %	
03094 FEMA Federal Grants	348,416	0	0	348,416	90.11 %	
03255 CSD Federal Indirect	0	0	0	0	0.00 %	
Federal Special Total	\$386,636	\$0	\$0	\$386,636	1.21 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$32,016,873	\$0	\$0	\$32,016,873		

The Water Resources Division is predominantly funded with general fund and state special revenue, with a minor amount of federal revenue. The largest state special revenue funding comes from funds set aside for water adjudication and income derived from state owned hydroelectric projects for repair and rehabilitation of state owned water projects.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	9,001,876	9,001,876	18,003,752	95.88 %	13,159,937	13,159,937	26,319,874	82.21 %
PL Adjustments	293,042	318,175	611,217	3.25 %	2,551,901	2,521,698	5,073,599	15.85 %
New Proposals	93,400	70,000	163,400	0.87 %	368,400	255,000	623,400	1.95 %
Total Budget	\$9,388,318	\$9,390,051	\$18,778,369		\$16,080,238	\$15,936,635	\$32,016,873	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	49,816	15,272	668	65,756	0.00	49,823	15,265	668	65,756
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	121,804	62,624	8,428	192,856	0.00	121,804	62,624	8,428	192,856
DP 525 - Fixed Cost Adjustments	0.00	41,206	18,033	297	59,536	0.00	57,249	23,887	563	81,699
DP 527 - Inflation/Deflation Adjustments	0.00	(14,291)	(2,697)	(284)	(17,272)	0.00	(8,360)	(1,464)	(164)	(9,988)
DP 529 - Longevity and Other Adjustments	0.00	(17,056)	(8,771)	(1,181)	(27,008)	0.00	(34,995)	(17,992)	(2,421)	(55,408)
DP 532 - General Liability Insurance Rate Adjustment	0.00	(2,261)	(325)	0	(2,586)	0.00	(2,261)	(325)	0	(2,586)
DP 550 - Motor Pool Rate Adjustment	0.00	(8,035)	(3,517)	(58)	(11,610)	0.00	(8,233)	(3,436)	(80)	(11,749)
DP 570 - Additional Operating Adjustments	0.00	84,683	1,793,226	(39,013)	1,838,896	0.00	87,457	1,790,325	(38,886)	1,838,896
DP 580 - Additional Personal Services Adjustments	0.00	(33,858)	(19,459)	(882)	(54,199)	0.00	(15,641)	(8,989)	(407)	(25,037)
DP 2102111 - Non-Helena Rent	0.00	13,853	1,539	0	15,392	0.00	13,853	1,539	0	15,392
DP 2400444 - Statewide 4% FTE Reduction-Program 24	(4.75)	0	0	0	0	(4.75)	0	0	0	0
DP 2402401 - WRD Operating Adjustments	0.00	57,181	227,959	0	285,140	0.00	57,479	221,388	0	278,867
DP 2402405 - WRD Water Rights Database and Online Form OTO	0.00	0	70,000	0	70,000	0.00	0	70,000	0	70,000
DP 2402406 - WRD FERC Requirements and Surveying	0.00	0	137,000	0	137,000	0.00	0	83,000	0	83,000
Grand Total All Present Law Adjustments	(4.75)	\$293,042	\$2,290,884	(\$32,025)	\$2,551,901	(4.75)	\$318,175	\$2,235,822	(\$32,299)	\$2,521,698

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustments -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustments -

The legislature adopted inflation/deflation adjustments.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal services adjustments for longevity, retirement, unemployment insurance, and workers compensation.

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 580 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 2102111 - Non-Helena Rent -

The legislature approved rent increases for department buildings located outside of Helena.

DP 2400444 - Statewide 4% FTE Reduction-Program 24 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 2400444 includes a reduction of 4.75 FTE each year.

DP 2402401 - WRD Operating Adjustments -

The legislature approved \$285,140 in FY 2016 and \$278,867 in FY 2017 with a combination of general fund and state special revenue to restore base authority and cover the following costs: projected increases in contracted services , costs of scheduled computer replacement, debt service on dam rehabilitation, stream guage operation and maintenance, and water rights records management.

DP 2402405 - WRD Water Rights Database and Online Form OTO -

The legislature adopted \$70,000 in state special revenue per year as a one-time-only expenditure to integrate new technologies into the existing water rights database and to capture data online which would allow water measurement reports to be submitted online and in turn be automatically used by the database.

DP 2402406 - WRD FERC Requirements and Surveying -

The legislature approved \$137,000 in FY 2016 and \$83,000 in FY 2017 in state special revenue to fund Federal Energy Regulatory Commission (FERC) requirements and for improvements on state project lands that are leased.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2402402 - WRD Surface Water Assessment/Monitor	0.00	93,400	0	0	93,400	0.00	70,000	0	0	70,000
DP 2402407 - WRD State Water Project Dam Analysis	0.00	0	275,000	0	275,000	0.00	0	185,000	0	185,000
Total	0.00	\$93,400	\$275,000	\$0	\$368,400	0.00	\$70,000	\$185,000	\$0	\$255,000

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

DP 2402402 - WRD Surface Water Assessment/Monitor -

The legislature adopted \$93,400 in FY 2016 and \$70,000 in FY 2014 of general fund to purchase equipment and pay operating expenses to establish a state-based surface water assessment and monitoring program.

DP 2402407 - WRD State Water Project Dam Analysis -

The legislature approved state special revenue to conduct the analysis and design work for rehabilitation of several state water projects and inundation and loss of life analyses on three dams. The appropriation includes \$370,000 to evaluate alternatives to rehabilitate Willow Creek Dam to meet existing dam safety criteria; \$20,000 for tower safety, engineering design and construction documents; and \$70,000 for inundation and loss of life analyses for Glacier, East Fork of Rock Creek, and Middle Creek Dams.

57060 - Natural Resources and Conservation 35-Forestry and Trust Land Management Division

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	296.08	296.08	286.89	286.89	296.08	286.89	(9.19)	(3.10)%
Personal Services	17,522,571	18,636,444	19,877,343	19,859,186	36,159,015	39,736,529	3,577,514	9.89%
Operating Expenses	7,132,190	7,477,983	8,309,030	8,346,045	14,610,173	16,655,075	2,044,902	14.00%
Equipment & Intangible Assets	1,046,720	1,021,176	1,056,720	1,056,720	2,067,896	2,113,440	45,544	2.20%
Capital Outlay	0	11,128	0	0	11,128	0	(11,128)	(100.00)%
Grants	194,465	189,465	194,465	194,465	383,930	388,930	5,000	1.30%
Transfers	1,341,297	1,317,694	1,464,423	1,462,152	2,658,991	2,926,575	267,584	10.06%
Debt Service	24,937	18,678	24,937	24,937	43,615	49,874	6,259	14.35%
Total Costs	\$27,262,180	\$28,672,568	\$30,926,918	\$30,943,505	\$55,934,748	\$61,870,423	\$5,935,675	10.61%
General Fund	10,795,266	11,383,236	12,353,369	12,407,741	22,178,502	24,761,110	2,582,608	11.64%
State/Other Special Rev. Funds	15,417,769	16,167,954	17,354,952	17,319,350	31,585,723	34,674,302	3,088,579	9.78%
Federal Spec. Rev. Funds	1,049,145	1,121,378	1,218,597	1,216,414	2,170,523	2,435,011	264,488	12.19%
Proprietary Funds	0	0	0	0	0	0	0	0.00%
Total Funds	\$27,262,180	\$28,672,568	\$30,926,918	\$30,943,505	\$55,934,748	\$61,870,423	\$5,935,675	10.61%

Program Description

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.

The Trust Land Management Division provides for the administration and management of trust lands granted to the State of Montana by the Enabling Act of 1889. These lands total approximately 5.2 million surface acres and 6.2 million mineral acres. Additionally, the division is responsible for the administration of approximately 6,000 miles (40,000+ acres) of the beds of navigable waterways. The Trust Land Management Division is divided into four primary programs: forest management; agriculture and grazing management; real estate management; and minerals management.

Program Highlights

Forestry and Trust Lands Division Major Budget Highlights
<ul style="list-style-type: none">• The forestry and Trust Lands Division's 2017 biennial budget increased over the 2015 biennium primarily due to:<ul style="list-style-type: none">◦ Globally adopted personal services and operating adjustments◦ Multiple present law adjustments related to trust lands management, including forest improvement projects and operations adjustments◦ An appropriation for replacement equipment◦ Morrill Trust Projects of \$160,000 general fund over the biennium

Funding

The following table shows program funding by source from all sources of authority.

57060 - Natural Resources and Conservation 35-Forestry and Trust Land Management Division

Natural Resources and Conservation, 35-Forestry and Trust Land Management Division					
Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	24,761,110	0	0	24,761,110	36.28 %
02031 Land Banking - Pvt Closing Costs	563,092	0	0	563,092	1.62 %
02039 Forestry-Fire Protection Taxes	6,914,465	0	0	6,914,465	19.85 %
02073 Forestry - Slash Disposal	131,246	0	0	131,246	0.38 %
02107 Environmental Contingency RIT	0	0	0	0	0.00 %
02173 GIS - STATE SPECIAL REVENUE	0	0	0	0	0.00 %
02297 Morrill Trust Land Admin	0	0	160,000	160,000	0.46 %
02430 Water Right Appropriation	0	0	0	0	0.00 %
02449 Forest Resources-Forest Improv	2,701,186	0	0	2,701,186	7.75 %
02576 Natural Resources Operations SSR Fu	187,484	0	0	187,484	0.54 %
02623 Contract Timber Harvesting	802,056	0	0	802,056	2.30 %
02681 Historic Right-of-Way Acct	21,434	0	0	21,434	0.06 %
02847 Fire Suppression Fund	0	0	0	0	0.00 %
02912 TLMD LAND EXCHANGE ADMIN	193,836	0	0	193,836	0.56 %
02938 TLMD - Administration	23,159,503	0	0	23,159,503	66.48 %
State Special Total	\$34,674,302	\$0	\$160,000	\$34,834,302	51.04 %
03173 Project Safe Neighborhood	0	0	0	0	0.00 %
03255 CSD Federal Indirect	0	0	0	0	0.00 %
03357 Federal Reimb-Fire Suppr CY14	0	0	0	0	0.00 %
03471 Consolidated Grant FY14	0	0	0	0	0.00 %
03472 Non-Consolidated Grant FY14	0	0	0	0	0.00 %
03483 Consolidated Grant FY15	1,704,053	0	0	1,704,053	69.98 %
03484 Non-Consolidated Grant FY15	0	0	0	0	0.00 %
03564 Consolidated Grant - FY16	49,380	0	0	49,380	2.03 %
03565 Non-Consolidated Grant - FY16	309,654	0	0	309,654	12.72 %
03567 Consolidated Grant - FY17	61,767	0	0	61,767	2.54 %
03568 Non-Consolidated Grant - FY17	310,157	0	0	310,157	12.74 %
Federal Special Total	\$2,435,011	\$0	\$0	\$2,435,011	3.57 %
06003 State Nursery Enterprise Fund	0	1,318,490	0	1,318,490	21.21 %
06538 Air Operations Internal Svc.	0	4,899,316	0	4,899,316	78.79 %
Proprietary Total	\$0	\$6,217,806	\$0	\$6,217,806	9.11 %
Total All Funds	\$61,870,423	\$6,217,806	\$160,000	\$68,248,229	

General fund provides general division support as well as the fixed costs of the Fire and Aviation Management program. Approximately 51% of all funding is from state special revenue. The primary source of state special funding comes from the fire protection taxes fund and the TLMD administration, which is funded with trust fund revenue, timber sales, and forest resources fees. The remaining funding for this program comes from federal revenue and proprietary funds.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	11,220,760	11,220,760	22,441,520	90.63 %	28,328,200	28,328,200	56,656,400	91.57 %
PL Adjustments	1,041,019	1,095,391	2,136,410	8.63 %	2,469,718	2,486,305	4,956,023	8.01 %
New Proposals	91,590	91,590	183,180	0.74 %	129,000	129,000	258,000	0.42 %
Total Budget	\$12,353,369	\$12,407,741	\$24,761,110		\$30,926,918	\$30,943,505	\$61,870,423	

Present Law Adjustments

57060 - Natural Resources and Conservation 35-Forestry and Trust Land Management Division

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	63,924	64,749	10,269	138,942	0.00	63,861	64,747	10,334	138,942
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	122,252	209,973	33,290	365,515	0.00	122,252	209,973	33,290	365,515
DP 525 - Fixed Cost Adjustments	0.00	121,649	(22,627)	0	99,022	0.00	197,537	(51,236)	0	146,301
DP 527 - Inflation/Deflation Adjustments	0.00	(3,543)	(32,956)	(684)	(37,183)	0.00	(1,176)	(19,954)	(370)	(21,500)
DP 529 - Longevity and Other Adjustments	0.00	280,291	311,987	45,146	637,424	0.00	252,751	281,333	40,710	574,794
DP 532 - General Liability Insurance Rate Adjustment	0.00	(6,121)	(881)	0	(7,002)	0.00	(6,121)	(881)	0	(7,002)
DP 550 - Motor Pool Rate Adjustment	0.00	(5,572)	(6,266)	0	(11,838)	0.00	(5,701)	(6,290)	0	(11,991)
DP 570 - Additional Operating Adjustments	0.00	219,889	(58,228)	(60,789)	100,872	0.00	219,890	(58,229)	(60,789)	100,872
DP 580 - Additional Personal Services Adjustments	0.00	(33,983)	(65,154)	(3,484)	(102,621)	0.00	(15,222)	(30,754)	(1,610)	(47,586)
DP 2102111 - Non-Helena Rent	0.00	16,563	21,236	0	37,799	0.00	16,563	21,236	0	37,799
DP 3500444 - Statewide 4% FTE Reduction-Program 35	(10.19)	0	0	0	0	(10.19)	0	0	0	0
DP 3535012 - Forestry/TLMD Operating Adjustments	0.00	16,000	52,173	0	68,173	0.00	16,000	28,275	0	44,275
DP 3535015 - Forestry-Air Ops Fixed Costs Transfer	0.00	87,419	35,707	0	123,126	0.00	85,807	35,048	0	120,855
DP 3535016 - Forestry County-Coop Base Restoration	0.00	0	0	73,471	73,471	0.00	0	0	73,471	73,471
DP 3535021 - TLMD MSU-Morrill Trust Projects Restoration (OTO/RST)	0.00	80,000	0	0	80,000	0.00	80,000	0	0	80,000
DP 3535022 - TLMD Forest Improvement Projects	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 3535023 - TLMD Crop Insurance	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 3535024 - TLMD Land Transaction Base Restoration	0.00	0	231,253	0	231,253	0.00	0	231,253	0	231,253
DP 3535027 - Cabin Site Sales Program (Restricted/OTO)	1.00	0	265,514	0	265,514	1.00	0	266,357	0	266,357
DP 3535029 - Forestry in Focus (OTO)	0.00	82,251	0	0	82,251	0.00	68,950	0	0	68,950
Grand Total All Present Law Adjustments	(9.19)	\$1,041,019	\$1,331,480	\$97,219	\$2,469,718	(9.19)	\$1,095,391	\$1,295,878	\$95,036	\$2,486,305

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustments -

57060 - Natural Resources and Conservation 35-Forestry and Trust Land Management Division

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustments -

The legislature adopted inflation/deflation adjustments.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal services adjustments for longevity, retirement, unemployment insurance, and workers compensation.

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 580 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 2102111 - Non-Helena Rent -

The legislature approved rent increases for department buildings located outside of Helena.

DP 3500444 - Statewide 4% FTE Reduction-Program 35 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 3500444 includes a reduction of 9.69 FTE each year.

DP 3535012 - Forestry/TLMD Operating Adjustments -

The legislature approved \$68,173 in FY 2016 and \$44,275 in FY 2017 combining general fund and state special revenue to fund janitorial, vehicle maintenance, and minor office equipment needs for Forestry and Trust Land Management Divisions.

57060 - Natural Resources and Conservation 35-Forestry and Trust Land Management Division

DP 3535015 - Forestry-Air Ops Fixed Costs Transfer -

The legislature approved \$123,126 in FY 2016 and \$120,855 in FY 2017 combining general fund and state special revenue to fund fixed cost increases such as rent, insurance, and salaries for the internal service proprietary fund (Air Ops), within the Forestry Division.

DP 3535016 - Forestry County-Coop Base Restoration -

The legislature approved \$73,471 per year of federal special revenue for maintenance on county cooperative fire equipment, necessary training for county fire personnel, and other supplies and materials needed to support the county cooperative fire program.

DP 3535021 - TLMD MSU-Morrill Trust Projects Restoration (OTO/RST) -

The legislature adopted \$80,000 per year as restricted one-time-only general fund for projects on MSU-Morrill trust lands. Projects for the biennium include timber harvest projects, timber thinning and weed management, agriculture and grazing lease renewals, commercial lease evaluations, land banking and land exchange.

DP 3535022 - TLMD Forest Improvement Projects -

The legislature adopted \$250,000 per year state special revenue for Forest Improvement projects. The increase comes from the Forest Improvement Account operations budget, which is funded by fees collected from timber harvest.

DP 3535023 - TLMD Crop Insurance -

The legislature adopted \$75,000 per year state special revenue for the purchase of crop insurance. Under the new Farm Bill, direct payments to producers/landowners have been eliminated in favor of putting more emphasis on crop insurance and other programs.

DP 3535024 - TLMD Land Transaction Base Restoration -

The legislature adopted \$231,253 per of year state special revenue for base restoration at FY 2015 appropriated levels in two land management programs. Spending levels fluctuate from year-to-year and not all authority will be in FY 2015. Montana Code requires prospective purchasers to deposit funds for appraisals, archeological surveys, and advertising prior to the state incurring those costs.

DP 3535027 - Cabin Site Sales Program (Restricted/OTO) -

This legislature approved one-time-only restricted state special revenue for 1 FTE for the cabin site sales program.

DP 3535029 - Forestry in Focus (OTO) -

The legislature approved a one-time-only general fund appropriation and one modified FTE for the Forests in Focus program.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

57060 - Natural Resources and Conservation 35-Forestry and Trust Land Management Division

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3535014 - Forestry-Fire Communication Replacement	0.00	91,590	37,410	0	129,000	0.00	91,590	37,410	0	129,000
Total	0.00	\$91,590	\$37,410	\$0	\$129,000	0.00	\$91,590	\$37,410	\$0	\$129,000

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

DP 3535014 - Forestry-Fire Communication Replacement -

The legislature approved \$129,000 per year combining general fund and state special revenue for fire communication equipment replacement. This funding will maintain the minimum replacement schedule, which would be replacement of 46 mobiles, 62 portables, 5 repeaters, and 2 base stations annually.

Other Issues

Proprietary Program Description

See Section R of HB 2 for rates.

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	118.53	118.53	115.74	115.74	118.53	115.74	(2.79)
Personal Services	6,743,950	7,384,999	7,816,246	7,840,039	14,128,949	15,656,285	1,527,336
Operating Expenses	3,014,179	4,527,904	4,697,383	4,659,443	7,542,083	9,356,826	1,814,743
Equipment & Intangible Assets	509,214	566,389	447,889	447,889	1,075,603	895,778	(179,825)
Grants	5,224,550	5,109,075	4,510,892	4,504,803	10,333,625	9,015,695	(1,317,930)
Benefits & Claims	0	0	0	0	0	0	0
Transfers	259,899	295,725	255,574	255,574	555,624	511,148	(44,476)
Total Costs	\$15,751,792	\$17,884,092	\$17,727,984	\$17,707,748	\$33,635,884	\$35,435,732	\$1,799,848
General Fund	969,414	985,598	971,552	929,368	1,955,012	1,900,920	(54,092)
State/Other Special Rev. Funds	13,274,701	14,146,180	14,835,499	14,853,143	27,420,881	29,688,642	2,267,761
Federal Spec. Rev. Funds	996,061	2,142,597	1,293,777	1,297,499	3,138,658	2,591,276	(547,382)
Proprietary Funds	511,616	609,717	627,156	627,738	1,121,333	1,254,894	133,561
Total Funds	\$15,751,792	\$17,884,092	\$17,727,984	\$17,707,748	\$33,635,884	\$35,435,732	\$1,799,848

Agency Description

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, exists to promote the interests of agricultural and allied industries in Montana. To meet this mission, the department strengthens and diversifies the Montana agriculture industry through private-public partnerships; adopts standards for grade and other classifications of farm products; conducts market analysis for farm products; and regulates food, fiber products, fertilizers, and pesticides.

Agency Highlights

Department of Agriculture Major Budget Highlights
<ul style="list-style-type: none"> • The biennial appropriation increased by 0.1% or approximately \$40,000 • The primary drivers of the increase were approval of two new proposals: <ul style="list-style-type: none"> ◦ food and agricultural development centers ◦ noxious weed coordination

Summary of Legislative Action

The legislature approved a budget that increased the department's authority by \$39,551 over the biennium or a 0.1% increase. Present law adjustments, noxious weed coordination, and food and agricultural development centers drove this increase. Overall, the department budget contains a decrease in general fund and federal special revenues with increases in state special and proprietary funding.

Agency Discussion

Coal Tax Shared Account

The coal tax shared revenue fund is statutorily designated for use by the Department of Agriculture, Department of Natural Resources and Conservation, and the Montana State Library. Section 15-35,108, MCA provides for 5.46% of coal severance tax collections to be deposited to a state special revenue fund to be used for the following:

- Basic library services for residents of all counties
- Conservation districts
- Montana Growth through Agriculture through the Agriculture Development Council.

Any unreserved fund balance at the end of each fiscal year must be deposited in to the general fund. Statute does not allocate the funds to any of the above entities, but gives the legislature authority to appropriate the funds. Such a methodology may cause one entity to receive a large appropriation while the other two entities receive little or none. During the 2015 session, the legislature decided to allocate the funds in the following manner:

Coal Tax Shared Account Projected Fund Balance			
	2016	2017	Bienn %
<u>Revenue Estimate</u>	\$3,238,997	\$3,336,281	
<u>Appropriations</u>			
Library Commission	\$473,247	\$466,050	14.3%
DNRC	2,408,649	2,373,870	73.1%
Agriculture	<u>414,849</u>	<u>409,613</u>	<u>12.6%</u>
Total	\$3,296,745	\$3,249,533	100%
Projected Fund Balance	(\$57,748)	\$86,748	

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 2017 Biennium Budget - Department of Agriculture					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,900,920	0	1,380,000	3,280,920	6.05 %
State Special Total	29,688,642	0	2,302,970	31,991,612	59.02 %
Federal Special Total	2,591,276	0	0	2,591,276	4.78 %
Proprietary Total	1,254,894	116,400	14,966,414	16,337,708	30.14 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$35,435,732	\$116,400	\$18,649,384	\$54,201,516	
Percent - Total All Sources	65.38 %	0.21 %	34.41 %		

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. Major funds include:

- Wheat and Barley Research and Marketing Account
- Noxious Weed Admin Account
- Pesticide Account
- Coal tax shared account

General fund comprises less than 10% of the department’s funding and is primarily used for program activities such as grants, mad cow disease, agriculture literacy, marketing, and statistics.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	985,598	985,598	1,971,196	103.70 %	17,779,092	17,779,092	35,558,184	100.35 %
PL Adjustments	(14,046)	(56,230)	(70,276)	(3.70)%	(258,128)	(272,332)	(530,460)	(1.50)%
New Proposals	0	0	0	0.00 %	207,020	200,988	408,008	1.15 %
Total Budget	\$971,552	\$929,368	\$1,900,920		\$17,727,984	\$17,707,748	\$35,435,732	

The present law adjustments resulted in a negative growth from the 2015 legislative base for the department. When compared to the entire 2015 biennium, both FY 2014 and FY 2015, the department budget shows nearly flat growth.

Other Legislation

HB 91 – Standardized *per diem* for agricultural boards and committees, including the board of hail insurance

HB 105 – Allowed the department to set fees for analytic lab services. Fees collected would be placed in a state special revenue fund to pay for the costs of services

HB 108 - Changed the calculation of administrative costs for noxious weed grants

HB 109 – Allowed the department to provide plant sampling services and collect fees for such work

HB 265 – Eliminated the requirement that the alfalfa leaf-cutting bee program be self-supporting

HB 390 – Revised the process to create commodity committees including allowing producers to petition for the creation of advisory groups and specifying noticing and meeting methods for the department

HB 478 – Created regulations for cottage food production and food safety

SB 78 – Eliminated the Mint Committee

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	118.53	115.74	115.74	0.00	115.74	115.74	0.00	0.00
Personal Services	6,743,950	7,965,255	7,816,246	(149,009)	7,966,421	7,840,039	(126,382)	(275,391)
Operating Expenses	3,014,179	3,974,605	4,697,383	722,778	3,926,438	4,659,443	733,005	1,455,783
Equipment & Intangible Assets	509,214	544,714	447,889	(96,825)	544,714	447,889	(96,825)	(193,650)
Grants	5,224,550	5,248,911	4,510,892	(738,019)	5,242,822	4,504,803	(738,019)	(1,476,038)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	259,899	259,899	255,574	(4,325)	259,899	255,574	(4,325)	(8,650)
Total Costs	\$15,751,792	\$17,993,384	\$17,727,984	(\$265,400)	\$17,940,294	\$17,707,748	(\$232,546)	(\$497,946)
General Fund	969,414	1,236,637	971,552	(265,085)	1,192,641	929,368	(263,273)	(528,358)
State/other Special Rev. Funds	13,274,701	14,949,865	14,835,499	(114,366)	14,941,659	14,853,143	(88,516)	(202,882)
Federal Spec. Rev. Funds	996,061	1,142,707	1,293,777	151,070	1,142,163	1,297,499	155,336	306,406
Other	511,616	664,175	627,156	(37,019)	663,831	627,738	(36,093)	(73,112)
Total Funds	\$15,751,792	\$17,993,384	\$17,727,984	(\$265,400)	\$17,940,294	\$17,707,748	(\$232,546)	(\$497,946)

The legislatively-approved budget decreases overall funding by \$497,946 including reductions in general fund, state special revenue, and proprietary revenue for FY 2016 and FY 2017 when compared to the executive request. However, federal special revenue increased by \$306,406. These reductions to the executive budget are mostly due to decreases in present law personal services and operating adjustments.

Language and Statutory Authority

The legislature included the following language in HB 2:

The department shall report on the performance of the Statewide Noxious Weed Control Coordination program to the environmental quality council on a quarterly basis. Statewide Noxious Weed Control Coordination is appropriated from the environment quality protection fund.

The department shall report on the performance of the food and Ag Development Centers program to the environmental quality council on a quarterly basis.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	15.00	15.00	15.00	15.00	15.00	15.00	0.00	0.00 %
Personal Services	1,129,275	1,179,639	1,296,160	1,299,631	2,308,914	2,595,791	286,877	12.42 %
Operating Expenses	167,779	140,096	201,575	157,441	307,875	359,016	51,141	16.61 %
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00 %
Total Costs	\$1,297,054	\$1,319,735	\$1,497,735	\$1,457,072	\$2,616,789	\$2,954,807	\$338,018	12.92 %
General Fund	134,542	112,957	154,531	110,331	247,499	264,862	17,363	7.02 %
State/Other Special Rev. Funds	862,862	895,391	1,107,801	1,110,429	1,758,253	2,218,230	459,977	26.16 %
Federal Spec. Rev. Funds	156,694	162,460	107,016	107,490	319,154	214,506	(104,648)	(32.79)%
Proprietary Funds	142,956	148,927	128,387	128,822	291,883	257,209	(34,674)	(11.88)%
Total Funds	\$1,297,054	\$1,319,735	\$1,497,735	\$1,457,072	\$2,616,789	\$2,954,807	\$338,018	12.92 %

Program Description

The Central Services Division provides support services essential to the effective operation of 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 guidance and policy development for the department as well as coordination with the agricultural industry and other branches of government.

Program Highlights

Centralized Services Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to 2015 biennium appropriations, the program budget grew by 12.2% or \$320,417 <ul style="list-style-type: none"> ◦ The major drivers of the increase were adjustments for personal services.

Funding

The following table shows program funding by source from all sources of authority.

Department of Agriculture, 15-Centralized Services Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	264,862	0	0	264,862	8.77 %
02040 Wheat & Barley Research & Mktg	285,546	0	0	285,546	12.51 %
02066 Agriculture In MT Schools Act.	0	0	0	0	0.00 %
02068 Noxious Weed Admin Account	104,634	0	0	104,634	4.59 %
02071 Anhydrous Ammonia Account	4,838	0	0	4,838	0.21 %
02093 ALFALFA LEAF CUTTING BEE	1,228	0	0	1,228	0.05 %
02178 Cherry Check-off	0	0	680	680	0.03 %
02192 Pesticide Groundwater Account	336,829	0	0	336,829	14.76 %
02193 Pesticide Account	412,586	0	0	412,586	18.08 %
02198 Fert. Groundwater Account	15,956	0	0	15,956	0.70 %
02205 PULSE CROP RESEARCH & MRKTG	0	0	57,680	57,680	2.53 %
02264 Organic Certification	109,484	0	0	109,484	4.80 %
02265 FSI Produce	105,662	0	0	105,662	4.63 %
02266 Commodity Dealer/Warehouse	15,808	0	0	15,808	0.69 %
02267 Nursery Account	99,198	0	0	99,198	4.35 %
02268 Produce Account	128,536	0	0	128,536	5.63 %
02269 Seed Account	27,993	0	0	27,993	1.23 %
02340 Coal Sev. Tax Shared SSR	12,456	0	0	12,456	0.55 %
02341 Weed Seed Free Forage Account	18,188	0	0	18,188	0.80 %
02452 Commercial Fertilizer	111,196	0	0	111,196	4.87 %
02453 Grain Services	206,420	0	0	206,420	9.05 %
02454 Commercial Feed	203,398	0	0	203,398	8.91 %
02792 Apiary Account	18,274	0	0	18,274	0.80 %
02793 Potato Research & Marketing	0	0	5,328	5,328	0.23 %
State Special Total	\$2,218,230	\$0	\$63,688	\$2,281,918	75.60 %
03120 Agriculture CMD Federal	214,506	0	0	214,506	100.00 %
Federal Special Total	\$214,506	\$0	\$0	\$214,506	7.11 %
06052 Hail Insurance	257,209	0	0	257,209	100.00 %
Proprietary Total	\$257,209	\$0	\$0	\$257,209	8.52 %
Total All Funds	\$2,954,807	\$0	\$63,688	\$3,018,495	

The Central Services Division (CSD) is funded based on the expenditures of the two other divisions within 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 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.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	112,957	112,957	225,914	85.30 %	1,319,735	1,319,735	2,639,470	89.33 %
PL Adjustments	41,574	(2,626)	38,948	14.70 %	178,000	137,337	315,337	10.67 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$154,531	\$110,331	\$264,862		\$1,497,735	\$1,457,072	\$2,954,807	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (RST/BIEN)	0.00	43,316	0	0	43,316	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	347	10,297	(2,545)	7,290	0.00	347	10,297	(2,545)	7,290
DP 525 - Fixed Cost Adjustment	0.00	949	7,522	1,365	11,087	0.00	948	7,514	1,362	11,074
DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial)	0.00	1,213	0	0	1,213	0.00	0	0	0	0
DP 527 - Inflation/Deflation Adjustment	0.00	(170)	(1,350)	(245)	(1,990)	0.00	(136)	(1,075)	(195)	(1,584)
DP 529 - Longevity and Other Adjustments	0.00	24	190	35	284	0.00	321	2,548	462	3,755
DP 531 - SITSD Rate Adjustment	0.00	642	9,227	1,405	11,663	0.00	642	9,229	1,405	11,665
DP 532 - General Liability Insurance Rate Adjustment	0.00	(209)	(3,000)	(457)	(3,792)	0.00	(209)	(3,000)	(457)	(3,792)
DP 550 - Motor Pool Rate Adjustment	0.00	(2)	(12)	(2)	(18)	0.00	(2)	(12)	(2)	(18)
DP 570 - Additional Personal Services Adjustments	0.00	(4,536)	189,536	(55,000)	108,947	0.00	(4,537)	189,537	(55,000)	108,947
Grand Total All Present Law Adjustments	0.00	\$41,574	\$212,410	(\$55,444)	\$178,000	0.00	(\$2,626)	\$215,038	(\$54,970)	\$137,337

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

DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (RST/BIEN) -

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For

these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	64.78	64.78	62.52	62.52	64.78	62.52	(2.26)	(3.49)%
Personal Services	3,885,831	4,280,119	4,400,037	4,414,229	8,165,950	8,814,266	648,316	7.94 %
Operating Expenses	1,317,572	1,892,754	1,914,261	1,915,813	3,210,326	3,830,074	619,748	19.30 %
Equipment & Intangible Assets	435,934	541,512	423,012	423,012	977,446	846,024	(131,422)	(13.45)%
Grants	2,050,914	2,544,047	2,019,547	2,019,547	4,594,961	4,039,094	(555,867)	(12.10)%
Benefits & Claims	0	0	0	0	0	0	0	0.00 %
Transfers	15,000	75,842	38,342	38,342	90,842	76,684	(14,158)	(15.59)%
Total Costs	\$7,705,251	\$9,334,274	\$8,795,199	\$8,810,943	\$17,039,525	\$17,606,142	\$566,617	3.33 %
General Fund	288,691	300,335	243,083	244,534	589,026	487,617	(101,409)	(17.22)%
State/Other Special Rev. Funds	6,614,446	7,093,802	7,440,258	7,451,324	13,708,248	14,891,582	1,183,334	8.63 %
Federal Spec. Rev. Funds	802,114	1,940,137	1,111,858	1,115,085	2,742,251	2,226,943	(515,308)	(18.79)%
Total Funds	\$7,705,251	\$9,334,274	\$8,795,199	\$8,810,943	\$17,039,525	\$17,606,142	\$566,617	3.33 %

Program Description

The Agricultural Sciences Division (ASD) administers and coordinates the major activities related to:

- Pesticide management
- Pest management
- Analytical laboratory services
- Noxious weed management
- Agricultural chemical groundwater program
- Seed, feed and fertilizer program
- Organic certification
- Nursery program
- Apiary program
- Commodity programs

ASD also administers agricultural programs related to the manufacturing and certification of commodities exported from or distributed in the state. The division provides support to the Montana Noxious Weed Management Advisory Council, Noxious Weed Seed Free Forage Advisory Council, and the Montana Organic Commodity Advisory Council.

Program Highlights

Agricultural Sciences Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to 2015 biennium appropriations, the program budget shrank by 4.9% or \$905,179. <ul style="list-style-type: none"> ◦ Funding for noxious weed control formed the largest portion of the increase.

Funding

The following table shows program funding by source from all sources of authority.

Department of Agriculture, 30-Agricultural Sciences Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	487,617	0	0	487,617	2.75 %	
02037 Mint Committee	14,000	0	0	14,000	0.09 %	
02068 Noxious Weed Admin Account	4,045,442	0	0	4,045,442	26.97 %	
02071 Anhydrous Ammonia Account	41,270	0	0	41,270	0.28 %	
02072 Manuals & Training Account	70,462	0	0	70,462	0.47 %	
02093 ALFALFA LEAF CUTTING BEE	11,202	0	0	11,202	0.07 %	
02107 Environmental Contingency RIT	0	0	0	0	0.00 %	
02192 Pesticide Groundwater Account	2,108,462	0	0	2,108,462	14.06 %	
02193 Pesticide Account	2,442,912	0	0	2,442,912	16.29 %	
02198 Fert. Groundwater Account	60,630	0	0	60,630	0.40 %	
02264 Organic Certification	497,652	0	0	497,652	3.32 %	
02265 FSI Produce	580,776	0	0	580,776	3.87 %	
02266 Commodity Dealer/Warehouse	169,138	0	108,000	277,138	1.85 %	
02267 Nursery Account	450,008	0	0	450,008	3.00 %	
02268 Produce Account	1,028,668	0	0	1,028,668	6.86 %	
02269 Seed Account	241,482	0	0	241,482	1.61 %	
02341 Weed Seed Free Forage Account	168,068	0	0	168,068	1.12 %	
02452 Commercial Fertilizer	743,770	0	0	743,770	4.96 %	
02454 Commercial Feed	1,679,467	0	0	1,679,467	11.20 %	
02782 Reverted Weed Grant Fund	65,000	0	0	65,000	0.43 %	
02792 Apiary Account	218,124	0	0	218,124	1.45 %	
02162 EQPF	255,049	0	0	255,049	1.70 %	
State Special Total	\$14,891,582	\$0	\$108,000	\$14,999,582	84.68 %	
03118 Agriculture ASD Federal	2,226,943	0	0	2,226,943	100.00 %	
Federal Special Total	\$2,226,943	\$0	\$0	\$2,226,943	12.57 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$17,606,142	\$0	\$108,000	\$17,714,142		

The Agricultural Sciences Division is funded with general fund, state special revenue, and federal special revenue. General fund supports inspection and testing for prohibited materials in feed related to bovine spongiform encephalopathy (BSE or mad cow disease) and noxious weed control grants. State special revenue represents the prominent funding source, comprising 85% of the total program funding. It is derived primarily from fees assessed for regulatory activities, product registration, and technical services. Federal special revenue includes funding from the U.S. Forest Service, U.S. Department of Agriculture, and the Environmental Protection Agency. Federal funds support noxious weed mitigation and portions of the Bovine Spongiform Encephalopathy (BSE) feed sampling program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	300,335	300,335	600,670	123.18 %	9,349,274	9,349,274	18,698,548	106.20 %
PL Adjustments	(57,252)	(55,801)	(113,053)	(23.18)%	(714,066)	(698,389)	(1,412,455)	(8.02)%
New Proposals	0	0	0	0.00 %	159,991	160,058	320,049	1.82 %
Total Budget	\$243,083	\$244,534	\$487,617		\$8,795,199	\$8,810,943	\$17,606,142	

Present law adjustments reduced the program budget by 8.02%. The major driver behind this reduction were operating adjustments stemming from changes in grant funding.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	Fiscal 2016				Fiscal 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	2,517	13,629	13,753	29,899	0.00	2,517	13,629	13,753	29,899
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	7,398	0	46,032	53,430	0.00	7,398	0	46,032	53,430
DP 525 - Fixed Cost Adjustment	0.00	3,012	71,152	19,610	93,774	0.00	2,957	69,854	19,253	92,064
DP 527 - Inflation/Deflation Adjustment	0.00	(574)	(13,548)	(3,734)	(17,856)	0.00	(476)	(11,250)	(3,100)	(14,826)
DP 529 - Longevity and Other Adjustments	0.00	(580)	(13,688)	(3,773)	(18,041)	0.00	(160)	(3,778)	(1,041)	(4,979)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(6)	0	(6)	0.00	0	(7)	0	(7)
DP 570 - Additional Personal Services Adjustments	0.00	(69,025)	334,755	(291,167)	(25,437)	0.00	(68,037)	334,845	(290,949)	(24,141)
DP 580 - Additional Operating Adjustments	0.00	0	(295,901)	(624,000)	(919,901)	0.00	0	(295,901)	(624,000)	(919,901)
DP 3000444 - Statewide 4% FTE Reduction - Program 30	(3.26)	0	0	0	0	(3.26)	0	0	0	0
DP 3003003 - Establish HB 2 Authority for Seed Mediation	0.00	0	3,900	0	3,900	0.00	0	3,900	0	3,900
DP 3003004 - Program 30 Fees Amended by Rule	0.00	0	86,172	0	86,172	0.00	0	86,172	0	86,172
Grand Total All Present Law Adjustments	(3.26)	(\$57,252)	\$186,465	(\$843,279)	(\$714,066)	(3.26)	(\$55,801)	\$197,464	(\$840,052)	(\$698,389)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For

these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 3000444 - Statewide 4% FTE Reduction - Program 30 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

DP 3003003 - Establish HB 2 Authority for Seed Mediation -

The legislature appropriated additional funds for the seed mediation program which had previously been statutorily appropriated.

DP 3003004 - Program 30 Fees Amended by Rule -

The legislature authorized additional appropriations to allow the department to use revenue associated with fee changes.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3003005 - Reverted Noxious Weed Grants	0.00	0	32,500	0	32,500	0.00	0	32,500	0	32,500
DP 6201001 - Statewide Noxious Weed Control Coordination (RST/OTO)	1.00	0	127,491	0	127,491	1.00	0	127,558	0	127,558
Total	1.00	\$0	\$159,991	\$0	\$159,991	1.00	\$0	\$160,058	\$0	\$160,058

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

DP 3003005 - Reverted Noxious Weed Grants -

The legislature authorized additional authority to allow the department to redistribute reverted noxious weed grants to other projects.

DP 6201001 - Statewide Noxious Weed Control Coordination (RST/OTO) -

The legislature appropriated funds from the environmental quality protection fund state special revenue account for the statewide noxious weed control coordination program that assists weed districts and local governments in their weed control efforts. This included one FTE and the associated operating expenses of the program.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	38.75	38.75	38.22	38.22	38.75	38.22	(0.53)	(1.37)%
Personal Services	1,728,844	1,925,241	2,120,049	2,126,179	3,654,085	4,246,228	592,143	16.20 %
Operating Expenses	1,528,828	2,495,054	2,581,547	2,586,189	4,023,882	5,167,736	1,143,854	28.43 %
Equipment & Intangible Assets	73,280	24,877	24,877	24,877	98,157	49,754	(48,403)	(49.31)%
Grants	3,173,636	2,565,028	2,491,345	2,485,256	5,738,664	4,976,601	(762,063)	(13.28)%
Transfers	244,899	219,883	217,232	217,232	464,782	434,464	(30,318)	(6.52)%
Total Costs	\$6,749,487	\$7,230,083	\$7,435,050	\$7,439,733	\$13,979,570	\$14,874,783	\$895,213	6.40 %
General Fund	546,181	572,306	573,938	574,503	1,118,487	1,148,441	29,954	2.68 %
State/Other Special Rev. Funds	5,797,393	6,156,987	6,287,440	6,291,390	11,954,380	12,578,830	624,450	5.22 %
Federal Spec. Rev. Funds	37,253	40,000	74,903	74,924	77,253	149,827	72,574	93.94 %
Proprietary Funds	368,660	460,790	498,769	498,916	829,450	997,685	168,235	20.28 %
Total Funds	\$6,749,487	\$7,230,083	\$7,435,050	\$7,439,733	\$13,979,570	\$14,874,783	\$895,213	6.40 %

Program Description

The Agricultural Development Division (ADD) administers programs to promote Montana agriculture. The division is comprised of the following bureaus:

- Wheat and Barley
- Agriculture Development and Marketing
- The State Grain Laboratory

ADD also provides support to the Agricultural Development Council, the Montana Wheat & Barley Committee, Alfalfa Seed Committee, Montana Pulse Advisory Committee, Montana Potato Advisory Committee, and Cherry Advisory Committee.

Program Highlights

Agricultural Development Division Major Budget Highlights
<ul style="list-style-type: none"> • When compared to 2015 biennium appropriations, the program budget grew by 4.4% or \$624,313 • The primary drivers of this increase were: <ul style="list-style-type: none"> ◦ Transfer of hail insurance administration to the department from the department of revenue ◦ Various operating adjustments

Funding

The following table shows program funding by source from all sources of authority.

Department of Agriculture, 50-Agricultural Development Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,148,441	0	1,380,000	2,528,441	7.55 %
02040 Wheat & Barley Research & Mktg	9,237,365	0	0	9,237,365	62.80 %
02066 Agriculture In MT Schools Act.	96,300	0	0	96,300	0.65 %
02132 GTA Seed Capital Account	0	0	284,584	284,584	1.93 %
02178 Cherry Check-off	0	0	48,204	48,204	0.33 %
02205 PULSE CROP RESEARCH & MRKTG	0	0	1,689,870	1,689,870	11.49 %
02340 Coal Sev. Tax Shared SSR	828,114	0	0	828,114	5.63 %
02453 Grain Services	2,113,599	0	0	2,113,599	14.37 %
02461 Alfalfa Seed Assessment	77,952	0	0	77,952	0.53 %
02557 Research & Commercialization	210,000	0	0	210,000	1.43 %
02582 Certified Natural Beef	15,500	0	0	15,500	0.11 %
02782 Reverted Weed Grant Fund	0	0	0	0	0.00 %
02793 Potato Research & Marketing	0	0	108,624	108,624	0.74 %
State Special Total	\$12,578,830	\$0	\$2,131,282	\$14,710,112	43.95 %
03225 Agriculture ADD Federal	149,827	0	0	149,827	100.00 %
Federal Special Total	\$149,827	\$0	\$0	\$149,827	0.45 %
06016 Beginning Farm Loans	0	116,400	0	116,400	0.72 %
06052 Hail Insurance	997,685	0	14,966,414	15,964,099	99.28 %
Proprietary Total	\$997,685	\$116,400	\$14,966,414	\$16,080,499	48.05 %
Total All Funds	\$14,874,783	\$116,400	\$18,477,696	\$33,468,879	

The Agricultural Sciences Division is funded with general fund, state special revenue, and federal special revenue. General fund supports division administration, agricultural marketing, agricultural statistics functions, and the state grain lab. However, the funding for the Agricultural Development Division is dominated by state special revenue (SSR) including the wheat and barley research and marketing, coal severance tax collections, grain testing fees, alfalfa seed assessments, income tax check offs for Agriculture in Montana Schools, and interest earnings from invested fund balances in various accounts. Federal special revenue is from federal grants used to develop agriculture markets, marketing projects, and related operating costs.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	572,306	572,306	1,144,612	99.67 %	7,110,083	7,110,083	14,220,166	95.60 %
PL Adjustments	1,632	2,197	3,829	0.33 %	277,938	288,720	566,658	3.81 %
New Proposals	0	0	0	0.00 %	47,029	40,930	87,959	0.59 %
Total Budget	\$573,938	\$574,503	\$1,148,441		\$7,435,050	\$7,439,733	\$14,874,783	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	(3,079)	12,608	5,940	18,575	0.00	(3,079)	12,608	5,940	18,575
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	80,509	0	90,761	0.00	0	80,509	0	90,761
DP 525 - Fixed Cost Adjustment	0.00	5,740	60,702	251	71,315	0.00	5,635	59,595	246	70,013
DP 527 - Inflation/Deflation Adjustment	0.00	(1,080)	(11,424)	(47)	(13,421)	0.00	(895)	(9,463)	(39)	(11,117)
DP 529 - Longevity and Other Adjustments	0.00	158	1,675	7	1,968	0.00	645	6,816	28	8,008
DP 550 - Motor Pool Rate Adjustment	0.00	(107)	(87)	(11)	(252)	0.00	(109)	(88)	(10)	(254)
DP 570 - Additional Personal Services Adjustments	0.00	0	111,704	(237)	83,504	0.00	0	112,097	(241)	83,594
DP 580 - Additional Operating Adjustments	0.00	0	(90,000)	44,000	(46,000)	0.00	0	(90,000)	44,000	(46,000)
DP 999901 - Coal Shared Account Adjustment	0.00	0	0	0	0	0.00	0	3,652	0	3,652
DP 5000444 - Statewide 4% FTE Reduction - Program 50	(0.53)	0	0	0	0	(0.53)	0	0	0	0
DP 5005004 - Program 50 Fees Amended by Rule	0.00	0	11,100	0	11,100	0.00	0	11,100	0	11,100
DP 5005005 - Hail Insurance Program Administration	0.00	0	0	0	60,388	0.00	0	0	0	60,388
Grand Total All Present Law Adjustments	(0.53)	\$1,632	\$176,787	\$49,903	\$277,938	(0.53)	\$2,197	\$186,826	\$49,924	\$288,720

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 999901 - Coal Shared Account Adjustment -

The legislature increased appropriations for the coal tax shared account based on revised revenue estimates.

DP 5000444 - Statewide 4% FTE Reduction - Program 50 -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

DP 5005004 - Program 50 Fees Amended by Rule -

The legislature authorized additional appropriations to allow the department to use revenue associated with fee changes.

DP 5005005 - Hail Insurance Program Administration -

The legislature appropriated proprietary funding for the department to administer the Hail Insurance Program. As a result of the 2013 legislative session's SB 162, the Department of Revenue transferred administrative duties of the Hail Insurance Program to the Department of Agriculture.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5005002 - Agriculture Literacy Program	0.00	0	30,000	0	18,363	0.00	0	30,000	0	18,353
DP 5005011 - ADD Coal Severance Tax Reduction	0.00	0	(76,334)	0	(76,334)	0.00	0	(82,423)	0	(82,423)
DP 6201002 - Food and Ag Development Centers (RST/OTO)	0.00	0	105,000	0	105,000	0.00	0	105,000	0	105,000
Total	0.00	\$0	\$58,666	\$0	\$47,029	0.00	\$0	\$52,577	\$0	\$40,930

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

DP 5005002 - Agriculture Literacy Program -

The legislature authorized funds to support an agricultural literacy instructional coordinator.

DP 5005011 - ADD Coal Severance Tax Reduction -

The legislature reduced state special revenue authority to match the declining revenue projection of the coal severance tax shared fund.

DP 6201002 - Food and Ag Development Centers (RST/OTO) -

The legislature appropriated funds from the Research and Commercialization state special revenue account to support the Food and Ag Development Centers in Joliet, Havre, Butte, and Ronan.

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	2,129.26	2,129.26	2,055.32	2,055.32	2,129.26	2,055.32	(73.94)
Personal Services	142,583,428	154,138,060	159,011,107	159,014,197	296,721,488	318,025,304	21,303,816
Operating Expenses	435,605,937	467,407,429	469,830,445	470,960,092	903,013,366	940,790,537	37,777,171
Equipment & Intangible Assets	3,257,659	5,276,589	3,257,659	3,257,658	8,534,248	6,515,317	(2,018,931)
Capital Outlay	12,956,865	19,655,763	12,956,865	12,956,865	32,612,628	25,913,730	(6,698,898)
Grants	22,022,506	30,666,771	24,284,954	24,284,954	52,689,277	48,569,908	(4,119,369)
Benefits & Claims	0	750	500	500	750	1,000	250
Transfers	1,608,343	1,985,952	1,608,343	1,608,343	3,594,295	3,216,686	(377,609)
Debt Service	85,270	151,412	85,270	85,270	236,682	170,540	(66,142)
Total Costs	\$618,120,008	\$679,282,726	\$671,035,143	\$672,167,879	\$1,297,402,734	\$1,343,203,022	\$45,800,288
State/Other Special Rev. Funds	234,077,560	248,697,540	254,424,106	255,735,408	482,775,100	510,159,515	27,384,415
Federal Spec. Rev. Funds	384,042,448	430,585,186	416,611,037	416,432,471	814,627,634	833,043,507	18,415,873
Total Funds	\$618,120,008	\$679,282,726	\$671,035,143	\$672,167,879	\$1,297,402,734	\$1,343,203,022	\$45,800,288

Agency Description

Agency Mission: To serve the public by providing a transportation system and services that emphasize quality, safety, cost effectiveness, economic vitality, and sensitivity to the environment.

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

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

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

Agency Highlights

Department of Transportation Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium appropriations were a reduction of 1.1% or approximately \$15.2 from the 2015 legislative appropriations. <ul style="list-style-type: none"> ◦ In large part, the reduction corresponds with moderated expectations for highway funding through the federal government • While the figure above shows a net reduction in total FTE, the legislature did adopt the addition of 5.05 FTE in targeted areas <ul style="list-style-type: none"> ◦ 1.80 FTE that will make two 0.10 FTE positions full time in the Civil Rights Division ◦ 2.25 FTE to conduct additional motor fuel audits, insuring compliance with laws and rules resulting from increased truck traffic ◦ 1.00 FTE for administration of the interoperability radio operations (AKA public safety radio) • The legislature adopted the agency request presented in the second budget submission <ul style="list-style-type: none"> ◦ The second submission increases appropriations for contractor payments ◦ This was a \$5.7 million increase in state special revenue and \$36.8 million in federal special revenue in the 2017 biennium • The legislature adopted housing allowances for workers in the Bakken region of Eastern Montana to address retention issues • The legislature approved a \$6.4 million project in FY 2016 for improvements to the taxiway at the West Yellowstone airport • The legislature provided a language appropriation of up to \$1.4 million per year for transit grants, triggered by the receipt of federal funds in an amount greater than the level of appropriation contained in the 2015 base

Summary of Legislative Action

Legislative actions include:

- Generally lower federal funding anticipated by the agency for highway construction work
- Adoption of a housing allowance of \$500/month for workers in the Bakken region of Eastern Montana
- Adoption of the request for \$6.4 million per FY for overtime and differential pay
- Provision of 5.05 FTE in the General Operations Program
- Up to \$1.4 million per year for federal transit grants in the Rail, Transit, and Planning Program provided in a language appropriation

Agency Discussion

The Department of Transportation (MDT) provides 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

Two administrative boards appointed by the Governor are responsible for prioritization of road and airport projects in Montana, within established budget priorities. The five-member transportation commission establishes department priorities and apportions funding among five state financial districts according to statutory guidelines, considers department recommendations, and facilitates community input. The nine-member Board of Aeronautics establishes priorities for department aeronautics activities.

In comparison to the 2015 biennium legislative base, the budget includes a reduction of \$7.6 million each year, or 1.1%. Budgetary reductions are seen in several programs, but none are greater than in the Construction Program, where the budgetary items net to a total reduction of \$44.0 million over the biennium. In that reduction, over 80% is attributed to federal funds. The agency and in large part the Construction Program have been operating under the provisions of the most recent surface transportation legislation, Moving Ahead for Progress in the 21st Century Act (MAP 21) for the past two years, and are anticipating federal funding at a similar level during the 2017 biennium. The level of funding in the budget includes sufficient authority to match the expected federal funding.

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.

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
State Special Total	510,159,515	0	44,325,750	554,485,265	37.03 %
Federal Special Total	833,043,507	0	31,200,000	864,243,507	57.71 %
Proprietary Total	0	78,752,188	0	78,752,188	5.26 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$1,343,203,022	\$78,752,188	\$75,525,750	\$1,497,480,960	
Percent - Total All Sources	89.70 %	5.26 %	5.04 %		

The department is funded from a combination of state special revenue and federal special revenue. In the HB 2 budget, the split is 38% state special revenue and 62% federal special revenue. As shown in the figure above, MDT has \$78.7 million of non-budgeted funding, not included in the HB 2 figures, that support the three proprietary programs. The proprietary funding is distributed as follows: the Motor Pool Program receives \$13.3 million, the Equipment Program receives \$64.2 million, and the West Yellowstone Airport Program receives \$1.2 million. MDT is also responsible for statutory appropriations of \$75.5 million that include distributions of fuel taxes to local and tribal governments and the payment of debt service on large highway construction projects.

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 2017 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. In the 2017 biennium, 94.7% of all state special revenue planned expenditures are made from the restricted account.

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

These revenues 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 these funds for other purposes can only be done through a 3/5ths 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

These revenues can be used for:

- Any purpose for which the legislature sees fit

The legislature paid particular attention to the appropriations from the highway state special revenue restricted account (HSRA), given the available revenues. Through the legislative actions, the issues with the negative fund balance were significantly corrected. At the end of the 2017 biennium the HSRA account is projected to have a positive ending fund balance of \$3.0 million.

Estimated Fund Balance				
Highways Special Revenue Accounts (02422 and 02349)				
FY2014				
	Actuals	FY 2015	FY 2016	FY 2017
Combined Account (\$ in Millions)				
Beginning Balance	\$82.9	\$71.3	\$45.8	\$17.3
Revenues	287.9	292.0	294.8	299.8
Expenditures	299.6	363.2	323.4	312.2
Revenues less Expenditures	(11.7)	(71.2)	(28.6)	(12.4)
Adjustments for Estimated Reverted Authority	0.0	45.7	0.0	0.0
Ending Balance	\$71.2	\$45.8	\$17.3	\$4.8
Restricted Account - 02422 (\$ in Millions)				
Beginning Fund Balance	\$79.9	\$70.4	\$45.3	\$16.2
Gasoline Tax	133.6	136.7	135.3	137.0
Diesel Tax	72.6	73.5	73.8	75.0
Gross Vehicle Weight Fees (GWW)	26.2	26.6	27.0	27.4
Federal Indirect Cost Recovery ²	37.2	38.0	41.1	42.4
Other Revenues	8.2	7.0	7.2	7.4
Total Projected Revenues	277.8	281.7	284.4	289.2
Expenditures				
Montana Department of Transportation (MDT)				
Department of Transportation (MDT) SA	22.1	22.1	22.2	22.2
MDT HB 2	228.0	282.6	240.9	242.2
Other Highway Special Revenue Appropriations				
Department of Justice (DOJ) HB 2	35.7	36.4	38.0	38.0
MDT (HB 10)	0.0	2.0	3.7	0.0
FWP (HB 5)	0.7	2.6	2.0	0.0
MDT (HB 5)	0.9	6.9	6.8	0.0
Total Expenditures	287.4	352.5	313.5	302.4
Revenues Less Expenditures	(9.6)	(70.8)	(29.2)	(13.2)
Calculated Ending Fund Balance	70.4	(0.4)	16.2	3.0
Adjustments to Balance*	0.0	45.7	0.0	0.0
Calculated Ending Fund Balance	\$70.4	\$45.3	\$16.2	\$3.0
Nonrestricted Account - 02349 (\$ in Millions)				
Beginning Fund Balance	\$3.0	\$0.9	\$0.5	\$1.1
GWW (HJ 2)	9.7	9.9	10.0	10.2
Other	0.4	0.4	0.4	0.4
Total Projected Revenues	10.1	10.3	10.4	10.6
Expenditures				
Total Transfer Out (Noxious Weed SSR)	0.3	0.1	0.1	0.1
MDT HB 2	11.5	10.0	9.2	9.2
DOJ HB 2	0.5	0.5	0.5	0.5
FWP Long-Range Building Projects (HB 5)	0.0	0.1	0.0	0.0
Total Expenditures	\$12.2	\$10.7	\$9.8	\$9.9
Revenues Less Expenditures	(2.1)	(0.4)	0.6	0.7
Calculated Ending Fund Balance	\$0.9	\$0.5	\$1.1	\$1.8

In evaluating the HSRA, the legislature chose to use a fund balance analysis, rather than the usual practice of balancing to a working-capital balance. The fund balance provides a higher available balance than the working capital balance. The appropriation details show that:

- The greatest level of appropriations, 87.3% in the 2017 biennium, are made in the MDT budget (from all sources of authority)
- The cost of the Department of Justice (DOJ) accounts for approximately 12.3% of total appropriations
- HB 5 and HB 10 appropriations benefit MDT (\$10.5 million) and Fish, Wildlife, and Parks (\$2.0 million), and appropriations were increased by \$3.0 million due to a funding mistake as introduced in HB 10

While the restricted fund is estimated to have a balance of \$3.0 million, the management of the appropriations from the restricted and non-restricted funds are interwoven. With the appropriations provided, the non-restricted fund has a positive estimated balance of \$1.8 million, providing a combined balance of \$4.8 million. While this calculation provides a positive balance, the amounts contained in this analysis do not include the pay plan, provided in HB 2 as an appropriation to the Governor's Office, which will be allocated across the executive agencies. The Legislative Fiscal Division will continue to

monitor the HSRA through the interim and will keep the interim Legislative Finance Committee apprised of issues that may arise in the account.

Federal funds provide 62% of the total funding for the agency. Federal funding is typically provided through federal highway trust distributions, making up 94.7% of the planned expenditures. The level of federal appropriation provided is to some degree based on funding in the previous biennium. At the time of this writing, Congress has not passed transportation funding legislation. Until Congress acts, there is uncertainty related to the amount of federal funding that will be realized. The appropriations reflect funding that approximates the level provided in MAP 21, the most recent surface transportation legislation.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	679,480,018	679,480,018	1,358,960,036	101.17 %
PL Adjustments	0	0	0	0.00 %	(15,292,711)	(7,387,139)	(22,679,850)	(1.69)%
New Proposals	0	0	0	0.00 %	6,847,836	75,000	6,922,836	0.52 %
Total Budget	\$0	\$0	\$0		\$671,035,143	\$672,167,879	\$1,343,203,022	

Other Legislation

MDT received additional authority for the following:

HB 132 – This legislation allocates any non-distributed state special revenue from license reinstatement fees equally among counties that have established drinking and driving prevention programs. The cost is expected to be \$50,000 in each year of the biennium.

SB 180 – This legislation increases grant payments to local transit services for senior citizens and persons with disabilities services (TransADE). The legislation also expands eligible TransADE recipients by including providers in Great Falls, Billings, Missoula, and Tribal governments. To fund the increases in grants, the legislation eliminates a general fund transfer of 0.3% of the motor vehicle revenue deposited in the state general fund and replaces it with 25% of the revenue collected on the base rental charge for rental vehicles. As a result, TransADE grants are expected to increase by \$300,000 in FY 2016 and \$700,000 in FY 2017.

MDT will absorb the increased costs with existing authority for the following:

HB 604 – This legislation requires MDT to compile an inventory of all multiuse trails or other paths within state-maintained federal-aid highway right-of-way, to develop a plan for maintaining and repairing the trails and paths. The Maintenance Program is expected to experience budgetary impacts given the responsibility for mapping the trails and paths, developing a maintenance plan, and defining responsibilities. The fiscal note for this legislation shows costs of \$16,417 in the 2017 biennium.

SB 117 – This legislation increases the number of members of the Rail Service Competition Council from seven to eight. The fiscal note for this legislation shows costs of \$7,644 in the 2017 biennium.

SB 332 – This legislation designates Interstate 15 between Great Falls and Ulm as the Joseph J. Dunn memorial highway. The legislation directs the agency to install signs at the location and to include the location in the next publication of the state highway map. The fiscal note for this legislation shows costs of \$1,088 in FY 2016.

SB 375 – This legislation increases the maximum speed limit on federal-aid interstate highways outside an urbanized area of 50,000 population or more from 75 MPH to 80 MPH and increases the penalties assessed for violation of speed limits. The agency will be required to replace 500 speed limit signs to accommodate the change. Additionally, the agency will be required to recalibrate safe speeds for curves and post new signs as needed. The fiscal note for this legislation shows costs of \$329,403 in the 2017 biennium.

MDT will collect additional revenue for the following:

SB 338 – This legislation makes certain vehicles traveling on Montana highway 16, between the U.S./Canadian border to 20 miles south of the border, subject to the specific maximum allowable gross weight limit provided in rules adopted by the department but excludes them from maximum gross weight limits determined by a statutory formula. The legislation is expected to increase revenues that the Motor Carrier Services (MCS) division collects in permits and Gross Vehicle Weight (GVW) fees. The increase of fees is expected to generate \$43,092 per year beginning in FY 2016.

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	2,129.26	2,062.32	2,055.32	(7.00)	2,062.32	2,055.32	(7.00)	(7.00)
Personal Services	142,583,428	162,203,994	159,011,107	(3,192,887)	162,205,507	159,014,197	(3,191,310)	(6,384,197)
Operating Expenses	435,605,937	451,827,384	469,830,445	18,003,061	445,254,921	470,960,092	25,705,171	43,708,232
Equipment & Intangible Assets	3,257,659	3,271,659	3,257,659	(14,000)	3,271,659	3,257,658	(14,001)	(28,001)
Capital Outlay	12,956,865	12,956,865	12,956,865	0	12,956,865	12,956,865	0	0
Grants	22,022,506	25,685,454	24,284,954	(1,400,500)	25,685,454	24,284,954	(1,400,500)	(2,801,000)
Benefits & Claims	0	0	500	500	0	500	500	1,000
Transfers	1,608,343	1,608,343	1,608,343	0	1,608,343	1,608,343	0	0
Debt Service	85,270	85,270	85,270	0	85,270	85,270	0	0
Total Costs	\$618,120,008	\$657,638,969	\$671,035,143	\$13,396,174	\$651,068,019	\$672,167,879	\$21,099,860	\$34,496,034
State/other Special Rev. Funds	234,077,560	254,620,236	254,424,106	(196,130)	254,917,078	255,735,408	818,330	622,201
Federal Spec. Rev. Funds	384,042,448	403,018,733	416,611,037	13,592,304	396,150,941	416,432,471	20,281,530	33,873,833
Total Funds	\$618,120,008	\$657,638,969	\$671,035,143	\$13,396,174	\$651,068,019	\$672,167,879	\$21,099,860	\$34,496,034

The subcommittee adopted a budget that is a net increase of \$13.4 million from the executive proposal in FY 2016 and \$21.1 million in FY 2017. However, the change from the executive does not include the second budget submission, which increased the executive biennial budget request by \$42.5 million. The legislature adopted the decision package for the second budget submission, which was recommended by the agency and the executive. The second budget submission is not included in the executive budget shown in the table above, and with consideration of this the legislative budget is \$8.0 million lower than the executive request, or a reduction of 0.6%. Changes from the executive request include:

- The legislature did not adopt the addition of 8.00 FTE, saving total costs of \$676,759 in FY 2016 and \$672,084 in FY 2017
- The addition of 1.00 FTE to administer the interoperability radio project in MDT
- The second budget submission, as discussed above
- The provision of up to \$1.4 million per year for federal transit grants through a language appropriation

Language and Statutory Authority

The following language was included in HB 2:

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

All appropriations in the department are biennial.

All remaining federal pass-through grant appropriations for highway traffic safety, including reversions for the 2015 biennium, are authorized to continue and are appropriated in FY 2016 and FY 2017.

If the department of transportation receives funding of more than \$11,187,000 in each year of the 2017 biennium from the federal transit authority for the purposes of transit grants to local governments, then the federal fund appropriations for the rail, transit, and planning program of \$25,359,203 in FY 2016 and \$25,364,282 in FY 2017 may be increased by a like amount of up to \$1.4 million in each year. If the federal funds appropriation in FY 2016 and FY 2017 is increased, the department shall report the amount of the increase to the legislative finance committee.

It is the intent of the legislature that the interoperability radio operations be administered by the department of transportation.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	198.37	198.37	196.60	196.60	198.37	196.60	(1.77)	(0.89)%
Personal Services	14,124,805	15,533,334	16,526,972	16,525,823	29,658,139	33,052,795	3,394,656	11.45 %
Operating Expenses	12,080,754	12,709,090	13,920,069	14,019,677	24,789,844	27,939,746	3,149,902	12.71 %
Equipment & Intangible Assets	45,804	5,287	45,804	45,803	51,091	91,607	40,516	79.30 %
Grants	106,968	360,666	156,968	156,968	467,634	313,936	(153,698)	(32.87)%
Debt Service	85,270	151,412	85,270	85,270	236,682	170,540	(66,142)	(27.95)%
Total Costs	\$26,443,601	\$28,759,789	\$30,735,083	\$30,833,541	\$55,203,390	\$61,568,624	\$6,365,234	11.53 %
State/Other Special Rev. Funds	25,711,315	27,252,100	29,832,319	29,912,739	52,963,415	59,745,058	6,781,643	12.80 %
Federal Spec. Rev. Funds	732,286	1,507,689	902,764	920,802	2,239,975	1,823,566	(416,409)	(18.59)%
Total Funds	\$26,443,601	\$28,759,789	\$30,735,083	\$30,833,541	\$55,203,390	\$61,568,624	\$6,365,234	11.53 %

Program Description

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

Program Highlights

General Operations Program Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium legislative appropriation was an increase of 13.5%, or \$7.3 million, from the 2015 legislative appropriation. The change was largely due to the following: <ul style="list-style-type: none"> ◦ The legislature concurred with the transfer of 12.00 FTE from the Construction Program ◦ The legislature approved the addition of 5.05 FTE to the program, including: <ul style="list-style-type: none"> ▪ 1.80 FTE that will make two 0.10 FTE positions full time in the Civil Rights Division ▪ 2.25 FTE to conduct additional motor fuel audits, insuring compliance with laws and rules resulting from increased truck traffic ▪ 1.00 FTE for administration of the interoperability radio operations ◦ As the administering program for MDT, fixed cost adjustments explain a significant amount of the increase in non-personal service items

Program Narrative

The General Operations Program provides general oversight for the agency. This program is impacted by the budget changes related to fixed costs and inflation/deflation factors. As an addition to program oversight, the legislature adopted a transfer of the legal services function from the Construction Program to this program. Consequently, the General

Operations Program was increased by 12.00 FTE in the 2015 biennium and forward. The legislature also approved requests for 5.05 FTE in the program in the 2017 biennium.

The legislature directed the agency to assume administration of the interoperability radio operations, more recently known as public safety radio, from the Department of Administration. To manage the new service, the legislature authorized the addition of 1.00 FTE. The change in administration of the project was deemed beneficial since there are efficiencies that can benefit the project given the wide ranging radio communication system currently used in the agency. While there is no direct funding for the public safety radio project costs specifically provided in either HB 2 or HB 10 (the Long-Range Information Technology Funding Bill), there may be some opportunity for the agency to access project funding from the Department of Administration statewide project funding included in HB 10.

Funding

The following table shows program funding by source from all sources of authority.

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02294 UCR Fund	0	0	0	0	0.00 %
02301 Tribal Motor Fuels Admin.	0	0	82,610	82,610	0.08 %
02303 Tribal Motor Fuels Tax Acct	0	0	8,142,842	8,142,842	7.93 %
02422 Highways Special Revenue	59,745,058	0	34,706,548	94,451,606	91.99 %
State Special Total	\$59,745,058	\$0	\$42,932,000	\$102,677,058	98.26 %
03292 MCS FEDERAL GRANTS	0	0	0	0	0.00 %
03407 Highway Trust - Sp Rev	1,823,566	0	0	1,823,566	100.00 %
Federal Special Total	\$1,823,566	\$0	\$0	\$1,823,566	1.74 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$61,568,624	\$0	\$42,932,000	\$104,500,624	

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

The General Operations Program is also responsible for \$42.9 million of statutory appropriations. Most, \$33.3 million, are the distributions of fuel taxes to cities, towns, counties, and consolidated city-county governments. Distributions through the tribal motor fuels accounts are a function of the revenue sharing agreements between the tribes and the state. Funding for this purpose is transferred to the tribal accounts from the highway state special account.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	
2015 Budget	0	0	0	0.00 %	27,285,620	27,285,620	54,571,240	88.63 %	
PL Adjustments	0	0	0	0.00 %	3,374,463	3,472,921	6,847,384	11.12 %	
New Proposals	0	0	0	0.00 %	75,000	75,000	150,000	0.24 %	
Total Budget	\$0	\$0	\$0		\$30,735,083	\$30,833,541	\$61,568,624		

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia	0.00	0	171,169	0	171,169	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	0	88,438	4,655	93,093	0.00	0	88,438	4,655	93,093
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	256,881	20,339	277,220	0.00	0	256,881	20,339	277,220
DP 525 - Fixed Cost Adjustment	0.00	0	1,783,871	0	1,783,871	0.00	0	2,009,871	0	2,009,871
DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial)	0.00	0	4,791	0	4,791	0.00	0	0	0	0
DP 527 - Inflation/Deflation Adjustment	0.00	0	(28,697)	0	(28,697)	0.00	0	(28,190)	0	(28,190)
DP 529 - Longevity and Other Adjustments	0.00	0	88,312	4,648	92,960	0.00	0	130,124	6,850	136,974
DP 530 - Reorganization Adoption	0.00	0	1,090,886	383,283	1,474,169	0.00	0	1,090,886	383,283	1,474,169
DP 531 - SITSD Rate Adjustment	0.00	0	160,857	41	160,898	0.00	0	217,567	55	217,622
DP 532 - General Liability Insurance Rate Adjustment	0.00	0	(292,458)	(74)	(292,532)	0.00	0	(292,458)	(74)	(292,532)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(2,401)	0	(2,401)	0.00	0	(2,434)	0	(2,434)
DP 570 - Additional Personal Services Adjustments	0.00	0	115,679	6,088	121,767	0.00	0	73,418	3,864	77,282
DP 580 - Additional Operating Adjustments	0.00	0	(109,038)	(715,622)	(824,660)	0.00	0	(127,084)	(697,576)	(824,660)
DP 100102 - Additional Civil Rights FTE	1.80	0	148,219	0	148,219	1.80	0	147,843	0	147,843
DP 100103 - Motor Fuel Auditor	2.25	0	131,607	0	131,607	2.25	0	123,705	0	123,705
DP 100111 - Overtime/Differential Pay - Program 01	0.00	0	62,372	0	62,372	0.00	0	62,372	0	62,372
DP 100122 - Equipment Rental - Program 01	0.00	0	617	0	617	0.00	0	586	0	586
DP 100444 - Statewide 4% FTE Reduction - Program 01	(6.82)	0	0	0	0	(6.82)	0	0	0	0
Grand Total All Present Law Adjustments	(2.77)	\$0	\$3,671,105	(\$296,642)	\$3,374,463	(2.77)	\$0	\$3,751,525	(\$278,604)	\$3,472,921

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

DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restricted/Biennia -

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, and retirement benefits.

DP 530 - Reorganization Adoption -

The legislature adopted the reorganization of the Legal Services from the Construction Program to General Operations within the department. This included transfers of the costs related to 12.00 FTE.

DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 100102 - Additional Civil Rights FTE -

The legislature adopted the addition of 1.80 FTE in the Civil Rights Bureau. The action will make two 0.10 FTE positions full time to promote compliance of laws and ensure opportunities are offered to all beneficiaries.

DP 100103 - Motor Fuel Auditor -

The legislature adopted the addition of 2.25 FTE to conduct International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP) audits in Eastern Montana. The growth of truck traffic has increased the need for IFTA and IRP audits, for compliance with program requirements.

DP 100111 - Overtime/Differential Pay - Program 01 -

The legislature adopted zero-based overtime and differential pay including the associated benefits.

DP 100122 - Equipment Rental - Program 01 -

The legislature adopted equipment rental charges for the 2017 biennium.

DP 100444 - Statewide 4% FTE Reduction - Program 01 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2, passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 100444 includes a reduction of 6.82 FTE each year.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100106 - Interoperability FTE	1.00	0	75,000	0	75,000	1.00	0	75,000	0	75,000
Total	1.00	\$0	\$75,000	\$0	\$75,000	1.00	\$0	\$75,000	\$0	\$75,000

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

DP 100106 - Interoperability FTE -

The legislature adopted 1.00 FTE as a coordinator for interoperability radio functions.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	911.72	911.72	879.72	879.72	911.72	879.72	(32.00)	(3.51)%
Personal Services	64,050,628	70,062,075	70,929,161	70,924,949	134,112,703	141,854,110	7,741,407	5.77 %
Operating Expenses	336,001,362	365,963,322	353,734,704	361,480,568	701,964,684	715,215,272	13,250,588	1.89 %
Equipment & Intangible Assets	2,665,262	4,678,597	2,665,262	2,665,262	7,343,859	5,330,524	(2,013,335)	(27.42)%
Capital Outlay	12,956,865	19,654,263	12,956,865	12,956,865	32,611,128	25,913,730	(6,697,398)	(20.54)%
Grants	7,130,628	13,058,612	7,130,628	7,130,628	20,189,240	14,261,256	(5,927,984)	(29.36)%
Benefits & Claims	0	500	0	0	500	0	(500)	(100.00)%
Total Costs	\$422,804,745	\$473,417,369	\$447,416,620	\$455,158,272	\$896,222,114	\$902,574,892	\$6,352,778	0.71 %
State/Other Special Rev. Funds	72,689,783	80,530,142	75,208,227	76,257,683	153,219,925	151,465,910	(1,754,015)	(1.14)%
Federal Spec. Rev. Funds	350,114,962	392,887,227	372,208,393	378,900,589	743,002,189	751,108,982	8,106,793	1.09 %
Total Funds	\$422,804,745	\$473,417,369	\$447,416,620	\$455,158,272	\$896,222,114	\$902,574,892	\$6,352,778	0.71 %

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

Construction Program Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium legislative appropriation was a reduction of 4.6%, or \$44.0 million, from the 2015 legislative appropriation. The change was largely due to the following: <ul style="list-style-type: none"> ◦ The legislature adopted reductions to the program that would more closely align with recent federal highway funding levels ◦ The legislature concurred with the transfer of 12.00 FTE to the General Operations Program ◦ The legislature adopted the agency's request, presented in the second budget submission, for highway construction with a biennial cost of \$42.5 million <ul style="list-style-type: none"> ▪ The request added \$5.7 million of state special and \$36.8 million of federal special authority to the budget ▪ This action and amount was not included in the executive request ▪ All funding supports contractor payments ◦ The legislature approved the Bakken housing allowance, providing a \$500/mo. allowance for 16.66 FTE

Program Narrative

The Construction Program is budgeted at a significant reduction from the FY 2015 base. The reduction, as requested by the agency, includes the legislative adoption of the second budget submission. At \$42.5 million, the second submission was the largest single request made by MDT and reflects the tentative construction plan approved by the Transportation Commission late in October of 2014. Increases seen in other programs are outweighed by the net reduction of \$44.0 million in this program.

The Construction Program is the largest user of federal funds in MDT, receiving 90.2% of federal funds anticipated in the agency in the 2017 biennium. The program funding split is 83.2% federal special revenue and 16.8% state special revenue. At the federal level, work continues on determining the future federal funding for highway construction. The most recent actions by Congress extended the provisions of the Moving Ahead to Progress in the 21st Century act (MAP 21) as a short-term fix for highway funding, and at this time it appears Congress will extend the plan again. In reflection on this budget, the agency requested and the legislature approved a budget based on the continuation of the most recent plan.

Funding

The following table shows program funding by source from all sources of authority.

Department of Transportation, 02-Construction Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02349 Highway Non-Restricted Account	0	0	0	0	0.00 %	
02422 Highways Special Revenue	151,465,910	0	200,000	151,665,910	100.00 %	
State Special Total	\$151,465,910	\$0	\$200,000	\$151,665,910	16.24 %	
03055 Rail Planning & Construction	0	0	0	0	0.00 %	
03313 MDT FEMA Recoveries	0	0	0	0	0.00 %	
03407 Highway Trust - Sp Rev	751,108,982	0	31,200,000	782,308,982	100.00 %	
03828 Traffic Safety	0	0	0	0	0.00 %	
Federal Special Total	\$751,108,982	\$0	\$31,200,000	\$782,308,982	83.76 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$902,574,892	\$0	\$31,400,000	\$933,974,892		

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. 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 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.

The Construction Program is also responsible for \$31.4 million of statutory appropriations. \$200,000 from HSRA-R will be distributed for the purposes and functions of the Montana Local Technical Assistance Transportation Program in Bozeman. Another \$31.2 million will be distributed for the debt service associated with the work on Hwy 93 from the federal Highway Trust special revenue fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	
2015 Budget	0	0	0	0.00 %	474,891,538	474,891,538	949,783,076	105.23 %	
PL Adjustments	0	0	0	0.00 %	(27,474,918)	(19,733,266)	(47,208,184)	(5.23)%	
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %	
Total Budget	\$0	\$0	\$0		\$447,416,620	\$455,158,272	\$902,574,892		

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	200,260	227,284	427,544	0.00	0	200,260	227,284	427,544
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	619,496	696,620	1,316,116	0.00	0	619,496	696,620	1,316,116
DP 525 - Fixed Cost Adjustment	0.00	0	82	399	481	0.00	0	157	766	923
DP 527 - Inflation/Deflation Adjustment	0.00	0	1,068	5,214	6,282	0.00	0	2,202	10,752	12,954
DP 529 - Longevity and Other Adjustments	0.00	0	(22,239)	(25,079)	(47,318)	0.00	0	66,537	75,031	141,568
DP 530 - Reorganization Adoption	0.00	0	(1,090,886)	(383,283)	(1,474,169)	0.00	0	(1,090,886)	(383,283)	(1,474,169)
DP 535 - Program Transfers	0.00	0	(910,000)	0	(910,000)	0.00	0	(910,000)	0	(910,000)
DP 550 - Motor Pool Rate Adjustment	0.00	0	(1,162)	(5,674)	(6,836)	0.00	0	(1,178)	(5,751)	(6,929)
DP 570 - Additional Personal Services Adjustments	0.00	0	(1,804,889)	(2,035,301)	(3,840,190)	0.00	0	(1,895,645)	(2,137,643)	(4,033,288)
DP 580 - Additional Operating Adjustments	0.00	0	(7,575,859)	(36,115,318)	(43,691,177)	0.00	0	(7,575,331)	(36,115,846)	(43,691,177)
DP 200111 - Overtime/Differential Pay - Program 02	0.00	0	1,601,215	1,409,719	3,010,934	0.00	0	1,601,215	1,409,719	3,010,934
DP 200122 - Equipment Rental - Program 02	0.00	0	120,000	99,858	219,858	0.00	0	113,942	94,818	208,760
DP 200133 - Bakken Housing Allowance - Program 02	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 200205 - CADD Software Maintenance Fees	0.00	0	19,280	0	19,280	0.00	0	39,235	0	39,235
DP 200208 - Contractor Pmnts. Second Submission	0.00	0	2,330,833	15,063,444	17,394,277	0.00	0	3,366,651	21,757,612	25,124,263
DP 200444 - Statewide 4% FTE Reduction - Program 02	(32.00)	0	0	0	0	(32.00)	0	0	0	0
Grand Total All Present Law Adjustments	(32.00)	\$0	(\$6,412,801)	(\$21,062,117)	(\$27,474,918)	(32.00)	\$0	(\$5,363,345)	(\$14,369,921)	(\$19,733,266)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, and retirement benefits.

DP 530 - Reorganization Adoption -

The legislature adopted the reorganization of the Legal Services from the Construction Program to General Operations within the department. This included transfers of the costs related to 12.00 FTE.

DP 535 - Program Transfers -

The legislature adopted program transfers made by the department in the interim. This includes transfers of \$910,000 in state special revenue FY 2016 and FY 2017 from the Construction Program to the Rail, Transit, and Planning Program.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 200111 - Overtime/Differential Pay - Program 02 -

The legislature adopted zero-based overtime and differential pay including the associated benefits.

DP 200122 - Equipment Rental - Program 02 -

The legislature adopted equipment rental charges for the 2017 biennium.

DP 200133 - Bakken Housing Allowance - Program 02 -

The legislature adopted an allowance for the additional costs of housing in Eastern Montana.

DP 200205 - CADD Software Maintenance Fees -

The legislature adopted an increase in CADD (Computer Aided Design and Drafting) maintenance fees for the 2017 biennium. The CADD system is the source for producing highway and bridge related plans and details used in the bid processes and to construct related projects. Software licensing and maintenance costs will increase approximately 3.5% per year.

DP 200208 - Contractor Pmnts. Second Submission -

The legislature adopted the appropriation for additional contractor payments requested in the second budget submission of the agency.

DP 200444 - Statewide 4% FTE Reduction - Program 02 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 200444 includes a reduction of 32.00 FTE each year.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	770.67	770.67	740.55	740.55	770.67	740.55	(30.12)	(3.91)%
Personal Services	48,800,839	51,230,182	53,893,569	53,896,617	100,031,021	107,790,186	7,759,165	7.76 %
Operating Expenses	79,028,333	79,355,923	85,430,239	85,617,592	158,384,256	171,047,831	12,663,575	8.00 %
Equipment & Intangible Assets	225,208	423,744	225,208	225,208	648,952	450,416	(198,536)	(30.59)%
Capital Outlay	0	1,500	0	0	1,500	0	(1,500)	(100.00)%
Grants	25,000	0	25,000	25,000	25,000	50,000	25,000	100.00 %
Benefits & Claims	0	250	0	0	250	0	(250)	(100.00)%
Total Costs	\$128,079,380	\$131,011,599	\$139,574,016	\$139,764,417	\$259,090,979	\$279,338,433	\$20,247,454	7.81 %
State/Other Special Rev. Funds	119,814,678	123,343,301	131,356,263	131,541,889	243,157,979	262,898,152	19,740,173	8.12 %
Federal Spec. Rev. Funds	8,264,702	7,668,298	8,217,753	8,222,528	15,933,000	16,440,281	507,281	3.18 %
Total Funds	\$128,079,380	\$131,011,599	\$139,574,016	\$139,764,417	\$259,090,979	\$279,338,433	\$20,247,454	7.81 %

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

Maintenance Program Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium legislative appropriation was an increase of 5.5%, or \$14.6 million, from the 2015 legislative appropriation. The change was largely due to the following: <ul style="list-style-type: none"> ◦ A significant increase in the budget is \$2.4 million of federal funding for road striping due to increased costs of paint ◦ Funding switch of \$2.0 million from federal special to state special for the de-icing function, which reduces the highway state special restricted revenue account ◦ Bakken rental allowance for 20.00 FTE

Program Narrative

The Maintenance Program is the largest user of state special funds in MDT. Much of the program activities are related to the repairs and maintenance on Montana's roadways that are not supported by federal funding, but constitute the maintenance of effort to federal highway funding. The Maintenance Program budget includes an increase for the road striping budget of \$2.4 million, which is primarily funded with federal special revenue. While it does not increase the total overall budget, the legislature adopted a funding switch of \$2.0 million per year from federal to state funds for the costs of de-icing chemicals, which puts added pressure on the highway restricted revenue fund for a critical function that is not

longer funded by the federal government. The program budget includes funding for a housing allowance in the Bakken region in an effort to address retention issues, which will provide an allowance of \$500/month for 20.00 FTE.

Funding

The following table shows program funding by source from all sources of authority.

Department of Transportation, 03-Maintenance Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02349 Highway Non-Restricted Account	15,540,416	0	0	15,540,416	5.88 %	
02422 Highways Special Revenue	247,357,736	0	1,193,750	248,551,486	94.12 %	
State Special Total	\$262,898,152	\$0	\$1,193,750	\$264,091,902	94.14 %	
03313 MDT FEMA Recoveries	0	0	0	0	0.00 %	
03407 Highway Trust - Sp Rev	16,440,281	0	0	16,440,281	100.00 %	
Federal Special Total	\$16,440,281	\$0	\$0	\$16,440,281	5.86 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$279,338,433	\$0	\$1,193,750	\$280,532,183		

The Maintenance Program is the largest user of state special funds in MDT. The state special revenue funding of the program is derived from highways state special revenue funds. The funding proposal includes state special support from both the non-restricted account (02349) and the constitutionally restricted account (02422), which primarily receives revenues from fuel taxes. Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway system.

The Maintenance Program is also responsible for \$1.2 million of statutory appropriation authority for debt service payments related to Long Range Building Program bonds authorized in previous sessions.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	131,061,599	131,061,599	262,123,198	93.84 %
PL Adjustments	0	0	0	0.00 %	8,512,417	8,702,818	17,215,235	6.16 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$139,574,016	\$139,764,417	\$279,338,433	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	359,907	0	359,907	0.00	0	359,907	0	359,907
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	954,714	0	954,714	0.00	0	954,714	0	954,714
DP 527 - Inflation/Deflation Adjustment	0.00	0	468,760	0	468,760	0.00	0	506,460	0	506,460
DP 529 - Longevity and Other Adjustments	0.00	0	559,513	0	559,513	0.00	0	697,099	0	697,099
DP 550 - Motor Pool Rate Adjustment	0.00	0	(871)	0	(871)	0.00	0	(883)	0	(883)
DP 570 - Additional Personal Services Adjustments	0.00	0	(2,334,580)	0	(2,334,580)	0.00	0	(2,469,118)	0	(2,469,118)
DP 580 - Additional Operating Adjustments	0.00	0	801,635	1,433,455	2,235,090	0.00	0	796,860	1,438,230	2,235,090
DP 300111 - Overtime/Differential Pay - Program 03	0.00	0	3,123,833	0	3,123,833	0.00	0	3,123,833	0	3,123,833
DP 300122 - Equipment Rental - Program 03	0.00	0	1,530,876	0	1,530,876	0.00	0	1,453,550	0	1,453,550
DP 300133 - Bakken Housing - Program 03	0.00	0	120,000	0	120,000	0.00	0	120,000	0	120,000
DP 300301 - Secondary Roads	0.00	0	133,120	0	133,120	0.00	0	349,440	0	349,440
DP 300303 - Rest Area Maintenance	0.00	0	190,403	0	190,403	0.00	0	201,074	0	201,074
DP 300304 - Increased Budget for Epoxy Program	0.00	0	84,000	1,116,000	1,200,000	0.00	0	84,000	1,116,000	1,200,000
DP 300307 - Maintenance Contracts	0.00	0	21,652	0	21,652	0.00	0	21,652	0	21,652
DP 300309 - Fund Switch for Deicer	0.00	0	2,000,000	(2,000,000)	0	0.00	0	2,000,000	(2,000,000)	0
DP 300311 - Administrative Transfer	0.00	0	(50,000)	0	(50,000)	0.00	0	(50,000)	0	(50,000)
DP 300444 - Statewide 4% FTE Reduction - Program 03	(30.12)	0	0	0	0	(30.12)	0	0	0	0
Grand Total All Present Law Adjustments	(30.12)	\$0	\$7,962,962	\$549,455	\$8,512,417	(30.12)	\$0	\$8,148,588	\$554,230	\$8,702,818

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, and retirement benefits.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 300111 - Overtime/Differential Pay - Program 03 -

The legislature adopted zero-based overtime and differential pay including the associated benefits.

DP 300122 - Equipment Rental - Program 03 -

The legislature adopted equipment rental charges for the 2017 biennium.

DP 300133 - Bakken Housing - Program 03 -

The legislature adopted an allowance for the additional costs of housing in Eastern Montana.

DP 300301 - Secondary Roads -

The legislature adopted the maintenance of additional secondary road miles, as required by 60-2-204, MCA.

DP 300303 - Rest Area Maintenance -

The legislature adopted increased funding for rest area maintenance. The Bearmouth EB & WB, Divide, Flowing Wells, and Reynolds Pass rest areas are all in the process of being rebuilt and should be completed by FY 2016. The size of the facilities will increase and they will be open year-round, increasing the cost of caretaker services. Additionally, a number of rest areas are all in the final years of six year caretaker contracts, and the costs of the new contracts are expected to increase.

DP 300304 - Increased Budget for Epoxy Program -

The legislature adopted a budget increase for the rising costs of and increased needs for lane striping.

DP 300307 - Maintenance Contracts -

The legislature adopted the increased road maintenance contract costs from local governments. Increases are expected in the City of Missoula and for Big Mountain Road in the Kalispell Division.

DP 300309 - Fund Switch for Deicer -

The legislature adopted a funding shift from federal special to state special revenue for the de-icer program. Due to a change in federal guidelines, de-icer is no longer eligible for federal reimbursement and this would fund the program with state funds.

DP 300311 - Administrative Transfer -

The legislature concurred with a budget change transferring authority to the Long-Range Building Program for elevator repairs.

DP 300444 - Statewide 4% FTE Reduction - Program 03 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 300444 includes a reduction of 30.12 FTE each year.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00 %
Personal Services	349,075	372,516	394,097	394,708	721,591	788,805	67,214	9.31 %
Operating Expenses	2,528,340	2,511,338	2,467,252	2,448,354	5,039,678	4,915,606	(124,072)	(2.46)%
Equipment & Intangible Assets	3,801,753	2,315,314	3,801,753	3,801,753	6,117,067	7,603,506	1,486,439	24.30 %
Debt Service	19,449	106,521	19,449	19,449	125,970	38,898	(87,072)	(69.12)%
Total Costs	\$6,698,617	\$5,305,689	\$6,682,551	\$6,664,264	\$12,004,306	\$13,346,815	\$1,342,509	11.18 %
Proprietary Funds	6,698,617	5,305,689	6,682,551	6,664,264	12,004,306	13,346,815	1,342,509	11.18 %
Total Funds	\$6,698,617	\$5,305,689	\$6,682,551	\$6,664,264	\$12,004,306	\$13,346,815	\$1,342,509	11.18 %

Program Description

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components:

- Daily rental fleet; and
- Out-stationed lease fleet.

The daily rental program operates out of the Helena headquarters facility and provides a fleet of 181 vehicles for short-term use. The leasing program provides vehicles for extended assignment (biennial lease) to agencies statewide. Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business.

Program Highlights

State Motor Pool Major Budget Highlights
<ul style="list-style-type: none"> • Rates charged to agencies are reduced due to lower than anticipated prices for gasoline <ul style="list-style-type: none"> ◦ Tier 1 rates based on the cost of gasoline are adjusted from \$3.35 per gallon to \$2.50 per gallon ◦ The change impacts only the usage rates, where the average usage rate for Tier 1 vehicles was reduced by \$0.04

Program Narrative

The legislature adopted reduced rates for the State Motor Pool, with consideration of the lower cost of gasoline. The rates are budgeted in the agencies, the rates are calculated (based on usage) as an inflation/deflation rate that is then applied to base expenditures. In the 2017 biennium, the proposed rate structure would result in the following adjustments to the agencies' base:

- FY 2016 - (21.30%)
- FY 2017 - (19.72%)

Funding

The following table shows program funding by source from all sources of authority.

Department of Transportation, 07-State Motor Pool Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06506 Motor Pool - Int Svc	0	13,346,815	0	13,346,815	100.00 %	
Proprietary Total	\$0	\$13,346,815	\$0	\$13,346,815	100.00 %	
Total All Funds	\$0	\$13,346,815	\$0	\$13,346,815		

This program is provided for with proprietary funding. Funds are generated through the rates charged in the daily rentals and leases of motor pool vehicles. The funding supports the operations of the program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	
2015 Budget	0	0	0	0.00 %	5,276,803	5,276,803	10,553,606	79.07 %	
PL Adjustments	0	0	0	0.00 %	1,405,748	1,387,461	2,793,209	20.93 %	
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %	
Total Budget	\$0	\$0	\$0		\$6,682,551	\$6,664,264	\$13,346,815		

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 701 - Adjustment to Proprietary Fund	0.00	0	0	0	1,405,464	0.00	0	0	0	1,387,177
DP 700111 - Overtime/Differential Pay - Motor Pool 07	0.00	0	0	0	284	0.00	0	0	0	284
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$1,405,748	0.00	\$0	\$0	\$0	\$1,387,461

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

DP 701 - Adjustment to Proprietary Fund -

The legislature adopted the change in budget level for this program with the adoption of the rates.

DP 700111 - Overtime/Differential Pay - Motor Pool 07 -

The legislature adopted zero-based overtime and differential pay including the associated benefits.

Other Issues

Proprietary Rates

For the 2017 biennium, the revised State Motor Pool rates approved by the legislature are shown in the figure below. This rate schedule is included in the “R” section of HB 2.

State Motor Pool Rates									
		FY 2016				FY 2017			
		Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3		
		\$2.50/gal	\$3.00/gal	\$3.50/gal	\$2.50/gal	\$3.00/gal	\$3.50/gal		
Class	Type	Assigned (per hour)	Usage (per mile)	Usage (per mile)	Usage (per mile)	Assigned (per hour)	Usage (per mile)	Usage (per mile)	Usage (per mile)
2	Small Utilities	\$1.121	\$0.126	\$0.146	\$0.166	\$1.249	\$0.125	\$0.145	\$0.165
3	Hybrid SUV	2.372	0.141	0.160	0.180	2.383	0.142	0.161	0.181
4	Large Utilities	1.636	0.156	0.185	0.214	1.675	0.157	0.186	0.215
5	Hybrid Sedans	1.755	0.091	0.104	0.116	1.766	0.092	0.104	0.117
6	Passenger Car	0.702	0.125	0.144	0.163	0.721	0.125	0.144	0.163
7	Small Pickup	0.121	0.189	0.220	0.250	0.132	0.190	0.221	0.251
11	Large Pickup	0.716	0.195	0.228	0.261	0.714	0.197	0.230	0.263
12	Vans	0.983	0.156	0.179	0.203	1.043	0.157	0.180	0.204

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	123.00	123.00	123.00	123.00	123.00	123.00	0.00	0.00 %
Personal Services	8,156,350	8,312,782	8,915,358	8,916,379	16,469,132	17,831,737	1,362,605	8.27 %
Operating Expenses	15,854,340	13,859,518	15,443,322	15,353,031	29,713,858	30,796,353	1,082,495	3.64 %
Equipment & Intangible Assets	7,115,128	6,400,232	8,420,128	7,115,128	13,515,360	15,535,256	2,019,896	14.95 %
Total Costs	\$31,125,818	\$28,572,532	\$32,778,808	\$31,384,538	\$59,698,350	\$64,163,346	\$4,464,996	7.48 %
Proprietary Funds	31,125,818	28,572,532	32,778,808	31,384,538	59,698,350	64,163,346	4,464,996	7.48 %
Total Funds	\$31,125,818	\$28,572,532	\$32,778,808	\$31,384,538	\$59,698,350	\$64,163,346	\$4,464,996	7.48 %

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. Exclusively, the various programs within the Montana Department of Transportation (MDT) such as construction, motor carrier services, maintenance, and right-of-way use the fleet. 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.

The Equipment Program is funded under the rules and guidelines of proprietary funded programs, meaning that the legislature determines the maximum rates the program can charge but does not appropriate an operating budget. The program is strictly internal to the Department of Transportation and is not used by any outside entity.

Program Highlights

Equipment Program Major Budget Highlights
<ul style="list-style-type: none"> • MDT programs will pay more in the 2017 biennium for equipment use due to increased anticipated use • The Equipment Program expects to purchase 5 new tow plows and 2 new vacuum trucks

Funding

The following table shows program funding by source from all sources of authority.

Department of Transportation, 08-Equipment Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06508 Highway Equipment - Int Svc.	0	64,163,346	0	64,163,346	100.00 %	
Proprietary Total	\$0	\$64,163,346	\$0	\$64,163,346	100.00 %	
Total All Funds	\$0	\$64,163,346	\$0	\$64,163,346		

This program is provided for with proprietary funding. Funds are generated through the rates charged for the Department of Transportation use of the program's equipment. The funding supports the operations of the program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	27,939,485	27,939,485	55,878,970	87.09 %
PL Adjustments	0	0	0	0.00 %	4,839,323	3,445,053	8,284,376	12.91 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$32,778,808	\$31,384,538	\$64,163,346	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments	-----Fiscal 2016-----				-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 701 - Adjustment to Proprietary Fund	0.00	0	0	0	3,443,043	0.00	0	0	0	3,353,773
DP 800111 - Overtime/Differential Pay - Equipment 08	0.00	0	0	0	91,280	0.00	0	0	0	91,280
DP 800801 - Additional Equipment	0.00	0	0	0	1,305,000	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$4,839,323	0.00	\$0	\$0	\$0	\$3,445,053

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

DP 701 - Adjustment to Proprietary Fund -

The legislature adopted the change in budget level for this program with the adoption of the rates.

DP 800111 - Overtime/Differential Pay - Equipment 08 -

The legislature adopted zero-based overtime and differential pay including the associated benefits.

DP 800801 - Additional Equipment -

The legislature adopted the purchase of additional equipment to support winter maintenance and city maintenance activities. This request is tied to the Maintenance Division taking on additional routes and right of way. There is no impact to the equipment program rates. Planned purchases include:

- 5 Tow Plows
- 2 Vacuum Trucks

Other Issues

Proprietary Rates

The Equipment Program rental rates are based on a dual rate structure. The users pay a usage rate and an assigned rate. The usage rate is a mileage rate that is applied according to the actual miles/hours used by a vehicle or piece of equipment. The usage rate is designed to recover "direct costs" that include labor, parts, fuel, lubricants, and tires. The assigned rate is a per hour rate designed to recover "fixed costs" such as insurance, depreciation, and administrative overhead costs. Rental rates are adjusted yearly. Rates are based on the actual operational costs for each vehicle sub-class during the base rental period and deliver sufficient revenue capacity to provide a 60 day working-capital balance. Again, there are no changes in services and fees in the 2017 biennium, but the higher use anticipated in the 2017 biennium will increase program costs.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	134.00	134.00	128.94	128.94	134.00	128.94	(5.06)	(3.78)%
Personal Services	7,717,304	8,413,326	8,613,769	8,615,045	16,130,630	17,228,814	1,098,184	6.81 %
Operating Expenses	2,474,895	3,255,065	3,108,874	3,108,925	5,729,960	6,217,799	487,839	8.51 %
Equipment & Intangible Assets	197,716	16,233	197,716	197,716	213,949	395,432	181,483	84.83 %
Transfers	6,216	41,850	6,216	6,216	48,066	12,432	(35,634)	(74.14)%
Total Costs	\$10,396,131	\$11,726,474	\$11,926,575	\$11,927,902	\$22,122,605	\$23,854,477	\$1,731,872	7.83 %
State/Other Special Rev. Funds	7,952,960	8,530,431	9,095,103	9,095,034	16,483,391	18,190,137	1,706,746	10.35 %
Federal Spec. Rev. Funds	2,443,171	3,196,043	2,831,472	2,832,868	5,639,214	5,664,340	25,126	0.45 %
Total Funds	\$10,396,131	\$11,726,474	\$11,926,575	\$11,927,902	\$22,122,605	\$23,854,477	\$1,731,872	7.83 %

Program Description

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

Program Highlights

Motor Carrier Division Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium legislative appropriation was an increase of 1.7%, or \$402,989, from the 2015 legislative appropriation. The change was largely due to the following: <ul style="list-style-type: none"> ◦ The legislature adopted the scale integration project at a biennial cost of \$326,000 ◦ The legislature adopted an allowance for employees in the Bakken region, providing housing assistance to 6.00 FTE

Program Narrative

The legislature provided a budget that is flat in terms of funding for this program, providing growth of 1.7% from the 2015 biennium legislative appropriations. Much of the change in the budget is related to an appropriation of \$163,000 per year for a scale integration project. The project will automate the weigh station scales into the program's current system and consolidate the readouts at the weigh stations to one screen. The motor carrier budget also includes a provision for a

housing allowance in the Bakken region in an effort to address retention issues, providing an allowance of \$500/month for 6.00 FTE.

Funding

The following table shows program funding by source from all sources of authority.

Department of Transportation, 22-Motor Carrier Services Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02294 UCR Fund	2,334,840	0	0	2,334,840	12.84 %	
02349 Highway Non-Restricted Account	57,556	0	0	57,556	0.32 %	
02422 Highways Special Revenue	15,797,741	0	0	15,797,741	86.85 %	
State Special Total	\$18,190,137	\$0	\$0	\$18,190,137	76.25 %	
03292 MCS FEDERAL GRANTS	5,664,108	0	0	5,664,108	100.00 %	
03407 Highway Trust - Sp Rev	232	0	0	232	0.00 %	
Federal Special Total	\$5,664,340	\$0	\$0	\$5,664,340	23.75 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$23,854,477	\$0	\$0	\$23,854,477		

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

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	11,712,316	11,712,316	23,424,632	98.20 %
PL Adjustments	0	0	0	0.00 %	214,259	215,586	429,845	1.80 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$11,926,575	\$11,927,902	\$23,854,477	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----					-----Fiscal 2017-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 515 - State Share Health Insurance	0.00	0	48,310	14,355	62,665	0.00	0	48,310	14,355	62,665
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	119,776	40,566	160,342	0.00	0	119,776	40,566	160,342
DP 527 - Inflation/Deflation Adjustment	0.00	0	6,163	0	6,163	0.00	0	7,379	0	7,379
DP 529 - Longevity and Other Adjustments	0.00	0	8,405	2,511	10,916	0.00	0	29,757	8,889	38,646
DP 550 - Motor Pool Rate Adjustment	0.00	0	(444)	0	(444)	0.00	0	(450)	0	(450)
DP 570 - Additional Personal Services Adjustments	0.00	0	(156,998)	(46,895)	(203,893)	0.00	0	(177,367)	(52,980)	(230,347)
DP 580 - Additional Operating Adjustments	0.00	0	209,077	(444,740)	(235,663)	0.00	0	207,700	(443,363)	(235,663)
DP 2200111 - Overtime/Differential Pay- Program 22	0.00	0	129,624	40,789	170,413	0.00	0	129,624	40,789	170,413
DP 2200122 - Equipment Rental - Program 22	0.00	0	21,917	22,843	44,760	0.00	0	21,032	22,569	43,601
DP 2200133 - Bakken Housing Allowance - Program 22	0.00	0	30,000	6,000	36,000	0.00	0	30,000	6,000	36,000
DP 2200444 - Statewide 4% FTE Reduction - Program 22	(5.06)	0	0	0	0	(5.06)	0	0	0	0
DP 2202203 - Static Scale Integration	0.00	0	163,000	0	163,000	0.00	0	163,000	0	163,000
Grand Total All Present Law Adjustments	(5.06)	\$0	\$578,830	(\$364,571)	\$214,259	(5.06)	\$0	\$578,761	(\$363,175)	\$215,586

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, and retirement benefits.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 2200111 - Overtime/Differential Pay- Program 22 -

The legislature adopted zero-based overtime and differential pay including the associated benefits.

DP 2200122 - Equipment Rental - Program 22 -

The legislature adopted equipment rental charges for the 2017 biennium.

DP 2200133 - Bakken Housing Allowance - Program 22 -

The legislature adopted an allowance for the additional costs of housing in Eastern Montana.

DP 2200444 - Statewide 4% FTE Reduction - Program 22 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 2200444 includes a reduction of 5.06 FTE.

DP 2202203 - Static Scale Integration -

The legislature adopted funding for a project that will automate the weigh station static scale read out into the PrePass system and consolidate the different computer screen read outs at weigh stations into one screen.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00 %
Personal Services	675,136	680,874	748,143	749,082	1,356,010	1,497,225	141,215	10.41 %
Operating Expenses	702,263	791,284	7,797,545	894,443	1,493,547	8,691,988	7,198,441	481.97 %
Grants	386,052	426,000	424,000	424,000	812,052	848,000	35,948	4.43 %
Transfers	6,901	7,478	6,901	6,901	14,379	13,802	(577)	(4.01)%
Total Costs	\$1,770,352	\$1,905,636	\$8,976,589	\$2,074,426	\$3,675,988	\$11,051,015	\$7,375,027	200.63 %
State/Other Special Rev. Funds	1,585,078	1,704,848	1,885,137	1,883,024	3,289,926	3,768,162	478,236	14.54 %
Federal Spec. Rev. Funds	185,274	200,788	7,091,452	191,402	386,062	7,282,853	6,896,791	1,786.45 %
Total Funds	\$1,770,352	\$1,905,636	\$8,976,589	\$2,074,426	\$3,675,988	\$11,051,015	\$7,375,027	200.63 %

Program Description

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

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

Program Highlights

Aeronautics Program Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium legislative appropriation was an increase of 158.7%, or \$6.8 million, from the 2015 legislative appropriation. The change was largely due to the following: <ul style="list-style-type: none"> ◦ The significant budgetary increase is related to the adoption of projects at the West Yellowstone and Lincoln Airports <ul style="list-style-type: none"> ▪ Costs are principally funded with federal funds ▪ Without consideration of the projects, the budget for this program is an increase of 0.2% from the 2015 legislative appropriations

Program Narrative

The significant change in this program budget is related to the \$6.4 million new proposal to design and reconstruct the apron area and taxiway at West Yellowstone Airport. While this is a West Yellowstone airport project, the request has been made in the Aeronautics Program budget. The state match to these anticipated federal dollars is \$750,000, or an approximate 9.1% state match and is included in the budget for the proprietary West Yellowstone Airport program. The legislature also adopted project funding for improvements at the Lincoln Airport. This project constructs a new hangar taxi-lane, providing the availability of space to triple the number of hangars. Because hangar rentals are the only source of funding for the airport, this project should have a significant impact on revenues. Without consideration of these two new construction projects, the growth in this program budget would be a 0.2% increase from the 2015 legislative appropriations.

Funding

The following table shows program funding by source from all sources of authority.

Department of Transportation, 40-Aeronautics Program Funding by Source of Authority							
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds		
General Fund	0	0	0	0	0.00 %		
02286 Aeronautical Loan Account	898,900	0	0	898,900	23.86 %		
02287 Aeronautical Grant Account	501,100	0	0	501,100	13.30 %		
02349 Highway Non-Restricted Account	297,782	0	0	297,782	7.90 %		
02827 Aeronautics Division	1,930,380	0	0	1,930,380	51.23 %		
02962 Airport Pgmt. Preservation	140,000	0	0	140,000	3.72 %		
State Special Total	\$3,768,162	\$0	\$0	\$3,768,162	30.65 %		
03060 Aeronautics Division	7,282,853	0	0	7,282,853	100.00 %		
03407 Highway Trust - Sp Rev	0	0	0	0	0.00 %		
Federal Special Total	\$7,282,853	\$0	\$0	\$7,282,853	59.24 %		
06007 West Yellowstone Airport	0	1,242,027	0	1,242,027	100.00 %		
Proprietary Total	\$0	\$1,242,027	\$0	\$1,242,027	10.10 %		
Total All Funds	\$11,051,015	\$1,242,027	\$0	\$12,293,042			

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 Federal Aviation Administration grants.

Non-budgeted funding, as seen in the figure above, is derived from the rates charged at the West Yellowstone Airport and fund operations at the airport.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	
2015 Budget	0	0	0	0.00 %	2,067,086	2,067,086	4,134,172	37.41 %	
PL Adjustments	0	0	0	0.00 %	136,667	7,340	144,007	1.30 %	
New Proposals	0	0	0	0.00 %	6,772,836	0	6,772,836	61.29 %	
Total Budget	\$0	\$0	\$0		\$8,976,589	\$2,074,426	\$11,051,015		

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	4,166	208	4,374	0.00	0	4,166	208	4,374
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	13,241	0	13,241	0.00	0	13,241	0	13,241
DP 525 - Fixed Cost Adjustment	0.00	0	6,238	0	6,238	0.00	0	6,935	0	6,935
DP 527 - Inflation/Deflation Adjustment	0.00	0	(11,383)	0	(11,383)	0.00	0	(8,911)	0	(8,911)
DP 529 - Longevity and Other Adjustments	0.00	0	4,331	228	4,559	0.00	0	7,031	371	7,402
DP 550 - Motor Pool Rate Adjustment	0.00	0	(36)	0	(36)	0.00	0	(36)	0	(36)
DP 570 - Additional Personal Services Adjustments	0.00	0	42,840	2,255	45,095	0.00	0	41,031	2,160	43,191
DP 580 - Additional Operating Adjustments	0.00	0	(56,579)	(11,758)	(68,337)	0.00	0	(59,647)	(12,125)	(71,772)
DP 4000122 - Equipment Rental - Program 40	0.00	0	7,600	0	7,600	0.00	0	7,600	0	7,600
DP 4004001 - Aeronautic Loans and Grants	0.00	0	146,766	0	146,766	0.00	0	146,766	0	146,766
DP 4004003 - Aeronautic Charts (OTO)	0.00	0	0	0	0	0.00	0	20,000	0	20,000
DP 4004005 - Pavement Condition & System Plan	0.00	0	15,000	135,000	150,000	0.00	0	0	0	0
DP 4004009 - Combination of Biennial Authority	0.00	0	(161,450)	0	(161,450)	0.00	0	(161,450)	0	(161,450)
Grand Total All Present Law Adjustments	0.00	\$0	\$10,734	\$125,933	\$136,667	0.00	\$0	\$16,726	(\$9,386)	\$7,340

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, and retirement benefits.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 4000122 - Equipment Rental - Program 40 -

The legislature adopted equipment rental charges for the 2017 biennium.

DP 4004001 - Aeronautic Loans and Grants -

The legislature adopted the authority for airport safety and development grants and loans. Communities often leverage these grants and loans against federal funds available for safety and development.

DP 4004003 - Aeronautic Charts (OTO) -

The legislature adopted the authority for producing an aeronautical chart, which is produced every four years. This chart incorporates the latest federal FAA aeronautical information. It also identifies and graphically depicts aeronautical items unique to Montana that are not reflected on other federally produced charts. It is not possible to produce this chart in house. This authority is one-time-only.

DP 4004005 - Pavement Condition & System Plan -

The legislature adopted the authority for the Pavement Condition Index. The system plan provides voluntary and mandated infrastructure and capital improvement plans that the Federal Aviation Administration (FAA) and state and local communities use to develop airport projects around the state.

DP 4004009 - Combination of Biennial Authority -

The legislature adopted a budget change combining biennial authority in the 2015 biennium.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4004004 - Yellowstone Airport Taxiway	0.00	0	0	6,421,831	6,421,831	0.00	0	0	0	0
DP 4004006 - Lincoln Airport Improvements	0.00	0	8,105	342,900	351,005	0.00	0	0	0	0
Total	0.00	\$0	\$8,105	\$6,764,731	\$6,772,836	0.00	\$0	\$0	\$0	\$0

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

DP 4004004 - Yellowstone Airport Taxiway -

The legislature adopted a request for \$6,421,831 in federal special revenue for engineering design services necessary to prepare a complete set of plans and specifications for the reconstruction of the apron area and to reconstruct the only taxiway at the West Yellowstone Airport. These pavement surfaces must meet federal requirements to maintain the airport's commercial operating certificate and host scheduled air carrier service.

DP 4004006 - Lincoln Airport Improvements -

The legislature adopted authority for consulting and professional services related to the construction of a hangar taxi-lane, which will create opportunities for an additional 20 hangar building sites. There are currently 10 hangars at the airport and 2 additional sites are available for future construction. Hangar site rent paid is the only revenue generating source of income for the airport.

Other Issues

Proprietary Program Description

West Yellowstone Airport

The Yellowstone Airport is located in West Yellowstone, one mile from Yellowstone National Park. Commercial air service is available seasonally from June 1st to September 30th and the airport is usually open for private aircraft operations from mid-May through mid-November. The airport accomplishes its missions with extensive facilities to accommodate all sized aircraft and operations ranging from large commercial service jets to small piston aircraft.

Fees for leases and other business services are both market and recovery based. Additional operating expenses planned in the 2017 biennium include a runway maintenance project funded with 90% FAA AIP money and performed in accordance with FAA mandates and advisory circulars.

The West Yellowstone Airport program is funded with an enterprise 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. Statute requires that agencies providing enterprise/internal service functions must provide information related to the use of revenues obtained through rates and charges and the estimated fund balance of the proprietary fund. The report for the enterprise fund is seen below.

Operations of the West Yellowstone Airport are funded with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Total operating revenues in the 2017 biennium, as seen in the figure below, are expected to be \$417,772, decreasing 13.2% in comparison to the revenues in the 2015 biennium.

Expenses

In the 2017 biennium the West Yellowstone budget includes:

- Personal services - projected to increase by \$72,123 or 19.3%
- Operating costs – projected to increase by \$537,645 due to plans for taxiway reconstruction
- Total expenses – projected to increase by \$609,768

Revenues

The enterprise revenue sources when combined with existing working capital balances are projected to recover sufficient cash to fund projected expenditures at the airport. The cash needed for 60-days of personal services and operating expenses average to \$44,195.

West Yellowstone Rates

The following table provides the rates that are expected to be charged during the 2017 biennium.

Fee/Rate Information		
	Budgeted FY 2016	Budgeted FY 2017
Fee Group A		
Landing Fees - Scheduled Air Carrier	\$1.25 / 1,000lbs	\$1.45 / 1,000lbs
Landing Fees - Other uses	9,001-16,500lbs =\$25.00	9,001-16,500lbs =\$30.00
Landing Fees - Other uses	>16,500 lbs - \$1.60/1000lbs	>16,500 lbs - \$1.70/1000lbs
Fuel Flowage Fee	\$0.08/Gallon	\$0.09/Gallon
Building Leases - Car rental, Airline	\$2.75-\$3.00/sq.ft.	\$2.75-\$3.00/sq.ft.
Building Leases -FBO, Hangar Ground	\$0.12/sq.ft.	\$0.12/sq.ft.
Adboards	\$225 ad board - \$400 special	\$225 ad board - \$400 special
Tax Transfers	\$8,000	\$8,000
Sales Receipts	10% of Gross Sales	10% of Gross Sales
Non-Aero Rentals		
Nevada Testing	6.00 psfpa + utilities +	6.00 psfpa + utilities +
City	\$11,000/Year	\$11,000/Year
Energy West	\$13,500/Year	\$13,500/Year
Yamaha	\$9,000/Year	\$9,250/Year
Chamber - Snow Shoot	\$1,250 + \$130.00 per day occupancy + \$250.00 Groomer Storage	\$1,375 + \$145.00 per day occupancy + \$275.00 Groomer Storage

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	105.50	105.50	100.51	100.51	105.50	100.51	(4.99)	(4.73)%
Personal Services	7,214,716	8,218,269	8,299,493	8,302,681	15,432,985	16,602,174	1,169,189	7.58 %
Operating Expenses	5,318,330	5,332,745	5,839,014	5,838,887	10,651,075	11,677,901	1,026,826	9.64 %
Equipment & Intangible Assets	123,669	152,728	123,669	123,669	276,397	247,338	(29,059)	(10.51)%
Grants	14,373,858	16,821,493	16,548,358	16,548,358	31,195,351	33,096,716	1,901,365	6.10 %
Benefits & Claims	0	0	500	500	0	1,000	1,000	0.00 %
Transfers	1,595,226	1,936,624	1,595,226	1,595,226	3,531,850	3,190,452	(341,398)	(9.67)%
Total Costs	\$28,625,799	\$32,461,859	\$32,406,260	\$32,409,321	\$61,087,658	\$64,815,581	\$3,727,923	6.10 %
State/Other Special Rev. Funds	6,323,746	7,336,718	7,047,057	7,045,039	13,660,464	14,092,096	431,632	3.16 %
Federal Spec. Rev. Funds	22,302,053	25,125,141	25,359,203	25,364,282	47,427,194	50,723,485	3,296,291	6.95 %
Total Funds	\$28,625,799	\$32,461,859	\$32,406,260	\$32,409,321	\$61,087,658	\$64,815,581	\$3,727,923	6.10 %

Program Description

The Rail, Transit, and Planning Program provides: 1) a continuous statewide multimodal transportation planning process used to allocate highway program resources to ensure highway system performance goals are maintained and federal-aid highway and transit grant eligibility is maintained within the federal surface transportation programs; 2) an inventory of transportation infrastructure for the allocation of state fuel taxes to local governments; 3) support for the state's comprehensive statewide highway safety plan including technical analysis, performance tracking, and coordination with multiple administrative agencies and jurisdictions; 4) the point of contact for MDT for major developers seeking access onto the state's highway system; 5) mapping functions to aid in the publication of the state tourist map and geo-spatial infrastructure inventories; 6) transportation planning and programming assistance to metropolitan and urban areas; 7) administration and implementation of safety programs that help reduce traffic deaths, injuries, and property losses resulting from traffic crashes; 8) administration and implementation of environmental services that 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 considerations for non-motorized improvements.

Program Highlights

Rail, Transit, and Planning Division Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium legislative appropriation was a reduction of 0.5%, or \$354,717, from the 2015 legislative appropriation • The change is largely due to operating adjustments adopted by the legislature • Federal transit grants are increased by \$1.4 million per year, in language, which is not included in the budget comparison table <ul style="list-style-type: none"> ◦ With consideration of the full language appropriation, the budget would be an increase of 3.8% over the 2015 legislative appropriations

Program Narrative

The budget in this program will remain relatively flat in comparison to the 2015 legislative appropriation. The largest factor of change in the budget was a request to provide additional transit grant authority of \$1.4 million per year. The legislature did provide the program with the added authority, but in language that includes a trigger. Should the program receive federal transit grant funding above \$11.2 million as received in FY 2014 (in each year of the 2017 biennium), then the program will receive appropriations that equal the overage up to \$1.4 million. If the program receives and is able to make use of the full \$1.4 million annual language appropriation, the change will represent an increase of 3.8% over the 2015 legislative appropriations.

Funding

The following table shows program funding by source from all sources of authority.

Department of Transportation, 50-Rail, Transit, & Planning Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02282 FTA Local Match	1,219,112	0	0	1,219,112	8.65 %	
02349 Highway Non-Restricted Account	2,513,395	0	0	2,513,395	17.84 %	
02422 Highways Special Revenue	8,803,721	0	0	8,803,721	62.47 %	
02436 County DUI Prevention Programs	989,870	0	0	989,870	7.02 %	
02795 Trans Aid Special Revenue	565,998	0	0	565,998	4.02 %	
State Special Total	\$14,092,096	\$0	\$0	\$14,092,096	21.74 %	
03147 FTA Grants	19,681,229	0	0	19,681,229	38.80 %	
03407 Highway Trust - Sp Rev	19,668,609	0	0	19,668,609	38.78 %	
03828 Traffic Safety	11,373,647	0	0	11,373,647	22.42 %	
Federal Special Total	\$50,723,485	\$0	\$0	\$50,723,485	78.26 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$64,815,581	\$0	\$0	\$64,815,581		

The Rail, Transit, and Planning Division is funded with a combination of state and federal special revenue funds. State special funding in the program is primarily provided through fuel taxes from the highway state special revenue funds

(02439 and 02422). Highway state special revenue from the restricted and non-restricted funds provide the primary state special support for the administrative and operational costs of the program. Other funding includes:

- The state special revenue federal transit authority (FTA) local match funds, which provides a local entity match for FTA grants, as provided through the federal FTA grants fund
- Trans-aid special revenue, which in large part provides funding for transit services that serve the elderly and disabled (and can be used to match federal transit funds)
- County DUI prevention funds, which provide assistance to county DUI task force activities
- Funding through the federal highway trust (03407) provides for costs of program administration, activities, and projects
- Federal funds for traffic safety provides for local safety grants

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	32,461,859	32,461,859	64,923,718	100.17 %
PL Adjustments	0	0	0	0.00 %	(55,599)	(52,538)	(108,137)	(0.17)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$32,406,260	\$32,409,321	\$64,815,581	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	14,474	34,374	48,848	0.00	0	14,532	34,316	48,848
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	57,459	100,699	158,158	0.00	0	57,459	100,699	158,158
DP 525 - Fixed Cost Adjustment	0.00	0	25	60	85	0.00	0	25	60	85
DP 527 - Inflation/Deflation Adjustment	0.00	0	2,912	6,797	9,709	0.00	0	3,057	7,133	10,190
DP 529 - Longevity and Other Adjustments	0.00	0	7,240	16,901	24,141	0.00	0	15,263	35,617	50,880
DP 535 - Program Transfers	0.00	0	910,000	0	910,000	0.00	0	910,000	0	910,000
DP 550 - Motor Pool Rate Adjustment	0.00	0	(516)	(1,202)	(1,718)	0.00	0	(523)	(1,219)	(1,742)
DP 570 - Additional Personal Services Adjustments	0.00	0	(58,154)	(135,693)	(193,847)	0.00	0	(65,219)	(152,179)	(217,398)
DP 580 - Additional Operating Adjustments	0.00	0	(1,205,133)	137,626	(1,067,507)	0.00	0	(1,207,721)	140,214	(1,067,507)
DP 5000111 - Overtime/Differential Pay - Program 50	0.00	0	44,924	0	44,924	0.00	0	44,924	0	44,924
DP 5000122 - Equipment Rental - Program 50	0.00	0	11,608	0	11,608	0.00	0	11,024	0	11,024
DP 5000444 - Statewide 4% FTE Reduction - Program 50	(4.99)	0	0	0	0	(4.99)	0	0	0	0
Grand Total All Present Law Adjustments	(4.99)	\$0	(\$215,161)	\$159,562	(\$55,599)	(4.99)	\$0	(\$217,179)	\$164,641	(\$52,538)

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, and retirement benefits.

DP 535 - Program Transfers -

The legislature adopted program transfers made by the department in the interim. This includes transfers of \$910,000 in state special revenue FY 2016 and FY 2017 from the Construction Program to the Rail, Transit, and Planning Program.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 5000111 - Overtime/Differential Pay - Program 50 -

The legislature adopted zero-based overtime and differential pay including the associated benefits.

DP 5000122 - Equipment Rental - Program 50 -

The legislature adopted equipment rental charges for the 2017 biennium.

DP 5000444 - Statewide 4% FTE Reduction - Program 50 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 5000444 includes a reduction of 4.99 FTE.