

5% Base Budget Reduction Form

[17-7-111-3\(f\)](#)

AGENCY CODE & NAME:

57060 Department of Natural Resources & Conservation

Minimum Requirement

TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET	Minimum Requirement	
	General Fund	State Special Revenue Fund
	\$ 1,430,549	\$ 1,334,599

Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund	State Special
		Annual Savings	Revenue Annual Savings
1	TLMD-A Reduce General Fund	\$ 9,936	
2	WRD-A Electronic Records to the Water Court Instead of Mailing	\$ 66,900	\$ 10,100
3	TLMD-C Reduce Land Banking Account Fund 02031 SSR		\$ 50,000
4	WRD-B Move Adjudication Bureau to our WRD HQ building	\$ 175,000	
5	DO-A Director's Office Reductions	\$ 180,029	\$ 89,166
6	CRD-A Cons & Res Devel Dev Reductions	\$ 85,529	\$ 286,260
7	TLMD-B Reduce Trust Admin. Account Fund 02938 SSR		\$ 605,170
8	WRD-D Operating budget cuts across the Division	\$ 242,332	
9	WRD-C Reduce Rehabilitation on State Water Projects		\$ 106,065
10	FD-A Reductions	\$ 670,823	\$ 187,838
TOTAL SAVINGS		\$ 1,430,549	\$ 1,334,599
DIFFERENCE		\$ -	\$ -

Form A

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#1 **BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

The Trust Land Management Division has minimal general fund and has mostly state special revenue. The small amount of general fund is used for funding the Morrill trust administrative costs. The division is proposing to eliminate \$9,936 in general fund in operating costs for the Morrill trust activities.

#2 **THE SAVINGS THAT ARE EXPECTED:**

Savings in general fund \$9,936.

#3 **THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

The reduction in funding for the Morrill Trust will reduce the division's ability to manage the Morrill Trust Lands and generate revenue for this trust beneficiary. Morrill trust activity costs can only be paid from general fund per 77-1-109(2). The division receives \$80,000 per year in HB2 general fund. The division would reduce timber sales, pre-commercial thinning, weed spraying, and agriculture and grazing lease evaluations. The Department historically generates \$8.00 for every dollar spent on Morrill trust administration.

#4 **HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

None

#5 **WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Yes. Article X of the Montana Constitution

Form B TLMD-A

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Move to Electronic Only Water Rights Claim Files

#2 THE SAVINGS THAT ARE EXPECTED:

General Fund savings of \$66,990 and Water Rights State Special Revenue savings of \$10,100 annually.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Moving to electronic records will reduce mailing and storage costs.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Files are already available to the Water Court in digital format.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes. 85-2-243(2) Currently DNRC is required, at the expense of DNRC, to mail all water rights and claim files to the water court as requested.

Form B WRD-A

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduction in state special revenue for the land bank private spending authority fund 02031, this reduction also includes private spending authority for the cabin site sales program.

#2 THE SAVINGS THAT ARE EXPECTED:

Savings of \$50,000 from fund 02031

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The state special revenue account is spending authority for private funds that come to the state for land banking and cabin site sales, so that the division has the ability to spend these private funds. If \$50,000 was eliminated, the division would need to approach the Governor's Budget Office for the authority to spend private money for these types of activities.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

None

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

Form B TLMD-C

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Move the Water Adjudication Bureau Office into the Water Resources Head Quarters Building

#2 THE SAVINGS THAT ARE EXPECTED:

General Fund savings of \$175,000 annually.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Consolidating the Adjudication Bureau into the WRD HQ building will offset HQ rent by a proportional amount.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The location change for staff will be minor and WRD will gain efficiencies by having all Helena staff in one location, as well as anticipated improvements to workplace morale.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

Form B WRD-B

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#1 **BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Director's Office would propose to eliminate operating costs in contracted services, travel, supplies & materials, and equipment.

#2 **THE SAVINGS THAT ARE EXPECTED:**

General fund savings of \$180,029 and State Special Revenue Fund savings of \$89,166.

#3 **THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Director's Office is currently understaffed and already has difficulty serving the five other divisions within DNRC in the areas of Information Technology, Human Resources, Financial and Legal. This reduction of operating costs will exacerbate the existing stress on remaining staff. Reductions will place the Director's Office at further risk of incurring audit exceptions and will further impact its ability to respond to audits in a timely manner.

#4 **HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Director's Office would need to postpone services provided to the DNRC divisions. As a result, the divisions will have more difficulty accomplishing their duties.

#5 **WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Yes- The agency is required to comply with the Montana Operations Manual (MOM) Policies and Procedures, the Governmental Accounting Standards Board (GASB) accounting and financial reporting, Generally Accepted Accounting Principles (GAAP), Equal Employment Opportunity Commission (EEOC) regulations (per Title VII of the Civil Rights Act of 1964), Family Medical Leave Act (FMLA), Fair Labor Standards Act (FLSA), the Montana Procurement Act and the Level Two Procurement Delegation Agreement between the Department of Administration and the Department of Natural Resources and Conservation.

Form B DO-A

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#1 **BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

The reduction of funding for the operations of the Conservation and Resource Development Division will reduce the State's support to conservation districts and other local governments. The operations would be trimmed in several ways, for example, by reductions in travel, forgoing the purchase of equipment scheduled for replacement and depending on the amount of the cut, a reduction of staff. Also, the assistance to local government with natural resource projects would be reduced or cause delays in project implementation.

Pass-thru funding for a variety of organizations would be reduced from their FY2021 level. These include: Dry Prairie, North Central Water, Central Montana and Dry Red Water Regional Water Systems, Missouri and Yellowstone River Councils, Watershed Groups, Conservation Districts, Montana Salinity Control, Flathead Basin Commission, Sage Grouse Operations, and others would have their current funding reduced.

#2 **THE SAVINGS THAT ARE EXPECTED:**

\$85,529 in the general fund and \$286,260 in state special revenue funds in both FY22 and FY23.

#3 **THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Reductions to operations, such as travel, contracted services, equipment purchases, reductions of a position in the division, reduction in the award of grants to local government entities would result in less technical and financial service to projects and communities. The project oversight by DNRC would be delayed and may not take place. Projects may not move forward or be completed in communities with health, safety and resource mitigation issues.

1. The Grass Commission would have to reduce their administrative costs, such as travel and perhaps cut back the hours of the executive secretary. Services to ranchers and permit fees will be reduced because the board would have funds to travel. Public land grazing is in a serious situation for the permittees land use.
2. The river councils and watershed groups would reduce work in administrative support and board member travel to accommodate the reduction. The council may not be able to access their federal funds if state funds aren't provided as match.
3. A reduction to the North Central Montana and Dry Prairie and Dry Red Regional Water Authorities would impact the authorities' ability to work with the U.S. Congress for completion of the project as well as appropriations for construction of the Water System.
4. Salinity control would have to reduce their operations and field work.
5. Conservation Districts would have to reduce their field work and it may take more time to approve 310 permits.
6. Flathead Basin Commission would have to reduce their work.
7. Sage Grouse Program would have to reduce their work and grants.
8. Invasive Species Councils would have to reduce their work.

#4 **HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Some of the programs, councils and commissions may be able to get some other funding such as federal or private assistance. For most of them the reduced funding will cause reduced services or no services. The funds for many programs are matched with other funding sources, in which case, projects may not move forward or be canceled. In some cases water, wastewater systems, and irrigation projects will not get the help to fix problems for the communities. Natural Resource conservation, mitigation or reclamation will be delayed.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Grass Commission § 76-16-101 MCA
Conservation Districts § 76-15-101 MCA
Rangeland Resources § 76-14-101 MCA
Flathead Basin Commission § 75-7-301 MCA
Montana Invasive Species Council § 80-1-101 MCA
Upper Columbia Conservation Commission § 80-7-1026 MCA
Sage Grouse Habitat Conservation § 76-22-101 MCA
Drinking Water State Revolving Fund § 75-6-201 MCA
Regional Water Systems § 75-6-301 MCA
Water Pollution Control State Revolving Fund § 75-5-1103 MCA

Form B CRD-A

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#1 **BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

The state special revenue account, Trust Administration Account (02938) is the primary funding source for the Trust Lands Management Division. The division would make reductions in operating costs in four programs. The reductions would be in contracted services, crop insurance, water adjudication, forest inventory and resource management, and the cabinsite sales program.

#2 **THE SAVINGS THAT ARE EXPECTED:**

Savings of \$605,170 in the Trust Administration Account (02938)

#3 **THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

A reduction in operations would impact the following areas:

- Reductions in contracted services, impact all programs, due to trust lands contracting for weed spraying, survey work for commercial development, cabin sites, forest inventory work, road maintenance, bridge repairs, land appraisals, and many other activities.
- The forest management program uses contracts for seasonal timber work and surveys. Extensive operation reductions could reduce the amount of timber harvested, thereby reducing timber revenues to the trust beneficiaries. Tree related services, namely tree thinning and road maintenance reductions have a long-term impacts on forest health, rehabilitation and erosion control.
- Minerals Management bureau would reduce operations in the Royalty Auditor program, which would impact the amount of royalty revenue collected during the year. The bureau would also reduce the contracts for professional consultant services on riverbeds, which would restrict resources needed to analyze and defend state ownership of islands in navigable rivers. Reductions would also impact the ability to cover expenses for large oil and gas lease auctions and oversight of well activities.
- In the Ag and Grazing Management Program, the bureau would reduce the number of weed control projects in the field offices and the use of agency legal services in water adjudication cases to defend trust land water rights. These reductions have the ability to impact the productivity of the land.
- The Real Estate Management Program would limit the number of contracts for commercial lease development and administration for land exchanges, land banking and acquisitions. This would have a direct impact on the program's ability to generate revenue for the trust

#4 **HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

None

#5 **WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Yes. Article X of the Montana Constitution

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#1 **BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduce Water Resources Division Operating budgets, likely elimination of travel, training, and technical assistance throughout the division.

#2 **THE SAVINGS THAT ARE EXPECTED:**

General Fund savings of \$242,332 annually.

#3 **THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

This will impact staff workload and result in service cuts for stakeholders and the public. Work units will have little to no funds for travel, field work, training, in-person technical assistance, or minor equipment. In addition, the ITSD recommended replacement of computers would be delayed impacting staff productivity.

#4 **HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

Staff may be able to provide assistance virtually in some cases or attend virtual trainings with no fees.

#5 **WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Yes. Ability to carry out State Water Plan (85-1-203) requires significant on the ground technical assistance for successful implementation. Ability to process Permits and Changes for water rights (85-2-302) requires technical assistance for timely and accurate processing. All statutory work directed to WRD under Title 85 requires skilled staff for successful implementation; cuts to already limited training budgets further inhibit the division's ability to recruit, retain, and continually develop competent professionals to serve the people of Montana.

Form B WRD-D

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce the budget by delaying rehab projects on the states aging water use and storage infrastructure. Many state owned or monitored projects have exceeded their design life and require replacement or extensive rehabilitation.

#2 THE SAVINGS THAT ARE EXPECTED:

State Special Revenue savings of \$106,065 annually.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The American Society of Civil Engineers' 2018 Report Card for Montana's Infrastructure rated Montana's a "C-": *Montana has over 64,000 reservoirs, although only 3,259 dams are large enough to be recorded in the National Inventory of Dams preliminary 2018 database. Montana's high hazard potential dams – dams that, should they fail, have potential for loss of life downstream – are generally in good condition, regardless of which regulatory agency provides oversight. The majority of high hazard potential dams are regularly inspected and have emergency action plans (EAPs) in place. Eighty seven percent of state-regulated high hazard dams have an EAP. However, smaller structures, which account for the vast majority in the inventory, are subject to fewer inspections and rarely have EAPs. It is exceedingly rare for a properly inspected and maintained dam to fail. Inspection frequency, condition, and attention to maintenance varies according to regulatory agency with oversight and dam ownership. While maintaining state owned projects in a safe and efficient manner would be a priority, the reduction would delay a number of rehabilitation, repair and maintenance efforts. Continued deferral of maintenance will exacerbate the current situation and future investment needs.*

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

If rehabilitation is needed for an emergency issue, the division may be able to request authority to spend funds through OBPP.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 85-1-631, MCA

Form B WRD-C

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Forestry Division Office and Area Offices: Reduce administrative and business services by holding vacant positions open for longer periods of time to reduce personal services expense across the program (FD Office and area administrative budgets). Reduce / defer regular maintenance at Forestry Division offices and facilities statewide. Reduce travel, training, and other operating expenses reduce one fleet vehicle. **Fire Protection Program:** Reduce all fire protection program services by holding vacant positions open for longer periods of time to reduce personal services expense across the program. Reduce the appropriation for the aviation program's (Air Ops) fixed costs and require Air Ops to earn substantially more revenue by increasing flight rates. Reduce travel, training, and other operating expenses across the fire program. Reduce number of wildland fire engines and/or water tenders developed. **Forestry Assistance Program:** Reduce opportunities for landowner education in the Forest Stewardship and Forest Practices Programs. Reduce operating budgets for employee training and travel.

#2 THE SAVINGS THAT ARE EXPECTED:

61000:	(\$292,150)
62000:	(\$317,318)
63000:	(\$ 89,436)
66000:	(\$75,900)
68000:	(\$83,857)
Total:	(\$858,661)

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Forestry Division Office: Staffing delays would impact services in business and administrative support functions and negatively affect the timeliness in the ability to process fire suppression payments and grant disbursements, perform cost recovery activities and provide other administrative and business services. Deferred maintenance for state-owned facilities may result in future repair costs. Operating reductions will impact training and employee development opportunities and a vehicle reduction would impact an already small fleet. **Fire Protection Program:** Decrease training and other resources the DNRC provides to cooperating county fire departments across Montana; slow and/or weaken the response to wildland fire emergencies; and diminish the Department's ability to protect lives, property and natural resources from wildfire. Budget reductions that result in decreased staffing levels or operating supplies will impede the Department's ability to meet its goal of controlling 95% of wildland fires at initial attack; thereby raising the cost of fire suppression to Montana taxpayers. Using 2017 figures, each time a wildland fire escapes initial attack, Montana taxpayers incur, on average \$1.6 million in costs. The proposed reductions would also obstruct efforts to protect communities and reduce human-caused fire ignitions; and hinder staff responsiveness to constituents. Reducing the appropriation for the air operations (Air Ops) fixed costs; would require Air Ops to earn substantially more revenue by increasing flight rates, which would lessen the advantages received by employing agency-owned aircraft and increase the state's fire suppression costs. **Forestry Assistance Program:** Reduced or possible elimination of landowner education workshops and other landowner outreach. Operating reductions will impact forest management meaning less logs to mills and less fuels reduction around communities resulting in decreased regulatory compliance with forestry best practices.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The proposed reductions would lessen the availability of specific resources and staff expertise, resulting in impacts that can not be mitigated. The Division will work to reconfigure how to deliver services to mitigate the impact to constituents. Lastly, these reductions would inevitably slow and/or weaken the ability to adequately perform business services.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes: 76-13-102MCA, 76-13-103MCA, 76-13-104MCA, 76-13-115MCA, 76-13-145MCA, 76-13-201MCA, 76-13-207MCA, 76-13-213MCA, 76-13-401-415MCA, 77-5-301-307MCA, 76-13-117MCA.

Form B FD-A