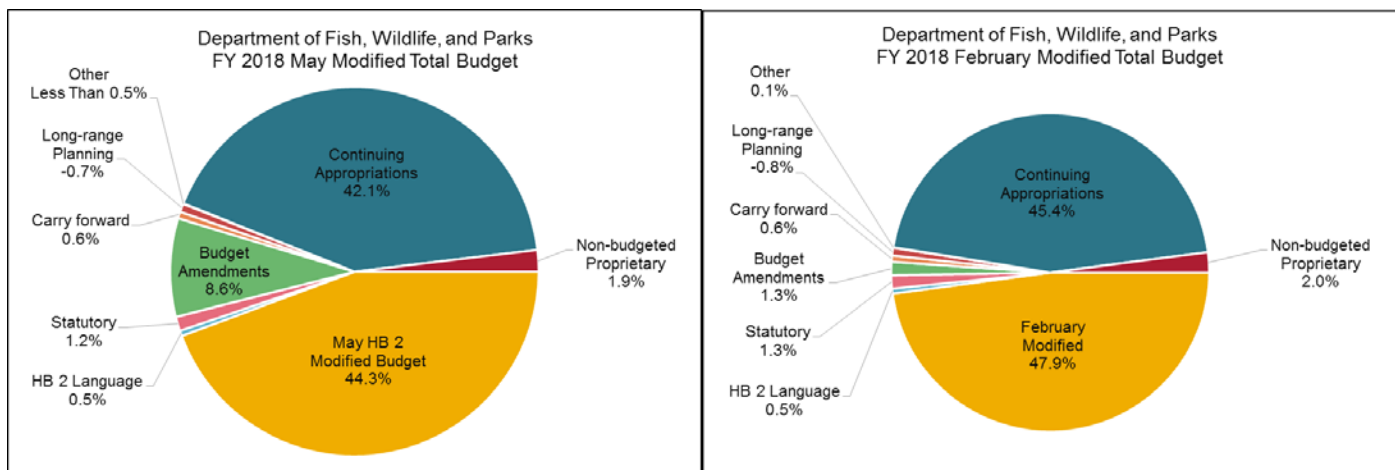


MONTANA DEPARTMENT OF FISH WILDLIFE & PARKS

BUDGET AND EXPENDITURE HIGHLIGHTS

- Total FY 2018 HB 2 appropriations for the agency are \$93.6 million
- State special revenue accounts for 72.0% of the agency's appropriation
- Federal special revenue accounts for 28.0% of the agency's appropriation
- The agency has no general fund appropriation
- State special revenue was increased by \$500 to bring a program transfer into balance
- The agency has expended 77.3% of total HB 2 appropriations year to date

TOTAL APPROPRIATION AUTHORITY OVERVIEW



These charts show the February total appropriation authority compared to the may total appropriation authority for the agency (Appendix B).

In addition to HB 2, the agency has continuing appropriation authority of \$61.4 million in state special revenue and \$27.5 million in federal special revenue primarily for long-range capital projects and \$4.0 million in non-budgeted proprietary funds.

Statutory Appropriations

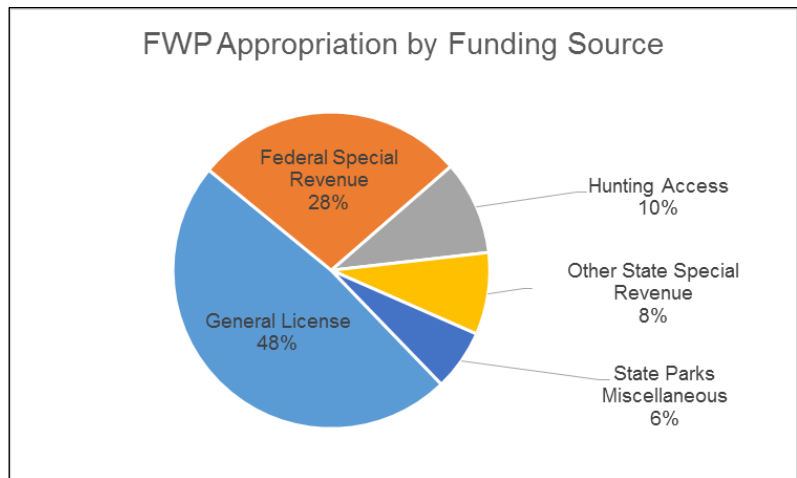
Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. Statutory appropriation totals \$2.6 million for the agency. Statutory appropriations include lodging facility use taxes, and revenue deposited into the forest management fund.

Budget Amendments

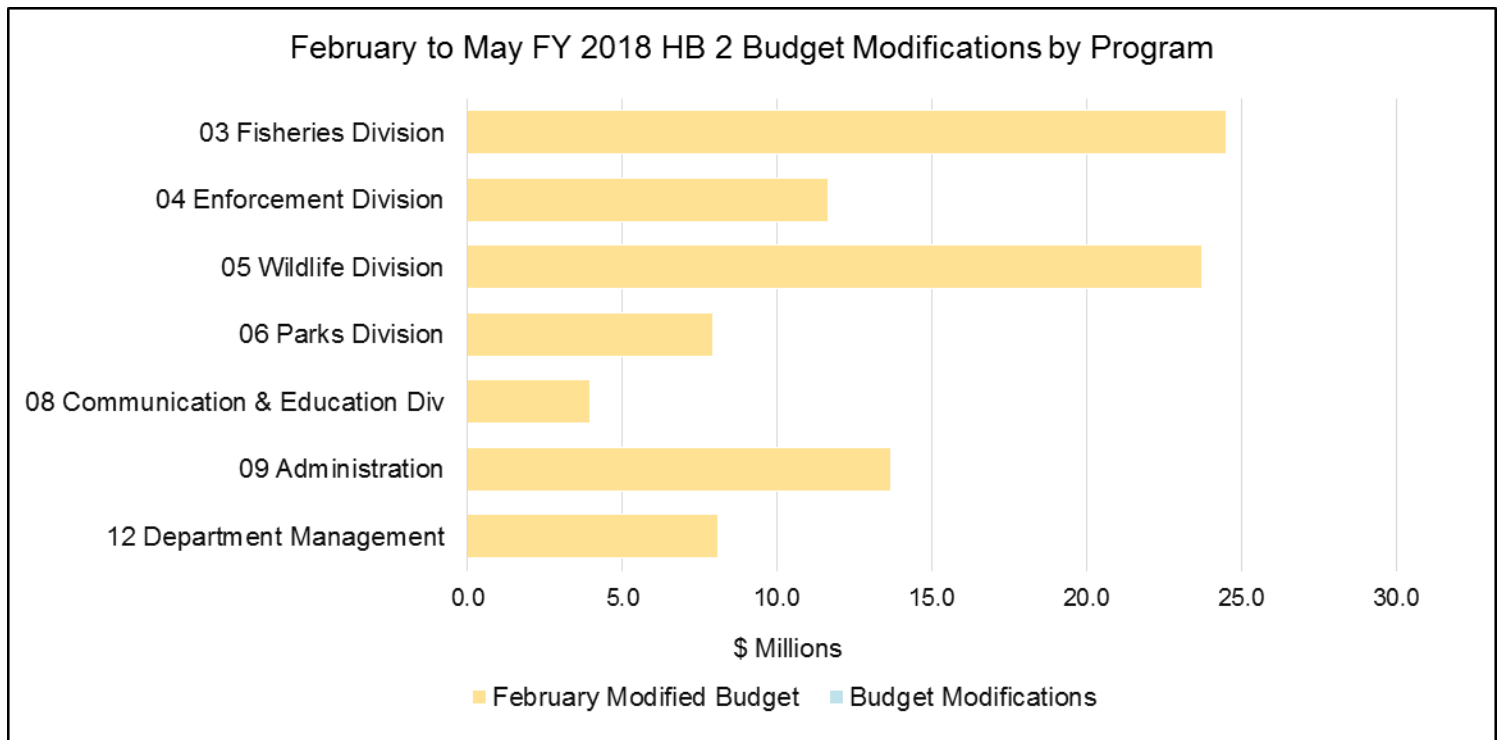
Budget amendments increased by \$18.2 million in federal appropriation authority for the acquisition of conservation easements, wildlife conservation programs, wildlife information programs, habitat preservation projects, monitoring chronic wasting disease, aquatic invasive species, and other projects.

HB 2 BUDGET MODIFICATIONS

As indicated in the chart to the right, 64.0% of the agency's budget comes from three state special revenue funds, General License, Hunting Access and State Parks Miscellaneous funds. The agency has no general fund appropriation. General license fees, which account for 48.2% of the total budget, are revenues from the sale of fishing and hunting licenses, camping fees, permit sales, restitution, donations, and other miscellaneous revenue. Hunting access revenues come from the sale of various hunting licenses. State Parks Miscellaneous fund receives revenue from park entry fees, camping fees, cabin site rentals, a portion of vehicle registration fees and other miscellaneous fees used to support the general operations of the state park system. Federal special revenue is 27.7% of the FWP budget.



Budget Modification by Program

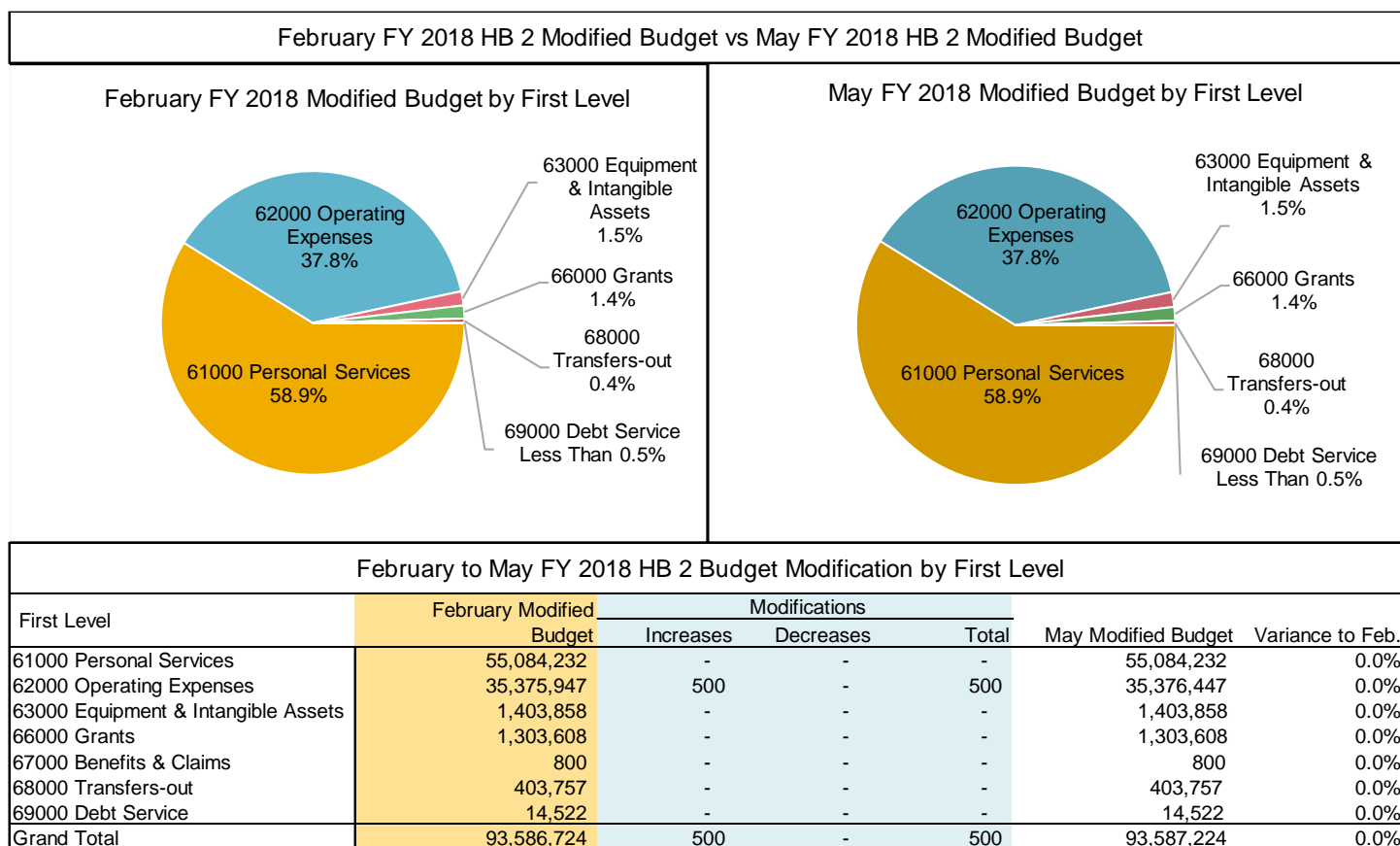


Program	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
03 Fisheries Division	24,524,938	-	-	-	24,524,938	0.0%
04 Enforcement Division	11,650,887	-	-	-	11,650,887	0.0%
05 Wildlife Division	23,713,875	-	-	-	23,713,875	0.0%
06 Parks Division	7,927,523	-	-	-	7,927,523	0.0%
09 Administration	13,687,765	500	-	500	13,688,265	0.0%
12 Department Management	8,100,761	-	-	-	8,100,761	0.0%
08 Communication & Education Div	3,980,975	-	-	-	3,980,975	0.0%
Grand Total	93,586,724	500	-	500	93,587,224	0.0%

These charts show budget modifications by program from February through May.

The agency made a \$500 adjustment in the administration program to balance a program transfer.

Budget Modification by First Level

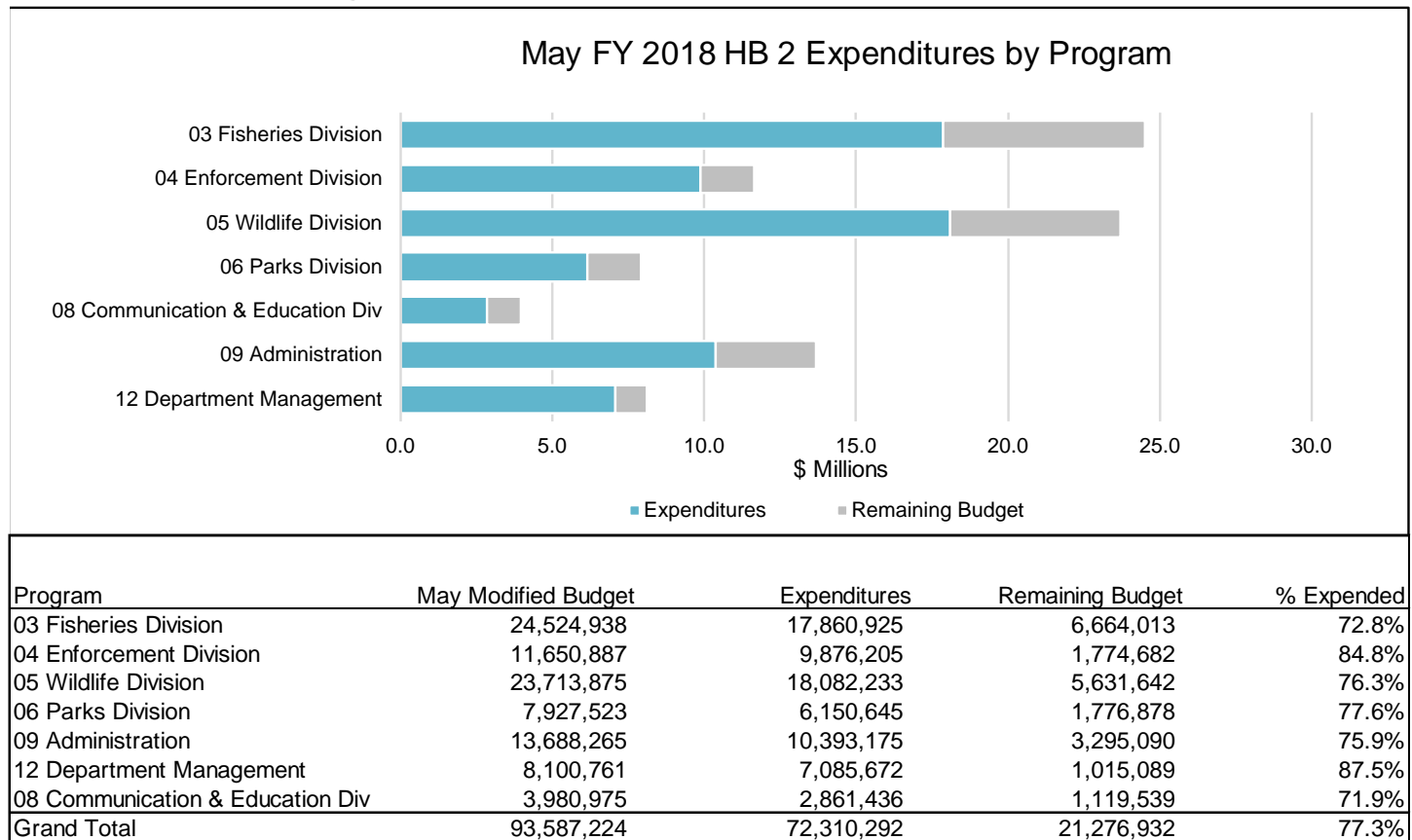


The above charts show HB 2 FY 2018 modified budget as of May by first level compared to February.

The agency had one \$500 modification to operations to balance a program transfer.

AGENCY HB 2 EXPENDITURES

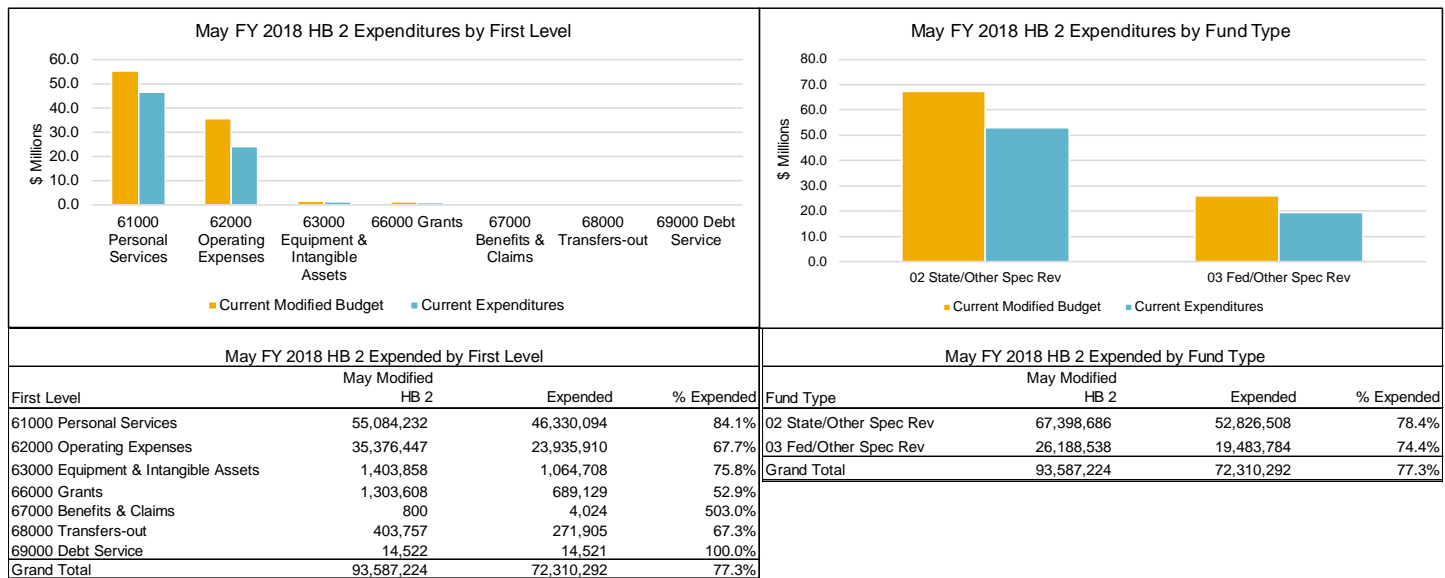
Expenditure by Program



This shows current expenditures by program and remaining authority for HB 2 budget.

Year to date the agency has expended 77.3% of its FY 2018 HB 2 budget. Expenditures are driven primarily by personal services and associated operating expenses which comprise 96.7% of the total budget. Over the last five years the agency, on average, has expended 77.4% of its total budget through May.

Expenditure By First Level Account and Fund Type



The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

Personal services are 84.1% expended year to date, this compares to a five year average of 84.9% expended through May. The budget for operating expenses are 67.7% expended year to date, this compares to a five year average of 68.7%. Total year to date expenditures are in line with the previous five years, averging 77.4% expended through May.

REQUIRED REPORTS

None at this time.

ADDITIONAL DISCUSSION

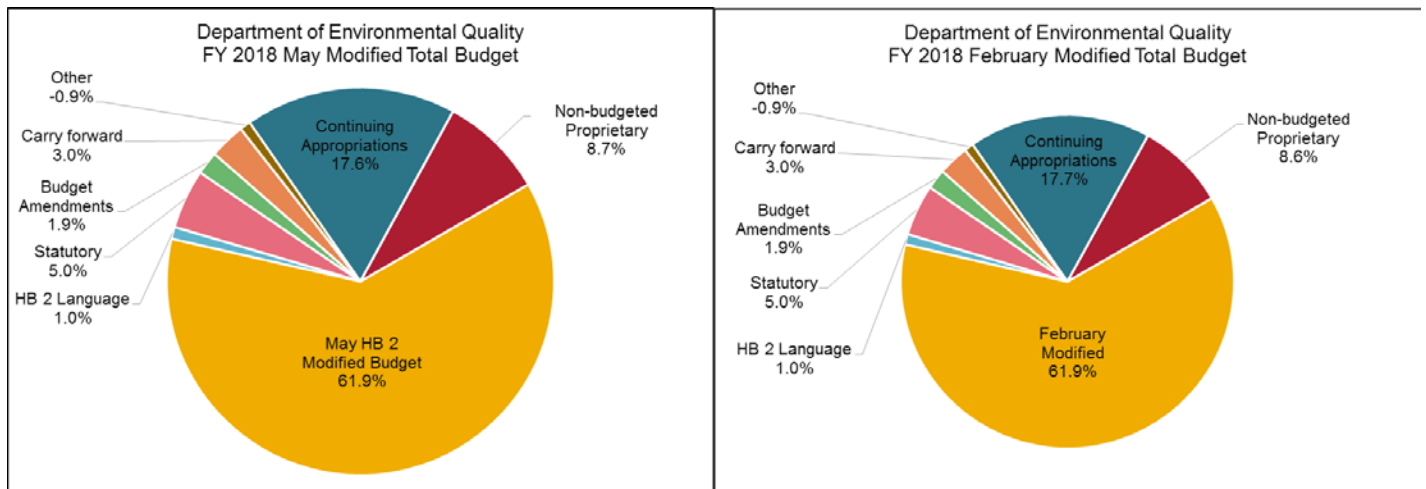
None at this time

DEPARTMENT OF ENVIRONMENTAL QUALITY

BUDGET AND EXPENDITURE HIGHLIGHTS

- HB 2 appropriations for the agency total \$62.2 million
- General fund revenues account for 7.3% of the agency's FY 2018 HB 2 appropriation
- State special revenues account for 56.4% of the agency's FY 2018 HB 2 appropriation
- Federal special revenue account for 36.3% of the agency's FY 2018 HB 2 appropriation
- Budget modifications transferred \$212,914 from Air, Energy & Mining Division to Central Services and Water Quality divisions.
- The agency has expended 65.7% of total HB 2 appropriations year-to-date

TOTAL APPROPRIATION AUTHORITY OVERVIEW



These charts show the February total appropriation authority compared to the may total appropriation authority for the agency (Appendix B).

Total appropriation authority for the agency is \$98.8 million. In addition to HB 2 the agency has continuing appropriations authority of \$5.8 in state special revenue and \$11.9 million in federal special revenue, proprietary funding totals \$8.8 million.

Statutory Appropriations

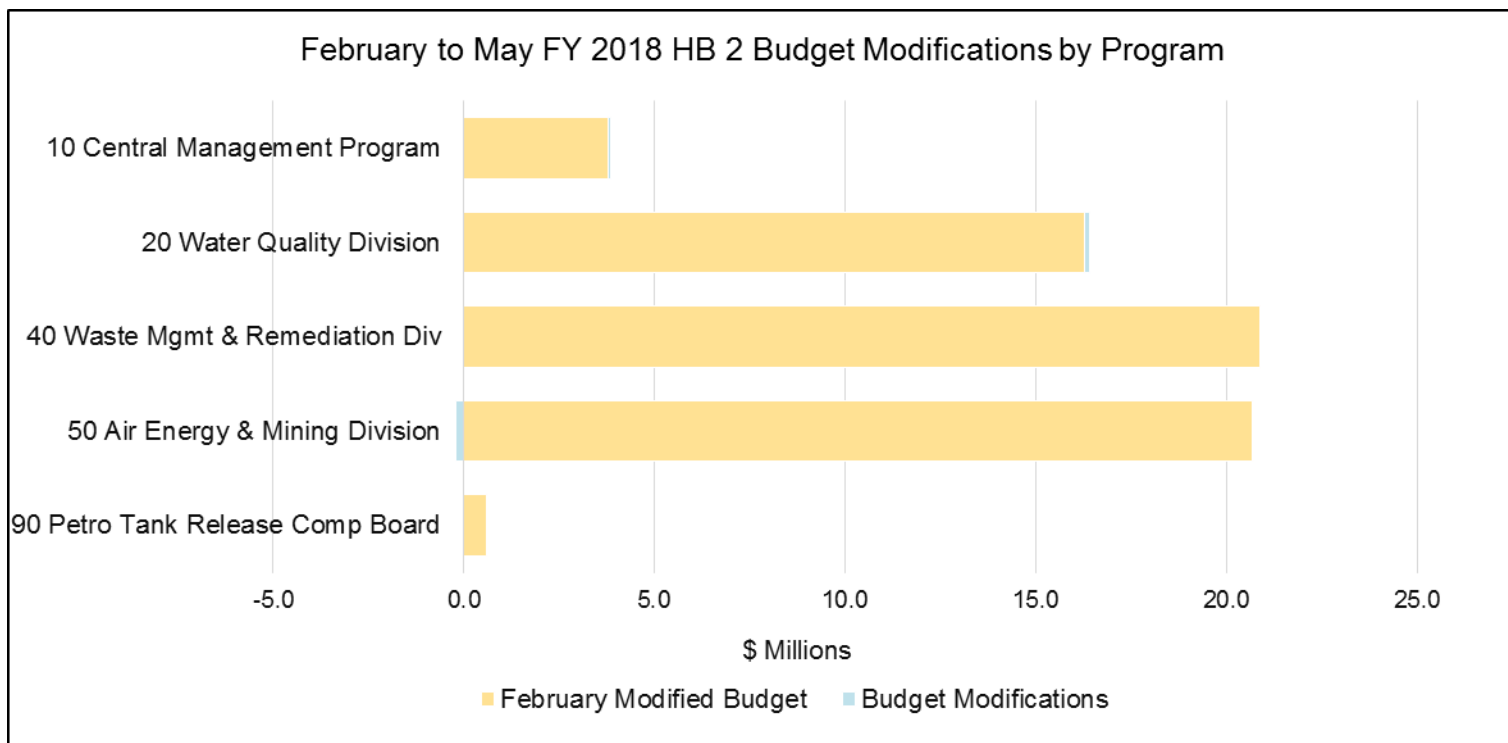
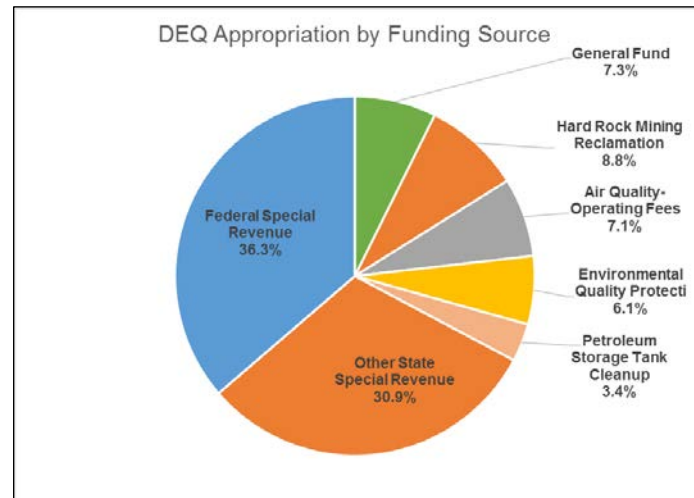
Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. Statutory appropriations total \$5.0 million from the petroleum storage tank cleanup fund. The primary use of the fund is to pay claims due to leaking storage tanks. Other uses are for personal services and operating costs for the board and the agency to administer the fund. The 2017 Special Session of the legislature transferred \$1.0 million from this fund to the general fund in FY 2018.

Budget Amendments

The agency received an increase in federal budget appropriation authority of \$1.9 million to receive federal grants.

HB 2 BUDGET MODIFICATIONS

The agency receives only 7.3% of its appropriation authority from the general fund, 56.4% of the agency's appropriation comes from 47 different state special revenue funds. State special revenue includes permitting fees, fines, and bond proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. The federal revenues are grants provided for environmental remediation and protection.



Budget Modification by Program

Program	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
20 Water Quality Division	16,284,060	142,914	(17,914)	125,000	16,409,060	0.8%
10 Central Management Program	3,786,150	70,000	-	70,000	3,856,150	1.8%
40 Waste Mgmt & Remediation Div	20,884,949	-	-	-	20,884,949	0.0%
50 Air Energy & Mining Division	20,675,639	-	(195,000)	(195,000)	20,480,639	-0.9%
90 Petro Tank Release Comp Board	588,639	-	-	-	588,639	0.0%
Grand Total	62,219,437	212,914	(212,914)	-	62,219,437	0.0%

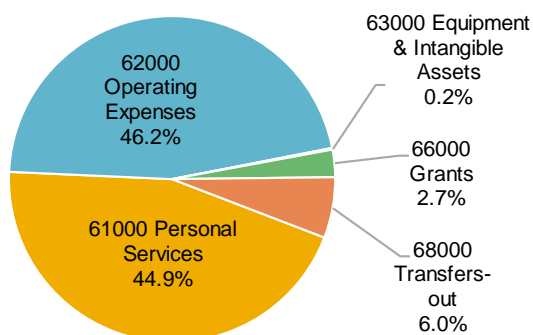
This chart shows budget modifications by program from February through May.

HB 2 budget modifications since February for the department are a transfer of \$212,914 of appropriation from the Air, Energy & Mining Division to the Centralized Services and Water Quality Divisions. Transfers between programs do not affect the total budget.

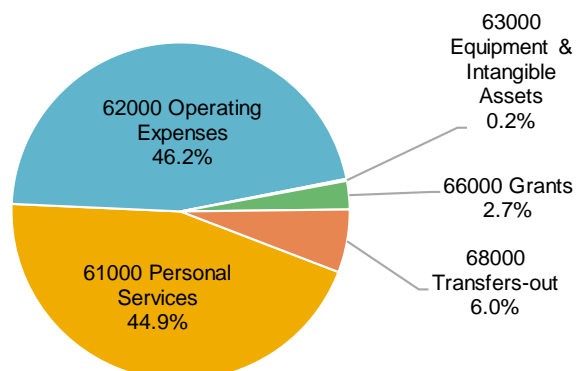
Budget Modification by First Level

February FY 2018 HB 2 Modified Budget vs May FY 2018 HB 2 Modified Budget

February FY 2018 Modified Budget by First Level



May FY 2018 Modified Budget by First Level



February to May FY 2018 HB 2 Budget Modification by First Level

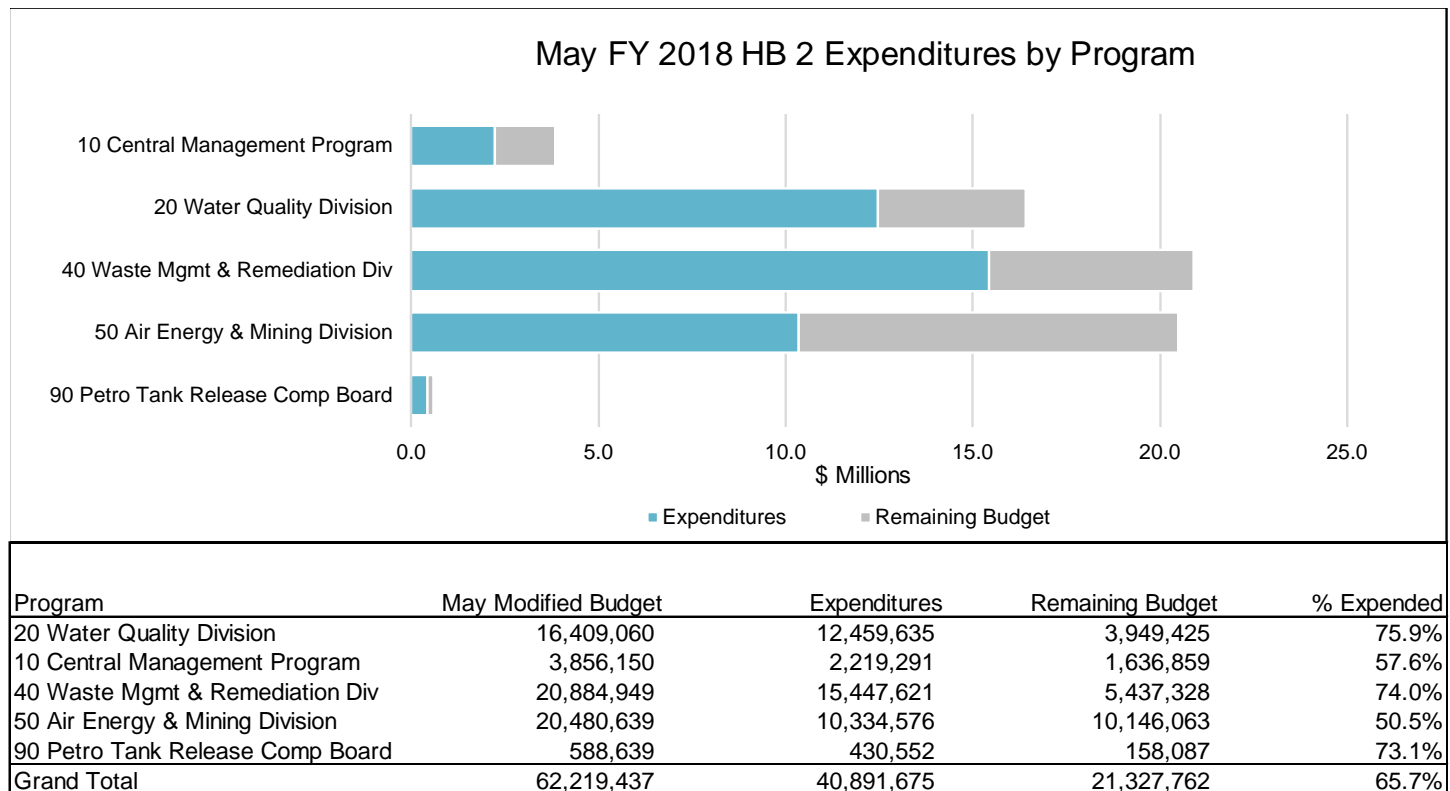
First Level	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
61000 Personal Services	27,924,196	60,000	(60,000)	-	27,924,196	0.0%
62000 Operating Expenses	28,757,515	135,000	(152,914)	(17,914)	28,739,601	-0.1%
63000 Equipment & Intangible Assets	101,740	17,914	-	17,914	119,654	17.6%
66000 Grants	1,689,173	-	-	-	1,689,173	0.0%
68000 Transfers-out	3,746,813	-	-	-	3,746,813	0.0%
Grand Total	62,219,437	212,914	(212,914)	-	62,219,437	0.0%

The above charts show HB 2 FY 2018 modified budget as of May by first level compared to February modified budget by first level.

Program transfers between Air, Energy & Mining Division to the Centralized Services and Water Quality Divisions, \$17,914 was moved from equipment and intangible assets to operating expense. Budget modifications did not change the overall budget for the agency.

AGENCY HB 2 EXPENDITURES

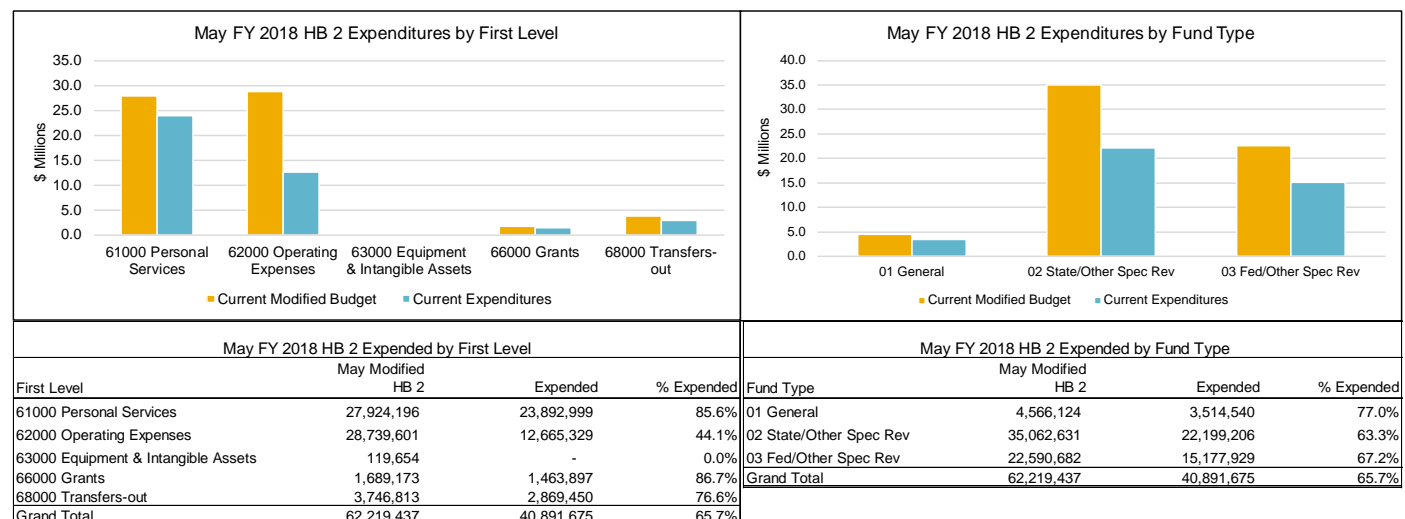
Expenditure by Program



This chart shows current expenditures by program and remaining authority for HB 2 budget.

Through May, the agency has expended 65.7% of the FY 2018 HB 2 appropriation, which compares to an average expenditure of 64.7% through May in the previous five years. In the last month of the year, the agency typically will expend 20% of the annual budget through accruals for activities during the year not yet invoiced.

Expenditure By First Level Account and Fund Type



The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

In the last month of the year, the agency typically will accrue for activities during the year not yet invoiced.
Over the last five years, the agency typically expends 80.0% of all funds and 97.0% of general fund by year-end.

REQUIRED REPORTS

None at this time.

ADDITIONAL DISCUSSION

None at this time.

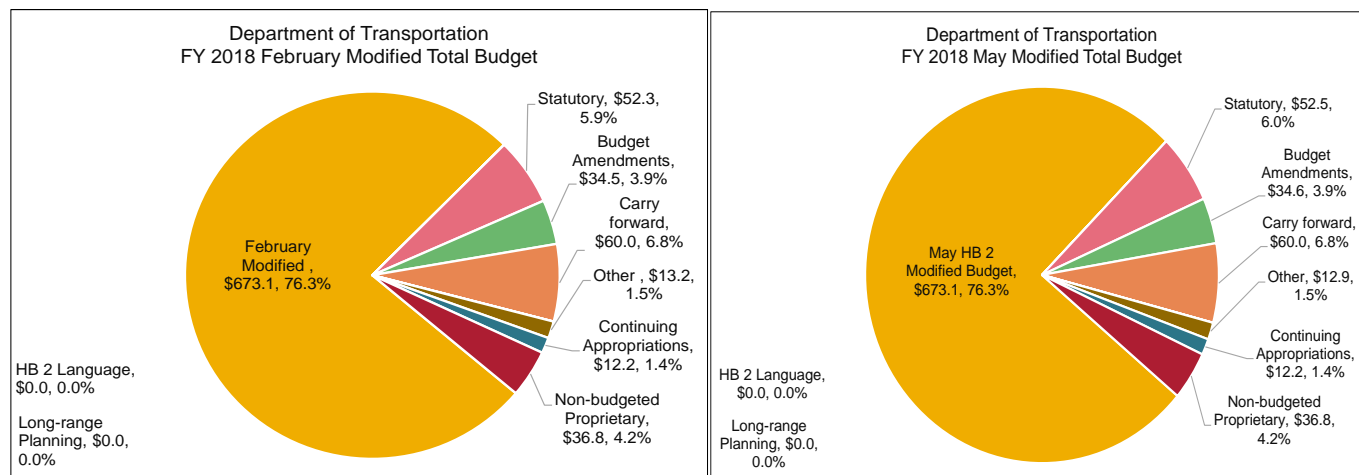
DEPARTMENT OF TRANSPORTATION

BUDGET AND EXPENDITURE HIGHLIGHTS

Through May of FY 2018 the Montana Department of Transportation (MDT) has expended a total of \$543.0 million (61.6%) of the \$882.1 million of total budget authority, and \$469.9 million (69.8%) of the \$673.1 million HB 2 budget. Some of the highlights of MDT expenditures include:

- With few exceptions, MDT spending through May is consistent with historic patterns
- \$1.2 million of contractor payment expenditures have been made in the new Bridge and Road Safety and Accountability Act account (BaRSAA)
- Spring flooding damage information:
 - MDT is currently making the less critical repairs while those where drainage features were damaged and/or reconstruction is required, repairs will take several months to complete
 - As the flood waters recede, more highway/road damages may be discovered
 - MDT has funding available for emergency highway/road work projects
 - A full accounting of the costs of spring flooding will be available in the September BSR
- State special revenue in the highway non-restricted account (HSSRA-NR) is less than projected and used to create the budget
 - If all appropriations in the HSSRA-NR are fully expended, there will not be sufficient funds to make the \$4.0 million transfer to the general fund on August 1 (as required in HB 6 from the 2017 Special Session)
 - At the end of May, HSSRA-NR would be a projected \$2.0 million short of funds to make the transfer, but MDT has indicated that they have plans to ensure the transfer will take place

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2018 Total Agency Authority Expended	
Total Expended	\$543,035,936
Total Budgeted Authority	882,130,163
% Expended	61.6%

These charts show the February compared to the May total appropriation authority for the agency (Appendix B)

MDT has \$882.1 million of total authority and has expended \$543.0 million, or 61.6%. The following sections provide detail on most of the non-HB 2 types of authority. In addition to the \$673.1 million of HB 2 authority, the total MDT authority includes:

- \$52.5 million of statutory appropriations, which primarily consists of gasoline tax distributions to local and tribal governments

- The statutory authority for the tribal government revenue sharing agreements was increased by \$0.2 million in April
- \$34.6 million of budget amendments, which includes unanticipated federal authority and grants
 - Budget amendment authority was increased by \$0.1 million in April
- \$60.0 million of carry forward authority, of which \$5.0 million has been expended
- \$12.9 million of authority from other legislation including:
 - \$12.5 million of authority from HB 473 (BaRSAA-Bridge and Road Safety and Accountability Act)
 - Other includes a net \$422,000 related to authority transfers related to Long-Range project authority that occurred in FY 2018
- \$12.2 million of continuing authority
- \$36.8 million of non-budgeted authority in the three proprietary programs

STATUTORY APPROPRIATIONS

MDT statutory appropriations are budgeted at \$52.5 million as shown in the figure below:

FY 2018 Statutory Appropriations through May				
	Budget	Actuals & Accruals	Budget Balance	% Expended
Tribal Govt. Distributions and Admin	5,336,101	5,285,559	50,542	99.1%
Local Govt. Gas Tax Distributions	16,666,000	15,277,167	1,388,833	91.7%
BaRSAA Local Govt. Distributions	14,874,792	2,468,833	12,405,959	16.6%
Local Technical Assistance Program	150,000	137,500	12,500	91.7%
Debt Service	15,416,300	15,416,300	0	100.0%
Shared Use Paths	71,289	0	71,289	0.0%
Grand Total	52,514,482	38,585,359	13,929,123	73.5%

Through the month of May, expenditures of \$38.6 million (73.5%) in statutory authority (SA) authority is consistent with historic spending levels. Since the last report, there have been some new SA activities of note and one SA increase. Details include:

- BaRSAA Local Govt. – In March, MDT began distributing HB 473 - Bridge and Road Safety and Accountability (BaRSAA) local government funds. Through May, \$2.5 million has been distributed to city and county grant projects
- Tribal Government Distributions – The SA for revenue sharing distributions of gas tax to Tribal governments was increased by \$220,000 due to updates in the tribal populations

BUDGET AMENDMENTS

MDT added a total of \$108,663 in federal authority through one budget amendment (BA) since the March report, which provides additional funding to coordinate the dyed fuel inspection sites along interstate highways and at the international boarder. Total BA authority is \$35.5 million in FY 2018, which includes \$868,281 of BA authority continued from the FY 2017 and \$34.6 million of authority provided in FY 2018. Total BA authority through May represents an increase of 8.3% to the MDT federal fund budget over the HB 2 federal appropriations. Through May, MDT has expended \$104,252 or 0.3% of the total BA authority.

From the \$35.5 million of BA authority, \$34.2 million (96.2%) is contained in the Construction Program, much of which originated from the federal-aid highway redistribution process. While projects are planned for the funding, they are long-term endeavors taking several years of planning and design before the construction expenditures occur.

NON-BUDGETED PROPRIETARY

FY 2018 Proprietary Programs through May				
Program/Account	Budget	Actuals & Accruals	Budget Balance	% Expended
07 State Motor Pool	\$6,366,520	\$2,407,455	\$3,959,065	37.8%
08 Equipment Program	29,768,334	25,280,917	4,487,417	84.9%
40 West Yellowstone Airport	634,526	414,679	219,847	65.4%
Grand Total	\$36,769,380	\$28,103,051	\$8,666,329	76.4%

MDT has three non-budgeted proprietary programs, as shown in the figure above. Through May, the three programs have expended 76.4% of their non-budgeted authority. The single instance of inconsistent spending is in the Motor Pool Program, having expended just 37.8% of the FY 2018 authority. Typically, the Motor Pool purchases vehicles that annually average \$2.1 million (FY 2008-FY 2017), but the program has yet to make vehicle purchases in FY 2018 and does not plan to purchase vehicles in the current fiscal year.

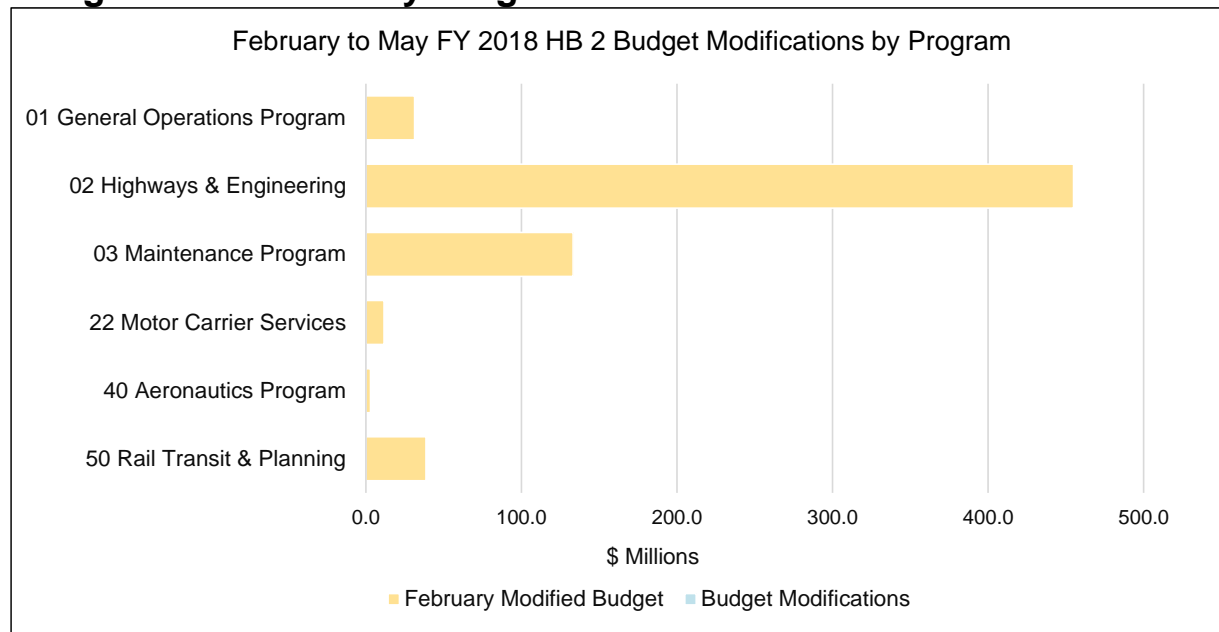
CONTINUING AUTHORITY

MDT continued \$12.2 million of authority from FY 2017 for the following items:

- \$11.3 million of agency held Long-Range authority (HB 5 and HB 10)
 - Appropriations from the two Long-Range programs, Long-Range Building and Long-Range IT, are allowed by statute to be reappropriated until the project is complete
 - Expenditures through May from the Long-Range Authority are \$1.3 million or 11.9%
 - More information is included in the Additional Discussion section of this report
- \$868,281 of continued federal budget amendment authority including authority from the On The Job Training Program, a unexpended federal highway aid grant, and various federal grants for improvements at the West Yellowstone Airport (increases total budget amendments)
 - Expenditures through May from this continued authority are \$102,672 (11.8%)

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program

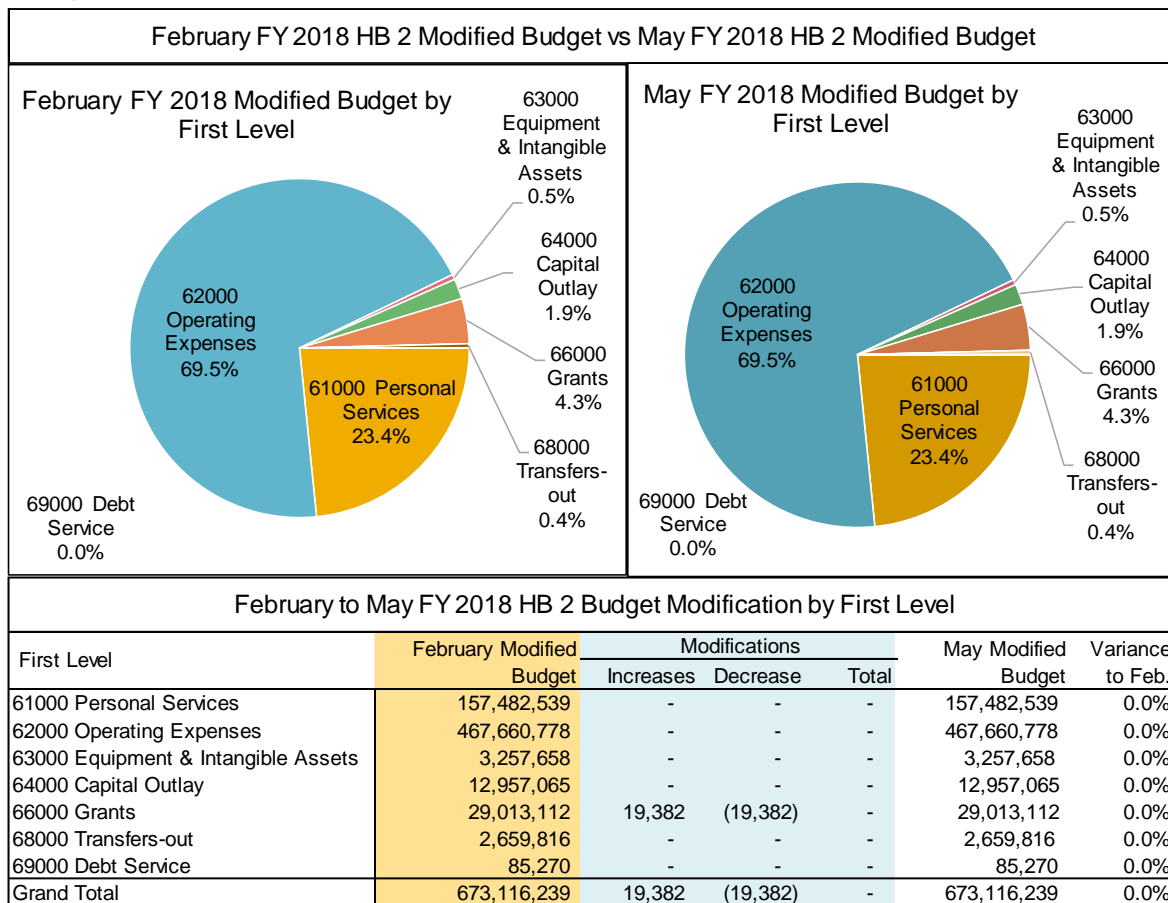


Program	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
01 General Operations Program	31,409,689	-	-	-	31,409,689	0.0%
02 Highways & Engineering	454,900,924	-	-	-	454,900,924	0.0%
03 Maintenance Program	133,268,868	-	-	-	133,268,868	0.0%
40 Aeronautics Program	3,032,383	-	-	-	3,032,383	0.0%
22 Motor Carrier Services	11,760,561	-	-	-	11,760,561	0.0%
50 Rail Transit & Planning	38,743,814	19,382	(19,382)	-	38,743,814	0.0%
Grand Total	673,116,239	19,382	(19,382)	-	673,116,239	0.0%

This chart shows budget modifications by program from March through May.

Since the March report, there have been no budget modifications that changed the amount of HB 2 authority.

Budget Modification by 1st Level Account

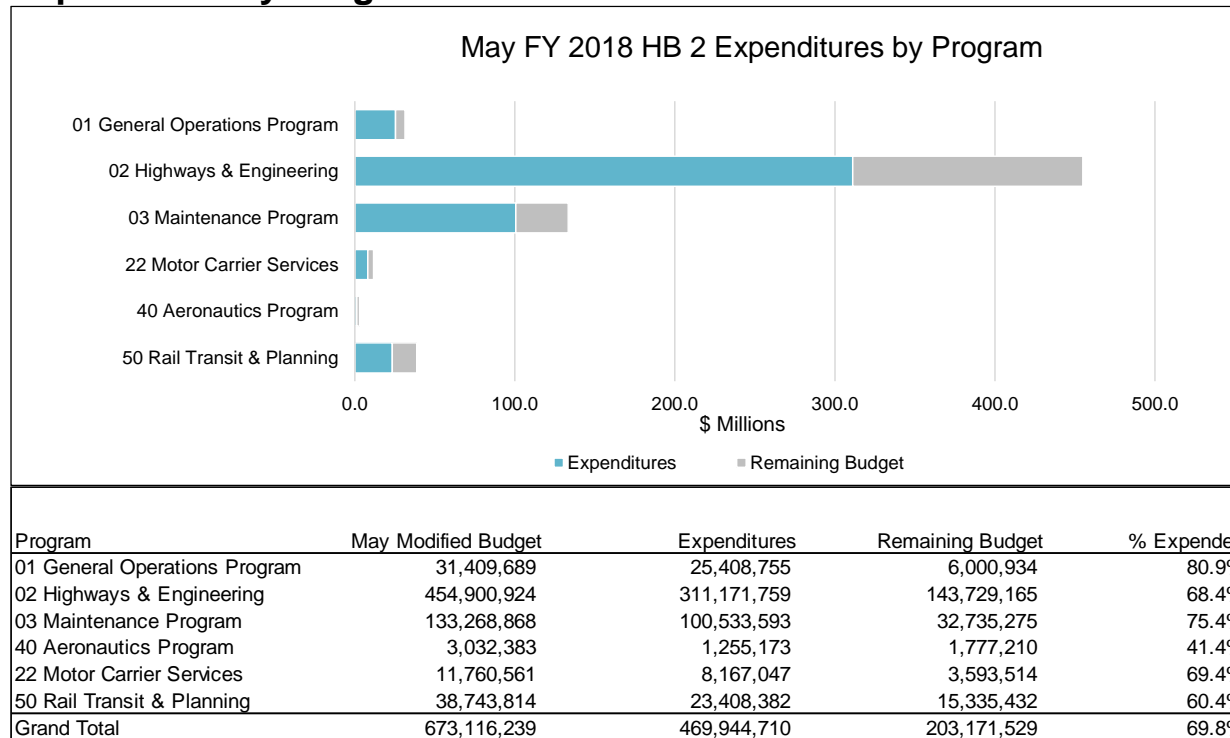


The above charts show HB 2 FY 2018 modified budget through May by first level compared to the February modified budget by first level.

- The MDT HB 2 budget was not modified between first level expenditure categories in the months of March through May
- One modification in the Rail, Transit, and Planning Program budget changed \$19,382 of grants funding from state special revenue to federal special revenue

AGENCY HB 2 EXPENDITURES

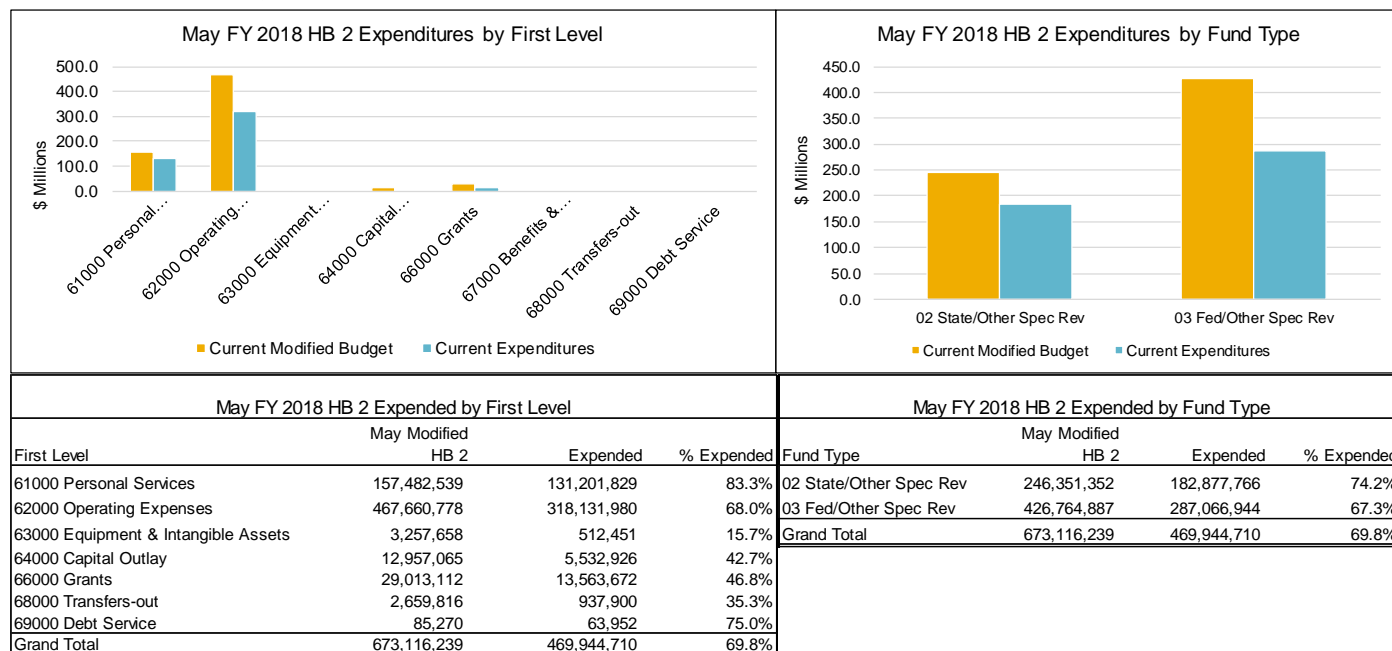
Expenditure by Program



These charts show current expenditures by program and remaining authority for HB 2 budget.

- Through May, MDT has expended 69.8% of the HB 2 modified budget authority, leaving a balance of \$203.2 million of authority for the remaining month
 - Expenditures of 80.9% of budget in the General Operations Program are the greater than expenditures in other programs and are explained by fixed costs expenses
- The Maintenance program has expended 75.4% of the total budget through May
 - The impacts of a severe winter have increased expenditures in the program while the expenditures of the state funded construction program, budgeted at \$6.5 million, have been unusually low at 25.1%
- In the Aeronautics Program budget, the costs of airport projects in HB 2 (over \$1.0 million of authority) are budgeted in the first year of the biennium and any unused authority will be continued into FY 2019. This lends the appearance of unusually low spending in FY 2018

Expenditure By First Level Account and Fund Type



The above graphics show HB 2 modified budget and expenditures by first level and fund type.

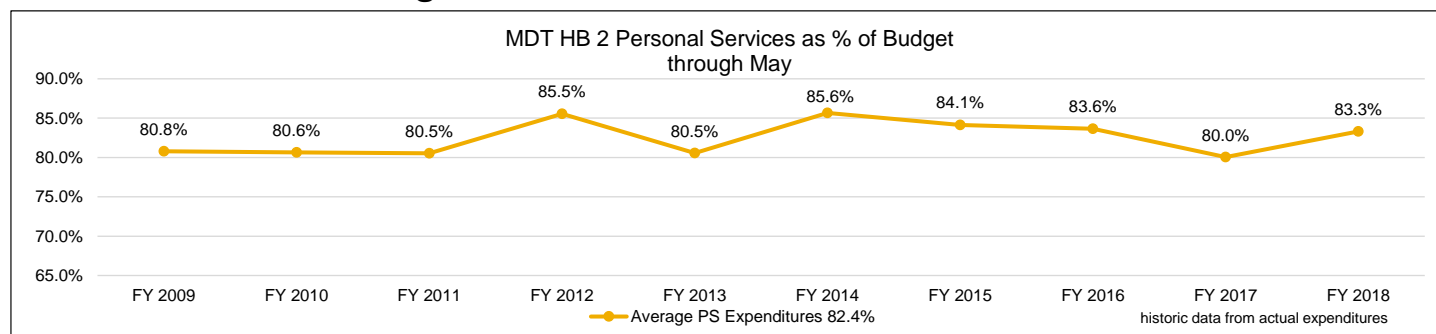
- Personal services expenditures through May of 83.3% of the budget are consistent with historic levels
- Operating expenses are consistent with historic levels, but there is variation by program, as discussed later in this report
- Grants and transfer-out expenditures lag due to the timing of various distributions and payouts

The MDT HB 2 budget is funded with 36.6% state special revenue and 63.4% federal special revenue funds. There is no general fund budget authority in the budget. Through May, 38.9% of expenditures were in state special revenue funds and 61.1% in federal special revenue funds. To date, most of the state special funds have been received as anticipated in HJ 2. However, the gross vehicle weight fees that are the primary source for funding in the non-restricted highway state special revenue account have not kept pace with the projections. For more information, see the state special revenue section below. Federal funds have been received as expected.

REQUIRED REPORTS - N/A

ADDITIONAL DISCUSSION

Personal Services Budgets



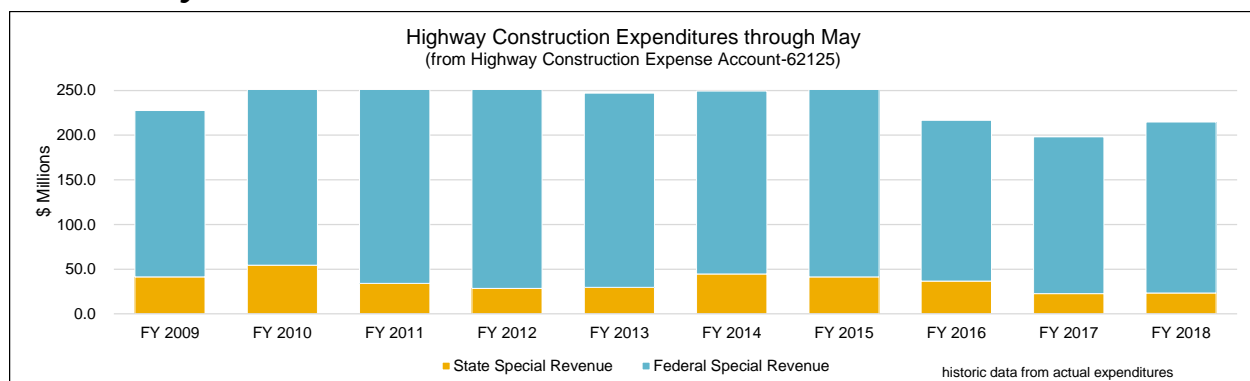
- Personal services expenditures become more consistent with the historic spending patterns after appearing unusually high through April
- Through May, personal services expenditures were 83.3% of the budget at \$131.2 million
- The highest use of the FY 2018 personal service budget is seen in the Maintenance Program, with expenditures of \$46.4 million, or 87% of the budget
 - The higher use in this program is related to the need for full staffing and overtime costs in the 2017/2018 winter season
 - Flooding costs may further impact the personal services budget in the remaining weeks of FY 2018

Operating Expenses

FY 2018 Operating Expenses by Program through May				
Program	Modified Budget	Actuals & Accruals	Budget Balance	% Expended
01 General Operations	15,559,577	12,854,744	2,704,833	82.6%
02 Construction	361,230,811	245,998,431	115,232,380	68.1%
03 Maintenance	79,719,747	54,164,515	25,555,232	67.9%
22 Motor Carrier Services Div.	2,929,260	1,438,502	1,490,758	49.1%
40 Aeronautics	1,862,543	344,984	1,517,559	18.5%
50 Rail, Transit & Planning	6,358,840	3,330,804	3,028,036	52.4%
Grand Total	\$467,660,778	\$318,131,980	\$149,528,798	68.0%

- MDT expended \$318.1 million, or 68.0% of their HB 2 operating expense budget through May
- While the expenditures may appear low, spending is consistent with historic patterns
- Operating expenses in the Motor Carrier Services Program (MCS) have been low (49.1%), but is consistent with historic spending
 - The weigh stations on the border (Coutts and Dietz) are budgeted for the full contract, but MCS pays the contract based on staffing which has been lower than expected
- Operating expenses in the Aeronautics Program appear low (18.5%)
 - The FY 2018 budget included over \$1.0 million of authority for airport projects for the biennium (none of the projects are appropriated in FY 2019 and any unused authority will be continued into FY 2019), which makes spending appear low in FY 2018
- The Rail, Transit, and Planning Program has expended \$3.3 million, or 52.4%, of their operating expense budget
 - Approximately \$5.0 million in operating expenses are anticipated to occur at the end of the fiscal year for costs associated with sub-recipients and contractors (for projects in the National Highway Traffic Safety, Federal Transit Administration and Urban program within the Federal Highway Administration), as well as other general operating costs

Contractor Payments



- The figure above shows the FY 2018 contractor payments for highway construction in FY 2018 as accounted for in the highway construction account code 62125
- Expenditures through May are 12.0% lower than the average of the depicted series (FY 2009 through FY 2017)
- Generally, the expenditures in FY 2018 are related to construction contracts entered into in FY 2016
- Of note, \$1.2 million of total \$23.3 million in state special expenditures have been made through the new BaRSAA fuel tax account

Long-Range Planning (LRP) Budget Authority

MDT continued \$11.3 million of appropriation authority from the Long-Range Building Program (LRBP - HB 5) and the Long-Range Information Technology Program (LRITP - HB 10) and made changes to the authority that net to an increase of \$422,000. With the changes, MDT has \$11.7 million of Long-Range authority in the agency budgets. The agency has expended a total of \$1.3 million (11.5%) through May. The information below provides details related to the authority and use of the appropriations:

- MDT started FY 2018 with \$7.9 million of LRITP authority for three projects. MDT added \$650,000 of LRITP authority to MDT with an appropriation transfer that was unintentionally omitted in establishment of the FY 2018 budget, bringing the total LRITP authority to \$8.5 million. MDT has expended a total of \$709,238 through May. The details of the LRITP authority and expenditures include:
 - \$3.0 million of authority and \$0 of expenditures for the financial management system
 - \$620,682 of authority for the final phases of the maintenance management system, which has been fully expended at the end of May
 - \$4.9 million of authority and \$88,556 of expenditures for the program and project management system
- MDT started FY 2018 with LRBP \$3.4 million of authority provided in two biennia of LRBP budgets. MDT transferred \$228,000 of authority to the LRBP, leaving \$3.2 million of authority in the agency. Through May, the agency has expended \$634,131 of the authority. The MDT LRBP appropriation provided funding for annual routine maintenance on existing facilities and small construction projects

In addition to the LRBP authority held by MDT, the LRBP agency has \$4.3 million of authority that will be expended for the benefit of MDT. This authority is principally for the construction of equipment and road material storage facilities and is funded with agency revenues. Through May, the LRBP has expended \$1.8 million, or 41.0%, of the authority.

State Special Revenues

- The MDT budget is funded exclusively with state special revenue and federal special revenue funds
- MDT primary state special revenue sources are funded with fuel taxes and gross vehicle weight fees (GVW)
- The fuel taxes have been received as projected in FY 2018
- GVW fees flowing into the non-restricted highway state special revenue account (HSSRA-NR) are projected to be between 12% and 14% lower than the projections used during the 2017 Session for budgeting
 - MDT uses HSSRA-NR to fund non-highway expenditures, or those that cannot be funded in the restricted highway state special account (or other state special funds in the agency), for example:
 - Purchasing ambulances and equipment in the emergency services program
 - Costs of the rail competition council
- If all appropriations in the HSSRA-NR are fully expended, there will not be sufficient funds to make the \$4.0 million transfer to the general fund on August 1 (as required in HB 6 from the 2017 Special Session), with a shortfall expected to be approximately \$2.0 million

- At the end of May, there had been \$5.5 million of expenditures from the account (78.1% expended by Department of Justice (DOJ) and 21.9% by MDT)
- At the end of May, there was an unused appropriation balance of \$1.0 million
 - If spending from the account were stopped in the month of June, the shortfall could be reduced by \$1.0 million
- MDT has indicated that they will take the following actions to ensure the transfer will take place:
 - User agencies (MDT and DOJ) could shift appropriations and expenditures to other state special accounts to facilitate the transfer of \$4.0 million to the general fund on August 1 (and/or)
 - MDT may take out a short-term loan to facilitate the transfer

Federal Special Revenues

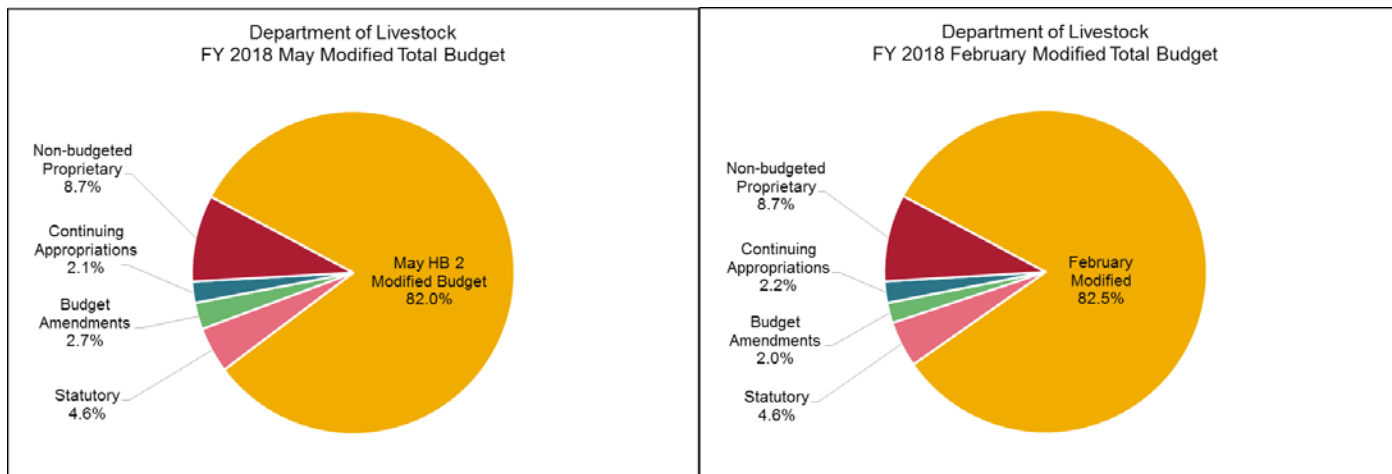
- MDT has received \$340.6 million in total federal funds through May of FY 2018
- MDT has expended \$337.2 million, or 99% of the total federal funds received
- Of the total federal revenues received, \$325.9 million, or 95.7% of federal revenues, were from the federal highway trust, as deposited in the 03407 Highway trust special revenue account

DEPARTMENT OF LIVESTOCK

BUDGET AND EXPENDITURE HIGHLIGHTS

- HB 2 appropriations for the agency total \$11.2 million
- General fund revenues accounts for 20.0% of the agency's appropriation
- State special revenues accounts for 64.8% of the agency's appropriation
- Federal special revenue accounts for 15.2% of the agency's appropriation
- There have been no budget modifications since February
- The agency has expended 85.0% of the HB 2 appropriations year to date.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



These charts show the February total appropriation authority compared to the may total appropriation authority for the agency (Appendix B).

In addition to HB 2 appropriations, the agency has \$300,000 in continuing appropriations, of which \$72,000 is general fund. Non-budgeted proprietary funding totals \$1.2 million for fees charged by the animal health division. Total appropriation authority increased by \$90,108 in federal funding since February.

Statutory Appropriations

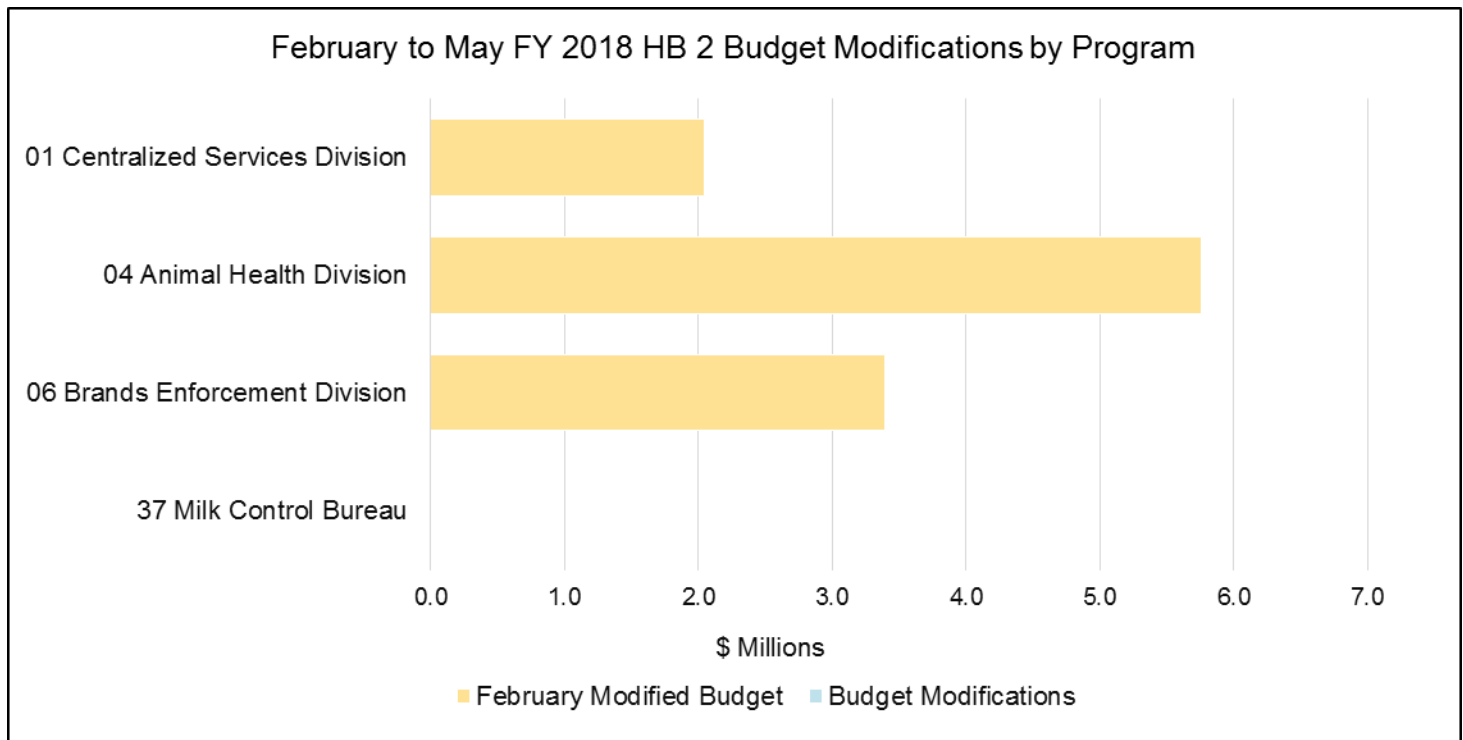
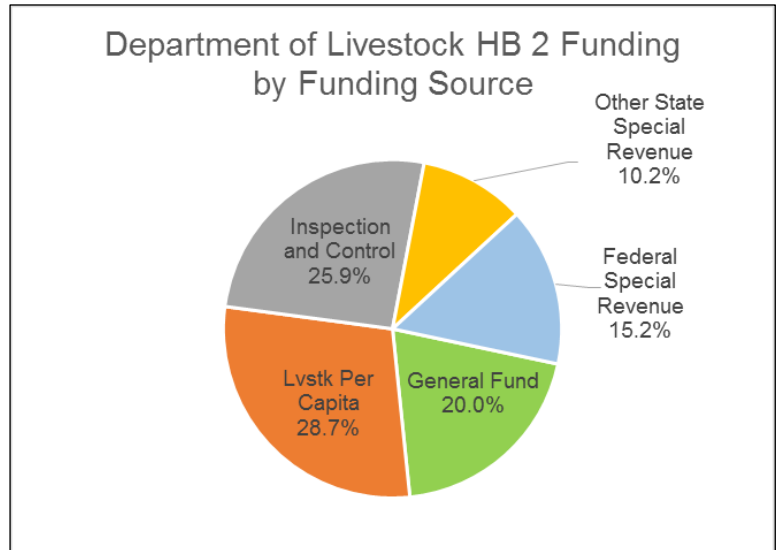
Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. The Department of Livestock statutory appropriations total \$625,000 for predatory animal control and livestock loss mitigation.

Budget Amendments

The agency increased federal budget appropriation authority by \$90,108 to accommodate grants for the Veterinary Diagnostic Laboratory in Bozeman.

HB 2 BUDGET MODIFICATIONS

As represented in the chart to the right, 54.6% of the agency's budget comes from two state special revenue funds, livestock per capita fee and the inspection and control fund. The livestock per capita fund is the largest state special revenue fund; revenues come from fees based on the ownership of livestock. The fund supports animal health functions, predator control, and brand enforcement. The inspection and control fund supports brand enforcement functions and derives its revenues from brand recordings, and market and local inspections. The remaining budget is comprised of other state special revenue (10.2%), general fund (20.0%), and federal special (15.2%).



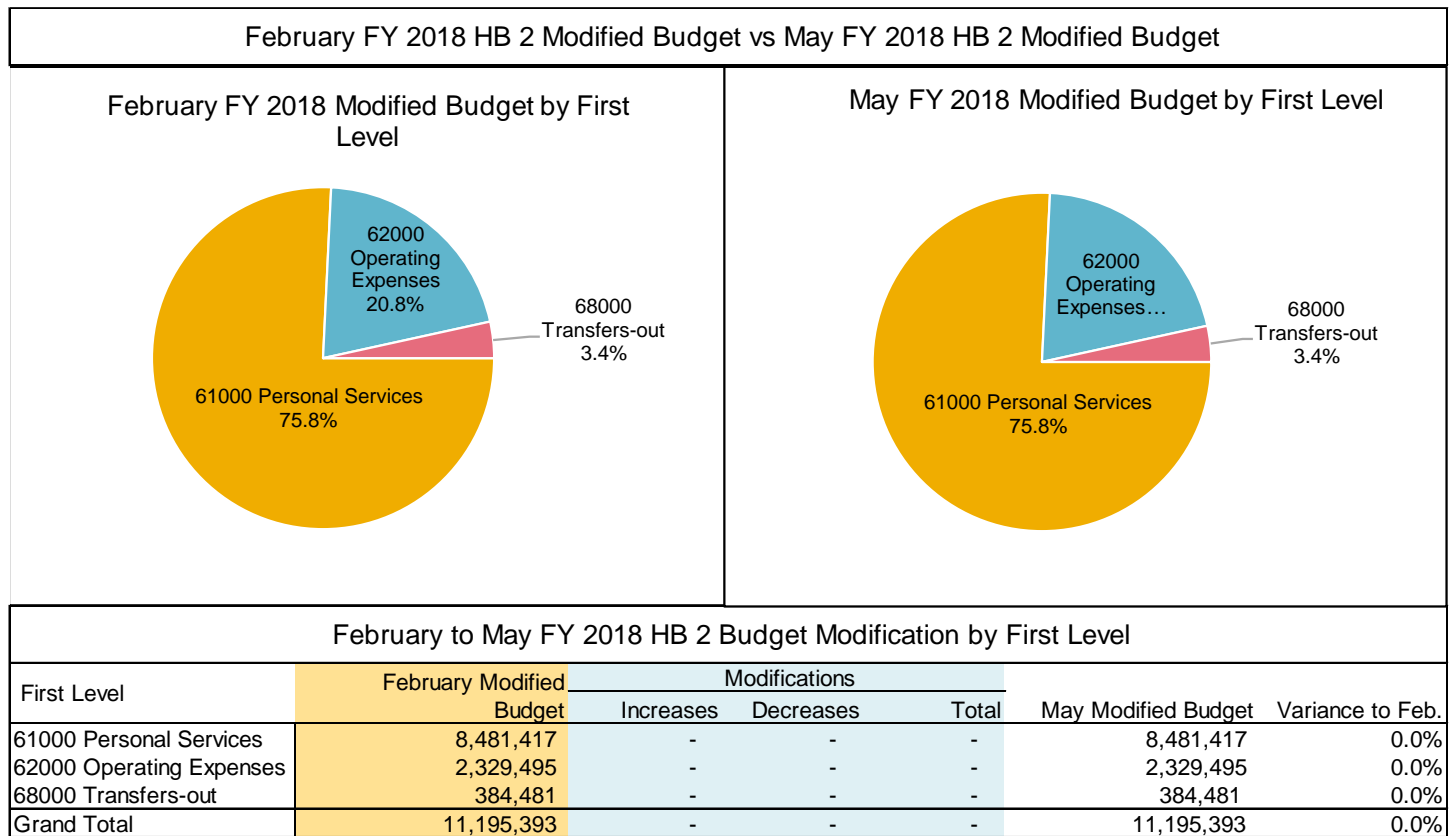
Budget Modification by Program

Program	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
01 Centralized Services Division	2,048,355	-	-	-	2,048,355	0.0%
04 Animal Health Division	5,755,645	-	-	-	5,755,645	0.0%
06 Brands Enforcement Division	3,391,393	-	-	-	3,391,393	0.0%
37 Milk Control Bureau	-	-	-	-	-	0.0%
Grand Total	11,195,393	-	-	-	11,195,393	0.0%

This chart shows budget modifications by program from February through May.

Since April, there have been no modifications to the agency budget.

Budget Modification by First Level

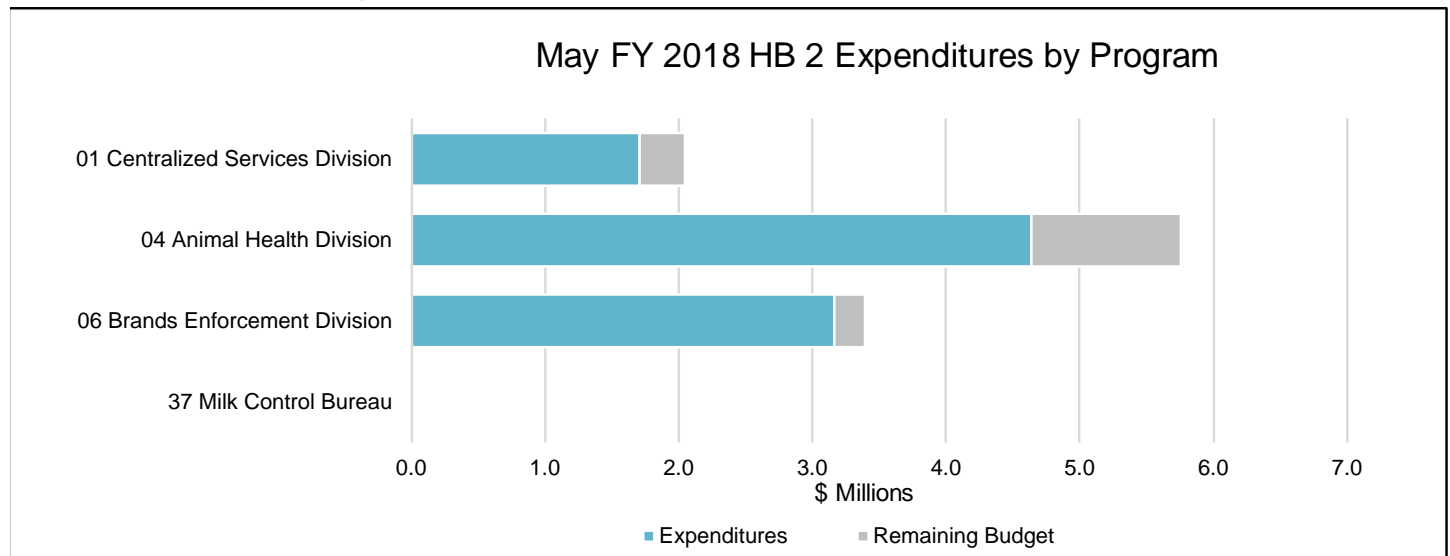


The above charts show HB 2 FY 2018 modified budget as of May by first level compared to February.

Since March, there have been no modifications to the agency budget.

AGENCY HB 2 EXPENDITURES

Expenditure by Program

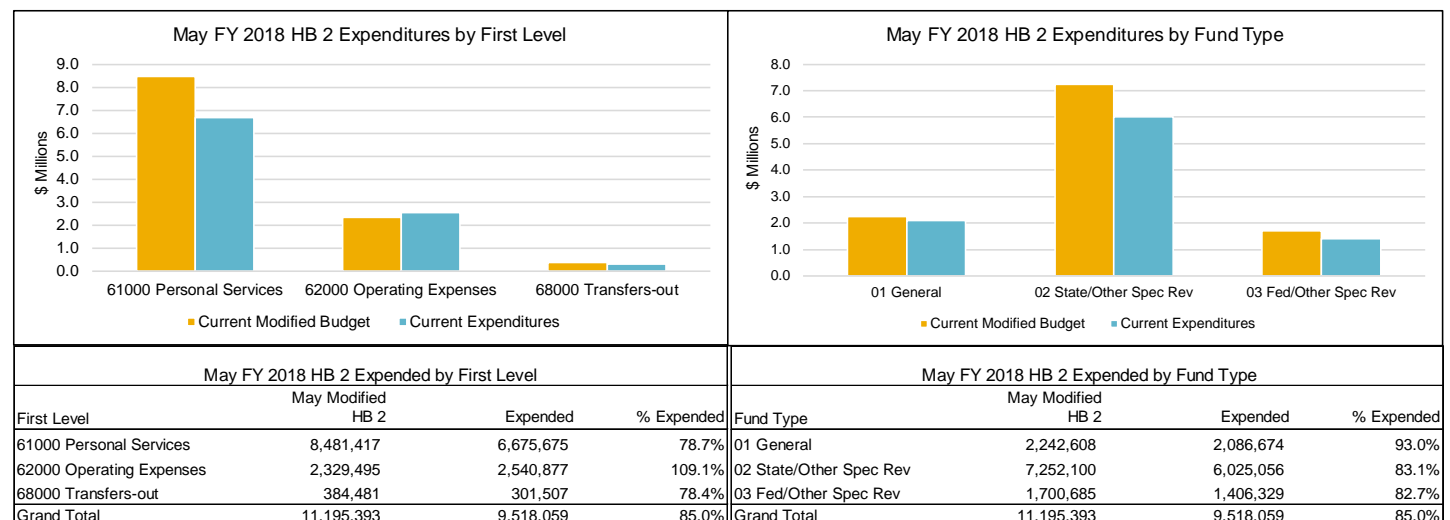


Program	May Modified Budget	Expenditures	Remaining Budget	% Expended
01 Centralized Services Division	2,048,355	1,704,606	343,749	83.2%
04 Animal Health Division	5,755,645	4,640,550	1,115,095	80.6%
06 Brands Enforcement Division	3,391,393	3,168,430	222,963	93.4%
37 Milk Control Bureau	-	4,473	(4,473)	0.0%
Grand Total	11,195,393	9,518,059	1,677,334	85.0%

This shows current expenditures by program and remaining authority for HB 2 budget.

The agency has expended 85.0% of HB 2 appropriation. Expenditures in the previous five years have averaged 80.4% of total appropriation.

Expenditure By First Level Account and Fund Type



The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

With one month left in the fiscal year the agency has expended 85.0% of the total appropriation. In the past five years average expenditures through May have averaged 80.4% of the total appropriation and 93.0% of appropriations by year-end.

REQUIRED REPORTS

None at this time.

ADDITIONAL DISCUSSION

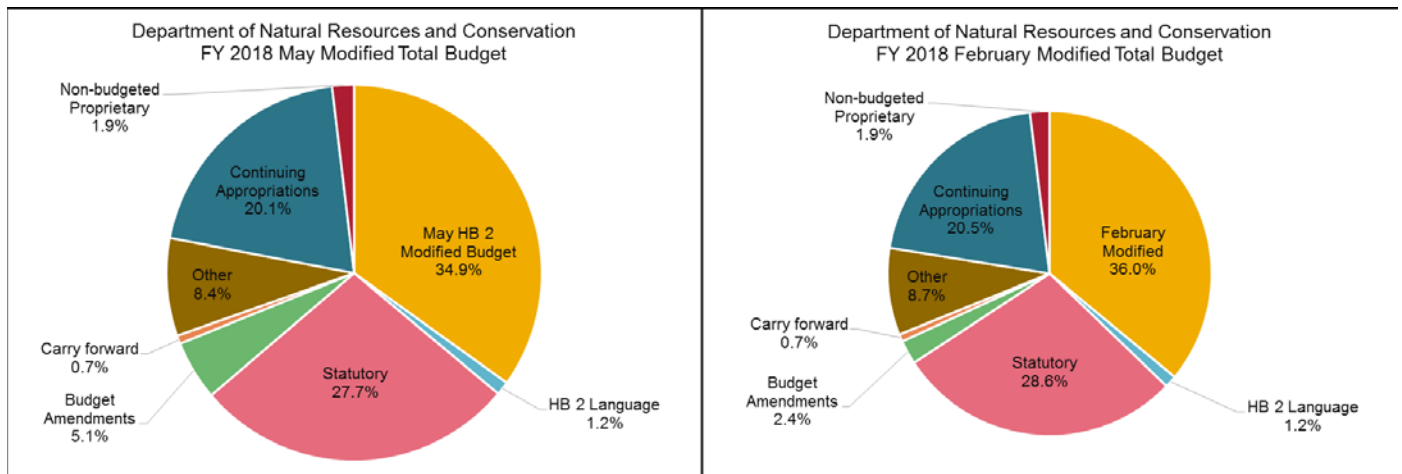
None at this time.

DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

BUDGET AND EXPENDITURE HIGHLIGHTS

- HB 2 appropriations for the agency total \$64.5 million
- General fund revenues accounts for 39.3% of the agency's FY 2018 HB 2 appropriation
- State special revenues accounts for 56.8% of the agency's FY 2018 HB 2 appropriation
- Federal special revenue accounts for 3.9% of the agency's FY 2018 HB 2 appropriation
- Budget modifications transferred \$5,640 of federal appropriation to state special revenue appropriation,
- Transfers between programs totaled \$170,000, appropriation authority was transferred from forestry & trust lands, and conservation resources divisions primarily to the director's office as well as the oil & gas and water resources division. These program transfers increased personal services and operating expense by \$170,000 while equipment & intangible assets, local assistance and grants were reduced by a like amount.
- \$122,433 of appropriation authority was transferred from operating expense to personal services within the water resources division
- The agency received personal services contingency funding from the Executive to increase appropriation for personal services by \$73,100 within the Director's Office
- The agency has expended 71.4% of total HB 2 appropriations year to date

TOTAL APPROPRIATION AUTHORITY OVERVIEW



These charts show the February total appropriation authority compared to the may total appropriation authority for the agency (Appendix B).

In addition to HB 2 appropriations, the agency has \$36.9 million in continuing appropriations of which \$21.9 million is state special revenue primarily for long-range water resource projects. The remaining \$15.0 million are federal funds for long-range projects in the forestry, conservation, and water resources division. Budget amendments increased total federal appropriations by \$5.1 million to \$9.4 million for conservation and resource development division revolving fund for safe drinking water projects.

Statutory Appropriations

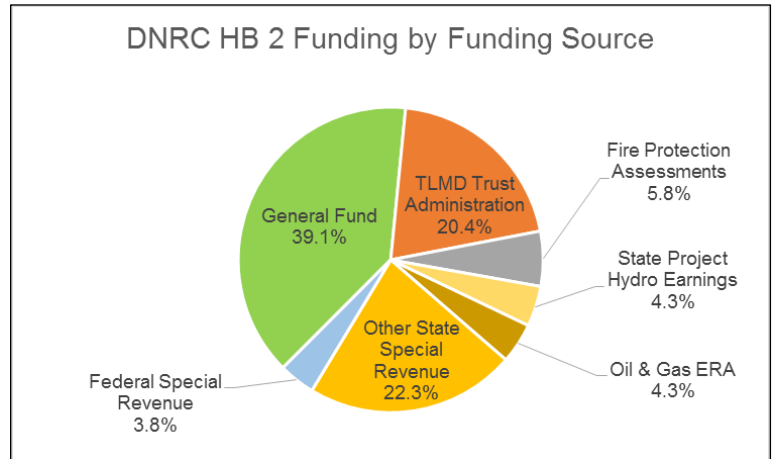
Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. Statutory appropriations for DNRC total \$50.8 million of which \$35.6 million is state special revenue, primarily the wildfire suppression fund, and the balance of \$15.2 million is federal revenue. Federal funds are primarily reimbursements from the federal government for fire suppression on federal lands.

Budget Amendments

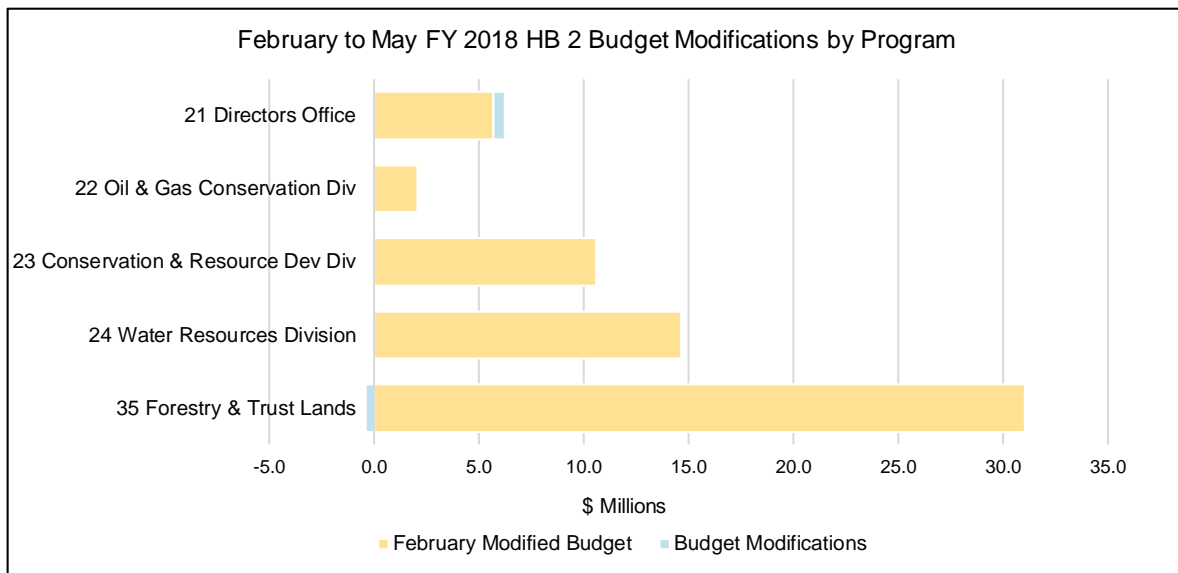
The agency received an increase in federal budget appropriation authority of \$5.1 million for loan forgiveness within the conservation and resource development division revolving fund safe drinking water projects and other federal projects.

HB 2 BUDGET MODIFICATIONS

As reported in the chart to the right, 57.1% of the agency's budget is state special revenue. The largest state special revenue appropriation is for the management and administration of state trust lands. Fire protection easements are fees charged to land owners of land classified as forestland that is within a wildland fire protection district or that is otherwise under contract for fire protection by a recognized agency. State project hydro earnings are to be used to repair and rehabilitate state-owned water projects/works and to pay the cost of financing those activities. Oil & gas earmarked revenue is for the operation of the Board of Oil and Gas conservation. General fund is budgeted for personal services and associated operating cost within the various programs. Federal funds make up 3.8% of the HB 2 budget.



Budget Modification by Program



Program	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
24 Water Resources Division	14,636,143	182,161	(158,669)	23,492	14,659,635	0.2%
21 Directors Office	5,671,173	563,283	(34,473)	528,810	6,199,983	9.3%
22 Oil & Gas Conservation Div	2,057,233	872	-	872	2,058,105	0.0%
23 Conservation & Resource Dev Div	10,557,991	114,274	(158,097)	(43,823)	10,514,168	-0.4%
35 Forestry & Trust Lands	31,035,404	63,749	(500,000)	(436,251)	30,599,153	-1.4%
Grand Total	63,957,944	924,339	(851,239)	73,100	64,031,044	0.1%

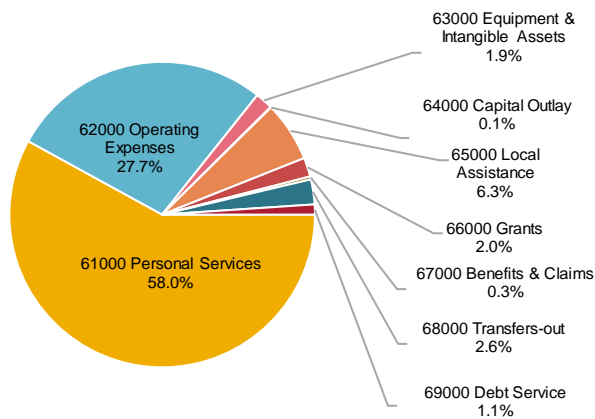
This chart shows budget modifications by program from February through May.

The agency transferred general fund and state special revenue appropriation authority for operating and personal service expense from the Director's Office to other programs as shown in the table above. Program transfers do not change the total budget for the agency. The agency increased personal services by \$73,100 using personal services contingency funding in accordance with SB 294.

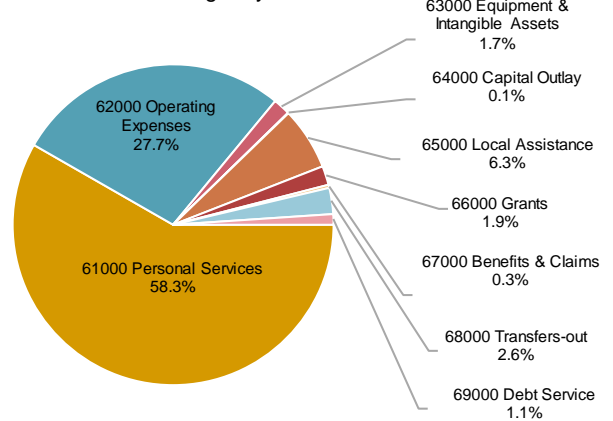
Budget Modification by First Level

February FY 2018 HB 2 Modified Budget vs May FY 2018 HB 2 Modified Budget

February FY 2018 Modified Budget by First Level



May FY 2018 Modified Budget by First Level



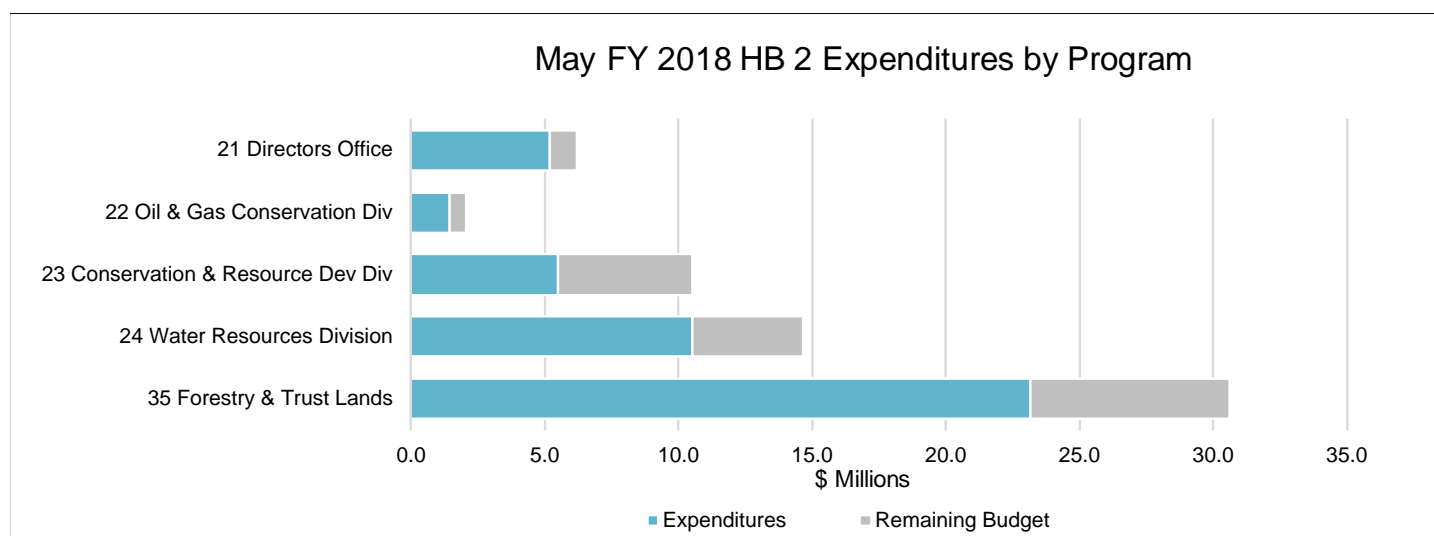
February to May FY 2018 HB 2 Budget Modification by First Level

First Level	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
61000 Personal Services	37,084,241	671,433	(434,463)	236,970	37,321,211	0.6%
62000 Operating Expenses	17,727,703	225,648	(219,518)	6,130	17,733,833	0.0%
63000 Equipment & Intangible Assets	1,193,763	27,258	(119,244)	(91,986)	1,101,777	-7.7%
64000 Capital Outlay	40,000	-	-	-	40,000	0.0%
65000 Local Assistance	4,058,090	-	(20,000)	(20,000)	4,038,090	-0.5%
66000 Grants	1,287,179	-	(58,014)	(58,014)	1,229,165	-4.5%
67000 Benefits & Claims	200,000	-	-	-	200,000	0.0%
68000 Transfers-out	1,687,443	-	-	-	1,687,443	0.0%
69000 Debt Service	679,525	-	-	-	679,525	0.0%
Grand Total	63,957,944	924,339	(851,239)	73,100	64,031,044	0.1%

The above charts show HB 2 FY 2018 modified budget as of May by first level compared to February modified budget by first level.

Modifications to the budget include transfers of general fund and state special revenue appropriation authority between programs and first level accounts. Program transfers and operating changes do not change the total budget for the agency. In addition, the agency increased personal services by \$73,100 using personal services contingency funding in accordance with SB 294, increasing the total budget for the agency.

AGENCY HB 2 EXPENDITURES



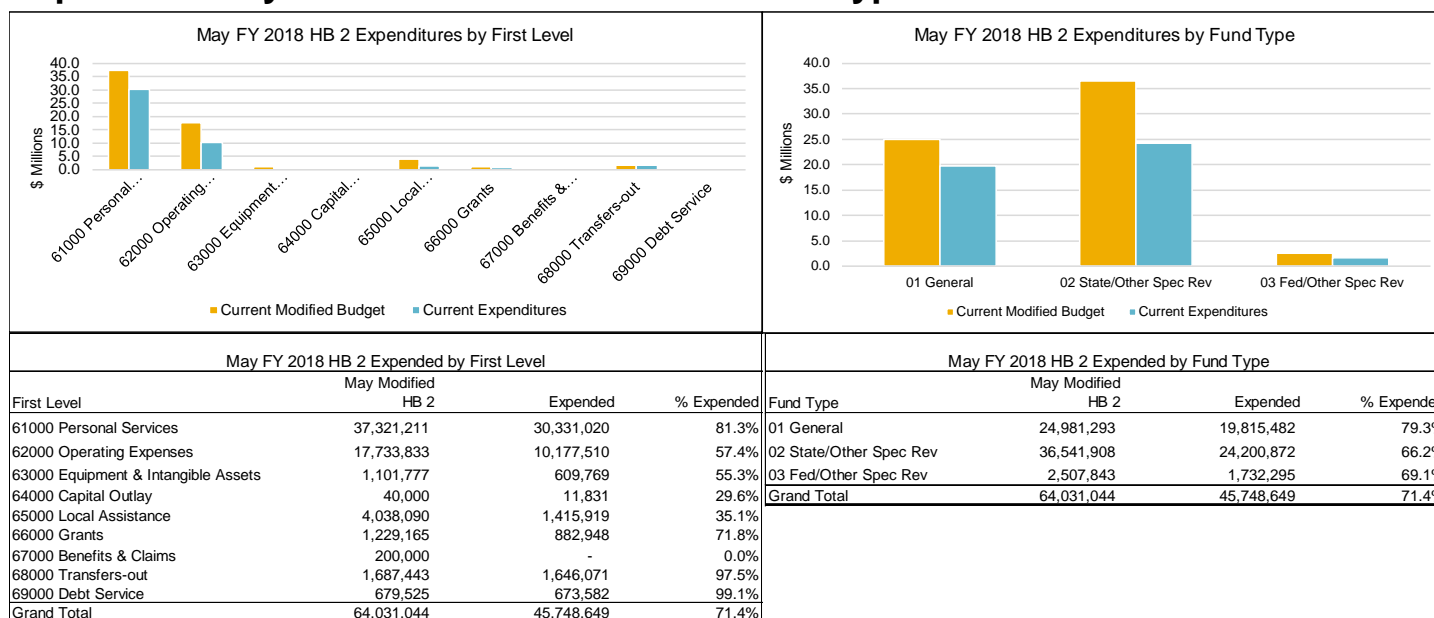
Expenditure by Program

Program	May Modified Budget	Expenditures	Remaining Budget	% Expended
24 Water Resources Division	14,659,635	10,501,809	4,157,826	71.6%
21 Directors Office	6,199,983	5,186,806	1,013,177	83.7%
22 Oil & Gas Conservation Div	2,058,105	1,418,880	639,225	68.9%
23 Conservation & Resource Dev Div	10,514,168	5,473,531	5,040,637	52.1%
35 Forestry & Trust Lands	30,599,153	23,167,623	7,431,530	75.7%
Grand Total	64,031,044	45,748,649	18,282,395	71.4%

This shows current expenditures by program and remaining authority for HB 2 budget.

The agency has expended 71.4% of total appropriations through May, this compares to an average expenditure of 73.7% through May over the previous five years.

Expenditure By First Level Account and Fund Type



The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

Through May, the agency has expended 71.4% of the FY 2018 HB 2 appropriation, which compares to an average expenditure of 73.7% for the same period in the previous five years. Year-to-date, 79.3% of the general fund has been expended, this compares to an average expenditure rate in the previous five year of 82.1%. In the last few months of the fiscal year, the agency typically has higher monthly expenditures for year-end accruals for contracted work on state water projects, maintenance on state trust lands, contracts related to aquatic invasive species control as well as other activities. In the previous five years the agency typically spends 97.2% of the general fund by year-end and 90.5% of the total budget.

REQUIRED REPORTS

None

ADDITIONAL DISCUSSION

Status of the fire fund and possible shortfall for the biennium

As of April 2018, DNRC estimates the state obligation for fire costs are \$69.2 million for the current fiscal year. Should the state experience an average fire year in the second year of the biennium funding for fire suppression could fall short by \$21.2 million in FY 2019.

In the 2017 Special Session the legislature directed multiple revenue streams into the fire fund, however capped all revenue into the fire fund at \$40.0 million.

- SB 4 directs that the Board of Investments shall transfer to the fire suppression fund a 3% management rate on certain portfolios managed by the Board of Investments, providing those portfolios average asset balance contains sufficient funds to offset liabilities as determined by a recent actuarial study, and have an average asset balance greater than \$1.0 billion. The estimated transfers for the 2019 biennium are \$29.7 million. The legislation is temporary and expires on June 30, 2019.
- SB 9 provides up to \$15.0 million to be deposited into the fire suppression fund from money received by the state and any savings realized by the state from contract renegotiations between the state and private correctional facility contractors. The bill also provides for a contingent transfer of \$15.0 million from the general fund, unless the state treasurer certifies to the legislative fiscal analyst that \$15 million was deposited into the fire suppression fund from the contract renegotiation between the state and private correctional facility contractors.
- HB 3 appropriated \$40.0 million in FY 2018 from the general fund to the wildfire suppression fund.
- HB 6 stipulates that the state treasurer shall transfer certain revenue received in the fire suppression fund in excess of \$40.0 million to the general fund.

The table below shows the anticipated fire costs as of January 2018 and the revenue streams authorized by the 2017 Special Session. The estimated cost for FY 2019 is the average historical fire cost. Should the state see an average fire year in the second year of the biennium it is anticipated that the agency will have a shortfall of \$21.2 million in fire suppression funding. It should be noted that historically, fire suppression cost vary widely.

**Estimated Fire Suppression Costs
2019 Biennium (\$ millions)**

<u>Expenditures</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Biennium</u>
Fire Cost (April 2018) with updated FEMA ¹	\$69.3	-	\$69.3
Estimated Dept. of Military Affairs Expense	11.1	-	11.1
Additional Estimated Fire Cost	0.5	23.7 ³	24.2
Total Expenditures	\$80.9	\$23.7	\$104.6
<u>Appropriations</u>			
Fire Fund Statutory Appropriation (02847)	\$32.3	-	\$32.3
Governor's Emergency Funds for Military Affairs ⁴	11.1	-	11.1
Additional Revenue Streams ²	40.0	-	40.0
Total Funding	\$83.4	\$0.0	\$83.4
Net Balance	\$2.5	(\$23.7)	(\$21.2)

¹ Total cost of \$85.9 million less federal reimbursement of \$16.6 million

² 2017 November Special Session legislation

³ Assume an average of the CPI adjusted fire years since 2003

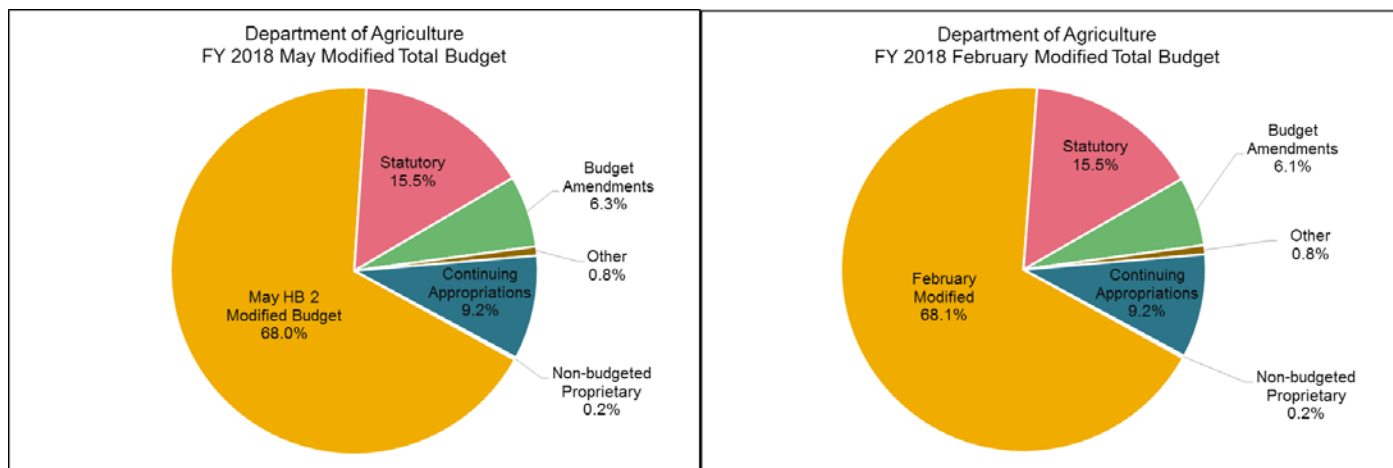
⁴ An additional \$3.4 million from the Governor's emergency appropriation has been spent on snow and flooding emergencies in FY 2018

DEPARTMENT OF AGRICULTURE

BUDGET AND EXPENDITURE HIGHLIGHTS

- Total HB 2 appropriations for the agency total \$19.1 million
- General fund revenues account for 3.6% of the agency's FY 2018 HB 2 appropriation
- State special revenues account for 87.9% of the agency's FY 2018 HB 2 appropriation
- Federal special revenue accounts for 6.1% of the agency's FY 2018 HB 2 appropriation
- Enterprise funds (hail insurance) account for 2.4% of the agencies appropriation
- The agency moved \$23,935 in appropriation from operating expenses to equipment and intangible assets within the agricultural development division
- The agency has expended 65.5% of total HB 2 appropriations year-to-date

TOTAL APPROPRIATION AUTHORITY OVERVIEW



These charts show the February total appropriation authority compared to the may total appropriation authority for the agency (Appendix B).

In addition to FY 2018 HB 2 appropriations, the agency has \$2.6 million in continuing appropriations of which \$2.4 million is federal special revenue for long-range projects in the Agricultural Sciences and Development divisions. Of the remainder \$163,000 is state special revenue within agricultural sciences division and \$45,000 in enterprise funds in central services and agricultural development.

Statutory Appropriations

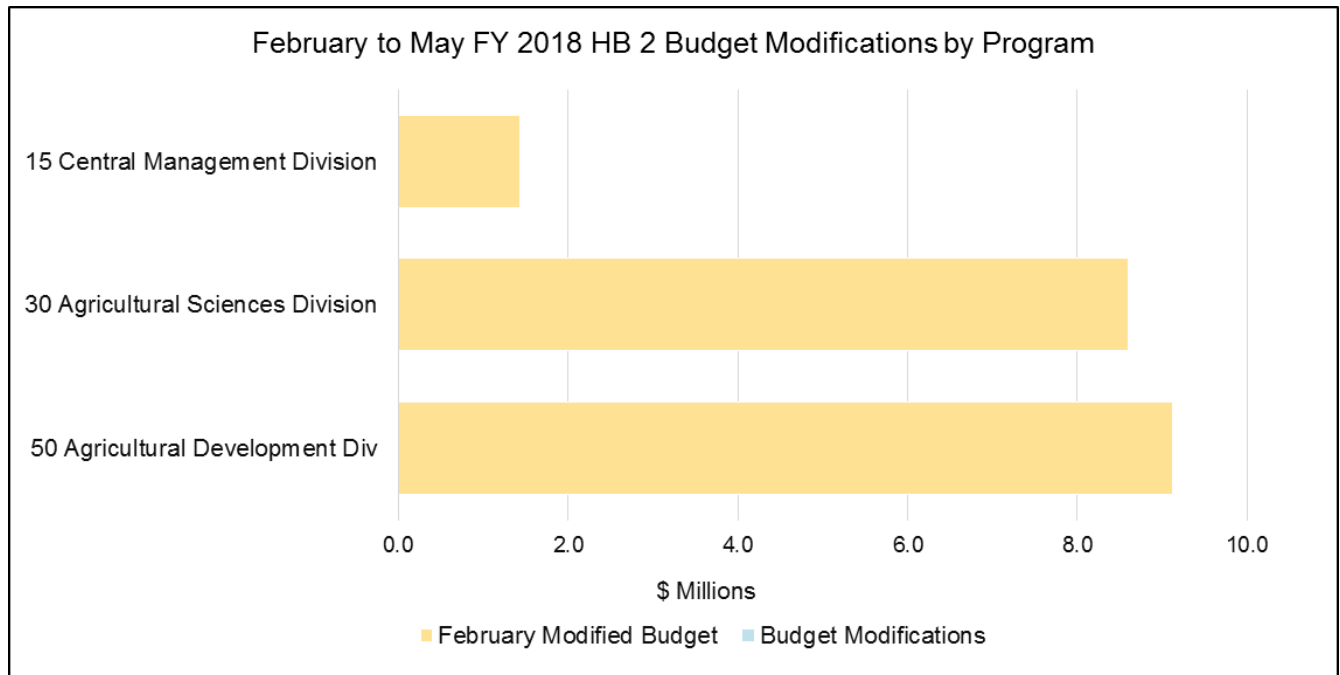
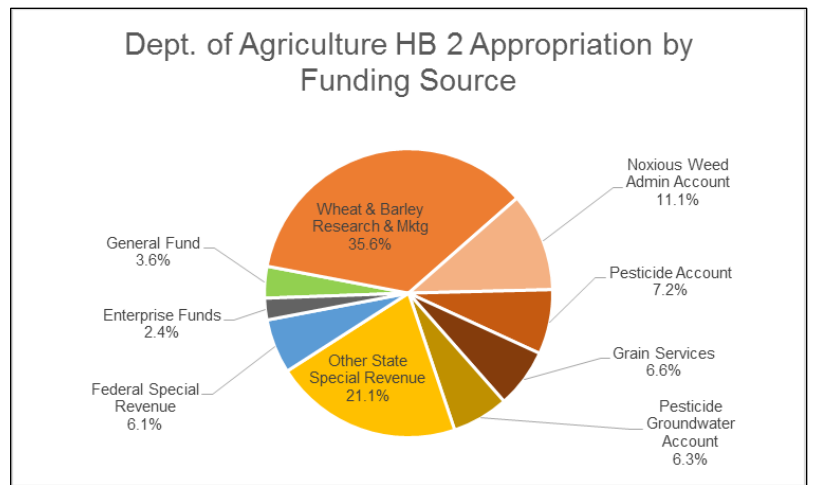
Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. Statutory appropriations total \$4.4 million of which \$2.8 million is state special revenue primarily derived from fees charged for evaluation, promotion, and research or marketing of various agricultural products. In addition, \$0.8 million in proprietary hail insurance funds and \$0.7 million in general fund to fund the Montana Growth Through Agriculture Act, Title 90 Chapter 9 MCA.

Budget Amendments

The agency increased federal appropriations by \$52,158 for grants used to promote agricultural exports.

HB 2 BUDGET MODIFICATIONS

As expressed in the chart to the right, 87.9% of the agency's budget comes from state special revenue funds. The largest state special revenue appropriation is from the wheat & barley research & marketing fund; revenues for this fund are from fees charged to agricultural producers and are used to evaluate, promote, market, and research various agricultural products. The noxious weed admin account provides grants for the control of noxious weeds; revenues are derived from a portion of motor vehicle revenue, gas tax and interest earnings from the noxious weed trust fund. The pesticide account and the pesticide ground water account receive revenue from pesticide registration/permit fees and lab fees. Grain services revenue comes from grain inspection fees. The general fund, federal state special revenue, and enterprise funds make up the remaining 12.1% of the budget.



Budget Modification by Program

Program	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
15 Central Management Division	1,428,653	-	-	-	1,428,653	0.0%
30 Agricultural Sciences Division	8,592,971	-	-	-	8,592,971	0.0%
50 Agricultural Development Div	9,122,773	23,935	(23,935)	-	9,122,773	0.0%
Grand Total	19,144,397	23,935	(23,935)	-	19,144,397	0.0%

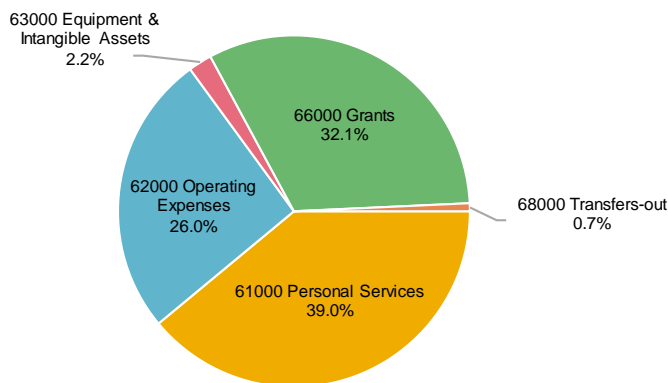
This chart shows budget modifications by program from February through May.

The agency transferred \$23,935 of state special revenue authority from operations to equipment and intangible equipment within the Agriculture Development Division to establish authority for the purchase of a vehicle.

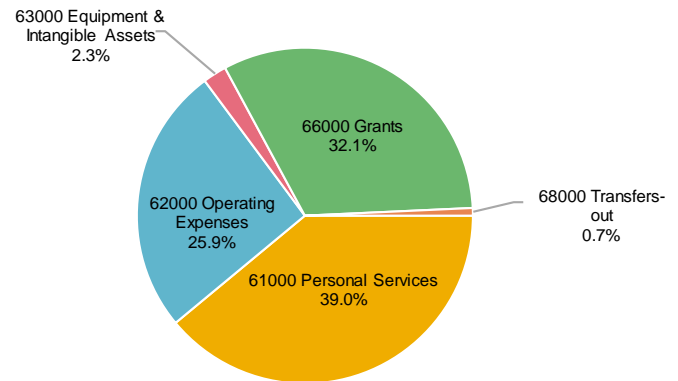
Budget Modification by First Level

February FY 2018 HB 2 Modified Budget vs May FY 2018 HB 2 Modified Budget

February FY 2018 Modified Budget by First Level



May FY 2018 Modified Budget by First Level



February to May FY 2018 HB 2 Budget Modification by First Level

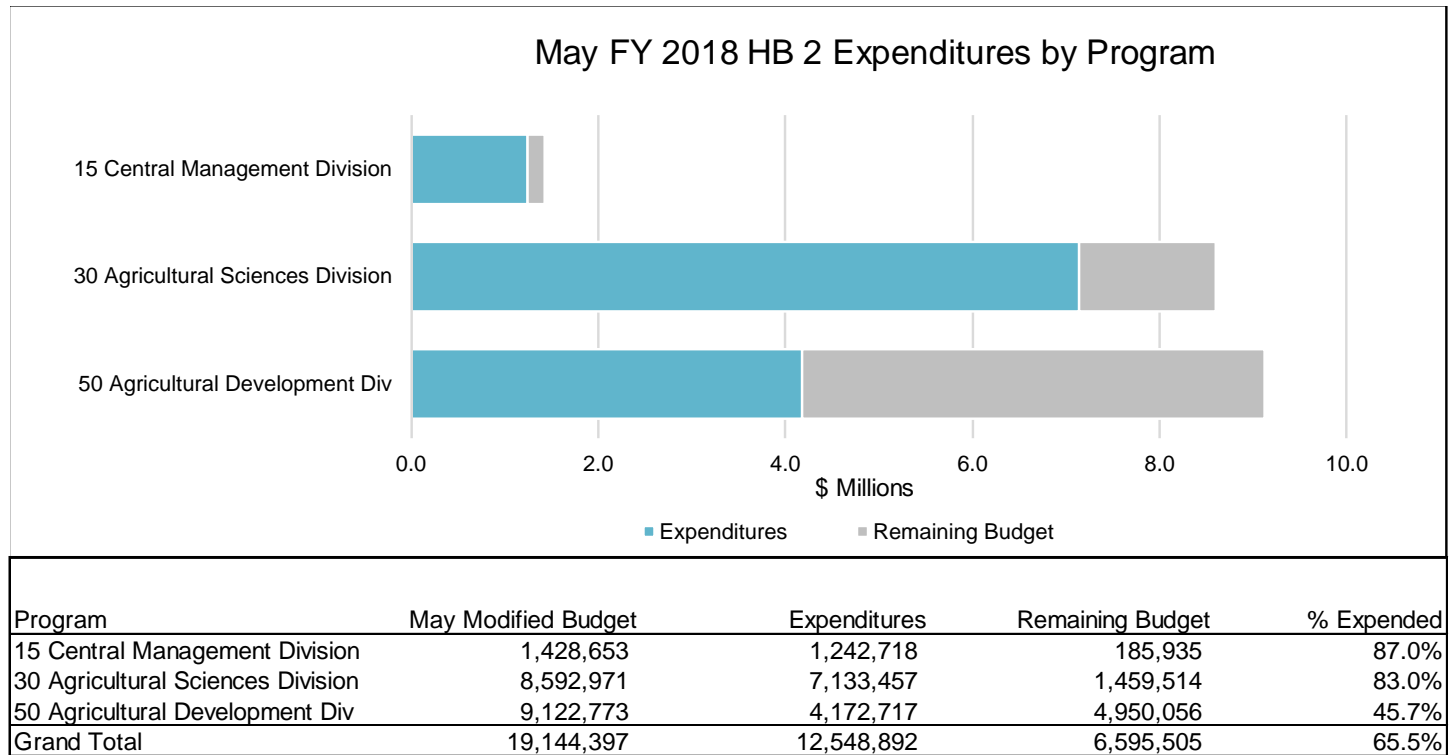
First Level	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
61000 Personal Services	7,461,873	-	-	-	7,461,873	0.0%
62000 Operating Expenses	4,974,539	-	(23,935)	(23,935)	4,950,604	-0.5%
63000 Equipment & Intangible Assets	413,889	23,935	-	23,935	437,824	5.8%
66000 Grants	6,154,339	-	-	-	6,154,339	0.0%
68000 Transfers-out	139,757	-	-	-	139,757	0.0%
Grand Total	19,144,397	23,935	(23,935)	-	19,144,397	0.0%

The above charts show HB 2 FY 2018 modified budget as of May by first level compared to February.

The agency moved authority from operating expenses to equipment & intangible assets to establish authority for the purchase of a vehicle using the wheat & barley research state special revenue account.

AGENCY HB 2 EXPENDITURES

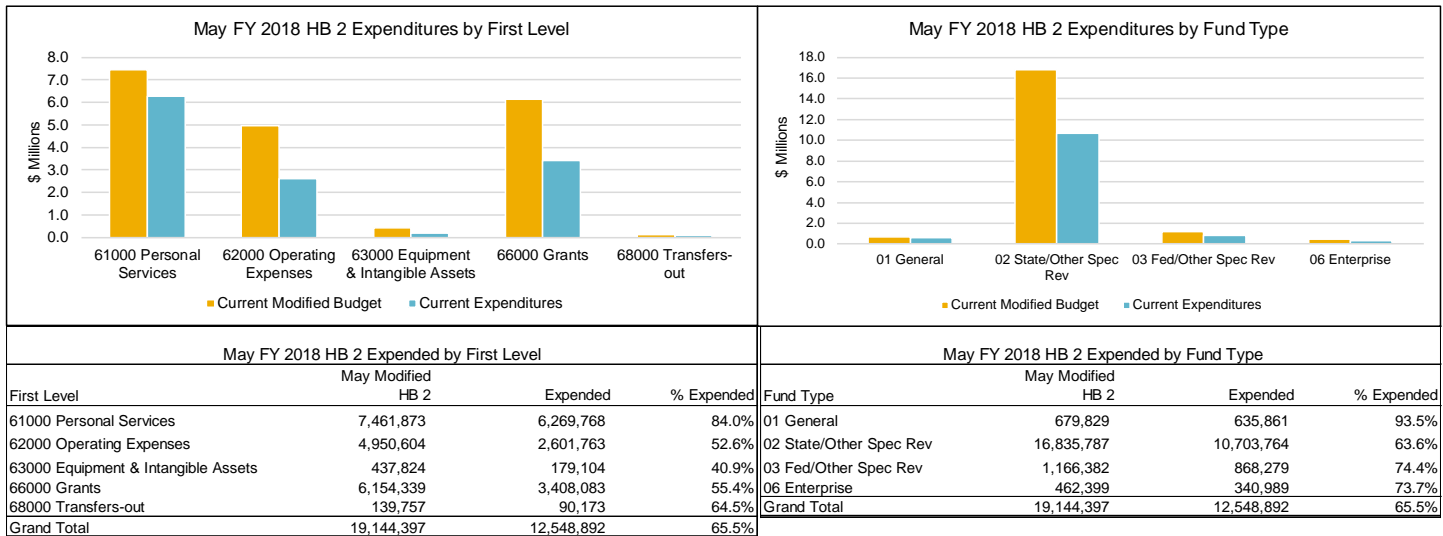
Expenditure by Program



This shows current expenditures by program and remaining authority for HB 2 budget.

Through May, the agency has expended 65.5% of the HB 2 appropriation, over the last five years the agency has expended an average of 67.2% of the appropriation in the first eleven months. The Agricultural Development Division typically awards half of its grants in the final month of the fiscal year, in the past five years the division expended 25% of the division budget in the last month of the year.

Expenditure By First Level Account and Fund Type



The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

Through the first 11 months of the year the agency has expended 65.5% of the FY 2018 appropriation, this compares to an average expenditure of 67.2% in the first 11 months of the previous five years. Historically the agency has made half of all grants for the fiscal year in the last month of the year and typically spends over 90.0% of its annual budget. Year-to-date, 93.5% of the general fund has been expended.

REQUIRED REPORTS

None at this time.

ADDITIONAL DISCUSSION

None at this time.