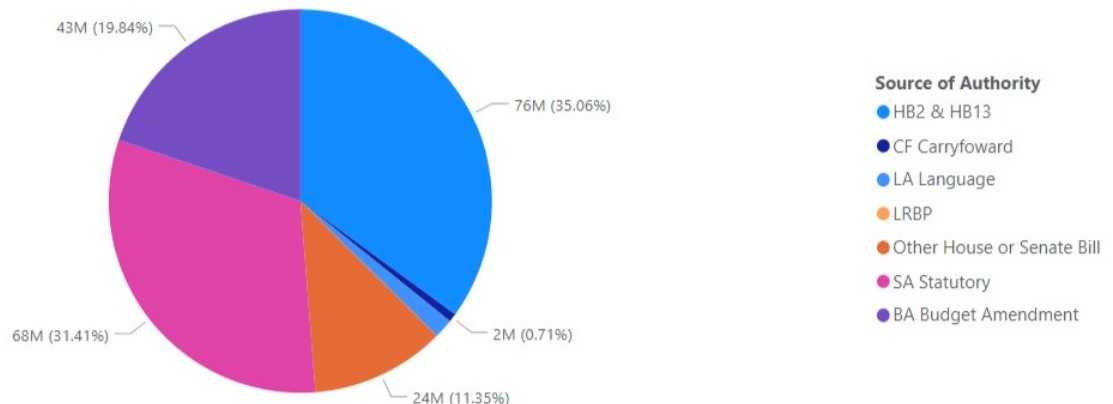


DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 35.1% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	75,655,645	23,874,854	31.6%
CF Carryforward	1,527,280		
LA Language	3,500,000		
LRBP	26,961	4,739	17.6%
Other House or Senate Bill	24,498,932	378,750	1.5%
SA Statutory	67,775,029	24,803,006	36.6%
BA Budget Amendment	42,804,284	3,682,342	8.6%
Total	215,788,130	52,743,692	24.4%

FiscalMonth
<input type="checkbox"/> Select all
<input checked="" type="checkbox"/> Jul
<input checked="" type="checkbox"/> Aug
<input checked="" type="checkbox"/> Sep
<input checked="" type="checkbox"/> Oct
<input checked="" type="checkbox"/> Nov
<input type="checkbox"/> Dec
<input type="checkbox"/> Jan
<input type="checkbox"/> Feb

Budget Amendments

Federal budget authority was increased by \$42.8 million or 19.1% to take advantage of several federal grants. The agency has expended 8.6% of the authority. Major projects funded through budget amendments include:

- Flood plain mapping of the Yellowstone, Big Horn, Tongue rivers, and tributaries, \$4.8 million
- FEMA Cooperating Technical Partners Program, flood mitigation, \$8.5 million
- Milk River rehabilitation project, \$4.5 million
- Federal grants for drinking water loan forgiveness, \$3.3 million
- EPA CAP grants for water pollution control or drinking water loan programs, \$3.0 million
- Fuel reduction projects, grants to local agencies for fire suppression equipment, wildfire suppression training, and forest restoration projects, \$2.8 million
- USDA Natural Resources and Conservation Service federal grants, \$1.0 million
- Federal grants for wastewater treatment loan forgiveness, \$825,000

- EPA drinking water assistance for small communities, \$420,000
- Good neighbor authority federal revenue, \$686,000
- Dam safety, \$310,200
- EPA underground injection control, \$90,750
- Flathead Basin Commission aquatic invasive species (AIS) monitoring, \$58,225
- Other federal funding supporting projects for water quality, administration, and other forest management, \$12.5 million

Carryforward

The agency had \$1.5 million, less than 1.0% of the total budget, that was continued or carried forward from FY 2021. The carryforward authority consists of:

- state special revenue of \$1.2 million primarily for water projects and forestry programs,
- general fund totaling \$273,000 for personal services and operating expenses, and
- \$63,000 for federal indirect expenses.

As of November, the agency has not expended any of this authority.

Language

For the Department of Natural Resources and Conservation, HB 2 language provides the agency with the flexibility to budget state special revenue for various purposes. The agency has budgeted \$3.5 million of the \$4.1 million available in HB 2. As of November, none of the budgeted funds has been expended. The agency has budgeted the following using HB 2 language authority:

- Repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project, \$1.0 million
- Federal indirect expenses, \$1.0 million
- Contract timber harvesting, \$1.0 million
- Repairing or replacing equipment at the Broadwater hydropower facility, \$500,000

Other Bills

Through other bills, the legislature approved expenditures totaling \$24.5 million for programs and projects within the Conservation and Resource Development Division. As of November, \$380,000 or 25.2% of the HB 10 authority has been expended, there have been no other expenditures. The agency has budgeted the following:

State Special Revenue, \$7.1 million

- HB 7 Reclamation and development programs, \$4.1 million
- HB 14 Renewable resource, reclamation and development grant programs, \$2.2 million
- HB 10 Water rights, and trust lands management database programs, \$451,757
- HB 6 Renewable resource grant and loan program, \$375,000

Capital Projects, \$17.4 million

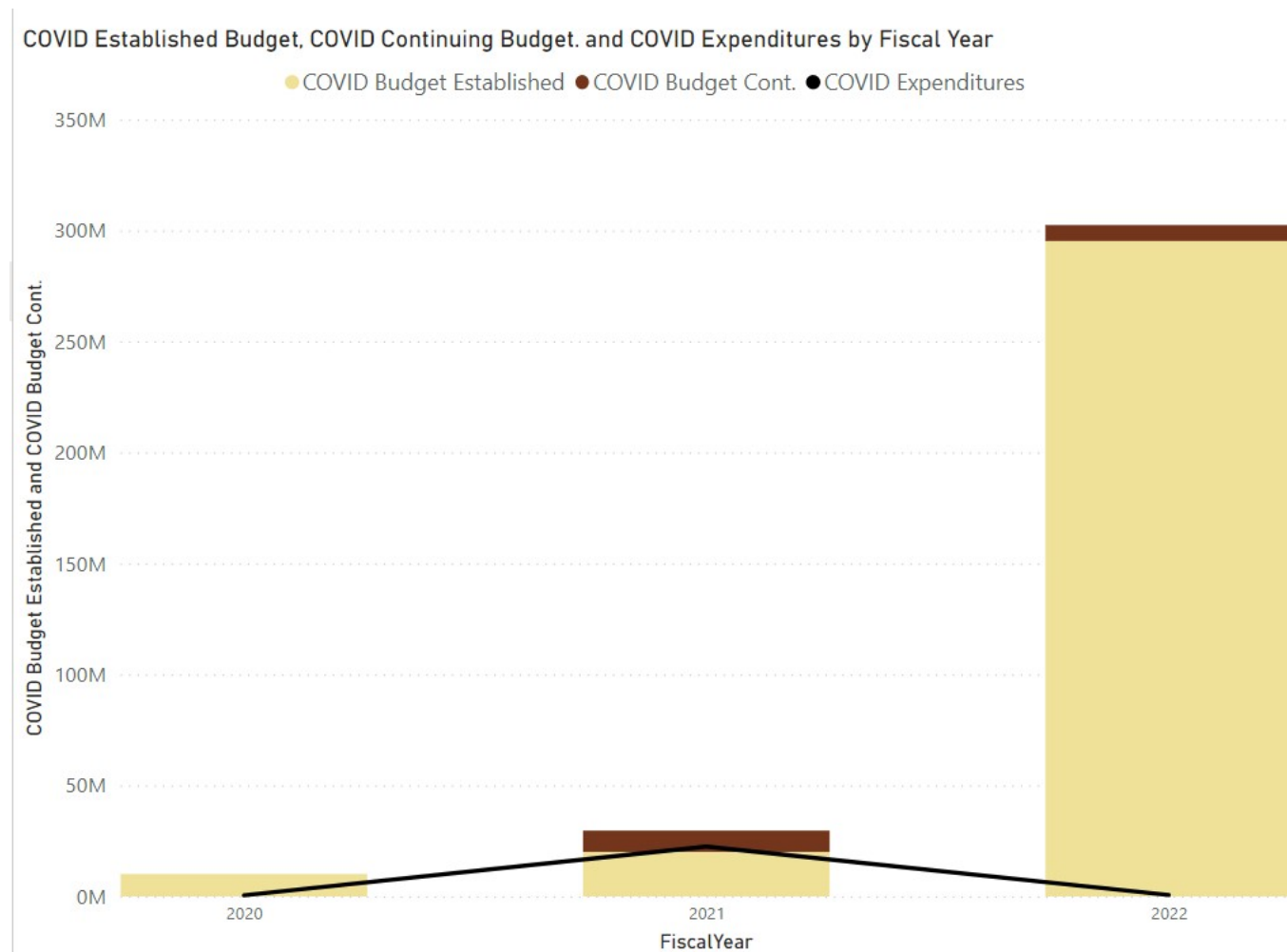
- HB 540 bonding for the Saint Mary's water project improvements and funding for Fort Belknap water compact infrastructure, \$16.3 million
- HB 10 Water rights, and trust lands management capital projects, \$1.1 million

Long Range Building and Planning

The agency has expended \$4,739 of \$26,961 authorizes under HB 5 for residence maintenance in the Forestry and Trust Lands Division.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts. Administrative authority for CARES I and ARPA appropriations was allocated to the agency by the Governor's Office. Administration authority is not an appropriation and thus is not included in the total appropriation authority shown on the previous page.



The FY 2022 budget for Covid-19 for the agency is \$302.4 million.

- Unexpended authority from FY 2021, \$7.2 million
 - CARES I, \$338,000
 - HB 632 American Rescue Plan, \$6.9 million
- HB 632, American Rescue Plan budgeted for FY 2022, \$295.2 Million

HB 632 establishes two grant programs for water and sewer, a Competitive Grant Program and a Minimum Allocation Grant Program. The Montana Department of Natural Resources and Conservation (DNRC) is responsible for reviewing and ranking projects, as well as recommending them for funding to the Infrastructure Advisory Commission.

Statutory Appropriations

Statutory appropriations are set in statute and do not require authorization by the legislature each biennium. Although the agency may include expenditure estimates in their budget, they expend the authority at a level sufficient to meet the requirements of the statute that created the authority. The Department of Natural Resources and Conservation has statutory authority for state special and federal revenues; the expenditures are discussed below.

State Special Revenue, total expenditures - \$24.5 million

Wildfire suppression account - (76-13-150, MCA)

The wildfire suppression account is statutorily appropriated for fire suppression, fuel reduction, and fire suppression equipment. The estimated fire cost for the summer of 2021 are \$47.5 million. The agency has expended \$23.9 million as of the end of November and anticipates expending an additional \$26.3 million by the end of the fiscal year.

Sage grouse stewardship account – (76-22-109, MCA)

The sage grouse stewardship account is statutorily appropriated to maintain, enhance, restore, expand, or benefit sage grouse habitat and populations. The agency has budgeted \$5.3 million but has made no expenditures as of November. The Montana Sage Grouse Oversight Team will be meeting in the near future to determine how to allocate the available funding.

Oil and gas production damage mitigation account – (82-11-161, MCA)

The oil and gas production damage mitigation account is statutorily appropriated to cover the reasonable costs of properly plugging wells and either reclaiming or restoring a drill site or other production area damaged by oil and gas operations. This is in the case that the Montana Board of Oil and Gas determines that the site has been abandoned and that the responsible party cannot be identified or located or refuses to take proper action. In the first quarter, the agency expended \$535,000 from this account.

Other statutorily appropriated state special revenue

The agency expended \$102,700 from other accounts that are statutorily appropriated for the Good Neighbor Authority program, wastewater projects, drinking water projects, and trust land administration.

Federal Special Revenue, total expenditures - \$265,700

Federal reimbursements for fire suppression (10-3-203, MCA)

The agency received reimbursement from the federal government for state fire suppression efforts on federal lands totaling \$57,400. These revenues are statutorily appropriated to pay the costs of those efforts.

Good Neighbor Authority

The Good Neighbor Authority allows the USDA Forest Service to enter into agreements with the Department of Natural Resources Forestry and Trust land Division to perform forest management and restoration work on federal lands. For the first quarter of FY 2022, federal revenues expended totaled \$208,300.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through November 30, 2021. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	Legislative Budget	Modified Budget	Net Modifications
Dept Nat Resource/Conservation	75,755,645	75,655,645	-100,000
CONSERVATION&RESOURCE DEV DIV	10,630,196	10,530,196	-100,000
DIRECTORS OFFICE	8,201,338	8,201,338	
FORESTRY & TRUST LANDS	34,854,499	34,854,499	
OIL & GAS CONSERVATION DIV	2,171,639	2,171,639	
WATER RESOURCES DIVISION	19,897,973	19,897,973	0
Total	75,755,645	75,655,645	-100,000

Expenditure	Legislative Budget	Modified Budget	Net Modifications
61000 Personal Services	43,880,814	43,954,787	73,973
62000 Operating Expenses	22,917,677	22,843,704	-73,973
63000 Equipment & Intangible Assets	1,451,766	1,451,766	
65000 Local Assistance	2,058,090	2,058,090	
66000 Grants	2,537,714	2,437,714	-100,000
67000 Benefits & Claims	400,000	400,000	
68000 Transfers-out	1,724,243	1,724,243	
69000 Debt Service	785,341	785,341	

Fund Type	Legislative Budget	Modified Budget	Net Modifications
01 General	31,513,802	31,513,802	
02 State/Other Spec Rev	42,130,363	42,030,363	-100,000
03 Fed/Other Spec Rev	2,111,480	2,111,480	0

Modifications to the \$75.8 million HB 2 budget for FY 2022 decreased authority by \$100,000 in state special revenue. The agency transferred \$100,000 to the Department of Fish, Wildlife, and Parks to fund conservation district aquatic invasive species check stations. This is a transfer of base funding to the Department of Fish, Wildlife, and Parks, the agency where AIS check stations are funded.

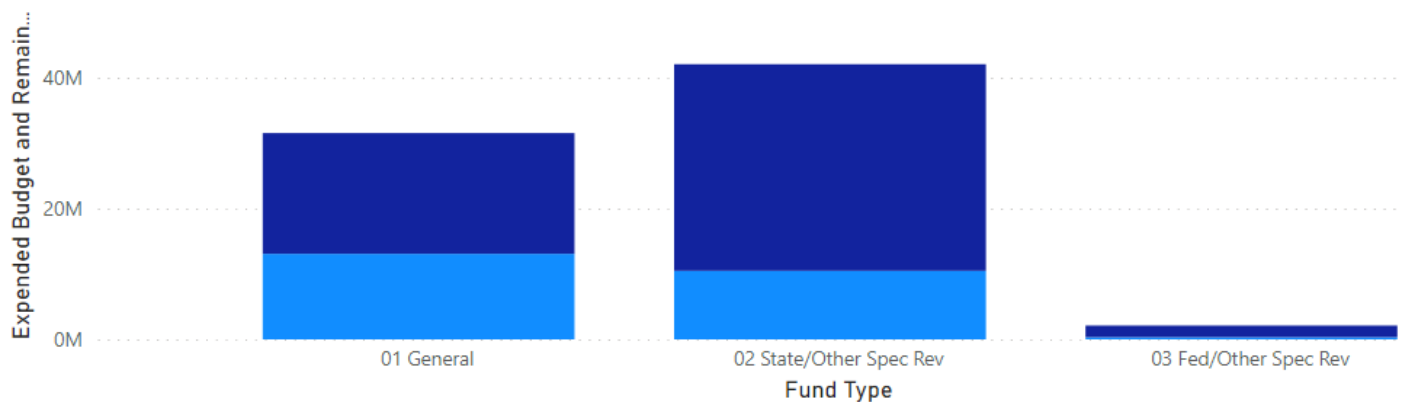
The agency transferred \$73,973 in federal authority from operating expense to personal services in the Water Resources Division.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2021.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only

● Expended Budget ● Remaining Budget



Expenditure	Modified Budget	Expended Budget	Percent Expended
Personal Services	43,954,787	15,680,993	35.7%
Operating Expenses	22,843,704	5,982,959	26.2%
Equipment & Intangible Assets	1,451,766	27,654	1.9%
Local Assistance	2,058,090	54,028	2.6%
Grants	2,437,714	682,769	28.0%
Benefits & Claims	400,000		
Transfers-out	1,724,243	1,151,278	66.8%
Debt Service	785,341	295,173	37.6%

Program Name	Modified Budget	Expended Budget	Percent Expended
CONSERVATION&RESOURCE DEV DIV	10,530,196	2,240,455	21.3%
DIRECTORS OFFICE	8,201,338	3,445,628	42.0%
FORESTRY & TRUST LANDS	34,854,499	11,571,053	33.2%
OIL & GAS CONSERVATION DIV	2,171,639	686,242	31.6%
WATER RESOURCES DIVISION	19,897,973	5,931,477	29.8%
Total	75,655,645	23,874,854	31.6%

The department is primarily funded with general fund and state special revenue. The general fund supports 41.7% of the budget, state special revenue supports 55.5%, and federal funds support 2.8%.

Personal Services

The personal services budget accounts for 58.1% of the total budget, supporting 539.6 FTE. The agency has expended 35.7% of this budget. In the last three biennia, the agency typically expends 36.4% of this budget through November.

Operating Expenses

The budget for operating expense accounts for 30.2% of the total budget. The agency expended 26.2% of the budget for operating expenditures, compared to an average of 33.1% over the previous three biennia. Due to the pandemic, expenditures for travel were down compared to the previous biennium.

Benefits and Claims

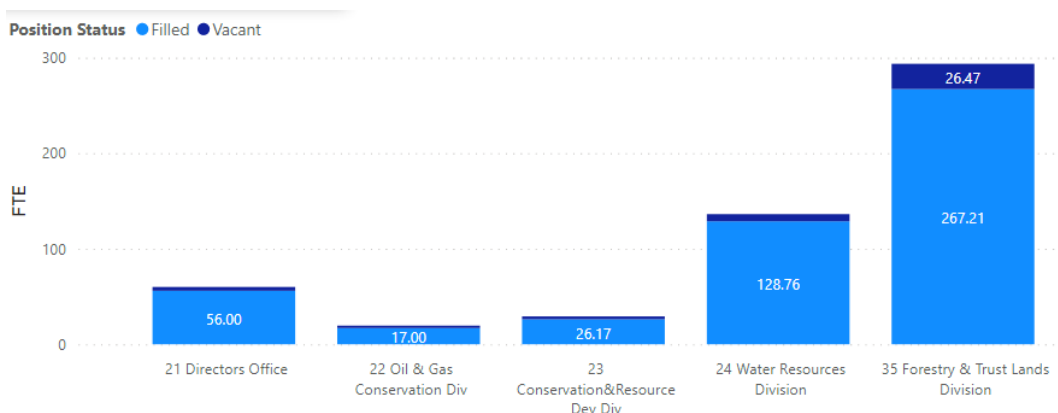
The agency has budgeted \$400,000 in state special revenue for drinking water loan forgiveness. The agency is able to fund this program from federal sources and, as a result, has not expended against this authority for several biennium.

Grants

Grants primarily to conservation districts were 41.1% expended through November. This expenditure rate is in line with previous years.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of November 1, 2021.



The Department of Department of Natural Resources and Conservation has 539.61 FTE funded in HB 2:

- Director's Office – 60.00 FTE
- Oil and Gas Conservation Division – 19.50 FTE
- Conservation and Resource Development Division – 30.17 FTE
- Water Resources Division – 136.26 FTE
- Forestry & Trust Lands Division – 293.68 FTE

Of the total personal hours available, the agency has utilized 124.2%. Forestry and Trust Land Division utilized 149.0% of budgeted hours for fire suppression activities. All other programs combined had a utilization rate of 92.4%.

The agency currently has 43.47 FTE vacant, including 42.00 FTE full time and 1.47 FTE part-time. The Forestry Division has the most vacancies, 26.47 FTE, which includes foresters, a conservation specialist, a program specialist, and several other position types. Water Resources currently has 7.50 vacant FTE, including a hydrologist, a conservation specialist, program managers, and other positions. All other programs combined have 9.50 FTE vacant.

Positions that received increases in pay for longevity totaled 72.00 FTE. 11.00 FTE had changes in compensation for performance, career ladder, and labor market adjustments. Corrections to inaccurate pay were applied to 1.00 FTE. Combined, all adjustments increased annual personnel services by \$95,500.

Status of Line-Itemed Decision Packages

DP 2318 - Lake Elmo Restoration (RST/OTO)

FY 2022 - \$50,000 State Special Revenue

FY 2023 - \$50,000 State Special Revenue

The legislature approved an appropriation from the environmental contingency state special revenue account to fund aquatic invasive species eradication at Lake Elmo in Yellowstone County. The project will be administered by the Yellowstone County Conservation District. As of November, the agency has not made an expenditure on this authority.

DP 2319 - Conservation District AIS Check Stations (Restricted)

FY 2022 - \$100,000 State Special Revenue

FY 2023 - \$100,000 State Special Revenue

The legislature approved an increase in appropriation from the environmental contingency state special revenue account to fund aquatic invasive species check stations operated by conservation districts. The agency has transferred this authority to the Department of Fish, Wildlife, and Parks, which manages the AIS check station program.

DP 2404 - WRD FLOW MEASUREMENT EQUIP (RST/OTO)

FY 2022 - \$98,700 State Special Revenue

The legislature approved a one-time-only increase in state special revenue to purchase equipment to measure flows into reservoirs and canals. As of November, the agency has expended 27.9% or \$27,600.

DP 2405 - CSKT -MONTANA COMPACT IMPLEMENTATION Restricted Portion

FY 2022 - \$100,000 General Fund

FY 2023 - \$100,000 General Fund

The legislature restricted \$100,000 in each year of the biennium to implement the Montana Environmental Policy Act (MEPA)(75-1-102, MCA), National Environmental Protection Act (NEPA)(42 U.S.C. §§ 4321 et seq.), and the protection and administration of state-based water rights. As of November, the agency has expended \$25,000 of this authority.