

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	297.08	297.08	297.08	297.08	297.08	297.08	0.00	0.00%
Personal Services	16,448,514	17,219,253	16,867,936	16,884,706	33,667,767	33,752,642	84,875	0.25%
Operating Expenses	6,895,862	7,385,892	7,464,872	7,484,160	14,281,754	14,949,032	667,278	4.67%
Equipment & Intangible Assets	878,526	790,466	1,020,512	1,021,176	1,668,992	2,041,688	372,696	22.33%
Capital Outlay	11,128	119,204	11,128	11,128	130,332	22,256	(108,076)	(82.92%)
Grants	189,465	184,491	189,465	189,465	373,956	378,930	4,974	1.33%
Transfers	1,336,352	1,331,665	1,323,797	1,317,694	2,668,017	2,641,491	(26,526)	(0.99%)
Debt Service	18,678	3,675	18,678	18,678	22,353	37,356	15,003	67.12%
<b>Total Costs</b>	<b>\$25,778,525</b>	<b>\$27,034,646</b>	<b>\$26,896,388</b>	<b>\$26,927,007</b>	<b>\$52,813,171</b>	<b>\$53,823,395</b>	<b>\$1,010,224</b>	<b>1.91%</b>
General Fund	9,608,348	10,304,534	10,576,124	10,586,588	19,912,882	21,162,712	1,249,830	6.28%
State Special	14,966,241	15,535,189	15,230,356	15,249,257	30,501,430	30,479,613	(21,817)	(0.07%)
Federal Special	1,203,936	1,194,923	1,089,908	1,091,162	2,398,859	2,181,070	(217,789)	(9.08%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$25,778,525</b>	<b>\$27,034,646</b>	<b>\$26,896,388</b>	<b>\$26,927,007</b>	<b>\$52,813,171</b>	<b>\$53,823,395</b>	<b>\$1,010,224</b>	<b>1.91%</b>

### Program Description

#### *The Forestry Division*

The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting natural resources from wildfire, regulating forest practices, and providing a variety of services to private forest landowners. Specific programs include:

- Fire and Aviation Management - Protecting 50 million acres of state and private forest and watershed lands from wildfire through a combination of direct protection and county support
- Forest Practice Regulation - Enforcing Montana's streamside management zone regulations and monitoring the voluntary best management practices program on all forests in Montana
- Administering Montana Fire Hazard Reduction Law - Ensuring that the fire hazard created by logging and other forest management operations on private forest lands is adequately reduced, or that additional fire protection is provided until the hazard is reduced
- Providing Forestry Services - Providing technical forestry assistance to private landowners, businesses, and communities
- Tree and Shrub Nursery - Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana

#### *Trust Land Management*

The Trust Land Management Division is responsible for managing Montana's trust land resources to provide revenues to the trust beneficiaries while considering environmental factors and protecting future income generating capacity of the land. These lands currently total 5.2 million surface acres, 6.2 million mineral acres, and approximately 6,000 miles (40,000+ acres) of the beds of navigable waterways. The division provides this through four primary programs: 1) forest management; 2) agriculture and grazing management; 3) special use management; and 4) minerals management.

**Program Highlights**

<b>Forestry and Trust Lands Administration Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislatively approved budget increased by 1.9% from the previous biennium primarily due to the net of:                             <ul style="list-style-type: none"> <li>• Statewide present law adjustments and numerous other present law adjustments</li> <li>• Application in this program of the 2% additional vacancy savings reduction, which can be allocated across all agency programs</li> </ul> </li> </ul>	

**Funding**

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

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Forestry/Trust Lands							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$21,162,712	\$0	\$0	\$21,162,712	35.3%		
State Special Total	\$30,479,613	\$0	\$0	\$30,479,613	50.9%		
02031 Land Banking - Pvt Closing Costs	\$431,772	\$0	\$0	\$431,772	0.7%		
02039 Forestry-fire Protection Taxes	\$5,960,641	\$0	\$0	\$5,960,641	9.9%		
02073 Forestry - Slash Disposal	\$131,217	\$0	\$0	\$131,217	0.2%		
02449 Forest Resources-forest Improv	\$2,245,761	\$0	\$0	\$2,245,761	3.7%		
02576 Natural Resources Operations Ssr Fu	\$187,314	\$0	\$0	\$187,314	0.3%		
02623 Contract Timber Harvesting	\$802,056	\$0	\$0	\$802,056	1.3%		
02681 Historic Right-of-way Acct	\$24,778	\$0	\$0	\$24,778	0.0%		
02912 Tlmd Land Exchange Admin	\$100,000	\$0	\$0	\$100,000	0.2%		
02938 Tlmd - Administration	\$20,596,074	\$0	\$0	\$20,596,074	34.4%		
Federal Special Total	\$2,181,070	\$0	\$0	\$2,181,070	3.6%		
03471 Consolidated Grant Fy14	\$853,362	\$0	\$0	\$853,362	1.4%		
03472 Non-consolidated Grant Fy14	\$300,000	\$0	\$0	\$300,000	0.5%		
03483 Consolidated Grant Fy15	\$854,668	\$0	\$0	\$854,668	1.4%		
03484 Non-consolidated Grant Fy15	\$173,040	\$0	\$0	\$173,040	0.3%		
Proprietary Total	\$0	\$6,108,957	\$0	\$6,108,957	10.2%		
06003 State Nursery Enterprise Fund	\$0	\$1,294,640	\$0	\$1,294,640	2.2%		
06538 Air Operations Internal Svc.	\$0	\$4,814,317	\$0	\$4,814,317	8.0%		
Total All Funds	\$53,823,395	\$6,108,957	\$0	\$59,932,352	100.0%		
<b>Percent - Total All Sources</b>	<b>89.8%</b>	<b>10.2%</b>	<b>0.0%</b>				

General fund provides general division support as well as the fixed costs of the Fire and Aviation Management program. A transfer from the general fund is made to the proprietary fund, from which it is spent.

State special revenue support comes from forest improvement fees and forest protection fees. Forest improvement fees consist of \$25 for each slash hazard reduction agreement and \$.060 per thousand board feet sold, plus any forfeited fire hazard reduction bonds. Fees are established when timber sales are approved based upon the state's projected costs of slash disposal, road maintenance, and reforestation.

The department is also required to collect up to one-third of the state’s fire protection appropriation from private landowners through a forest protection fee. The other two-thirds are funded with general fund. The department is required to levy the tax so that collections equal the amount appropriated by the legislature.

The Trust Land Management Division is funded with trust fund revenue, timber sales, and forest resource fees. The remaining funding is from recreational use and resource development of state lands. Because funding for state lands is taken directly from revenues, any expenditure for administration of state lands is a direct reduction in trust income. General fund is utilized for personal services for the management of non-trust state lands.

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	9,608,348	9,608,348	19,216,696	90.80%	25,778,525	25,778,525	51,557,050	95.79%
Statewide PL Adjustments	992,249	1,006,584	1,998,833	9.45%	1,141,549	1,177,812	2,319,361	4.31%
Other PL Adjustments	271,645	268,019	539,664	2.55%	681,357	676,296	1,357,653	2.52%
New Proposals	(296,118)	(296,363)	(592,481)	(2.80%)	(705,043)	(705,626)	(1,410,669)	(2.62%)
<b>Total Budget</b>	<b>\$10,576,124</b>	<b>\$10,586,588</b>	<b>\$21,162,712</b>		<b>\$26,896,388</b>	<b>\$26,927,007</b>	<b>\$53,823,395</b>	

**Present Law Adjustments**

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

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,846,260					1,864,324
Vacancy Savings					(731,795)					(732,506)
Inflation/Deflation					(40,958)					(23,084)
Fixed Costs					68,042					69,078
<b>Total Statewide Present Law Adjustments</b>		<b>\$992,249</b>	<b>\$251,355</b>	<b>(\$102,055)</b>	<b>\$1,141,549</b>		<b>\$1,006,584</b>	<b>\$271,803</b>	<b>(\$100,575)</b>	<b>\$1,177,812</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(992,249)	(327,059)	102,055	(1,217,253)	0.00	(1,006,584)	(347,507)	100,575	(1,253,516)
DP 51 - Adjustment for Statewide Personal Services	0.00	944,665	361,718	(116,214)	1,190,169	0.00	944,090	373,557	(110,125)	1,207,522
DP 52 - Adjustment for Statewide Operations	0.00	47,584	(34,659)	14,159	27,084	0.00	62,494	(26,050)	9,550	45,994
DP 35011 - FD & TLMD Operating & Capital Adjustments	0.00	113,704	65,772	0	179,476	0.00	114,167	66,525	0	180,692
DP 35012 - FD Federal And State Special Authority	0.00	0	50,000	51,481	101,481	0.00	0	50,000	51,307	101,307
DP 35014 - Air Operations Transfer	0.00	(8,412)	(4,143)	0	(12,555)	0.00	(12,501)	(6,157)	0	(18,658)
DP 35016 - FD Narrow Band Radios (OTO/REST)	0.00	86,353	42,533	0	128,886	0.00	86,353	42,533	0	128,886
DP 35021 - TLMD MSU-Morrill Trust Projects (BIEN/OTO)	0.00	80,000	0	0	80,000	0.00	80,000	0	0	80,000
DP 35023 - TLMD Land Transaction Funds OTO	0.00	0	204,069	0	204,069	0.00	0	204,069	0	204,069
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$271,645</b>	<b>\$358,231</b>	<b>\$51,481</b>	<b>\$681,357</b>	<b>0.00</b>	<b>\$268,019</b>	<b>\$356,970</b>	<b>\$51,307</b>	<b>\$676,296</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,263,894</b>	<b>\$609,586</b>	<b>(\$50,574)</b>	<b>\$1,822,906</b>	<b>0.00</b>	<b>\$1,274,603</b>	<b>\$628,773</b>	<b>(\$49,268)</b>	<b>\$1,854,108</b>

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

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

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

DP 35011 - FD & TLMD Operating & Capital Adjustments - The legislature approved general fund and state special revenue for rent increases and fire engine purchase and development.

DP 35012 - FD Federal And State Special Authority - The legislature approved funding to increase spending authority in the slash hazard reduction state special revenue account by \$50,000 as the fees collected exceed existing authority. The adjustment also includes authority to spend federal reimbursements for use of firefighting equipment on other state or federal fires, as the number of those fires has increased.

DP 35014 - Air Operations Transfer - The legislature approved a reduction of funding from the general fund and fire protection taxes account due to a decrease in the aircraft insurance premium.

DP 35016 - FD Narrow Band Radios OTO/REST - The legislature approved general fund and fire protection taxes funding to purchase narrow-band, digital capable radios and associated maintenance.

DP 35021 - TLMD MSU-Morrill Trust Projects BIEN/OTO - The legislature approved one-time-only, biennial funding from the general fund to implement and complete land management projects on the MSU-Morrill trust lands. Projects for the biennium include five timber harvest projects, timber thinning and weed management, agriculture and grazing lease renewals, commercial lease evaluations, a new phase of the Whitefish Trail, land banking and land exchange, and continuing work on the Smith Lake Dam rehabilitation project. The authority would cover contracted services, supplies and materials, and other operating costs to manage activities on the Morrill Trust Lands.

DP 35023 - TLMD Land Transaction Funds OTO - The legislature approved state special revenue, primarily from the land banking private closing costs account, to add authority to the FY 2012 appropriated level in the Trust Land Management Division.

**New Proposals**

Program	FTE	Fiscal 2014				Fiscal 2015					
		General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds		
DP 54 - Additional Vacancy Savings	35	0.00	(296,118)	(345,471)	(63,454)	(705,043)	0.00	(296,363)	(345,757)	(63,506)	(705,626)
<b>Total</b>	<b>0.00</b>	<b>(\$296,118)</b>	<b>(\$345,471)</b>	<b>(\$63,454)</b>	<b>(\$705,043)</b>	<b>0.00</b>	<b>(\$296,363)</b>	<b>(\$345,757)</b>	<b>(\$63,506)</b>	<b>(\$705,626)</b>	

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

**Language and Statutory Authority**

The legislature included the following language in HB 2.

“Forestry and Trust Lands includes a reduction in general fund of \$296,118 in fiscal year 2014 and \$296,363 in fiscal

year 2015, state special revenue of \$345,471 in fiscal year 2014 and \$345,757 in fiscal year 2015, and federal special revenue of \$63,454 in fiscal year 2014 and \$63,506 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

## Air Operations

### *Proprietary Program Description*

The air operations program in the Forestry Division is funded from the air operations proprietary account for those costs that can be supported by the aircraft rates, and by general fund and fire protection tax revenue for fixed costs. The program operates five medium helicopters, two light helicopters, and three single engine fixed-wing airplanes. The aircraft are primarily used for fire detection, support and suppression of wildfires, and reclamation work in the Department of Environmental Quality. Fixed costs are paid by the general fund and the fire protection tax revenues since they must be paid regardless of the number of hours flown. These costs include hangar rent, insurance, and personnel costs (14.23 FTE). The general fund and fire protection taxes are appropriated by the legislature and transferred to and spent from the proprietary account. Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft. Users of the aircraft include DNRC, other state agencies, and federal agencies. This revenue is deposited in the proprietary account. Statutory authority for the program is in 77-5-103, MCA.

<u>DEPT AIRCRAFT</u>	<u>CURRENT</u>	<u>2015 BIEN APPROVED</u>
Bell UH-1H Helicopters	\$1,075.00/hr	\$1,225.00/hr
Jet Ranger Helicopter	\$475.00/hr	\$515.00/hr
Cessna 180 Series Aircraft	\$150.00/hr	\$175.00/hr

## Seedling Nursery

### *Proprietary Program Description*

The Montana Conservation Seedling Nursery produces and distributes seedlings for conservation plantings, including applications such as fire and logging reforestation, farmstead windbreaks, shelterbelts, wildlife habitat, stream stabilization and restoration, and other conservation uses. The program mission is to produce the highest quality, locally-adapted, source-identified seedlings available for conservation practices in Montana and to ensure affordable seedlings are available to Montana landowners. The nursery grows an average of 900,000 seedlings annually on 87 acres of state land and in 13,500 square feet of greenhouse space. Sixty-seven plant species are currently in production. During FY 2011 and 2012, an average of 750 landowners/businesses ordered seedlings. Of the 1.7 million seedlings grown during that time period, approximately 1.6 million seedlings were used in reforestation and stream restoration. DNRC nursery seedlings were planted in 50 of the 56 Montana counties. The nursery program is funded solely from the nursery proprietary account. No general fund or federal dollars are used in the program. Total FTE funded from the revenue generated are 10.92. Statutory authority for the program is in 77-5-404, MCA.