Agency Budget Comparison

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

Agency Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	685.36	685.36	693.61	693.61	685.36	693.61	8.25	1.20%
Personal Services	38,501,079	39,712,978	40,884,127	40,892,592	78,214,057	81,776,719	3,562,662	4.56%
Operating Expenses	28,622,412	29,336,152	31,351,863	31,319,447	57,958,564	62,671,310	4,712,746	8.13%
Equipment & Intangible Assets	873,722	857,212	866,995	866,995	1,730,934	1,733,990	3,056	0.18%
Grants	952,105	985,521	1,000,986	1,000,986	1,937,626	2,001,972	64,346	3.32%
Benefits & Claims	4,823	4,850	4,823	4,823	9,673	9,646	(27)	(0.28%)
Transfers	58,869	99,652	99,652	99,652	158,521	199,304	40,783	25.73%
Total Costs	**$69,013,010**	**$70,996,365**	**$74,208,446**	**$74,184,495**	**$140,009,375**	**$148,392,941**	**$8,383,566**	**5.99%**
State Special	54,070,860	55,648,120	58,361,630	58,333,429	109,718,980	116,695,059	6,976,079	6.36%
Federal Special	14,942,150	15,348,245	15,846,816	15,851,066	30,290,395	31,697,882	1,407,487	4.65%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$69,013,010**	**$70,996,365**	**$74,208,446**	**$74,184,495**	**$140,009,375**	**$148,392,941**	**$8,383,566**	**5.99%**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	685.36	700.59	693.61	(6.98)	700.59	693.61	(6.98)	
Personal Services	38,501,079	40,945,437	40,884,127	(61,310)	40,953,889	40,892,592	(61,297)	(122,607)
Operating Expenses	28,622,412	30,556,888	31,351,863	794,975	30,524,845	31,319,447	794,602	1,589,577
Equipment & Intangible Assets	873,722	816,995	866,995	50,000	816,995	866,995	50,000	100,000
Grants	952,105	975,986	1,000,986	25,000	975,986	1,000,986	25,000	50,000
Benefits & Claims	4,823	4,823	4,823	0	4,823	4,823	0	0
Transfers	58,869	99,652	99,652	0	99,652	99,652	0	0
Total Costs	**$69,013,010**	**$73,399,781**	**$74,208,446**	**$808,665**	**$73,376,190**	**$74,184,495**	**$808,305**	**$1,616,970**
State/Other Special	54,070,860	57,552,965	58,361,630	808,665	57,525,124	58,333,429	808,305	1,616,970
Federal Special	14,942,150	15,846,816	15,846,816	0	15,851,066	15,851,066	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	**$69,013,010**	**$73,399,781**	**$74,208,446**	**$808,665**	**$73,376,190**	**$74,184,495**	**$808,305**	**$1,616,970**

The legislature approved a biennial budget approximately 1% higher than the executive request. The legislature provided increased funding for aquatic nuisance species prevention and a sustainable yield calculation. The legislature also redirected general license dollars for the overall management of the Fishing Access Site program within the Parks Division.

Agency Highlights

Department of Fish, Wildlife and Parks
Major Budget Highlights

- The legislative budget increases by 6% or $8.4 million from the previous biennium
- The major priorities in the legislative budget are:
  - Aquatic Nuisance Species Prevention through base adjustments in general license funds of $55,000 and an additional $200,000 in general license funds over the biennium to increase availability of boat washing stations and boat inspections
  - Land management activities as evidenced by:
    - Increased resources to operate and manage fishing access sites and state parks
    - Appropriations to calculate sustainable yield on department owned forested lands
- The legislature approved FTE for the information management program and for the urban wildlife planner.
- The legislature eliminated general license authority for the Critical Access Planning System (CAPS)
- The legislative budget establishes an estimated FY 2013 ending fund balance of the general license account of $27 million

Agency Discussion

The Department of Fish, Wildlife and Parks is responsible for the stewardship of the state's wildlife, fisheries and recreational resources. The agency does not receive any general fund support, as it relies on state special revenue with the sales of licenses for the privilege of hunting and fishing, light vehicle fees to support fishing access sites, and state parks as well as parks related user fees.

The department receives statutory authority outside HB 2 for the purpose of providing payment in lieu of taxes for most department owned property and for the portion of the lodging facility use tax dedicated to state parks.

The legislature approved a budget 1% higher than the executive request, due to differences in priorities. The legislature choose to add an additional $200,000 state special revenue for the biennium to increase the aquatic nuisance species program, specifically for building boat washing stations and increased boat inspections. To address land management issues, the legislature chose to fund a sustainable yield calculation for forested department owned land. This additional $1.0 million for the biennium is designed to allow the department to contract for a standing forest inventory and subsequent sustainable yield.

The legislature also chose to appropriate a number of items on a one-time-only basis to allow for follow up review by the next legislature, including:

- Private Lands Fishing Access
- Game Damage Herders
- Auction Funds
- Migratory Bird Funding
- Grants Administration - Parks Division

The legislature also conditioned the Block Management appropriation as one-time-only due to the use of general license dollars in lieu of hunting access funds.

Recommendations for Interim Monitoring

The legislature requested interim follow up by the Environmental Quality Council of agency goals and objectives as related for the:

- Migratory Bird Program
- Upland Game Bird Program
- Brucellosis in Elk Study

Recommendations for Implementation Legislation

The legislature recommended the following:

- Establish statutory direction for the department to establish a standing inventory and sustainable yield on department owned forested land.
- Redirect the $0.25 portion of the light vehicle registration fee allocated to fishing access sites to state parks.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	State Spec.	Fed Spec.	Grand Total	Total %
01 Information Services Division	$ 8,993,501	$ 21,386	$ 9,014,887	6.08%
03 Fisheries Division	11,731,685	17,014,762	28,746,447	19.37%
04 Enforcement Division	18,418,292	775,485	19,193,777	12.93%
05 Wildlife Division	26,446,764	11,212,739	37,659,503	25.38%
06 Parks Division	19,596,836	730,289	20,327,125	13.70%
08 Communication And Education Div	5,885,131	1,472,989	7,358,120	4.96%
09 Management And Finance	18,581,187	131,243	18,712,430	12.61%
12 Fish And Wildlife Admin	7,041,663	338,989	7,380,652	4.97%
Grand Total	$ 116,695,059	$ 31,697,882	$ 148,392,941	100.00%

The department is funded with state special and federal special revenue. The department does not receive general fund. The most prominent funding source is the general license account (GLA), where the license and fee revenue for the privilege of hunting and fishing is maintained. The state has assented to federal law to utilize these funds only for the operation of the state fish and wildlife agency. Any diversion of the funds from this purpose would result in the loss of federal excise tax funds.

General License Account

As stated, the department's main source of funding is the general license account. Fees collected for the privilege of hunting and fishing that are not otherwise earmarked are deposited to the GLA. The amount available for appropriation from the GLA is dependent upon license revenues, interest earned, capital appropriations, and the demand for funds within the department. The table provides an estimated fund balance considering all current appropriations, including capital.

FWP General License Account -- Estimate Available Fund Balance 2013 Biennium - Legislative Budget	Actual Fiscal 2010	Appropriated Fiscal 2011	Legislative Budget Fiscal 2012	Legislative Budget Fiscal 2013
Beginning Balance	$36,961,944	$34,831,331	$36,059,695	$32,081,030
License Revenue	32,712,634	33,895,766	33,895,766	33,895,766
Other Revenue	7,557,684	7,014,545	6,738,841	6,692,640
Total Funds Available	77,232,262	75,741,642	76,694,302	72,669,436
Disbursements				
Program Expenditures	40,754,336	35,312,299	40,734,342	40,705,401
Continuing Capital Costs		2,869,648		0
LRB Projects	1,646,595	1,500,000	1,610,500	1,610,500
Carry Forward Appropriations	0	0	0	0
Proposed Executive Pay Plan	0	0	96,914	1,207,875
Budget Proposals (PL & NP)	0	0	2,171,517	2,170,649
Total Disbursements	42,400,931	39,681,947	44,613,273	45,694,425
Adjustments (Prior Year Revenue)	0	0	0	0
Available Ending Balance	$34,831,331	$36,059,695	$32,081,030	$26,975,011

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	69,013,010	69,013,010	138,026,020	93.01%
Statewide PL Adjustments	0	0	0	0.00%	1,673,145	1,650,649	3,323,794	2.24%
Other PL Adjustments	0	0	0	0.00%	2,231,465	2,230,774	4,462,239	3.01%
New Proposals	0	0	0	0.00%	1,290,826	1,290,062	2,580,888	1.74%
Total Budget	**$0**	**$0**	**$0**		**$74,208,446**	**$74,184,495**	**$148,392,941**	

Language and Statutory Authority

The legislature included the following language in HB 2.

"Funds appropriated for Increase Aquatic Nuisance Species shall be used for prevention of aquatic nuisance species, including and not limited to on-the-ground inspections and boat washing facilities. Funds may also be used for early detection, monitoring and rapid response for control and eradication of aquatic nuisance species. "

“The Upland Game Bird Enhancement funding switch is restricted to program operations and does not include acquisition of easements.”

“If House Bill No. 363 is not passed and approved, Implementation of House Bill No. 363 is void.”

“Grizzly Bear DNA Study is restricted to the Cabinet-Yaak management area."

“Parks Snowmobile Equipment is restricted to purchasing groomers for local snowmobile clubs that may be used by local snowmobile clubs for grooming areas that are open to public use.”

“Fund FAS Management in Parks is restricted to the management of fishing access sites by the Parks Division.”

“If LC 862 is not passed and approved in a form that reallocates $0.25 of the light vehicle registration fee to the state parks program, then Redirected Plan Fee is void.”

"MT Outdoor Discovery Center Educational Grants is limited to grants to local school districts for travel related costs to utilize the educational opportunities offered by the center."

"Legal Unit Workload Efforts appropriation is restricted to the development of a memo of understanding with the department of justice for additional legal support."

"Calculate Sustainable Yield is contingent on passage and approval of legislation that directs the department to establish a sustainable yield calculation for department owned lands then Calculate Sustainable Yield is void."

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	27.50	27.50	32.00	32.00	27.50	32.00	4.50	16.36%
Personal Services	2,033,029	2,095,699	2,275,205	2,273,029	4,128,728	4,548,234	419,506	10.16%
Operating Expenses	2,213,816	1,886,996	2,178,696	2,181,475	4,100,812	4,360,171	259,359	6.32%
Equipment & Intangible Assets	53,241	53,172	53,241	53,241	106,413	106,482	69	0.06%
Total Costs	**$4,300,086**	**$4,035,867**	**$4,507,142**	**$4,507,745**	**$8,335,953**	**$9,014,887**	**$678,934**	**8.14%**
State Special	4,289,393	4,025,653	4,496,449	4,497,052	8,315,046	8,993,501	678,455	8.16%
Federal Special	10,693	10,214	10,693	10,693	20,907	21,386	479	2.29%
Total Funds	**$4,300,086**	**$4,035,867**	**$4,507,142**	**$4,507,745**	**$8,335,953**	**$9,014,887**	**$678,934**	**8.14%**

Page Reference

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Funding

The division receives almost all of its funding from the general license account. The remaining funding is from state parks revenues and federal grants to provide additional support to the licensing system.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	4,300,086	4,300,086	8,600,172	95.40%
Statewide PL Adjustments	0	0	0	0.00%	208,299	208,902	417,201	4.63%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	(1,243)	(1,243)	(2,486)	(0.03%)
Total Budget	**$0**	**$0**	**$0**		**$4,507,142**	**$4,507,745**	**$9,014,887**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					7,192					5,661
Vacancy Savings					(81,608)					(81,548)
Inflation/Deflation					(214)					(164)
Fixed Costs					282,929					284,953
Total Statewide Present Law Adjustments		**$0**	**$208,299**	**$0**	**$208,299**		**$0**	**$208,902**	**$0**	**$208,902**
DP 101 - Reinstate Information Technology Bureau	4.50	0	0	0	0	4.50	0	0	0	0
Total Other Present Law Adjustments	**4.50**	**$0**	**$0**	**$0**	**$0**	**4.50**	**$0**	**$0**	**$0**	**$0**
Grand Total All Present Law Adjustments	**4.50**	**$0**	**$208,299**	**$0**	**$208,299**	**4.50**	**$0**	**$208,902**	**$0**	**$208,902**

DP 101 - Reinstate Information Technology Bureau - The legislature approved 4.50 FTE in the Information Technology Bureau. In the 2009 legislative session, the positions were approved as part of a switch from contracted services to personal services, with a one-time-only condition. This adjustment converts contracted services costs to internal positions.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95100 - 5% Plan - Information Services - Parks										
01	0.00	0	(1,243)	0	(1,243)	0.00	0	(1,243)	0	(1,243)
Total	**0.00**	**$0**	**($1,243)**	**$0**	**($1,243)**	**0.00**	**$0**	**($1,243)**	**$0**	**($1,243)**

DP 95100 - 5% Plan - Information Services - Parks - The legislature delayed the replacement of two computers in the parks program. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	151.19	151.19	151.19	151.19	151.19	151.19	0.00	0.00%
Personal Services	8,374,301	8,536,613	8,730,099	8,732,148	16,910,914	17,462,247	551,333	3.26%
Operating Expenses	5,161,322	5,203,146	5,291,151	5,308,961	10,364,468	10,600,112	235,644	2.27%
Equipment & Intangible Assets	342,044	350,801	342,044	342,044	692,845	684,088	(8,757)	(1.26%)
Total Costs	**$13,877,667**	**$14,090,560**	**$14,363,294**	**$14,383,153**	**$27,968,227**	**$28,746,447**	**$778,220**	**2.78%**
State Special	5,614,265	5,691,157	5,863,599	5,868,086	11,305,422	11,731,685	426,263	3.77%
Federal Special	8,263,402	8,399,403	8,499,695	8,515,067	16,662,805	17,014,762	351,957	2.11%
Total Funds	**$13,877,667**	**$14,090,560**	**$14,363,294**	**$14,383,153**	**$27,968,227**	**$28,746,447**	**$778,220**	**2.78%**

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Funding

The division is funded with 60 percent federal revenues, the largest source of which is the Wallup-Breaux program for sport fish restoration. Excise taxes on fishing rods, reels, creels, lures, flies, and artificial bait provide funding for the program. General license dollars contribute 37 percent of the division's funding and are used for fish restoration and hatchery support. The balance of the funding is from the warm water fish stamp earmarked for the operations of the Fort Peck Hatchery, and the federally funded state wildlife grant program.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	13,877,667	13,877,667	27,755,334	96.55%
Statewide PL Adjustments	0	0	0	0.00%	320,627	340,486	661,113	2.30%
Other PL Adjustments	0	0	0	0.00%	65,000	65,000	130,000	0.45%
New Proposals	0	0	0	0.00%	100,000	100,000	200,000	0.70%
Total Budget	**$0**	**$0**	**$0**		**$14,363,294**	**$14,383,153**	**$28,746,447**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					719,553					721,685
Vacancy Savings					(363,755)					(363,838)
Inflation/Deflation					(34,927)					(17,117)
Fixed Costs					(244)					(244)
Total Statewide Present Law Adjustments		**$0**	**$125,584**	**$195,043**	**$320,627**		**$0**	**$130,071**	**$210,415**	**$340,486**
DP 301 - Reinstate Aquatic Nuisance Species Program - RST	0.00	0	13,750	41,250	55,000	0.00	0	13,750	41,250	55,000
DP 302 - Reinstate Private Lands Fishing Access - OTO	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$23,750**	**$41,250**	**$65,000**	**0.00**	**$0**	**$23,750**	**$41,250**	**$65,000**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$149,334**	**$236,293**	**$385,627**	**0.00**	**$0**	**$153,821**	**$251,665**	**$405,486**

DP 301 - Reinstate Aquatic Nuisance Species Program - RST - The legislature approved base authority to support the Aquatic Nuisance Species (ANS) program. This funding was approved as one-time-only by the 2009 Legislature.

DP 302 - Reinstate Private Lands Fishing Access - OTO - The legislature approved one-time-only funding to the Private Lands Fishing Access by the 2009 Legislature. This request would make the funding permanent to provide parking facilities, trails, or ramps to facilitate fishing access on public waters and allow the department to continue to address access at bridges.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 350 - Increase Aquatic Nuisance Species - RST										
03	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
Total	**0.00**	**$0**	**$100,000**	**$0**	**$100,000**	**0.00**	**$0**	**$100,000**	**$0**	**$100,000**

DP 350 - Increase Aquatic Nuisance Species - RST - The legislature approved an additional $100,000 of general license authority for on-the-ground activities in the aquatic nuisance species program. The appropriation is restricted to on-the-ground functions only and does not include administrative overhead or media campaigns, public relation efforts and direct mailings.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	113.64	113.64	113.64	113.64	113.64	113.64	0.00	0.00%
Personal Services	7,256,103	7,395,807	7,479,556	7,481,230	14,651,910	14,960,786	308,876	2.11%
Operating Expenses	1,995,190	2,036,059	2,013,869	2,015,168	4,031,249	4,029,037	(2,212)	(0.05%)
Equipment & Intangible Assets	86,377	96,785	86,377	86,377	183,162	172,754	(10,408)	(5.68%)
Grants	15,600	15,600	15,600	15,600	31,200	31,200	0	0.00%
Total Costs	**$9,353,270**	**$9,544,251**	**$9,595,402**	**$9,598,375**	**$18,897,521**	**$19,193,777**	**$296,256**	**1.57%**
State Special	8,997,727	9,186,231	9,207,916	9,210,376	18,183,958	18,418,292	234,334	1.29%
Federal Special	355,543	358,020	387,486	387,999	713,563	775,485	61,922	8.68%
Total Funds	**$9,353,270**	**$9,544,251**	**$9,595,402**	**$9,598,375**	**$18,897,521**	**$19,193,777**	**$296,256**	**1.57%**

Page Reference

Legislative Budget Analysis, C-24

Funding

The Enforcement Division is funded primarily with general license dollars. Other state special revenue includes non – resident hunting fees, fuel taxes, and off highway vehicle and snowmobile registration fees. Federal funds are primarily from the US Coast Guard and require a 25% match supplied from the general license account.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	9,353,270	9,353,270	18,706,540	97.46%
Statewide PL Adjustments	0	0	0	0.00%	(63,083)	(60,110)	(123,193)	(0.64%)
Other PL Adjustments	0	0	0	0.00%	328,800	328,800	657,600	3.43%
New Proposals	0	0	0	0.00%	(23,585)	(23,585)	(47,170)	(0.25%)
Total Budget	**$0**	**$0**	**$0**		**$9,595,402**	**$9,598,375**	**$19,193,777**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(42,713)					(41,066)
Vacancy Savings					(23,834)					(23,807)
Inflation/Deflation					3,464					4,763
Total Statewide Present Law Adjustments		**$0**	**($69,826)**	**$6,743**	**($63,083)**		**$0**	**($67,366)**	**$7,256**	**($60,110)**
DP 401 - Warden Overtime	0.00	0	278,300	11,700	290,000	0.00	0	278,300	11,700	290,000
DP 402 - Enforcement Division Base Operations Adjustment	0.00	0	25,300	13,500	38,800	0.00	0	25,300	13,500	38,800
Total Other Present Law Adjustments	**0.00**	**$0**	**$303,600**	**$25,200**	**$328,800**	**0.00**	**$0**	**$303,600**	**$25,200**	**$328,800**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$233,774**	**$31,943**	**$265,717**	**0.00**	**$0**	**$236,234**	**$32,456**	**$268,690**

DP 401 - Warden Overtime - The legislature approved authority for overtime compensation. Overtime is zero-based in the budgeting process and must be requested each biennium. This adjustment funds the MPEA warden collective bargaining agreement for overtime compensation.

DP 402 - Enforcement Division Base Operations Adjustment - The legislature approved authority to spend law enforcement water safety funds that were not spent in the base year. Conditions at the start of the base year were cold and wet, which reduced the amount of time needed to patrol waters.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan - Enforcement Reductions										
04	0.00	0	(23,585)	0	(23,585)	0.00	0	(23,585)	0	(23,585)
Total	**0.00**	**$0**	**($23,585)**	**$0**	**($23,585)**	**0.00**	**$0**	**($23,585)**	**$0**	**($23,585)**

DP 95101 - 5% Plan - Enforcement Reductions - The legislature reduced enforcement activities in state parks, fishing access sites, on OHV and snowmobile trails, and on school trust lands. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	135.14	135.14	138.14	138.14	135.14	138.14	3.00	2.22%
Personal Services	7,275,537	7,698,743	7,837,469	7,844,396	14,974,280	15,681,865	707,585	4.73%
Operating Expenses	9,168,961	9,792,727	10,795,418	10,798,292	18,961,688	21,593,710	2,632,022	13.88%
Equipment & Intangible Assets	46,091	46,090	46,091	46,091	92,181	92,182	1	0.00%
Grants	141,050	140,682	141,050	141,050	281,732	282,100	368	0.13%
Benefits & Claims	4,823	4,850	4,823	4,823	9,673	9,646	(27)	(0.28%)
Total Costs	**$16,636,462**	**$17,683,092**	**$18,824,851**	**$18,834,652**	**$34,319,554**	**$37,659,503**	**$3,339,949**	**9.73%**
State Special	11,513,567	12,366,500	13,221,602	13,225,162	23,880,067	26,446,764	2,566,697	10.75%
Federal Special	5,122,895	5,316,592	5,603,249	5,609,490	10,439,487	11,212,739	773,252	7.41%
Total Funds	**$16,636,462**	**$17,683,092**	**$18,824,851**	**$18,834,652**	**$34,319,554**	**$37,659,503**	**$3,339,949**	**9.73%**

Page Reference

Legislative Budget Analysis, C-27

Funding

The Wildlife Division is funded with state special revenue consisting primarily of the general license account and non-resident license funds. Other earmarked fees support the Upland Game Bird Program and the operations portion of the Wildlife Habitat Program. Federal funding consists of Pittman-Robertson funds that require a 25% non-federal match that is typically met with funds from the general license account.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	16,636,462	16,636,462	33,272,924	88.35%
Statewide PL Adjustments	0	0	0	0.00%	445,000	455,067	900,067	2.39%
Other PL Adjustments	0	0	0	0.00%	1,111,300	1,111,300	2,222,600	5.90%
New Proposals	0	0	0	0.00%	632,089	631,823	1,263,912	3.36%
Total Budget	**$0**	**$0**	**$0**		**$18,824,851**	**$18,834,652**	**$37,659,503**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					763,918					771,409
Vacancy Savings					(321,575)					(321,873)
Inflation/Deflation					2,673					5,547
Fixed Costs					(16)					(16)
Total Statewide Present Law Adjustments		**$0**	**$257,440**	**$187,560**	**$445,000**		**$0**	**$261,134**	**$193,933**	**$455,067**
DP 504 - Reinstate Game Damage Herders - OTO	0.00	0	11,500	0	11,500	0.00	0	11,500	0	11,500
DP 505 - Restore Auction Programs - OTO	0.00	0	184,800	0	184,800	0.00	0	184,800	0	184,800
DP 506 - Restore Coming Home To Hunt Funding	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 507 - Reinstate Migratory Bird Program - OTO	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 553 - Reinstate Block Management - OTO	0.00	0	850,000	0	850,000	0.00	0	850,000	0	850,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$1,111,300**	**$0**	**$1,111,300**	**0.00**	**$0**	**$1,111,300**	**$0**	**$1,111,300**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$1,368,740**	**$187,560**	**$1,556,300**	**0.00**	**$0**	**$1,372,434**	**$193,933**	**$1,566,367**

DP 504 - Reinstate Game Damage Herders - OTO - The legislature approved one-time-only authority for short term employees to work as herders in the game damage program. This funding was approved as one-time-only by the 2009 Legislature. This authority would allow the program to hire local area ranch hands as short term workers under a modified level FTE to herd game animals away from crops and stored hay/grain in response to private landowner complaints of game damage.

DP 505 - Restore Auction Programs - OTO - The legislature approved one-time-only authority to expend revenues from license auctions. Statute provides the bureau the authority to auction one license per year for elk, goat, moose, and sheep with the auction proceeds dedicated to the management of the specific species.

DP 506 - Restore Coming Home To Hunt Funding - The legislature approved authority to fund the "Coming Home to Hunt" program (HB 585, 2009 Legislature) with earmarked revenues from license sales to nonresidents who hunt with a resident sponsor. The funding is dedicated to securing access across private lands to public lands.

DP 507 - Reinstate Migratory Bird Program - OTO - The legislature approved one-time-only authority to expend revenues from the Waterfowl Stamp program for projects related to the protection of wetlands. The continuation of this funding will allow the agency to implement contracts for wetland habitat project monitoring.

DP 553 - Reinstate Block Management - OTO - The legislature approved state special revenue derived from nonresident license fees totaling $750,000 for hunter access and $100,000 for enforcement related work. This is a one-time-only appropriation.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - Elk Management Strategy for Brucellosis										
05	3.00	0	159,795	159,794	319,589	3.00	0	159,661	159,662	319,323
DP 508 - Upland Game Bird Enhancement Program Refund - RST										
05	0.00	0	(133,000)	133,000	0	0.00	0	(133,000)	133,000	0
DP 550 - Implementation of HB 363 (Restricted)										
05	0.00	0	162,500	0	162,500	0.00	0	162,500	0	162,500
DP 560 - Grizzly Bear DNA Study - Restricted/OTO										
05	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
Total	**3.00**	**$0**	**$339,295**	**$292,794**	**$632,089**	**3.00**	**$0**	**$339,161**	**$292,662**	**$631,823**

DP 501 - Elk Management Strategy for Brucellosis - The legislature approved state special and federal authority for 3.0 FTE and operational support to implement an elk management strategy that helps to minimize the risk of disease transmission between elk and livestock in high-risk areas surrounding Yellowstone National Park. The strategy is directed toward minimizing the risk of disease transmission between elk and livestock during high risk periods.

DP 508 - Upland Game Bird Enhancement Program Refund - RST - The legislature approved a funding switch between state special Upland Game Bird Enhancement Program (UGBEP) funds with federal special Pittman-Robertson dollars.

DP 550 - Implementation of HB 363 (Restricted) - The legislature approved funds for the wolf management activities required in HB 363.

DP 560 - Grizzly Bear DNA Study - Restricted/OTO - The legislature provided funding for the grizzly bear DNA project in the Cabinet Yaak management area.

Proprietary Rates

Proprietary Program Description

Aircraft fund

The department's aircraft fund provides aircraft to department employees. These revenue users are department employees, mostly fish and wildlife biologists. Every month, users are charged for the hours flown during the previous month.

Proprietary Rates

Refer to Section R of HB 2 for approved rates.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	120.26	120.26	120.26	120.26	120.26	120.26	0.00	0.00%
Personal Services	5,507,202	5,816,583	6,172,412	6,171,526	11,323,785	12,343,938	1,020,153	9.01%
Operating Expenses	2,821,984	3,099,735	3,227,231	3,232,520	5,921,719	6,459,751	538,032	9.09%
Equipment & Intangible Assets	323,127	272,328	316,400	316,400	595,455	632,800	37,345	6.27%
Grants	421,437	445,317	445,318	445,318	866,754	890,636	23,882	2.76%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$9,073,750**	**$9,633,963**	**$10,161,361**	**$10,165,764**	**$18,707,713**	**$20,327,125**	**$1,619,412**	**8.66%**
State Special	8,790,340	9,346,076	9,795,504	9,801,332	18,136,416	19,596,836	1,460,420	8.05%
Federal Special	283,410	287,887	365,857	364,432	571,297	730,289	158,992	27.83%
Total Funds	**$9,073,750**	**$9,633,963**	**$10,161,361**	**$10,165,764**	**$18,707,713**	**$20,327,125**	**$1,619,412**	**8.66%**

Page Reference

Legislative Budget Analysis, C-36

Funding

The largest revenue source is the $4.00 registration fee per vehicle charged in lieu of resident day use fees at state park sites, followed by motorboat fuel taxes, parks coal tax trust earnings, the general license account, snowmobile fuel taxes, fishing access maintenance and acquisition fee revenues, snowmobile registration fees, and off-highway vehicle registration fees. The general license account and earmarked fishing fees are restricted to fishing access sites management.

Federal funding sources include Wallop-Breaux, National Recreational Trails, the Land and Water Conservation fund, and miscellaneous federal revenues. These federal funding sources require a match of 20 to 50%.

The department receives 6.5% of the accommodation tax collections for the maintenance of state parks. However, since the money is appropriated through statute, it is not included in HB 2.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	9,073,750	9,073,750	18,147,500	89.28%
Statewide PL Adjustments	0	0	0	0.00%	396,370	401,343	797,713	3.92%
Other PL Adjustments	0	0	0	0.00%	616,418	615,848	1,232,266	6.06%
New Proposals	0	0	0	0.00%	74,823	74,823	149,646	0.74%
Total Budget	**$0**	**$0**	**$0**		**$10,161,361**	**$10,165,764**	**$20,327,125**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					638,736					638,411
Vacancy Savings					(245,836)					(245,827)
Inflation/Deflation					4,564					9,853
Fixed Costs					(1,094)					(1,094)
Total Statewide Present Law Adjustments		**$0**	**$378,624**	**$17,746**	**$396,370**		**$0**	**$384,908**	**$16,435**	**$401,343**
DP 601 - Reinstate Parks Ops & Maintenance	0.00	0	128,089	0	128,089	0.00	0	127,817	0	127,817
DP 602 - Reinstate Fishing Access Site Ops & Maintenance	0.00	0	98,220	64,701	162,921	0.00	0	98,036	64,587	162,623
DP 604 - Restore Grants Administration Funding - OTO	0.00	0	85,000	0	85,000	0.00	0	85,000	0	85,000
DP 605 - Parks Base Operating Adjustment	0.00	0	213,280	0	213,280	0.00	0	213,280	0	213,280
DP 606 - Fishing Access Site Base Operating Adjustment	0.00	0	44,818	0	44,818	0.00	0	44,818	0	44,818
DP 657 - Parks Snowmobile Equipment - BIEN - RST	0.00	0	(17,690)	0	(17,690)	0.00	0	(17,690)	0	(17,690)
Total Other Present Law Adjustments	**0.00**	**$0**	**$551,717**	**$64,701**	**$616,418**	**0.00**	**$0**	**$551,261**	**$64,587**	**$615,848**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$930,341**	**$82,447**	**$1,012,788**	**0.00**	**$0**	**$936,169**	**$81,022**	**$1,017,191**

DP 601 - Reinstate Parks Ops & Maintenance - The legislature approved restoration of state park operations and maintenance funding and 2.08 FTE that was approved as one-time-only by the 2009 Legislature. The funding also includes an additional 0.25 FTE for a field manager at Traveler's Rest State Park, which was funded in the 2011 biennium with federal stimulus money.

DP 602 - Reinstate Fishing Access Site Ops & Maintenance - The legislature approved restoration of fishing access site (FAS) operations and maintenance funding and 3.15 FTE that was approved as one-time-only by the 2009 Legislature. The funding also includes 0.75 FTE for a Madison River ranger and the associated operations that were formerly funded with grants from PPL Montana and the Bureau of Land Management.

DP 604 - Restore Grants Administration Funding - OTO - The legislature approved restoration of funding for a modified level FTE for the Land and Water Conservation Fund (LWCF)/Trails Bureau Chief. This position is responsible for the administration of several recreational and trail improvement programs.

DP 605 - Parks Base Operating Adjustment - The legislature approved funds for the Parks Division for contract services, weed control, travel, and grounds and buildings.

DP 606 - Fishing Access Site Base Operating Adjustment - The legislature approved $44,818 per year of state special revenue for fishing access site (FAS) operations. This funding primarily adjusts contract services and grounds maintenance.

DP 657 - Parks Snowmobile Equipment - BIEN - RST - The legislature provided biennial restricted appropriation for snowmobile groomers of $420,000. To accomplish this adjustment the legislature reduced the base by $17,690 per year and line-itemed the remaining base budget of $420,000.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 650 - Fund FAS Management in Parks (Restricted)										
06	0.00	0	172,500	0	172,500	0.00	0	172,500	0	172,500
DP 655 - Redirected Plate Fee (Restricted)										
06	0.00	0	160,000	0	160,000	0.00	0	160,000	0	160,000
DP 95102 - 5% Plan - State Parks Operations										
06	0.00	0	(223,197)	0	(223,197)	0.00	0	(223,197)	0	(223,197)
DP 95103 - 5% Plan - Fishing Access Sites Operations										
06	0.00	0	(2,727)	0	(2,727)	0.00	0	(2,727)	0	(2,727)
DP 95104 - 5% Plan - Trails and Education Program										
06	0.00	0	(31,753)	0	(31,753)	0.00	0	(31,753)	0	(31,753)
Total	**0.00**	**$0**	**$74,823**	**$0**	**$74,823**	**0.00**	**$0**	**$74,823**	**$0**	**$74,823**

DP 650 - Fund FAS Management in Parks (Restricted) - The legislature appved appling an overhead rate for management services funded with general license dollars for the administrative costs associated with operating the Fishing Access Site program within the Parks Division. This represents a 15% overhead adjustment.

DP 655 - Redirected Plate Fee (Restricted) - The legislature approved redirecting $0.25 of the light vehicle registration fee established for fishing access sites to state parks. The revenue estimate is approximately $160,000 per year. Legislation is required to implement this change.

DP 95102 - 5% Plan - State Parks Operations - This adjustment reduces facility, grounds, and buildings maintenance in state parks. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95103 - 5% Plan - Fishing Access Sites Operations - This reduction decreases the amount of maintenance tasks performed at fishing access sites. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95104 - 5% Plan - Trails and Education Program - This reduction decreases grants to clubs and local agencies for ATV and snowmobile trail maintenance. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	28.05	28.05	28.05	28.05	28.05	28.05	0.00	0.00%
Personal Services	1,886,125	1,920,100	1,926,157	1,926,394	3,806,225	3,852,551	46,326	1.22%
Operating Expenses	1,330,523	1,338,487	1,422,769	1,423,448	2,669,010	2,846,217	177,207	6.64%
Grants	304,676	314,533	329,676	329,676	619,209	659,352	40,143	6.48%
Total Costs	**$3,521,324**	**$3,573,120**	**$3,678,602**	**$3,679,518**	**$7,094,444**	**$7,358,120**	**$263,676**	**3.72%**
State Special	2,820,825	2,846,937	2,941,800	2,943,331	5,667,762	5,885,131	217,369	3.84%
Federal Special	700,499	726,183	736,802	736,187	1,426,682	1,472,989	46,307	3.25%
Total Funds	**$3,521,324**	**$3,573,120**	**$3,678,602**	**$3,679,518**	**$7,094,444**	**$7,358,120**	**$263,676**	**3.72%**

Page Reference

Legislative Budget Analysis, C-44

Funding

The largest funding source in the Communication and Education Bureau is the general license account. Federal funds are primarily Pittman-Robertson and Wallop-Breaux funds derived from federal excise taxes on sporting rifles, ammunition, and fishing equipment, and require a 25 percent match in non-federal funds.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	3,521,324	3,521,324	7,042,648	95.71%
Statewide PL Adjustments	0	0	0	0.00%	44,995	45,911	90,906	1.24%
Other PL Adjustments	0	0	0	0.00%	19,000	19,000	38,000	0.52%
New Proposals	0	0	0	0.00%	93,283	93,283	186,566	2.54%
Total Budget	**$0**	**$0**	**$0**		**$3,678,602**	**$3,679,518**	**$7,358,120**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					120,287					120,537
Vacancy Savings					(80,255)					(80,268)
Inflation/Deflation					4,963					5,642
Total Statewide Present Law Adjustments		**$0**	**$39,392**	**$5,603**	**$44,995**		**$0**	**$40,923**	**$4,988**	**$45,911**
DP 803 - Restore Dingle-Johnson Federal Appropriation	0.00	0	0	19,000	19,000	0.00	0	0	19,000	19,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$19,000**	**$19,000**	**0.00**	**$0**	**$0**	**$19,000**	**$19,000**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$39,392**	**$24,603**	**$63,995**	**0.00**	**$0**	**$40,923**	**$23,988**	**$64,911**

DP 803 - Restore Dingle-Johnson Federal Appropriation - The legislature approved restoration of federal funds for aquatic education. Contracted services were not fully expended due to scheduling issues with schools.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 801 - Montana Outdoor Discovery Center Operations										
08	0.00	0	56,583	11,700	68,283	0.00	0	56,583	11,700	68,283
DP 851 - MT Outdoor Discovery Center Ed. Grants - RST										
08	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
Total	**0.00**	**$0**	**$81,583**	**$11,700**	**$93,283**	**0.00**	**$0**	**$81,583**	**$11,700**	**$93,283**

DP 801 - Montana Outdoor Discovery Center Operations - The legislature approved operational authority for the Discovery Center. Renovations are nearly completed and the center is projected to be open by early 2011.

DP 851 - MT Outdoor Discovery Center Ed. Grants - RST - The legislature approved $25,000 of general license authority each year of the biennium to establish a educational grants program for the MT. Outdoor Discovery Center. The grant program will be for outlying school districts to bring school aged children to the Center. The grant funding can pay for transportation and housing expenses. Grants have an upper limit of $2,500 per school.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	63.12	63.12	63.12	63.12	63.12	63.12	0.00	0.00%
Personal Services	3,600,691	3,654,288	3,793,386	3,795,149	7,254,979	7,588,535	333,556	4.60%
Operating Expenses	5,004,981	5,002,650	5,480,918	5,416,621	10,007,631	10,897,539	889,908	8.89%
Equipment & Intangible Assets	13,526	28,720	13,526	13,526	42,246	27,052	(15,194)	(35.97%)
Transfers	58,869	99,652	99,652	99,652	158,521	199,304	40,783	25.73%
Total Costs	**$8,678,067**	**$8,785,310**	**$9,387,482**	**$9,324,948**	**$17,463,377**	**$18,712,430**	**$1,249,053**	**7.15%**
State Special	8,613,983	8,720,260	9,313,846	9,267,341	17,334,243	18,581,187	1,246,944	7.19%
Federal Special	64,084	65,050	73,636	57,607	129,134	131,243	2,109	1.63%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$8,678,067**	**$8,785,310**	**$9,387,482**	**$9,324,948**	**$17,463,377**	**$18,712,430**	**$1,249,053**	**7.15%**

Page Reference

Legislative Budget Analysis, C-48

Funding

The division provides management and financial oversight of all department activities. Because of this role the department is funded almost entirely with general license account revenues. Pittman-Robertson and Wallop-Breaux provide the federal funds to the division.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	8,678,067	8,678,067	17,356,134	92.75%
Statewide PL Adjustments	0	0	0	0.00%	278,792	216,379	495,171	2.65%
Other PL Adjustments	0	0	0	0.00%	90,947	90,826	181,773	0.97%
New Proposals	0	0	0	0.00%	339,676	339,676	679,352	3.63%
Total Budget	**$0**	**$0**	**$0**		**$9,387,482**	**$9,324,948**	**$18,712,430**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					350,751					352,587
Vacancy Savings					(158,056)					(158,129)
Inflation/Deflation					7,913					8,329
Fixed Costs					78,184					13,592
Total Statewide Present Law Adjustments		**$0**	**$269,240**	**$9,552**	**$278,792**		**$0**	**$222,856**	**($6,477)**	**$216,379**
DP 901 - Legal Unit Workload Efforts	0.00	0	50,164	0	50,164	0.00	0	50,043	0	50,043
DP 903 - Search and Rescue Base Operating Adjustment	0.00	0	40,783	0	40,783	0.00	0	40,783	0	40,783
Total Other Present Law Adjustments	**0.00**	**$0**	**$90,947**	**$0**	**$90,947**	**0.00**	**$0**	**$90,826**	**$0**	**$90,826**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$360,187**	**$9,552**	**$369,739**	**0.00**	**$0**	**$313,682**	**($6,477)**	**$307,205**

DP 901 - Legal Unit Workload Efforts - The legislature approved authority for an additional 0.50 attorney for the Legal Unit due to an increased workload. The workload has increased due to litigation in federal courts defending Endangered Species Act delisting decisions (wolves, grizzly bear); increased litigation in state district courts defending agency management decisions such as the contract for caretaking of quarantined bison; increases in objections before the Water Court; and an increase in legal work in the acquisition, monitoring, and enforcement of conservation easements for fish and wildlife habitat.

DP 903 - Search and Rescue Base Operating Adjustment - The legislature approved authority to transfer cash to the Department of Military Affairs for costs incurred by search and rescue clubs when searching for hunters, anglers, or trappers. The revenue source for these funds is $0.25 for each conservation license sold, which is statutorily dedicated for this purpose.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 952 - Calculate Sustainable Yield (Rst/Bien/OTO)										
09	0.00	0	339,676	0	339,676	0.00	0	339,676	0	339,676
Total	**0.00**	**$0**	**$339,676**	**$0**	**$339,676**	**0.00**	**$0**	**$339,676**	**$0**	**$339,676**

DP 952 - Calculate Sustainable Yield (Rst/Bien/OTO) - The legislature approved funds for a sustainable yield calculation for forested timber lands under department ownership. Funding is established at $1 per acre of WMA, St. Parks or FAS owned by the department. Legislation is required to implement this requirement.

Proprietary Rates

Proprietary Program Description
Duplicating Center

The department's duplicating center provides duplicating and bindery services to department employees. The duplicating center has only 1.00 FTE and whenever the demand for services becomes too great or a particular job is considered too large, the excess jobs are taken to Publications and Graphics in the Department of Administration to be completed.

Vehicle Fund
The department's equipment fund provides a fleet of vehicles to department employees. The revenue users are department employees, mostly enforcement wardens, fish and wildlife biologists, and park employees. Every month, users are charged for the miles driven during the previous month.

Warehouse Inventory
The department's warehouse contains mainly uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

Proprietary Rates
Refer to Section R of HB 2 for approved rates.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	46.46	46.46	47.21	47.21	46.46	47.21	0.75	1.61%
Personal Services	2,568,091	2,595,145	2,669,843	2,668,720	5,163,236	5,338,563	175,327	3.40%
Operating Expenses	925,635	976,352	941,811	942,962	1,901,987	1,884,773	(17,214)	(0.91%)
Equipment & Intangible Assets	9,316	9,316	9,316	9,316	18,632	18,632	0	0.00%
Grants	69,342	69,389	69,342	69,342	138,731	138,684	(47)	(0.03%)
Total Costs	**$3,572,384**	**$3,650,202**	**$3,690,312**	**$3,690,340**	**$7,222,586**	**$7,380,652**	**$158,066**	**2.19%**
State Special	3,430,760	3,465,306	3,520,914	3,520,749	6,896,066	7,041,663	145,597	2.11%
Federal Special	141,624	184,896	169,398	169,591	326,520	338,989	12,469	3.82%
Total Funds	**$3,572,384**	**$3,650,202**	**$3,690,312**	**$3,690,340**	**$7,222,586**	**$7,380,652**	**$158,066**	**2.19%**

Page Reference

Legislative Budget Analysis, C-55

Funding

The division provides management oversight of all fish and wildlife activities. Because of this role the division is funded almost entirely with general license account revenues. Pittman-Robertson, Wallup-Breaux, and state wildlife grants provide federal funds to the division.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	3,572,384	3,572,384	7,144,768	96.80%
Statewide PL Adjustments	0	0	0	0.00%	42,145	42,671	84,816	1.15%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	75,783	75,285	151,068	2.05%
Total Budget	**$0**	**$0**	**$0**		**$3,690,312**	**$3,690,340**	**$7,380,652**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					166,229					165,320
Vacancy Savings					(109,370)					(109,338)
Inflation/Deflation					(13,654)					(11,051)
Fixed Costs					(1,060)					(2,260)
Total Statewide Present Law Adjustments		**$0**	**$58,266**	**($16,121)**	**$42,145**		**$0**	**$58,530**	**($15,859)**	**$42,671**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$58,266**	**($16,121)**	**$42,145**	**0.00**	**$0**	**$58,530**	**($15,859)**	**$42,671**

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 950 - Eliminate CAPS Funding										
12	(0.25)	0	(12,006)	0	(12,006)	(0.25)	0	(12,366)	0	(12,366)
DP 1201 - Restore Urban Wildlife Planner										
12	1.00	0	43,894	43,895	87,789	1.00	0	43,825	43,826	87,651
Total	**0.75**	**$0**	**$31,888**	**$43,895**	**$75,783**	**0.75**	**$0**	**$31,459**	**$43,826**	**$75,285**

DP 950 - Eliminate CAPS Funding - The legislature eliminated base funding for the critical access planning system (CAPS). THis include 0.25 FTE.

DP 1201 - Restore Urban Wildlife Planner - The legislature approved authority to restore the Urban Wildlife Planner position. This position was approved as one-time-only by the 2009 Legislature and therefore is not part of the base. The FTE is a land use planning specialist that provides direction on residential development and transportation impacts on Montana's fish and wildlife resources at the county and state level. This position would be responsible for the wildlife assessment at the West Yellowstone Airport.

Agency Budget Comparison

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

Agency Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	387.29	387.29	382.48	382.48	387.29	382.48	(4.81)	(1.24%)
Personal Services	24,209,977	26,271,153	26,657,025	26,668,607	50,481,130	53,325,632	2,844,502	5.63%
Operating Expenses	20,595,563	30,561,107	28,027,547	28,008,806	51,156,670	56,036,353	4,879,683	9.54%
Equipment & Intangible Assets	80,932	187,077	118,872	118,872	268,009	237,744	(30,265)	(11.29%)
Capital Outlay	0	141,304	0	0	141,304	0	(141,304)	(100.00%)
Grants	1,473,211	2,040,916	1,791,808	1,806,461	3,514,127	3,598,269	84,142	2.39%
Transfers	7,500	0	7,500	7,500	7,500	15,000	7,500	100.00%
Total Costs	**$46,367,183**	**$59,201,557**	**$56,602,752**	**$56,610,246**	**$105,568,740**	**$113,212,998**	**$7,644,258**	**7.24%**
General Fund	5,341,202	5,443,674	4,591,991	4,595,007	10,784,876	9,186,998	(1,597,878)	(14.82%)
State Special	22,692,262	30,740,283	30,626,653	30,641,307	53,432,545	61,267,960	7,835,415	14.66%
Federal Special	18,333,719	23,017,600	21,384,108	21,373,932	41,351,319	42,758,040	1,406,721	3.40%
Total Funds	**$46,367,183**	**$59,201,557**	**$56,602,752**	**$56,610,246**	**$105,568,740**	**$113,212,998**	**$7,644,258**	**7.24%**

Page Reference

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	387.29	385.44	382.48	(2.96)	385.44	382.48	(2.96)	
Personal Services	24,209,977	26,925,740	26,657,025	(268,715)	26,937,192	26,668,607	(268,585)	(537,300)
Operating Expenses	20,595,563	28,907,252	28,027,547	(879,705)	28,877,279	28,008,806	(868,473)	(1,748,178)
Equipment & Intangible Assets	80,932	594,520	118,872	(475,648)	594,520	118,872	(475,648)	(951,296)
Capital Outlay	0	0	0	0	0	0	0	0
Grants	1,473,211	1,791,808	1,791,808	0	1,806,461	1,806,461	0	0
Transfers	7,500	7,500	7,500	0	7,500	7,500	0	0
Total Costs	**$46,367,183**	**$58,226,820**	**$56,602,752**	**($1,624,068)**	**$58,222,952**	**$56,610,246**	**($1,612,706)**	**($3,236,774)**
General Fund	5,341,202	5,466,101	4,591,991	(874,110)	5,469,117	4,595,007	(874,110)	(1,748,220)
State/Other Special	22,692,262	31,133,319	30,626,653	(506,666)	31,136,611	30,641,307	(495,304)	(1,001,970)
Federal Special	18,333,719	21,627,400	21,384,108	(243,292)	21,617,224	21,373,932	(243,292)	(486,584)
Total Funds	**$46,367,183**	**$58,226,820**	**$56,602,752**	**($1,624,068)**	**$58,222,952**	**$56,610,246**	**($1,612,706)**	**($3,236,774)**

The legislature approved a biennial budget 2.5% lower than the executive request. The legislature adopted the agency's 5% plan for both state special revenue and general fund. The general fund is further reduced by a $1.4 million fund switch to state special revenue to fund the public water supply program. State special revenue is impacted by a like amount. The legislature did not approve upgrades to the Remediation Division database in the amount of $1.0 million in state special revenue over the biennium.

Agency Highlights

Department of Environmental Quality Major Budget Highlights
♦ The legislative budget increases by 7.2% or $7.6 million from the previous biennium • General fund decreases by $1.7 million due to adoption of the agency 5% plan and the impact of a funding switch • State special revenue increases by $7.8 due to increases in remediation, fee based services and offset by the adoption of the agency 5% plan • Major priorities in the legislative budget are: • Funding the public water supply program via a switch between service connection fees and general fund • Restoring authority in the air, water and subdivision programs that was not utilized due to the economic downturn and decreased construction • Implementation of the 5% plan

Agency Discussion

The Department of Environmental Quality is responsible for analyzing, reviewing, and permitting environmental impacts, providing assistance to the regulated community, and acting as an enforcement entity. The department performs some permitting functions as the primary agent of the US Environmental Protection Agency (US EPA). The agency is funded with application, permit and review fees, funds from the US EPA, and general fund for administrative costs.

The general fund reduction from the 2011 biennium is $1.6 million over the biennium and is the result of full adoption of the agency 5% plan and a fund switch. State special revenue increases $7.2 million for the biennium due to appropriations for orphan share, hard rock mining oversight and the expenditure of revenues from general obligation bonds to cover the state's match to federal superfund. The legislature also made adjustments for activities that were impacted by the economic downturn such as air permitting functions, subdivision reviews, and water discharge permits.

The legislature directed $6.0 million of orphan share authority to HB 5 for the purpose of paying the state's portion of the cleanup at the KRY state superfund site. This authority has been in HB 2 in the past. However, the funds are for a capital improvement.

Recommendations for Interim Monitoring

The legislature recommended that the Environmental Quality Council review the following on at least an annual basis:

- Cleanup progress at the KRY site
- Progress toward petroleum tank site closures

Recommendations for Implementation Legislation

The legislature recommended the following implementation legislation:

- An increase in the public water supply connection fee from $2 per year to $7 per year. The fee has not been increased since 1991 and general fund has been subsidizing the fee to a larger and larger degree
- Establish benchmarks to assure petroleum tank cleanup sites are being closed
- Create permitting for wetlands discharge

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
10 Central Management Program	$ 750,450	$ 2,380,296	$ 682,895	$ 3,813,641	3.37%
20 Plan.Prevent. & Assist.Div.	5,255,831	5,433,169	15,302,843	25,991,843	22.96%
30 Enforcement Division	1,095,972	937,687	743,639	2,777,298	2.45%
40 Remediation Division	-	15,224,518	12,274,711	27,499,229	24.29%
50 Permitting & Compliance Div.	2,084,745	35,882,402	13,753,952	51,721,099	45.68%
90 Petro Tank Release Comp. Board	-	1,409,888	-	1,409,888	1.25%
Grand Total	9,186,998	61,267,960	42,758,040	113,212,998	100.00%

The department's largest source of funding is state special revenue. This revenue is derived from permitting fees, fines, and bonds proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. The federal revenue is provided from the US EPA performance partnership grant, the Superfund Program, and other federal grant resources. The partnership grant is a block grant to the state to provide funding the EPA had previously made through individual grants. Federal grants have varying match requirements. Wetland grants require a 25% match, drinking water capital improvement requires a 20% match, and non-point source funding can require as much as a 40% match. General fund is utilized for personal services and related operating expenses such as travel, communications, and equipment.

Budget Summary by Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	5,341,202	5,341,202	10,682,404	116.28%	46,367,183	46,367,183	92,734,366	81.91%
Statewide PL Adjustments	130,843	135,286	266,129	2.90%	2,802,683	2,815,880	5,618,563	4.96%
Other PL Adjustments	140,791	139,379	280,170	3.05%	8,538,226	8,521,176	17,059,402	15.07%
New Proposals	(1,020,845)	(1,020,860)	(2,041,705)	(22.22%)	(1,105,340)	(1,093,993)	(2,199,333)	(1.94%)
Total Budget	**$4,591,991**	**$4,595,007**	**$9,186,998**		**$56,602,752**	**$56,610,246**	**$113,212,998**	

Language and Statutory Authority

The legislature included the following language in HB 2.

"The Department is authorized to decrease federal special revenue in the water pollution control and/or drinking water revolving loan programs and to increase state special revenue by a like amount within the administration account when the amount of federal capitalization funds have been expended or when federal funds and bond proceeds will be used for other program purposes.

The department is appropriated up to $500,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2011 biennium for the purpose of paying contract expenses related to the recovery of funds."

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	9.75	9.75	9.10	9.10	9.75	9.10	(0.65)	(6.67%)
Personal Services	783,187	791,242	843,442	842,219	1,574,429	1,685,661	111,232	7.06%
Operating Expenses	1,057,038	1,161,659	1,064,051	1,063,929	2,218,697	2,127,980	(90,717)	(4.09%)
Total Costs	**$1,840,225**	**$1,952,901**	**$1,907,493**	**$1,906,148**	**$3,793,126**	**$3,813,641**	**$20,515**	**0.54%**
General Fund	327,767	339,090	375,308	375,142	666,857	750,450	83,593	12.54%
State Special	1,200,299	1,294,921	1,190,514	1,189,782	2,495,220	2,380,296	(114,924)	(4.61%)
Federal Special	312,159	318,890	341,671	341,224	631,049	682,895	51,846	8.22%
Total Funds	**$1,840,225**	**$1,952,901**	**$1,907,493**	**$1,906,148**	**$3,793,126**	**$3,813,641**	**$20,515**	**0.54%**

Page Reference

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Funding

The majority of the functions in the division are funded with non-budgeted proprietary funds that are not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the EPA. The indirect rate is assessed against funding for all personal services, temporary services, and work study projects as well as contracted services within each division, and transferred to fund operating costs. This funding currently supports 55.00 FTE who provide management tasks, budgeting, accounting, payroll, procurement, contract management, and information technology services to other divisions.

The appropriated funds provide support for the agency's legal services, the Board of Environmental Review, and Montana Environmental Policy Act (MEPA) activities. The appropriated funds consist of general fund, a number of state special revenue fees, and small federal grants. The majority of the funding comes from MEPA review fees.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	327,767	327,767	655,534	87.35%	1,840,225	1,840,225	3,680,450	96.51%
Statewide PL Adjustments	103,953	103,965	207,918	27.71%	120,487	119,399	239,886	6.29%
Other PL Adjustments	16,232	16,232	32,464	4.33%	79,440	79,361	158,801	4.16%
New Proposals	(72,644)	(72,822)	(145,466)	(19.38%)	(132,659)	(132,837)	(265,496)	(6.96%)
Total Budget	**$375,308**	**$375,142**	**$750,450**		**$1,907,493**	**$1,906,148**	**$3,813,641**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					155,434					154,299
Vacancy Savings					(37,545)					(37,500)
Inflation/Deflation					(69)					(67)
Fixed Costs					2,667					2,667
Total Statewide Present Law Adjustments		**$103,953**	**$11,207**	**$5,327**	**$120,487**		**$103,965**	**$10,554**	**$4,880**	**$119,399**
DP 1001 - Program 10 Non-Proprietary Operations Adjustment	0.00	16,232	39,023	24,185	79,440	0.00	16,232	38,944	24,185	79,361
Total Other Present Law Adjustments	**0.00**	**$16,232**	**$39,023**	**$24,185**	**$79,440**	**0.00**	**$16,232**	**$38,944**	**$24,185**	**$79,361**
Grand Total All Present Law Adjustments	**0.00**	**$120,185**	**$50,230**	**$29,512**	**$199,927**	**0.00**	**$120,197**	**$49,498**	**$29,065**	**$198,760**

DP 1001 - Program 10 Non-Proprietary Operations Adjustment - The legislature approved a base adjustment for the attorney pool. This adjustment includes $40,000 of indirect costs that were not rolled into the base due to a one-time-only designation made by the 2009 Legislature. The remaining amount restores indirect costs not spent in the base year due to vacancy savings targets and an employee taking voluntary leave without pay.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction (Pgm 10)										
10	(0.47)	(41,998)	0	0	(41,998)	(0.47)	(42,176)	0	0	(42,176)
DP 95100 - 5% Plan - MEPA										
10	(0.18)	(30,646)	(18,206)	0	(48,852)	(0.18)	(30,646)	(18,206)	0	(48,852)
DP 95101 - 5% Plan - Attorney Pool										
10	0.00	0	(15,809)	0	(15,809)	0.00	0	(15,809)	0	(15,809)
DP 95102 - 5% Plan - MEPA Contract Reduction										
10	0.00	0	(26,000)	0	(26,000)	0.00	0	(26,000)	0	(26,000)
Total	**(0.65)**	**($72,644)**	**($60,015)**	**$0**	**($132,659)**	**(0.65)**	**($72,822)**	**($60,015)**	**$0**	**($132,837)**

DP 55400 - 4% Personal Services Reduction (Pgm 10) - The legislature approved a 4% reduction of personal services funded with general fund. The reduction includes the permanent reduction of FTE associated with positions vacant when budgets were developed. This eliminates a three quarter time attorney.

DP 95100 - 5% Plan - MEPA - The reduction eliminates a portion of an FTE dedicated to work associated with the Montana Environmental Policy Act. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue fund by 5%.

DP 95101 - 5% Plan - Attorney Pool - This reduction decreases the training, travel and operating expenses of the attorney pool. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95102 - 5% Plan - MEPA Contract Reduction - This reduction would decrease authority for contract services for MEPA activities. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Proprietary Program Description

Indirect Cost Rate
The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The department utilizes two rates: one applied to personal services and a second applied to operating expenses to achieve a more equitable basis for funding proprietary services. The department negotiates the indirect cost rates with the U.S. Environmental Protection Agency (EPA).

Proprietary Rates
The legislature approved an indirect rate of 24% against personal services and 4% against operations.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	84.50	84.50	83.50	83.50	84.50	83.50	(1.00)	(1.18%)
Personal Services	5,475,919	6,082,540	6,109,147	6,111,850	11,558,459	12,220,997	662,538	5.73%
Operating Expenses	4,867,811	7,080,124	6,861,589	6,853,257	11,947,935	13,714,846	1,766,911	14.79%
Equipment & Intangible Assets	0	49,970	28,000	28,000	49,970	56,000	6,030	12.07%
Grants	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$10,343,730**	**$13,212,634**	**$12,998,736**	**$12,993,107**	**$23,556,364**	**$25,991,843**	**$2,435,479**	**10.34%**
General Fund	2,728,401	2,767,152	2,628,476	2,627,355	5,495,553	5,255,831	(239,722)	(4.36%)
State Special	1,631,717	2,418,714	2,716,443	2,716,726	4,050,431	5,433,169	1,382,738	34.14%
Federal Special	5,983,612	8,026,768	7,653,817	7,649,026	14,010,380	15,302,843	1,292,463	9.23%
Total Funds	**$10,343,730**	**$13,212,634**	**$12,998,736**	**$12,993,107**	**$23,556,364**	**$25,991,843**	**$2,435,479**	**10.34%**

Page Reference

Legislative Budget Analysis, C-77

Funding

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air quality permits and the interest from the investments made in community drinking water projects. The largest portion of federal funds is provided through the Environmental Protection Agency (EPA) programs, including the performance partnership grant and funds for non-point source water projects under the federal Clean Water Act. General fund is utilized for the total maximum daily load program and for matching of federal grants.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,728,401	2,728,401	5,456,802	103.82%	10,343,730	10,343,730	20,687,460	79.59%
Statewide PL Adjustments	36,495	35,235	71,730	1.36%	736,621	739,339	1,475,960	5.68%
Other PL Adjustments	0	0	0	0.00%	1,946,751	1,938,265	3,885,016	14.95%
New Proposals	(136,420)	(136,281)	(272,701)	(5.19%)	(28,366)	(28,227)	(56,593)	(0.22%)
Total Budget	**$2,628,476**	**$2,627,355**	**$5,255,831**		**$12,998,736**	**$12,993,107**	**$25,991,843**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					978,867					981,450
Vacancy Savings					(258,190)					(258,294)
Inflation/Deflation					(12,690)					(12,451)
Fixed Costs					28,634					28,634
Total Statewide Present Law Adjustments		**$36,495**	**$312,047**	**$388,079**	**$736,621**		**$35,235**	**$314,547**	**$389,557**	**$739,339**
DP 2002 - Planning, Prevention & Asst. Div Operating Adjust	0.00	0	500,625	1,282,126	1,782,751	0.00	0	498,408	1,275,857	1,774,265
DP 2004 - Universal System Benefits Addtl Authority	0.00	0	164,000	0	164,000	0.00	0	164,000	0	164,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$664,625**	**$1,282,126**	**$1,946,751**	**0.00**	**$0**	**$662,408**	**$1,275,857**	**$1,938,265**
Grand Total All Present Law Adjustments	**0.00**	**$36,495**	**$976,672**	**$1,670,205**	**$2,683,372**	**0.00**	**$35,235**	**$976,955**	**$1,665,414**	**$2,677,604**

DP 2002 - Planning, Prevention & Asst. Div Operating Adjust - The legislature approved restoration of the FY 2010 base for the following reasons:

- Replacement of $1.4 million of federal ARRA (HB 645) funds, which reduced the normal HB 2 expenditures in the base year
- Administrative appropriations of $1.1 million for contracts with other state agencies where the work was not completed within the current year
- $1.0 million related to positions left vacant due to meeting vacancy savings targets. These costs include unspent travel, lab analysis work, supplies, and indirect costs

DP 2004 - Universal System Benefits Addtl Authority - The legislature approved additional authority to spend Universal System Benefits (USB) funds. These funds are used as leverage for electrical efficiency projects, renewable energy projects, and energy education in the Montana-Dakota Utilities service area.

New Proposals

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2006 - Alternative Energy Revolving Loan Pgm Operating										
20	0.00	0	124,815	0	124,815	0.00	0	124,815	0	124,815
DP 55400 - 4% Personal Services Reduction (Pgm 20)										
20	(0.62)	(57,427)	0	0	(57,427)	(0.62)	(57,288)	0	0	(57,288)
DP 95103 - 5% Plan - Additional PS Reduction										
20	(0.38)	(55,983)	0	0	(55,983)	(0.38)	(55,983)	0	0	(55,983)
DP 95104 - 5% Plan - Energy Contract Reduction										
20	0.00	0	(16,761)	0	(16,761)	0.00	0	(16,761)	0	(16,761)
DP 95105 - 5% Plan - Energy Planning Reduction										
20	0.00	(23,010)	0	0	(23,010)	0.00	(23,010)	0	0	(23,010)
Total	**(1.00)**	**($136,420)**	**$108,054**	**$0**	**($28,366)**	**(1.00)**	**($136,281)**	**$108,054**	**$0**	**($28,227)**

DP 2006 - Alternative Energy Revolving Loan Pgm Operating - The legislature approved a base adjustment to the Alternative Energy Revolving Loan program. During the 2011 biennium loans made with federal stimulus funding revolve back to the fund as state funds.

DP 55400 - 4% Personal Services Reduction (Pgm 20) - The legislature approved the executive recommended 4% reduction of personal services funded with general fund. The reduction includes the permanent reduction of FTE

associated with positions vacant when budgets were developed. This reduction equates to 0.62 FTE, an environmental scientist.

DP 95103 - 5% Plan - Additional PS Reduction - The legislature adopted the agency 5% plan. This reduction would eliminate an environmental science specialist position for coal bed methane issues. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5 percent.

DP 95104 - 5% Plan - Energy Contract Reduction - The legislature adopted the agency 5% plan. This reduction would decrease the number of energy audits performed in state buildings. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5 percent.

DP 95105 - 5% Plan - Energy Planning Reduction - The legislature adopted the agency 5% plan. This reduction would decrease the state's participation in energy planning activities and the distribution of information on energy efficiency. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5 percent.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	15.00	15.00	14.73	14.73	15.00	14.73	(0.27)	(1.80%)
Personal Services	989,329	1,017,504	1,044,679	1,044,982	2,006,833	2,089,661	82,828	4.13%
Operating Expenses	294,362	301,373	344,402	343,235	595,735	687,637	91,902	15.43%
Total Costs	**$1,283,691**	**$1,318,877**	**$1,389,081**	**$1,388,217**	**$2,602,568**	**$2,777,298**	**$174,730**	**6.71%**
General Fund	552,549	560,417	548,197	547,775	1,112,966	1,095,972	(16,994)	(1.53%)
State Special	436,067	460,087	468,970	468,717	896,154	937,687	41,533	4.63%
Federal Special	295,075	298,373	371,914	371,725	593,448	743,639	150,191	25.31%
Total Funds	**$1,283,691**	**$1,318,877**	**$1,389,081**	**$1,388,217**	**$2,602,568**	**$2,777,298**	**$174,730**	**6.71%**

Page Reference

Legislative Budget Analysis, C-84

Funding

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air, asbestos control, and discharge permits, as well as subdivision review fees. The largest percentage of federal funds is provided through the Environmental Protection Agency (EPA) programs, predominantly the performance partnership grant.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	552,549	552,549	1,105,098	100.83%	1,283,691	1,283,691	2,567,382	92.44%
Statewide PL Adjustments	(9,369)	(9,240)	(18,609)	(1.70%)	73,267	73,690	146,957	5.29%
Other PL Adjustments	32,644	32,152	64,796	5.91%	81,553	80,325	161,878	5.83%
New Proposals	(27,627)	(27,686)	(55,313)	(5.05%)	(49,430)	(49,489)	(98,919)	(3.56%)
Total Budget	**$548,197**	**$547,775**	**$1,095,972**		**$1,389,081**	**$1,388,217**	**$2,777,298**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					117,272					117,650
Vacancy Savings					(44,264)					(44,280)
Inflation/Deflation					(4,066)					(4,005)
Fixed Costs					4,325					4,325
Total Statewide Present Law Adjustments		**($9,369)**	**$26,882**	**$55,754**	**$73,267**		**($9,240)**	**$27,048**	**$55,882**	**$73,690**
DP 3001 - Enforcement Operations Adjustment	0.00	32,644	27,824	21,085	81,553	0.00	32,152	27,405	20,768	80,325
Total Other Present Law Adjustments	**0.00**	**$32,644**	**$27,824**	**$21,085**	**$81,553**	**0.00**	**$32,152**	**$27,405**	**$20,768**	**$80,325**
Grand Total All Present Law Adjustments	**0.00**	**$23,275**	**$54,706**	**$76,839**	**$154,820**	**0.00**	**$22,912**	**$54,453**	**$76,650**	**$154,015**

DP 3001 - Enforcement Operations Adjustment - The legislature approved a base adjustment for two reasons. Approximately $66,750 of actual expenses did not roll forward in the base budget due to a one-time-only restriction made by the 2009 legislature. The remaining amount is for costs related to holding positions open to achieve vacancy savings, including lab analysis, field supplies, training, and in-state travel.

New Proposals

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction (Pgm 30)										
30	(0.27)	(17,658)	0	0	(17,658)	(0.27)	(17,717)	0	0	(17,717)
DP 95106 - 5% Plan - Operating Expense Reduction										
30	0.00	(9,969)	(21,803)	0	(31,772)	0.00	(9,969)	(21,803)	0	(31,772)
Total	**(0.27)**	**($27,627)**	**($21,803)**	**$0**	**($49,430)**	**(0.27)**	**($27,686)**	**($21,803)**	**$0**	**($49,489)**

DP 55400 - 4% Personal Services Reduction (Pgm 30) - The legislature approved the executive recommended 4% reduction of personal services funded with general fund. This includes the reduction of 0.27 FTE. The agency did not specify which position would be reduced.

DP 95106 - 5% Plan - Operating Expense Reduction – The legislature reduced the operating budget for the Enforcement Division, resulting in the need to prioritize formal enforcement actions over citizen complaints. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	63.01	63.01	63.01	63.01	63.01	63.01	0.00	0.00%
Personal Services	3,289,972	4,110,515	4,277,465	4,280,194	7,400,487	8,557,659	1,157,172	15.64%
Operating Expenses	7,205,103	8,671,833	9,463,120	9,463,450	15,876,936	18,926,570	3,049,634	19.21%
Equipment & Intangible Assets	0	15,000	0	0	15,000	0	(15,000)	(100.00%)
Capital Outlay	0	141,304	0	0	141,304	0	(141,304)	(100.00%)
Transfers	7,500	0	7,500	7,500	7,500	15,000	7,500	100.00%
Total Costs	**$10,502,575**	**$12,938,652**	**$13,748,085**	**$13,751,144**	**$23,441,227**	**$27,499,229**	**$4,058,002**	**17.31%**
State Special	5,124,647	6,059,212	7,611,840	7,612,678	11,183,859	15,224,518	4,040,659	36.13%
Federal Special	5,377,928	6,879,440	6,136,245	6,138,466	12,257,368	12,274,711	17,343	0.14%
Total Funds	**$10,502,575**	**$12,938,652**	**$13,748,085**	**$13,751,144**	**$23,441,227**	**$27,499,229**	**$4,058,002**	**17.31%**

Page Reference

Legislative Budget Analysis, C-88

Funding

The Remediation Division is funded with a mix of state special and federal revenue sources. State special revenue comes from the $.0075 gasoline tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the Resource Indemnity Trust deposited to the environmental quality protection, orphan share, and hazardous waste funds. Federal special revenue is derived from the federal Environmental Protection Agency (EPA) for Superfund oversight and various other activities, and the federal Office of Surface Mining for the Abandoned Mine Lands (AML) program.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	10,502,575	10,502,575	21,005,150	76.38%
Statewide PL Adjustments	0	0	0	0.00%	964,132	967,191	1,931,323	7.02%
Other PL Adjustments	0	0	0	0.00%	2,282,462	2,282,462	4,564,924	16.60%
New Proposals	0	0	0	0.00%	(1,084)	(1,084)	(2,168)	(0.01%)
Total Budget	**$0**	**$0**	**$0**		**$13,748,085**	**$13,751,144**	**$27,499,229**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,132,563					1,135,403
Vacancy Savings					(176,900)					(177,011)
Inflation/Deflation					(7,726)					(7,396)
Fixed Costs					16,195					16,195
Total Statewide Present Law Adjustments		**$0**	**$252,341**	**$711,791**	**$964,132**		**$0**	**$253,179**	**$714,012**	**$967,191**
DP 4001 - Remediation Division Operations Adjustments										
	0.00	0	385,936	46,526	432,462	0.00	0	385,936	46,526	432,462
DP 4002 - S&W Claims Payments (OTO/Bien/Rest)										
	0.00	0	750,000	0	750,000	0.00	0	750,000	0	750,000
DP 4003 - GO Bond Sales NPL sites (OTO/Bien/Rest)										
	0.00	0	1,100,000	0	1,100,000	0.00	0	1,100,000	0	1,100,000
Total Other Present Law Adjustments										
	0.00	**$0**	**$2,235,936**	**$46,526**	**$2,282,462**	**0.00**	**$0**	**$2,235,936**	**$46,526**	**$2,282,462**
Grand Total All Present Law Adjustments										
	0.00	**$0**	**$2,488,277**	**$758,317**	**$3,246,594**	**0.00**	**$0**	**$2,489,115**	**$760,538**	**$3,249,653**

DP 4001 - Remediation Division Operations Adjustments - The legislature approved a biennial base operating adjustment totaling $864,924 in state and federal revenue. The adjustment includes funds for training, contracted services, legal, and information technology services. These funds are for supporting cleanup activities.

DP 4002 - S&W Claims Payments (OTO/Bien/Rest) - The legislature approved a one-time-only, biennial, restricted appropriation of orphan share funds to cover potential claims from the S&W Sawmill cleanup site in Darby. The remedial investigation at the S&W site is expected to be completed by FY 2013 or sooner.

DP 4003 - GO Bond Sales NPL sites (OTO/Bien/Rest) - The legislature approved a one-time-only, biennial, restricted appropriation of $2.2 million of revenue from Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) general obligation bonds. This appropriation would provide a 10% match to federal funds expended for remedial actions at the Carpenter/Snow and Barker/Hughesville national priority list (NPL) sites.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95107 - 5% Plan - Operating Adjustments										
40	0.00	0	(1,084)	0	(1,084)	0.00	0	(1,084)	0	(1,084)
Total	**0.00**	**$0**	**($1,084)**	**$0**	**($1,084)**	**0.00**	**$0**	**($1,084)**	**$0**	**($1,084)**

DP 95107 - 5% Plan - Operating Adjustments – The legislature reduced expenditures for consulting and professional services for agricultural monitoring and petroleum tank storage cleanup programs. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	209.03	209.03	206.14	206.14	209.03	206.14	(2.89)	(1.38%)
Personal Services	13,311,323	13,915,402	14,023,196	14,027,957	27,226,725	28,051,153	824,428	3.03%
Operating Expenses	6,958,473	12,960,285	9,949,720	9,940,213	19,918,758	19,889,933	(28,825)	(0.14%)
Equipment & Intangible Assets	80,932	122,107	90,872	90,872	203,039	181,744	(21,295)	(10.49%)
Grants	1,473,211	2,040,916	1,791,808	1,806,461	3,514,127	3,598,269	84,142	2.39%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$21,823,939**	**$29,038,710**	**$25,855,596**	**$25,865,503**	**$50,862,649**	**$51,721,099**	**$858,450**	**1.69%**
General Fund	1,732,485	1,777,015	1,040,010	1,044,735	3,509,500	2,084,745	(1,424,755)	(40.60%)
State Special	13,726,509	19,767,566	17,935,125	17,947,277	33,494,075	35,882,402	2,388,327	7.13%
Federal Special	6,364,945	7,494,129	6,880,461	6,873,491	13,859,074	13,753,952	(105,122)	(0.76%)
Total Funds	**$21,823,939**	**$29,038,710**	**$25,855,596**	**$25,865,503**	**$50,862,649**	**$51,721,099**	**$858,450**	**1.69%**

Page Reference

Legislative Budget Analysis, C-95

Funding

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

State special revenue consists of forfeited hard rock reclamation bonds, and fees collected for various activities such as air permits, junk vehicle fines, public water supply connections, and subdivision reviews. These funds are used to administer related permits and compliance operations in the division. The division also receives Resource Indemnity Trust (RIT) interest via the hazardous waste and natural resources operations funds.

Federal special revenue sources include the Environmental Protection Agency (EPA) and the Bureau of Land Management (BLM). Federal funds are directed toward specific sites or for primacy costs of the permitting programs.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,732,485	1,732,485	3,464,970	166.21%	21,823,939	21,823,939	43,647,878	84.39%
Statewide PL Adjustments	(236)	5,326	5,090	0.24%	924,259	930,035	1,854,294	3.59%
Other PL Adjustments	91,915	90,995	182,910	8.77%	4,001,199	3,993,885	7,995,084	15.46%
New Proposals	(784,154)	(784,071)	(1,568,225)	(75.22%)	(893,801)	(882,356)	(1,776,157)	(3.43%)
Total Budget	**$1,040,010**	**$1,044,735**	**$2,084,745**		**$25,855,596**	**$25,865,503**	**$51,721,099**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,491,695					1,496,576
Vacancy Savings					(592,113)					(592,316)
Inflation/Deflation					(36,349)					(35,251)
Fixed Costs					61,026					61,026
Total Statewide Present Law Adjustments		**($236)**	**$725,495**	**$199,000**	**$924,259**		**$5,326**	**$727,438**	**$197,271**	**$930,035**
DP 5002 - Restore Counties Air Quality Pgm Funding	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 5003 - Hard Rock & Major Facility Siting Prjs (BIEN/RST)	0.00	0	1,750,000	0	1,750,000	0.00	0	1,750,000	0	1,750,000
DP 5011 - PCD Operations Adjustment-Funding Constraints	0.00	(136,348)	1,187,764	76,695	1,128,111	0.00	(136,495)	1,175,952	75,320	1,114,777
DP 5012 - PCD Operations Adjustment-Mining Programs	0.00	140,000	160,938	56,823	357,761	0.00	140,000	159,934	55,704	355,638
DP 5013 - PCD Operations Adjustment-Public Water Supply	0.00	21,637	71,467	163,580	256,684	0.00	21,142	70,251	161,553	252,946
DP 5014 - PCD Ops Adjustment-Meth/Admin/WUTMB	0.00	16,626	422,599	19,418	458,643	0.00	16,348	435,478	18,698	470,524
Total Other Present Law Adjustments	**0.00**	**$91,915**	**$3,592,768**	**$316,516**	**$4,001,199**	**0.00**	**$90,995**	**$3,591,615**	**$311,275**	**$3,993,885**
Grand Total All Present Law Adjustments	**0.00**	**$91,679**	**$4,318,263**	**$515,516**	**$4,925,458**	**0.00**	**$96,321**	**$4,319,053**	**$508,546**	**$4,923,920**

DP 5002 - Restore Counties Air Quality Pgm Funding - The legislature approved $50,000 per year in general fund for local air quality programs. This adjustment is to restore a one- time- only appropriation from last biennium. These funds support local air quality programs in Missoula, Yellowstone, Cascade, Gallatin, Flathead, and Lewis & Clark counties.

DP 5003 - Hard Rock & Major Facility Siting Prjs (BIEN/RST) - The legislature approved a biennial, restricted request for $1,750,000 per year in state special revenue for projects administered by the Hard Rock and Major Facility Siting Act Programs (MFSA). Hard Rock mining reclamation of $3,000,000 would be used for operation and maintenance of the Zortman Landusky mine site and the funding would come from the hard rock mining reclamation fund. MFSA projects totaling $400,000 would allow the expenditure of these fees for MFSA analysis for projects that arise during the coming biennium. Bond forfeitures and settlements of $100,000 would be used for reclamation of specific mine sites and would be funded by settlement agreements or by forfeitures of various reclamation surety bonds.

DP 5011 - PCD Operations Adjustment-Funding Constraints - The legislature approved a base operating adjustment to reinstate authority for air, water, and subdivision fees. A significant portion of authority was not utilized as the fee revenue was much lower than estimated. This adjustment reinstates funding for operating expenses not incurred so that the program operated within revenues in FY 2010.

DP 5012 - PCD Operations Adjustment-Mining Programs - The legislature approved a base adjustment for the opencut, coal and uranium, and hard rock programs to restore base authority to allow the programs to respond to changing environmental factors and to respond to new mining applications as well as anticipated amendments.

DP 5013 - PCD Operations Adjustment-Public Water Supply - The legislature approved additional funding to adjust for expenditures not made in the base year due to a high vacancy rate within the program. This program provides for

monitoring the safety of the state's drinking water systems, performing inspections, providing technical assistance and education, and working with systems when the water is unsafe for human consumption.

DP 5014 - PCD Ops Adjustment-Meth/Admin/WUTMB - The legislature approved funds to restore the base budget for three units: Division Administration, the programs in the Waste & Underground Tanks Management Bureau (WUTMB), and the Meth Cleanup Program. The majority of this request is in the WUTMB for the Junk Vehicle Program to provide increased county grant reimbursements and reimbursements to local tow operators who remove abandoned vehicles from roadsides. Other adjustments include restoration of travel funds for routine inspections and for technical training that is not offered in Helena.

New Proposals

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5053 - Public Water Supply - Funding Switch										
50	0.00	(697,530)	697,530	0	0	0.00	(697,530)	697,530	0	0
DP 5055 - Decrease PWS Authority										
50	0.00	0	(174,773)	0	(174,773)	0.00	0	(163,411)	0	(163,411)
DP 55400 - 4% Personal Services Reduction (Pgm 50)										
50	(0.49)	(29,652)	0	0	(29,652)	(0.49)	(29,569)	0	0	(29,569)
DP 95108 - 5% Plan - Contracted Services Reduction										
50	0.00	0	(278,678)	0	(278,678)	0.00	0	(278,678)	0	(278,678)
DP 95109 - 5% Plan - Operating Plan Reduction										
50	0.00	0	(172,145)	0	(172,145)	0.00	0	(172,145)	0	(172,145)
DP 95110 - 5% Plan - Travel & Training Reduction										
50	0.00	0	(80,127)	0	(80,127)	0.00	0	(80,127)	0	(80,127)
DP 95111 - 5% Plan - Additional Personal Services Reduction										
50	(2.40)	(56,972)	(101,454)	0	(158,426)	(2.40)	(56,972)	(101,454)	0	(158,426)
Total	**(2.89)**	**($784,154)**	**($109,647)**	**$0**	**($893,801)**	**(2.89)**	**($784,071)**	**($98,285)**	**$0**	**($882,356)**

DP 5053 - Public Water Supply - Funding Switch - The legislature approved a funding switch decreasing general fund and hazardous waste funds and increasing public water supply funds. This package is contingent on passage and approval of implementation legislation that raises the public water supply connection fee.

DP 5055 - Decrease PWS Authority - The legislature approved a reduction in PWS connection fee authority to adjust for a lower than estimated fee increase.

DP 55400 - 4% Personal Services Reduction (Pgm 50) - The legislature approved a 4% reduction of personal services funded with general fund. The reduction includes the permanent reduction of FTE associated with positions vacant when budgets were developed. Based on this amount, the division will reduce by approximately half (49%) a full-time Environmental Engineer PE position, including benefits. Thus, a full-time position will become a half-time position.

DP 95108 - 5% Plan - Contracted Services Reduction - The legislature approved a reduction in contracted services currently used for information technology projects and environmental consulting in major facility siting activities and hard rock permitting. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state

DP 95109 - 5% Plan - Operating Plan Reduction - The legislature approved a reduction in lab work, legal services, waste disposal, printing, and general supplies. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95110 - 5% Plan - Travel & Training Reduction - The legislature approved a reduction in staff training and travel. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95111 - 5% Plan - Additional Personal Services Reduction - The legislature approved a reduction that eliminates the funding for approximately 2.40 FTE. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00%
Personal Services	360,247	353,950	359,096	361,405	714,197	720,501	6,304	0.88%
Operating Expenses	212,776	385,833	344,665	344,722	598,609	689,387	90,778	15.16%
Total Costs	**$573,023**	**$739,783**	**$703,761**	**$706,127**	**$1,312,806**	**$1,409,888**	**$97,082**	**7.39%**
State Special	573,023	739,783	703,761	706,127	1,312,806	1,409,888	97,082	7.39%
Total Funds	**$573,023**	**$739,783**	**$703,761**	**$706,127**	**$1,312,806**	**$1,409,888**	**$97,082**	**7.39%**

Page Reference

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Funding

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

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	573,023	573,023	1,146,046	81.29%
Statewide PL Adjustments	0	0	0	0.00%	(16,083)	(13,774)	(29,857)	(2.12%)
Other PL Adjustments	0	0	0	0.00%	146,821	146,878	293,699	20.83%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$703,761**	**$706,127**	**$1,409,888**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(1,814)					592
Vacancy Savings					(14,337)					(14,434)
Inflation/Deflation					68					68
Total Statewide Present Law Adjustments		**$0**	**($16,083)**	**$0**	**($16,083)**		**$0**	**($13,774)**	**$0**	**($13,774)**
DP 9001 - Petroleum Board Operations Adjustment	0.00	0	146,821	0	146,821	0.00	0	146,878	0	146,878
Total Other Present Law Adjustments	**0.00**	**$0**	**$146,821**	**$0**	**$146,821**	**0.00**	**$0**	**$146,878**	**$0**	**$146,878**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$130,738**	**$0**	**$130,738**	**0.00**	**$0**	**$133,104**	**$0**	**$133,104**

DP 9001 - Petroleum Board Operations Adjustment - The legislature approved base operating adjustments for potential retirement costs, minor supplies, training, indirect charges, and legal fees.

Agency Budget Comparison

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

Agency Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	2,111.26	2,111.26	2,111.26	2,111.26	2,111.26	2,111.26	0.00	0.00%
Personal Services	126,893,928	147,102,387	142,727,955	142,766,309	273,996,315	285,494,264	11,497,949	4.20%
Operating Expenses	318,017,294	435,509,385	497,840,044	516,829,344	753,526,679	1,014,669,388	261,142,709	34.66%
Equipment & Intangible Assets	2,974,142	3,027,679	2,987,467	2,974,142	6,001,821	5,961,609	(40,212)	(0.67%)
Capital Outlay	28,099,207	16,132,424	23,216,343	23,216,343	44,231,631	46,432,686	2,201,055	4.98%
Grants	19,468,999	22,012,246	21,956,679	21,956,679	41,481,245	43,913,358	2,432,113	5.86%
Transfers	1,407,892	1,013,328	1,418,710	1,418,710	2,421,220	2,837,420	416,200	17.19%
Total Costs	**$496,861,462**	**$624,797,449**	**$690,147,198**	**$709,161,527**	**$1,121,658,911**	**$1,399,308,725**	**$277,649,814**	**24.75%**
General Fund	0	0	0	0	0	0	0	n/a
State Special	199,536,189	258,100,949	264,240,903	265,936,203	457,637,138	530,177,106	72,539,968	15.85%
Federal Special	297,325,273	366,696,500	425,906,295	443,225,324	664,021,773	869,131,619	205,109,846	30.89%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$496,861,462**	**$624,797,449**	**$690,147,198**	**$709,161,527**	**$1,121,658,911**	**$1,399,308,725**	**$277,649,814**	**24.75%**

Page Reference

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	2,111.26	2,111.26	2,111.26	0.00	2,111.26	2,111.26	0.00	
Personal Services	126,893,928	143,603,117	142,727,955	(875,162)	143,641,471	142,766,309	(875,162)	(1,750,324)
Operating Expenses	318,017,294	486,429,132	497,840,044	11,410,912	485,418,363	516,829,344	31,410,981	42,821,893
Equipment & Intangible Assets	2,974,142	2,987,467	2,987,467	0	2,974,142	2,974,142	0	0
Capital Outlay	28,099,207	23,216,343	23,216,343	0	23,216,343	23,216,343	0	0
Grants	19,468,999	20,652,379	21,956,679	1,304,300	20,652,379	21,956,679	1,304,300	2,608,600
Transfers	1,407,892	1,418,710	1,418,710	0	1,418,710	1,418,710	0	0
Total Costs	**$496,861,462**	**$678,307,148**	**$690,147,198**	**$11,840,050**	**$677,321,408**	**$709,161,527**	**$31,840,119**	**$43,680,169**
General Fund	0	0	0	0	0	0	0	0
State/Other Special	199,536,189	262,436,600	264,240,903	1,804,303	262,091,900	265,936,203	3,844,303	5,648,606
Federal Special	297,325,273	415,870,548	425,906,295	10,035,747	415,229,508	443,225,324	27,995,816	38,031,563
Proprietary	0	0	0	0	0	0	0	0
Total Funds	**$496,861,462**	**$678,307,148**	**$690,147,198**	**$11,840,050**	**$677,321,408**	**$709,161,527**	**$31,840,119**	**$43,680,169**

The legislative budget is $43.7 million in total funds higher than the executive budget with the increase primarily in federal funds associated with a revised request concurred in by the executive that failed to meet the statutory deadline for the executive budget submission. The most significant revisions from the executive budget are summarized below.

A request to fund the federal-aid highway construction program was revised by the executive after the December 15 budget was submitted. The request was revised to reflect the most recent update to the department's long-range tentative construction plan linked to agency assumptions of federal funding for highways. The revision was concurred in by the legislature and increased state special funding by $4.5 million and federal special funding by $39.5 million over the biennium.

Other revisions included:

- Funding to provide emergency medical services grants was added, resulting in a biennium increase of $2.0 million from the non-restricted highways state special revenue account
- Funding for overtime in the Construction Program was reduced by $1.7 million in total funds to correct an error in the executive request
- Funding for various programs was reduced by $945,000 due to acceptance of the agency 5% reduction plans
- Funding for biodiesel research grants added $400,000 in state special revenue
- Funding for corridor studies was reduced by $360,000 in total funds
- Funding for grants to certify unmanned aircraft operation in Montana airspace added $300,000 in state special revenue
- Funding for operations of the Rail Service Competition Council was added, resulting in a biennium increase of $100,000 from the non-restricted highways state special revenue account

Agency Highlights

Department of Transportation Major Budget Highlights
♦ Total funds increase by $277.6 million or 24.8%, ♦ State special revenue increases by $72.5 million or 15.9%, and these increases are dominated by increases of: • $60.0 million for the 100% state funded construction program • $31.1 million to match increased federal funding for the federal-aid highway construction program • $20.2 million for statewide present law adjustments • $8.3 million for funding payments to the proprietary Equipment Program • $2.0 million for emergency medical services grants ♦ Federal special revenue increases by $205.1 million, or 30.9%, primarily because of increases of: • $273.7 million to increase federal-aid funding for highway construction contractor payments • $2.1 million to increase transit funding for assistance to local transit providers • $1.5 million of border enforcement grants associated with enforcement of commercial motor carriers around the border with Canada ♦ Staffing levels remain the same as in the 2011 biennium

Agency Discussion

Summary

The budget for this agency includes funding to obligate and match all federal-aid highway funding anticipated. Included in the funding is an increase to the 100% state funded construction program to raise the annual level from $10.0 million to $40.0 million. The total fund budget grows by $277.6 million, or 24.8%, primarily because of the growth in the state funded and federal-aid highway construction programs. The growth is comprised of increases of $72.5 million or 15.9% in state special revenue and $205.1 million or 30.9%, in federal special revenue. Staffing levels in this agency do not change and this agency has no general fund. A non-budgeted proprietary funded program that acquires, maintains, and disposes of equipment used by the other programs of this agency increases the cost to user programs by $9.4 million of total funds.

Highways State Special Revenue Account Working Capital Analysis

Montana has a vast network of highways that plays a major role in Montana's transportation needs. Montana has nearly 70,000 centerline miles of public roads, of which the Department of Transportation (DOT) has responsibility for nearly 11,000. The remaining roughly 59,000 miles are mostly rural and municipal roads maintained by local governments or private citizens. The legislature has provided roughly $1.4 billion in the 2013 biennium to maintain, rebuild, and operate the 11,000 miles of paved roads under its responsibility. To a large extent, funding to support construction activities comes from federal funding with state matching funds from the highways state special revenue account. The state special revenue account also supports highway maintenance and operation costs that are important in keeping the highways in good repair and safe for the traveling public. Because of the strong reliance on highways state special revenue funding, the legislature pays a particular interest in this funding source. Among other things, the legislature includes estimates of the three most dominant revenue sources for the account in its HJR 2 revenue estimates of key non-general fund sources. The following provides a summary of the two accounts that make up the highways state special revenue account: the restricted account funded with revenues that are protected by the state constitution (HSRA-R) and the nonrestricted account funded with revenues that are not constitutionally protected (HSRA-NR).

Sources of Revenue

The Constitution of the State of Montana states that revenues from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways are to be used solely for paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Constitutionally protected revenues are deposited in HSRA-R and are expended for purposes specified in the constitution. Nonrestricted revenues are derived from special use permits and motor fuel penalties and interest payments and are deposited in HSRA-NR and expended for other purposes not restricted by the constitution.

Analysis Results

The following figure shows the result of a working capital analysis of the highways state special revenue account. The figure shows individual and combined balances for both the restricted and nonrestricted accounts as of current legislative action. As shown, with $43.6 million more appropriations made during the 2013 biennium from the account compared to the anticipated revenues, the account is not structurally balanced and the $98.8 million combined balance that existed at the end of FY 2010 would be reduced to $25.0 million at the end of the 2013 biennium.

Working Capital Balance
Highways State Special Revenue - Restricted Account
Fiscal Years 2010 - 2013
(in Millions)

Description	FY 2010 Actual	FY 2011 Approp.	FY 2012 Budget	FY 2013 Budget
Restricted Account				
Beginning Balance	$65.4	$97.7	$76.0	$46.5
Revenues	281.5	276.6	282.8	286.8
Expenditures	244.3	298.3	312.3	308.4
Revenues less expenditures	37.2	(12.9)	(29.5)	(21.6)
Adjustments	(4.8)	0.0	0.0	0.0
Ending Balance	$97.7	$76.0	$46.5	$24.9
Non-restricted Account				
Beginning Balance	$1.1	$1.2	($7.5)	($3.7)
Revenues	7.8	7.4	7.5	7.6
Expenditures	7.6	16.0	3.8	3.8
Revenues less expenditures	0.2	(8.6)	3.7	3.8
Adjustments	(0.2)	0.0	0.0	0.0
Ending Balance	$1.2	($7.5)	($3.7)	$0.1
Combined Account				
Beginning Balance	$66.5	$98.8	$68.6	$42.8
Revenues	289.3	284.0	290.3	294.4
Expenditures	251.9	314.3	316.1	312.2
Revenues less expenditures	37.4	(21.5)	(25.8)	(17.8)
Adjustments	(5.0)	0.0	0.0	0.0
Ending Balance	$98.8	$68.6	$42.8	$25.0

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	State Spec.	Fed Spec.	Grand Total	Total %
01 General Operations Program	$ 47,779,718	$ 4,368,197	$ 52,147,915	3.73%
02 Construction Program	158,717,469	799,271,839	957,989,308	68.46%
03 Maintenance Program	291,861,229	15,174,766	307,035,995	21.94%
22 Motor Carrier Services Div.	16,238,223	5,809,745	22,047,968	1.58%
40 Aeronautics Program	3,822,392	909,779	4,732,171	0.34%
50 Rail, Transit, & Planning Division	11,758,075	43,597,293	55,355,368	3.96%
Grand Total	$ 530,177,106	$ 869,131,619	$ 1,399,308,725	100.00%

Budget Summary by Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	496,861,462	496,861,462	993,722,924	71.02%
Statewide PL Adjustments	0	0	0	0.00%	10,660,152	10,537,538	21,197,690	1.51%
Other PL Adjustments	0	0	0	0.00%	181,385,821	200,522,695	381,908,516	27.29%
New Proposals	0	0	0	0.00%	1,239,763	1,239,832	2,479,595	0.18%
Total Budget	**$0**	**$0**	**$0**		**$690,147,198**	**$709,161,527**	**$1,399,308,725**	

Language and Statutory Authority

The legislature included the following language in HB 2.

"The department may adjust appropriations in the general operations, construction, maintenance, and transportation planning programs between state special revenue and federal special revenue funds if the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program."

"All federal special revenue appropriations in the department are biennial."

"All appropriations in the general operations, construction, maintenance, and transportation planning programs are biennial."

"All remaining federal pass-through grant appropriations for highway traffic safety, including reversions for the 2011 biennium, are authorized to continue and are appropriated in FY 2012 and FY 2013."

“Tongue River Road Preconstruction funds may be used only to survey and provide design and preliminary engineering work to improve state secondary highway 332.”

“Unmanned Aircraft Systems Grants may be used only to provide grants to the municipalities of Great Falls and Lewistown to obtain unmanned aircraft systems certificates of authorization and to authorize related flight operations within Montana airspace, facility improvements, services support, and safety equipment.”

“Biodiesel Fuel Research may be used only to provide grants to Montana State University-Northern to test and develop biodiesel and related technology in support of Montana agriculture, refining, transportation, and other related emerging industries.”

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	186.37	186.37	186.37	186.37	186.37	186.37	0.00	0.00%
Personal Services	12,203,608	13,189,454	13,345,817	13,344,945	25,393,062	26,690,762	1,297,700	5.11%
Operating Expenses	11,811,027	13,103,299	12,441,057	12,196,826	24,914,326	24,637,883	(276,443)	(1.11%)
Equipment & Intangible Assets	62,770	40,948	62,770	62,770	103,718	125,540	21,822	21.04%
Grants	339,479	304,563	346,865	346,865	644,042	693,730	49,688	7.72%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$24,416,884**	**$26,638,264**	**$26,196,509**	**$25,951,406**	**$51,055,148**	**$52,147,915**	**$1,092,767**	**2.14%**
General Fund	0	0	0	0	0	0	0	n/a
State Special	22,560,630	24,997,272	23,972,499	23,807,219	47,557,902	47,779,718	221,816	0.47%
Federal Special	1,856,254	1,640,992	2,224,010	2,144,187	3,497,246	4,368,197	870,951	24.90%
Total Funds	**$24,416,884**	**$26,638,264**	**$26,196,509**	**$25,951,406**	**$51,055,148**	**$52,147,915**	**$1,092,767**	**2.14%**

Page Reference

Legislative Budget Analysis, C-120

Funding

The General Operations Program is funded from the highways state special revenue fund, gross vehicle weight permit fees, and reimbursements for indirect costs associated with the federal-aid highway program via a Federal Highways Administration (FHWA) approved indirect cost plan. Federal funding is available for assistance for disadvantaged businesses, training, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	24,416,884	24,416,884	48,833,768	93.64%
Statewide PL Adjustments	0	0	0	0.00%	1,235,106	992,710	2,227,816	4.27%
Other PL Adjustments	0	0	0	0.00%	544,519	541,812	1,086,331	2.08%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$26,196,509**	**$25,951,406**	**$52,147,915**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,679,737					1,678,834
Vacancy Savings					(555,334)					(555,303)
Inflation/Deflation					1,457					1,525
Fixed Costs					109,246					(132,346)
Total Statewide Present Law Adjustments		**$0**	**$1,140,703**	**$94,403**	**$1,235,106**		**$0**	**$921,730**	**$70,980**	**$992,710**
DP 103 - Overtime/Differential	0.00	0	17,806	0	17,806	0.00	0	17,806	0	17,806
DP 104 - Equipment Rental	0.00	0	6,328	0	6,328	0.00	0	6,709	0	6,709
DP 106 - Merchant Credit Card Fees	0.00	0	52,590	0	52,590	0.00	0	84,383	0	84,383
DP 107 - Federal Grants Programs	0.00	0	0	208,853	208,853	0.00	0	0	208,853	208,853
DP 111 - Restore Computer Services Contract Funding	0.00	0	194,442	0	194,442	0.00	0	215,961	0	215,961
DP 112 - Fuel Tax Evasion Grant	0.00	0	0	64,500	64,500	0.00	0	0	8,100	8,100
Total Other Present Law Adjustments	**0.00**	**$0**	**$271,166**	**$273,353**	**$544,519**	**0.00**	**$0**	**$324,859**	**$216,953**	**$541,812**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$1,411,869**	**$367,756**	**$1,779,625**	**0.00**	**$0**	**$1,246,589**	**$287,933**	**$1,534,522**

DP 103 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 104 - Equipment Rental - The legislature approved an increase to fund the program's share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 106 - Merchant Credit Card Fees - The legislature approved funding for increased merchant credit card fees.

DP 107 - Federal Grants Programs - The legislature approved federal special revenue for the following federal programs: disadvantaged business enterprise ($162,595), training grants ($38,872), and the Salish Kootenai College on-the-job training ($7,386).

DP 111 - Restore Computer Services Contract Funding - The legislature approved funding for scheduled maintenance and system enhancements for permitting, registration, and licensing systems. The systems associated with this adjustment are for permitting of commercial motor vehicles and other entities, International Fuel Tax Agreement (IFTA) licenses, and International Registration Plan (IRP) vehicle registrations.

DP 112 - Fuel Tax Evasion Grant - The legislature approved federal fuel tax evasion grant funds to make enhancements to motor fuel administration systems to allow electronic filing of International Fuel Tax Agreement (IFTA) and special fuel user tax returns, and to address increased costs of IFTA decals and other costs associated with fuel tax evasion.

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	924.72	924.72	924.72	924.72	924.72	924.72	0.00	0.00%
Personal Services	54,877,333	69,612,472	65,951,609	65,950,336	124,489,805	131,901,945	7,412,140	5.95%
Operating Expenses	230,071,884	337,067,326	371,860,999	391,955,042	567,139,210	763,816,041	196,676,831	34.68%
Equipment & Intangible Assets	1,829,537	1,044,091	1,829,537	1,829,537	2,873,628	3,659,074	785,446	27.33%
Capital Outlay	28,059,193	15,858,138	23,059,193	23,059,193	43,917,331	46,118,386	2,201,055	5.01%
Grants	6,246,931	5,070,775	6,246,931	6,246,931	11,317,706	12,493,862	1,176,156	10.39%
Total Costs	**$321,084,878**	**$428,652,802**	**$468,948,269**	**$489,041,039**	**$749,737,680**	**$957,989,308**	**$208,251,628**	**27.78%**
State Special	55,225,282	95,014,597	78,293,634	80,423,835	150,239,879	158,717,469	8,477,590	5.64%
Federal Special	265,859,596	333,638,205	390,654,635	408,617,204	599,497,801	799,271,839	199,774,038	33.32%
Total Funds	**$321,084,878**	**$428,652,802**	**$468,948,269**	**$489,041,039**	**$749,737,680**	**$957,989,308**	**$208,251,628**	**27.78%**

Page Reference

Legislative Budget Analysis, C-124

Funding

Costs eligible for reimbursement under the federal-aid construction program are funded with highways state special revenue funds and federal special revenue funds apportioned to Montana and distributed by the U.S. Department of Transportation. Construction design, construction, and construction management costs, as well as direct administrative costs for construction activities, are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 87% federal with a 13% state match for most direct construction related costs. The program also provides a maintenance-of-effort highway construction program funded entirely with highways state special revenue. The primary sources of revenue for the highways state special revenue funds are highway-user fees derived from motor fuel taxes and gross vehicle weight fees.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	321,084,878	321,084,878	642,169,756	67.03%
Statewide PL Adjustments	0	0	0	0.00%	8,159,918	8,162,645	16,322,563	1.70%
Other PL Adjustments	0	0	0	0.00%	139,703,473	159,793,516	299,496,989	31.26%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$468,948,269**	**$489,041,039**	**$957,989,308**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					10,774,377					10,773,065
Vacancy Savings					(2,625,958)					(2,625,919)
Inflation/Deflation					(3,015)					2,604
Fixed Costs					14,514					12,895
Total Statewide Present Law Adjustments		**$0**	**$7,730,231**	**$429,687**	**$8,159,918**		**$0**	**$7,757,227**	**$405,418**	**$8,162,645**
DP 202 - Contractor Payments/Federal Aid	0.00	0	14,524,981	127,876,795	142,401,776	0.00	0	16,564,981	145,836,795	162,401,776
DP 205 - Equipment Rental	0.00	0	511,664	515,777	1,027,441	0.00	0	524,889	529,104	1,053,993
DP 206 - Overtime/Differential	0.00	0	1,054,187	1,871,670	2,925,857	0.00	0	1,054,187	1,871,670	2,925,857
DP 207 - Program Reductions	0.00	0	(907,600)	(6,092,400)	(7,000,000)	0.00	0	(907,600)	(6,092,400)	(7,000,000)
DP 208 - Licensing Fees	0.00	0	130,357	35,239	165,596	0.00	0	180,337	48,750	229,087
DP 209 - Federal Aid Project Delivery	0.00	0	24,532	158,271	182,803	0.00	0	24,532	158,271	182,803
Total Other Present Law Adjustments	**0.00**	**$0**	**$15,338,121**	**$124,365,352**	**$139,703,473**	**0.00**	**$0**	**$17,441,326**	**$142,352,190**	**$159,793,516**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$23,068,352**	**$124,795,039**	**$147,863,391**	**0.00**	**$0**	**$25,198,553**	**$142,757,608**	**$167,956,161**

DP 202 - Contractor Payments/Federal Aid - The legislature approved increases of state special and federal special revenue to fund payments to highway construction contractors based on department estimates of federal-aid funding and the corresponding highway construction plan.

DP 205 - Equipment Rental - The legislature approved an increase to fund the program's share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 206 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 207 - Program Reductions - The legislature reduced funding for utility relocation and land payments associated with two major projects that were completed in the base year, Shiloh Road and Kalispell Bypass.

DP 208 - Licensing Fees - The legislature approved funding for licensing fee increases for several engineering systems used to deliver the highway construction program.

DP 209 - Federal Aid Project Delivery - The legislature approved increases in the federal-aid construction program for base expenditures that were funded with non-base sources of funding authority, such as Grant Anticipation Revenue Vehicle (GARVEE) bond proceeds and American Reinvestment and Recovery Act stimulus funds.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	765.67	765.67	765.67	765.67	765.67	765.67	0.00	0.00%
Personal Services	44,840,938	49,214,309	48,388,996	48,430,878	94,055,247	96,819,874	2,764,627	2.94%
Operating Expenses	69,769,773	76,328,268	103,778,900	104,076,765	146,098,041	207,855,665	61,757,624	42.27%
Equipment & Intangible Assets	1,023,078	1,578,013	1,023,078	1,023,078	2,601,091	2,046,156	(554,935)	(21.33%)
Capital Outlay	40,014	274,286	157,150	157,150	314,300	314,300	0	0.00%
Total Costs	**$115,673,803**	**$127,394,876**	**$153,348,124**	**$153,687,871**	**$243,068,679**	**$307,035,995**	**$63,967,316**	**26.32%**
State Special	108,455,027	119,467,016	145,760,741	146,100,488	227,922,043	291,861,229	63,939,186	28.05%
Federal Special	7,218,776	7,927,860	7,587,383	7,587,383	15,146,636	15,174,766	28,130	0.19%
Total Funds	**$115,673,803**	**$127,394,876**	**$153,348,124**	**$153,687,871**	**$243,068,679**	**$307,035,995**	**$63,967,316**	**26.32%**

Page Reference

Legislative Budget Analysis, C-129

Funding

The Maintenance Program is primarily funded with the state special revenue from highways state special revenue funds. Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	115,673,803	115,673,803	231,347,606	75.35%
Statewide PL Adjustments	0	0	0	0.00%	1,393,420	1,507,968	2,901,388	0.94%
Other PL Adjustments	0	0	0	0.00%	36,646,682	36,871,881	73,518,563	23.94%
New Proposals	0	0	0	0.00%	(365,781)	(365,781)	(731,562)	(0.24%)
Total Budget	**$0**	**$0**	**$0**		**$153,348,124**	**$153,687,871**	**$307,035,995**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,399,801					3,443,446
Vacancy Savings					(1,929,611)					(1,931,374)
Inflation/Deflation					(76,770)					(4,104)
Total Statewide Present Law Adjustments		**$0**	**$1,289,447**	**$103,973**	**$1,393,420**		**$0**	**$1,403,995**	**$103,973**	**$1,507,968**
DP 301 - Secondary Roads - Maintenance costs	0.00	0	253,050	0	253,050	0.00	0	270,550	0	270,550
DP 304 - Rest Area Maintenance	0.00	0	193,826	0	193,826	0.00	0	193,826	0	193,826
DP 305 - Additional Maintenance Miles	0.00	0	34,128	27,624	61,752	0.00	0	34,128	27,624	61,752
DP 314 - State Funded Construction	0.00	0	30,000,000	0	30,000,000	0.00	0	30,000,000	0	30,000,000
DP 315 - Equipment Rental	0.00	0	3,456,762	0	3,456,762	0.00	0	3,664,461	0	3,664,461
DP 316 - Overtime/Differential	0.00	0	2,077,868	0	2,077,868	0.00	0	2,077,868	0	2,077,868
DP 317 - Pavement Marking Program	0.00	0	35,415	237,010	272,425	0.00	0	35,415	237,010	272,425
DP 318 - Noxious Weed Program	0.00	0	150,009	0	150,009	0.00	0	150,009	0	150,009
DP 319 - Billings City Contract	0.00	0	50,014	0	50,014	0.00	0	50,014	0	50,014
DP 320 - Land Purchase	0.00	0	117,136	0	117,136	0.00	0	117,136	0	117,136
DP 321 - Janitorial Service Contracts	0.00	0	13,840	0	13,840	0.00	0	13,840	0	13,840
Total Other Present Law Adjustments	**0.00**	**$0**	**$36,382,048**	**$264,634**	**$36,646,682**	**0.00**	**$0**	**$36,607,247**	**$264,634**	**$36,871,881**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$37,671,495**	**$368,607**	**$38,040,102**	**0.00**	**$0**	**$38,011,242**	**$368,607**	**$38,379,849**

DP 301 - Secondary Roads - Maintenance costs - The legislature approved increased funds to maintain additional secondary road miles projected to be added to the agency's responsibility during the 2013 biennium. The funding would address maintenance needs for 149 lane miles of additional secondary roads that have been or will be converted by the 2013 biennium from gravel roads to paved roads and moved from being the responsibility of counties to the responsibility of the department.

DP 304 - Rest Area Maintenance - The legislature approved funding for caretaker services and upkeep of the new Harlowton, Lima, and reconstructed Dearborn rest areas.

DP 305 - Additional Maintenance Miles - The legislature approved funding for additional road maintenance added due to the increase in lane miles from highway construction projects. Funding is to address additional operational costs associated with increased utility costs for luminaries and traffic signal lights along with the purchase of materials for winter maintenance operations.

DP 314 - State Funded Construction - The legislature approved increasing the state funded construction program by $30.0 million each year. Of this increase, the legislature designated $15.0 million annually as one time only.

DP 315 - Equipment Rental - The legislature approved an increase to fund the program's share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 316 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 317 - Pavement Marking Program - The legislature approved funding to increase the pavement marking program to the annual level authorized by the previous legislature.

DP 318 - Noxious Weed Program - The legislature approved funding to increase the noxious weed program to the annual level authorized by the previous legislature.

DP 319 - Billings City Contract - The legislature approved funding increases for the maintenance contract the department has with the City of Billings.

DP 320 - Land Purchase - The legislature approved funding for land purchases for materials stockpile and communication sites that were expected to the made in FY 2010 but were not made.

DP 321 - Janitorial Service Contracts - The legislature approved funding for anticipated increases for caretaker and janitorial services for three contracts that will re-bid in the 2013 biennium.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 325 - Shift Funding Non-restricted to Restricted Account										
03	0.00	0	0	0	0	0.00	0	0	0	0
DP 330 - Tongue River Road Preconstruction										
03	0.00	0	0	0	0	0.00	0	0	0	0
DP 95108 - 5% Plan - Reduce Pavement Preservation										
03	0.00	0	(365,781)	0	(365,781)	0.00	0	(365,781)	0	(365,781)
Total	**0.00**	**$0**	**($365,781)**	**$0**	**($365,781)**	**0.00**	**$0**	**($365,781)**	**$0**	**($365,781)**

DP 325 - Shift Funding Non-restricted to Restricted Account - The legislature switched funding for highway maintenance activities by reducing non-restricted highways state special revenue by $5.0 million each year and increasing restricted highways state special revenue by $5.0 million each year.

DP 330 - Tongue River Road Preconstruction - The legislature approved a restriction in the use of a portion of the state funded construction program for preconstruction work to upgrade the Tongue River Road (state secondary highway 332). Funding for this purpose was also designated as biennial.

DP 95108 - 5% Plan - Reduce Pavement Preservation - The legislature reduced funding for pavement preservation. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. Funding for this reduction is non-restricted highways state special revenue.

Page Reference
Legislative Budget Analysis, C-135

Proprietary Rates

Proprietary Program Description

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components: 1) the daily rental fleet; and 2) the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment (biennial lease) to agencies statewide.

Requirements affecting the State Motor Pool responsibilities for the acquisition, operation, maintenance, repair, and administration of all motor vehicles in their custody do not apply to motor vehicles used in the service of the Governor, attorney general, or the highway patrol.

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). Other options for use by state employees are: 1) other state-owned vehicles not part of the State Motor Pool fleet; 2) personal vehicles, with authorization provided by the agency director; or 3) vehicles from a private rental agency contract. When individuals use their own private vehicles for state business travel the reimbursement rates are set at 52% of the rate established by the Internal Revenue Service for the current year less $0.03 unless:

- A motor pool or other state-owned vehicle is not available
- Use of a personal vehicle is considered to be in the best interest of the state
- They are legislators while traveling between their residence and Helena or members of the general public on official state business

Expenses

Significant base year costs for the program are for:

- Personal services for 6.00 FTE, $320,350 or 5.7% of total costs
- Operating costs, $2.4 million with 88.8% of these costs due to:
    - Gasoline, $1.5 million
    - Repair costs, $282,567
    - Contracted services to support the motor pool management system, $223,223
    - Insurance and bonds, $113,468
- Equipment costs, $2.8 million or 48.7 % of total costs, to purchase vehicles for the fleet
- Debt service costs, $0.2 million or 3.7% of total costs

Direct costs from vehicle usage include fuel, oil, repairs, and tires, and are supported by the usage rates. Indirect costs such as administrative overhead costs, insurance, interest payments, and utility costs are supported by the vehicle possession rates.

Revenues

Revenues of the program are derived from fees charged to all state agencies that use the program. Fees are charged for both possession and use of vehicles using a dual rate structure that collects fixed costs under a possession charge and variable costs under a usage charge. Fixed costs are for expense items such as insurance, depreciation, and indirect costs.

User agencies are budgeted for payments to the State Motor Pool via their base funding as adjusted by inflation/deflation adjustments contained in their statewide present law adjustments. For the 2013 biennium the corresponding adjustments linked to the rates requested for the State Motor Pool are deflation factors of 21.22% in FY 2012 and 20.92% for FY 2013.

User fees provided 98% of the revenues in FY 2010 with the remaining funding from the sale of surplus property and accident damages reimbursed by private individuals or insurance companies.

Funding Sources

The following sources of funding were used to pay for the services provided by this program in FY 2010:

- General fund (40.0%)
- State special revenue (34.8%)
- Federal special revenue (22.9%)
- Other (2.3%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. Separate rates are charged for the time a vehicle is in the possession of a user (assigned time rate) and for the miles driven (usage rate). The tier 1 rates are based on an assumed gasoline pump price of $2.85 per gallon. The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

For the State Motor Pool, base rates were approved and two additional tiers of rates were provided with language that allows progressively higher rates if the retail price of gasoline increases above $3.35 per gallon (tier 2) and again above $3.85 per gallon (tier 3). The following language was approved for delegating authority to the executive to trigger tier 2 and tier 3 rates:

"In the Motor Pool Program, if the price of gasoline goes above $3.35 per gallon, Tier 2 may be charged if approved by the Office of Budget and Program Planning. If the price of gasoline goes above $3.85 per gallon, Tier 3 rates may be charged if approved by the Office of Budget and Program Planning."

Page Reference
Legislative Budget Analysis, C-139

Proprietary Rates

Proprietary Program Description

The Equipment Program is responsible for the acquisition, disposal, repair, and maintenance of a fleet of 4,555 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. Exclusively, the Department of Transportation's various programs such as Construction, Motor Carrier Services, Maintenance, and Right-of-Way use the fleet. All units are assigned to the various user programs and are charged rental on a bi-weekly basis.

Expenses

Significant base year costs for the program were for:

- Personal services for 123.00 FTE, $7.4 million or 27.9% of total costs
- Operating costs, $11.5 million with 71.4% of these costs due to:
    - Gasoline and diesel fuel, $6.1 million
    - Equipment repair costs, $4.0 million
    - Insurance and bonds, $240,000
- Equipment costs, $7.6 million or 28.9% of total costs

Revenues

Revenues of the program are derived from fees charged exclusively to other programs of the Department of Transportation. Fees are charged for both possession and use of equipment using a dual rate structure that collects fixed cost under an assigned (time of possession) charge and variable costs under a usage charge. Fixed costs are for expense items such as insurance, depreciation, and indirect costs.

Funding Sources

Because of how the department accounts for activities of the federal-aid highways program, the sources of funding used to make payments to the program cannot be accurately determined. No general fund supports payments to the program. All revenues are received from funding within the Department of Transportation.

Proprietary Rate Explanation
For the 2013 biennium the legislature approved allowing the Equipment Program the flexibility to charge various rates while operating at no more than a 60-day working capital balance.

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	123.00	123.00	123.00	123.00	123.00	123.00	0.00	0.00%
Personal Services	7,226,320	7,361,859	7,192,547	7,196,732	14,588,179	14,389,279	(198,900)	(1.36%)
Operating Expenses	1,487,194	3,818,641	4,426,825	3,218,539	5,305,835	7,645,364	2,339,529	44.09%
Equipment & Intangible Assets	0	166,102	13,325	0	166,102	13,325	(152,777)	(91.98%)
Total Costs	$8,713,514	$11,346,602	$11,632,697	$10,415,271	$20,060,116	$22,047,968	$1,987,852	9.91%
State Special	7,038,309	8,291,393	8,450,002	7,788,221	15,329,702	16,238,223	908,521	5.93%
Federal Special	1,675,205	3,055,209	3,182,695	2,627,050	4,730,414	5,809,745	1,079,331	22.82%
Total Funds	$8,713,514	$11,346,602	$11,632,697	$10,415,271	$20,060,116	$22,047,968	$1,987,852	9.91%

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Funding

The Motor Carrier Services Division is funded by the highways state special revenue fund and federal special revenue. State funds are revenue from highway user fees such as motor fuel taxes and gross vehicle weight fees. Other state special revenue is from unified carrier registration state special revenue, which receives an allocation of funds associated with registration by for-hire motor carriers, freight forwarders, leasing companies, and brokers who operate in interstate or international commerce in the United States. Federal funds are from federal border enforcement grants.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	8,713,514	8,713,514	17,427,028	79.04%
Statewide PL Adjustments	0	0	0	0.00%	(212,698)	(206,351)	(419,049)	(1.90%)
Other PL Adjustments	0	0	0	0.00%	3,148,885	1,925,112	5,073,997	23.01%
New Proposals	0	0	0	0.00%	(17,004)	(17,004)	(34,008)	(0.15%)
Total Budget	$0	$0	$0		$11,632,697	$10,415,271	$22,047,968	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					82,421					86,797
Vacancy Savings					(292,342)					(292,533)
Inflation/Deflation					(2,777)					(615)
Total Statewide Present Law Adjustments		$0	($39,551)	($173,147)	($212,698)		$0	($25,341)	($181,010)	($206,351)
DP 2201 - United Carrier Registration (UCR) - ECVISN	0.00	0	1,076,201	807,895	1,884,096	0.00	0	568,038	272,250	840,288
DP 2203 - Digital Audio/Video Recorder OTO	0.00	0	170,000	0	170,000	0.00	0	0	0	0
DP 2205 - Purchase License Plates	0.00	0	27,000	0	27,000	0.00	0	27,000	0	27,000
DP 2206 - Equipment Rental	0.00	0	36,139	19,765	55,904	0.00	0	38,311	20,953	59,264
DP 2207 - Overtime/Differential	0.00	0	101,437	86,410	187,847	0.00	0	101,437	86,410	187,847
DP 2208 - Dietz Port of Entry Contract	0.00	0	57,471	0	57,471	0.00	0	57,471	0	57,471
DP 2209 - Border Enforcement Grant	0.00	0	0	766,567	766,567	0.00	0	0	753,242	753,242
Total Other Present Law Adjustments	0.00	$0	$1,468,248	$1,680,637	$3,148,885	0.00	$0	$792,257	$1,132,855	$1,925,112
Grand Total All Present Law Adjustments	0.00	$0	$1,428,697	$1,507,490	$2,936,187	0.00	$0	$766,916	$951,845	$1,718,761

DP 2201 - United Carrier Registration (UCR) - ECVISN - The legislature approved an increase of state special revenue to fund Motor Carrier Safety Assistance Program (MCSAP) and Expanded Commercial Vehicle Information Systems and Networks (ECVISN) projects. The projects funded are: 1) International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP) automated payment project; 2) automated vehicle screening project; and 3) virtual weigh station project.

DP 2203 - Digital Audio/Video Recorder OTO - The legislature approved funding for the replacement of outdated VHS audio/video technology equipment used by Motor Carrier Services officers for training and during interactions with the public. In approving funding the legislature directed the agency to include microphones for all officers as part of the initiative. The legislature designated funding for this request as one time only.

DP 2205 - Purchase License Plates - The legislature approved funding to purchase license plates for issuance under the International Registration Plan (IRP).

DP 2206 - Equipment Rental - The legislature approved an increase to fund the program's share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 2207 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 2208 - Dietz Port of Entry Contract - The legislature approved an increase in funding for the contract with the State of Wyoming to operate the MT / WY port of entry at Dietz, WY.

DP 2209 - Border Enforcement Grant - The legislature approved federal special revenue for the border enforcement grant.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95104 - 5% Plan - Reduce UCR Funds										
22	0.00	0	(17,004)	0	(17,004)	0.00	0	(17,004)	0	(17,004)
Total	0.00	$0	($17,004)	$0	($17,004)	0.00	$0	($17,004)	$0	($17,004)

DP 95104 - 5% Plan - Reduce UCR Funds - The legislature reduced funding for Uniform Carrier Registration activities. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	626,939	586,421	645,198	643,652	1,213,360	1,288,850	75,490	6.22%
Operating Expenses	356,231	484,801	664,291	711,966	841,032	1,376,257	535,225	63.64%
Equipment & Intangible Assets	0	10,104	0	0	10,104	0	(10,104)	(100.00%)
Grants	829,705	1,028,295	1,022,714	1,022,714	1,858,000	2,045,428	187,428	10.09%
Transfers	0	13,701	10,818	10,818	13,701	21,636	7,935	57.92%
Total Costs	**$1,812,875**	**$2,123,322**	**$2,343,021**	**$2,389,150**	**$3,936,197**	**$4,732,171**	**$795,974**	**20.22%**
State Special	1,707,843	1,943,354	1,888,166	1,934,226	3,651,197	3,822,392	171,195	4.69%
Federal Special	105,032	179,968	454,855	454,924	285,000	909,779	624,779	219.22%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$1,812,875**	**$2,123,322**	**$2,343,021**	**$2,389,150**	**$3,936,197**	**$4,732,171**	**$795,974**	**20.22%**

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Funding

The Aeronautics Program, excluding the operations of the West Yellowstone Airport, is funded by both state and federal special revenue funds. State special revenue funds are derived primarily from state aviation fuel taxes and aviation license fees. Federal special revenue comes from Federal Aviation Administration grants. Operations of the West Yellowstone Airport are funded from an enterprise type proprietary fund with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Because the proprietary funds do not require an appropriation, they are not included in the above table.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	1,812,875	1,812,875	3,625,750	76.62%
Statewide PL Adjustments	0	0	0	0.00%	18,181	18,241	36,422	0.77%
Other PL Adjustments	0	0	0	0.00%	135,003	181,003	316,006	6.68%
New Proposals	0	0	0	0.00%	376,962	377,031	753,993	15.93%
Total Budget	**$0**	**$0**	**$0**		**$2,343,021**	**$2,389,150**	**$4,732,171**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					44,599					42,989
Vacancy Savings					(26,790)					(26,726)
Inflation/Deflation					2,742					4,282
Fixed Costs					(2,370)					(2,304)
Total Statewide Present Law Adjustments		**$0**	**$18,181**	**$0**	**$18,181**		**$0**	**$18,241**	**$0**	**$18,241**
DP 4002 - Aeronautics Board Per Diem	0.00	0	450	0	450	0.00	0	450	0	450
DP 4003 - Aero Grants, Loans, & Pavement Preservation (BIEN)	0.00	0	84,295	0	84,295	0.00	0	84,295	0	84,295
DP 4005 - Aeronautics Tax Transfer	0.00	0	10,818	0	10,818	0.00	0	10,818	0	10,818
DP 4006 - Aeronautical Maps & Charts (OTO)	0.00	0	0	0	0	0.00	0	46,000	0	46,000
DP 4007 - State Aviation System Plan (BIEN)	0.00	0	1,972	37,468	39,440	0.00	0	1,972	37,468	39,440
Total Other Present Law Adjustments	**0.00**	**$0**	**$97,535**	**$37,468**	**$135,003**	**0.00**	**$0**	**$143,535**	**$37,468**	**$181,003**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$115,716**	**$37,468**	**$153,184**	**0.00**	**$0**	**$161,776**	**$37,468**	**$199,244**

DP 4002 - Aeronautics Board Per Diem - The legislature approved funding for Aeronautics Board per diem.

DP 4003 - Aero Grants, Loans, & Pavement Preservation (BIEN) - The legislature approved funding for the aeronautics loan, grant, and pavement preservation grant programs at $30,000 lower for the biennium than the legislature appropriated for the 2011 biennium. The legislature designated funding for these programs, including the base amounts, as biennial.

DP 4005 - Aeronautics Tax Transfer - The legislature approved funding to establish tax transfers associated with the West Yellowstone Airport.

DP 4006 - Aeronautical Maps & Charts (OTO) - The legislature approved funding for the production of an aeronautical chart that incorporates the latest federal FAA aeronautical information and identifies and graphically depicts aeronautical items unique to Montana that are not reflected on other federally produced charts. Since the charts are produced every four years the legislature designated funding as one time only.

DP 4007 - State Aviation System Plan (BIEN) - The legislature approved an increase to update the annual state aviation system plan that provides both voluntary and mandated infrastructure and capital improvement plans that the FAA, state, and local communities use to develop individual airport projects around the state. The legislature designated this increase and the base amount as biennial.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4001 - West Yellowstone Airport Improvements										
40	0.00	0	0	237,500	237,500	0.00	0	0	237,500	237,500
DP 4004 - WY Airport Wildlife Assessment & Master Plan										
40	0.00	0	0	118,750	118,750	0.00	0	0	118,750	118,750
DP 4009 - FWP Urban Wildlife										
40	0.00	0	0	(43,895)	(43,895)	0.00	0	0	(43,826)	(43,826)
DP 4010 - Unmanned Aircraft Systems Grants - OTO										
40	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 95102 - 5% Plan - Reduce Loans										
40	0.00	0	(16,377)	0	(16,377)	0.00	0	(16,377)	0	(16,377)
DP 95103 - 5% Plan - Reduce Airport Development Grants										
40	0.00	0	(20,534)	0	(20,534)	0.00	0	(20,534)	0	(20,534)
DP 95106 - 5% Plan - Reduce Aeronautics Operations										
40	0.00	0	(37,307)	0	(37,307)	0.00	0	(37,307)	0	(37,307)
DP 95107 - 5% Plan - Reduce Runway Pavement Preservation										
40	0.00	0	(4,375)	0	(4,375)	0.00	0	(4,375)	0	(4,375)
DP 95109 - 5% Plan - Reduce Aeronautics Administration										
40	0.00	0	(6,800)	0	(6,800)	0.00	0	(6,800)	0	(6,800)
Total	**0.00**	**$0**	**$64,607**	**$312,355**	**$376,962**	**0.00**	**$0**	**$64,607**	**$312,424**	**$377,031**

DP 4001 - West Yellowstone Airport Improvements - The legislature approved federal special revenue from a Federal Aviation Administration's Airport Improvement Program grant to fund improvements to the West Yellowstone Airport (WYA). Funding is to construct a storage building for snow removal equipment and airport firefighting vehicles.

DP 4004 - WY Airport Wildlife Assessment & Master Plan - The legislature approved federal special revenue to fund an airport wildlife hazard assessment and an airport master plan for the West Yellowstone Airport.

DP 4009 - FWP Urban Wildlife - The legislature reduced funding for the wildlife hazard assessment funded in DP 4004 and used these funds for an urban wildlife planner in Fish, Wildlife & Parks to provide the wildlife assessment at the West Yellowstone Airport along with other wildlife issues. See DP 1251 in the Fish and Wildlife Administration Program of Fish, Wildlife & Parks for further discussion.

DP 4010 - Unmanned Aircraft Systems Grants - OTO - The legislature approved an increase of state special revenue for grants to the municipalities of Great Falls and Lewistown to obtain unmanned aircraft systems certificates of authorization and to authorize related flight operations within Montana airspace, facility improvements, services support, and safety equipment. The funding was restricted for this use only and designated as biennial and one time only.

DP 95102 - 5% Plan - Reduce Loans - The legislature reduced funding for aeronautic loans. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95103 - 5% Plan - Reduce Airport Development Grants - The legislature reduced funding for airport development grants. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95106 - 5% Plan - Reduce Aeronautics Operations - The legislature reduced funding for operations and administration of the Aeronautics Division. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95107 - 5% Plan - Reduce Runway Pavement Preservation - The legislature reduced funding for runway pavement preservation grants. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95109 - 5% Plan - Reduce Aeronautics Administration - The legislature reduced funding for administration and operations of the Aeronautics Division. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. Funding for this reduction is non-restricted highways state special revenue.

Proprietary Rates

Proprietary Program Description

The West Yellowstone Airport provides a fly-in gateway to the town of West Yellowstone, Yellowstone Park, and surrounding US Forest Service area recreational opportunities. The airport is seasonal in its operation, matching the peak tourist demand of the area from June 1 to September 30. The airport serves as an inter-agency fire control center with both smoke jumpers and fire retardant bombers located at the airport. The airport accomplishes these missions with extensive facilities to accommodate aircraft of various sizes. The airport has a terminal building with tenants that provide the following functions: cafe, gift shop, two car rental agencies, fixed base operation (FBO) serving general aviation, and Skywest Airlines. The operation of the West Yellowstone Airport is funded from an enterprise type proprietary fund.

Expenses

Significant base year costs for the program are for:

- Personal services for 2.00 FTE, $132,031 or 56.7% of total costs
- Operating costs, $76,887 with 60.3% of these costs due to:
    - Electricity and natural gas, $27,629
    - Consultant and professional services, $18,744

Revenues

The West Yellowstone Airport is funded from revenue derived from landing fees, building space rental fees, fuel flowage fees, sales receipts, and non-aero rentals.

Proprietary Rate Explanation

The program is funded with an enterprise type proprietary fund. As such, the legislature did not appropriate funds or approve rates for the program. Instead, the legislature reviewed the financial report for the enterprise fund and identified no concerns with the financial position of the fund.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	102.50	102.50	102.50	102.50	102.50	102.50	0.00	0.00%
Personal Services	7,118,790	7,137,872	7,203,788	7,199,766	14,256,662	14,403,554	146,892	1.03%
Operating Expenses	4,521,185	4,707,050	4,667,972	4,670,206	9,228,235	9,338,178	109,943	1.19%
Equipment & Intangible Assets	58,757	188,421	58,757	58,757	247,178	117,514	(129,664)	(52.46%)
Grants	12,052,884	15,608,613	14,340,169	14,340,169	27,661,497	28,680,338	1,018,841	3.68%
Transfers	1,407,892	999,627	1,407,892	1,407,892	2,407,519	2,815,784	408,265	16.96%
Total Costs	**$25,159,508**	**$28,641,583**	**$27,678,578**	**$27,676,790**	**$53,801,091**	**$55,355,368**	**$1,554,277**	**2.89%**
State Special	4,549,098	8,387,317	5,875,861	5,882,214	12,936,415	11,758,075	(1,178,340)	(9.11%)
Federal Special	20,610,410	20,254,266	21,802,717	21,794,576	40,864,676	43,597,293	2,732,617	6.69%
Total Funds	**$25,159,508**	**$28,641,583**	**$27,678,578**	**$27,676,790**	**$53,801,091**	**$55,355,368**	**$1,554,277**	**2.89%**

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Funding

The Rail, Transit, and Planning Division is funded with a combination of state and federal special revenue funds. Federal transit grants are based on a sliding scale, which for Montana is a federal participation rate of 86.58% funded with Federal Transit Administration funds. The state match is provided by the local entity receiving services or on a rare occasion with the constitutionally restricted highways state special revenue funds. Traffic safety functions are generally funded 100% with National Highway Traffic Safety Administration grant funds. The exception is that a 50% state special revenue match is required for roughly 1% of the administrative costs. The remaining division activities are funded with federal planning and research funds and state special revenue funds. State special revenue funds are for local match for pass-through transit authority, transportation aid for seniors and disabled individuals, and grants for emergency medical services providers.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	25,159,508	25,159,508	50,319,016	90.90%
Statewide PL Adjustments	0	0	0	0.00%	66,225	62,325	128,550	0.23%
Other PL Adjustments	0	0	0	0.00%	1,207,259	1,209,371	2,416,630	4.37%
New Proposals	0	0	0	0.00%	1,245,586	1,245,586	2,491,172	4.50%
Total Budget	**$0**	**$0**	**$0**		**$27,678,578**	**$27,676,790**	**$55,355,368**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					368,624					364,433
Vacancy Savings					(299,496)					(299,327)
Inflation/Deflation					(2,978)					(2,856)
Fixed Costs					75					75
Total Statewide Present Law Adjustments		**$0**	**$5,233**	**$60,992**	**$66,225**		**$0**	**$11,269**	**$51,056**	**$62,325**
DP 5003 - Overtime/Differential	0.00	0	8,764	7,106	15,870	0.00	0	8,764	7,106	15,870
DP 5004 - Equipment Rental	0.00	0	5,275	34,889	40,164	0.00	0	5,592	36,684	42,276
DP 5006 - Restore Corridor Studies	0.00	0	11,905	47,621	59,526	0.00	0	11,905	47,621	59,526
DP 5007 - Restore Transit Base	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 5008 - Transit Base Operating Adjustment	0.00	0	0	1,041,699	1,041,699	0.00	0	0	1,041,699	1,041,699
Total Other Present Law Adjustments	**0.00**	**$0**	**$75,944**	**$1,131,315**	**$1,207,259**	**0.00**	**$0**	**$76,261**	**$1,133,110**	**$1,209,371**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$81,177**	**$1,192,307**	**$1,273,484**	**0.00**	**$0**	**$87,530**	**$1,184,166**	**$1,271,696**

DP 5003 - Overtime/Differential - The legislature funded overtime and differential pay for each year at the base level.

DP 5004 - Equipment Rental - The legislature approved an increase to fund the program's share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation.

DP 5006 - Restore Corridor Studies - The legislature approved funding for corridor studies and assistance to local entities in the development of community transportation plans.

DP 5007 - Restore Transit Base - The legislature approved state special revenue to establish annual local match funding for transit capital assistance grants for local transit providers.

DP 5008 - Transit Base Operating Adjustment - The legislature approved federal special revenue to restore funding for transit operating assistance to local transit providers to nearly the level appropriated by the previous legislature.

New Proposals

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 5009 - Emergency Medical Services Grants											
50	0.00	0	1,000,000	0	1,000,000		0.00	0	1,000,000	0	1,000,000
DP 5010 - Fund Rail Council (Restricted)											
50	0.00	0	50,000	0	50,000		0.00	0	50,000	0	50,000
DP 5011 - Biodiesel Fuel Research - OTO											
50	0.00	0	200,000	0	200,000		0.00	0	200,000	0	200,000
DP 95101 - 5% Plan - Reduce Transit Assistance Local Match											
50	0.00	0	(4,414)	0	(4,414)		0.00	0	(4,414)	0	(4,414)
DP 95105 - 5% Plan - Reduce Transportation Aid											
50	0.00	0	(13,523)	0	(13,523)		0.00	0	(13,523)	0	(13,523)
DP 96105 - Restore 5% - Transportation Aid Funding											
50	0.00	0	13,523	0	13,523		0.00	0	13,523	0	13,523
Total	**0.00**	**$0**	**$1,245,586**	**$0**	**$1,245,586**		**0.00**	**$0**	**$1,245,586**	**$0**	**$1,245,586**

DP 5009 - Emergency Medical Services Grants - The legislature approved funding for emergency medical services grants. The legislature designated funding as biennial.

DP 5010 - Fund Rail Council (Restricted) - The legislature approved funding for the Rail Service Competition Council and restricted the funding only for this purpose.

DP 5011 - Biodiesel Fuel Research - OTO - The legislature approved an increase of state special revenue to fund grants to Montana State University-Northern to test and develop biodiesel and related technology in support of Montana agriculture, refining, transportation, and other related emerging industries. The funding was restricted to this purpose only and designated as biennial and one time only.

DP 95101 - 5% Plan - Reduce Transit Assistance Local Match - The legislature reduced funding for local match of federal transit assistance. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95105 - 5% Plan - Reduce Transportation Aid - The legislature reduced funding for transportation aid for senior citizens and handicapped individuals in local communities. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 96105 - Restore 5% - Transportation Aid Funding - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring funding for transportation aid for senior citizens and handicapped individuals in local communities.

Agency Budget Comparison

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

Agency Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	139.50	139.50	142.76	142.76	139.50	142.76	3.26	2.34%
Personal Services	6,751,716	6,940,998	7,458,177	7,462,419	13,692,714	14,920,596	1,227,882	8.97%
Operating Expenses	2,896,569	3,033,416	3,379,393	3,364,488	5,929,985	6,743,881	813,896	13.73%
Equipment & Intangible Assets	47,689	70,052	152,439	114,689	117,741	267,128	149,387	126.88%
Benefits & Claims	140,000	450,000	0	0	590,000	0	(590,000)	(100.00%)
Total Costs	**$9,835,974**	**$10,494,466**	**$10,990,009**	**$10,941,596**	**$20,330,440**	**$21,931,605**	**$1,601,165**	**7.88%**
General Fund	1,046,160	1,111,118	1,149,254	1,149,365	2,157,278	2,298,619	141,341	6.55%
State Special	7,325,213	7,574,506	8,325,179	8,303,743	14,899,719	16,628,922	1,729,203	11.61%
Federal Special	1,464,601	1,808,842	1,515,576	1,488,488	3,273,443	3,004,064	(269,379)	(8.23%)
Total Funds	**$9,835,974**	**$10,494,466**	**$10,990,009**	**$10,941,596**	**$20,330,440**	**$21,931,605**	**$1,601,165**	**7.88%**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	139.50	144.50	142.76	(1.74)	142.76	142.76	0.00	
Personal Services	6,751,716	7,525,754	7,458,177	(67,577)	7,466,131	7,462,419	(3,712)	(71,289)
Operating Expenses	2,896,569	3,894,041	3,379,393	(514,648)	3,876,469	3,364,488	(511,981)	(1,026,629)
Equipment & Intangible Assets	47,689	273,191	152,439	(120,752)	235,441	114,689	(120,752)	(241,504)
Benefits & Claims	140,000	290,000	0	(290,000)	140,000	0	(140,000)	(430,000)
Total Costs	**$9,835,974**	**$11,982,986**	**$10,990,009**	**($992,977)**	**$11,718,041**	**$10,941,596**	**($776,445)**	**($1,769,422)**
General Fund	1,046,160	1,576,480	1,149,254	(427,226)	1,426,602	1,149,365	(277,237)	(704,463)
State/Other Special	7,325,213	8,750,930	8,325,179	(425,751)	8,662,951	8,303,743	(359,208)	(784,959)
Federal Special	1,464,601	1,655,576	1,515,576	(140,000)	1,628,488	1,488,488	(140,000)	(280,000)
Total Funds	**$9,835,974**	**$11,982,986**	**$10,990,009**	**($992,977)**	**$11,718,041**	**$10,941,596**	**($776,445)**	**($1,769,422)**

There are a number of differences between the executive's proposed budget and budget approved by the legislature. Included in these changes are:

- Benefits and claims are reduced to zero by pulling payments for livestock loss to predators out of HB 2, along with a state special revenue reduction of almost $630,000 for the predator control program. A committee bill, House Bill No. 622, would instead provide $350,000 per year of livestock per capita fees for predator control, and $200,000 per year of general fund for livestock loss payments.
- Funding switches reduce the general fund by over $266,000 per year and increase the appropriation against the animal health fund by $41,000 and the per capita fund by $125,000.
- A reduction of $278,770 is the result of a request from the agency to reduce the costs associated with the Brucellosis Designated Surveillance Area (DSA).
- State special revenue authority was reduced by over $241,000 as a request to purchase 10 vehicles was not approved, and over $66,000 was not approved as an expense associated with the decennial brand re-record.
- Over $31,000 of state special revenue was not approved for the replacement of computers.

- Just under $38,000 of general fund reductions was the result of 5% reduction plan items that were not included in the executive's proposed budget.

Agency Highlights

Department of Livestock Major Budget Highlights
♦ The legislature approved the entire department budget as one-time-only (OTO) ♦ General fund appropriations are only slightly increased from the 2011 biennium due to statewide present law adjustments offset by a switch in funding for unallocated expenditures to the livestock per capita fund and the animal health fund, both of which will likely require fee increases to maintain an ending fund balance ♦ Predator Control and Livestock Loss Reduction Mitigation payments were removed from HB 2, and a committee bill, House Bill No. 622, was requested to establish a statutory appropriation ♦ A new egg grading program was established, funded entirely by user fees ♦ Increases included the net addition of 3.26 FTE: • 2.00 FTE for Brucellosis Vet & Compliance Specialist (OTO) • 1.50 FTE for Egg Graders • (0.24) FTE reduction in the 5% reduction plan

Agency Discussion

Total funding for the department increases by slightly under 8% compared to the 2011 biennium, with general fund increasing only slightly and state special revenue increases more than offsetting federal funds decreases. State special revenues increase due to the net of increases, decreases, and funding switches:

- Statewide present law adjustments and other minor increases including overtime
- A new egg grader program (funded through user fees)
- Brucellosis surveillance and a Brucellosis Vet and Compliance Specialist approved on a one-time-only basis
- A switch in funding for unspecified general fund expenditures to the animal health and livestock per capita funds
- Various increases for the diagnostic laboratory
- Removal of the Predator Control Program from HB 2 and its inclusion as a statutory appropriation

The net impact on the general fund is a slight increase.

Implementation Legislation

The legislature recommends that statutory changes be included in legislation to implement the general appropriations act to increase the per capita fees for the 2013 biennium.

A committee bill, House Bill No. 622, would establish a statutory appropriation for predator control at $350,000 per year of livestock per capita fees, and $200,000 per year of general fund for livestock loss payments. Authority carries from year to year to allow the fund to grow for times when loss rates exceed annual revenues. The legislation would sunset in FY 2015, to provide for legislative review.

Funding

The following table summarizes funding for the agency, by program and source.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Centralized Services Program	$ -	$ 3,796,525	$ -	$ 3,796,525	17.31%
03 Diagnostic Laboratory Program	501,147	3,341,374	29,000	3,871,521	17.65%
04 Animal Health Division	563,369	2,072,364	1,687,255	4,322,988	19.71%
05 Milk & Egg Program	-	953,814	56,976	1,010,790	4.61%
06 Brands Enforcement Division	5,886	6,453,411	-	6,459,297	29.45%
10 Meat/Poultry Inspection	1,228,217	11,434	1,230,833	2,470,484	11.26%
Grand Total	$ 2,298,619	$ 16,628,922	$ 3,004,064	$ 21,931,605	100.00%

Budget Summary by Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,046,160	1,046,160	2,092,320	91.03%	9,835,974	9,835,974	19,671,948	89.70%
Statewide PL Adjustments	23,925	24,199	48,124	2.09%	354,570	337,398	691,968	3.16%
Other PL Adjustments	38,288	38,288	76,576	3.33%	419,088	435,234	854,322	3.90%
New Proposals	40,881	40,718	81,599	3.55%	380,377	332,990	713,367	3.25%
Total Budget	**$1,149,254**	**$1,149,365**	**$2,298,619**		**$10,990,009**	**$10,941,596**	**$21,931,605**	

Language and Statutory Authority

The legislature included the following language in HB 2.

"The entire budget of the Department of Livestock is appropriated as one-time-only authority."

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	20.78	20.78	20.78	20.78	20.78	20.78	0.00	0.00%
Personal Services	1,095,555	1,108,006	1,188,926	1,190,550	2,203,561	2,379,476	175,915	7.98%
Operating Expenses	1,013,358	726,393	714,081	684,264	1,739,751	1,398,345	(341,406)	(19.62%)
Equipment & Intangible Assets	9,352	0	9,352	9,352	9,352	18,704	9,352	100.00%
Benefits & Claims	140,000	450,000	0	0	590,000	0	(590,000)	(100.00%)
Total Costs	**$2,258,265**	**$2,284,399**	**$1,912,359**	**$1,884,166**	**$4,542,664**	**$3,796,525**	**($746,139)**	**(16.43%)**
General Fund	65,628	72,603	0	0	138,231	0	(138,231)	(100.00%)
State Special	2,052,637	1,911,796	1,912,359	1,884,166	3,964,433	3,796,525	(167,908)	(4.24%)
Federal Special	140,000	300,000	0	0	440,000	0	(440,000)	(100.00%)
Total Funds	**$2,258,265**	**$2,284,399**	**$1,912,359**	**$1,884,166**	**$4,542,664**	**$3,796,525**	**($746,139)**	**(16.43%)**

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Funding

General fund supports general operations. State special revenues are from the livestock per capita fund, the Milk Control Bureau fund, and the Board of Horse Racing fund. The livestock per capita fund, an annual tax on livestock headcount, is used to support all activities of the division except for the administratively attached boards. The division collects indirect cost reimbursements on federal and state special revenues expended in other divisions, which are deposited to the livestock per capita fund. The Milk Control Bureau and the Board of Horse Racing are funded by fees assessed to the respective industries.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	65,628	65,628	131,256	0.00%	2,258,265	2,258,265	4,516,530	118.96%
Statewide PL Adjustments	(623)	(738)	(1,361)	0.00%	103,216	75,023	178,239	4.69%
Other PL Adjustments	5,210	5,210	10,420	0.00%	5,710	5,710	11,420	0.30%
New Proposals	(70,215)	(70,100)	(140,315)	0.00%	(454,832)	(454,832)	(909,664)	(23.96%)
Total Budget	**$0**	**$0**	**$0**		**$1,912,359**	**$1,884,166**	**$3,796,525**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					140,657					142,348
Vacancy Savings					(49,186)					(49,253)
Inflation/Deflation					427					527
Fixed Costs					11,318					(18,599)
Total Statewide Present Law Adjustments		**($623)**	**$103,839**	**$0**	**$103,216**		**($738)**	**$75,761**	**$0**	**$75,023**
DP 101 - Board Per Diem	0.00	0	500	0	500	0.00	0	500	0	500
DP 125 - LLRMB Board Meetings	0.00	5,210	0	0	5,210	0.00	5,210	0	0	5,210
Total Other Present Law Adjustments	**0.00**	**$5,210**	**$500**	**$0**	**$5,710**	**0.00**	**$5,210**	**$500**	**$0**	**$5,710**
Grand Total All Present Law Adjustments	**0.00**	**$4,587**	**$104,339**	**$0**	**$108,926**	**0.00**	**$4,472**	**$76,261**	**$0**	**$80,733**

DP 101 - Board Per Diem - The legislature approved a base adjustment for per diem to fund the Board of Livestock for six meetings in each year of the biennium.

DP 125 - LLRMB Board Meetings - The legislature approved additional general fund to allow the Livestock Loss Reduction Mitigation Board to meet in Helena four times per year instead of meeting twice per year in person and twice per year by teleconference.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 155 - Remove Predator Control from Base										
01	0.00	0	(314,832)	0	(314,832)	0.00	0	(314,832)	0	(314,832)
DP 160 - Remove LLRMB Payments Federal authority										
01	0.00	0	0	(140,000)	(140,000)	0.00	0	0	(140,000)	(140,000)
DP 78150 - Fund Switch General Fund to Per Capita										
01	0.00	(70,215)	70,215	0	0	0.00	(70,100)	70,100	0	0
Total	**0.00**	**($70,215)**	**($244,617)**	**($140,000)**	**($454,832)**	**0.00**	**($70,100)**	**($244,732)**	**($140,000)**	**($454,832)**

DP 155 - Remove Predator Control from Base - The legislature approved removal of $314,832 of state special revenue authority each year from the adjusted base, completely eliminating this program from HB 2. Legislation was requested to establish a statutory appropriation of $350,000 per year of per capita fees.

DP 160 - Remove LLRMB Payments Federal authority - The legislature approved a reduction to the federal appropriation authority for Livestock Loss Reduction and Mitigation payments. This authority was in the base, but federal monies are not expected to be available for this purpose.

DP 78150 - Fund Switch General Fund to Per Capita - The legislature approved a funding switch from general fund to the per capita state special revenue account in the amount of $125,000 per year, split between this division and Diagnostic Laboratory. This funding switch is contingent upon passage and approval of legislation to implement an increase in the livestock per capita fee.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	22.00	22.00	21.76	21.76	22.00	21.76	(0.24)	(1.09%)
Personal Services	1,135,911	1,149,108	1,179,721	1,179,734	2,285,019	2,359,455	74,436	3.26%
Operating Expenses	558,721	871,093	716,358	721,442	1,429,814	1,437,800	7,986	0.56%
Equipment & Intangible Assets	5,258	6,603	69,008	5,258	11,861	74,266	62,405	526.14%
Total Costs	**$1,699,890**	**$2,026,804**	**$1,965,087**	**$1,906,434**	**$3,726,694**	**$3,871,521**	**$144,827**	**3.89%**
General Fund	410,574	431,650	250,512	250,635	842,224	501,147	(341,077)	(40.50%)
State Special	1,289,316	1,585,172	1,685,575	1,655,799	2,874,488	3,341,374	466,886	16.24%
Federal Special	0	9,982	29,000	0	9,982	29,000	19,018	190.52%
Total Funds	**$1,699,890**	**$2,026,804**	**$1,965,087**	**$1,906,434**	**$3,726,694**	**$3,871,521**	**$144,827**	**3.89%**

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Funding

The Diagnostic Laboratory (lab) is supported with general fund, animal health fees, per capita fees, and a nominal amount of federal funds. A funding switch from general fund to the animal health fund may require increased lab fees to provide adequate revenue for ongoing operations.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	410,574	410,574	821,148	163.85%	1,699,890	1,699,890	3,399,780	87.82%
Statewide PL Adjustments	9,300	9,538	18,838	3.76%	52,289	53,116	105,405	2.72%
Other PL Adjustments	0	0	0	0.00%	69,768	57,038	126,806	3.28%
New Proposals	(169,362)	(169,477)	(338,839)	(67.61%)	143,140	96,390	239,530	6.19%
Total Budget	**$250,512**	**$250,635**	**$501,147**		**$1,965,087**	**$1,906,434**	**$3,871,521**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					107,009					107,023
Vacancy Savings					(49,717)					(49,718)
Inflation/Deflation					(5,747)					(5,214)
Fixed Costs					744					1,025
Total Statewide Present Law Adjustments		**$9,300**	**$42,989**	**$0**	**$52,289**		**$9,538**	**$43,578**	**$0**	**$53,116**
DP 303 - Milk Lab Operational Adjustment	0.00	0	2,720	0	2,720	0.00	0	2,720	0	2,720
DP 304 - Lab Overtime	0.00	0	1,330	0	1,330	0.00	0	1,330	0	1,330
DP 309 - Equipment Replacement - OTO	0.00	0	17,000	0	17,000	0.00	0	0	0	0
DP 311 - Lab Testing	0.00	0	5,947	0	5,947	0.00	0	6,641	0	6,641
DP 317 - Lab Maintenance Contracts	0.00	0	5,219	0	5,219	0.00	0	5,219	0	5,219
DP 318 - Lab Recharges	0.00	0	35,152	0	35,152	0.00	0	38,728	0	38,728
DP 320 - Leased Equipment - Copier	0.00	0	2,400	0	2,400	0.00	0	2,400	0	2,400
Total Other Present Law Adjustments	**0.00**	**$0**	**$69,768**	**$0**	**$69,768**	**0.00**	**$0**	**$57,038**	**$0**	**$57,038**
Grand Total All Present Law Adjustments	**0.00**	**$9,300**	**$112,757**	**$0**	**$122,057**	**0.00**	**$9,538**	**$100,616**	**$0**	**$110,154**

DP 303 - Milk Lab Operational Adjustment - Funding for the lab in the 2011 biennium included a one-time-only appropriation of general fund. The legislature approved a base adjustment of state special revenue to restore the one-time-only authority.

DP 304 - Lab Overtime - The legislature approved authority for overtime costs in the Diagnostic Lab. Overtime is zero-based and must be approved each legislative session.

DP 309 - Equipment Replacement - OTO - The legislature approved one-time-only authority to a replace a serology plate cleaner and bacteriology incubator in the lab. Both pieces of equipment have exceeded their life expectancy.

DP 311 - Lab Testing - The legislature approved a base adjustment for the cost of referral testing conducted by outside laboratories. Base authority for outside lab services would increase to $65,419.

DP 317 - Lab Maintenance Contracts - The legislature approved additional authority to pay for the increasing costs of maintenance contracts for equipment utilized in the lab. Contract services are estimated at $46,480 each year of the biennium.

DP 318 - Lab Recharges - The legislature approved authority to cover lab recharges. Lab recharges are assessed by MSU for facility services based upon square footage. Assessments include operations, electricity, natural gas, and water/sewer.

DP 320 - Leased Equipment - Copier - The legislature approved funding for an additional leased copier for use in the lab.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 302 - Lab Operating Adjustment										
03	0.00	0	169,630	0	169,630	0.00	0	169,630	0	169,630
DP 310 - New Lab Equipment - BIEN/OTO										
03	0.00	0	17,750	29,000	46,750	0.00	0	0	0	0
DP 55321 - Continuation of 2% Reduction - 2009 Session										
03	0.00	(22,240)	0	0	(22,240)	0.00	(22,240)	0	0	(22,240)
DP 55400 - 4% General Fund Reduction										
03	(0.24)	(11,111)	0	0	(11,111)	(0.24)	(11,100)	0	0	(11,100)
DP 78150 - Fund Switch General Fund to Per Capita										
03	0.00	(54,785)	54,785	0	0	0.00	(54,900)	54,900	0	0
DP 78350 - Fund Switch from General Fund to Animal Health										
03	0.00	(41,337)	41,337	0	0	0.00	(41,337)	41,337	0	0
DP 95031 - 5% Plan - Reduced Lab Testing										
03	0.00	(17,649)	0	0	(17,649)	0.00	(17,649)	0	0	(17,649)
DP 95032 - 5% Plan - Full reduction of Proposed 4% Plan										
03	0.00	(22,240)	0	0	(22,240)	0.00	(22,251)	0	0	(22,251)
Total	**(0.24)**	**($169,362)**	**$283,502**	**$29,000**	**$143,140**	**(0.24)**	**($169,477)**	**$265,867**	**$0**	**$96,390**

DP 302 - Lab Operating Adjustment - Funding for the Diagnostic Lab in the 2011 biennium included a one-time-only appropriation of general fund. The legislature approved a base adjustment to restore the one-time-only authority utilizing state special revenue.

DP 310 - New Lab Equipment - BIEN/OTO - The legislature approved a biennial one-time-only appropriation to purchase new laboratory equipment. This would allow the department to purchase an auto stainer and water bath, a synergy fluorescent polarization testing unit, and a Charm safe level testing unit in the Diagnostic Lab. The Milk Lab would receive a new sink, fume hood, cabinets, and counter top.

DP 55321 - Continuation of 2% Reduction - 2009 Session - The 2009 Legislature imposed a 2% across-the-board reduction of general fund but provided flexibility for affected agencies to allocate the reductions when developing operating plans for the 2011 biennium. The legislature directed in statute that agencies reduce their 2013 budget requests by the amount allocated to personal services in the 2011 biennium. This adjustment corresponds to the 2011 biennium portion of the 2% reduction allocated to personal services.

DP 55400 - 4% General Fund Reduction - The legislature approved a 4% reduction of personal services funded with general fund. This reduction includes the elimination of 0.24 FTE associated with positions vacant when budgets were developed.

DP 78150 - Fund Switch General Fund to Per Capita - The legislature approved a funding switch from general fund to the per capita state special revenue account in the amount of $125,000 per year, split between this division and Central Services. This funding switch is contingent upon passage and approval of legislation to implement an increase in the livestock per capita fee.

DP 78350 - Fund Switch from General Fund to Animal Health - The legislature approved a reduction in general fund authority offset by an increase in appropriation authority for the animal health fund in the amount of $111,029 each year of the biennium. Increased lab fees may be required to fund this package.

DP 95031 - 5% Plan - Reduced Lab Testing - The legislature approved a reduction in laboratory testing and development. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95032 - 5% Plan - Full reduction of Proposed 4% Plan - The legislature adopted the agency's submitted 5% reduction plan, which included a 4% reduction of personal services funded with general fund. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Language and Statutory Authority

The legislature included the following language in HB 2.

"In the event that the department experiences extended staff absences and is unable to meet service levels required to maintain AAVLD accreditation standards or peak workload demand, the department may hire additional temporary employees or pay overtime, whichever is determined to be the most cost-effective, to maintain service levels. The department is appropriated not more than $30,000 as a biennial appropriation for additional costs from the state special revenue per capita fee account to meet the service level requirements."

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	14.01	14.01	16.01	16.01	14.01	16.01	2.00	14.28%
Personal Services	710,404	762,632	963,581	964,883	1,473,036	1,928,464	455,428	30.92%
Operating Expenses	578,822	742,027	1,144,092	1,146,770	1,320,849	2,290,862	970,013	73.44%
Equipment & Intangible Assets	23,831	21,175	38,831	64,831	45,006	103,662	58,656	130.33%
Total Costs	**$1,313,057**	**$1,525,834**	**$2,146,504**	**$2,176,484**	**$2,838,891**	**$4,322,988**	**$1,484,097**	**52.28%**
General Fund	0	0	281,766	281,603	0	563,369	563,369	n/a
State Special	601,610	665,759	1,021,991	1,050,373	1,267,369	2,072,364	804,995	63.52%
Federal Special	711,447	860,075	842,747	844,508	1,571,522	1,687,255	115,733	7.36%
Total Funds	**$1,313,057**	**$1,525,834**	**$2,146,504**	**$2,176,484**	**$2,838,891**	**$4,322,988**	**$1,484,097**	**52.28%**

Page Reference

Legislative Budget Analysis, C-181

Funding

The program is predominantly funded with state special revenue to support disease control, import/export activities, and alternative livestock activities. Federal funds support bison operations and the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) research and cooperative efforts. General fund is included in the 2013 biennium to cover short term brucellosis activities.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	1,313,057	1,313,057	2,626,114	60.75%
Statewide PL Adjustments	0	0	0	0.00%	128,875	131,817	260,692	6.03%
Other PL Adjustments	0	0	0	0.00%	141,039	168,403	309,442	7.16%
New Proposals	281,766	281,603	563,369	100.00%	563,533	563,207	1,126,740	26.06%
Total Budget	**$281,766**	**$281,603**	**$563,369**		**$2,146,504**	**$2,176,484**	**$4,322,988**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					155,940					157,638
Vacancy Savings					(34,654)					(34,724)
Inflation/Deflation					3,523					4,425
Fixed Costs					4,066					4,478
Total Statewide Present Law Adjustments		**$0**	**$138,614**	**($9,739)**	**$128,875**		**$0**	**$141,159**	**($9,342)**	**$131,817**
DP 402 - Bison/GYA Federal Funds	0.00	0	0	141,039	141,039	0.00	0	0	142,403	142,403
DP 414 - Vehicle Replacement - Animal Health - OTO	0.00	0	0	0	0	0.00	0	26,000	0	26,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$141,039**	**$141,039**	**0.00**	**$0**	**$26,000**	**$142,403**	**$168,403**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$138,614**	**$131,300**	**$269,914**	**0.00**	**$0**	**$167,159**	**$133,061**	**$300,220**

DP 402 - Bison/GYA Federal Funds - The legislature approved an increase in federal authority for bison operations in the Greater Yellowstone Area (GYA).

DP 414 - Vehicle Replacement - Animal Health - OTO - The legislature approved one-time-only authority to replace a 4x4 vehicle that could exceed its service life in FY 2013.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 405 - Brucellosis - Designated Surveillance Area - OTO										
04	0.00	215,821	215,821	0	431,642	0.00	215,821	215,821	0	431,642
DP 406 - Brucellosis Vet & Compliance Specialist -OTO										
04	2.00	65,945	65,946	0	131,891	2.00	65,782	65,783	0	131,565
Total	**2.00**	**$281,766**	**$281,767**	**$0**	**$563,533**	**2.00**	**$281,603**	**$281,604**	**$0**	**$563,207**

DP 405 - Brucellosis - Designated Surveillance Area - OTO - The legislature approved one-time-only authority to continue brucellosis surveillance in Montana. The Designated Surveillance Area (DSA) plan covering parts of Beaverhead, Madison, Gallatin, and Park counties requires continued testing and risk mitigation activities. The source of funding requested is 50% general fund and 50% per capita fee. If federal funds for brucellosis testing are made available to the department, state general fund would be reduced by a like amount.

DP 406 - Brucellosis Vet & Compliance Specialist -OTO - The legislature approved one-time-only funding for a 1.00 FTE brucellosis veterinarian and a 1.00 FTE brucellosis compliance specialist. These positions would provide oversight of calf hood and adult vaccination for brucellosis and herd plans as well as provide administrative duties related to record keeping, compliance, and communications with producers.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	6.50	6.50	5.00	6.50	1.50	30.00%
Personal Services	252,171	278,959	426,840	426,661	531,130	853,501	322,371	60.70%
Operating Expenses	46,491	53,298	51,569	53,720	99,789	105,289	5,500	5.51%
Equipment & Intangible Assets	0	0	26,000	26,000	0	52,000	52,000	n/a
Total Costs	**$298,662**	**$332,257**	**$504,409**	**$506,381**	**$630,919**	**$1,010,790**	**$379,871**	**60.21%**
State Special	270,174	297,504	475,921	477,893	567,678	953,814	386,136	68.02%
Federal Special	28,488	34,753	28,488	28,488	63,241	56,976	(6,265)	(9.91%)
Total Funds	**$298,662**	**$332,257**	**$504,409**	**$506,381**	**$630,919**	**$1,010,790**	**$379,871**	**60.21%**

Page Reference

Legislative Budget Analysis, C-186

Funding

State special revenue from milk industry fees is the primary funding source for this division. Federal special revenues are provided by the U.S. Department of Agriculture to conduct shell egg surveillance. The new egg grader positions will be funded by fees paid into the state special revenue account by the egg producers utilizing this service.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	298,662	298,662	597,324	59.09%
Statewide PL Adjustments	0	0	0	0.00%	47,037	47,808	94,845	9.38%
Other PL Adjustments	0	0	0	0.00%	28,866	30,378	59,244	5.86%
New Proposals	0	0	0	0.00%	129,844	129,533	259,377	25.66%
Total Budget	**$0**	**$0**	**$0**		**$504,409**	**$506,381**	**$1,010,790**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					57,199					57,337
Vacancy Savings					(12,374)					(12,380)
Inflation/Deflation					1,973					2,575
Fixed Costs					239					276
Total Statewide Present Law Adjustments		**$0**	**$47,037**	**$0**	**$47,037**		**$0**	**$47,808**	**$0**	**$47,808**
DP 501 - Out of State Travel	0.00	0	2,866	0	2,866	0.00	0	4,378	0	4,378
DP 515 - Vehicle Replacement - Milk and Egg Bureau (OTO)	0.00	0	26,000	0	26,000	0.00	0	26,000	0	26,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$28,866**	**$0**	**$28,866**	**0.00**	**$0**	**$30,378**	**$0**	**$30,378**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$75,903**	**$0**	**$75,903**	**0.00**	**$0**	**$78,186**	**$0**	**$78,186**

DP 501 - Out of State Travel - The legislature approved authority to increase out of state travel. Milk and Egg Sanitarians are required to complete ongoing training in order to maintain their professional certification. Base year expenditures for training and travel were lower than the budgeted amount due to the location of available training events.

DP 515 - Vehicle Replacement - Milk and Egg Bureau (OTO) - The legislature approved one-time-only state special revenue funding to replace one 4x4 vehicle in the Milk and Egg Bureau each year of the 2103 biennium.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 507 - New Egg Graders SSR										
05	1.50	0	129,844	0	129,844	1.50	0	129,533	0	129,533
Total	**1.50**	**$0**	**$129,844**	**$0**	**$129,844**	**1.50**	**$0**	**$129,533**	**$0**	**$129,533**

DP 507 - New Egg Graders SSR - The legislature approved an additional 1.50 FTE to provide fee egg grading for the egg industry in Montana. Fee egg grading will allow egg packers to apply the USDA grade shield to cartons of eggs they market. The program is voluntary and the producer requesting the service bears the costs of the inspection service.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	57.21	57.21	57.21	57.21	57.21	57.21	0.00	0.00%
Personal Services	2,674,474	2,720,165	2,772,178	2,773,866	5,394,639	5,546,044	151,405	2.81%
Operating Expenses	424,980	348,430	445,133	449,624	773,410	894,757	121,347	15.69%
Equipment & Intangible Assets	9,248	42,274	9,248	9,248	51,522	18,496	(33,026)	(64.10%)
Total Costs	**$3,108,702**	**$3,110,869**	**$3,226,559**	**$3,232,738**	**$6,219,571**	**$6,459,297**	**$239,726**	**3.85%**
General Fund	2,943	3,001	2,943	2,943	5,944	5,886	(58)	(0.98%)
State Special	3,105,759	3,107,868	3,223,616	3,229,795	6,213,627	6,453,411	239,784	3.86%
Total Funds	**$3,108,702**	**$3,110,869**	**$3,226,559**	**$3,232,738**	**$6,219,571**	**$6,459,297**	**$239,726**	**3.85%**

Page Reference

Legislative Budget Analysis, C-191

Funding

The Brand Enforcement Division is funded with general fund, per capita fees, and inspection and control funds. Inspection and control funds are generated from brand recordings, and market and local inspections.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,943	2,943	5,886	100.00%	3,108,702	3,108,702	6,217,404	96.26%
Statewide PL Adjustments	0	0	0	0.00%	10,308	16,487	26,795	0.41%
Other PL Adjustments	0	0	0	0.00%	107,549	107,549	215,098	3.33%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$2,943**	**$2,943**	**$5,886**		**$3,226,559**	**$3,232,738**	**$6,459,297**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					106,784					108,545
Vacancy Savings					(111,249)					(111,322)
Inflation/Deflation					13,439					17,724
Fixed Costs					1,334					1,540
Total Statewide Present Law Adjustments		**$0**	**$10,308**	**$0**	**$10,308**		**$0**	**$16,487**	**$0**	**$16,487**
DP 601 - Overtime	0.00	0	102,169	0	102,169	0.00	0	102,169	0	102,169
DP 602 - Out of State Travel	0.00	0	5,380	0	5,380	0.00	0	5,380	0	5,380
Total Other Present Law Adjustments	**0.00**	**$0**	**$107,549**	**$0**	**$107,549**	**0.00**	**$0**	**$107,549**	**$0**	**$107,549**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$117,857**	**$0**	**$117,857**	**0.00**	**$0**	**$124,036**	**$0**	**$124,036**

DP 601 - Overtime - The legislature approved restoration of overtime authority at the FY 2010 level. The program works extensive overtime during the fall market and at other peak times of the year.

DP 602 - Out of State Travel - The legislature approved budget authority for costs associated with out of state training and travel. The Board of Livestock has approved five attendees.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	20.50	20.50	20.50	20.50	20.50	20.50	0.00	0.00%
Personal Services	883,201	922,128	926,931	926,725	1,805,329	1,853,656	48,327	2.68%
Operating Expenses	274,197	292,175	308,160	308,668	566,372	616,828	50,456	8.91%
Total Costs	**$1,157,398**	**$1,214,303**	**$1,235,091**	**$1,235,393**	**$2,371,701**	**$2,470,484**	**$98,783**	**4.17%**
General Fund	567,015	603,864	614,033	614,184	1,170,879	1,228,217	57,338	4.90%
State Special	5,717	6,407	5,717	5,717	12,124	11,434	(690)	(5.69%)
Federal Special	584,666	604,032	615,341	615,492	1,188,698	1,230,833	42,135	3.54%
Total Funds	**$1,157,398**	**$1,214,303**	**$1,235,091**	**$1,235,393**	**$2,371,701**	**$2,470,484**	**$98,783**	**4.17%**

Page Reference

Legislative Budget Analysis, C-195

Funding

The majority of meat and poultry inspection program funding is split evenly between federal funds and the general fund. Per cooperative agreement with the U.S. Department of Agriculture, state special revenue funds cannot be used as match when they are derived through a fee on producers being inspected by the program. Since the majority of state special revenue funds are generated from fees on producers being inspected, general fund is used as match. A small portion of state special revenue derived from inspection fees on facilities is used in this division.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	567,015	567,015	1,134,030	92.33%	1,157,398	1,157,398	2,314,796	93.70%
Statewide PL Adjustments	15,248	15,399	30,647	2.50%	12,845	13,147	25,992	1.05%
Other PL Adjustments	33,078	33,078	66,156	5.39%	66,156	66,156	132,312	5.36%
New Proposals	(1,308)	(1,308)	(2,616)	(0.21%)	(1,308)	(1,308)	(2,616)	(0.11%)
Total Budget	**$614,033**	**$614,184**	**$1,228,217**		**$1,235,091**	**$1,235,393**	**$2,470,484**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					82,352					82,134
Vacancy Savings					(38,622)					(38,610)
Inflation/Deflation					(29,552)					(29,061)
Fixed Costs					(1,333)					(1,316)
Total Statewide Present Law Adjustments		**$15,248**	**$0**	**($2,403)**	**$12,845**		**$15,399**	**$0**	**($2,252)**	**$13,147**
DP 1001 - PC Wireless Cards	0.00	6,240	0	6,240	12,480	0.00	6,240	0	6,240	12,480
DP 1008 - Meat Inspection Adjustment	0.00	26,838	0	26,838	53,676	0.00	26,838	0	26,838	53,676
Total Other Present Law Adjustments	**0.00**	**$33,078**	**$0**	**$33,078**	**$66,156**	**0.00**	**$33,078**	**$0**	**$33,078**	**$66,156**
Grand Total All Present Law Adjustments	**0.00**	**$48,326**	**$0**	**$30,675**	**$79,001**	**0.00**	**$48,477**	**$0**	**$30,826**	**$79,303**

DP 1001 - PC Wireless Cards - The department is required by the USDA Food Safety and Inspection Service to equip field computers with wireless cards. The legislature approved authority to purchase wireless cards for the field computers utilized by meat inspectors.

DP 1008 - Meat Inspection Adjustment - The legislature approved increased authority to cover indirect program costs as negotiated with the U.S. Department of Agriculture. These funds are to cover all of the accounting, budgeting, personnel, and operational expenses associated with administering the meat inspection program. This adjustment would raise the base budget to $90,088 equally split between general fund and federal funds.

New Proposals

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan - Meat Inspection Reduction										
10	0.00	(1,308)	0	0	(1,308)	0.00	(1,308)	0	0	(1,308)
Total	**0.00**	**($1,308)**	**$0**	**$0**	**($1,308)**	**0.00**	**($1,308)**	**$0**	**$0**	**($1,308)**

DP 95101 - 5% Plan - Meat Inspection Reduction - The legislature approved a reduction to meat and poultry inspection from the general fund. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Agency Budget Comparison

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

Agency Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	557.69	557.69	546.28	546.28	557.69	546.28	(11.41)	(2.05%)
Personal Services	30,785,701	32,075,682	33,180,715	33,195,558	62,861,383	66,376,273	3,514,890	5.59%
Operating Expenses	13,570,700	14,810,173	15,776,455	15,798,448	28,380,873	31,574,903	3,194,030	11.25%
Equipment & Intangible Assets	1,096,462	1,361,495	2,545,497	2,545,497	2,457,957	5,090,994	2,633,037	107.12%
Capital Outlay	122,204	69,788	122,204	122,204	191,992	244,408	52,416	27.30%
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	1,376,647	1,397,342	2,576,647	2,576,647	2,773,989	5,153,294	2,379,305	85.77%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	1,218,390	1,228,444	1,336,352	1,331,665	2,446,834	2,668,017	221,183	9.04%
Debt Service	383,275	473,419	473,418	473,418	856,694	946,836	90,142	10.52%
Total Costs	**$48,553,379**	**$51,416,343**	**$56,211,288**	**$56,243,437**	**$99,969,722**	**$112,454,725**	**$12,485,003**	**12.49%**
General Fund	21,831,342	22,453,450	21,023,105	21,044,396	44,284,792	42,067,501	(2,217,291)	(5.01%)
State Special	24,837,687	26,886,999	33,138,703	33,145,487	51,724,686	66,284,190	14,559,504	28.15%
Federal Special	1,884,350	2,075,894	2,049,480	2,053,554	3,960,244	4,103,034	142,790	3.61%
Total Funds	**$48,553,379**	**$51,416,343**	**$56,211,288**	**$56,243,437**	**$99,969,722**	**$112,454,725**	**$12,485,003**	**12.49%**

Page Reference

Legislative Budget Analysis, C-199

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	557.69	545.44	546.28	0.84	545.44	546.28	0.84	
Personal Services	30,785,701	33,172,302	33,180,715	8,413	33,187,369	33,195,558	8,189	16,602
Operating Expenses	13,570,700	15,007,359	15,776,455	769,096	15,032,295	15,798,448	766,153	1,535,249
Equipment & Intangible Assets	1,096,462	945,497	2,545,497	1,600,000	945,497	2,545,497	1,600,000	3,200,000
Capital Outlay	122,204	122,204	122,204	0	122,204	122,204	0	0
Local Assistance	0	0	0	0	0	0	0	0
Grants	1,376,647	1,476,647	2,576,647	1,100,000	1,476,647	2,576,647	1,100,000	2,200,000
Benefits & Claims	0	200,000	200,000	0	200,000	200,000	0	0
Transfers	1,218,390	1,274,250	1,336,352	62,102	1,269,339	1,331,665	62,326	124,428
Debt Service	383,275	473,418	473,418	0	473,418	473,418	0	0
Total Costs	**$48,553,379**	**$52,671,677**	**$56,211,288**	**$3,539,611**	**$52,706,769**	**$56,243,437**	**$3,536,668**	**$7,076,279**
General Fund	21,831,342	23,133,278	21,023,105	(2,110,173)	23,155,910	21,044,396	(2,111,514)	(4,221,687)
State/Other Special	24,837,687	27,487,205	33,138,703	5,651,498	27,495,450	33,145,487	5,650,037	11,301,535
Federal Special	1,884,350	2,051,194	2,049,480	(1,714)	2,055,409	2,053,554	(1,855)	(3,569)
Total Funds	**$48,553,379**	**$52,671,677**	**$56,211,288**	**$3,539,611**	**$52,706,769**	**$56,243,437**	**$3,536,668**	**$7,076,279**

The legislature approved a biennial budget $7.1 million higher than the executive request. This increase is attributable to appropriations made for the oil and gas education program, the development of additional fire equipment and the extension of the jump start forest restoration program. Decreases of general fund were offset by increases in state special revenue.

Agency Highlights

Department of Natural Resources and Conservation Major Budget Highlights

♦ The legislative budget increases by 12.5% or $12.5 million over the previous biennium
♦ General fund decreases by 5.0% primarily due to funding switches with coal shared revenues and fire protection fees
♦ State special revenue increases by 28.5% primarily due to:
  ♦ Funding switches
  ♦ $3.0 million for the oil and gas education and grant program funded with oil and gas taxes
  ♦ $4.0 million for fire suppression equipment and forest restoration projects funded from the fire suppression fund
♦ Major initiatives in the legislative budget are:
  • Transfer of 2.00 FTE and $380,000 of water adjudication funds to the water court
  • Adoption of the agency 5% reduction plan

Agency Discussion

The Department of Natural Resources and Conservation is responsible for managing state trust land; protecting Montana's natural resources from wildfire; promoting stewardship of state water, soil, forest, and rangeland resources; providing assistance to the conservation districts; providing natural resource conservation education; and providing support to the Reserved Water Rights Compact Commission and the Board of Oil and Gas Conservation.

The legislature approved a budget that includes funding switches between general fund and the coal shared account and fire protection taxes. This action decreases general fund and increases state special authority by like amounts. Increases in state special revenue are related to one-time-only appropriations for fire equipment, forest restoration projects, the state water plan, irrigation grants and biomass projects. Federal authority was adjusted slightly to meet the anticipated award from the US Forest Services for fire training activities.

Recommendations for Implementation Legislation

The legislature recommended the following legislation:

Redirect resource indemnity groundwater assessments to the natural resources operations fund.

Adjust the fire protection fee from 33% fees and 67% general fund to 40% fees to 60% general fund.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
21 Centralized Services	$ 5,201,746	$ 1,380,863	$ 495,717	$ 7,078,326	6.29%
22 Oil & Gas Conservation Div.	-	7,690,537	215,102	7,905,639	7.03%
23 Conservation/Resource Dev Div	1,970,873	8,199,702	630,356	10,800,931	9.60%
24 Water Resources Division	16,423,738	7,980,194	362,020	24,765,952	22.02%
25 Reserved Water Rights Comp Com	1,169,234	-	-	1,169,234	1.04%
35 Forestry/Trust Lands	17,301,910	41,032,894	2,399,839	60,734,643	54.01%
Grand Total	42,067,501	66,284,190	4,103,034	112,454,725	100.00%

Budget Summary by Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	21,831,342	21,831,342	43,662,684	103.79%	48,553,379	48,553,379	97,106,758	86.35%
Statewide PL Adjustments	2,378,611	2,364,267	4,742,878	11.27%	3,413,075	3,404,846	6,817,921	6.06%
Other PL Adjustments	90,060	125,434	215,494	0.51%	1,299,920	1,340,199	2,640,119	2.35%
New Proposals	(3,276,908)	(3,276,647)	(6,553,555)	(15.58%)	2,944,914	2,945,013	5,889,927	5.24%
Total Budget	**$21,023,105**	**$21,044,396**	**$42,067,501**		**$56,211,288**	**$56,243,437**	**$112,454,725**	

Language and Statutory Authority

The legislature included the following language in HB 2.

"Education funding is restricted to the uses outlined in 82-11-111(7), MCA. "

“The department is appropriated up to $600,000 for the 2013 biennium from the natural resources operations account established in 15-38-301 for the purchase of prior liens on property held as loan security as provided by 85-1-615."

"The department is appropriated up to $333,000 for the 2013 biennium from the coal bed methane protection account established in 76-15-904 for potential landowner or water right holder claims for emergency loss of water related to coal bed methane development."

"The department is authorized to decrease federal special revenue in the Pollution Control and/or Drinking Water Revolving Fund Loan programs and increase state special revenue by a like amount within administration accounts when the amount of federal EPA CAP grant funds allocated for administration of the grant have been expended or federal funds and bond proceeds will be used for other program purposes as authorized in law providing for the distribution of funds."

“During the 2013 biennium, up to $1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2013 biennium, up to $100,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2013 biennium, up to $500,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects."

"If House Bill No. 587 is not passed and approved, state special revenue funding in Water Resources Division is increased by $100,000 in FY 2012 and $100,000 in FY 2013."

"The department is appropriated up to $23 million of funds from the fire suppression account for the purpose of paying fire suppression costs."

"If Senate Bill No. 410 is passed and approved, the department is appropriated up to $60,885,000 for the 2013 biennium from the public land trust acquisition account for the purpose of carrying out the provisions of Senate Bill No. 410."

"Lease Payments is restricted to reimbursing the veterans home trust for public use of the associated trust lands."

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	41.50	41.50	40.50	40.50	41.50	40.50	(1.00)	(2.41%)
Personal Services	2,567,203	2,615,571	2,670,296	2,673,010	5,182,774	5,343,306	160,532	3.10%
Operating Expenses	851,098	811,493	908,274	826,746	1,662,591	1,735,020	72,429	4.36%
Total Costs	**$3,418,301**	**$3,427,064**	**$3,578,570**	**$3,499,756**	**$6,845,365**	**$7,078,326**	**$232,961**	**3.40%**
General Fund	2,489,938	2,663,621	2,646,568	2,555,178	5,153,559	5,201,746	48,187	0.94%
State Special	593,855	596,616	686,226	694,637	1,190,471	1,380,863	190,392	15.99%
Federal Special	334,508	166,827	245,776	249,941	501,335	495,717	(5,618)	(1.12%)
Total Funds	**$3,418,301**	**$3,427,064**	**$3,578,570**	**$3,499,756**	**$6,845,365**	**$7,078,326**	**$232,961**	**3.40%**

Page Reference

Legislative Budget Analysis, C-211

Funding

The division is funded from revenue sources used throughout the department on a shared basis. The state special revenue funds are allocated to cover the cost of services provided to other programs in the department. The federal revenue is a portion of the federal funds provided for overhead costs.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,489,938	2,489,938	4,979,876	95.73%	3,418,301	3,418,301	6,836,602	96.59%
Statewide PL Adjustments	276,789	185,469	462,258	8.89%	295,881	217,298	513,179	7.25%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(120,159)	(120,229)	(240,388)	(4.62%)	(135,612)	(135,843)	(271,455)	(3.84%)
Total Budget	**$2,646,568**	**$2,555,178**	**$5,201,746**		**$3,578,570**	**$3,499,756**	**$7,078,326**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					283,611					286,266
Vacancy Savings					(114,031)					(114,140)
Inflation/Deflation					12					472
Fixed Costs					126,289					44,700
Total Statewide Present Law Adjustments		**$276,789**	**$107,824**	**($88,732)**	**$295,881**		**$185,469**	**$116,396**	**($84,567)**	**$217,298**
Grand Total All Present Law Adjustments	**0.00**	**$276,789**	**$107,824**	**($88,732)**	**$295,881**	**0.00**	**$185,469**	**$116,396**	**($84,567)**	**$217,298**

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7501 - Reduction in SSR - Change in Revenue Allocation										
21	0.00	0	(15,453)	0	(15,453)	0.00	0	(15,614)	0	(15,614)
DP 55400 - 4% General Fund Personal Services Reduction-CSD										
21	(1.00)	(79,980)	0	0	(79,980)	(1.00)	(80,050)	0	0	(80,050)
DP 95100 - 5% Plan - Centralized Services										
21	0.00	(40,179)	0	0	(40,179)	0.00	(40,179)	0	0	(40,179)
Total	**(1.00)**	**($120,159)**	**($15,453)**	**$0**	**($135,612)**	**(1.00)**	**($120,229)**	**($15,614)**	**$0**	**($135,843)**

DP 7501 - Reduction in SSR - Change in Revenue Allocation - The legislature approved a reduction in expenditures from the Coal Shared Fund used to support the Centralized Services Division due to a reduction in revenue allocated from the Coal Severance Tax in HB 316.

DP 55400 - 4% General Fund Personal Services Reduction-CSD - The legislature approved a 4% reduction in general fund personal services budgets as proposed by the Governor. This decision package reduces the Centralized Services Division (CSD) by $79,980 in FY 2012 and $80,050 in FY 2013 to implement the budget reduction. The reduction includes the elimination of 1.00 FTE. CSD will eliminate a restoration coordinator position and related operating costs associated with the position. This position coordinates activities and resources to increase economic development and the speed in which land is reclaimed.

DP 95100 - 5% Plan - Centralized Services - This reduction would reduce operating expenses for the Centralized Services Division. The agency included this in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	21.50	21.50	21.50	21.50	21.50	21.50	0.00	0.00%
Personal Services	1,062,138	1,286,593	1,314,604	1,315,899	2,348,731	2,630,503	281,772	12.00%
Operating Expenses	769,821	746,893	2,588,197	2,590,789	1,516,714	5,178,986	3,662,272	241.46%
Equipment & Intangible Assets	48,075	249,721	48,075	48,075	297,796	96,150	(201,646)	(67.71%)
Grants	0	0	0	0	0	0	0	n/a
Total Costs	**$1,880,034**	**$2,283,207**	**$3,950,876**	**$3,954,763**	**$4,163,241**	**$7,905,639**	**$3,742,398**	**89.89%**
State Special	1,772,483	2,148,265	3,843,325	3,847,212	3,920,748	7,690,537	3,769,789	96.15%
Federal Special	107,551	134,942	107,551	107,551	242,493	215,102	(27,391)	(11.30%)
Total Funds	**$1,880,034**	**$2,283,207**	**$3,950,876**	**$3,954,763**	**$4,163,241**	**$7,905,639**	**$3,742,398**	**89.89%**

Page Reference

Legislative Budget Analysis, C-215

Funding

The division is funded through taxes levied on oil and gas wells and the class II annual operating fee. By statute (15-36-331, MCA), a percentage of oil production taxes and natural gas taxes are deposited to the account for the board's use. The Board of Oil and Gas Conservation (BOGC) is authorized by statute (82-11-131, MCA) to set privilege and license taxes up to 3/10 of 1% of the market value of each barrel of crude petroleum produced and of each 10,000 cubic feet of natural gas produced to comply with 15-36-331 MCA. The privilege and license tax is currently set at 30 percent of the maximum allowed by statute. Section 82-11-137, MCA provides for a maximum $300 annual operating fee for each class II injection well. The board set the fee at $200.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	1,880,034	1,880,034	3,760,068	47.56%
Statewide PL Adjustments	0	0	0	0.00%	262,088	265,953	528,041	6.68%
Other PL Adjustments	0	0	0	0.00%	58,754	58,776	117,530	1.49%
New Proposals	0	0	0	0.00%	1,750,000	1,750,000	3,500,000	44.27%
Total Budget	**$0**	**$0**	**$0**		**$3,950,876**	**$3,954,763**	**$7,905,639**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					306,939					308,286
Vacancy Savings					(54,473)					(54,525)
Inflation/Deflation					4,690					6,434
Fixed Costs					4,932					5,758
Total Statewide Present Law Adjustments		**$0**	**$262,088**	**$0**	**$262,088**		**$0**	**$265,953**	**$0**	**$265,953**
DP 2203 - Regulatory Program Operating Adjustment	0.00	0	31,823	0	31,823	0.00	0	31,845	0	31,845
DP 2206 - UIC Program Operating Adjustment	0.00	0	26,931	0	26,931	0.00	0	26,931	0	26,931
Total Other Present Law Adjustments	**0.00**	**$0**	**$58,754**	**$0**	**$58,754**	**0.00**	**$0**	**$58,776**	**$0**	**$58,776**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$320,842**	**$0**	**$320,842**	**0.00**	**$0**	**$324,729**	**$0**	**$324,729**

DP 2203 - Regulatory Program Operating Adjustment - The legislature approved an operational adjustment for:

- Contracted legal services due to ongoing and anticipated litigation: $16,400 per year
- Billings office janitorial increase of $15,173 per year
- Helena office rent reduction offset by an increase in janitorial costs and inclusion of property taxes for $812

DP 2206 - UIC Program Operating Adjustment - The legislature approved an operational adjustment for:

- Engineering and legal services for the underground injection control program: $23,600 per year
- Billings office janitorial increase of $6,662 per year

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2250 - EPA Primacy for CO2 (RST/BIEN/OTO)										
22	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 2551 - Educational funding - RST - BIEN										
22	0.00	0	1,500,000	0	1,500,000	0.00	0	1,500,000	0	1,500,000
Total	**0.00**	**$0**	**$1,750,000**	**$0**	**$1,750,000**	**0.00**	**$0**	**$1,750,000**	**$0**	**$1,750,000**

DP 2250 - EPA Primacy for CO2 (RST/BIEN/OTO) - The legislature approved state special revenue authority for the purpose of covering the cost for Montana to obtain primacy of the coming EPA regulations for CO2 injections.

DP 2551 - Educational funding - RST - BIEN - The legislature approved a restricted biennial appropriation to fund educational and research activities of the Board of Oil and Gas per 82-11-111, (7) (MCA)

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	25.50	25.50	25.15	25.15	25.50	25.15	(0.35)	(1.37%)
Personal Services	1,507,721	1,632,560	1,699,436	1,697,881	3,140,281	3,397,317	257,036	8.19%
Operating Expenses	2,024,943	2,007,325	2,179,198	2,188,860	4,032,268	4,368,058	335,790	8.33%
Equipment & Intangible Assets	25,622	45,141	25,622	25,622	70,763	51,244	(19,519)	(27.58%)
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	1,192,156	1,212,851	1,292,156	1,292,156	2,405,007	2,584,312	179,305	7.46%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	0	0	0	0	0	0	n/a
Total Costs	**$4,750,442**	**$4,897,877**	**$5,396,412**	**$5,404,519**	**$9,648,319**	**$10,800,931**	**$1,152,612**	**11.95%**
General Fund	1,386,521	1,439,057	982,461	988,412	2,825,578	1,970,873	(854,705)	(30.25%)
State Special	3,188,282	3,163,084	4,103,348	4,096,354	6,351,366	8,199,702	1,848,336	29.10%
Federal Special	175,639	295,736	310,603	319,753	471,375	630,356	158,981	33.73%
Total Funds	**$4,750,442**	**$4,897,877**	**$5,396,412**	**$5,404,519**	**$9,648,319**	**$10,800,931**	**$1,152,612**	**11.95%**

Page Reference

Legislative Budget Analysis, C-219

Funding

General fund supports program administration, salaries, and operating expenses**.** Funding from the natural resource operations fund is used to administer the Reclamation and Development Grants Program (RDGP) and the Renewable Resources Grant and Loan Program (RRGLP). Coal severance tax is used to cover division administrative costs and provide grants to conservation districts for natural resource related projects such as streambed stabilization, soil conservation, educational activities, and demonstrations of new technologies. The remaining sources of state special revenue are program specific and support such activities as the Montana Grass Commission and the Treasure State Endowment Program.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,386,521	1,386,521	2,773,042	140.70%	4,750,442	4,750,442	9,500,884	87.96%
Statewide PL Adjustments	61,487	66,955	128,442	6.52%	230,198	230,822	461,020	4.27%
Other PL Adjustments	3,779	4,262	8,041	0.41%	172,147	179,630	351,777	3.26%
New Proposals	(469,326)	(469,326)	(938,652)	(47.63%)	243,625	243,625	487,250	4.51%
Total Budget	**$982,461**	**$988,412**	**$1,970,873**		**$5,396,412**	**$5,404,519**	**$10,800,931**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					284,568					282,879
Vacancy Savings					(71,659)					(71,590)
Inflation/Deflation					1,564					2,348
Fixed Costs					15,725					17,185
Total Statewide Present Law Adjustments		**$61,487**	**$52,047**	**$116,664**	**$230,198**		**$66,955**	**$47,203**	**$116,664**	**$230,822**
DP 2301 - CARDD Operating Adjustment	0.00	3,779	34,700	18,300	56,779	0.00	4,262	32,550	27,450	64,262
DP 2303 - Administrative Grants	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 2304 - Conservation Districts Projects 223 Grants	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 2306 - Coal Bed Methane Operating	0.00	0	60,682	0	60,682	0.00	0	60,682	0	60,682
DP 2350 - TSEP Regional Water Adjustment	0.00	0	(45,314)	0	(45,314)	0.00	0	(45,314)	0	(45,314)
Total Other Present Law Adjustments	**0.00**	**$3,779**	**$150,068**	**$18,300**	**$172,147**	**0.00**	**$4,262**	**$147,918**	**$27,450**	**$179,630**
Grand Total All Present Law Adjustments	**0.00**	**$65,266**	**$202,115**	**$134,964**	**$402,345**	**0.00**	**$71,217**	**$195,121**	**$144,114**	**$410,452**

DP 2301 - CARDD Operating Adjustment - The legislature approved base adjustments for a number of purposes. The biennial adjustment includes:

- Rent reduction offset by an increase in janitorial costs and inclusion of property taxes for $8,041
- Increase in contracted services to assist with grant and loan programs for $99,000
- Program support costs such as postage and mailing for $4,000 and travel for $10,000

The change in rent is funded with general fund; the remaining adjustments are funded with 60% state special revenue and 40% federal funds.

DP 2303 - Administrative Grants - The legislature approved $50,000 per year of coal severance revenues for administrative grants to conservation districts. These grants are to assist with operational expenses associated with the district.

DP 2304 - Conservation Districts Projects 223 Grants - The legislature approved $50,000 of state special revenue each year of the biennium to increase the authority for project grants to conservation districts. This grant program funds projects sponsored by the conservation district under its statutory authority.

DP 2306 - Coal Bed Methane Operating - The legislature approved an additional $60,682 of state special revenue authority for conservation districts to administer the coal bed methane protection program established under 76-15-901, MCA.

DP 2350 - TSEP Regional Water Adjustment - The legislature reduced authority for the TSEP regional water program to match the administrative costs required to operate the program.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2309 - Drinking Water Loan Assistance - OTO - RST										
23	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 2323 - Conservation Districts Bureau Fund Switch										
23	0.00	(400,000)	400,000	0	0	0.00	(400,000)	400,000	0	0
DP 2324 - Resource Development Bureau Fund Switch										
23	0.00	0	0	0	0	0.00	0	0	0	0
DP 2352 - Irrigation Grants (RST/BIEN/OTO)										
23	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 2355 - MRWS Funding										
23	0.00	0	103,000	0	103,000	0.00	0	103,000	0	103,000
DP 7551 - Reduction in SSR - Change in Revenue Allocation										
23	0.00	0	0	0	0	0.00	0	0	0	0
DP 55400 - 4% General Fund Personal Services Reduction-CARDD										
23	(0.35)	(23,858)	0	0	(23,858)	(0.35)	(23,834)	0	0	(23,834)
DP 95101 - 5% Plan - CARDD Operational Adjustments										
23	0.00	(45,468)	(140,049)	0	(185,517)	0.00	(45,492)	(140,049)	0	(185,541)
Total	**(0.35)**	**($469,326)**	**$712,951**	**$0**	**$243,625**	**(0.35)**	**($469,326)**	**$712,951**	**$0**	**$243,625**

DP 2309 - Drinking Water Loan Assistance - OTO - RST - The legislature provided a one-time-only restricted appropriation of $200,000 each year of the biennium to match federal authority for hardship communities in the Safe Drinking Water Program. This decision package would allow the program to provide assistance to disadvantaged communities who borrow from the program. The funding is from the interest derived from the investments of the revolving fund.

DP 2323 - Conservation Districts Bureau Fund Switch - The legislature approved a funding shift for the conservation districts bureau from the natural resource operations fund and general fund to the coal severance tax shared account. This change is in order to maintain a positive balance in the natural resource operations fund and to reduce general fund expenditures for the biennium. The coal severance tax shared account may only be used for library services, conservation districts, and the Montana Growth through Agriculture Act.

DP 2324 - Resource Development Bureau Fund Switch - The legislature approved a shift of $27,979 in FY 2012 and FY 2013 of funding for the resource development bureau from the treasure state endowment fund to the natural resource operations account. This adjustment is due to a change in 90-6-701, MCA that was passed by the 61st Legislature which prohibits DNRC from receiving interest from the treasure state endowment fund for administrative purposes. The natural resource operations account may be used for this purpose.

DP 2352 - Irrigation Grants (RST/BIEN/OTO) - The legislature approved funding irrigation grants in HB 2 rather than HB 6. Legislation is required to implement this change.

DP 2355 - MRWS Funding - The legislature approved one-time-only state special revenue to support the Montana Rural Water Systems.

DP 7551 - Reduction in SSR - Change in Revenue Allocation - The legislature approved a fund switch that reduces the coal shared fund used to support CARDD programs by $75,000 each year of the biennium and increases the authority by a like amount in CBM protection funds. The net impact is zero.

DP 55400 - 4% General Fund Personal Services Reduction-CARDD - The legislature approved the executive recommended 4% reduction of personal services funded with general fund. The reduction includes the permanent reduction of FTE associated with positions vacant when budgets were developed. This decision package eliminates 0.35 FTE and contracted services of $5,369 over the biennium.

DP 95101 - 5% Plan - CARDD Operational Adjustments - The legislature approved the agency's 5% reduction plan. This reduction reduces the state's support to conservation districts and other local governments. Examples of how operations would be trimmed include reductions in travel, forgoing the purchase of equipment scheduled for replacement and, depending on the amount of the cut, a reduction in staff. Also, the assistance to local government with natural resource projects would be reduced or cause delays in projects in process. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	156.25	156.25	149.30	149.30	156.25	149.30	(6.95)	(4.45%)
Personal Services	8,744,986	9,096,659	9,217,855	9,207,774	17,841,645	18,425,629	583,984	3.27%
Operating Expenses	2,568,583	3,007,883	2,626,026	2,636,143	5,576,466	5,262,169	(314,297)	(5.64%)
Equipment & Intangible Assets	66,334	60,101	66,334	66,334	126,435	132,668	6,233	4.93%
Capital Outlay	3,000	3,000	3,000	3,000	6,000	6,000	0	0.00%
Debt Service	379,600	469,744	469,743	469,743	849,344	939,486	90,142	10.61%
Total Costs	**$11,762,503**	**$12,637,387**	**$12,382,958**	**$12,382,994**	**$24,399,890**	**$24,765,952**	**$366,062**	**1.50%**
General Fund	7,752,135	7,832,194	8,212,104	8,211,634	15,584,329	16,423,738	839,409	5.39%
State Special	3,851,507	4,636,764	3,990,220	3,989,974	8,488,271	7,980,194	(508,077)	(5.99%)
Federal Special	158,861	168,429	180,634	181,386	327,290	362,020	34,730	10.61%
Total Funds	**$11,762,503**	**$12,637,387**	**$12,382,958**	**$12,382,994**	**$24,399,890**	**$24,765,952**	**$366,062**	**1.50%**

Page Reference

Legislative Budget Analysis, C-226

Funding

The Water Resources Division is predominantly funded with general fund and state special revenue, with a minor amount of federal revenue. Sources and purposes of state special revenue include:

- Water storage account funded by direct allocation of RIT interest and revenue from water purchase contracts for the purpose of construction, operation, maintenance, and rehabilitation of state water storage projects
- Water rights fees derived from fees collected to record rights to support water rights management
- Funds set aside for water adjudication
- Income derived from state owned hydroelectric projects for repair and rehabilitation of state owned water projects
- Fees from water well contractors that support the Board of Water Well Contractors

General fund is utilized for personal services, general operating costs, and specific activities such as preparing for water litigation and map modernization. Federal funds are from Federal Emergency Management Agency (FEMA) grants and the Bureau of Reclamation.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	7,752,135	7,752,135	15,504,270	94.40%	11,762,503	11,762,503	23,525,006	94.99%
Statewide PL Adjustments	847,576	846,855	1,694,431	10.32%	930,770	930,555	1,861,325	7.52%
Other PL Adjustments	0	0	0	0.00%	193,243	193,243	386,486	1.56%
New Proposals	(387,607)	(387,356)	(774,963)	(4.72%)	(503,558)	(503,307)	(1,006,865)	(4.07%)
Total Budget	**$8,212,104**	**$8,211,634**	**$16,423,738**		**$12,382,958**	**$12,382,994**	**$24,765,952**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,223,721					1,212,932
Vacancy Savings					(398,739)					(398,305)
Inflation/Deflation					(44,754)					(43,580)
Fixed Costs					150,542					159,508
Total Statewide Present Law Adjustments		**$847,576**	**$111,421**	**($28,227)**	**$930,770**		**$846,855**	**$111,175**	**($27,475)**	**$930,555**
DP 2401 - WRD Base Operating Restoration	0.00	0	137,243	50,000	187,243	0.00	0	137,243	50,000	187,243
DP 2402 - Records Management Contract	0.00	0	6,000	0	6,000	0.00	0	6,000	0	6,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$143,243**	**$50,000**	**$193,243**	**0.00**	**$0**	**$143,243**	**$50,000**	**$193,243**
Grand Total All Present Law Adjustments	**0.00**	**$847,576**	**$254,664**	**$21,773**	**$1,124,013**	**0.00**	**$846,855**	**$254,418**	**$22,525**	**$1,123,798**

DP 2401 - WRD Base Operating Restoration - The legislature approved an increase of $274,486 in state special revenue authority, and $100,000 in federal authority for the 2013 biennium. The following biennial changes comprise the base restoration:

- Personal services of $12,200 in state special revenue for the biennium for overtime at the Broadwater hydropower facility and per diem for Board of Water Well Contractors
- Contracted services of $82,000 in state special revenue of which $50,000 for survey work on state owned water projects and the remaining $32,000 for contract legal and other litigation costs for the Board of Water Well Contractors
- Operating authority for $100,000 for the 2013 biennium for annual awards of federal funds from the Federal Emergency Management Agency
- Debt service of $180,286 for repayment of a federal loan for rehabilitation on the Middle Creek Dam

DP 2402 - Records Management Contract - The legislature approved a biennial increase of $12,000 in state special revenue authority for the biennium for the storage of water right files. This increase is the offset between a decrease in water right appropriation funds and an increase in water adjudication funds. The purpose of the fund switch is to more accurately reflect the workload of each program.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2450 - State Water Plan (RST/BIEN/OTO)										
24	0.00	0	90,000	0	90,000	0.00	0	90,000	0	90,000
DP 2455 - Transfer of Funds to Water Court										
24	0.00	0	(100,000)	0	(100,000)	0.00	0	(100,000)	0	(100,000)
DP 55140 - Crown Managers Partnership Reduction										
24	0.00	(5,000)	0	0	(5,000)	0.00	(5,000)	0	0	(5,000)
DP 55141 - Columbia River Hydro System Reduction										
24	0.00	(5,000)	0	0	(5,000)	0.00	(5,000)	0	0	(5,000)
DP 55247 - Resource Allocation Transfer to Water Court										
24	(2.00)	0	(90,250)	0	(90,250)	(2.00)	0	(90,036)	0	(90,036)
DP 55400 - 4% General Fund Personal Services Reduction-WRD										
24	(4.95)	(252,262)	(15,701)	0	(267,963)	(4.95)	(252,011)	(15,892)	0	(267,903)
DP 95102 - 5% Plan - WRD operational reductions										
24	0.00	(125,345)	0	0	(125,345)	0.00	(125,345)	(23)	0	(125,368)
Total	**(6.95)**	**($387,607)**	**($115,951)**	**$0**	**($503,558)**	**(6.95)**	**($387,356)**	**($115,951)**	**$0**	**($503,307)**

DP 2450 - State Water Plan (RST/BIEN/OTO) - This decision package removes the funding for the state water plan from HB 6 and funds the activity in HB 2. Legislation is required to implement this change.

DP 2455 - Transfer of Funds to Water Court - The legislature approved $100,000 of budget authority from the water adjudication fund to be transferred to the Water Court to assist in funding the new associate water judge. This is contingent on passage and approval of HB 587.

DP 55140 - Crown Managers Partnership Reduction - The legislature approved continuance of the 17-71-140, MCA Governor's reductions. A portion of the reductions was effective in FY 2011 and therefore is not reflected in the base. This reduction is to continue the original reduction in the 2013 biennium. This is a general fund decrease of $10,000 for the biennium. The funding was used for a memorandum of understanding (MOU) with the Province of Alberta regarding the Crown Managers Partnership.

DP 55141 - Columbia River Hydro System Reduction - The legislature approved continuance of the 17-71-140, MCA Governor's reductions. A portion of the reductions was effective in FY 2011 and therefore is not reflected in the base. This reduction is to continue the original reduction in the 2013 biennium. This reduction of $5,000 would remove all base expenditures for the MOU with the Northwest Power and Conservation Council permanently.

DP 55247 - Resource Allocation Transfer to Water Court - The legislature approved a transfer of 2.00 FTE from the Water Resources Division to the Water Court in the Judicial Branch. The transfer is part of the resource allocation plan between DNRC and the Water Court.

DP 55400 - 4% General Fund Personal Services Reduction-WRD - The legislature approved the executive recommended 4% reduction of personal services funded with general fund. This reduction represents a general fund biennial decrease of $504,273 and a $31,945 biennial decrease of state special revenue in personal services for the biennium. This package eliminates 3.50 FTE.

DP 95102 - 5% Plan - WRD operational reductions - This reduction would reduce funds for field supplies, travel for field work, training or minor equipment. In addition, the replacement of computers will be delayed. The agency included this reduction in the statutorily required plan to reduce expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	4.75	4.75	5.00	4.75	(0.25)	(5.00%)
Personal Services	405,155	388,831	411,713	441,621	793,986	853,334	59,348	7.47%
Operating Expenses	158,704	127,553	153,639	162,261	286,257	315,900	29,643	10.36%
Total Costs	**$563,859**	**$516,384**	**$565,352**	**$603,882**	**$1,080,243**	**$1,169,234**	**$88,991**	**8.24%**
General Fund	516,319	516,384	565,352	603,882	1,032,703	1,169,234	136,531	13.22%
State Special	47,540	0	0	0	47,540	0	(47,540)	(100.00%)
Total Funds	**$563,859**	**$516,384**	**$565,352**	**$603,882**	**$1,080,243**	**$1,169,234**	**$88,991**	**8.24%**

Page Reference

Legislative Budget Analysis, C-234

Funding

The commission is funded with general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	516,319	516,319	1,032,638	88.32%	563,859	563,859	1,127,718	96.45%
Statewide PL Adjustments	66,896	66,977	133,873	11.45%	19,356	19,437	38,793	3.32%
Other PL Adjustments	7,961	46,410	54,371	4.65%	7,961	46,410	54,371	4.65%
New Proposals	(25,824)	(25,824)	(51,648)	(4.42%)	(25,824)	(25,824)	(51,648)	(4.42%)
Total Budget	**$565,352**	**$603,882**	**$1,169,234**		**$565,352**	**$603,882**	**$1,169,234**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					37,031					36,931
Vacancy Savings					(17,588)					(17,585)
Inflation/Deflation					(574)					(466)
Fixed Costs					487					557
Total Statewide Present Law Adjustments		**$66,896**	**($47,540)**	**$0**	**$19,356**		**$66,977**	**($47,540)**	**$0**	**$19,437**
DP 2501 - RWRCC Per Diem	0.00	4,000	0	0	4,000	0.00	4,000	0	0	4,000
DP 2502 - RWRCC Sunset Implementation	0.00	0	0	0	0	0.00	38,000	0	0	38,000
DP 2504 - RWRCC Operating Adjustment	0.00	3,961	0	0	3,961	0.00	4,410	0	0	4,410
Total Other Present Law Adjustments	**0.00**	**$7,961**	**$0**	**$0**	**$7,961**	**0.00**	**$46,410**	**$0**	**$0**	**$46,410**
Grand Total All Present Law Adjustments	**0.00**	**$74,857**	**($47,540)**	**$0**	**$27,317**	**0.00**	**$113,387**	**($47,540)**	**$0**	**$65,847**

DP 2501 - RWRCC Per Diem - The legislature approved additional authority for commission per diem. Currently, commissioners on the Confederated Salish Kootenai Tribe negotiating team are meeting 2-3 days a month to complete activities prior to the commission sunset.

DP 2502 - RWRCC Sunset Implementation - The legislature approved $38,000 general fund in FY 2013 only to establish the implementation bureau after the commission sunsets. Staff of the implementation bureau would be responsible for work associated with congressional approvals, water court approvals, and technical reports, archiving documents and creating a digital library, engineering and hydrologic oversight of water projects authorized by the settlements, legal interpretation, and compact administration. Funding is provided to move staff to another building as well as potential retirement payouts.

DP 2504 - RWRCC Operating Adjustment - The legislature approved a rent reduction offset by an increase in janitorial costs and inclusion of property taxes. This results in a biennial increase of $8,371 general fund.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% General Fund Personal Services Reduction-RWRCC										
25	(0.25)	(16,885)	0	0	(16,885)	(0.25)	(16,880)	0	0	(16,880)
DP 95103 - 5% Plan - Operations Reduction										
25	0.00	(8,939)	0	0	(8,939)	0.00	(8,944)	0	0	(8,944)
Total	**(0.25)**	**($25,824)**	**$0**	**$0**	**($25,824)**	**(0.25)**	**($25,824)**	**$0**	**$0**	**($25,824)**

DP 55400 - 4% General Fund Personal Services Reduction-RWRCC - The legislature approved the executive recommended 4% reduction of personal services funded with general fund. The reduction includes the permanent

reduction of FTE associated with positions vacant when budgets were developed. This decision package would reduce a 1.00 FTE to a 0.75 FTE creating a reduction 0.25 FTE and $33,765 general fund over the biennium. The position is a hydrologist.

DP 95103 - 5% Plan - Operations Reduction - This reduction is the operating cost associated with the general fund personal services reduction. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	307.94	307.94	305.08	305.08	307.94	305.08	(2.86)	(0.93%)
Personal Services	16,498,498	17,055,468	17,866,811	17,859,373	33,553,966	35,726,184	2,172,218	6.47%
Operating Expenses	7,197,551	8,109,026	7,417,304	7,489,832	15,306,577	14,907,136	(399,441)	(2.61%)
Equipment & Intangible Assets	956,431	1,006,532	2,405,466	2,405,466	1,962,963	4,810,932	2,847,969	145.09%
Capital Outlay	119,204	66,788	119,204	119,204	185,992	238,408	52,416	28.18%
Grants	184,491	184,491	1,184,491	1,184,491	368,982	2,368,982	2,000,000	542.03%
Transfers	1,218,390	1,228,444	1,336,352	1,331,665	2,446,834	2,668,017	221,183	9.04%
Debt Service	3,675	3,675	3,675	3,675	7,350	7,350	0	0.00%
Total Costs	**$26,178,240**	**$27,654,424**	**$30,333,303**	**$30,393,706**	**$53,832,664**	**$60,727,009**	**$6,894,345**	**12.81%**
General Fund	9,686,429	10,002,194	8,612,803	8,681,473	19,688,623	17,294,276	(2,394,347)	(12.16%)
State Special	15,384,020	16,342,270	20,515,584	20,517,310	31,726,290	41,032,894	9,306,604	29.33%
Federal Special	1,107,791	1,309,960	1,204,916	1,194,923	2,417,751	2,399,839	(17,912)	(0.74%)
Total Funds	**$26,178,240**	**$27,654,424**	**$30,333,303**	**$30,393,706**	**$53,832,664**	**$60,727,009**	**$6,894,345**	**12.81%**

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Legislative Budget Analysis, C-238

Funding

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 Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	9,686,429	9,686,429	19,372,858	112.02%	26,178,240	26,178,240	52,356,480	86.22%
Statewide PL Adjustments	1,125,863	1,198,011	2,323,874	13.44%	1,674,782	1,740,781	3,415,563	5.62%
Other PL Adjustments	78,320	74,762	153,082	0.89%	867,815	862,140	1,729,955	2.85%
New Proposals	(2,277,809)	(2,277,729)	(4,555,538)	(26.34%)	1,612,466	1,612,545	3,225,011	5.31%
Total Budget	**$8,612,803**	**$8,681,473**	**$17,294,276**		**$30,333,303**	**$30,393,706**	**$60,727,009**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,291,737					2,283,884
Vacancy Savings					(751,608)					(751,294)
Inflation/Deflation					(54,830)					(39,339)
Fixed Costs					189,485					247,532
Total Statewide Present Law Adjustments		**$1,125,863**	**$653,678**	**($104,759)**	**$1,674,784***		**$1,198,011**	**$657,238**	**($114,468)**	**$1,740,783***
DP 3501 - Air Operations Transfer	0.00	78,320	40,346	0	118,666	0.00	74,762	38,513	0	113,275
DP 3506 - Contract Harvesting Base Restoration	0.00	0	290,671	0	290,671	0.00	0	290,671	0	290,671
DP 3507 - Private Funds Land Transaction Base Restoration	0.00	0	256,594	0	256,594	0.00	0	256,594	0	256,594
DP 3509 - Federal Fire Reimbursement Restoration	0.00	0	0	201,884	201,884	0.00	0	0	201,600	201,600
Total Other Present Law Adjustments	**0.00**	**$78,320**	**$587,611**	**$201,884**	**$867,815**	**0.00**	**$74,762**	**$585,778**	**$201,600**	**$862,140**
Grand Total All Present Law Adjustments	**0.00**	**$1,204,183**	**$1,241,289**	**$97,125**	**$2,542,599***	**0.00**	**$1,272,773**	**$1,243,016**	**$87,132**	**$2,602,923***

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

DP 3501 - Air Operations Transfer - The legislature approved an increase in transfer authority to fund salaries, rent, and aircraft insurance for the department's aviation program. These funds would be transferred to the air operations fund to cover these fixed costs. This package is funded with 66% general fund and 34% fire protection taxes.

DP 3506 - Contract Harvesting Base Restoration - The legislature approved an adjustment for contract harvesting. The use of contract timber harvesting was approved by the 2007 Legislature under SB 25. During FY 2010, the division completed the first pilot project on School for the Deaf and Blind trust lands. The base restoration is requested to facilitate two timber sales per year.

DP 3507 - Private Funds Land Transaction Base Restoration - The legislature approved authority for the trust land banking and land exchange programs. The state requires prospective purchasers to deposit funds for appraisals, archeological surveys, and advertising prior to the state incurring these costs. The base restoration requests are for the authority to expend these funds on the land transactions.

DP 3509 - Federal Fire Reimbursement Restoration - The legislature approved $201,000 each year of federal authority to support equipment maintenance and training needs associated with assisting on federal fires. This increase is funded with funds from the US Forest Service.

New Proposals

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3550 - Engine Development - OTO										
35	0.00	0	1,600,000	0	1,600,000	0.00	0	1,600,000	0	1,600,000
DP 3555 - Forest Protection Funding Switch										
35	0.00	(1,893,487)	1,893,487	0	0	0.00	(1,893,487)	1,893,487	0	0
DP 3560 - Jump Start Funds (RST/BIEN/OTO)										
35	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 3565 - Biomass Project (RST/BIEN/OTO)										
35	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
DP 55140 - Operating and Equipment Reduction/Forestry Div										
35	0.00	(199,347)	0	0	(199,347)	0.00	(199,347)	0	0	(199,347)
DP 55400 - 4% General Fund Personal Services Reduction-Frstry										
35	(3.70)	(281,469)	0	0	(281,469)	(3.70)	(281,389)	0	0	(281,389)
DP 56553 - Restore Positions										
35	0.84	0	70,515	0	70,515	0.84	0	70,515	0	70,515
DP 95104 - 5% Plan - Forestry Division										
35	0.00	0	(170,666)	0	(170,666)	0.00	0	(170,666)	0	(170,666)
DP 95105 - 5% Plan - Trust Lands										
35	0.00	(3,506)	(503,061)	0	(506,567)	0.00	(3,506)	(503,062)	0	(506,568)
Total	**(2.86)**	**($2,277,809)**	**$3,890,275**	**$0**	**$1,612,466**	**(2.86)**	**($2,277,729)**	**$3,890,274**	**$0**	**$1,612,545**

DP 3550 - Engine Development - OTO - The legislature approved one-time-only funding to develop additional fire equipment.

DP 3555 - Forest Protection Funding Switch - This decision package changes the match between fire protection taxes and general fund to 40% taxes and 60% general fund. Legislation is required to implement this change

DP 3560 - Jump Start Funds (RST/BIEN/OTO) - The legislature approved $2.0 million from the fire suppression fund to complete forest restoration activities.

DP 3565 - Biomass Project (RST/BIEN/OTO) - The legislature approved one-time-only general fund of $200,000 for the biennium to provide for bio mass grants in northwestern Montana.

DP 55140 - Operating and Equipment Reduction/Forestry Div - The legislature approved continuing the 17-71-140, MCA Governor's reductions. A portion of the reductions was effective in FY 2011 and therefore is not reflected in the base. This reduction is to continue the original reduction in the 2013 biennium. This reduction will reduce operating expenses by $133,920 and equipment by $150,965 each year of the biennium for a total reduction of $569,770.

DP 55400 - 4% General Fund Personal Services Reduction-Frstry - The executive recommended a 4% reduction of personal services funded with general fund. The reduction includes the permanent reduction of FTE associated with positions vacant when budgets were developed. This reduction includes 4.36 FTE and $562,858 general fund over the biennium. The positions include a fire team leader, seasonal pilot, a fire forester, a fire special purchasing technician, and administrative support. A portion of these reductions were restored in DP 56553.

DP 56553 - Restore Positions - The legislature approved state special revenue to fund the restoration of two positions, a pilot and aviation support, that were eliminated in the Governor's recommended 4% general fund personal services reduction.

DP 95104 - 5% Plan - Forestry Division - This reduction will require the postponement of vehicle and equipment replacement and decreases in staff training and travel. The agency included this in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95105 - 5% Plan - Trust Lands - This reduction will require decreases in contracted services for forest improvement projects, noxious weed services, habitat conservation projects, and real estate management activities. The agency included this in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Proprietary Rates

Proprietary Program Description

Air Operations:

The Air Operation Program manages six medium helicopters, one light helicopter, and three single engine fixed-wing airplanes. Aircraft are primarily used for fire detection, support and suppression of wildfires, and reclamation work in the Department of Environmental Quality. This revenue is also deposited in the proprietary account. 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 charged for the use of the aircraft and general fund and fire protection tax revenue for fixed costs.

Proprietary Rates
Refer to Section R of HB2 for approved rates.

Agency Budget Comparison

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

Agency Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	118.42	118.42	120.40	120.40	118.42	120.40	1.98	1.67%
Personal Services	5,875,640	6,460,622	6,631,482	6,627,316	12,336,262	13,258,798	922,536	7.48%
Operating Expenses	3,092,278	3,738,378	3,535,485	3,500,638	6,830,656	7,036,123	205,467	3.01%
Equipment & Intangible Assets	375,624	287,276	683,124	378,124	662,900	1,061,248	398,348	60.09%
Grants	4,383,401	5,968,385	4,706,033	4,706,033	10,351,786	9,412,066	(939,720)	(9.08%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	326,489	280,000	410,639	410,639	606,489	821,278	214,789	35.42%
Debt Service	0	2,281	0	0	2,281	0	(2,281)	(100.00%)
Total Costs	**$14,053,432**	**$16,736,942**	**$15,966,763**	**$15,622,750**	**$30,790,374**	**$31,589,513**	**$799,139**	**2.60%**
General Fund	880,007	1,020,580	1,202,149	1,153,796	1,900,587	2,355,945	455,358	23.96%
State Special	10,561,977	12,708,587	11,863,722	11,563,001	23,270,564	23,426,723	156,159	0.67%
Federal Special	2,111,490	2,390,235	2,328,952	2,329,665	4,501,725	4,658,617	156,892	3.49%
Other	499,958	617,540	571,940	576,288	1,117,498	1,148,228	30,730	2.75%
Total Funds	**$14,053,432**	**$16,736,942**	**$15,966,763**	**$15,622,750**	**$30,790,374**	**$31,589,513**	**$799,139**	**2.60%**

Page Reference

Legislative Budget Analysis, C-248

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	118.42	120.40	120.40	0.00	120.40	120.40	0.00	
Personal Services	5,875,640	6,638,982	6,631,482	(7,500)	6,634,816	6,627,316	(7,500)	(15,000)
Operating Expenses	3,092,278	3,678,299	3,535,485	(142,814)	3,643,452	3,500,638	(142,814)	(285,628)
Equipment & Intangible Assets	375,624	1,033,124	683,124	(350,000)	378,124	378,124	0	(350,000)
Grants	4,383,401	4,724,401	4,706,033	(18,368)	4,724,401	4,706,033	(18,368)	(36,736)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	326,489	410,639	410,639	0	410,639	410,639	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	**$14,053,432**	**$16,485,445**	**$15,966,763**	**($518,682)**	**$15,791,432**	**$15,622,750**	**($168,682)**	**($687,364)**
General Fund	880,007	1,336,381	1,202,149	(134,232)	1,288,028	1,153,796	(134,232)	(268,464)
State/Other Special	10,561,977	12,248,172	11,863,722	(384,450)	11,597,451	11,563,001	(34,450)	(418,900)
Federal Special	2,111,490	2,328,952	2,328,952	0	2,329,665	2,329,665	0	0
Proprietary	499,958	571,940	571,940	0	576,288	576,288	0	0
Total Funds	**$14,053,432**	**$16,485,445**	**$15,966,763**	**($518,682)**	**$15,791,432**	**$15,622,750**	**($168,682)**	**($687,364)**

The legislatively approved budget decreases general fund authority by approximately $0.25 million for the biennium, as compared to the executive budget. The largest part of this decrease is due to not approving $167,000 in the request for funding related to the Aquatic Invasive Species act, which was requested as a one-time-only appropriation. Funding for this program has also been provided through Fish, Wildlife, & Parks, as well as through a separate committee bill, House Bill No. 621. In addition, the legislature did not approve a $72,400 request to increase the base budget for operations in the Ag Development Division. Other differences include:

- 5% plan reductions exceeded the executive proposal by $29,000 general fund and $41,000 state special revenue

- $350,000 of state special revenue authority for laboratory equipment purchase was not approved
- $72,000 of general fund requested for increasing the base budget for travel was not approved
- A $27,000 reduction from the Coal Shared Fund

Agency Highlights

Department of Agriculture Major Budget Highlights
♦ The budget increases by almost $0.8 million over the previous biennium. Major items contributing to this increase include: • One-time-only funding for the aquatic invasive species program in the amount of $500,000 • Base budget adjustments of $623,000 in state special authority and $517,000 in federal funds across all three divisions • $280,00 of state special revenue for a web-based agricultural product registration system • The addition of 0.60 FTE for a part-time recycling truck driver funded with $45,000 of federal funds ♦ A number of factors offset these increases, including: • 5% plan reductions totaling $84,652 of general fund and $41,234 of state special revenue that eliminated 0.62 FTE • Base year adjustments for OTOs and actual expenditures • A reduction in funding for grants of over $950,000 ♦ A committee bill, House Bill No. 621 was requested to provide funding and direction for the Aquatic Invasive Species act.

Agency Discussion

The 5% reduction plan impacted the agency by reducing the budget by over $125,000, in addition to eliminating 0.62 FTE, which was offset by the addition of 0.60 FTE funded by federal funding for a pesticide recycling program. Base year expenditures were lower than originally appropriated, and a number of base adjustments were provided to increase the base budget by over $1.2 million for the biennium. State special revenue authority was provided for equipment purchase and development of a web-based agricultural product registration system as one-time-only appropriations, and the apiary program was provided an increase of over $70,000 state special authority for the biennium.

Implementation Legislation

A committee bill, House Bill No. 621, was requested to establish FWP as the lead agency in statute to oversee the Aquatic Invasive Species and Aquatic Nuisance Species (ANS) program in Montana. This bill provides a role and funding for the Department of Agriculture as well as DNRC. The bill will appropriate Noxious Weed Trust funds in excess of the $10 million inviolate trust balance as well as general fund for this purpose, and establish priorities as prevention, detection and control.

Funding

The following table summarizes funding for the agency, by program and source.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
15 Centralized Services Division	$ 247,663	$ 1,590,014	$ 253,550	$ 251,816	$ 2,343,043	7.42%
30 Agricultural Sciences Division	1,093,017	13,579,074	4,388,349	-	19,060,440	60.34%
50 Agricultural Development Division	1,015,265	8,257,635	16,718	896,412	10,186,030	32.24%
Grand Total	$ 2,355,945	$ 23,426,723	$ 4,658,617	$ 1,148,228	$ 31,589,513	100.00%

Budget Summary by Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	880,007	880,007	1,760,014	74.71%	14,053,432	14,053,432	28,106,864	88.98%
Statewide PL Adjustments	102,465	54,118	156,583	6.65%	755,283	716,320	1,471,603	4.66%
Other PL Adjustments	12,000	12,000	24,000	1.02%	682,450	657,450	1,339,900	4.24%
New Proposals	207,677	207,671	415,348	17.63%	475,598	195,548	671,146	2.12%
Total Budget	**$1,202,149**	**$1,153,796**	**$2,355,945**		**$15,966,763**	**$15,622,750**	**$31,589,513**	

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	14.87	14.87	14.87	14.87	14.87	14.87	0.00	0.00%
Personal Services	977,749	982,589	987,463	988,037	1,960,338	1,975,500	15,162	0.77%
Operating Expenses	184,301	204,104	205,240	162,303	388,405	367,543	(20,862)	(5.37%)
Total Costs	**$1,162,050**	**$1,186,693**	**$1,192,703**	**$1,150,340**	**$2,348,743**	**$2,343,043**	**($5,700)**	**(0.24%)**
General Fund	125,228	130,061	147,646	100,017	255,289	247,663	(7,626)	(2.99%)
State Special	747,596	764,959	794,994	795,020	1,512,555	1,590,014	77,459	5.12%
Federal Special	146,259	147,439	126,775	126,775	293,698	253,550	(40,148)	(13.67%)
Other	142,967	144,234	123,288	128,528	287,201	251,816	(35,385)	(12.32%)
Total Funds	**$1,162,050**	**$1,186,693**	**$1,192,703**	**$1,150,340**	**$2,348,743**	**$2,343,043**	**($5,700)**	**(0.24%)**

Page Reference

Legislative Budget Analysis, C-254

Funding

The Centralized Services Division (CSD) is funded from derived calculations based on the expenditures of the two line divisions of the agency and their funding sources. A portion of the funding is an indirect cost reimbursement from federal grants administered by the agency. The division also uses an administrative assessment charged to the general fund, state special, and proprietary revenue accounts used by the divisions that are supported by CSD activities. General fund is used to account for any difference between the assessed amount and the budgeted expenditures for the CSD and for costs associated with the legislative audit.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	125,228	125,228	250,456	101.13%	1,162,050	1,162,050	2,324,100	99.19%
Statewide PL Adjustments	22,418	(25,211)	(2,793)	(1.13%)	16,486	(25,877)	(9,391)	(0.40%)
Other PL Adjustments	0	0	0	0.00%	28,000	28,000	56,000	2.39%
New Proposals	0	0	0	0.00%	(13,833)	(13,833)	(27,666)	(1.18%)
Total Budget	**$147,646**	**$100,017**	**$247,663**		**$1,192,703**	**$1,150,340**	**$2,343,043**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					50,859					51,455
Vacancy Savings					(41,145)					(41,167)
Inflation/Deflation					24					42
Fixed Costs					6,748					(36,207)
Total Statewide Present Law Adjustments		**$22,418**	**$61,231**	**($47,484)**	**$16,486***		**($25,211)**	**$61,257**	**($47,484)**	**($25,877)***
DP 151 - Program 15 Base Budget Adjustments	0.00	0	0	28,000	28,000	0.00	0	0	28,000	28,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$28,000**	**$28,000**	**0.00**	**$0**	**$0**	**$28,000**	**$28,000**
Grand Total All Present Law Adjustments	**0.00**	**$22,418**	**$61,231**	**($19,484)**	**$44,486***	**0.00**	**($25,211)**	**$61,257**	**($19,484)**	**$2,123***

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

DP 151 - Program 15 Base Budget Adjustments - The legislature approved authority for federal funds for additional supplies and travel as an adjustment to the base budget.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7501 - Reduction in SSR - Change in Revenue Allocation										
15	0.00	0	(13,833)	0	(13,833)	0.00	0	(13,833)	0	(13,833)
Total	**0.00**	**$0**	**($13,833)**	**$0**	**($13,833)**	**0.00**	**$0**	**($13,833)**	**$0**	**($13,833)**

DP 7501 - Reduction in SSR - Change in Revenue Allocation - The legislature approved a reduction in expenditures from the coal shared fund used to support the Centralized Services Division.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	64.18	64.18	66.78	66.78	64.18	66.78	2.60	4.05%
Personal Services	3,466,481	3,682,047	3,853,730	3,852,857	7,148,528	7,706,587	558,059	7.81%
Operating Expenses	1,541,910	1,529,808	1,876,587	1,882,322	3,071,718	3,758,909	687,191	22.37%
Equipment & Intangible Assets	360,624	217,276	668,124	363,124	577,900	1,031,248	453,348	78.45%
Grants	2,930,006	3,735,632	3,136,006	3,136,006	6,665,638	6,272,012	(393,626)	(5.91%)
Transfers	61,692	80,000	145,842	145,842	141,692	291,684	149,992	105.86%
Debt Service	0	2,281	0	0	2,281	0	(2,281)	(100.00%)
Total Costs	**$8,360,713**	**$9,247,044**	**$9,680,289**	**$9,380,151**	**$17,607,757**	**$19,060,440**	**$1,452,683**	**8.25%**
General Fund	289,370	309,536	546,527	546,490	598,906	1,093,017	494,111	82.50%
State Special	6,114,471	6,734,971	6,939,944	6,639,130	12,849,442	13,579,074	729,632	5.68%
Federal Special	1,956,872	2,202,537	2,193,818	2,194,531	4,159,409	4,388,349	228,940	5.50%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$8,360,713**	**$9,247,044**	**$9,680,289**	**$9,380,151**	**$17,607,757**	**$19,060,440**	**$1,452,683**	**8.25%**

Page Reference

Legislative Budget Analysis, C-257

Funding

The Agricultural Sciences Division is funded with general fund, state special revenue, and federal special revenue. State special revenue is the prominent funding source.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	289,370	289,370	578,740	52.95%	8,360,713	8,360,713	16,721,426	87.73%
Statewide PL Adjustments	(649)	(686)	(1,335)	(0.12%)	321,448	326,354	647,802	3.40%
Other PL Adjustments	12,000	12,000	24,000	2.20%	451,700	426,700	878,400	4.61%
New Proposals	245,806	245,806	491,612	44.98%	546,428	266,384	812,812	4.26%
Total Budget	**$546,527**	**$546,490**	**$1,093,017**		**$9,680,289**	**$9,380,151**	**$19,060,440**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					419,088					418,525
Vacancy Savings					(155,302)					(155,278)
Inflation/Deflation					6,421					8,423
Fixed Costs					51,241					54,684
Total Statewide Present Law Adjustments		**($649)**	**$338,022**	**($15,925)**	**$321,448**		**($686)**	**$342,208**	**($15,168)**	**$326,354**
DP 3001 - Program 30 Base Budget Adjustments	0.00	12,000	148,775	230,500	391,275	0.00	12,000	148,775	230,500	391,275
DP 3002 - Analytical Lab Equipment (Bien - OTO)	0.00	0	25,000	0	25,000	0.00	0	0	0	0
DP 3009 - Apiary Program Increase	0.00	0	35,425	0	35,425	0.00	0	35,425	0	35,425
Total Other Present Law Adjustments	**0.00**	**$12,000**	**$209,200**	**$230,500**	**$451,700**	**0.00**	**$12,000**	**$184,200**	**$230,500**	**$426,700**
Grand Total All Present Law Adjustments	**0.00**	**$11,351**	**$547,222**	**$214,575**	**$773,148**	**0.00**	**$11,314**	**$526,408**	**$215,332**	**$753,054**

DP 3001 - Program 30 Base Budget Adjustments - The legislature approved an increase in operations and equipment authority.

DP 3002 - Analytical Lab Equipment (Bien - OTO) - The legislature approved $25,000 for replacement of a LECO FP-528 nitrogen combustion instrument, designating this funding as one-time-only.

DP 3009 - Apiary Program Increase - The legislature approved a request for an increase in state special revenue funding to support efforts to prevent the spread of pests and contagious and infectious disease among bees and apiaries.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3006 - Web AG Product Registration System (Bien - OTO)										
30	0.00	0	280,000	0	280,000	0.00	0	0	0	0
DP 3007 - Pesticide Recycling Truck Driver										
30	0.60	0	0	22,371	22,371	0.60	0	0	22,327	22,327
DP 3008 - Invasive Species (OTO)										
30	2.00	250,000	0	0	250,000	2.00	250,000	0	0	250,000
DP 95131 - 5% Plan - Operating Expense Reduction										
30	0.00	(4,194)	(1,749)	0	(5,943)	0.00	(4,194)	(1,749)	0	(5,943)
Total	**2.60**	**$245,806**	**$278,251**	**$22,371**	**$546,428**	**2.60**	**$245,806**	**($1,749)**	**$22,327**	**$266,384**

DP 3006 - Web AG Product Registration System (Bien - OTO) - The legislature approved funding to continue upgrading an existing licensing and registration system to allow web based product and apiary registrations.

DP 3007 - Pesticide Recycling Truck Driver - The legislature approved federal funding authority for 0.6 FTE to hire a pesticide recycling truck driver.

DP 3008 - Invasive Species (OTO) - The legislature approved one-time-only general fund each year of the 2013 biennium to continue operating the invasive species program. This decision package is contingent on the passage and approval of Senate Bill No. 343.

DP 95131 - 5% Plan - Operating Expense Reduction - The legislature approved a 5% reduction plan for the Agriculture Sciences Division to include operating expenditure reductions from the general fund and from the state special revenue account for manuals and training totaling $11,886 over the biennium. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	39.37	39.37	38.75	38.75	39.37	38.75	(0.62)	(1.57%)
Personal Services	1,431,410	1,795,986	1,790,289	1,786,422	3,227,396	3,576,711	349,315	10.82%
Operating Expenses	1,366,067	2,004,466	1,453,658	1,456,013	3,370,533	2,909,671	(460,862)	(13.67%)
Equipment & Intangible Assets	15,000	70,000	15,000	15,000	85,000	30,000	(55,000)	(64.71%)
Grants	1,453,395	2,232,753	1,570,027	1,570,027	3,686,148	3,140,054	(546,094)	(14.81%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	264,797	200,000	264,797	264,797	464,797	529,594	64,797	13.94%
Total Costs	**$4,530,669**	**$6,303,205**	**$5,093,771**	**$5,092,259**	**$10,833,874**	**$10,186,030**	**($647,844)**	**(5.98%)**
General Fund	465,409	580,983	507,976	507,289	1,046,392	1,015,265	(31,127)	(2.97%)
State Special	3,699,910	5,208,657	4,128,784	4,128,851	8,908,567	8,257,635	(650,932)	(7.31%)
Federal Special	8,359	40,259	8,359	8,359	48,618	16,718	(31,900)	(65.61%)
Other	356,991	473,306	448,652	447,760	830,297	896,412	66,115	7.96%
Total Funds	**$4,530,669**	**$6,303,205**	**$5,093,771**	**$5,092,259**	**$10,833,874**	**$10,186,030**	**($647,844)**	**(5.98%)**

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Funding

The funding for the Agricultural Development Division is predominately state special revenue funds. General fund supports division administration, agricultural marketing, agricultural statistics functions, and the state grain lab. Federal special revenue is from federal grants used to develop agriculture markets, marketing projects, and related operating costs.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	465,409	465,409	930,818	91.68%	4,530,669	4,530,669	9,061,338	88.96%
Statewide PL Adjustments	80,696	80,015	160,711	15.83%	417,349	415,843	833,192	8.18%
Other PL Adjustments	0	0	0	0.00%	202,750	202,750	405,500	3.98%
New Proposals	(38,129)	(38,135)	(76,264)	(7.51%)	(56,997)	(57,003)	(114,000)	(1.12%)
Total Budget	**$507,976**	**$507,289**	**$1,015,265**		**$5,093,771**	**$5,092,259**	**$10,186,030**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					462,015					457,991
Vacancy Savings					(75,345)					(75,182)
Inflation/Deflation					709					1,290
Fixed Costs					29,970					31,744
Total Statewide Present Law Adjustments		**$80,696**	**$284,992**	**$0**	**$417,349***		**$80,015**	**$285,059**	**$0**	**$415,843***
DP 5001 - Program 50 Base Budget Adjustments	0.00	0	162,750	0	202,750*	0.00	0	162,750	0	202,750*
Total Other Present Law Adjustments	**0.00**	**$0**	**$162,750**	**$0**	**$202,750***	**0.00**	**$0**	**$162,750**	**$0**	**$202,750***
Grand Total All Present Law Adjustments	**0.00**	**$80,696**	**$447,742**	**$0**	**$620,099***	**0.00**	**$80,015**	**$447,809**	**$0**	**$618,593***

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

DP 5001 - Program 50 Base Budget Adjustments - The legislature approved an adjustment to the base budget.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction										
50	(0.62)	(27,791)	0	0	(27,791)	(0.62)	(27,797)	0	0	(27,797)
DP 95151 - 5% Plan - Operating Expense Reduction										
50	0.00	(10,338)	(18,868)	0	(29,206)	0.00	(10,338)	(18,868)	0	(29,206)
Total	**(0.62)**	**($38,129)**	**($18,868)**	**$0**	**($56,997)**	**(0.62)**	**($38,135)**	**($18,868)**	**$0**	**($57,003)**

DP 55400 - 4% Personal Services Reduction - The legislature approved a reduction as part of the 5% reduction that was included in the executive budget proposal resulting in a 4% reduction in general fund personal services budgets. The agency did not specify which 0.62 FTE position would be eliminated.

DP 95151 - 5% Plan - Operating Expense Reduction - The legislature approved a reduction of general operating expenditures totaling $114,222 over the biennium. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Proprietary Rates

Proprietary Program Description

The Agricultural Development Division operates two proprietary programs: the Hail Insurance program and the Montana Beginning Farmer/Rancher Loan Program.

Hail Insurance Program

The function of the program is to provide low cost hail insurance coverage for crops grown in Montana. The program insures approximately 1.9 million acres of crops with coverage exceeding $85 million each year. A reserve is maintained at a level which is actuarially sound based on annual review by an accredited actuarial consultant. This ensures that adequate funds are available to pay any losses, even if a catastrophic year should occur. The Board of Hail Insurance is responsible for estimating annual expenses and recommending the premium to be imposed on participating producers. The Department of Revenue issues the insurance policies to producers.

Proprietary Rates

Premium rates are determined by the Board of Hail Insurance. The program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Beginning Farm and Ranch Loan Program

The Montana Beginning Farmer/Rancher Loan Program is a tax-exempt bond program designed to assist beginning farmers/ranchers in the State of Montana to acquire agricultural property at lower interest rates. The program enables lenders, individuals, partnerships, corporations, and other entities to receive federally tax-exempt interest with respect to a loan or contract sale made to a qualifying beginning farmer/rancher.

The financial institution, after creating the loan or sales contract in conjunction with the program, will exchange the loan or sales contract for a federally tax-exempt bond in the amount of the loan or sales contract from the Montana agriculture loan authority. The loan and its collateral will be assigned to the financial institution as security for the bond in the event of default by the borrower. In the case of a contract sale, the contract will be entered into by the authority, and the financial institution will receive the bond to evidence the authority's obligations under the contract. The authority's right, title and interest in the contract will then be assigned to the beginning farmer/rancher who assumes payment obligations of the authority under the contract. Payments pass through the authority to the bond holder who receives the interest payment portion of the obligation free of federal taxes.

Proprietary Rates

The program’s rates are $50 per loan application and 1.5% of loan balance. The program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds of approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.