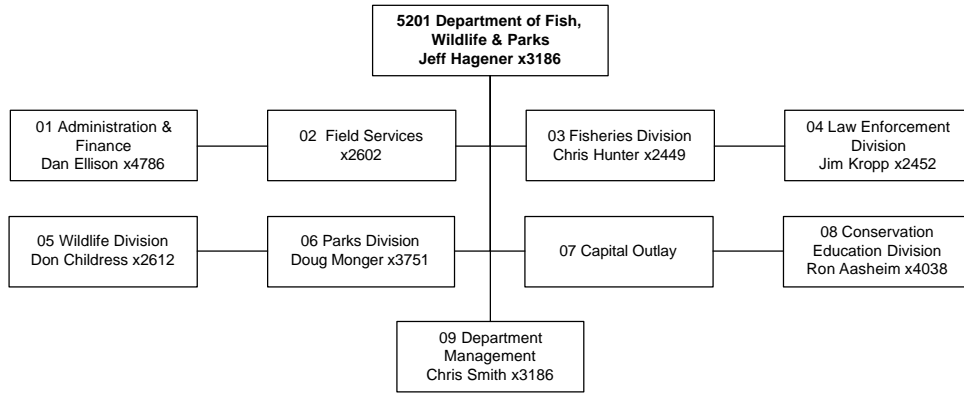


Dept Of Fish, Wildlife & Parks-5201



Mission Statement - Through our employees and citizen commission, to provide for the stewardship of the fish, wildlife, parks and recreational resources of Montana while contributing to the quality of life for present and future generations.

Statutory Authority - Title 87 and 23, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	581.18	4.75	12.67	598.60	4.75	13.67	599.60
Personal Services	24,614,203	2,231,104	1,244,459	28,089,766	2,253,202	483,004	27,350,409
Operating Expenses	19,451,450	3,074,396	2,388,968	24,914,814	3,144,640	1,122,362	23,718,452
Equipment	689,472	146,391	22,515	858,378	(196,529)	76,015	568,958
Grants	570,899	101,809	145,172	817,880	16,809	(14,828)	572,880
Benefits & Claims	5,057	0	0	5,057	0	0	5,057
Transfers	0	0	3,703,719	3,703,719	0	3,703,716	3,703,716
Total Costs	\$45,331,081	\$5,553,700	\$7,504,833	\$58,389,614	\$5,218,122	\$5,370,269	\$55,919,472
General Fund	281,816	(26,386)	0	255,430	(25,379)	0	256,437
State/Other Special	33,971,373	3,921,930	2,041,158	39,934,461	3,546,012	1,364,626	38,882,011
Federal Special	11,077,892	1,658,156	5,463,675	18,199,723	1,697,489	4,005,643	16,781,024
Total Funds	\$45,331,081	\$5,553,700	\$7,504,833	\$58,389,614	\$5,218,122	\$5,370,269	\$55,919,472

----- Agency General Fund Target - \$510,000 -----

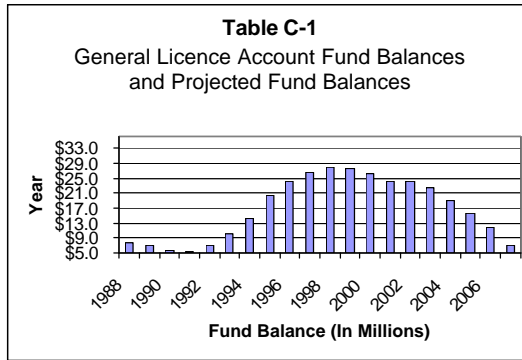
Language –

"The appropriations for legislative contract authority are subject to all of the following provisions:

- (1) Legislative contract authority applies only to federal funds.
- (2) Legislative contract authority expenditures must be reported on the state's accounting system, and the records must be separate from present law operations. In preparing the 2007 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.
- (3) A report must be submitted by the department to the legislative fiscal division following the end of each fiscal year of the biennium. The report must include a list of projects with the related amount of expenditures and FTE for each project."

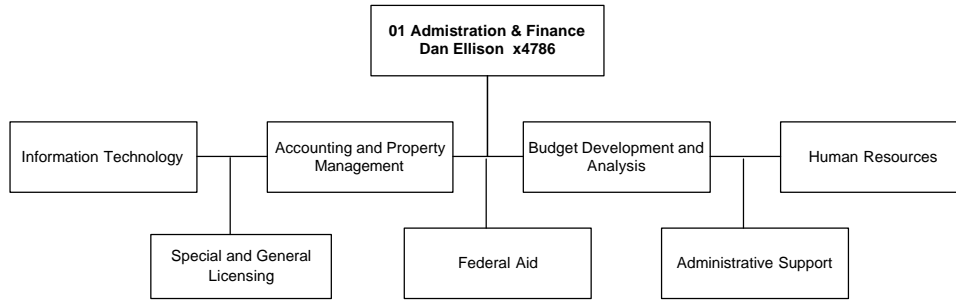
Dept Of Fish, Wildlife & Parks-5201

"Item 8 includes a total of \$138,780 for the 2005 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."



The chart above shows the general license account fund balances from FY1988 through FY2006 projections. The last major general license increase was adopted during the 1995 legislative session.

**Dept Of Fish, Wildlife & Parks-5201
Administration & Finance Div.-01**



Program Description - The Administration and Finance Division provides department-wide support for accounting, fiscal management, purchasing and property management, personnel, and federal aid administration. Additionally, the division provides information technology services to the agency and administers the sale of hunting, fishing, and other recreational licenses.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
License and Permit Sales	1,506,000	1,536,120	1,566,842	1,598,180	1,630,140	1,662,745

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	56.32	0.00	0.50	56.82	0.00	0.50	56.82
Personal Services	2,369,839	268,166	14,495	2,652,500	268,390	14,463	2,652,692
Operating Expenses	4,568,822	316,357	4,000	4,889,179	335,527	2,000	4,906,349
Equipment	10,887	0	0	10,887	0	0	10,887
Transfers	0	0	75,000	75,000	0	75,000	75,000
Total Costs	\$6,949,548	\$584,523	\$93,495	\$7,627,566	\$603,917	\$91,463	\$7,644,928
State/Other Special	5,748,821	251,120	18,495	6,018,436	278,570	16,463	6,043,854
Federal Special	1,200,727	333,403	75,000	1,609,130	325,347	75,000	1,601,074
Total Funds	\$6,949,548	\$584,523	\$93,495	\$7,627,566	\$603,917	\$91,463	\$7,644,928

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$73,944	FY04 \$0
FY05 \$73,944	FY05 \$0

PL- 101 - Additional Commission Authority for New Licenses -

An increase for license agent commissions is budgeted at \$73,944 each year for the 2005 biennium since about 90 percent of all hunting and fishing licenses are sold by non-agency agents.

**Dept Of Fish, Wildlife & Parks-5201
Administration & Finance Div.-01**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$16,173	FY04	\$0
FY05	\$16,173	FY05	\$0

PL- 102 - Seasonal Overtime -

Overtime pay does not carry forward into the new biennium and is recommended at the FY 2002 level.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$21,000	FY04	\$0
FY05	\$21,000	FY05	\$0

PL- 104 - Sheep Auction Commission -

Budget authority is restored to FY 2002 levels to comply with accounting standards for recording the 10 per cent commission for a conservation organization to auction off annually a bighorn sheep license.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$6,000	FY05	\$0

PL- 105 - Periodic Property Inventory -

This adjustment is requested because the property inventory takes place during the second year of the biennium and the inventory-related expenditures are not reflected in the base.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$18,495	FY04	\$0
FY05	\$16,463	FY05	\$0

NP- 103 - Accounting Function Support Staff -

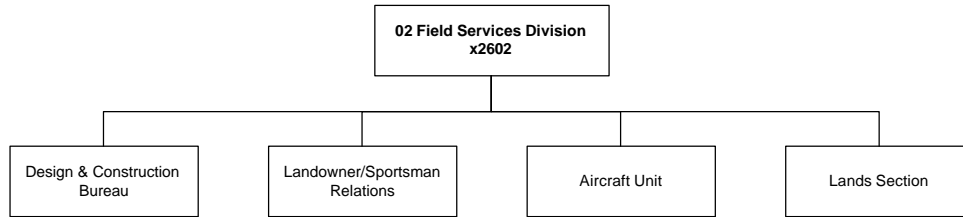
This proposal is to add an additional 0.50 FTE to assist with the accounting functions, particularly the claims section.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$75,000	FY04	\$0
FY05	\$75,000	FY05	\$0

NP- 106 - Legislative Contract Authority -

The request reestablishes the amount of legislative contract authority the division received from the 2001 Legislature.

**Dept Of Fish, Wildlife & Parks-5201
Field Services Division-02**



Program Description - The Field Services Division provides services in five areas. The Landowner Sportsman Relations and Block Management program establishes and maintains communications with user and resource-based organizations and individuals; administers the Livestock Loss Reimbursement program; administers the Block Management program, which provides recreational access on private property; and administers the Access Montana program, which improves recreational access to public lands. The Game Damage program provides assistance to landowners in minimizing impacts of game animals to property and crops. The Design and Construction Bureau provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas. The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department. The Land Unit is responsible for the real estate functions of the department, including conservation easements, acquisition and disposal of real estate and real property, and management of all permanent land records.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of acres enrolled in block management	7,155,783	7,696,500	8,668,096	8,700,000	8,700,000	8,700,000
Number of hunter days on block management land	248,129	279,918	347,915	350,000	350,000	350,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	45.43	2.00	0.50	47.93	2.00	0.50	47.93
Personal Services	1,720,169	236,195	18,240	1,974,604	238,049	18,196	1,976,414
Operating Expenses	4,733,382	1,643,378	543,500	6,920,260	1,591,626	542,000	6,867,008
Equipment	14,422	0	0	14,422	0	0	14,422
Benefits & Claims	5,057	0	0	5,057	0	0	5,057
Transfers	0	0	60,000	60,000	0	60,000	60,000
Total Costs	\$6,473,030	\$1,879,573	\$621,740	\$8,974,343	\$1,829,675	\$620,196	\$8,922,901
State/Other Special	5,752,988	1,805,238	561,740	8,119,966	1,753,937	560,196	8,067,121
Federal Special	720,042	74,335	60,000	854,377	75,738	60,000	855,780
Total Funds	\$6,473,030	\$1,879,573	\$621,740	\$8,974,343	\$1,829,675	\$620,196	\$8,922,901

Please note that a HB 576 section exists for this program.

**Dept Of Fish, Wildlife & Parks-5201
Field Services Division-02**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$802,000	FY04	\$0
FY05	\$802,000	FY05	\$0

PL- 201 - Restore OTO for Block Management Funding (SB285) -

The 2001 Legislature enacted SB 285, which established \$802,000 of new revenue from the sale of hunting licenses and 2.00 FTE for 10 seasonal block management technicians. The revenue is earmarked to block management and associated private and public land hunting access programs, but did not become available until FY 2003

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$627,000	FY04	\$0
FY05	\$627,000	FY05	\$0

PL- 202 - Block Management Funding -

The block management program received new funding in 2001, from earmarked fees, so not all of the budget authority was expended during FY 2002. This base adjustment is necessary to annualize authority for the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$41,000	FY04	\$0
FY05	\$41,000	FY05	\$0

PL- 203 - Game Damage Restoration -

FWP is required under 87-1-225, MCA, to respond to damage complaints within 48 hours, and this budget is the operations funding for those responses. In the winter of 2001-2002 the game damage budget was not fully expended and this request will restore funding to levels needed in the event of a more severe winter.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,185	FY04	\$0
FY05	\$30,185	FY05	\$0

PL- 204 - Leases -

This request adjusts authority to cover projected increases in leases paid on FWP wildlife management areas, state parks, fishing access sites, and other department owned lands.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,000	FY04	\$0
FY05	\$40,000	FY05	\$0

PL- 205 - Net Client Hunting Use -

Funding for FWP to carry out its statutory responsibilities under 37-47-317, MCA, to analyze the impacts of applications for an increase in net client hunting use by outfitters is required since there was only an analysis requested in the base year.

**Dept Of Fish, Wildlife & Parks-5201
Field Services Division-02**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$24,212	FY04	\$0
FY05	\$19,193	FY05	\$0

PL- 207 - Internal Service Rate Adjustment -

FWP manages its fleet of vehicles and aircraft for department use by assessing a fee for the miles driven or hours flown. Revenue generated from the vehicle rates is used to maintain the fleet and replace existing vehicles as needed. In order to comply with a legislative audit recommendation to spend down existing cash balances, the vehicle rates were set below cost for the past two biennia. Now this adjustment is needed to safely operate the fleet in the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$18,437	FY04	\$0
FY05	\$18,437	FY05	\$0

PL- 208 - Taxes -

Restore the base budget in order to meet anticipated tax liabilities of about \$139,000 per year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$43,752	FY04	\$0
FY05	(\$21,248)	FY05	\$0

PL- 212 - Public Wildlife Interface Biennial -

This decision package is a technical adjustment to continue the \$65,000 existing biennial appropriation for the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$46,250	FY04	\$0
FY05	\$46,250	FY05	\$0

PL- 214 - Restore Base Operations -

Restore \$46,250 in base operations for field services now that vacancies have been filled.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$60,000	FY04	\$0
FY05	\$60,000	FY05	\$0

NP- 206 - Legislative Contract Authority -

Legislative contract authority is continued at \$60,000 per year for cost-share projects with federal agencies.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$21,740	FY04	\$0
FY05	\$20,196	FY05	\$0

NP- 209 - Lands Staff FTE -

This proposal will add 0.50 FTE to address property management issues associated with the FWP fee title and conservation easements lands program. For conservation easements alone, the department has added over 40 easements and 300,000 acres in the last 10 years with no commensurate increase in staff.

**Dept Of Fish, Wildlife & Parks-5201
Field Services Division-02**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,000	FY04	\$0
FY05	\$40,000	FY05	\$0

NP- 210 - Private Landowner Technical Services -

This proposal will provide \$40,000 of general license funding for a pilot project for technical services to private landowners related to wildlife management on their lands, including information and services related to managing wildlife and wildlife habitat on private lands, reducing and preventing game damage, developing wildlife-friendly grazing and fencing systems, and developing new techniques and strategies to help private landowners successfully integrate wildlife concerns into their land management decisions.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,000	FY04	\$0
FY05	\$40,000	FY05	\$0

NP- 211 - Collaborative Elk Management -

Elk herds often range freely across land owned by many private and public landowners and, in some instances, the management decisions made by individual landowners can have unintended consequences on their neighbors. This proposal will provide \$40,000 each year, of general license funding for contracted facilitators and other support for local community-based collaborative efforts to address elk management.

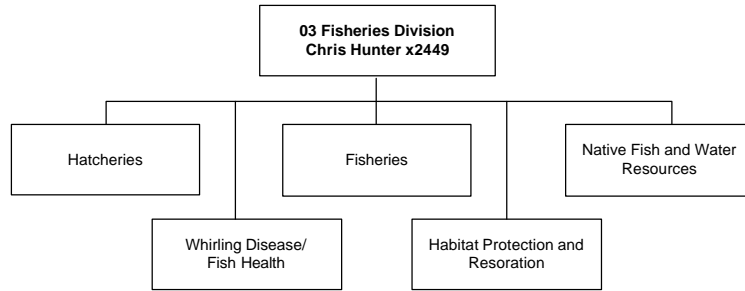
----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$460,000	FY04	\$0
FY05	\$460,000	FY05	\$0

NP- 8213 - General Recreation Use of State Lands -

This decision package will provide FWP with \$460,000 of budget authority to enter into a 10 year MOU with the Department of Natural Resources and Conservation to compensate the school trust for the value of recreational use of school trust lands by hunters and anglers in an amount equivalent to \$1 for every conservation license sold the prior year. As requested by the Board of Land Commissioners, the companion legislation is LC 360.

**Dept Of Fish, Wildlife & Parks-5201
Fisheries Division-03**



Program Description - The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program: 1) operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited; 2) regulates angler harvests; 3) monitors fish populations; and 4) provides and maintains adequate public access.

Program Indicators –

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of fish stocked (in millions)	90.0	41.3	41.3	60.0	60.0	60.0
Pounds of fish stocked	350,000	301,986	261,072	350,000	350,000	680,000
Fish habitat projects	45	36	37	40	40	40

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	111.07	0.00	3.00	114.07	0.00	3.00	114.07
Personal Services	4,696,882	457,086	108,834	5,262,802	465,697	108,728	5,271,307
Operating Expenses	2,239,585	383,368	296,119	2,919,072	434,286	282,863	2,956,734
Equipment	112,837	55,482	22,515	190,834	35,482	66,015	214,334
Grants	30,000	0	0	30,000	0	0	30,000
Transfers	0	0	2,700,719	2,700,719	0	2,700,716	2,700,716
Total Costs	\$7,079,304	\$895,936	\$3,128,187	\$11,103,427	\$935,465	\$3,158,322	\$11,173,091
State/Other Special	3,355,966	249,042	219,217	3,824,225	266,925	301,750	3,924,641
Federal Special	3,723,338	646,894	2,908,970	7,279,202	668,540	2,856,572	7,248,450
Total Funds	\$7,079,304	\$895,936	\$3,128,187	\$11,103,427	\$935,465	\$3,158,322	\$11,173,091

**Dept Of Fish, Wildlife & Parks-5201
Fisheries Division-03**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$48,889	FY04	\$0
FY05	\$54,375	FY05	\$0

PL- 306 - Computer Replacement -

The department's computers throughout the state are scheduled to be replaced every four years to keep pace with changing technologies and improvements.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,000	FY04	\$0
FY05	\$30,000	FY05	\$0

PL- 307 - Restore OTO for Echo Lake Fish Plant -

Costs associated with stocking rainbow trout in Echo Lake near Kalispell need to be restored.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$38,633	FY04	\$0
FY05	\$30,685	FY05	\$0

PL- 309 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for the agency fleet.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$212,000	FY05	\$0

PL- 310 - Hatchery Operations -

This proposal will increase the hatchery operations budget by \$200,000 in FY 2004 and an additional 6 percent per year thereafter for the cost of fish food, station utilities, and maintenance at all eight state -owned hatcheries.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$31,000	FY04	\$0
FY05	\$31,000	FY05	\$0

PL- 311 - Streamflow Gaging & Murray Springs Hatchery -

Request federal authority for the U.S. Geologic Survey to gage streamflows and for the Army Corps of Engineers funding at Murray Springs Hatchery.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,000	FY04	\$0
FY05	\$40,000	FY05	\$0

PL- 312 - Native Species Landowner Conservation Program -

This request is for \$40,000 each year in state license revenue that can be used to match federal dollars, generating between \$80,000 and \$160,000 to direct toward conservation of native fish.

**Dept Of Fish, Wildlife & Parks-5201
Fisheries Division-03**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,482	FY04	\$0
FY05	\$35,482	FY05	\$0

PL- 313 - Equipment Replacement -

Continue the funding for standard replacement of field and hatchery equipment and the scheduled replacement of two hatchery trucks.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$9,221	FY04	\$0
FY05	\$9,221	FY05	\$0

PL- 314 - Overtime Adjustment -

Re-establish the overtime to the fisheries base budget.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$97,000	FY04	\$0
FY05	\$102,000	FY05	\$0

NP- 301 - Fish Tech Support -

Add 2.00 FTE technical support distributed among the regions to assist fisheries biologists, who have increased responsibilities to review private pond permits and stream bed protection act projects, conduct restoration projects and deal with proliferating recreation conflicts and introductions of aquatic nuisance species.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$200,000	FY05	\$0

NP- 302 - Fort Peck Hatchery Support -

It is in the best interest of the state to have the Fort Peck Hatchery Manager on-site to oversee construction of the hatchery beginning in July of 2003.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,701,319	FY04	\$0
FY05	\$2,701,322	FY05	\$0

NP- 303 - Legislative Contract Authority -

Continuing SFY 2002 LCA for Fisheries of \$1,851,019 and add \$1 million also obtained by budget amendments for additional unanticipated federal funding.

In FY2002, the Fisheries Division utilized \$1,851,019 in LCA and nearly \$1 million of federal funds in budget amendments because of unanticipated new federal funding which became available above our spending authority for LCA. In FY2004 and 2005, the division is anticipating an additional \$1 million per year from the "Fisheries Restoration and Irrigation Mitigation Act of 2000" for native fish passage and screening projects funded by the U.S. Fish & Wildlife Service. This LCA request will consolidate spending from the budget amendments and the Fisheries Irrigation & Restoration Act into the LCA program.

**Dept Of Fish, Wildlife & Parks-5201
Fisheries Division-03**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$105,000	FY05	\$0

NP- 304 - Roving Creel Survey -

Creel surveys are an important tool to evaluate the effectiveness of our fishing regulations and to assess the status of fish populations. Anglers are increasingly requesting that the department complete creel surveys as part of our management program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,000	FY04	\$0
FY05	\$50,000	FY05	\$0

NP- 305 - Restore OTO for FAS Assistance Program -

The Fishing Access Site Assistance program was established by 2001 Legislature and made a one-time-only authorization to provide assistance at non-FWP sites providing public fishing access such as assistance with litter and protection from lawsuits. It is recommended this be continued without the OTO designation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$79,868	FY04	\$0
FY05	\$0	FY05	\$0

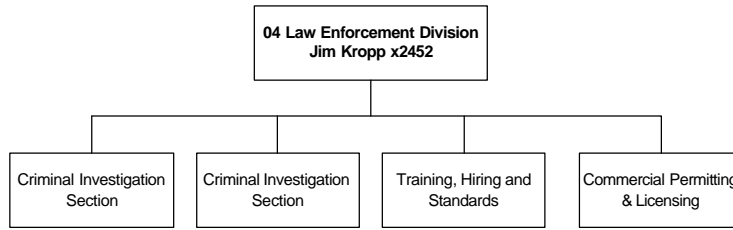
NP- 308 - WCRP-Prairie Riparian Study OTO -

This request is to restore a one-time-only authorization from the 2001 session for a Wildlife Conservation Restoration Program funded study for FY 2004 only under the contract with MSU.

----- Other Legislation Required to Implement HB 2 -----

In HB 647, the original RIT allocation for the Future Fisheries Program was \$500,000 per year through FY 2009. During the August special session, \$150,000 was taken from FY 2003, FY 2004, and FY 2005 and deposited to the general fund. As a further balancing measure - this time to deal with a RIT revenue shortfall- the executive will recommend reducing the 2005 biennium by another \$100,000 per year, leaving \$250,000 in FY 2004 and \$250,000 in FY 2005 for bulltrout and cutthroat trout enhancement projects.

**Dept Of Fish, Wildlife & Parks-5201
Enforcement Division-04**



Program Description - The Law Enforcement Division is responsible for ensuring compliance with the department laws and regulations for the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other wildlife species. It also enforces laws and regulations relative to lands or waters under the jurisdiction and authority of the department such as parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to boating, snowmobile, and all-terrain vehicle safety and registration. Other duties include administration of special purpose licenses, overseeing the department's licensing agents, and investigating wildlife damage complaints.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of Contacts	153,580	152,580	145,695	150,000	150,000	150,000
Number of Violations	11,215	11,969	13,224	12,000	12,000	12,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	102.63	0.00	2.00	104.63	0.00	2.00	104.63
Personal Services	4,916,547	324,884	86,218	5,327,649	329,220	86,068	5,331,835
Operating Expenses	1,383,658	96,703	56,071	1,536,432	120,837	56,221	1,560,716
Equipment	51,189	0	0	51,189	0	0	51,189
Grants	0	40,000	0	40,000	40,000	0	40,000
Transfers	0	0	18,000	18,000	0	18,000	18,000
Total Costs	\$6,351,394	\$461,587	\$160,289	\$6,973,270	\$490,057	\$160,289	\$7,001,740
State/Other Special	6,105,083	444,191	119,529	6,668,803	469,077	119,529	6,693,689
Federal Special	246,311	17,396	40,760	304,467	20,980	40,760	308,051
Total Funds	\$6,351,394	\$461,587	\$160,289	\$6,973,270	\$490,057	\$160,289	\$7,001,740

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$40,000	\$0
FY05	\$40,000	\$0

PL- 407 - County Water Safety Program -

A current program that allows counties to increase their boating and water safety enforcement efforts through matching federal funds available under the State Recreational Boating Act administered by the U.S. Coast Guard would be expanded.

**Dept Of Fish, Wildlife & Parks-5201
Enforcement Division-04**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$200,000	FY05	\$0

PL- 408 - Warden Overtime Compensation -

Establishes the ability for wardens to work overtime on holidays, during peak times and for priority issues.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$48,074	FY04	\$0
FY05	\$37,611	FY05	\$0

PL- 410 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for the internal fleet.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,000	FY04	\$0
FY05	\$35,000	FY05	\$0

PL- 414 - Restore State Boating Program -

Restore authorized level of federal funding available from the U.S. Coast Guard under the State Recreational Boating Act.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$10,780	FY04	\$0
FY05	\$10,780	FY05	\$0

PL- 415 - Off Highway Vehicle Enforcement -

Restore current level of funding supporting off-highway vehicle enforcement.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$37,572	FY04	\$0
FY05	\$37,572	FY05	\$0

NP- 401 - Warden Trainee -

Put into HB 2 the two 0.50 FTE trainee positions created under HB 516 during the 2001 Legislature but not rolled into HB 2 authorization.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$60,000	FY04	\$0
FY05	\$60,000	FY05	\$0

NP- 402 - Boating Parks & Recreation Law Enforcement Program Manager -

Create 1.00 FTE and operations to administer and manage boating, water safety, parks, snowmobile and off highway vehicle (OHV) enforcement programs.

**Dept Of Fish, Wildlife & Parks-5201
Enforcement Division-04**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,500	FY04	\$0
FY05	\$7,500	FY05	\$0

NP- 405 - FTO/Trainer Compensation -

Provide bonus compensation to designated wardens for additional duties performed by field training officers, firearms instructors and use of force instructors.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$32,000	FY04	\$0
FY05	\$32,000	FY05	\$0

NP- 409 - Restore OTO for Commercial Licensing -

Provide funding for contracted assistance and department operational costs in the preparation of environmental assessments, environmental impact statements, compliance inspections and administrative costs incurred in commercial wildlife permitting.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$18,000	FY04	\$0
FY05	\$18,000	FY05	\$0

NP- 413 - Legislative Contract Authority -

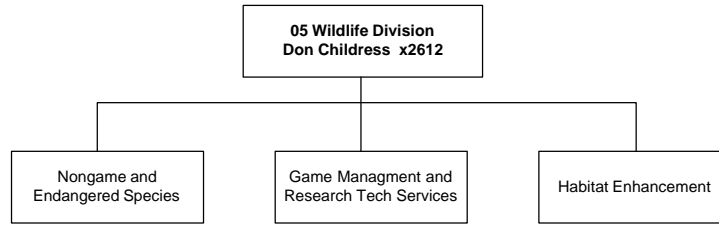
Legislative contract authority (LCA) is requested for federal expenditures for felony investigations and TIP -MONT.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,217	FY04	\$0
FY05	\$5,217	FY05	\$0

NP- 416 - Snowmobile Enforcement -

Restore previously authorized level of funding supporting snowmobile enforcement.

**Dept Of Fish, Wildlife & Parks-5201
Wildlife Division-05**



Program Description - The Wildlife Division is responsible for the department's statewide Wildlife Management Program, which enhances the use of Montana renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, small game, furbearers, and threatened and endangered species.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Acres of habitat acquired or enhanced	23,771	109,654	54,861	80,000	200,000	200,000
Regulations printed	725,400	730,000	737,000	740,000	745,000	750,000
Recreation day associated with hunting and trapping	4,918,500	6,941,300	2,116,965	5,500,000	5,500,000	5,500,000

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	98.40	2.75	1.50	102.65	2.75	2.50	103.65
Personal Services	4,466,882	397,261	58,067	4,922,210	401,573	83,889	4,952,344
Operating Expenses	2,500,972	434,057	100,526	3,035,555	459,381	110,526	3,070,879
Equipment	62,251	20,000	0	82,251	30,000	10,000	102,251
Grants	135,000	0	0	135,000	0	0	135,000
Transfers	0	0	550,000	550,000	0	550,000	550,000
Total Costs	\$7,165,105	\$851,318	\$708,593	\$8,725,016	\$890,954	\$754,415	\$8,810,474
State/Other Special	3,744,788	485,984	69,648	4,300,420	508,981	81,104	4,334,873
Federal Special	3,420,317	365,334	638,945	4,424,596	381,973	673,311	4,475,601
Total Funds	\$7,165,105	\$851,318	\$708,593	\$8,725,016	\$890,954	\$754,415	\$8,810,474

**Dept Of Fish, Wildlife & Parks-5201
Wildlife Division-05**

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
	FY04 \$41,162	FY04 \$0
	FY05 \$34,836	FY05 \$0
PL- 501 - Internal Service Rate Adjustment -		
Adjust vehicle use costs due to inflationary and rate increases for the fleet.		

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
	FY04 \$80,000	FY04 \$0
	FY05 \$88,000	FY05 \$0
PL- 503 - Survey and Inventory Adjustment -		
Request a base adjustment for private aircraft rental used in population monitoring efforts across the state and funded 75 percent with federal funds.		

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
	FY04 \$46,988	FY04 \$0
	FY05 \$46,987	FY05 \$0
PL- 504 - Grizzly Bear Conflict Specialist R-3 -		
Increase the wildlife conflict specialist in region 3 by 0.25 FTE to a full-time position for managing grizzly and black bears and other wildlife in the Yellowstone ecosystem and increase the operations associated with all conflict specialists positions.		

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
	FY04 \$155,389	FY04 \$0
	FY05 \$155,362	FY05 \$0
PL- 508 - Restore OTO for Mountain Lion Research -		
This proposal continues the \$123,363 in operations for the mountain lion research initiated in 1997, and includes an increase of 0.50 FTE, a technician to assist in trapping and survey operations from October -March. It is recommended this be continued without the OTO designation.		

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
	FY04 \$7,181	FY04 \$0
	FY05 \$7,181	FY05 \$0
PL- 509 - Moose Auction -		
The Moose Auction receipts are sufficient to increase survey efforts and funding is increased accordingly.		

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
	FY04 \$39,000	FY04 \$0
	FY05 \$39,000	FY05 \$0
PL- 511 - Nongame Wildlife Program -		
Increase operations in the nongame account that is consistent with funding availability. This money will be used in operations for survey and inventory of nongame species.		

**Dept Of Fish, Wildlife & Parks-5201
Wildlife Division-05**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$37,265	FY04	\$0
FY05	\$37,185	FY05	\$0

PL- 512 - Region 1 Wildlife Conflict Specialist -

The department is requesting 1.00 FTE wildlife conflict specialist to replace a contract position in Region 1 and respond to nuisance black bears, mountain lions, and moose in the urban/wild land interface.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$41,990	FY04	\$0
FY05	\$41,898	FY05	\$0

PL- 513 - Region 4 Wildlife Biologist Reinstatement -

Reinstate 1.00 FTE wildlife biologist in Great Falls that has been important for two decades but was lost last session due to an extended vacancy to meet budget needs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$14,000	FY04	\$0
FY05	\$14,000	FY05	\$0

PL- 514 - Upland Game Bird Habitat adjustment -

Allocate unspent revenues from the previous biennium into the operations for program administration and implementation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,720	FY04	\$0
FY05	\$20,720	FY05	\$0

PL- 515 - Wildlife Habitat Trust O & M -

This request will increase annual operating funds consistent with fund balance and program needs. Operations at WMAs consist of maintenance efforts such as fencing, weed control, and monitoring of conservation easements.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,000	FY04	\$0
FY05	\$30,000	FY05	\$0

PL- 516 - Equipment OTO -

This is a one time only request for additional equipment authority for a weed boom sprayer, flail mower for weed management, game check trailer and shared backhoe.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,000	FY04	\$0
FY05	\$35,000	FY05	\$0

PL- 518 - Printing Costs for Wildlife Regulations -

Increase costs for printing of hunting and trapping regulations due to volume and number.

**Dept Of Fish, Wildlife & Parks-5201
Wildlife Division-05**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$10,000	FY04	\$0
FY05	\$10,000	FY05	\$0

PL- 519 - Migratory Bird Stamp Implementation -

Increased operations for implementation of the wetland program under the Wetland Legacy Program.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$52,021	FY04	\$0
FY05	\$52,015	FY05	\$0

NP- 502 - Coal Bed Methane Coordinator -

The department is requesting 1.00 FTE to develop a mitigation plan for coalbed methane development in southeastern Montana in coordination with private industry.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,000	FY04	\$0
FY05	\$52,856	FY05	\$0

NP- 505 - Research Weather Relationships with Wildlife -

Request authority to develop a research project on the relationships between weather and wildlife populations as an important step to forecasting populations and decisions on hunting seasons. Previous performance audits of the Wildlife Program have recommended the additional research. The Research and Technical Services Bureau will be responsible for completing the initial investigations in FY 2004 with a research program defined after the review in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$59,572	FY04	\$0
FY05	\$59,544	FY05	\$0

NP- 507 - Restore OTO for Black Bear Research -

Conduct an evaluation of black bear management criteria as outlined in the Black Bear EIS and add 0.50 FTE field technician to assist current staff. It is recommended this be approved without an OTO designation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,000	FY04	\$0
FY05	\$40,000	FY05	\$0

NP- 510 - Bighorn Sheep Auction -

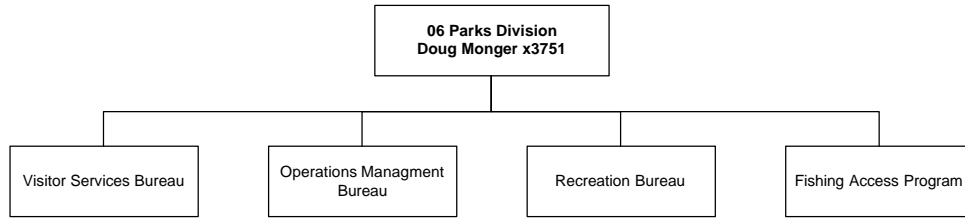
Adjust operations funding consistent with income from auction receipts and maintain higher operations dollars for transplanting and research.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$550,000	FY04	\$0
FY05	\$550,000	FY05	\$0

NP- 517 - Legislative Contract Authority -

Appropriation authority for spending anticipated federal funds under LCA are recommended consistent with prior biennia..

**Dept Of Fish, Wildlife & Parks-5201
Parks Division-06**



Program Description - The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state, and for providing for their use and enjoyment. The program includes 42 parks, 12 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 320 fishing access sites. Other programs administered by the division include motorized and non-motorized trail grants, local government recreation grants, and state Capitol Complex grounds maintenance.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
State Park Visitation*	1.55 million	1.2 million	1.1 million	1.3 million	1.4 million	1.5 million
Satisfaction with state park maintenance	75%	73%	70%	73%	75%	75%
Satisfaction with resources protection	73%	71%	69%	71%	73%	75%
Satisfaction with park information	68%	74%	79%	79%	79%	80%
Satisfaction with park education programs	45%	56%	63%	63%	65%	70%
Satisfaction with feeling safe in parks	72%	71%	70%	72%	73%	75%

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	93.55	0.00	3.87	97.42	0.00	3.87	97.42
Personal Services	3,083,284	275,977	113,509	3,472,770	277,994	113,498	3,474,776
Operating Expenses	1,553,181	83,999	60,731	1,697,911	101,777	60,731	1,715,689
Equipment	391,970	50,909	0	442,879	(282,011)	0	109,959
Grants	311,541	1,778	0	313,319	1,778	0	313,319
Transfers	0	0	50,000	50,000	0	50,000	50,000
Total Costs	\$5,339,976	\$412,663	\$224,240	\$5,976,879	\$99,538	\$224,229	\$5,663,743
General Fund	279,253	(23,823)	0	255,430	(22,816)	0	256,437
State/Other Special	4,831,807	383,031	174,240	5,389,078	68,899	174,229	5,074,935
Federal Special	228,916	53,455	50,000	332,371	53,455	50,000	332,371
Total Funds	\$5,339,976	\$412,663	\$224,240	\$5,976,879	\$99,538	\$224,229	\$5,663,743

Please note that a HB 576 section exists for this program.

**Dept Of Fish, Wildlife & Parks-5201
Parks Division-06**

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$1,778	\$0
FY05	\$1,778	\$0

PL- 601 - Restore Snowmobile Grant Authority -

Restoration of authority to fund snowmobile trail grooming and maintenance at historical level is recommended.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$50,909	\$0
FY05	(\$282,011)	\$0

PL- 602 - Snowmobile Equipment Biennial -

Biennial appropriation request for \$50,909 for the used snowmobile trail groomers due to an increase in replacement costs. In addition, this appropriation was a biennial appropriation and was established in the base year. This technical adjustment is necessary to remove the duplicate appropriation that was established in MBARS.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$58,129	\$0
FY05	\$58,129	\$0

PL- 603 - Land & Water Conservation Fund -

Request federal authority to administer the Land and Water Conservation Fund program that gives grants to state and local communities for recreational improvements.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$10,500	\$0
FY05	\$14,233	\$0

PL- 605 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for the fleet.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$4,342	\$0
FY05	\$4,342	\$0

PL- 606 - Restore Base Operations -

Restoration of authority to fund park operations in the amount of FY 2002 contingency set aside for emergencies is requested.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$35,000	\$0
FY05	\$35,000	\$0

PL- 607 - Community Service -

Continue utilizing community service programs to assist with parks maintenance projects.

**Dept Of Fish, Wildlife & Parks-5201
Parks Division-06**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$31,745)	FY04	(\$31,745)
FY05	(\$31,745)	FY05	(\$31,745)

PL- 7612 - General Fund Reduction -

General fund is used in parks statewide to assist with maintenance and operations of the entire state parks program. No personal services are funded with general fund. This request will reduce services in several areas. The reduction will reduce service to park visitors and will require postponing some maintenance activities such as weed control, toilet pumping, and interpretive signing.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,000	FY04	\$0
FY05	\$50,000	FY05	\$0

NP- 604 - Legislative Contract Authority -

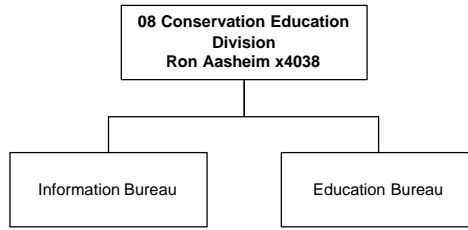
Request authority to spend anticipated federal funds under LCA consistent with ongoing practice.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$174,240	FY04	\$0
FY05	\$174,229	FY05	\$0

NP- 609 - FAS Maintenance and Operations -

Funding is requested to address increasing maintenance demands at fishing access sites which, is typically done by part-time seasonal employees who live on a nearby farm, ranch, or small community.

**Dept Of Fish, Wildlife & Parks-5201
Conservation Education Div-08**



Program Description - The Conservation Education Division, through its Helena office and six regional information officers, coordinates the department's information and education programs. Its responsibilities include: 1) distributing public information through news releases, audio-visual materials, brochures and public service announcements; 2) coordinating youth education programs; 3) coordinating the production of hunting, fishing and trapping regulations; 4) coordinating the hunter, bow-hunter, snowmobile, boat and off-highway vehicle education and safety programs; and 5) providing reception services for the department's Helena Headquarters.

In addition, the program publishes Montana Outdoors Magazine, produces video documentaries and a weekly television report, maintains a film/video lending library, and operates the department's wild animal rehabilitation center.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Hunter Ed students instructed	6,300	6,800	6,500	6,500	6,500	6,500
Bow-hunter Ed students instructed	1,600	2,800	3,100	3,200	3,500	3,500
Television Outdoor reports			52	52	52	52

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	23.55	0.00	0.00	23.55	0.00	0.00	23.55
Personal Services	1,113,240	85,764	0	1,199,004	87,194	0	1,200,434
Operating Expenses	1,265,351	102,619	(1,979)	1,365,991	92,097	(1,979)	1,355,469
Equipment	9,178	20,000	0	29,178	20,000	0	29,178
Grants	24,969	60,031	45,172	130,172	(24,969)	(14,828)	(14,828)
Transfers	0	0	50,000	50,000	0	50,000	50,000
Total Costs	\$2,412,738	\$268,414	\$93,193	\$2,774,345	\$174,322	\$33,193	\$2,620,253
General Fund	2,563	(2,563)	0	0	(2,563)	0	0
State/Other Special	1,770,966	167,448	43,193	1,981,607	73,356	(16,807)	1,827,515
Federal Special	639,209	103,529	50,000	792,738	103,529	50,000	792,738
Total Funds	\$2,412,738	\$268,414	\$93,193	\$2,774,345	\$174,322	\$33,193	\$2,620,253

**Dept Of Fish, Wildlife & Parks-5201
Conservation Education Div-08**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,000	FY04	\$0
FY05	\$20,000	FY05	\$0

PL- 803 - Video Equipment -

Purchase of video equipment to replace and update that currently used by Fish, Wildlife & Parks in working with television stations throughout Montana..

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$70,865	FY04	\$0
FY05	(\$29,135)	FY05	\$0

PL- 805 - Shooting Range Grants -

FWP has administered a shooting range grants program for the last 12 years. Biennial funding authority has varied between \$120,000 and \$150,000. These dollars have been distributed to approximately 75 projects at 45 different locations. This request is to continue the program with a biennial appropriation. This request is being reduced by \$20,000 in order to annualize 0.20 FTE.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$24,000	FY04	\$0
FY05	\$24,000	FY05	\$0

PL- 806 - Salary Adjustment -

Regional Information Officers in four of our six regions are expected to receive an hourly wage increase due to increased responsibilities. Adjustments will occur after our base budget personal services snapshot is taken in 2002. This request is made to cover additional personal services expenses expected.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$80,000	FY04	\$0
FY05	\$80,000	FY05	\$0

PL- 807 - Federal PR/Section 10 -

As a result of the passage of the Wildlife and Sport Fish Restoration Programs Improvement Act of 2000, additional federal aid funds (Section 10) are available to enhance state hunter education programs. Montana's apportionment is \$80,000 annually. The fund is to be used to "enhance" the existing hunter education program and may not be used to replace existing federal appropriations for hunter education.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,155	FY04	\$0
FY05	\$3,718	FY05	\$0

PL- 808 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for FWP's internal fleet of vehicles.

**Dept Of Fish, Wildlife & Parks-5201
Conservation Education Div-08**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$2,565)	FY04	(\$2,565)
FY05	(\$2,577)	FY05	(\$2,577)

PL- 7809 - General Fund Reduction -

This proposal will result in a reduction of printed material relating to Off-Highway Vehicle (OHV) Safety and Education. The consequences will be less public information specific to safety, education and ethics related to OHV use will be available.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,000	FY04	\$0
FY05	\$50,000	FY05	\$0

NP- 801 - Legislative Contract Authority -

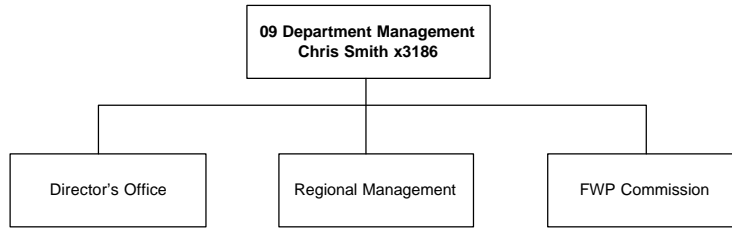
Legislative Contract Authority to allow expenditure of anticipated federal funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$43,193	FY04	\$0
FY05	(\$16,807)	FY05	\$0

NP- 804 - Restore OTO for Shooting Range Grants Enhancement -

Restoring a one-time-only for the continuation of a biennial appropriation utilized for the development of public shooting ranges as recommended.

**Dept Of Fish, Wildlife & Parks-5201
Department Management-09**



Program Description - The Department Management Division is responsible for: 1) overall department direction regarding policy, planning, program development, guidelines, and budgets; 2) serving as a liaison with the Governor's Office and the legislature; 3) interaction with the Fish, Wildlife and Parks Commission; 4) decision-making for key resource activities affecting the department; 5) supervision of the seven divisions that provide program development and staff support; 6) supervision of the seven regional offices that are responsible for program implementation; 7) legal services for the department; and 8) serving as a liaison with Montana's Indian tribes and with other state and federal agencies.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Personnel appraisals conducted (Performance Agreements)	77%	80%	95%	98%	98%	98%
% of employee participants in Leadership & Career Development Initiatives	56%	63%	77%	85%	90%	90%

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	50.23	0.00	1.30	51.53	0.00	1.30	51.53
Personal Services	2,247,360	185,771	845,096	3,278,227	185,085	58,162	2,490,607
Operating Expenses	1,206,499	13,915	1,330,000	2,550,414	9,109	70,000	1,285,608
Equipment	36,738	0	0	36,738	0	0	36,738
Grants	69,389	0	100,000	169,389	0	0	69,389
Transfers	0	0	200,000	200,000	0	200,000	200,000
Total Costs	\$3,559,986	\$199,686	\$2,475,096	\$6,234,768	\$194,194	\$328,162	\$4,082,342
State/Other Special	2,660,954	135,876	835,096	3,631,926	126,267	128,162	2,915,383
Federal Special	899,032	63,810	1,640,000	2,602,842	67,927	200,000	1,166,959
Total Funds	\$3,559,986	\$199,686	\$2,475,096	\$6,234,768	\$194,194	\$328,162	\$4,082,342

**Dept Of Fish, Wildlife & Parks-5201
Department Management-09**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,540	FY04	\$0
FY05	\$2,104	FY05	\$0

PL- 901 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for FWP's internal fleet of vehicles.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,000	FY04	\$0
FY05	(\$7,826)	FY05	\$0

PL- 902 - Printing of Statute Books -

Reduce funding in FY05 consistent with cyclical costs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,000	FY04	\$0
FY05	\$3,000	FY05	\$0

PL- 904 - Overtime/Comp Time Costs -

Restore funding for overtime budget.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$16,000	FY04	\$0
FY05	\$16,000	FY05	\$0

PL- 907 - Commission Per Diem -

Restore personal services' authority to cover FWP Commissioners' expenses.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,000	FY04	\$0
FY05	\$30,000	FY05	\$0

NP- 905 - Restore OTO for Office Maintenance and Small Equipment -

The 2001 Legislature approved a one-time, restricted appropriation of \$25,000 for non-capital maintenance and office equipment to address routine building maintenance that does not rise to the level of capital expenditures, such as painting, carpet, plumbing repairs, rewiring to support use of computer networks and for replacement of small office equipment, such as FAX machines, desktop photocopiers, cash registers, computers, and printers that had been deferred due to increasing communications and utility costs, janitorial contracts, etc. These funds were fully expended during the biennium. The need continues and we are requesting this authority be increased by \$5,000 and incorporated into the base budget for future biennia.

**Dept Of Fish, Wildlife & Parks-5201
Department Management-09**

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$200,000	FY04 \$0
FY05	\$200,000	FY05 \$0

NP- 906 - Legislative Contract Authority -
Provide authority for federal funds for administrative support.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$72,169	FY04 \$0
FY05	\$72,053	FY05 \$0

NP- 908 - Restore OTO for River Recreation Coordinator -
Restore program to coordinate and facilitate recreation management plans on Montana's most popular and congested waters.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$20,000	FY04 \$0
FY05	\$20,000	FY05 \$0

NP- 909 - Economic Study -
Provide funding for annual assessment of the value of hunting, fishing, and wildlife -related recreation to the Montana economy. The last comprehensive assessment of economic value of hunting and fishing was completed in 1992. This decision package provides funding to update these data. We propose making this appropriation permanent, to allow annual updates to maintain current information in the future.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$6,127	FY04 \$0
FY05	\$6,109	FY05 \$0

NP- 910 - Regional Office Support Staff -
Add FTE for regional support staff to enhance public service in the Missoula area.

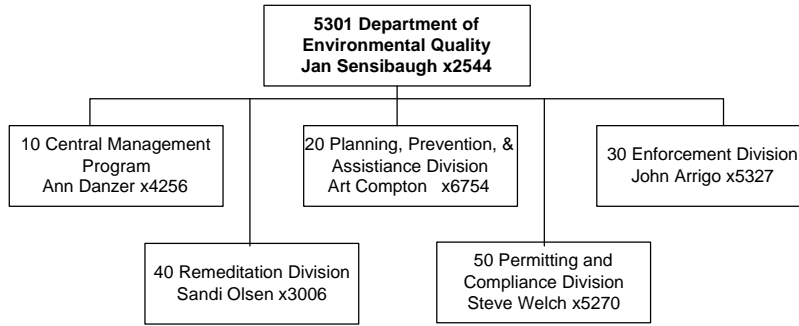
<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$1,360,000	FY04 \$0
FY05	\$0	FY05 \$0

NP- 911 - State Wildlife Grant (SWG) Federal Program -
It is recommended to provide funding for surveys, monitoring, and conservation of native fish and wildlife species of special concern. Congress appropriated \$1.4 million in federal funds for use by Montana FWP to conserve native fish and wildlife species. These funds must be matched 1:1 or 1:3, depending on the nature of the project. This decision package requests authority to spend \$160,000 in general license dollars and \$1.2 million in federal funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$786,800	FY04 \$0
FY05	\$0	FY05 \$0

NP- 913 - FWP Retirement Liability -
Provide one-time-only restricted funding for FWP's substantial retirement payout liability. During the upcoming biennium at least 59 career FWP employees will be eligible for retirement. Termination payouts for these long-term employees average over \$20,000 each. The cost of these payouts, on top of legislatively mandated vacancy savings, has a significant impact on field operations.

Dept. Of Environmental Quality-5301



Mission Statement - To protect, promote and enhance public health and environmental quality for the benefit of all Montana citizens.

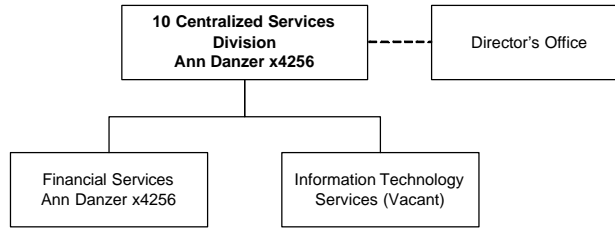
Statutory Authority - Titles 2, 7, 37, 50, 69, 75, 76, 80, 82 and 90, MCA; USC 24, 30, 33 and 42; PL No. 92-500, 95-87, 91, 95-224 and 99-519.

Language – “Items 2, 4, and 5 include a total of \$177,855 for the 2005 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.”

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	361.03	8.25	2.00	371.28	8.25	2.00	371.28
Personal Services	13,549,361	3,698,693	85,967	17,334,021	3,690,040	85,724	17,325,125
Operating Expenses	26,222,312	36,727,639	365,663	63,315,614	(5,716,574)	104,615	20,610,353
Equipment	85,504	11,121	0	96,625	11,121	0	96,625
Grants	1,036,769	273,888	0	1,310,657	293,866	0	1,330,635
Benefits & Claims	1,364,619	(264,619)	0	1,100,000	(264,619)	0	1,100,000
Total Costs	\$42,258,565	\$40,446,722	\$451,630	\$83,156,917	(\$1,986,166)	\$190,339	\$40,462,738
General Fund	3,546,942	172,902	(171,501)	3,548,343	158,712	(171,500)	3,534,154
State/Other Special	22,494,902	30,531,881	292,611	53,319,394	(7,106,365)	131,500	15,520,037
Federal Special	16,216,721	9,741,939	330,520	26,289,180	4,961,487	230,339	21,408,547
Total Funds	\$42,258,565	\$40,446,722	\$451,630	\$83,156,917	(\$1,986,166)	\$190,339	\$40,462,738

----- Agency General Fund Target - \$7.09 million -----

**Dept. Of Environmental Quality-5301
Central Management Program-10**



Program Description - The Central Management Division consists of the Director's Office, a Financial Services Office, and an Information Technology Office. It is the organizational component of the agency that is responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The Director's Office includes the Director's staff, the Deputy Director, an Administrative Officer, Public Information Officer, a centralized Legal Services Unit, and a centralized Personnel Office. The Financial Services Office provides budgeting, accounting, payroll, procurement and contract management support to other divisions. The Information Technology Office provides and information technology services support to other divisions.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	8.00	0.00	3.00	11.00	0.00	3.00	11.00
Personal Services	340,851	76,286	146,801	563,938	75,720	146,421	562,992
Operating Expenses	132,484	663,262	1,126,324	1,922,070	43,223	(23,369)	152,338
Total Costs	\$473,335	\$739,548	\$1,273,125	\$2,486,008	\$118,943	\$123,052	\$715,330
General Fund	124,938	28,781	123,125	276,844	29,806	123,052	277,796
State/Other Special	182,767	169,844	1,150,000	1,502,611	46,609	0	229,376
Federal Special	165,630	540,923	0	706,553	42,528	0	208,158
Total Funds	\$473,335	\$739,548	\$1,273,125	\$2,486,008	\$118,943	\$123,052	\$715,330

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$2,870	FY04 \$2,870
FY05	\$2,870	FY05 \$2,870

PL- 1 - Board of Environmental Review Adjustments -

The department anticipates increased workload by the hearings officer assigned to the Board of Environmental Review. These increased costs are not program specific and therefore will be charged to the board's budget. The department also is budgeting increased travel costs due to the location of some of the board members and adjusting personal services to restore zero-based board per diem.

**Dept. Of Environmental Quality-5301
Central Management Program-10**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$46,707	FY04	\$10,892
FY05	\$50,680	FY05	\$11,819

PL- 3 - Attorney Pool Base Adjustments -

To maximize efficiencies and provide centralized management of legal services, the department moved 8.00 FTE attorney positions and operating funding from programs 20, 30, and 50 to program 10 in FY 2002 to create an attorney pool within the Legal Services Unit of the Director's Office. This reorganization assisted the attorney supervisor in managing and monitoring the attorney pool budget and expenditures. The amount transferred was \$567,033 and \$583,527 for FY 2002 and FY 2003, respectively. Adjustments are for temporary services, printing and photocopying, books and reference materials, postage, phones, education and training, dues and subscriptions and indirect costs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$18,554)	FY04	(\$4,327)
FY05	(\$18,554)	FY05	(\$4,327)

PL- 75 - Attorney Pool Alternative Payplan Adjustment -

This is a reduction to operating costs to cover the personal services cost of the alternative pay plan for the attorney pool.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$125,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 79 - Environmental Rehabilitation & Response Account -

The environmental rehabilitation and response account established in SB 449 of the 2001 legislative session is available by appropriation for reclamation of mined lands, remediation of sites containing hazardous wastes or substances, and response to imminent threats of substantial harm to public health, safety or the environment. Biennial spending authority is requested.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$500,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 88 - Restore OTO - Federal One Stop Grant -

It is recommended that the one-time-only biennial appropriation of \$500,000 federal grant funds be restored. This grant is furnished to states that have demonstrated initiative and the capability to further the goals of the Environmental Protection Agency for information technology. The goals of the one stop program are to consolidate data, catalogue regulated entities, and provide for data sharing with other government agencies and the public. This grant will provide the department with additional resources to enhance on-going data conversions of air, water and waste databases into a department enterprise database.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,123,125	FY04	\$123,125
FY05	\$123,052	FY05	\$123,052

NP- 200 - 10 MEPA Reorg from Prg 50 -

This is an agency reorganization to move the MEPA program to the Central Management Division. This will move 3.00 FTE and associated operating costs.

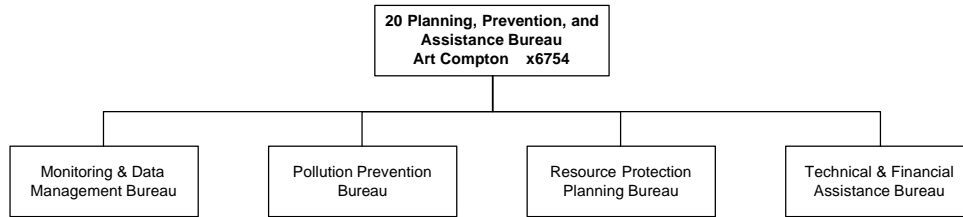
**Dept. Of Environmental Quality-5301
Central Management Program-10**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$150,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 8013 - Legal Contingency & Database Development -

The Montana Supreme Court has ruled that state agencies are liable for all attorney fees and court costs in civil proceedings should the court find against an agency. This request is for a legal contingency and database development biennial appropriation. The decision package is a proposed funding switch from general fund to state special revenue. The department is requesting legislation to allow penalty revenue from numerous environmental laws administered by the agency to be deposited to a state special revenue account (02291) to fund the legal contingencies and database development.

**Dept. Of Environmental Quality-5301
Planning, Prevention & Assist. Div.-20**



Program Description - The division 1) finances construction and improvement of community drinking water and wastewater systems, and provides engineering review and technical assistance to community water infrastructure planners and officials 2) provides assistance to small businesses in their efforts to comply with environmental regulations 3) monitors air and water quality conditions and trends, assesses sources and severity of potential pollution problems, and aids industry efforts to achieve cost effective compliance; 4) assists local community efforts in planning for energy, watershed, airshed, and solid and hazardous waste management; 5) helps develop water Total Maximum Daily Loads; 6) coordinates department positions on environmental legislation, proposes rules and policy, and develops environmental protection criteria; 7) provides economic modeling and analysis to assess the cost effectiveness of various environmental programs; 8) finances energy retrofits of public buildings; and 9) provides technical assistance, education and outreach to builders, homeowners and others on energy efficiency and renewable energy, indoor air quality and radon. The division consists of four bureaus: Monitoring and Data Management, Pollution Prevention, Resource Protection Planning, and Technical and Financial Assistance.

Program Indicators -

Indicator	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Wastewater/Drinking Water technical assistance efforts completed	69	390	347	386	386	386
Source Water Protection projects completed	36	100	524	642	400	300
Small Businesses that received assistance	734	796	1,372	2,010	2,000	2,000
Air Quality State Implementation Plans and major projects completed	12	11	10	8	8	8
Air sheds and watersheds monitored and assessed For compliance	423	423	434	536	546	556

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	96.58	1.00	1.00	98.58	1.00	1.00	98.58
Personal Services	3,543,033	1,011,279	49,074	4,603,386	1,005,268	48,927	4,597,228
Operating Expenses	6,062,375	2,116,364	21,446	8,200,185	2,075,064	21,412	8,158,851
Equipment	49,573	34,713	0	84,286	34,713	0	84,286
Total Costs	\$9,654,981	\$3,162,356	\$70,520	\$12,887,857	\$3,115,045	\$70,339	\$12,840,365
General Fund	1,802,567	76,411	0	1,878,978	59,124	0	1,861,691
State/Other Special	830,747	462,089	0	1,292,836	466,549	0	1,297,296
Federal Special	7,021,667	2,623,856	70,520	9,716,043	2,589,372	70,339	9,681,378
Total Funds	\$9,654,981	\$3,162,356	\$70,520	\$12,887,857	\$3,115,045	\$70,339	\$12,840,365

**Dept. Of Environmental Quality-5301
Planning, Prevention & Assist. Div.-20**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$766,878	FY04	\$40,634
FY05	\$760,312	FY05	(\$24,077)

PL- 4 - RPPB Budget Adjustment -

This request is to re-establish the base budget for the Resource Protection and Planning Bureau, offset by continuing the Governor's and special session general fund reductions and switching some items to federal grant funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$121,364)	FY04	(\$101,772)
FY05	(\$121,364)	FY05	(\$101,772)

PL- 5 - RPPB Alternative Payplan Adjustments -

This is a reduction to fund the alternative pay plan in the Resource Protection and Planning Bureau.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$668,614	FY04	\$130,430
FY05	\$624,571	FY05	\$126,653

PL- 6 - MDMB Base Adjustments -

This request is to re-establish the base budget for the Monitoring and Data Management Bureau since operating expenses were under expended relative to what would be needed to support a full staff.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$69,002)	FY04	(\$18,736)
FY05	(\$69,002)	FY05	(\$18,736)

PL- 7 - MDMB Alternative Payplan Adjustments -

This is a reduction to fund the alternative pay plan in the Monitoring and Data Management Bureau as required by the executive.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$388,588	FY04	(\$47,701)
FY05	\$387,007	FY05	(\$47,764)

PL- 8 - TFAB Budget Adjustments -

This request is to re-establish the base budget for the Technical and Financial Assistance Bureau, offset by continuing the Governor's and special session general fund reductions. This item also includes reducing federal funds of \$100,000 as a companion to the adjustment in PL-4.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$10,783)	FY04	\$7,415
FY05	(\$7,849)	FY05	\$7,415

PL- 9 - PPB Base Adjustments -

This request is to re-establish the base budget for the Pollution Prevention Bureau in operating expenses for supplies, communications, travel and other services, which were under spent due to vacancies.

**Dept. Of Environmental Quality-5301
Planning, Prevention & Assist. Div.-20**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$56,056)	FY04	\$0
FY05	(\$56,056)	FY05	\$0

PL- 10 - PPB Alternative Payplan Adjustments -

This is a reduction to fund the alternative pay plan in the Pollution Prevention Bureau.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$8,180	FY04	(\$25,357)
FY05	\$2,649	FY05	(\$30,745)

PL- 11 - Administration FTE and Adjustments -

This request is to re-establish the base budget for the Administrative and Fiscal Unit, offset by continuation of the Governor's reductions and additional reductions to meet the general fund target. Included is elimination of 1.00 FTE accounting technician position.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$121,291)	FY04	(\$1,250)
FY05	(\$121,291)	FY05	(\$1,250)

PL- 12 - TFAB Alternative Payplan Adjustment -

This is a reduction to fund the alternative pay plan.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$370,000	FY04	\$0
FY05	\$370,000	FY05	\$0

PL- 43 - TMDL Supplemental Grant -

EPA is expected to direct \$370,000 each year of funding to DEQ to improve capability to complete Total Maximum Daily Loads (TMDLs) and meet the court-mandated schedule for Montana. This funding comes without match requirements, and will be used to fund 1.00 FTE TMDL position, with the majority of funding to be used for contracted services. The workload necessary to comply with the federal district court schedule exceeds the capabilities of a fully -staffed program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$100,000	FY05	\$0

PL- 60 - TFAB - Universal System Benefits Charge -

A biennial appropriation is requested for renewable energy development. As part of its electrical utility restructuring legislation, the Montana Legislature established a Universal System Benefit (USB) Charge to fund social benefits that might otherwise not be funded through the market place. These benefits include low-income energy assistance and weatherization energy efficiency and renewable energy development. USB charges are being collected by Northwestern Energy and Montana Dakota Utilities (MDU). Northwestern, MDU and qualifying large utility customers are allowed to operate programs to expand these funds on eligible public benefit activities. According to statute, any unspent funds are allocated annually to DEQ, again to be used for qualifying public services.

**Dept. Of Environmental Quality-5301
Planning, Prevention & Assist. Div.-20**

----- **New Proposals** -----

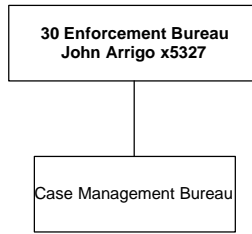
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$70,520	FY04	\$0
FY05	\$70,339	FY05	\$0

NP- 62 - TFAB STAG Grant -

This proposal is for 1.00 FTE and federal funds for the 2005 biennium to administer the EPA State Tribal Assistance Grant (STAG) program projects. Montana can receive the funding to provide project management and technical assistance for the design, construction and operation of public water and wastewater facilities funded with STAG monies over a period of approximately five years.

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

**Dept. Of Environmental Quality-5301
Enforcement Division-30**



Program Description - The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. A citizen complaint clearinghouse and information tracking system is maintained by the division. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

Program Indicators –

Indicator	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Enforcement Cases	262	305	297	325	350	375
Complaints	949	971	1,011	1,030	1,040	1,050

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	14.00	0.00	0.00	14.00	0.00	0.00	14.00
Personal Services	606,481	62,518	0	668,999	61,393	0	667,874
Operating Expenses	263,667	26,397	0	290,064	35,582	0	299,249
Total Costs	\$870,148	\$88,915	\$0	\$959,063	\$96,975	\$0	\$967,123
General Fund	464,433	15,256	(65,000)	414,689	18,866	(65,000)	418,299
State/Other Special	142,824	16,115	55,000	213,939	18,147	55,000	215,971
Federal Special	262,891	57,544	10,000	330,435	59,962	10,000	332,853
Total Funds	\$870,148	\$88,915	\$0	\$959,063	\$96,975	\$0	\$967,123

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$71,120	FY04 \$35,812
FY05	\$77,005	FY05 \$38,776

PL- 13 - Enforcement Budget Adjustments -

Base adjustments are required to restore the FY 2002 authorized amounts where increase d expenditures are anticipated for database conversion, operation and maintenance, legal service fees and costs, charges associated with contested enforcement cases and other minor items.

**Dept. Of Environmental Quality-5301
Enforcement Division-30**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$53,798)	FY04	(\$27,088)
FY05	(\$53,798)	FY05	(\$27,088)

PL- 14 - Enforcement Alternative Payplan -

This is a reduction in operating costs to cover the increased personal services cost of the alternative payplan for the Enforcement Division. Total 2005 biennium amount is a reduction of \$107,596, of which \$54,178 is general fund.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,444	FY04	\$0
FY05	\$6,318	FY05	\$0

PL- 73 - Enforcement Lease Vehicle -

This request is a present law base adjustment for a lease vehicle from the State Motor Pool for the Enforcement Division that will replace an owned vehicle. The current owned vehicle is a 1991 Blazer with over 140,000 miles and cannot be relied upon for long trips or for use on rugged terrain.

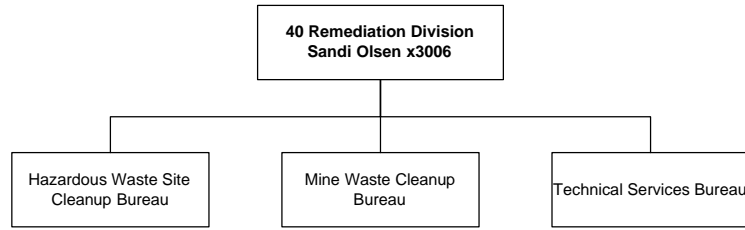
----- **Other Legislation Required to Implement HB 2** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$65,000)
FY05	\$0	FY05	(\$65,000)

NP- 8013 - Enforcement Reduction & Fund Switch -

As part of the plan to continue the special session reductions into the next biennium and to meet the general fund target, legislation will be introduced to modify the earmarking of Air Quality Act penalties in the state special revenue account for the program. Passage and approval of this legislation will result in general fund savings of \$65,000 each year.

**Dept. Of Environmental Quality-5301
Remediation Division-40**



Program Description - The Remediation Division is responsible for: 1) overseeing investigation and cleanup activities at state and federal superfund sites; 2) reclaiming abandoned mine lands; 3) regulating, permitting, and licensing underground storage tanks (UST); 4) implementing corrective actions for remediation of releases and spills from leaking USTs; 5) providing staff support for processing eligibility applications and claims submitted to the Petroleum Tank Release Compensation Board for cleanup funds; and 6) overseeing groundwater remediation at sites where agricultural and industrial chemical spills have caused groundwater contamination.

The purposes of these activities are to: 1) protect human health and the environment; 2) prevent exposure of potential human and ecological receptors to hazardous or deleterious substances that have been released to soil, sediment, surface water, or groundwater; and 3) ensure compliance with applicable state and federal regulations. The division is comprised of three bureaus: Hazardous Waste Site Cleanup Bureau, Mine Waste Cleanup Bureau, Technical Services Bureau, and the Fiscal and Administrative Services Section. The division works closely with the Petroleum Tank Release Compensation Board, which provides financial assistance for cleanup of petroleum contaminated leaking UST sites. The Petroleum Tank Release Compensation Board is attached to the Department of Environmental Quality for administrative purposes.

Program Indicators -

Indicator	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Permits Issued	422	485	964	922	509	856
Active Sites	4,489	3,024	3,102	3,142	3,138	3,135
Sited Cleanups Completed Each Year	93	104	70	83	83	83
Cost Using State - Managed Funds	9,843,280	12,485,912	23,125,947	20,215,420	18,130,528	17,422,263

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	82.75	1.25	0.00	84.00	1.25	0.00	84.00
Personal Services	2,817,221	1,114,501	0	3,931,722	1,114,638	0	3,931,859
Operating Expenses	5,660,531	1,275,451	111,111	7,047,093	677,766	0	6,338,297
Benefits & Claims	1,364,619	(264,619)	0	1,100,000	(264,619)	0	1,100,000
Total Costs	\$9,842,371	\$2,125,333	\$111,111	\$12,078,815	\$1,527,785	\$0	\$11,370,156
State/Other Special	4,058,044	959,731	11,111	5,028,886	675,022	0	4,733,066
Federal Special	5,784,327	1,165,602	100,000	7,049,929	852,763	0	6,637,090
Total Funds	\$9,842,371	\$2,125,333	\$111,111	\$12,078,815	\$1,527,785	\$0	\$11,370,156

**Dept. Of Environmental Quality-5301
Remediation Division-40**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$12,198	FY04	\$0
FY05	\$26,933	FY05	\$0

PL- 15 - HWSC - Budget Adjustments -

The Hazardous Waste Site Cleanup Bureau budget adjustments include contracte d services, supplies, telephone charges, travel and training, as well as site investigations, risk assessments and free -product recovery evaluations at numerous state superfund sites.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$70,041	FY04	\$0
FY05	\$78,071	FY05	\$0

PL- 16 - MWCB Base Adjustment -

Due to staff vacancies, budget adjustments are being made for expenditure categories not fully spent. These categories include contracted services, supplies, telephone charges, travel and training.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$45,859	FY04	\$0
FY05	\$52,550	FY05	\$0

PL- 17 - TSB - Budget Adjustments -

Due to staff vacancies, base adjustments are being made for expenditure categories no t fully spent, including contracted services, supplies, telephone charges, travel and training. Also \$15,000 is requested for new contract support to develop training programs to meet the compliance assistance needs of owners and operators.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$44,478	FY04	\$0
FY05	\$44,410	FY05	\$0

PL- 41 - Re-establish 1.25 FTE -

This request is to re-establish 1.25 FTE for Petroleum Release Section and Fiscal and Administrative Services Section. There is 1.00 FTE senior scientist providing technical expertise to new staff and drafting technical policies for the petroleum release program that has been filled since July 2001 as a critical need modified position authorized by the budget director. The other 0.25 FTE in administrative services is needed because the position was temporarily reduced to 0.75 FTE to accommodate the needs of the employee, who has subsequently left. Now it is impossible to recruit for the position.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$345,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 53 - HWSC - LUST Contracted Services - OTO -

Federal Leaking Underground Storage Tanks (LUST) Trust grant carryover funds are available and EPA is mandating that the department spend these funds in the next biennium. Revenue is available to increase present law federal expenditures by \$345,000 for the 2005 biennium. These funds will augment current efforts to investigate and clean up LUST sites where a responsible party is unable or unwilling to do the work, or where no responsible party can be identified. This one-time-only biennial request will be used for contracted services for site cleanup.

**Dept. Of Environmental Quality-5301
Remediation Division-40**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$145,000	FY04	\$0
FY05	\$145,000	FY05	\$0

PL- 54 - MWCB - Libby Asbestos Removal -

The EPA is addressing the Libby Asbestos project as a removal action until long-term plans are developed. They are currently evaluating sample data collected in and around Libby associated with past mining and related asbestos problems. The site is proposed for the National Priority List and EPA will be the lead agency and DEQ will provide support. Not as much work on the site was completed in FY 2002 as anticipated. This budget adjustment allows for additional travel and contracted services not expended in the base year. Aggregate FTE was approved for this project in FY 2002, but due to federal delays in site listing, the position has not been filled at this point in time so the funding is not in the base.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$65,000	FY04	\$0
FY05	\$65,000	FY05	\$0

PL- 66 - Petro Board Contracts Budget Adjustment -

An additional \$65,000 each year is requested to fund the board's subrogation contract. Under this contract, insurance companies and other responsible parties will be sought to reimburse the Petroleum Tank Release Compensation Board for past board expenditures.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$60,000	FY04	\$0
FY05	\$60,000	FY05	\$0

PL- 71 - TSB - Database Consolidation - OTO Restricted -

The Information Services Section requests funding to continue consolidation and maintenance of current databases to facilitate long-term plans for conversion to Oracle, the state database platform. This request is for restricted, one-time-only authority.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 81 - HWSC - EQPF Legal Contracts -

The EQPF program requests \$300,000 for legal contracts to seek reimbursement of the EQPF fund from the potentially liable parties for costs incurred during cleanup of sites. Outside counsel will be contracted to pursue a cost recovery action at sites such as Block P Mines & Mill, Upper Blackfoot Mining Complex, Lockwood Solvent Site, etc. DEQ also has a civil action to pursue at Tank Farm Hill. This request is for biennial, restricted, one-time-only authority.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$86,000	FY04	\$0
FY05	\$86,000	FY05	\$0

PL- 82 - MWCB - 2.00 FTE Aggregate -

The Mine Waste Cleanup Bureau requested aggregate FTE last session for cleanup of Superfund sites and they were approved. Because it was misunderstood how the FTE would be utilized, only 1.00 FTE aggregate rather than the 2.00 FTE aggregate required was entered in the program. For the federal superfund sites such as Barker Hughesville, Carpenter Snow Creek, and Libby/Troy 2.00 FTE aggregate positions are needed with 100 percent federal funding.

**Dept. Of Environmental Quality-5301
Remediation Division-40**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$57,072)	FY04	\$0
FY05	(\$57,072)	FY05	\$0

PL- 83 - HWSC - Alternative Payplan Adjustment -

This is a reduction in operating and personal services costs to cover the increased personal services cost of the alternative payplan for the Hazardous Waste Site Cleanup Bureau.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$60,000)	FY04	\$0
FY05	(\$60,000)	FY05	\$0

PL- 84 - MWCB - Alternative Payplan Adjustment -

This is a reduction in operating costs to cover the increased personal services cost of the alternative payplan for the Mine Waste Cleanup Bureau.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$27,284)	FY04	\$0
FY05	(\$27,284)	FY05	\$0

PL- 85 - TSB - Alternative Payplan Adjustment -

This is a reduction in operating costs to cover the increased personal services cost of the alternative pay plan for the Technical Services Bureau.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$12,276	FY04	\$0
FY05	\$17,381	FY05	\$0

PL- 86 - FAS - Base Adjustments -

The Fiscal and Administrative Services Bureau adjustments are for supplies, telephone charges, travel and training.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$26,462)	FY04	\$0
FY05	(\$26,462)	FY05	\$0

PL- 87 - FAS - Alternative Payplan Adjustment -

This is a reduction in personal services and operating costs to cover the increased personal services cost of the alternative pay plan for the Fiscal and Administrative Services Section.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$111,111	FY04	\$0
FY05	\$0	FY05	\$0

NP- 65 - HWSC - UST Fields Site Billings Cleanup - OTO -

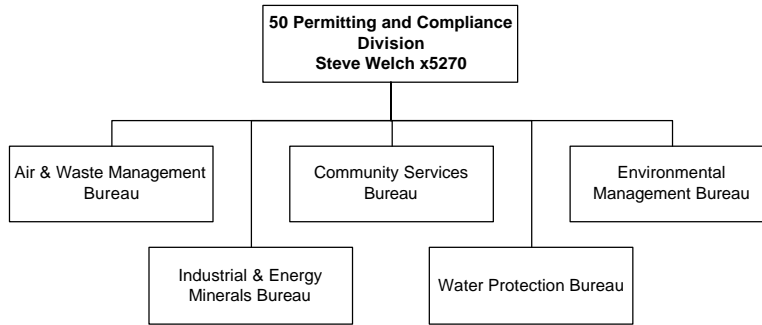
This pilot project would be for cleanup of multiple abandoned service stations along the 1st Avenue South corridor in Billings. The City of Billings and DEQ will be cooperative partners in this ongoing UST Fields project. Funding may be available in future years for other cities in Montana. This request is for biennial, restricted, one-time-only authority.

**Dept. Of Environmental Quality-5301
Remediation Division-40**

----- Other Legislation Required to Implement HB 2 -----

The executive and the department will prepare legislation for the \$9 million in general obligation bonds to be retired using the RIT Hazardous Waste CERCLA account. The EPA announced on October 24, 2002, that the Libby area officially made the top priority cleanup list and that work would be completed within three to four years. Nine months earlier, Governor Martz used Montana's one and only silver bullet to put the Libby community on a fast track to Superfund listing and saved more than a year in obtaining EPA approval. There will be about \$8 million of known state costs for the required Libby/Troy match, as of current projections. The other \$1 million of authority is for a contingency. See Section F for a more complete write up of this proposal.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**



Program Description - The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 25 state regulatory and five related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, in close coordination with Enforcement Division. Activities are organized in the Air & Waste Management Bureau (air, asbestos, hazardous waste); Community Services Bureau (solid waste, junk vehicles, public water supply, waste water operators); Environmental Management Bureau (hard rock, facility siting); Industrial and Energy Minerals Bureau (coal, uranium, opencut); and Water Protection Bureau (subdivisions, water).

Program Indicators -

Indicator	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Permits	4,152	3,792	3,819	4,097	4,226	4,441
Inspections	2,599	3,066	3,158	3,212	3,276	3,280
Environmental Assessments	1,591	1,858	1,935	1,991	2,081	2,181
Bond Releases	248	272	351	328	342	345
Violations	2,922	3,108	2,788	3,009	2,012	3,015

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	159.70	6.00	(2.00)	163.70	6.00	(2.00)	163.70
Personal Services	6,241,775	1,434,109	(109,908)	7,565,976	1,433,021	(109,624)	7,565,172
Operating Expenses	14,103,255	32,646,165	(893,218)	45,856,202	(8,548,209)	106,572	5,661,618
Equipment	35,931	(23,592)	0	12,339	(23,592)	0	12,339
Grants	1,036,769	273,888	0	1,310,657	293,866	0	1,330,635
Total Costs	\$21,417,730	\$34,330,570	(\$1,003,126)	\$54,745,174	(\$6,844,914)	(\$3,052)	\$14,569,764
General Fund	1,155,004	52,454	(229,626)	977,832	50,916	(229,552)	976,368
State/Other Special	17,280,520	28,924,102	(923,500)	45,281,122	(8,312,692)	76,500	9,044,328
Federal Special	2,982,206	5,354,014	150,000	8,486,220	1,416,862	150,000	4,549,068
Total Funds	\$21,417,730	\$34,330,570	(\$1,003,126)	\$54,745,174	(\$6,844,914)	(\$3,052)	\$14,569,764

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$602,326)	(\$43,630)
FY05	(\$602,326)	(\$43,630)

PL- 18 - PCD Alternative Payplan Adjustments -

This base adjustment reflects the reduction in personal services and operating budgets to assist in paying for the increased costs of the alternative pay plan for the Permitting Division.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$9,926	\$0
FY05	\$9,926	\$0

PL- 19 - PCD Administration Base Adjustment -

Adjustments are required to restore FY 2002 authorized amounts in areas where increased expenditures are anticipated. This request is to re-establish the base budget for operating expenses for the administrative unit of the division in the following areas: management assistance, supplies, travel, training for administrative staff, and consultant services.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$20,800,000	\$0
FY05	(\$9,592,738)	\$0

PL- 21 - Bond Forfeitures/Settlements - Restricted -

All monies spent under this restricted biennial spending authority will be used for reclamation of mine sites and will be funded by various bond forfeitures or settlement agreements.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,308	FY04	\$20,308
FY05	\$20,308	FY05	\$20,308

PL- 22 - MEPA Administration Base Adjustment -

Base adjustments include increases in printing, office supplies, postage, advertising, and travel for consultation work with potential EIS applicants prior to the actual EIS preparation and contracts. Other base adjustments include indirects and training for MEPA staff.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$548,421	FY04	\$0
FY05	(\$451,579)	FY05	\$0

PL- 23 - MEPA Projects Base Adjustment -

The base adjustment for the MEPA projects is to re-establish spending authority for consultant services necessary for assistance on EISs. The negative and positive adjustments are to establish the correct biennial appropriation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$86,688	FY04	\$0
FY05	\$86,553	FY05	\$0

PL- 24 - Air Budget Adjustments -

The Air Quality budget adjustments are for travel, supplies, communications, training and indirect charges due to vacancies. The program had several vacant FTEs in FY 2002; therefore, these expenditures were not representative of normal program operation. The program anticipates maintaining full staffing level in the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$23,594	FY04	\$0
FY05	\$23,977	FY05	\$0

PL- 25 - Hazardous Waste Base Adjustment -

The base adjustment is a reduction in computer purchases and an increase in indirect expenditures for full staffing.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,815	FY04	\$0
FY05	\$2,473	FY05	\$0

PL- 26 - Asbestos Budget Adjustments -

The Asbestos adjustments are to restore zero-based overtime and to provide increases in indirect charges.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,998	FY04	\$0
FY05	\$41,188	FY05	\$0

PL- 27 - Junk Vehicle Base Adjustment -

Adjustments are requested for overtime, legal fees, junk vehicle crushing, two computers, travel, training, and indirect costs.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$53,819	FY04	\$0
FY05	\$54,637	FY05	\$0

PL- 28 - PWSS Base Adjustment -

Due to extended program vacancies that occurred as a result of a non-competitive payplan and the inability to attract qualified applicants, the program expenditures were reduced. Adjustments include annualizing operating costs for these positions, restoring zero-based overtime, and correction of an accounting error.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$61,573	FY04	\$6,986
FY05	\$65,565	FY05	\$6,986

PL- 29 - Solid Waste Base Adjustment -

Three positions on the SWP staff were vacant for part of the base year and were filled to enable the program to meet its required objectives. The base adjustments are necessary for the program to provide increased and timely services to the regulated community and the general public.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$69,448	FY04	\$0
FY05	\$69,599	FY05	\$0

PL- 30 - Water/Waste Water Operator Cert Base Adjustment -

Base adjustments are requested for operating expenses and travel; included is a correction of a data entry error.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$95,264	FY04	\$3,207
FY05	\$84,536	FY05	\$0

PL- 31 - Hard Rock Base Adjustment -

Base adjustments are required to restore FY 2002 authorized amounts in areas where increased expenditures are anticipated, including a funding switch to accommodate the Governor's reduction, an increase in indirects, travel, lab work, printing, and vehicle maintenance.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$37,888)	FY04	(\$37,888)
FY05	(\$37,885)	FY05	(\$37,885)

PL- 32 - MFSA Administration Base Adjustment -

This request will fully fund the staff time, as deemed necessary by the department, to work on projects no longer covered by fees, but that are still regulated by law. Additionally, because of complaints and compliance issues at Colstrip, money is needed for lab analysis, travel and inspection supplies. Because this adjustment reduces the general fund support for personal services in the MFSA program by about \$54,000 each year, the increases are entirely offset and the result is a negative budget recommendation

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 33 - MFSA Projects Base Adjustment -

This request for restricted biennial spending authority is based on past projects, and the potential for future projects. All monies spent under this authority will be collected from MFSA fees.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,500,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 34 - Hard Rock Debt Service Base Adjustment -

This restricted biennial spending authority is requested to allow the department to spend funds raised through the sale of general obligation bonds authorized by SB 484 on reclamation of mine sites.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,000,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 35 - Hard Rock Federal Funds Base Adjustment -

All monies spent under this restricted biennial spending authority will be used for reclamation of mine sites and will be funded by various federal sources (USFS, BLM, EPA, COE).

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$160,214	FY04	\$0
FY05	\$163,370	FY05	\$0

PL- 36 - Coal Program Base Adjustment -

During the base year, the program experienced vacancies or extended family medical leave in four positions. Base adjustments are requested for supplies, travel for inspections, and indirects due to these vacancies and extended leave, a rent increase in the Billings office, and vehicle maintenance for aging vehicles. Contracted services are requested for permitting and compliance assistance, technical assistance, and costs associated with contested enforcement actions. Funding for the adjustment as well as for the entire adjusted base would be at 80 percent federal, 20 percent RIT.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,049	FY04	(\$18,012)
FY05	\$33,061	FY05	(\$17,410)

PL- 37 - Opencut Program Base Adjustment -

Adjustments are requested for overtime restoration, microfilming, work study, temporary services, professional expertise in hydrology, wildlife, and possibly for those areas of projects which are out of the normal experience of the staff, communications, increased use of motor pool lease vehicles, and indirects. This adjustment replaces general fund with state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$261,264	FY04	\$0
FY05	\$266,295	FY05	\$0

PL- 38 - Subdivisions Base Adjustment -

This base adjustment addresses both program costs and costs to reimburse counties for subdivision reviews. Adjustments are requested as follows: overtime commensurate with current overtime costs, increases in supplies, communications, and travel due to vacancies, and restoration of costs of paying counties for their reviews. The 2001 Legislative changes to the Sanitation in Subdivisions Act included new authority for counties to review major subdivisions. Over time, as counties gain expertise, the amount and types of reviews conducted by counties are increasing.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$47,132	FY04	\$4,031
FY05	\$55,205	FY05	\$4,677

PL- 39 - Water Permits Base Adjustment -

The base adjustment addresses program costs due to vacancies and spending patterns. The 2001 Legislature authorized four new positions for the permitting programs. Due to the need to raise fees through rule-making, the programs delayed hiring of the FTE. The bureau is requesting that the base budget be restored/maintained for full FTE expenses and operating costs including indirects, computers, insurance, travel, and overtime. Major efforts will be ongoing to develop the Storm Water Phase II program and to attack the existing heavy permit workload.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$44,185	FY04	\$0
FY05	\$45,906	FY05	\$0

PL- 40 - Re-establish 1.00 FTE-CSB -

This request is to re-establish 1.00 FTE deleted from the base budget during the 2001 Legislature due to being vacant. This position has been reprioritized and will be utilized for 1.00 FTE bureau fiscal coordinator position that will coordinate and unify fiscal activity within the bureau as well as an administrative support staff coordinator. The funding for the diverse programs in the Community Services Bureau is very complex. Sources of funding include: general fund, various licensing and service fees for the different programs, numerous federal grants and set-asides, and recycling revenues. The proposed fiscal coordinator position would reduce the time necessary for managers to track and monitor budgets and fiscal status of the various programs and coordinate fiscal and support activities between different programs. As a result, the managers would be better able to focus on managing the goals and objectives of the programs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$240,000	FY04	\$0
FY05	\$240,000	FY05	\$0

PL- 42 – Safe Drinking Water Act -

This present law adjustment requests spending authority for additional federal and state revolving funds to implement the federal Safe Drinking Water Act. This request proposes to increase program staffing by 3.00 FTE to implement the new rules and regulations and to provide assistance and technical advice to water system owners and operators implementing the requirements. One FTE would be placed in each of the department's field offices (Kalispell and Billings) and one in the Helena office. The request includes all costs for the new FTEs and increased expenditures for contracted services to provide on-site technical assistance and training for system operators. The increases would be funded with the Drinking Water SRF federal grant.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$64,145	FY04	\$21,168
FY05	\$60,236	FY05	\$19,878

PL- 45 - Restore OTO - Asbestos Compliance -

This request is to continue 1.00 FTE asbestos compliance specialist to address noncompliance concerns and increased workload. The program's ability to conduct field inspections has been limited by an increased workload due to an expanded public awareness of the dangers of asbestos. An unacceptable number of unpermitted asbestos abatement projects go undetected because of the limited field presence. This is not a new proposal because it is an ongoing responsibility required by law.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$90,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 46 - Restore OTO - Haz Waste Biennial -

This request is to re-establish the current biennium hazardous waste authority for contracted technical assistance for the review of a new hazardous waste permit application and ongoing permit and corrective action activities.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,000	FY04	\$0
FY05	\$35,000	FY05	\$0

PL- 47 - PLBA Water, Wastewater Exams -

As a part of the Operator Certification Program approval by EPA, it is necessary for the exams and study material used to certify operators of public water and wastewater systems be regularly updated to include the latest regulations and techniques. Continual updating of these materials will be necessary in the future. This expenditure request proposes to provide spending authority to contract with professional services to update the exams and study guides. Funding would be obtained from Drinking Water SRF set-aside grants and operator certification fees.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$487,391	FY04	\$0
FY05	\$537,391	FY05	\$0

PL- 48 - PLBA Operator Reimbursement Implementation -

Base adjustments are requested for operating expenses in other services, supplies, communications, travel, and other expenses. Final program and grant approval and award by EPA for this program were not received until late in the base year. Therefore, it was not possible to implement the program in time for a full year of operation and expenditures. Now that the grant award has been received, the program is able begin full operations and reimbursement of training and certification costs for water and wastewater operators.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$113,888	FY04	\$0
FY05	\$133,866	FY05	\$0

PL- 50 - Restore OTO - Junk Vehicle Grants to Counties -

Historically, the number of vehicles registered in Montana increases approximately 1.2 percent annually. Based on those increases, the grant funding to the counties would need to be increased by that amount. It is recommended that this spending authority no longer be classified as one-time-only.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$172,230	FY04	\$0
FY05	\$172,230	FY05	\$0

PL- 51 - Restore OTO - Abandoned Vehicle Reimbursements -

This is an on-going program expenditure for the Abandoned Vehicle Reimbursement Program to meet the \$0.15 set aside mandated by HB 124 in the last session, and, therefore, we are also requesting that this spending authority no longer be classified as one-time-only.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,000	FY04	\$0
FY05	\$50,000	FY05	\$0

PL- 69 - Restore OTO - Waste Management Database -

The conversion of the Waste Management Section database from AREV to an Oracle-based system was undertaken in the current biennium. It is anticipated that an additional \$50,000 each year of the next biennium will be needed for database modification, integration and maintenance.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$148,862	FY04	\$0
FY05	\$148,861	FY05	\$0

PL- 70 - PCD Database Maintenance Contracts -

This request is for database maintenance and enhancements for the recently developed enterprise-wide databases within the Permitting Division. The following permitting programs have or are currently updating their databases to an Oracle-based system: Air, Hazardous Waste, Asbestos, Hard Rock Mining, Coal Mining, Opencut Mining, Subdivision, Water Discharge Permitting, and Public Water Supply. The programs are experiencing increasing demands from our federal counterparts and the public for environmental data. Ongoing database enhancement would allow the division to satisfy those demands.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$45,378	FY04	\$2,269
FY05	\$45,260	FY05	\$2,263

PL- 78 - Re-establish 1.00 FTE -

This request is to re-establish 1.00 FTE deleted from the base budget by the 2001 Legislature due to being vacant. The position has been reprioritized and will be utilized in the following 3 ways: (1) Increase position 00570 from 0.75 FTE to 1.00 FTE administrative support to the Public Water Supply Section, (2) Increase position 00146 from 0.50 FTE to 0.75 FTE administrative support to the Industrial and Energy Minerals Bureau, and (3) Create 0.50 FTE in the Air and Waste Management Bureau to meet the demand for providing assistance to energy facilities in the preparation and submittal of air quality permit applications and for the issuance of those permits.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$46,623)	FY04	\$0
FY05	(\$46,626)	FY05	\$0

PL- 80 - Budget Amendment Adjustments -

This recommendation is necessary to correct an error. The expenditures that were current level expenditures have been requested elsewhere.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$150,000	FY04	\$0
FY05	\$150,000	FY05	\$0

NP- 59 - NP-Homeland Security, Water System Security -

This request proposes to provide 1.00 FTE to work directly with water system operators to assess system vulnerability and to establish contracts for technical assistance and training for the facility owners and operators. Efforts to improve homeland security nationally have created a significant need to provide assistance and training to public water supply owners and operators in assessing and implementing measures to protect their drinking water sources. The U.S. Congress has proposed several different funding and grant appropriations to allow states to assist communities in protecting their systems.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$1,153,126)	FY04	(\$153,126)
FY05	(\$153,052)	FY05	(\$153,052)

NP- 201 - 50 Move MEPA to Program 10 -

This is an agency reorganization to move the MEPA program from Permitting & Compliance in Program 50 to Centralized Services Program 10 and to reduce expenditures.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$40,000)
FY05	\$0	FY05	(\$40,000)

NP- 7029 - Solid Waste General Fund Reduction -

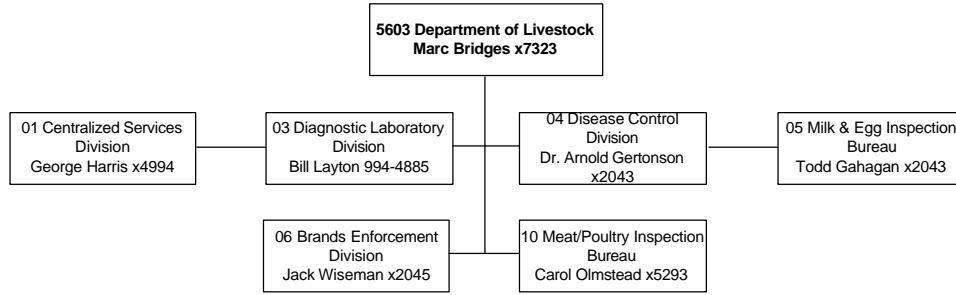
The purpose of this adjustment is to reduce the Solid Waste general fund by \$40,000 in each year of the biennium to meet the target and to replace it with a like amount of junk vehicles state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$36,500)
FY05	\$0	FY05	(\$36,500)

NP- 7039 - Water Permits Funding Adjustments -

This adjustment reduces general fund spending authority and increases groundwater permit fees state special revenue authority by \$36,500 each year.

Department Of Livestock-5603



Mission Statement - To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

Statutory Authority - Title 81, MCA

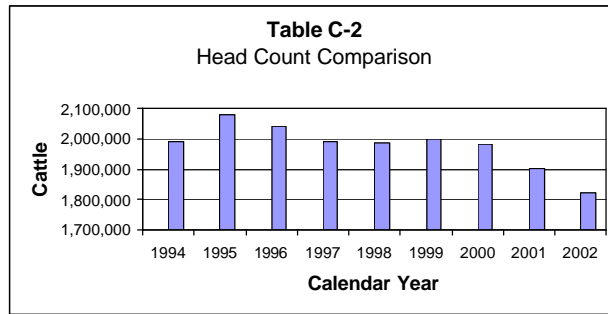
Reorganization - The 2001 Legislature placed the Board of Horse Racing from the Department of Commerce reorganization in the Department of Livestock. The Board of Livestock placed the Board of Horse Racing in the Centralized Services Division for the 2003 biennium. The Executive Secretary to the Board of Horse Racing reports to the Executive Officer of the Board of Livestock.

During the 2003 biennium, the Board of Livestock authorized transferring the Milk Control Bureau and the Predator Control Program to the Centralized Services Division (program 01). This reorganization transferred these functions without reducing services to the livestock industry. For budgeting purposes program 37 and program 8 no longer exist as separate programs.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	139.49	5.00	1.00	145.49	5.00	1.00	145.49
Personal Services	5,321,854	553,700	33,817	5,909,371	553,956	33,745	5,909,555
Operating Expenses	2,069,914	903,530	15,060	2,988,504	911,179	15,060	2,996,153
Equipment	277,408	33,573	0	310,981	(43,027)	0	234,381
Total Costs	\$7,669,176	\$1,490,803	\$48,877	\$9,208,856	\$1,422,108	\$48,805	\$9,140,089
General Fund	521,689	(14,522)	20,938	528,105	(10,973)	20,902	531,618
State/Other Special	6,622,614	482,251	0	7,104,865	406,458	0	7,029,072
Federal Special	524,873	1,023,074	27,939	1,575,886	1,026,623	27,903	1,579,399
Total Funds	\$7,669,176	\$1,490,803	\$48,877	\$9,208,856	\$1,422,108	\$48,805	\$9,140,089

----- Agency General Fund Target - \$1.06 million -----

Department Of Livestock-5603



The drought continues to cause a decline in cattle numbers, which means less revenue for ranchers and for the department operating budget.

**Department Of Livestock-5603
Centralized Services Program-01**

01 Centralizes Services Division George Harris x4994
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Program Description - The Centralized Services Division is responsible for budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, information technology, and general services functions for the department. The staff attorney in this division provides legal services to the department. The division also provides the overall management of the Milk Control Bureau. The Board of Livestock and the executive officer administer the Predator Control Program. Although the board placed this program in the division during the 2003 biennium, all functions remain unchanged, including the two aircraft and the contract with the U.S. Department of Agriculture Wildlife Services. Through helicopter hunting and contracts, predators that kill or injure domestic livestock, primarily coyotes, are controlled.

The Livestock Crimestoppers' Commission and the Beef Research and Marketing Committee are administratively attached. The 57th Legislature moved the Board of Horse Racing to the Department of Livestock. This board and its staff report directly to the executive officer.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	23.28	0.00	0.00	23.28	0.00	0.00	23.28
Personal Services	907,277	92,510	0	999,787	91,216	0	998,493
Operating Expenses	992,274	112,356	0	1,104,630	102,084	0	1,094,358
Equipment	82,326	(68,326)	0	14,000	(68,326)	0	14,000
Total Costs	\$1,981,877	\$136,540	\$0	\$2,118,417	\$124,974	\$0	\$2,106,851
General Fund	14,204	(14,204)	0	0	(14,204)	0	0
State/Other Special	1,875,111	178,276	0	2,053,387	166,710	0	2,041,821
Federal Special	92,562	(27,532)	0	65,030	(27,532)	0	65,030
Total Funds	\$1,981,877	\$136,540	\$0	\$2,118,417	\$124,974	\$0	\$2,106,851

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
	FY04 \$14,000	FY04 \$0
	FY05 \$14,000	FY05 \$0

PL- 6 - Computer Server Replacements -

The department has four servers, two at the Lab in Bozeman, one for Oracle and one for file, print and web services, and two in the Helena office for the same purposes. The replacement cycle of every four years means that two are being requested in the 2005 biennium.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
	FY04 \$10,250	FY04 \$0
	FY05 \$10,250	FY05 \$0

PL- 11 - Board Per Diem -

Zero-based per diem for the Board of Livestock, the Board of Horse Racing and the Milk Control Board is restored.

**Department Of Livestock-5603
Centralized Services Program-01**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$56,120)	FY04	\$0
FY05	(\$55,670)	FY05	\$0

PL- 12 - I. T. Minor Equipment and Software -

The agency information technology budget decreases from the base year expenditures of \$108,370 to \$64,860 in FY 2004 and \$65,310 in FY 2005. The reasons for the reduction are 1) a reduction in the cost of hardware, 2) board reductions in hardware, and 3) the hardware start-up costs at the lab for the Lab Information Management System are not carried forward into either year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,731	FY04	\$0
FY05	\$4,731	FY05	\$0

PL- 13 - Out-of-State Travel -

The Board of Livestock expects representation of the state at meetings, conferences and training vital to the livestock industry. Travel is for board members, the executive officer, and authorized staff. The board has authorized attendance at the following: NCBA (National Cattlemen Beef Association), ILIA (International Livestock Investigation Association), ASIA (American Sheep Industry Association), LIA (Livestock Identification Association), NL (Northwest Livestock), USAHA (United States Animal Health Association), IAMCA (International Association of Milk Control Agency) AALA (American Agricultural Law Association), and a specialized training for IT staff to maintain department systems.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$6,311	FY04	\$0
FY05	\$6,435	FY05	\$0

PL- 18 - Board Horse Racing Bldg. Rent -

Although the Board of Horse Racing was transferred to the department last legislative session as part of the Department of Commerce reorganization, the transfer did not include rent for location in the old federal building.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,437	FY04	\$0
FY05	\$4,561	FY05	\$0

PL- 19 - Board of Horse Racing In-State Lodging -

A recent change in state lodging policy for in-state travel has increased costs for the Board of Horse Racing by 51 percent.

**Department Of Livestock-5603
Diagnostic Laboratory-03**

03 Diagnostic Laboratory Division Bill Layton 994-4885
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Program Description - The Diagnostic Laboratory provides livestock laboratory diagnostic support for the Disease Control Program, Milk and Egg program, and livestock producers. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks and other agencies in protecting the health of animals and wildlife.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	21.00	0.00	0.00	21.00	0.00	0.00	21.00
Personal Services	872,496	73,539	0	946,035	73,341	0	945,837
Operating Expenses	441,829	178	0	442,007	7,573	0	449,402
Equipment	19,239	42,261	0	61,500	17,661	0	36,900
Total Costs	\$1,333,564	\$115,978	\$0	\$1,449,542	\$98,575	\$0	\$1,432,139
General Fund	109,381	(9,856)	0	99,525	(9,856)	0	99,525
State/Other Special	1,214,943	135,074	0	1,350,017	117,671	0	1,332,614
Federal Special	9,240	(9,240)	0	0	(9,240)	0	0
Total Funds	\$1,333,564	\$115,978	\$0	\$1,449,542	\$98,575	\$0	\$1,432,139

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$32,405	FY04 (\$9,856)
FY05	\$7,805	FY05 (\$9,856)

PL- 4 - Lab Equipment and Operating Adjustments -

The lab is certified by the American Association of Veterinary Laboratory Diagnosticians and has a staff of veterinarian pathologist, microbiologist, and other professional, technical and support personnel. The lab has essential equipment that must be replaced including a Fossmatic 2080 Semiautomatic Somatic Cell Counter and a two-chambered Carbon Dioxide Incubator. The base expenditure for laboratory equipment is being reduced to equal the total equipment request of \$61,500 in FY 2004 and \$36,900 in FY 2005 that was authorized by the Board of Livestock. Since office equipment is not being requested, the base year expenditure of \$9,240 is also removed from FY 2004 and FY 2005. And included in the operating reductions are \$9,856 each year that represent continuation of the Governor's reduction from FY 2003.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$7,324	FY04 \$0
FY05	\$14,046	FY05 \$0

PL- 15 - Lab - MSU Facility Recharges -

The lab occupies 13,179 sq. ft. at the Marsh Laboratory located on the MSU campus. MSU facility management recharges the department for utilities, operating costs and related personal services costs for the maintenance and repair of the building. In the base year, the department paid a total of \$61,869 in actual recharges to MSU. The recharges increase to \$69,193 in FY 2004 and to \$75,915 in FY 2005.

**Department Of Livestock-5603
Animal Health Division-04**

04 Animal Health Division Dr. Arnold Gertonson x2043

Program Description - The Animal Health Program provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and game farm animals. The program cooperates with the Departments of Public Health and Human Services, Fish, Wildlife and Parks, and Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The Rabies Control Unit protects public health from rabies by controlling the transmission of domestic animal and wildlife rabies, particularly through eradication of skunks.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
Budget Item							
FTE	13.00	5.00	0.00	18.00	5.00	0.00	18.00
Personal Services	462,131	285,309	0	747,440	284,078	0	746,209
Operating Expenses	109,535	772,490	0	882,025	773,740	0	883,275
Equipment	24,251	76,749	0	101,000	50,749	0	75,000
Total Costs	\$595,917	\$1,134,548	\$0	\$1,730,465	\$1,108,567	\$0	\$1,704,484
State/Other Special	595,917	84,548	0	680,465	58,567	0	654,484
Federal Special	0	1,050,000	0	1,050,000	1,050,000	0	1,050,000
Total Funds	\$595,917	\$1,134,548	\$0	\$1,730,465	\$1,108,567	\$0	\$1,704,484

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$994,871	\$0
FY05	\$994,996	\$0

PL- 1 - Restore OTO Brucellosis Management -

The cooperative agreement with USDA/APHIS will continue in FY 2004 and FY 2005, providing more than \$750,000 federal funds each fiscal year to implement the Interagency Bison Management Plan and to prevent the introduction of brucellosis into the state by brucellosis-infected bison from Yellowstone National Park. There are 5.00 FTE continued with the grant funds. In addition, there is \$150,000 federal funds each year for Montana's participation in the Greater Yellowstone Interagency Committee. It is recommended the OTO designation not be continued.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$5,000	\$0
FY05	\$5,000	\$0

PL- 3 - Restore OTO for Disease Outbreak -

Because of tight fiscal times, the board is authorizing \$5,000 each fiscal year to restore a small portion of the one-time-only \$177,823 state special authority approved by the last Legislature for use in the event a disease outbreak required immediate attention. Diseases can include brucellosis, CWD, anthrax and numerous other diseases that directly affect Montanans. It is the intent of the board to restore the disease outbreak contingency when economically possible.

**Department Of Livestock-5603
Animal Health Division-04**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,749	FY04	\$0
FY05	(\$24,251)	FY05	\$0

PL- 8 - Vehicle Replacement -

One 4x4 extended cab pickup that is used often by a district investigator and will have 125,000 miles in FY 2004 will be replaced. The reduction in FY 2005 is due to postponing purchase of another vehicle and extending the replacement schedule.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,595	FY04	\$0
FY05	\$3,595	FY05	\$0

PL- 20 - Out-of-State Travel -

The Board of Livestock authorizes out-of-state travel based upon livestock industry business meetings and conferences that they deem important for state representation. Those approved by the board will require an increase of \$3,595 per year above the base budget.

**Department Of Livestock-5603
Milk & Egg Program-05**

05 Milk & Egg Inspection Bureau Todd Gahagan x2043
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Program Description - The Milk and Egg Inspection program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00
Personal Services	222,070	(16,733)	0	205,337	(16,326)	0	205,744
Operating Expenses	26,313	3,788	7,000	37,101	4,158	7,000	37,471
Equipment	19,917	(19,917)	0	0	6,083	0	26,000
Total Costs	\$268,300	(\$32,862)	\$7,000	\$242,438	(\$6,085)	\$7,000	\$269,215
State/Other Special	243,025	(32,862)	0	210,163	(6,085)	0	236,940
Federal Special	25,275	0	7,000	32,275	0	7,000	32,275
Total Funds	\$268,300	(\$32,862)	\$7,000	\$242,438	(\$6,085)	\$7,000	\$269,215

----- Present Law Adjustments -----

Total Agency Impact	General Fund Total
FY04	FY04
(\$19,917)	\$0
FY05	FY05
\$6,083	\$0

PL- 9 - Vehicle Replacement - Milk and Egg Inspection -
A replacement vehicle is necessary in FY 2005 for safe inspections.

Total Agency Impact	General Fund Total
FY04	FY04
\$2,970	\$0
FY05	FY05
\$2,970	\$0

PL- 21 - Out-of-State Travel for Milk & Egg Inspection -
The federal and state requirements for the safe public consumption of milk and eggs are extensive and require continual training. The board has authorized two sanitarians to attend the Annual Milk Rating Officer Seminar and one to attend the Interstate Milk Shippers Conference.

----- New Proposals -----

Total Agency Impact	General Fund Total
FY04	FY04
\$7,000	\$0
FY05	FY05
\$7,000	\$0

NP- 10 - Shell Egg Increase -
There will be \$7,000 additional federal funds each year for a sample of plants to participate in a Hazard Analysis of Critical Control Points.

**Department Of Livestock-5603
Brands Enforcement Division-06**

06 Brands Enforcement Division Jack Wiseman x2045

Program Description - The Brands Enforcement Division is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and beef inspections.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	61.71	0.00	0.00	61.71	0.00	0.00	61.71
Personal Services	2,254,715	97,259	0	2,351,974	98,833	0	2,353,548
Operating Expenses	305,437	12,466	0	317,903	15,272	0	320,709
Equipment	131,675	2,806	0	134,481	(49,194)	0	82,481
Total Costs	\$2,691,827	\$112,531	\$0	\$2,804,358	\$64,911	\$0	\$2,756,738
State/Other Special	2,691,827	112,531	0	2,804,358	64,911	0	2,756,738
Total Funds	\$2,691,827	\$112,531	\$0	\$2,804,358	\$64,911	\$0	\$2,756,738

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,806	FY04 \$0
FY05 (\$49,194)	FY05 \$0

PL- 7 - Brands Enforcement Replacement Vehicles -

In the next biennium, the brands enforcement division needs to replace five trucks in FY 2004 and three trucks in FY 2005 that will exceed 125,000 miles each. The replacement cost of the vehicles is \$26,000 each.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,296	FY04 \$0
FY05 \$2,296	FY05 \$0

PL- 22 - Out-of-State Travel - Brands -

The Board of Livestock has authorized out-of-state travel in the Brand Enforcement Division where it is essential to maintain investigation knowledge skills and ability. This is the department's largest division with 61.71 FTE.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$103,007	FY04 \$0
FY05 \$103,007	FY05 \$0

PL- 23 - Overtime - Brands Division -

Forty-six inspectors must work overtime for livestock auction markets and other enforcement work. It is recommended that the zero-based overtime be restored.

**Department Of Livestock-5603
Meat/poultry Inspection-10**

10 Meat/Poultry Inspection Bureau Carol Olmstead x5293
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Program Description - The Meat and Poultry Inspection Program was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean, wholesome, and properly-labeled meat and poultry products for consumers.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	16.50	0.00	1.00	17.50	0.00	1.00	17.50
Personal Services	603,165	21,816	33,817	658,798	22,814	33,745	659,724
Operating Expenses	194,526	2,252	8,060	204,838	8,352	8,060	210,938
Total Costs	\$797,691	\$24,068	\$41,877	\$863,636	\$31,166	\$41,805	\$870,662
General Fund	398,104	9,538	20,938	428,580	13,087	20,902	432,093
State/Other Special	1,791	4,684	0	6,475	4,684	0	6,475
Federal Special	397,796	9,846	20,939	428,581	13,395	20,903	432,094
Total Funds	\$797,691	\$24,068	\$41,877	\$863,636	\$31,166	\$41,805	\$870,662

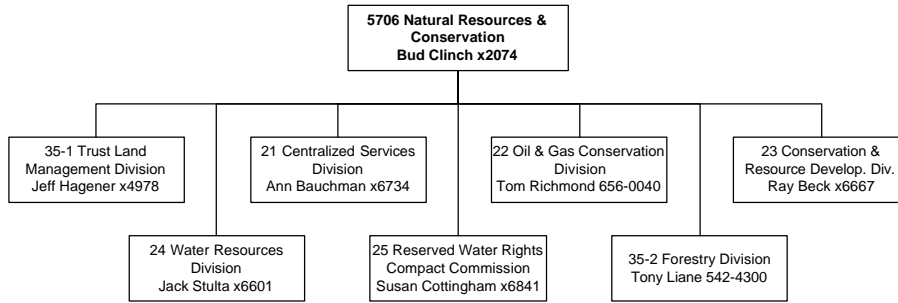
----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$41,877	FY04 \$20,938
FY05	\$41,805	FY05 \$20,902

NP- 5 - Additional Meat Inspector -

During the current biennium, the Department of Agriculture Growth Through Agriculture provided a grant to match the increased 50 percent federal funding to inspect new meat slaughter and/or processing plants throughout the state. Inspection is ongoing for 11 of the 20 new plants and the nine remaining plants will be eligible for inspection when facility sanitation standards are met. Because of budget reductions, the state agriculture grant is not sustainable in the 2005 biennium. Small wholesale meat and poultry businesses are a growing business sector and of economic importance to the state. They support their communities economically, employ people, pay taxes at the local and state level and add value to Montana's livestock and poultry industry. There is 1.00 FTE meat inspector and related operating in the request which will continue the inspections from the 2003 biennium.

Dept Nat Resource/Conservation-5706



Mission Statement - To ensure Montana's land and water resources provide benefits for present and future generations.

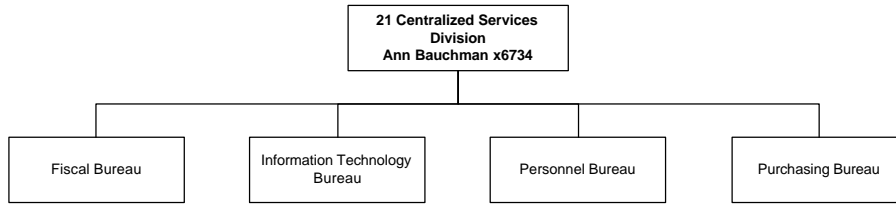
Statutory Authority - 2-15-104 and Title 2, chapter 15, part 33, MCA.

Language – "Item 2 includes a total of \$98,310 for the 2005 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated"

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	492.36	0.50	(4.60)	488.26	0.50	(4.60)	488.26
Personal Services	19,627,098	3,067,156	(263,784)	22,430,470	3,119,121	(263,532)	22,482,687
Operating Expenses	9,593,883	2,629,848	434,517	12,658,248	214,924	235,897	10,044,704
Equipment	783,169	(34,504)	61,000	809,665	(34,554)	0	748,615
Capital Outlay	454	0	0	454	0	0	454
Local Assistance	213,373	0	0	213,373	0	0	213,373
Grants	895,365	(302,154)	0	593,211	(310,961)	0	584,404
Benefits & Claims	500,000	500,000	0	1,000,000	500,000	0	1,000,000
Transfers	389,169	9,170	0	398,339	9,170	0	398,339
Debt Service	503,305	81,089	0	584,394	81,089	0	584,394
Total Costs	\$32,505,816	\$5,950,605	\$231,733	\$38,688,154	\$3,578,789	(\$27,635)	\$36,056,970
General Fund	16,205,128	2,187,075	(539,716)	17,852,550	2,222,599	(533,859)	17,893,868
State/Other Special	14,617,396	3,604,530	666,574	18,888,500	1,260,760	419,649	16,297,805
Federal Special	1,683,292	159,000	104,875	1,947,167	95,430	86,575	1,865,297
Total Funds	\$32,505,816	\$5,950,605	\$231,733	\$38,688,154	\$3,578,789	(\$27,635)	\$36,056,970

----- Agency General Fund Target - \$35.746 million -----

**Dept Nat Resource/Conservation-5706
Centralized Services-21**



Program Description - The Centralized Services Division provides managerial and administrative support services to the department through: 1) the Director's Office, which includes the director, legal staff, and public information; and 2) support services, which manages all financial activities, coordinates information systems, produces publications and graphic materials, and performs general administrative support services. Support services include fiscal affairs, data processing, personnel, legal, reception, and mail. Responsibilities include trust revenue collection and distribution and maintenance of ownership records for trust and non-trust state-owned land.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	41.00	0.00	(3.00)	38.00	0.00	(3.00)	38.00
Personal Services	1,644,545	338,665	(134,685)	1,848,525	339,354	(134,400)	1,849,499
Operating Expenses	586,180	(2,646)	18,300	601,834	(79,402)	0	506,778
Debt Service	257	0	0	257	0	0	257
Total Costs	\$2,230,982	\$336,019	(\$116,385)	\$2,450,616	\$259,952	(\$134,400)	\$2,356,534
General Fund	1,700,915	358,886	(134,685)	1,925,116	307,819	(134,400)	1,874,334
State/Other Special	425,067	(17,867)	0	407,200	(17,867)	0	407,200
Federal Special	105,000	(5,000)	18,300	118,300	(30,000)	0	75,000
Total Funds	\$2,230,982	\$336,019	(\$116,385)	\$2,450,616	\$259,952	(\$134,400)	\$2,356,534

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$44,834)	FY04 (\$21,034)
FY05	(\$33,914)	FY05 (\$10,114)

PL- 5 - CSD Operating -

An operating adjustment is needed for rent as the DNRC office is located in a non-state building and rent is not shown as a fixed cost within the schedules. The increase is based on a contractual agreement through FY 2005 for the USF&G building in Helena. The increase is offset by continuing the Governor's and the special session reductions.

**Dept Nat Resource/Conservation-5706
Centralized Services-21**

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$18,300	FY04	\$0
FY05	\$0	FY05	\$0

NP- 22 - Re-wiring USF&G Building – OTO -

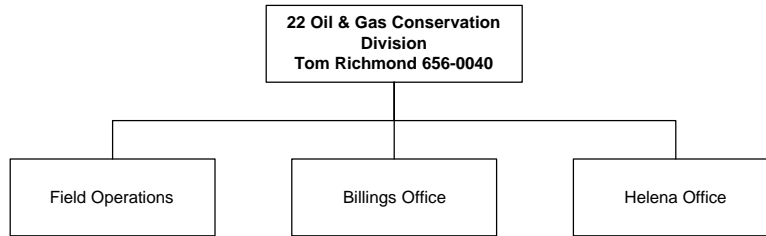
DNRC headquarters is located in the USF&G building in Helena. The basement of the USF&G building houses the Reserved Water Rights Compact Commission, the Conservation and Resource Development Division, the Oil and Gas Division, and the Centralized Services Division Information Technology Bureau. Nearly all the data network wiring in the basement is sub-standard Category 3 wiring. This type of wiring works for slow (10MBs) data transmission but is incapable of high-speed transmission (100MBs). It is imperative that DNRC staff at this site be able to take advantage of new information technology in order to better serve the department and the citizens of Montana. The Category 3 wiring in the basement of the USF&G building prevents headquarters staff from moving to high-speed data transmission. Rewiring the 60 network wall jacks will cost \$18,300. This is a one-time-only request.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$134,685)	FY04	(\$134,685)
FY05	(\$134,400)	FY05	(\$134,400)

NP- 7020 - Reduction to Meet Target -

Eliminate three positions: the deputy director, a receptionist, and an information support technician. The information support technician position was left unfilled as part of the Governor's reductions. Included also are \$60,000 of reductions each year of the biennium for the transition to the alternative payplan.

**Dept Nat Resource/Conservation-5706
Oil & Gas Conservation Div. -22**



Program Description - The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division 1) issues drilling permits; 2) classifies wells; 3) establishes well spacing units and pooling orders; 4) inspects drilling, production, and seismic operations; 5) investigates complaints; 6) does engineering studies; 7) determines incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects; 8) operates the underground injection control program; 9) plugs orphan wells; and 10) collects and maintains complete well data and production information.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Drilling Permits Issued	480	694	685	700	1000	1300
Wells Completed	417	501	443	500	730	950
Oil Production (in million Bbls)	14.8	16.27	15.99	15.5	15.03	14.6
Gas Production (in million MCF)	63.4	81.86	85.0	83.3	89.6	97.6

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	17.50	0.00	3.00	20.50	0.00	3.00	20.50
Personal Services	723,801	97,760	127,006	948,567	118,051	126,769	968,621
Operating Expenses	280,240	66,634	304,290	651,164	68,502	110,290	459,032
Equipment	22,314	2,686	61,000	86,000	2,686	0	25,000
Total Costs	\$1,026,355	\$167,080	\$492,296	\$1,685,731	\$189,239	\$237,059	\$1,452,653
State/Other Special	922,411	271,024	492,296	1,685,731	293,183	237,059	1,452,653
Federal Special	103,944	(103,944)	0	0	(103,944)	0	0
Total Funds	\$1,026,355	\$167,080	\$492,296	\$1,685,731	\$189,239	\$237,059	\$1,452,653

**Dept Nat Resource/Conservation-5706
Oil & Gas Conservation Div.-22**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$89,186	FY04	\$0
FY05	\$104,443	FY05	\$0

PL- 3 - Oil & Gas Operating Adjustment -

Operating adjustments include restoration of the zero-based board per diem and overtime, annualization of legal services, janitorial and database contracts, and the increase over base equipment to replace a new field inspector truck each year.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$162,296	FY04	\$0
FY05	\$137,059	FY05	\$0

NP- 8 - Re-Establish FTE -

Restoration of 3.00 FTE is necessary for workload increases associated with coal bed methane and increased industry activity. Requested is 1.00 FTE environmental coordinator to do environmental assessments on all drilling permits (the number of drilling permits processed has doubled from last biennium and coal bed methane permitting is expected to begin again and in earnest in the 2005 biennium) and 2.00 FTE field inspectors who will be assigned to both coal bed methane and general regulatory activities. These positions have been budgeted in the past, but were being held vacant during the last session due to the industry downturn and to meet vacancy savings, and thus were deleted in the Cobb amendment.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 23 - Heating System Replacement-OTO -

The heating, ventilation and air conditioning system in the Billings office needs to be replaced with one-time-only authority.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 51 - Coal Bed Methane Impounded Produced Water Study -

This proposal provides a biennial appropriation of funds to study the potential effects of long-term disposal of produced coal bed methane (cbm) water by infiltration ponds and the design criteria appropriate for construction, monitoring and operation of such impoundments permitted by the Board of Oil & Gas Conservation. Due to significant controversy over direct discharge of produced cbm water, impoundment and infiltration may be one of the few cost-effective produced water disposal methods remaining to industry. The board has applied for an additional \$200,000 for the project through the DNRC Reclamation and Development Grant program. The project will use the services of an experienced environmental/engineering consultant to develop a project plan, construct monitoring wells, analyze data and assist the board in developing rules and regulations for the construction and operation of infiltration ponds.

**Dept Nat Resource/Conservation-5706
Oil & Gas Conservation Div.-22**

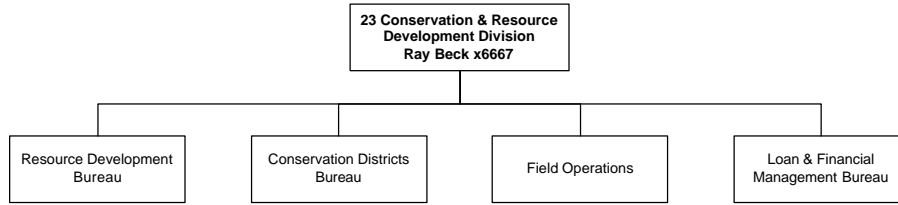
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$100,000	FY05	\$0

NP- 52 - Historical Data Acquisition Project -

This proposal provides funds for an on-going project to acquire and maintain historical oil and gas data, well logs and field information and place this data into electronically-retrievable formats to support both industry and regulatory agency activity. At the onset of the project, the division will utilize contractors and purchase imaging hardware/software to retrieve, image, and key historical data and store it electronically. After pre-1990 data is complete, existing staff and temporary employees will be used to bring the imaging, keying, and storing of data current and maintain it. Depending on how far the contractor gets in the 2005 biennium, it may be necessary to request one or more modified FTE to begin on the more current aspects of the project.

Language Recommendations - "The department is authorized to decrease state special revenue money in the underground injection control program and increase federal special revenue money by a like amount when the amount of federal EPA funds available for the program becomes known. Any federal special revenue is to be spent before state special revenue."

**Dept Nat Resource/Conservation-5706
Conservation/Resource Dev Div-23**



Program Description - The Conservation and Resource Development Division provides technical, administrative, financial and legal assistance to Montana's 58 conservation districts by administering the Conservation District Act, Montana Rangeland Resources Act and the Natural Streambed and Land Preservation Act. The division also manages several loan and grant programs for local communities, local governments, state agencies and private citizens. The programs include the state revolving fund, which currently includes \$150 million loaned to communities for water and waste water systems, coal severance tax loans to governmental entities totaling \$45 million and private loans for \$16.5 million. Grant programs administered by the division include the Reclamation Development, Renewable Resource, and Conservation District grant programs.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Grants provided to communities (in millions)	\$3.5	\$3.5	\$3.5	\$3.5	\$3.6	\$3.6
Loans provided to communities (in millions)	\$135	\$146	\$200	\$210	\$220	\$225

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	22.00	0.50	(1.00)	21.50	0.50	(1.00)	21.50
Personal Services	1,035,489	130,895	(48,810)	1,117,574	133,834	(48,730)	1,120,593
Operating Expenses	822,712	68,897	0	891,609	(4,527)	0	818,185
Equipment	52,259	0	0	52,259	0	0	52,259
Local Assistance	213,373	0	0	213,373	0	0	213,373
Grants	895,365	(302,154)	0	593,211	(310,961)	0	584,404
Benefits & Claims	500,000	500,000	0	1,000,000	500,000	0	1,000,000
Total Costs	\$3,519,198	\$397,638	(\$48,810)	\$3,868,026	\$318,346	(\$48,730)	\$3,788,814
General Fund	1,853,238	530,733	(48,810)	2,335,161	534,956	(48,730)	2,339,464
State/Other Special	1,488,252	(155,944)	0	1,332,308	(257,716)	0	1,230,536
Federal Special	177,708	22,849	0	200,557	41,106	0	218,814
Total Funds	\$3,519,198	\$397,638	(\$48,810)	\$3,868,026	\$318,346	(\$48,730)	\$3,788,814

**Dept Nat Resource/Conservation-5706
Conservation/Resource Dev Div-23**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$500,000	FY04	\$500,000
FY05	\$500,000	FY05	\$500,000

PL- 12 - Crow Tribe Settlement -

In June of 1999, the state agreed to put \$15 million into an escrow account (making deposits each year for 15 years). When all tasks by the tribe, state and federal governments are complete, the escrow account balance will go to the Crow Tribe. If payments are not made, the state would not be in compliance with the contract.

Contract payments were \$500,000 in FY 2002 and in FY 2003. Per the escrow agreement, increasing the payments to \$1,000,000 in FY 2004 and \$1,000,000 FY 2005 for each year of the biennium will put the state in a better position to fund the agreement by the deadline date. This is a \$500,000 increase each year over the base expenditure of \$500,000.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$80,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 28 - Grass Conservation Commission -

Since this was a biennial appropriation in the 2003 biennium, a request is needed to restore the budget to the 2003 biennium level.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$298,964)	FY04	\$0
FY05	(\$307,691)	FY05	\$0

PL- 230 - Coal Severance Tax Shared Acct Reduction -

The executive recommends reducing the coal severance tax shared account from 8.36 percent to 4.18 percent. This is a present law adjustment because the executive is responsible for allocating the account in the recommended budget. Grants will be reduced by \$298,964 in FY 2004 and \$307,691 in FY 2005 using the executive revenue estimates. A bill will be introduced to reduce the revenue to the coal severance tax shared account

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$302)	FY04	(\$26,801)
FY05	\$2,230	FY05	(\$25,560)

PL- 7009 - Operating and Special Session Adjustments -

This request continues the Governor's and special session reductions, offset by increases annualizing certain operating costs, rent increases in Miles City, Billings and Helena, and adding a 0.50 FTE administrative assistant for the revolving fund programs. The reductions include \$3,190 in FY 2004 and \$3,270 in FY 2005 for the 310 grants to conservation districts, \$25,000 each year for the NRCS and \$10,000 each year for the Yellowstone River contract.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$48,810)	FY04	(\$48,810)
FY05	(\$48,730)	FY05	(\$48,730)

NP- 7020 - Reductions to Meet Target -

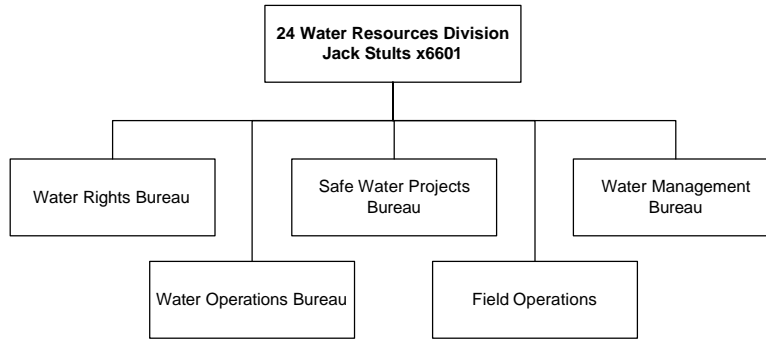
Eliminate 1.00 FTE agricultural engineering specialist position that designs irrigation systems and take additional reductions of \$18,000 each year of the biennium for the move to the alternate payplan.

**Dept Nat Resource/Conservation-5706
Conservation/Resource Dev Div-23**

Language Recommendations - "The department is appropriated up to \$600,000 for the 2005 biennium from the state special revenue account established in 85-1-604 for the purchase of prior liens on property held as loan security as required by 85-1-618."

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

**Dept Nat Resource/Conservation-5706
Water Resources Division-24**



Program Description - The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water. It manages and maintains the state-owned dams, reservoirs, and canals. The division also develops and recommends in state, interstate, and international water policy to the director, Governor, and Legislature. The division consists of an administration unit and four bureaus: Water Management Bureau, Water Rights Bureau, State Water Projects Bureau, and the Water Operations Bureau.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Dam Safety Inspections conducted on state-owned dams	36	35	48	46	46	46
High-hazard dam permits evaluated and issued	37	31	18	13	23	37
Water-user groups assisted in major river basins	16	20	22	22	24	24

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	109.50	0.00	(1.00)	108.50	0.00	(1.00)	108.50
Personal Services	4,892,576	555,663	(78,465)	5,369,774	562,336	(78,329)	5,376,583
Operating Expenses	1,817,530	2,266,533	121,869	4,205,932	(61,907)	134,549	1,890,172
Equipment	8,250	0	0	8,250	0	0	8,250
Capital Outlay	100	0	0	100	0	0	100
Debt Service	388,654	81,089	0	469,743	81,089	0	469,743
Total Costs	\$7,107,110	\$2,903,285	\$43,404	\$10,053,799	\$581,518	\$56,220	\$7,744,848
General Fund	6,029,101	450,534	(139,596)	6,340,039	504,931	(134,780)	6,399,252
State/Other Special	918,374	2,443,117	183,000	3,544,491	127,367	191,000	1,236,741
Federal Special	159,635	9,634	0	169,269	(50,780)	0	108,855
Total Funds	\$7,107,110	\$2,903,285	\$43,404	\$10,053,799	\$581,518	\$56,220	\$7,744,848

**Dept Nat Resource/Conservation-5706
Water Resources Division-24**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$231,603)	FY04	(\$318,292)
FY05	(\$225,435)	FY05	(\$312,124)

PL- 10 - WRD Operating Expense Adjustments -

This request includes funding for zero-based overtime and per diem as well as a variety of funding reductions and increases for operating expense items throughout the division, the largest of which is an \$81,000 adjustment for the rehabilitation loans on Middle Creek Dam and Tongue River Dam, which have principal and interest payments that vary annually but require authority to pay the maximum potential amount.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,280,794	FY04	\$0
FY05	\$0	FY05	\$0

PL- 13 - Restore OTO-State Water Project Rehabilitation -

This is a biennial appropriation request for rehabilitation and repairs associated with the Nevada Creek Dam, North Fork Smith River Dam, Nilan North Dam, Tongue River Dam and Broadwater Hydropower Dam funded with state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$96,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 20 - Broadwater Hydropower Project Maintenance -

The Broadwater Hydropower Plant needs funding for fisheries mitigation work as required by the FERC operating license. This is a biennial request to fund required fisheries habitat evaluation, mitigation and improvement. The department contracts with the Department of Fish, Wildlife and Parks to perform annual fish population studies and evaluate completed habitat improvement projects built to mitigate impacts from the construction of the power plant. The biennial cost of this evaluation work is estimated to be \$32,000 and comes from the Broadwater O&M state special revenue account.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$18,000)	FY04	(\$18,000)
FY05	(\$14,157)	FY05	(\$14,157)

PL- 7025 - Lease Vehicle Reduction -

The State Water Projects Bureau is requesting funding to lease a large 4x4 pickup to replace a 1990 pickup that currently has 178,000 very hard miles with a Department of Transportation State Motor Pool lease vehicle. This is offset by a reduction of four vehicles in the lease fleet next biennium.

----- New Proposals -----

**Dept Nat Resource/Conservation-5706
Water Resources Division-24**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$160,000	FY04	\$0
FY05	\$168,000	FY05	\$0

NP- 19 – Restore OTO-Water Rights Verification Project -

This request would retain funding for currently-employed modified-level positions to continue the verification of old water right permits and change authorizations funded initially by the 2001 Legislature. The primary function of these temporary employees is to analyze completed questionnaires sent to water users, verifying that the permitted projects are completed and how much water they are actually using, as required by law. It is clear that DNRC is getting far better results on a cost-per-verification basis than was experienced during a pilot project using private consultants. Actual up-to-date numbers on that progress are available and will be provided during the legislative session. This project is funded from water rights state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$23,000)
FY05	\$0	FY05	(\$23,000)

NP- 7002 - Applicants Pay Water Rights Notice Costs -

It is planned that applicants for water rights will begin to pay the public notice costs for their applications. This proposal requires amending ARM 36.12.103 and will save \$23,000 of general fund each year and increase state special revenue by a like amount.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$116,596)	FY04	(\$116,596)
FY05	(\$111,780)	FY05	(\$111,780)

NP- 7020 - Reduction to Meet Target -

There is 1.00 FTE civil engineering specialist position eliminated and operating budget reductions in the Water Rights Bureau, the Regional Offices and the Water Projects Bureau that reflect elimination of a total of 4.00 FTE that were funded with general fund. These reductions also are for the alternative payplan conversion.

Language Recommendations - "During the 2005 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 2005 biennium, up to \$70,000 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 2005 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."

**Dept Nat Resource/conservation-5706
Reserved Water Rights Comp Com-25**

25 Reserved Water Rights Compact Commission Susan Cottingham x6841

Program Description - The Reserved Water Rights Compact Commission was created by the Legislature in 1979 as part of the water rights adjudication effort. It consists of four members appointed by the Governor, two by the President of the Senate, two by the Speaker of the House of Representatives, and one by the Attorney General. Members serve for four years. The commission negotiates water rights with the Indian tribes and federal agencies, which claim federal reserved water rights within the state, to establish a formal agreement (compact) on the amount of water to be allocated to each interest.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Compacts completed	0	1	0	0	1	1
Compacts Under Negotiation	5	4	4	4	3	2

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	11.00	0.00	0.00	11.00	0.00	0.00	11.00
Personal Services	565,772	41,770	0	607,542	46,639	0	612,411
Operating Expenses	149,210	4,037	0	153,247	7,187	0	156,397
Total Costs	\$714,982	\$45,807	\$0	\$760,789	\$53,826	\$0	\$768,808
General Fund	714,982	45,807	0	760,789	53,826	0	768,808
Total Funds	\$714,982	\$45,807	\$0	\$760,789	\$53,826	\$0	\$768,808

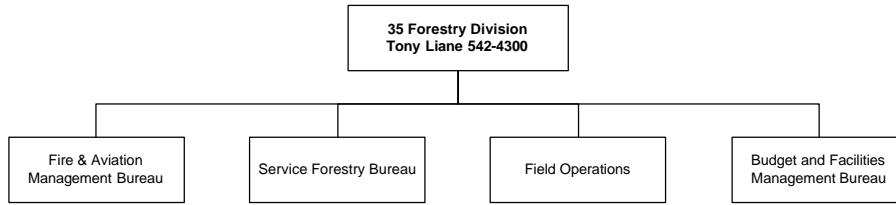
----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$8,837	FY04 \$8,837
FY05	\$11,399	FY05 \$11,399

PL- 6 - RWRCC Operating Adjustment -

The per diem for the nine Reserved Water Right Compact Commission members covers mileage and per diem for attendance at quarterly commission meetings as well as frequent negotiating sessions. Since this expense is zero-based, it needs to be restored each biennium. Also requested is the rent adjustment for a non-state building.

**Dept Nat Resource/conservation-5706
Forestry-35**



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

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

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Total Acres under Fire Protection (in millions)	52.1	52.1	52.1	52.1	52.1	52.1
Forest Resource Assists	4,968	5,337	5,493	5,625	5,750	5,800

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	291.36	0.00	(2.60)	288.76	0.00	(2.60)	288.76
Personal Services	10,764,915	1,902,403	(128,830)	12,538,488	1,918,907	(128,842)	12,554,980
Operating Expenses	5,938,011	226,393	(9,942)	6,154,462	285,071	(8,942)	6,214,140
Equipment	700,346	(37,190)	0	663,156	(37,240)	0	663,106
Capital Outlay	354	0	0	354	0	0	354
Grants	0	0	0	0	0	0	0
Transfers	389,169	9,170	0	398,339	9,170	0	398,339
Debt Service	114,394	0	0	114,394	0	0	114,394
Total Costs	\$17,907,189	\$2,100,776	(\$138,772)	\$19,869,193	\$2,175,908	(\$137,784)	\$19,945,313
General Fund	5,906,892	801,115	(216,625)	6,491,382	821,067	(215,949)	6,512,010
State/Other Special	10,863,292	1,064,200	(8,722)	11,918,770	1,115,793	(8,410)	11,970,675
Federal Special	1,137,005	235,461	86,575	1,459,041	239,048	86,575	1,462,628
Total Funds	\$17,907,189	\$2,100,776	(\$138,772)	\$19,869,193	\$2,175,908	(\$137,784)	\$19,945,313

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

**Dept Nat Resource/conservation-5706
Forestry-35**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$9,312	FY04	\$0
FY05	\$14,811	FY05	\$0

PL- 7 - TLMD Operating Adjustment -

This request is for a rent increase in the Helena headquarters based on a contractual rent agreement through June 2005. As this building is privately owned, rent is not reflected in the Dept. of Administration fixed costs for rent. Trust Land's portion of the increase is \$9,312 in FY 2004 and \$14,811 in FY 2005. Other adjustments in this decision package reflect corrections in expenditures changes among reporting levels.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$200,000	FY05	\$0

PL- 11 - Fire Seasonal Pay Exception -

This request is to make the temporary pay exception of 20 percent a permanent increase for the DNRC firefighters. Recruitment and retention of the seasonal firefighter workforce is more and more difficult. Since the 2000 fire season, the issue has become even more critical due to the unprecedented increase in competition to hire from this same seasonal workforce pool by the federal agencies and adjacent states. This proposal would grant a permanent pay exception for seasonal firefighters to make the pay matrix similar to that of surrounding states (Idaho Department of Lands and Oregon Department of Forestry) with similar programs. The Office of Program and Budget Planning approved this payplan exception for the 2003 biennium as a one-time-only budget adjustment, pending session action.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$112,964	FY04	\$0
FY05	\$112,854	FY05	\$0

PL- 21 - Federal Fire Reimbursement -

This proposal is submitted in response to the need to maintain funding authority to expend federal dollars received in support of federal fire suppression activities. These funds are referred to as the federal fire reimbursement and are received from federal agencies and other states for the use of DNRC personnel and equipment. DNRC provides assistance to these other entities in managing emergency incidents, such as fire suppression activities. It has been the intent of the Legislature that money reimbursed for the use of department equipment on other agencies' fires is expended for the repair, maintenance, and replacement of equipment that supports the state-county cooperative fire program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,005	FY04	\$0
FY05	\$5,432	FY05	\$0

PL- 27 - TLMD Leased Vehicles -

The Trust Land Management Division is continuing to utilize the State Motor Pool Lease Vehicle Program instead of purchasing new vehicles. This request is for one leased vehicle for the Central Land Office that was authorized by the 2001 Legislature, but not received until FY 2003. Therefore, the expenditure is not reflected in the base.

**Dept Nat Resource/conservation-5706
Forestry-35**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,587	FY04	\$10,326
FY05	\$4,539	FY05	\$12,294

PL- 7004 - Forestry Operating and Special Session Adjustment -

This proposal is submitted in response to known statewide increases in rent, utilities, communications, janitorial services, fire training through the Northern Rockies Training Center, and the relocation of an interagency dispatch center. The Bureau of Indian Affairs, Flathead Agency, is raising the fee for providing fire protection on 147,609 acres of state and private lands within the reservation by \$0.04 per acre. The total increase per year is \$5,905 and will be ongoing. These lands are the fire protection responsibility of the DNRC.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$47,301	FY04	\$21,731
FY05	\$47,239	FY05	\$21,704

NP- 14 - Forestry Restoration of Seasonal FTE -

This proposal is submitted to restore 0.50 FTE seasonal firefighter fire team leader at the Northwest Land Office, 0.50 FTE seasonal aggregate at the Southwest Land Office for a senior engine boss and an initial attack helicopter manager, and 0.55 FTE seasonal field irrigator aggregate for the nursery. During the 2001 Legislative session, positions left vacant were eliminated as part of the budget process. The intent of the Legislature was to eliminate vacant permanent positions; these seasonal positions were inadvertently eliminated at that time. Restoring these seasonal FTE is vital to maintaining minimum staffing but still providing adequate resources for initial attacking wild land fires in an aggressive but safe manner and for growing, selling and delivering over one million plants to reforest burned or harvested areas, create or improve wildlife habitat, protect soil through windbreaks and shelterbelts, restore riparian areas and provide other conservation benefits

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$34,600	FY04	\$23,182
FY05	\$35,600	FY05	\$23,852

NP- 26 - Inmate Fire Crew -

This is a proposal to establish an inmate firefighting crew at the Montana State Prison for use by the DNRC. The 1999 Legislature approved and funded a program out of the Great Falls and Missoula Regional Prisons, but a work release policy for inmates was not completed and funding was returned unspent. The state has increasing needs for fireline crew support to keep wildland fires small, reducing total fire costs. Opportunities to provide development for inmates of the Department of Corrections exist and can be used with minimal increased costs per shift. As a part of this proposal, the department requests 0.35 FTE to administer the program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$86,575)
FY05	\$0	FY05	(\$86,575)

NP- 7001 - Fund Switch for Forest Practices -

The Service Forestry program is made up of multiple programs supported by three funding sources, general fund, state special revenue, and federal grants. Currently, service foresters working in forest practices programs are predominately general funded. However, the division has recently experienced an increase in federal funds due to increased forest landowner assistance provided by DNRC service foresters. Therefore, the division requests authority to implement a funding switch from general fund to federal funds in the amount of \$86,575 in this program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
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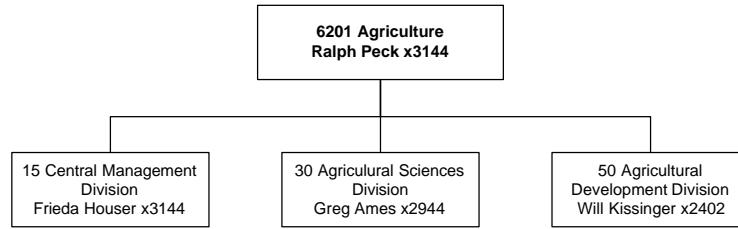
**Dept Nat Resource/conservation-5706
Forestry-35**

FY04	(\$220,673)	FY04	(\$174,963)
FY05	(\$220,623)	FY05	(\$174,930)

NP- 7020 - Reductions to Meet Target -

The Forestry Division alternative payplan and the special session reduction of about \$140,000 each year are being combined in this decision package. It is proposed to eliminate a portion of the State/County Cooperative Fire Protection Program. The counties affected would be: Missoula, Mineral, Granite, Powell, Sanders, Lincoln, Lake, Ravalli, Flathead, Deer Lodge and Silver Bow for a general fund savings of \$159, 037. Due to the requirement stated in 76-13-207, MCA that no greater than one-third of the fire appropriation comes from landowner assessments, the division would also be required to reduce state special revenue by \$78,331. This proposal also eliminates 4.15 FTE.

Department Of Agriculture-6201



Mission Statement - To protect, enhance, and develop all agriculture in Montana; to encourage and promote production and marketing for agriculture and allied industries; and to provide protection for producers and consumers through administration and enforcement of statutes established by Montana's Legislature.

Statutory Authority - Article XII, Section 1, Montana Constitution; Title 80, Chapters 1 -15, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	109.05	0.00	2.50	111.55	0.00	2.50	111.55
Personal Services	3,543,375	967,391	110,569	4,621,335	968,829	110,304	4,622,508
Operating Expenses	2,236,399	341,805	200,032	2,778,236	242,509	200,032	2,678,940
Equipment	148,511	91,800	0	240,311	66,800	0	215,311
Grants	3,066,490	318,896	2,007,278	5,392,664	318,896	0	3,385,386
Transfers	80,000	(80,000)	0	0	(80,000)	0	0
Total Costs	\$9,074,775	\$1,639,892	\$2,317,879	\$13,032,546	\$1,517,034	\$310,336	\$10,902,145
General Fund	730,339	(8,686)	(29,015)	692,638	(42,857)	(29,015)	658,467
State/Other Special	7,156,170	1,224,456	88,529	8,469,155	1,130,053	88,388	8,374,611
Federal Special	946,465	345,709	2,258,365	3,550,539	350,118	250,963	1,547,546
Proprietary	241,801	78,413	0	320,214	79,720	0	321,521
Total Funds	\$9,074,775	\$1,639,892	\$2,317,879	\$13,032,546	\$1,517,034	\$310,336	\$10,902,145

----- Agency General Fund Target - \$1.35 million -----

In addition to meeting the general fund target, the department reduced its share of the coal severance tax account for Growth through Agriculture by \$511,630 and the statutory appropriation for Growth through Agriculture will be recommended for a \$625,000 reduction in a separate bill.

**Department Of Agriculture-6201
Central Management Division-15**

15 Central Management Division Frieda Houser x3144
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Program Description - Central Management Division performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. Included in this division is the director's office, which provides overall policy development for the department.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Regional/National Projects/Meetings	111	179	204	210	215	215
International Projects/Meetings	27	38	24	25	30	30

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	13.00	0.00	0.00	13.00	0.00	0.00	13.00
Personal Services	587,875	74,477	0	662,352	74,014	0	661,889
Operating Expenses	159,662	54,399	0	214,061	45,656	0	205,318
Equipment	8,938	25,000	0	33,938	0	0	8,938
Total Costs	\$756,475	\$153,876	\$0	\$910,351	\$119,670	\$0	\$876,145
General Fund	222,429	880	0	223,309	(33,295)	0	189,134
State/Other Special	417,166	150,480	0	567,646	150,449	0	567,615
Federal Special	66,894	(3,894)	0	63,000	(3,894)	0	63,000
Proprietary	49,986	6,410	0	56,396	6,410	0	56,396
Total Funds	\$756,475	\$153,876	\$0	\$910,351	\$119,670	\$0	\$876,145

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$60,168	\$0
FY05	\$74,729	\$0

PL- 1 - Request for Operations and Equipment -

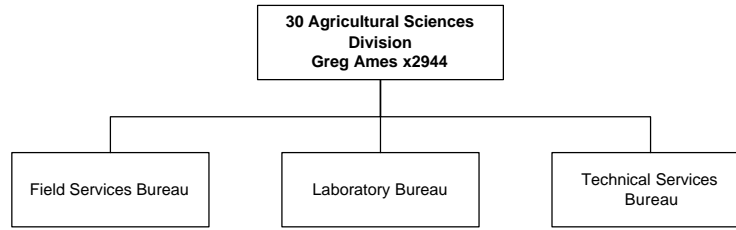
The program requests additional operating costs and authority to restore the State Grain Lab since the appropriation was not spent in the base year due to lack of revenue. The director also requests an ethanol-fueled pick up truck to show his support for Montana's Agricultural industry at a cost of \$25,000 state special revenue.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$15,800	\$0
FY05	\$0	\$0

PL- 2 - Microsoft Office Licensing -

Licensing costs for the Microsoft Office Professional products are changing. In order to continue to use the professional products, the department will have to purchase them at approximately \$316 each. Out of approximately 100 employees, the department is proposing to purchase 50 professional licenses at an estimated cost of \$15,800.

**Department Of Agriculture-6201
Agricultural Sciences Div.-30**



Program Description - The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of: 1) pesticide and pest management; 2) analytical laboratory services; 3) noxious weed management; 4) agricultural chemical groundwater management; and 5) vertebrate pest management. This program administers the Montana Pesticides Act, Agricultural Chemical Groundwater Protection Act, Crop Insect Detection Act, Vertebrate Pest Management Act, Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed in the state.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Commercial Agricultural Products Registered	11,230	11,660	11,920	12,200	12,400	12,600
Analysis of Commercial Agricultural Products	9,784	5700	5708	5712	5800	5800
Commodity Certificates	4,737	3503	4016	4065	4130	4140
Noxious Weed Trust Fund Grants Awarded	157	163	141	150	150	150
Pest Quarantines and Surveys	24	22	23	25	35	40
Compliance Assistance, Education, and Inspections	1,567	1619	1759	1823	1853	1853

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	56.17	0.00	2.50	58.67	0.00	2.50	58.67
Personal Services	2,020,206	244,474	110,569	2,375,249	245,900	110,304	2,376,410
Operating Expenses	919,093	120,552	200,032	1,239,677	130,881	200,032	1,250,006
Equipment	139,573	0	0	139,573	0	0	139,573
Grants	2,285,759	300,000	2,007,278	4,593,037	300,000	0	2,585,759
Total Costs	\$5,364,631	\$665,026	\$2,317,879	\$8,347,536	\$676,781	\$310,336	\$6,351,748
General Fund	181,198	(20,274)	(29,015)	131,909	(20,273)	(29,015)	131,910
State/Other Special	4,348,362	511,197	88,529	4,948,088	518,542	88,388	4,955,292
Federal Special	835,071	174,103	2,258,365	3,267,539	178,512	250,963	1,264,546
Total Funds	\$5,364,631	\$665,026	\$2,317,879	\$8,347,536	\$676,781	\$310,336	\$6,351,748

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

**Department Of Agriculture-6201
Agricultural Sciences Div.-30**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$8,412	FY04	\$0
FY05	\$8,392	FY05	\$0

PL- 2 - Mint Committee -

Reestablish per diem, travel, meeting expenses, program supplies, and contracted services for research on mint production and management of pests and weeds for the Mint Committee.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$0
FY05	\$300,000	FY05	\$0

PL- 4 - Noxious Weed Grants -

This request is based on the expected increase in interest income from the Montana Noxious Weed Trust fund and increased revenue to the fund that is based on the number of vehicles registered in the state. The additional appropriation authority will allow the full use of revenue to be provided as grants to local cooperative weed management areas, weed education programs and weed research.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,000	FY04	\$0
FY05	\$20,000	FY05	\$0

PL- 9 - Contracts for Inspections of Organic Applicants -

Increase contracted services to inspect producers and handlers operations. The inspections will determine whether organic certification can be granted.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,616	FY04	\$0
FY05	\$1,616	FY05	\$0

PL- 14 - Weed Seed Free Forage supply purchases -

Restore sufficient funding to purchase color-coded bailing twine to mark certified noxious weed seed free forage.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,149	FY04	\$0
FY05	\$5,149	FY05	\$0

PL- 15 - Advisory Councils Lodging and Per Diem -

Restore and provide additional funding to pay travel and per diem costs to the members serving on the Noxious Weed Trust Fund, Organic Certification, and Noxious Weed Seed Free Forage advisory councils.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,700	FY04	\$0
FY05	\$2,700	FY05	\$0

PL- 17 - Pesticide Applicator Training -

Provide additional authority for operational costs to provide training for recertification of pesticide applicators and dealers including speaker fees and increases in training room rental, travel costs, and supplies and materials.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$21,165	FY04	\$0

**Department Of Agriculture-6201
Agricultural Sciences Div.-30**

FY05 \$21,165 FY05 \$0

PL- 18 - Waste Pesticide Disposal Program Disposal Cost -

Provide appropriation authority for the waste pesticide disposal program above base year funding to historical levels. In addition, the disposal program will be paying its fair share of personal services and operations costs not charged to the program in previous disposal collections.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$800	FY04 \$0
FY05 \$3,300	FY05 \$0

PL- 19 - Field Office Rent Contracts -

Funding is necessary to pay increased rent per contracts approved by Dept of Administration for field offices.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$20,000	FY04 \$0
FY05 \$20,000	FY05 \$0

PL- 20 - Federal Contract for Feed Inspections (BSE) -

Funding is necessary to reestablish a budget and allow for new funding from the FDA to inspect and sample commercial feeds. The inspections will assure compliance with laws that prevent the spread of bovine spongiform and encephalitis (BSE/Mad Cow Disease), a devastating disease of cattle and humans.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,314	FY04 \$0
FY05 \$2,314	FY05 \$0

PL- 21 - Restore Produce Inspector Overtime -

Restore the zero-based overtime for grade inspections of potatoes and other commodities, which occur upon request by growers and are often needed on the weekends and after regular hours.

----- **New Proposals** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$178,500	FY04 \$0
FY05 \$178,500	FY05 \$0

NP- 5 - Federal Discretionary Funding -

EPA discretionary funds will likely be available for special pesticide programs involving training, enforcement, worker protection, endangered species, and ground water protection.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$59,514	FY04 \$0
FY05 \$59,373	FY05 \$0

NP- 7 - Organic Program Fund Switch to State Special -

Previous legislative sessions provided the organic program with start up costs funded from the general fund. The Legislature further instructed the department to make the program self-supporting in the 2005 biennium. This decision package requests an increase in state special revenue authority from the organic fees collected. It also requests 1.00 FTE to run the program. This FTE was removed during the last session because it had been held vacant while the federal government finalized the organic rules.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$72,587	FY04 \$0

**Department Of Agriculture-6201
Agricultural Sciences Div.-30**

FY05 \$72,463 FY05 \$0

NP- 10 - USDA Cooperative Agricultural Pest Survey -

Funding authority is needed for surveys and management of agricultural pests and to protect homeland security. The USDA Animal and Plant Health Inspection Service has funding for the department to address issues of Homeland Security. The USDA is making this funding available for pest detection and prevention programs, to improve the pest detection system in the U. S. and to prevent the intentional or accidental introduction of pests that could cause serious harmful impacts to agriculture and other segments of Montana's economy. This program would require the addition of 1.00 FTE to manage the funds and the pest control program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,007,278	FY04	\$0
FY05	\$0	FY05	\$0

NP- 13 - USDA Forest Service Weeds and Fire Grants -

Federal biennial appropriation authority is needed to issue grants to counties and cooperative landowner associations for control of noxious weeds from funds granted to the department by the USDA Forest Service.

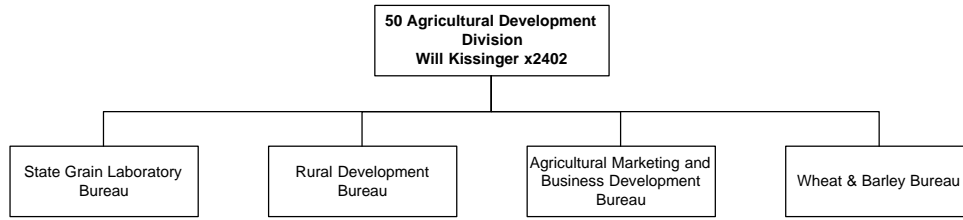
----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$29,015)
FY05	\$0	FY05	(\$29,015)

NP- 8000 - Apiary (Honey Bee) Fund Switch -

The department proposes to implement an apiary fee for the 2005 biennium to replace general fund. This will require legislation to allow the department to continue to provide the same level of services using new state special revenue for services that have been funded with general fund.

**Department Of Agriculture-6201
Agricultural Development-50**



Program Description - The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the following Bureaus: Rural Development, Wheat and Barley, Agriculture Marketing & Business Development and State Grain Laboratory. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Wheat and Barley:						
Market Info Requests	242	237	232	250	250	250
Research & Marketing Projects	74	67	64	47	60	75
Foreign Trade Delegation Representatives	61	38	47	50	50	50
State Grain Lab:						
Official & Submitted Grades	22,044	18,632	11,465	14,100	18,500	20,000
Commodity Grades (Peas, Beans, Lentils)	314	299	213	240	250	300
Related Testing (Proteins, Germinations, Falling Numbers)	25,781	20,918	13,750	15,550	20,000	21,500
Hail Insurance:						
Insurance Policies*	1,628	1,270	1,232	1,350	1,400	1,450
Acreage Insured*	1,032,353	801,563	532,939	950,000	1,000,000	1,200,000
Ag Finance:						
Junior Ag Loans	149	138	127	139	145	155
Subordination Loans	8	8	10	11	13	15
Rural Assistance Loans	56	56	53	58	63	68
Loan Portfolio Amount	\$1,810,602	\$1,765,907	\$1,775,820	\$2,000,000	\$2,150,000	\$2,350,000
Marketing & Business Development:						
GTA Investment Portfolio	\$267,930	\$1,116,617	\$1,221,029	\$589,000*	\$1,098,369	\$1,098,369
GTA Awards Made	7	45	39	21	42	42
Companies Assisted w/ Business Start-up, Expansion, or Business Recruitment/Relocation	11	34	57	70	80	90

**Department Of Agriculture-6201
Agricultural Development-50**

Companies Assisted w/ Business Start-up	14	44	108	110	130	150
Promotions Conducted	7	8	8	8	8	8
Dept Trade Show Participation	7	6	10	7	10	10
Dept Assisted Trade Show Participants	8	20	9**	15	20	30
Trade Missions & Reverse Trade Missions	7	6	5	6	6	6

**Transition to Trade Show Assistance Program
*Reduced Funding Special Session

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	39.88	0.00	0.00	39.88	0.00	0.00	39.88
Personal Services	935,294	648,440	0	1,583,734	648,915	0	1,584,209
Operating Expenses	1,157,644	166,854	0	1,324,498	65,972	0	1,223,616
Equipment	0	66,800	0	66,800	66,800	0	66,800
Grants	780,731	18,896	0	799,627	18,896	0	799,627
Transfers	80,000	(80,000)	0	0	(80,000)	0	0
Total Costs	\$2,953,669	\$820,990	\$0	\$3,774,659	\$720,583	\$0	\$3,674,252
General Fund	326,712	10,708	0	337,420	10,711	0	337,423
State/Other Special	2,390,642	562,779	0	2,953,421	461,062	0	2,851,704
Federal Special	44,500	175,500	0	220,000	175,500	0	220,000
Proprietary	191,815	72,003	0	263,818	73,310	0	265,125
Total Funds	\$2,953,669	\$820,990	\$0	\$3,774,659	\$720,583	\$0	\$3,674,252

----- Present Law Adjustments -----

Total Agency Impact	General Fund Total
FY04 \$185,084	FY04 \$0
FY05 \$184,542	FY05 \$0

PL- 6 - Increase in Federal Authority -

The department continues to see an increase in the federal funding for marketing projects from Western United States Agriculture Trade Association (WUSATA), Federal State Marketing Improvement Program (FSMIP) and market development trade missions.

**Department Of Agriculture-6201
Agricultural Development-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,044	FY04	\$0
FY05	\$20,096	FY05	\$0

PL- 10 - State Hail Insurance Base Adjustment -

The purpose of this proposal is to increase the base appropriation to a level equivalent to that appropriated the base year of FY 2002. Due to the severe drought during the base year, agriculture producers did not take out state hail insurance on poor quality and reduced acreage crops. The increased appropriation is required so that a normal level of services can be provided during normal hail insurance years.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$269,891	FY04	\$0
FY05	\$270,736	FY05	\$0

PL- 11 - State Grain Laboratory Base Adjustment -

The purpose of this proposal is to increase the base appropriation of the State Grain Laboratory to a level equivalent to that appropriated the base year of FY 2002. Due to the severe drought during the past several years including the base year, agriculture producers and the grain trade did not have the number of grain samples to send to the grain lab for analysis. The reduction in revenue required the department to reduce personal services and operations accordingly. The requested increased in base appropriation is required so that a normal level of services can be provided during a heavy workload year at the lab.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 12 - Universal System Benefits Charge -

A Universal System Benefit (USB) charge was established by the Legislature in Title 69, chapter 8, part 4, MCA, to fund social benefits that might otherwise not be funded through the market place. These benefits include renewable energy development, low-income energy assistance and weatherization energy efficiency. USB charges are being collected by Northwestern Energy and Montana Dakota Utilities (MDU). Northwestern, MDU and qualifying large utility customers are allowed to operate programs to expand these funds on eligible public benefit activities. According to statute, a portion of the USB is to be used to provide for reductions in energy costs of irrigated agriculture through energy conservation and efficiency measures. This is a biennial appropriation request.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$9,300	FY04	\$0
FY05	\$9,300	FY05	\$0

PL- 16 - Per Diem Requests -

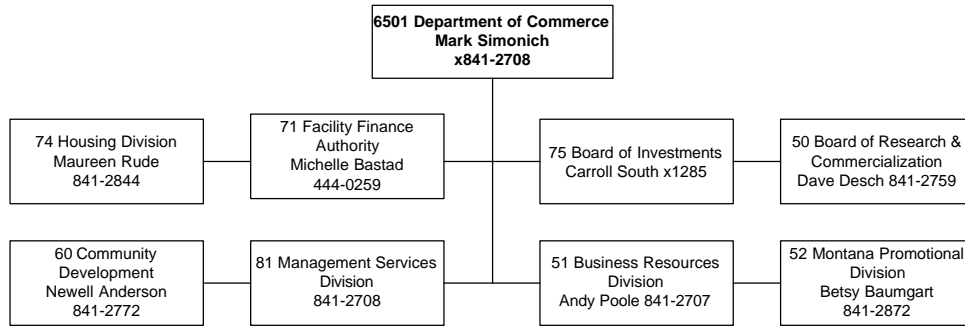
Restore zero-based per diem to the actual amount spent in the base year, since the same number of meetings are projected to be held.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$253,053)	FY04	\$0
FY05	(\$258,577)	FY05	\$0

PL- 50 - Coal Severance Tax Shared Acct Reduction -

The executive is proposing to reduce the shared coal severance tax account from 8.36 percent to 4.18 percent for the 2005 biennium with the passage and approval of a bill.

Department Of Commerce-6501



Mission Statement - To enhance economic prosperity in Montana by working with our community partners to foster community led diversification of our economy, and to maintain and improve our infrastructure, housing and facilities.

Statutory Authority - The Department of Commerce is primarily mandated in Title 2, Section 15, part 18, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	68.50	1.00	(19.50)	50.00	1.00	(19.50)	50.00
Personal Services	2,767,665	485,690	(811,690)	2,441,665	488,504	(811,945)	2,444,224
Operating Expenses	3,414,705	529,359	(754,972)	3,189,092	478,956	(733,570)	3,160,091
Equipment	0	15,000	25,000	40,000	0	0	0
Grants	37,857,358	16,835,428	(38,234,502)	16,458,284	14,165,221	(40,248,513)	11,774,066
Total Costs	\$44,039,728	\$17,865,477	(\$39,776,164)	\$22,129,041	\$15,132,691	(\$41,794,028)	\$17,378,381
General Fund	1,967,443	237,999	(88,804)	2,116,638	234,494	(88,343)	2,113,594
State/Other Special	2,556,211	207,501	0	2,763,712	(805,795)	0	1,750,416
Federal Special	39,516,074	17,419,977	(39,687,360)	17,248,691	15,703,982	(41,705,685)	13,514,371
Total Funds	\$44,039,728	\$17,865,477	(\$39,776,164)	\$22,129,041	\$15,132,691	(\$41,794,028)	\$17,378,381

----- Agency General Fund Target - \$3.53 million -----

The difference between the \$3.53 million general fund target and the \$4.23 million general fund shown in the table is \$700 thousand, which is the state special revenue coal board grants reductions that will be deposited to the general fund.

In addition, the Department of Commerce will exceed its general fund target by about \$4.65 million through the proposed elimination of the Research and Commercialization program, reducing the Certified Communities statutory appropriation and cutting the Export Trade statutory appropriation in other legislation.

**Department Of Commerce-6501
Research And Commercialization-50**

50 Board of Research & Commercialization Dave Desch 841-2759

Program Description - The Board of Research and Commercialization Technology was created by the 1999 Montana Legislature to provide a predictable and stable source of funding for research and commercialization projects; expand and strengthen research efforts for the state's basic industries to increase their economic impact on the state economy; and expand research efforts into areas beyond the scope of the basic industries to diversify and strengthen economic security through the creation of technology-based operations and long-term quality jobs.

The board has the authority to make grants or loans to research and commercialization centers if the projects to be funded 1) have potential to diversify or add value to a traditional basic industry of the state economy, 2) show promise for enhancing technology-based sectors or commercial development of discoveries, 3) employ or take advantage of existing research and commercialization strengths, 4) have a realistic and achievable project design, 5) employ an innovative technology, 6) are located in the state, 7) have a qualified research team, 8) have scientific merit based on peer review, and 9) include research opportunities for students.

The board responsibilities are mandated primarily in Title 90, Chapter 10, MCA.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
	Fiscal 2002	Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	1.00	0.00	(1.00)	0.00	0.00	(1.00)	0.00
Personal Services	83,224	(25,374)	(57,850)	0	(25,508)	(57,716)	0
Operating Expenses	37,383	(6,429)	(30,954)	0	(6,756)	(30,627)	0
Total Costs	\$120,607	(\$31,803)	(\$88,804)	\$0	(\$32,264)	(\$88,343)	\$0
General Fund	120,607	(31,803)	(88,804)	0	(32,264)	(88,343)	0
Total Funds	\$120,607	(\$31,803)	(\$88,804)	\$0	(\$32,264)	(\$88,343)	\$0

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$2,281)	FY04 (\$2,281)
FY05	(\$2,426)	FY05 (\$2,426)

PL- 11 - Administrative Cost Adjustments HB 2 -

One-time moving costs are deleted from the base, offset by inclusion of zero-based board per diem and overtime, as well as the rent adjustment for the new location.

----- New Proposals -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$32,098	FY04 \$32,098
FY05	\$32,057	FY05 \$32,057

NP- 3 - Restore 1.00 FTE Cobb Amendment HB 2 -

The Board of Research and Commercialization was created by the 1999 Legislature to encourage economic development through investment in research and commercialization projects. A staff consisting of 1.00 FTE executive director and a 1.00 FTE program specialist who was added in FY 2002 supports the board. The funding and FTE authority requested would be for a permanent 1.00 FTE program specialist needed because the board currently has

**Department Of Commerce-6501
Research And Commercialization-50**

funded 37 research and commercialization projects in the amount of \$9 million dollars. In March 2002, the program received another 30 applications for new projects, which will receive funding consideration by the board. Adequate monitoring of these projects is essential for prudent administration of the program. Project recipients are required to submit monthly, quarterly, semiannual and final reports. Decisions to make disbursements to projects are made after a review of project reports. The director cannot adequately administer the growing program. There is another bill to provide the administrative funding from the interest earnings and funds in the statutorily-appropriated account, which would eliminate the general fund and the HB 2 authority for the program.

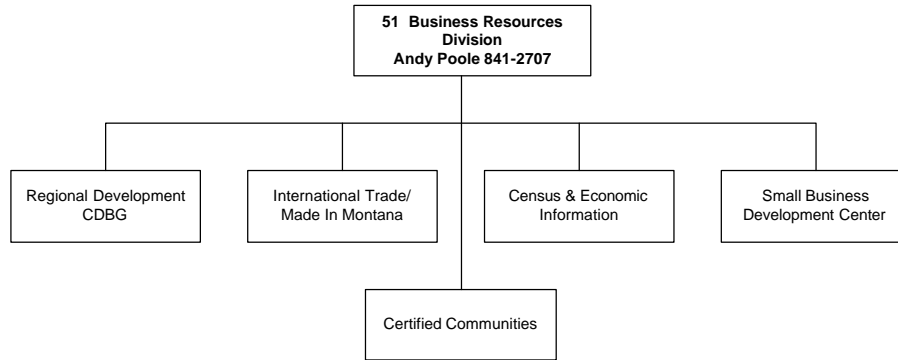
----- **Other Legislation Required to Implement HB 2** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$120,902)	FY04	(\$120,902)
FY05	(\$120,400)	FY05	(\$120,400)

NP- 8001 - Research & Commercialization Legislation -

A bill is recommended by the executive to eliminate the Research and Commercialization program in the department and deposit the funds to the general fund. The total savings would be about \$3.65 million. The administrative costs including per diem and expenses for the board are shown here.

**Department Of Commerce-6501
Business Resources Division-51**



Program Description - The Business Resources Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. Working closely with the private sector, our economic and community development partners, other department divisions, state agencies, and federal and private programs, the division strives to enhance the economic base of Montana through business creation, expansion, and retention efforts.

The Business Resources Division is funded with a combination of general fund, state special revenue funds, and federal funds. The Census and Economic Information Center and regional development function are fully funded by the general fund. Community development block grants are primarily funded with federal funds, but the general fund matches a portion of the costs for administering the grants. Interest from loans to Microbusiness Development Corporations (MBDCs) provides funding for the administrative expenses of the microbusiness loan program. Trade and international relations activities are funded with general fund and state special revenue from conference fees. Small Business Development Centers are primarily funded with federal funds, but the general fund matches a portion of the administrative costs and state special revenue from private industry partnering provides a portion of the funding. The trade program receives additional funding from Montana Promotion Division's allocation of the accommodation tax, amounting to \$200,000 annually. Since accommodation tax revenues are statutorily appropriated, this amount does not require legislative appropriation in HB 2 and as such does not appear in the funding tables. The trade program also receives funding from the Growth Through Agriculture program in the Department of Agriculture. The Agriculture Council determines the amount of grant funds to be transferred to the division, which has typically been \$90,000 per year for this purpose.

The Montana Microbusiness Technical Assistance Program is funded primarily through a grant from the United States Small Business Administration. The goal of the program is to provide technical assistance to low to moderate -income individuals to assist them in obtaining private sector financing of up to \$25,000 to start or expand a small business. The focus of the Montana program is to supplement existing business counseling and training resources by providing basic business management training through a combination of traditional classroom style training and internet training. The program utilizes the NxLevel Business Plan Basics curriculum. The program has developed an on-line version of the course that targets remote rural businesses, low or moderate-income individuals, people with disabilities, and Native Americans.

Business resources responsibilities are mandated primarily in Title 30, Chapter 16; Title 17, Chapter 6; and Title 90, Chapter 1, MCA.

**Department Of Commerce-6501
Business Resources Division-51**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	26.50	0.00	0.00	26.50	0.00	0.00	26.50
Personal Services	1,023,661	281,864	0	1,305,525	283,368	0	1,307,029
Operating Expenses	1,538,165	63,440	0	1,601,605	58,728	0	1,596,893
Grants	2,122,451	0	0	2,122,451	0	0	2,122,451
Total Costs	\$4,684,277	\$345,304	\$0	\$5,029,581	\$342,096	\$0	\$5,026,373
General Fund	1,455,744	188,837	0	1,644,581	185,629	0	1,641,373
State/Other Special	178,014	6,986	0	185,000	6,986	0	185,000
Federal Special	3,050,519	149,481	0	3,200,000	149,481	0	3,200,000
Total Funds	\$4,684,277	\$345,304	\$0	\$5,029,581	\$342,096	\$0	\$5,026,373

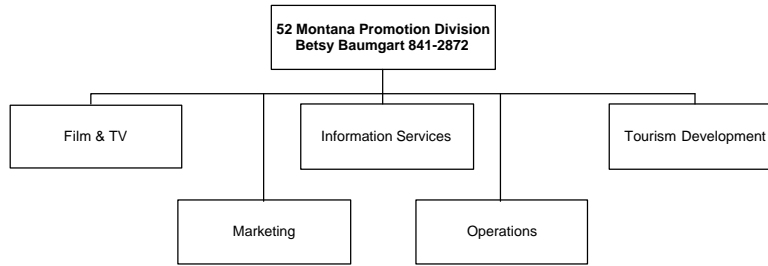
----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$77,092	FY04 \$77,092
FY05	\$79,414	FY05 \$79,414

PL- 12 - Administrative Costs Adjustments -

One-time moving costs are deleted from the base, offset by inclusion of zero-based board per diem and overtime, as well as the rent adjustment for the new location and the indirect charges required by state law adopted in the special session.

**Department Of Commerce-6501
Montana Promotion Division-52**



Program Description - The Montana Promotion Division strives to strengthen Montana's economy through increased visitor travel, visitor expenditures, and the filming of motion pictures and commercials in the state. The division works to project a positive image of the state through consumer advertising, publicity, international and domestic group travel marketing, printing and distribution of literature, and marketing to motion picture and television production companies. The division is funded primarily by the statutorily-appropriated lodging facility use tax and uses these monies to provide training and assistance to the Montana tourism industry, administer and distribute infrastructure grants, and oversee expenditures of six regional non-profit corporations and the nine specific cities where lodging facility use tax collections exceed \$140,000.

The division is primarily funded by state special revenues derived from 67.5 percent of lodging facility use tax receipts remaining after statutory deductions. Statutory deductions include a \$400,000 transfer each year into the Montana historic preservation and development account and transfers to refund state accounts for lodging facility use taxes paid by state employees on official business, and Department of Revenue costs for collection. The remainder of the tax not allocated to the Department of Commerce goes to the Montana State Historical Society, the University of Montana for allocation to the Institute of Tourism and Recreation Research, and to the Department of Fish, Wildlife and Parks. The Montana Promotion Division distributes 22.5 percent of the lodging facility use tax revenue to regional nonprofit tourism corporations and to certain cities. The remainder is spent by the division for tourism promotion and for promotion of the state as a location for motion pictures and television commercials. The funds distributed to the department are statutorily appropriated by 15-65-121, MCA, rather than in HB 2.

The division is mandated primarily in Title 15, Chapter 65, and Title 2, Chapter 15, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	654,172	114,169	0	768,341	95,828	0	750,000
Total Costs	\$654,172	\$114,169	\$0	\$768,341	\$95,828	\$0	\$750,000
State/Other Special	654,172	114,169	0	768,341	95,828	0	750,000
Total Funds	\$654,172	\$114,169	\$0	\$768,341	\$95,828	\$0	\$750,000

Most of the program is statutorily appropriated and not in HB 2. See Table C-3 on the following page.

**Department Of Commerce-6501
Montana Promotion Division-52**

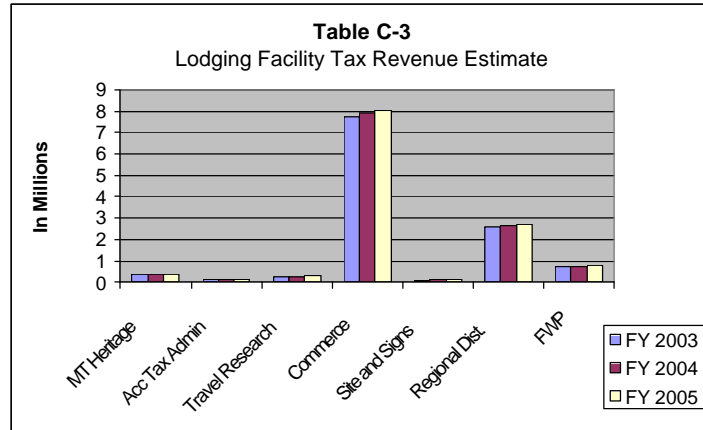
----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$110,977	FY04 \$0
FY05	\$110,977	FY05 \$0

PL- 15 - Private Funds Adjustment -

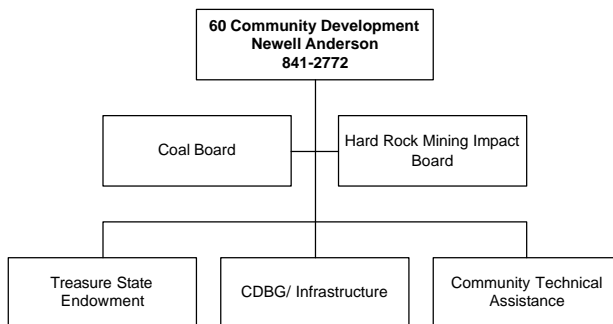
The Montana Promotion Division has historically adjusted its HB 2 private funds appropriation to \$750,000 for each year of the biennium and this proposal continues the historically-established trend.

Statutory appropriations are not included in HB 2 -



	<i>MT Heritage</i>	<i>Acc Tax Admin</i>	<i>Travel Research</i>	<i>Commerce</i>	<i>Site and Signs</i>	<i>Regional Dist.</i>	<i>FWP</i>	<i>Total</i>
			2.5%	67.5%	1.0%	22.5%	6.5%	100.0%
	02102	02110	02111	02116	02123	02254	02274	
		<i>Acc Tax Admin</i>	<i>Travel Research</i>			<i>Regional Dist.</i>		
FY 03	400,000	133,256	286,312	7,730,426	114,525	2,576,809	744,411	11,985,740
FY 04	400,000	137,254	292,205	7,889,535	116,882	2,629,845	759,733	12,225,454
FY 05	400,000	141,371	298,215	8,051,800	119,286	2,683,933	775,359	12,469,963

**Department Of Commerce-6501
Community Development Division-60**



Program Description - The Community Development Division works with federal, state, and local governments, and the private sector, in all areas of community development including public facilities planning and financing, community planning and growth management, subdivision regulation and zoning, housing development for low- and moderate-income families, neighborhood revitalization, needs assessment, and coal and hard rock mining mitigation, and project management.

There are three major programs within the bureau:

- Community Technical Assistance Program (CTAP)
- Community Development Block Grant Program (CDBG)
- Treasure State Endowment Program (TSEP)

The Montana Coal Board and the Montana Hard Rock Mining Impact Board and their respective programs are attached to the bureau for administrative purposes. These five programs, individually and collectively, provide both financial and technical assistance to Montana communities, local elected officials and staff, nonprofit organizations, private sector developers and consultants, and private citizens.

Other assisted entities include local planning boards and zoning commissions, community development corporations, human resource development councils, water and sewer districts, fire departments, and housing authorities.

The Hard Rock Mining Board is funded by a 2.5 percent allocation of the Metalliferous Mines License Tax. The Community Development Block Grant (CDBG) program is primarily funded with federal block grant funds although the general fund provides a HUD-mandated match for a portion of the administrative costs of the program. The Treasure State Endowment Program is funded by interest earnings from the permanent coal tax trust. The Community Technical Assistance Program (CTAP) is funded through the general fund. The Coal Board competes with three other programs (Montana Growth Through Agriculture, State Library Commission, and Conservation Districts) for a share of Coal Severance Tax collections

Community Development responsibilities are primarily mandated in Title 90, Chapter 1 and Chapter 6, MCA; and federal authorizations 24 CFR 570, subpart 1; and 42 USC 5301.

**Department Of Commerce-6501
Community Development Division-60**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	17.00	1.00	0.00	18.00	1.00	0.00	18.00
Personal Services	732,269	158,840	0	891,109	159,180	0	891,449
Operating Expenses	488,197	160,244	0	648,441	156,587	0	644,784
Grants	5,626,816	(161,327)	0	5,465,489	(1,156,823)	0	4,469,993
Total Costs	\$6,847,282	\$157,757	\$0	\$7,005,039	(\$841,056)	\$0	\$6,006,226
General Fund	391,092	80,965	0	472,057	81,129	0	472,221
State/Other Special	1,724,025	66,346	0	1,790,371	(928,609)	0	795,416
Federal Special	4,732,165	10,446	0	4,742,611	6,424	0	4,738,589
Total Funds	\$6,847,282	\$157,757	\$0	\$7,005,039	(\$841,056)	\$0	\$6,006,226

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$54,867	\$0
FY05	\$54,734	\$0

PL- 5 - Treasure State Endowment 1.00 FTE -

The Treasure State Endowment Program needs 1.00 FTE civil engineer specialist because of increased work load due to the steadily increasing number of TSEP projects since 1994 and new duties related to funds appropriated for preliminary engineering studies and emergency projects. The current TSEP staff are not qualified to address technical engineering issues.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$161,327)	\$0
FY05	(\$1,156,823)	\$0

PL- 6 - Coal Impact Funding -

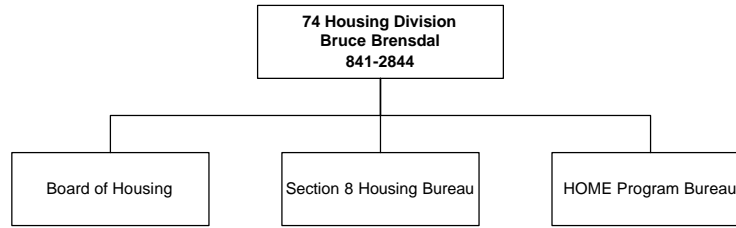
The Montana Coal Board is recommended to receive a biennial appropriation of \$995,496 for its local impact mitigation grants budget. The negative adjustments are made to establish the biennial amount. There will be a bill recommended by the Office of Budget and Program Planning to reduce the amount in the coal severance tax shared account by 50 percent just for the 2005 biennium. The current grants budget is \$1,157,076 for FY 2002, and \$1,190,552 for FY 2003, or \$2,347,628 for the 2003 biennium.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$167,223	(\$6,028)
FY05	\$168,732	(\$5,739)

PL- 13 - Administrative Cost Adjustments -

One-time moving costs are deleted from the base, offset by inclusion of zero-based board per diem and overtime, as well as the rent adjustment for the new location and the indirect charges required by state law adopted in the special session.

**Department Of Commerce-6501
Housing Division-74**



Program Description - The Housing Division, established on July 1, 1995, consolidates housing programs within the Department of Commerce into one division, which includes the HUD HOME Investment Partnerships Program, the HUD Tenant Based and Project Based Section 8 Housing Programs, and the Board of Housing and its programs. The HOME Program is funded by an annual categorical federal grant from HUD. Grant funds are distributed using a competitive process to successful local governments and Community Housing Development Organizations with an allowed amount being held back at the state level to administer the program. Section 8 Housing Programs are funded under performance-based annual contribution contracts with HUD. The Board of Housing is funded by proprietary (enterprise type) funds derived from an administrative charge applied to mortgages financed and applications received, and no direct appropriations are provided in HB 2.

Housing Division work is mandated primarily in Title 2, Chapter 15; Title 90, Chapter 1, and Chapter 6, MCA; 24 CFR 91, and 92; 24 CFR 5, 792, 813, 887, 982, and 984; and the Governor's Executive Order 27-81.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	24.00	0.00	(18.50)	5.50	0.00	(18.50)	5.50
Personal Services	928,511	70,360	(753,840)	245,031	71,464	(754,229)	245,746
Operating Expenses	694,747	197,930	(724,018)	168,659	174,564	(702,943)	166,368
Equipment	0	15,000	25,000	40,000	0	0	0
Grants	30,108,091	16,996,755	(38,234,502)	8,870,344	15,322,044	(40,248,513)	5,181,622
Total Costs	\$31,731,349	\$17,280,045	(\$39,687,360)	\$9,324,034	\$15,568,072	(\$41,705,685)	\$5,593,736
State/Other Special	0	20,000	0	20,000	20,000	0	20,000
Federal Special	31,731,349	17,260,045	(39,687,360)	9,304,034	15,548,072	(41,705,685)	5,573,736
Total Funds	\$31,731,349	\$17,280,045	(\$39,687,360)	\$9,324,034	\$15,568,072	(\$41,705,685)	\$5,593,736

Please note that a HB 576 section exists for this program.

**Department Of Commerce-6501
Housing Division-74**

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$17,006,091	FY04 \$0
FY05	\$15,331,380	FY05 \$0

PL- 7 - Adjust Federal Grants -

Adjustments to the Section 8 Housing Program bring the requested grant amounts up to the federal budget allocation and apply annual rent increases and inflation onto current agent grant contracts. Adjustments to the HOME Program reflect changes in the grant application cycle, which results in awarding and disbursing federal funds faster.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$130,000	FY04 \$0
FY05	\$130,000	FY05 \$0

PL- 9 - Lead-based Paint Inspections -

It is recommended that the budget include costs of HUD-required lead-based paint clearance testing in Section 8 Housing programs.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$15,000	FY04 \$0
FY05	\$0	FY05 \$0

PL- 10 - Replace Database Server - OTO

The Section 8 Housing tenant-based program uses a private commercial software database package from "HAPPY" software to perform all administrative and financial functions of the programs. The database server running the specialized "HAPPY" software is now over two years old and will be ready for replacement in FY 2004. Additional system requirements by 2004 will make the current database server obsolete by that time.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$8,200	FY04 \$0
FY05	\$10,204	FY05 \$0

PL- 14 - Administrative Cost Adjustments -

One-time moving costs are deleted from the base, offset by a posting error, the rent adjustment for the new location and the indirect charges required by state law adopted in the special session.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$20,000	FY04 \$0
FY05	\$20,000	FY05 \$0

PL- 742 - Board of Housing -

HB 273 of the 2001 Legislature transferred \$3,415,928 TANF (temporary assistance to needy families) block grant to the affordable housing revolving loan account. SB 6 of the 2002 Special Session reduced the amount to \$700,000. The Housing Division is allowed a 7 percent administrative cost reimbursement for each loan made from the TANF funds. No loans were made in FY 2002; therefore, no expenditures were charged to the program and no base was established in the fund. Loans of approximately \$286,000 are anticipated each fiscal year and charged to the program.

**Department Of Commerce-6501
Housing Division-74**

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$39,767,604)	FY04	\$0
FY05	(\$41,745,884)	FY05	\$0

NP- 2 - Section 8 Housing Funding Shift -

The Section 8 Housing program works to provide rental assistance through Housing and Urban Development (HUD) Section 8 authority on behalf of low-income families and the elderly in Montana. Section 8 contracts with HUD to provide payments to landlords for the rental of private housing units to eligible program participants through an annual contribution's contract (ACC). For these services the Section 8 Housing program earns a fee for each unit it manages.

Since the Section 8 Housing program is financed and managed like a private business enterprise it should be accounted for in the enterprise fund type for the following reasons:

- Program customers are completely outside of state government
- GAAP requires it
- The program meets the National Council on Governmental Accounting Standards enterprise fund definition
- HUD requires the program to furnish it with annual financial reports using the enterprise method of accounting
- The HUD contracts are awarded on a competitive basis.
- The CFDA categorizes the Section 8 Housing program as "Direct payments for Specified Use", not as grants or any other type of federal award and
- The program must maintain its lease rates, just like a private enterprise.

The recommendation to place the Section 8 Housing program in an enterprise fund will result in an overall reduction in HB 2 of approximately \$39 million in FY 2004 and \$41 million in FY 2005. There will be no requirement for legislative approval of rates because the program will be categorized as an enterprise fund. The program, like any other private business, will sink or swim on its own merits by securing contracts in a competitive environment, maintaining its lease rates, and controlling its expenditures.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,244	FY04	\$0
FY05	\$35,199	FY05	\$0

NP- 4 - Restore 1.00 FTE Cobb Amendment -

Under the Cobb amendment from the last legislative session, any positions vacant for more than 7 months would need to be re-authorized this session as a new proposal. The Housing Division had promised a prior legislative subcommittee it would not fill any newly authorized positions until workload requirements justified the need for the additional FTE. The Project Based Section 8 Contract Administration program was a 1999 session new proposal, which was ultimately approved. Since the program did not start on the first day of the biennium, the Housing Division left positions vacant until the workload increased, as we accepted duties under the contract with HUD. The position in question was vacant for 18 months of the biennium, filled in January 2002, and needs to be continued and made permanent in order to maintain current program services.

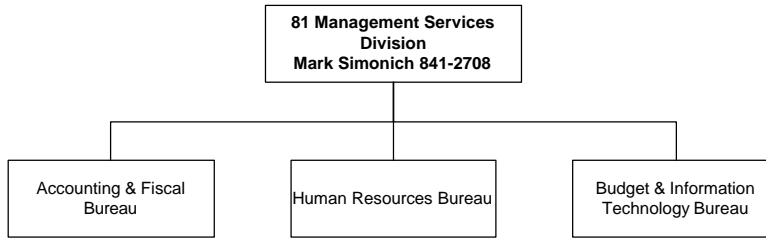
Should the Legislature approve the recommended Section 8 Housing funding shift proposal in NP-2, which would move all program funding from federal special revenue in HB 2 to a HB 576 enterprise fund, then this proposal would be incorporated into that new proposal.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$45,000	FY04	\$0
FY05	\$5,000	FY05	\$0

NP- 8 - HOME Project Administration Software - OTO

It is recommended that the 10-year old manual program and administration tracking system in the HOME program be replaced with an automated software system.

**Department Of Commerce-6501
Director/management Services-81**



Program Description - The Director's Office/Management Services Division consists of two programs, the Director's Office and the Management Services Division. The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively-attached boards, public and private interest groups, the Legislature, Indian tribes, individuals, and the Governor's office. The Management Services Division provides internal support to all agency divisions, bureaus, and programs. Services provided by the Management Services Division include accounting and fiscal, budgeting and information systems, contracting and purchasing, human resources, payroll, and training.

The division is funded by an internal service proprietary fund from indirect costs charged to all agency programs, and no direct appropriations are provided in HB 2. The Director's Office/Management Services Division is mandated primarily in Title 2, Chapter 15; Title 17, Chapters 1 - 8; Title 37, Chapter 1; and Title 90, Chapter 1, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	2,041	5	0	2,046	5	0	2,046
Total Costs	\$2,041	\$5	\$0	\$2,046	\$5	\$0	\$2,046
Federal Special	2,041	5	0	2,046	5	0	2,046
Total Funds	\$2,041	\$5	\$0	\$2,046	\$5	\$0	\$2,046

Please note that a HB 576 section exists for this program.