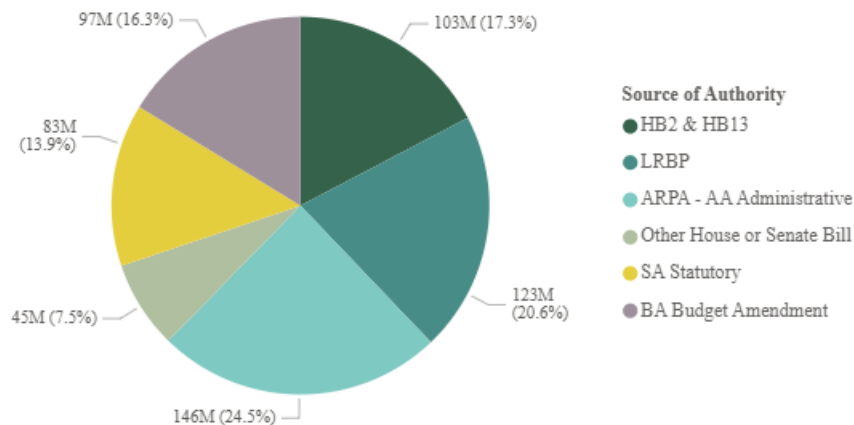


DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Natural Resources and Conservation (DNRC) is shown in the pie chart below. HB 2 and HB 13 provide 17.3% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended	
HB2 & HB13	103,414,125	32,932,575	31.8%	
BA Budget Amendment	97,100,833	5,495,516	5.7%	
LRBP	122,827,573	13,549,433	11.0%	
Other House or Senate Bill	44,884,908	31,666	0.1%	
SA Statutory	83,129,760	69,780,404	83.9%	
ARPA	146,088,548	58,235,544	39.9%	
Total	597,445,746	180,025,137	30.1%	+

Budget Amendment Appropriations

Montana statute (17-7-402, MCA) allows agencies to modify the budget to utilize federal revenue sources during the interim. DNRC's authority through budget amendment in FY 2026 totals \$97.1 million, which is 16.3% of their total budget. The agency has expended \$5.5 million (5.7%) of this authority through November 30, 2025.

The chart below summarizes the purpose of this federal funding. The Climate Pollution Reduction Grants are a series of seven smaller grants to conduct reforestation in areas impacted by wildfire, plant trees in urban and community forests, mitigate underground coal seam fires, reduce harmful algae blooms, innovations to reduce agriculture fertilizer user, improve grazing management, and implement a feedlot innovation program. Much of the funding is intended to be distributed to other agencies and local governments.

Department of Natural Resources and Conservation Budget Amendment Authority			
	Budgeted	Expended	Percent Expended
Climate Pollution Reduction Grants	\$49,768,624	\$6,708	0.0%
Water System Loans and Loan Forgiveness (State Revolving Loan)	14,423,662	1,537,926	10.7%
Forest management, fire prevention, and restoration	13,139,290	1,135,681	8.6%
Flood preparedness, assistance, and reclamation	8,587,462	1,199,834	14.0%
Good Neighbor Authority	3,932,033	205,367	5.2%
Urban and Community Forests	1,935,246	48,576	2.5%
Sage Grouse	1,402,881	1,044,502	74.5%
Grassland & Rangeland Stewardship	1,122,576	35,851	3.2%
Other	1,278,226	56,379	4.4%
Bighorn Canyon Infrastructure Projects	742,945	5,950	0.8%
Dam Safety	364,094	84,953	23.3%
Milk River Rehabilitation	339,019	69,014	20.4%
USDA Training Assignment	64,774	64,774	100.0%
Total Federal Budget Amendments	\$97,100,833	\$5,495,516	5.7%

Long-Range Building Program

For FY 2026, the agency received authority of \$122.8 million for long range building program (LRBP), comprising 20.6% of the agency's total budget. DNRC has expended \$13.5 million (11.0%) through November 30, 2025.

All of DNRC's LRBP authority utilizes federal funds, much of it provided through the Bipartisan Infrastructure Act. About \$96.4 million in authority with \$11.0 million expended is overseen by the Conservation and Resource Development Division, primarily directed towards drinking and wastewater projects in Montana communities. An additional \$20.5 million in authority with \$1.5 million expended is for forest management and fire prevention projects through the Forestry and Trust Lands Division.

Statutory Appropriations

Statutory appropriations in DNRC totaled \$83.1 in FY 2026, or 13.9% of total appropriation authority, with \$69.8 million expended through November 30, 2025. Statutory authority is summarized in the table and described below. Statutory authority for fire suppression is not limited to the amount listed.

Department of Natural Resources & Conservation
Statutory Authority

General Fund	Appropriation	Expended	Remaining Appropriations	Percent Expended
Emergency Funding	84,668	-	84,668	0.0%
<i>Total General Fund</i>	<i>84,668</i>	<i>-</i>	<i>84,668</i>	<i>0.0%</i>
State Special Revenue	Appropriation	Expended	Remaining Appropriations	Percent Expended
Fire Suppression Fund	72,656,691	68,607,399	4,049,292	94.4%
Sage Grouse Stewardship	984,655	1,008	983,648	0.1%
Oil & Gas Damage Mitigation	203,414	-	203,414	0.0%
Environmental Contingency RIT	80,072	-	80,072	0.0%
Forestry Slash Forfeited Bonds	40,000	-	40,000	0.0%
Good Neighbor Agreement State	31,143	2,344	28,799	7.5%
<i>Total State Special Revenue</i>	<i>73,995,975</i>	<i>68,610,751</i>	<i>5,385,224</i>	<i>92.7%</i>
Federal Special Revenue	Appropriation	Expended	Remaining Appropriations	Percent Expended
Good Neighbor Authority				
Flathead National Forest	3,021,618	423,854	2,597,763	14.0%
Kootnai National Forest	1,784,916	201,341	1,583,576	11.3%
Lolo National Forest	1,556,339	335,808	1,220,532	21.6%
Beaverhead-Deerlodge National Forest	1,097,034	76,554	1,020,479	7.0%
Federal Special Revenue	924,276	91,801	832,476	9.9%
Custer Gallatin National Forest	278,645	12,129	266,516	4.4%
Bureau of Land Management	269,024	28,166	240,858	10.5%
Bitterroot National Forest	65,776	-	65,776	0.0%
Helena Lewis & Clark National Forest	45,926	1	45,925	0.0%
<i>Total Good Neighbor Authority</i>	<i>9,043,554</i>	<i>1,169,653</i>	<i>7,873,900</i>	<i>12.9%</i>
Non-Consolidated Grant	5,563	-	5,563	0.0%
	<i>9,049,116</i>	<i>1,169,653</i>	<i>7,879,463</i>	<i>12.9%</i>
Total Statutory Authority	83,129,760	69,780,404	13,349,356	83.9%

General Fund

Emergency Appropriation - (10-3-312, MCA)

The executive has statutory authority to expend up to \$16.0 million in general fund each biennium for emergencies. DNRC received emergency appropriations through executive orders 4-2022 and 7-2025. Although the agency received \$85,000 in authority under the emergency appropriations, they did not expend any funding under this authority.

State Special Revenue

Wildfire Suppression Account – (76-13-150, MCA)

The wildfire suppression account is statutorily appropriated for fire suppression, fuel reduction and mitigation, and fire suppression equipment and preparedness. Through November 30, 2025, expenditures out of the wildfire suppression account totaled \$68.6 million. There was a transfer of \$18.6 million into the fund in FY 2026 from the unexpended amount of the executive's emergency appropriation in FY 2025, consistent with 10-3-312, MCA.

Statute provides authority for the agency to reserve funds for fire mitigation if the fire fund ending fund balance in odd-numbered fiscal years exceeds 3% of all general revenue appropriations. As of FYE 2025, the ending fund balance did not exceed this trigger, meaning the agency does not have statutory authority in FY 2026 to expend fire fund resources on the fire mitigation activities listed in MCA 76-13-150 (4) (b through g), preserving the funds for fire suppression and preparedness.

The fiscal year ending fund balance for FY 2026 is expected to be between \$10.0 million to \$30 million.

Fire Suppression Fund Balance July 1, 2025 to November 30, 2025		
	Actual FY 2025	Actual FY 2026 to Nov. 30
Beginning Balance	\$142,454,132	\$103,195,522
Accrual adjustment for prior year	7,257,026	(12,953,494)
Revenues		
Charges for Services	582,770	80,435
General Fund Transfers	49,367,555	18,572,596
Board of Investment Earnings	27	
Other Revenues	954,116	1,590
Total Revenues	50,904,468	18,654,621
Expenditures		
Fire Suppression	56,767,670	53,859,199
Montana Forest Action Plan	10,463,717	
Fire Preparedness	15,674,909	14,748,201
Total Expenditures	82,906,296	68,607,399
Ending Fund Balance	\$103,195,522	\$40,289,250*

* FYE 2026 Fund Balance expected to be \$10.0 to \$30.0 million.

Sage Grouse Stewardship Account – (87-5-909, MCA)

The sage grouse stewardship account is statutorily appropriated to maintain, enhance, restore, expand, or benefit sage grouse habitat and populations. The FY 2025 ending fund balance was \$5.3 million. The agency has budgeted \$985,000 and expended \$1,000.

Oil and Gas Production Damage Mitigation Account – (82-11-161, MCA)

The oil and gas production damage mitigation account is statutorily appropriated to cover the reasonable costs of properly plugging wells and reclaiming or restoring a drill site when the Montana Board of Oil and Gas determines the site has been abandoned and that the responsible party cannot be identified, located, or otherwise fails to take proper action. The agency included \$203,000 in budgeted statutory appropriation and has not yet expended funding in FY 2026.

Environmental Contingency Account – (75-1-1101, MCA)

The environmental contingency state special revenue is funded by interest earned from the Resource Indemnity Trust (15-38-202, MCA). Funds are statutorily appropriated to support communities that face unanticipated, imminent, or emergency needs in the areas of water development, renewable resources, mineral development, and hazardous wastes or materials. The agency budgeted \$80,000 from this account in FY 2026 and has not yet expended any funding.

Forestry – Slash Forfeited Bonds Account (76-13-417, MCA)

The forestry slash forfeited bonds account revenue comes from forfeited performance bonds posted by entities cutting a forest product, constructing a road to cut a forest product, or conducting timber stand improvement on private forest land. The balance in the account is statutorily appropriated to the agency for the purposes of authorizing, managing, and completing fire hazard reduction activities. The agency budgeted \$40,000 and has no expenditures thus far in FY 2026.

GNA Authority – State Special Revenue - (76-13-151, MCA)

The state receives donations that are statutorily appropriated for the purposes of the good neighbor policy established in 76-16-104, MCA. For FY 2026 through November 30, 2025, the agency expended \$2,300 of the \$31,000 budgeted under this authority.

Federal Special Revenue***Good Neighbor Authority - (76-13-151, MCA)***

The Good Neighbor Authority (GNA) allows the USDA Forest Service to enter into agreements with the agency's Forestry and Trust Land Division to perform forest management and restoration work on federal lands. The agency budgeted \$9.0 million for GNA projects and expended \$1.2 million thus far in FY 2026.

Non-Consolidated Grant

Under 10-3-203, MCA, DNRC has statutory appropriation to spend funding derived from gifts from federal agencies for the purposes of emergency services. The amount listed for FY 2026 of \$6,000 comes from fire equipment donated from the Department of Defense and sold at the state auction. This funding will be used by the mechanic shop to build new fire engines and trucks for county use.

Other Bills

DNRC had approximately \$44.9 million of appropriation authority from other bills with \$32,000 expended through November 30, 2025. This authority includes \$34.5 million state special revenue and \$10.4 million in capital projects. The table below provides a summary of the authority from other bills.

Department of Natural Resources & Conservation Appropriation Through Other House or Senate Bills				
State Special Revenue	Appropriated	Expended	Remaining Appropriation	Percent Expended
HB 6 Renewable Resource Grant and Loan Program (2025 Session)	10,144,500	1,730	10,142,770	0.0%
HB 7 Reclamation and Development Grants (2025 Session)	6,273,260	-	6,273,260	0.0%
HB 10 Long-Range IT Projects				
Financial Management System (2023 Session)	107,964	-	107,964	0.0%
Trust Lands Management System (2019 Session)	500,000	-	500,000	0.0%
HB 11 Regional Water Systems (2025 Session)	10,000,000	-		
HB 924 Water Development (2025 Session)	7,500,000	-	7,500,000	0.0%
<i>Total State Special Revenue</i>	<i>34,525,724</i>	<i>1,730</i>	<i>34,523,994</i>	<i>0.0%</i>
Capital Projects	Appropriated	Expended	Remaining Appropriation	Percent Expended
HB 10 Long-Range IT Projects				
Financial Management System (2023 Session)	119,441	-	119,441	0.0%
Fire Finance Processing System (2023 Session)	235,203	29,936	205,267	12.7%
Flathead Reservation Information Technology System (2023 Session)	129,883	-	129,883	0.0%
HB 540 Bonding for higher education and other state projects (2005 Session)				
St. Mary Water Project	374,656	-	374,656	0.0%
Fort Belknap Water Compact State Share	9,500,000	-	9,500,000	0.0%
<i>Total Capital Projects</i>	<i>10,359,184</i>	<i>29,936</i>	<i>10,329,248</i>	<i>0.3%</i>
Total Appropriation from Other Bills	44,884,908	31,666	44,853,242	0.1%

COVID-19 and ARPA Authority

HB 632 (2021 Session) created two grant programs for water and sewer infrastructure. The DNRC is responsible for reviewing and ranking projects and providing recommendations for funding. Continuing authority in FY 2026 totals \$146.1 million with \$58.2 million (39.9%) expended.

Non-Budgeted Proprietary Fund Authority

In addition to the budgeted authority mentioned above, the agency has \$4.2 million in non-budgeted proprietary funds supported with revenue from the state nursery and charges for air operations. The agency has expended \$1.3 million (31.5%) through November 30, 2025.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2025 through November 30, 2025. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
⊕ Dept Nat Resource/Conservation	103,414,125	103,414,125	0
⊕ 21 CENTRALIZED SERVICES DIVISION	12,412,317	12,412,317	
⊕ 22 OIL & GAS CONSERVATION DIV	2,504,015	2,504,015	
⊕ 23 CONSERVATION&RESOURCE DEV DIV	14,614,385	14,614,385	0
⊕ 24 WATER RESOURCES DIVISION	30,238,301	30,238,301	0
⊕ 35 FORESTRY & TRUST LANDS	43,645,107	43,645,107	
Total	103,414,125	103,414,125	0

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
⊕ 61000 Personal Services	55,484,477	55,779,477	295,000
⊕ 62000 Operating Expenses	34,352,833	34,057,833	-295,000
⊕ 63000 Equipment & Intangible Assets	1,678,666	1,678,666	
⊕ 65000 Local Assistance	3,058,090	3,058,090	
⊕ 66000 Grants	4,060,714	4,060,714	
⊕ 67000 Benefits & Claims	400,000	400,000	
⊕ 68000 Transfers-out	2,047,326	2,047,326	
⊕ 69000 Debt Service	2,332,019	2,332,019	
Total	103,414,125	103,414,125	0

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
⊕ 01 General	45,776,359	45,776,359	0
⊕ 02 State/Other Spec Rev	55,503,698	55,503,698	0
⊕ 03 Fed/Other Spec Rev	2,134,068	2,134,068	
Total	103,414,125	103,414,125	0

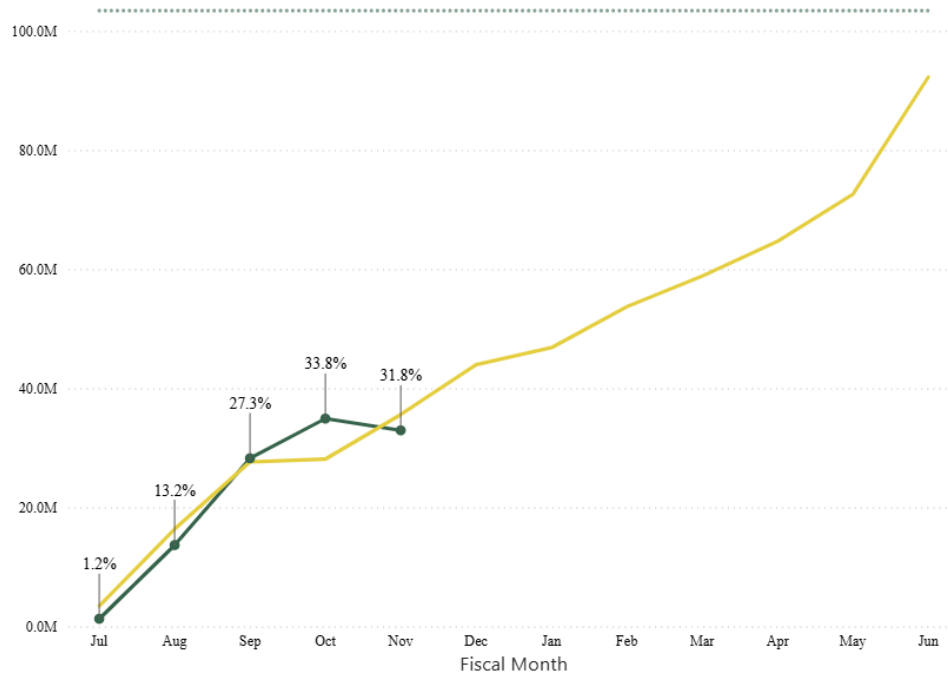
DNRC made one HB 2 budget modification between July 1, 2025 and November 30, 2025, moving \$295,000 of operating expenses related to 4.00 modified PB into personal services. The 4.00 PB were approved as one-time-only positions by the 2025 Legislature. This transfer affected the Water Resources Division and the Conservation and Resource Development Division.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2025.

Monthly Expenditures Compared to Historical Average

● FY 2026 Budget ● Cumulative Monthly FY 2026 Expenditures ● Cumulative Historical Monthly Average Expended



Program Name	Modified Budget	Expended Budget	% Expended
21 CENTRALIZED SERVICES DIVISION	12,412,317	4,008,259	32.3%
22 OIL & GAS CONSERVATION DIV	2,504,015	759,704	30.3%
23 CONSERVATION&RESOURCE DEV DIV	14,614,385	3,532,575	24.2%
24 WATER RESOURCES DIVISION	30,238,301	9,445,538	31.2%
35 FORESTRY & TRUST LANDS	43,645,107	15,186,500	34.8%
Total	103,414,125	32,932,575	31.8%

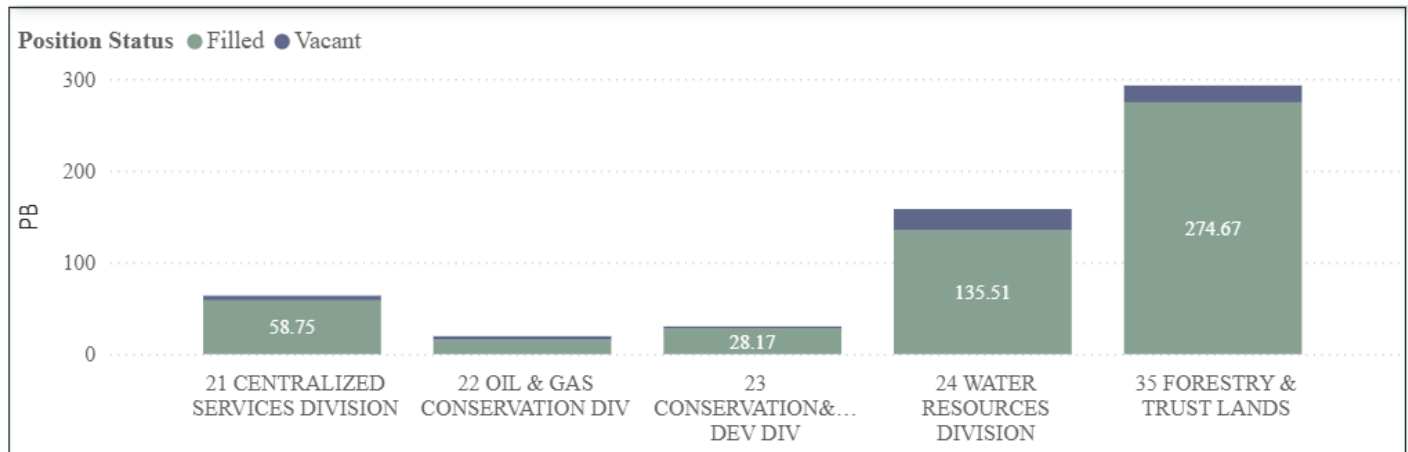
Expenditure Type	Modified Budget	Expended Budget	% Expended
Personal Services	55,779,477	21,190,639	38.0%
Operating Expenses	34,057,833	8,063,600	23.7%
Equipment & Intangible Assets	1,678,666	61,055	3.6%
Local Assistance	3,058,090		
Grants	4,060,714	1,658,823	40.9%
Benefits & Claims	400,000		
Transfers-out	2,047,326	1,183,448	57.8%
Total	103,414,125	32,932,575	31.8%

Fund Type	Modified Budget	Expended Budget	% Expended
01 General	45,776,359	19,424,275	42.4%
02 State/Other Spec Rev	55,503,698	13,396,449	24.1%
03 Fed/Other Spec Rev	2,134,068	111,851	5.2%
Total	103,414,125	32,932,575	31.8%

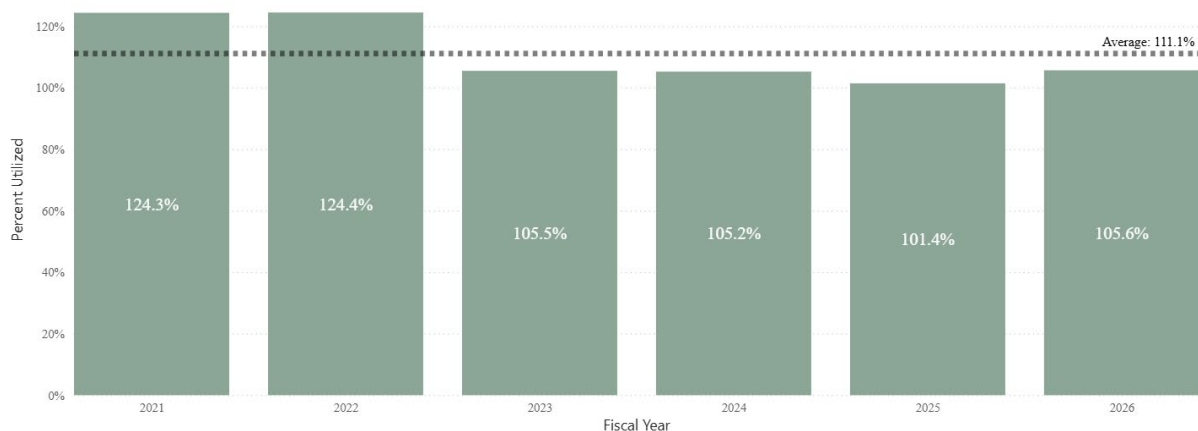
The DNRC expended 31.8% of its \$103.4 million HB 2 modified budget through November 30, 2025. Overall, this is in line with the 5-year Olympic average of 34.4%.

Personal Services

Appropriations for personal services in DNRC total \$55.8 million and are 38.0% expended through November 30, 2025. The following information shows the filled and vacant HB 2 PB within the agency as of November 1, 2025. At this point in time, the department had 600.61 HB 2 PB with 90.2% filled. This total includes 564.61 HB 2 regular PB and 36.00 HB 2 modified PB. The charts and information below show the PB and vacancy by division, including only HB 2 regular PB.



The chart below shows the hourly utilization percentage for DNRC for each fiscal year when compared to the available hours. Overall, the department has utilized 105.6% of the hours budgeted for HB 2 regular PB in July through November of FY 2026, below their average for these months of 111.1%. As shown in the chart, the agency typically has significant overtime hours during the July to November timeframe due to wildfires. Among the 18 HB 2 regular employees who have left the Department since July 1, 2025, three retired and the remainder left state employment.



The chart below shows the vacant PB in each division by title, the number of months each position has been vacant and the midpoint hourly pay rate. Of the 51.51 HB 2 regular PB that are vacant, the median months vacant is 4.03.

Vacant Positions Report

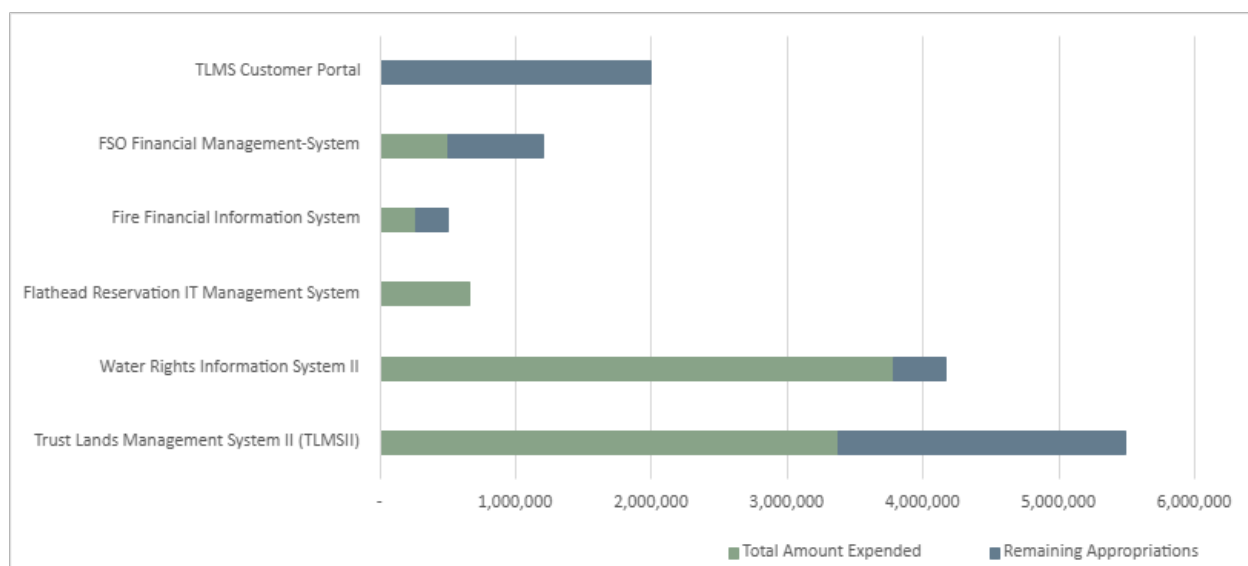
	PB	Median Months Vacant	Market Midpoint (Hourly)
☐ 57060 NATURAL RESOURCES AND CONSERVATION	51.51	4.03	31.06
☐ 21 CENTRALIZED SERVICES DIVISION	5.00	4.03	45.80
IT Manager	1.00	6.89	55.24
IT Systems Administrator 2	1.00	0.46	46.88
Software Developer 3	3.00	4.03	45.80
☐ 22 OIL & GAS CONSERVATION DIV	3.50	40.79	15.64
Administrative Assistant 2	1.00	42.62	18.15
Compliance Specialist 2	1.00	37.64	34.04
Data Processor 1	0.50	108.79	13.13
OIL & GAS CONSER BD-PROF	1.00	38.95	
☐ 23 CONSERVATION&RESOURCE DEV DIV	2.00	1.84	31.05
Engineering Contract Specialis	1.00	2.30	34.24
Program Specialist 1	1.00	1.38	27.86
☐ 24 WATER RESOURCES DIVISION	22.75	4.03	25.57
Compliance Technician 1	3.75	4.03	22.07
Dam Emergency Mgmt Coordinator	1.00	8.66	40.48
Engineering Intern 1	1.00	4.03	32.54
Engineering Manager	1.00	13.77	64.96
Hydrologist 2	1.00	4.03	33.63
Planner 2	1.00	4.03	43.30
Professional Engineer 1	1.00	0.92	40.97
Program Manager	1.00	5.05	51.21
Program Specialist 2	1.00	1.61	36.35
Water Conservation Specialist1	8.00	2.18	25.57
Water Conservation Specialist2	3.00	4.03	32.99
☐ 35 FORESTRY & TRUST LANDS	18.26	3.25	27.22
Accountant 2	0.75	16.98	29.57
Administrative Assistant 2	1.00	1.61	18.15
Area Fire Mgmt Officer	1.00	10.56	36.25
Auditor 2	1.00	11.34	32.69
Business Analyst Manager	1.00	0.92	39.74
Cache Manager	0.50	0.46	24.86
Emergency Specialist 1	0.75	9.18	24.86
Emergency Specialist 3	2.00	10.79	40.48
Forestry Technician	0.30	1.61	7.73
Fuel Truck Driver	1.25	4.70	24.86
Helicopter Manager	1.25	7.11	24.86
Lead Crew Member	0.65	2.75	24.86
Professional Engineer 1	1.00	8.72	40.97
Program Specialist 2	2.00	1.49	36.35
Program Supervisor	1.00	0.46	36.25
Real Property Agent 1	1.00	2.82	38.50
Safety Officer 1	0.81	1.74	34.45
Senior Engine Boss	1.00	4.61	24.86
Total	51.51	4.03	31.06

OTHER ISSUES

Information Technology Project Expenditures

The DNRC has several information technology projects.

- The Trust Lands Management System was started in July 2018 with an original delivery date of December 2022 and a budget of \$3.1 million. This IT system provides the infrastructure needed to manage the state trust lands. The project was extended to August 2024 and the budget expanded to \$5.5 million after the agency realized additional efficiencies could be gained by rolling additional business functions into the application. As of November 2025, the project is on hold with 90.0% completion and \$3.4 million expended. An updated delivery date is not available.
- The Water Rights Information System is now complete. The project started in June 2019 and expended \$3.8 million of the \$4.2 million budget. This IT system is constitutionally mandated to provide shared information on water rights to the agency, the Montana Water Court, and the public.
- The Trust Lands Management System (TLMS) customer portal project started in December 2024 with an expected delivery date of June 2027 and a budget of \$2.0 million. After completion of the project, customers will be able to send and receive reports and invoices, access lease agreements, pay bills, and submit information securely. The project is currently on hold with no funding expended, waiting for the state's instance of ServiceNow to be updated. Work is expected to begin within the next few months.
- The FSO Financial Management System is designed to interface the agencies financial data with the statewide accounting system, SABHRS. The project is 50.0% complete with \$500,000 expended of the \$1.2 million budget. The project started October 2024; the expected delivery date is December 2026.
- The Flathead Reservation IT Management System is the data system for the Flathead Water Management Board. The project is 100.0% complete and is in the closing phase. The project expended 100.0% of the \$657,000 budgeted amount.
- The smallest of the agency's IT projects is the Fire Financial Information System, which is intended to better coordinate and manage the costs and logistics of fighting wildfires and provide real-time information about resources to multiple businesses and stakeholders engaged in firefighting efforts. The project is 40.0% complete and has expended \$265,000 of the \$500,000 budget. The project is expected to be complete by July 2026.



Status of Line-Itemed Decision Packages, 2025 Legislature

The table below summarizes the agency's expenditures against legislative appropriations for decision packages that appear as line items in HB 2 (2025 Session).

Department of Natural Resources and Conservation Line Items HB 2 Appropriations, 2025 Session				
Line Item	Authority		Expended	Percent
	FY 2026	FY 2027	FY 2026	Expended
CARDD Infrastructure Staffing	180,000	180,000	27,910	15.5%
Regional Water Authority	140,000	140,000	-	0.0%
Resource Development Technical Support	180,000	180,000	-	0.0%
Safety and Reliability of State Water Projects	130,000	130,000	25,168	19.4%
State Water Project PB related to FERC Audit	365,901	365,900	-	0.0%
Capital Assets and Equipment	150,000	150,000	-	0.0%
Modular Steel Bridge	92,150	-	-	0.0%

Required Reports

DNRC's required reports are available on the required reports tab of the Section C Interim Budget Committee website at <https://committees.legmt.gov/#/nonStandingCommittees/24?tab=Required+Reports> and include:

- Annual Grant Report (5-12-208, MCA)
- Annual Report (2-12-105, MCA)
- Procurement Report