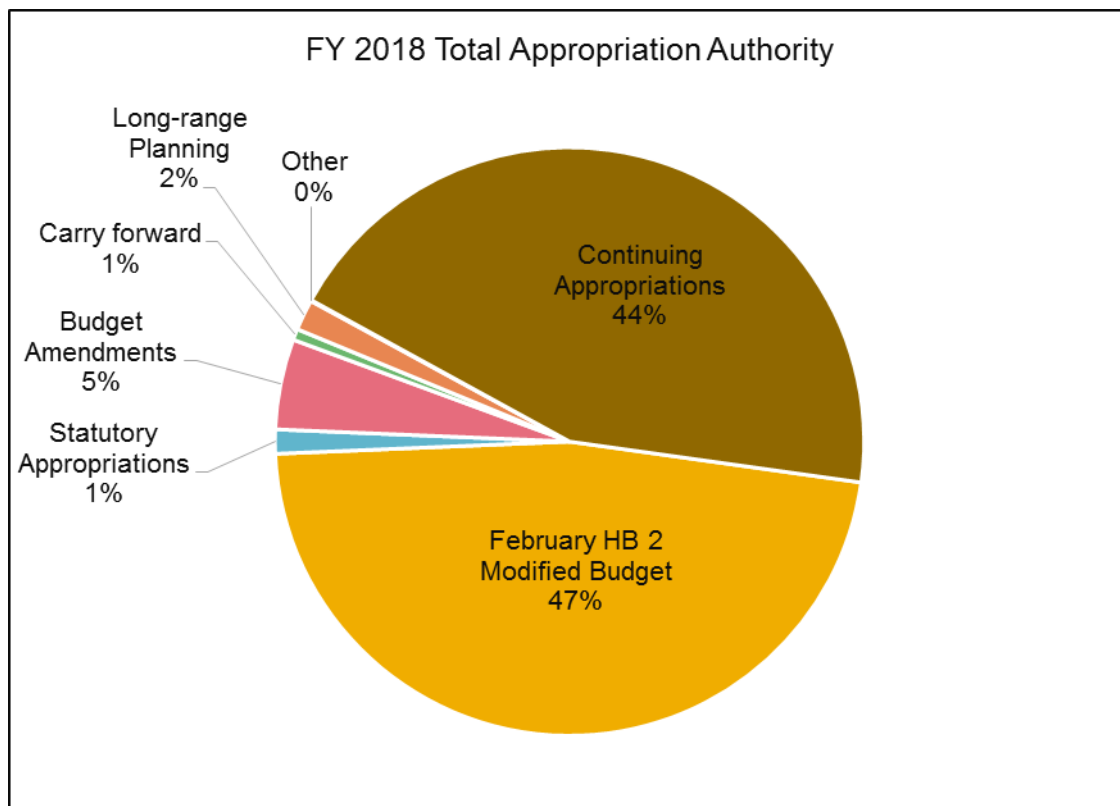


MONTANA DEPARTMENT OF FISH WILDLIFE & PARKS

BUDGET AND EXPENDITURE HIGHLIGHTS

- Total HB 2 appropriations for the agency total \$93.6 million,
- State special revenues accounts for 72.0% of the agency's appropriation,
- Federal special revenue accounts for 28.0% of the agency's appropriation,
- The agency receives no general fund appropriation,
- Budget modifications have reduced total HB 2 appropriation by 1.8%,
- The agency has expended 58.3% of total HB 2 appropriations year to date.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

In addition to HB 2 the agencies has continuing appropriations authority of \$61.4 in state special revenue and \$27.5 million in federal special revenue primarily for long-range capital projects.

Statutory Appropriations

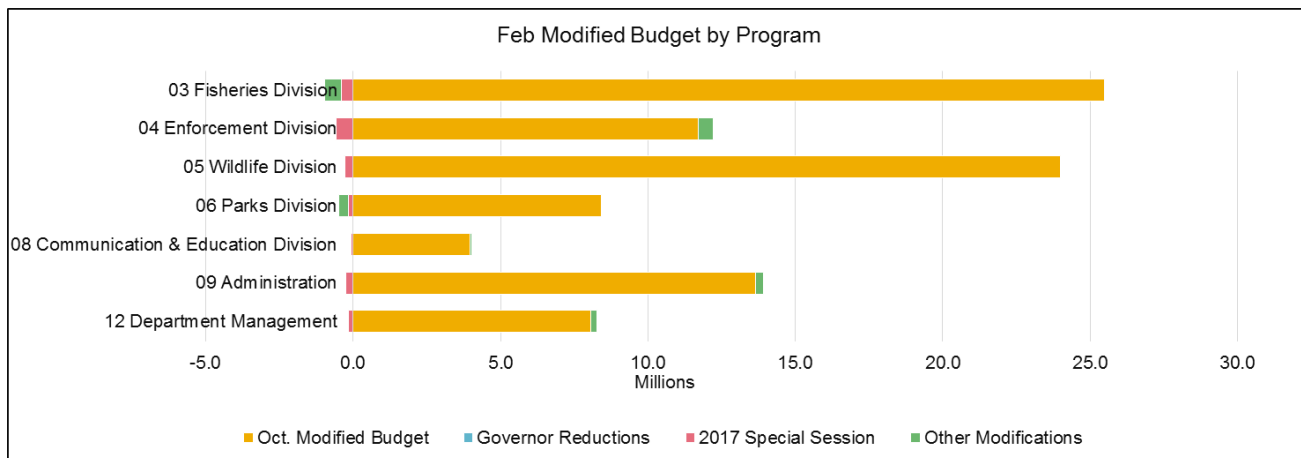
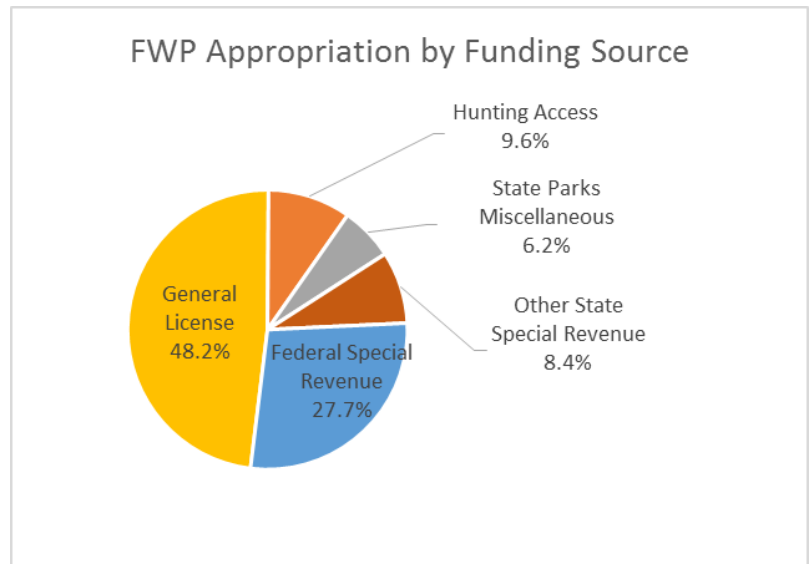
Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2 and are not routinely examined by the legislature. Statutory appropriation total \$2.6 million for the agency. Statutory appropriations include lodging and facility taxes and revenue deposited into the forest management fund.

Budget Amendments

The agency requested and received approval from the Office of Budget Program and Planning an increase in federal budget appropriation authority of \$2.6 million. The agency requested this increase to receive federal grants related to wildlife management, weed control and other miscellaneous programs.

HB 2 BUDGET MODIFICATIONS

As seen by the chart to the right, 64% of the agencies budget comes from three state special revenue funds, General License, Hunting Access and State Parks Miscellaneous funds. The agency receives no general fund appropriation. General license fees, which alone account for 48.2% of the total budget, are revenues from the sale of fishing and hunting licenses, camping fees, permit sales, restitution, donations, and other miscellaneous revenue. Hunting access revenues come from the sale of various hunting licenses. State Parks Miscellaneous fund receives revenue from park entry fees, camping fees, cabin site rentals, a portion of vehicle registration fees and other miscellaneous fees used to support the general operations of the state park system. Federal special revenue is 27.7% of the FWP budget; FWP receives no appropriation from the general fund.



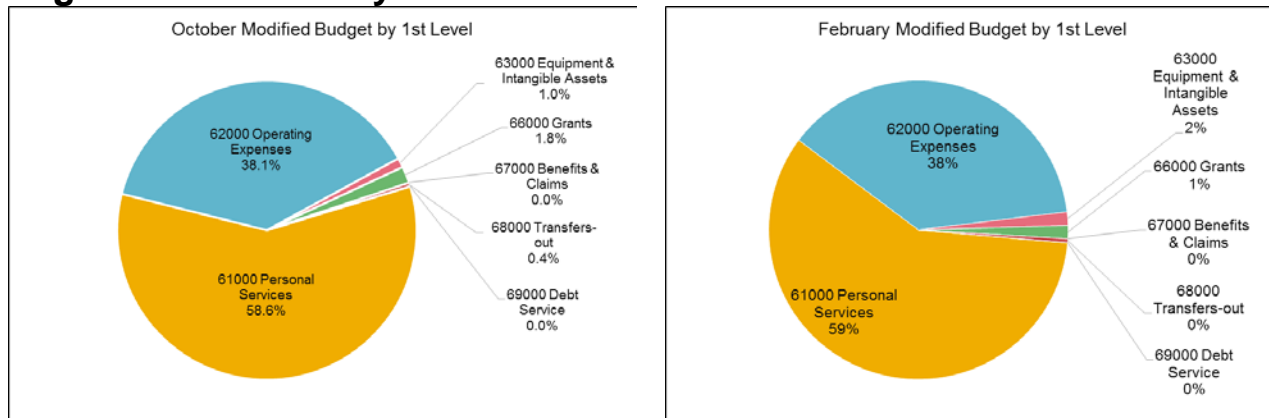
Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
03 Fisheries Division	25,480,719	-	(385,764)	(570,017)	24,524,938
04 Enforcement Division	11,716,038	-	(564,944)	499,793	11,650,887
05 Wildlife Division	24,003,594	-	(276,148)	(13,571)	23,713,875
06 Parks Division	8,415,854	-	(168,640)	(319,691)	7,927,523
08 Communication & Education Division	3,954,144	-	(54,808)	81,639	3,980,975
09 Administration	13,661,121	-	(246,128)	272,772	13,687,765
12 Department Management	8,056,749	-	(158,100)	202,112	8,100,761
Grand Total	95,288,219	-	(1,854,532)	153,037	93,586,724

This chart shows budget modifications by program from October through March.

HB 2 budget modifications since October for the department totaled a reduction of \$1.7 million or 1.8%. Reductions total \$1.2 million in state special revenue and \$0.5 million in federal special revenue. The modified budget as shown in the table includes an adjustment for the Governor's proposed general fund reductions; since this agency receives no general fund appropriation, the column is blank. Other modifications reflect reductions in worker's compensation offset by the transfer of \$210,000 in biennial appropriation from the second year of the biennium, other transfers of appropriation from parks and fisheries to other programs do not affect the bottom line.

Budget Modification by First Level

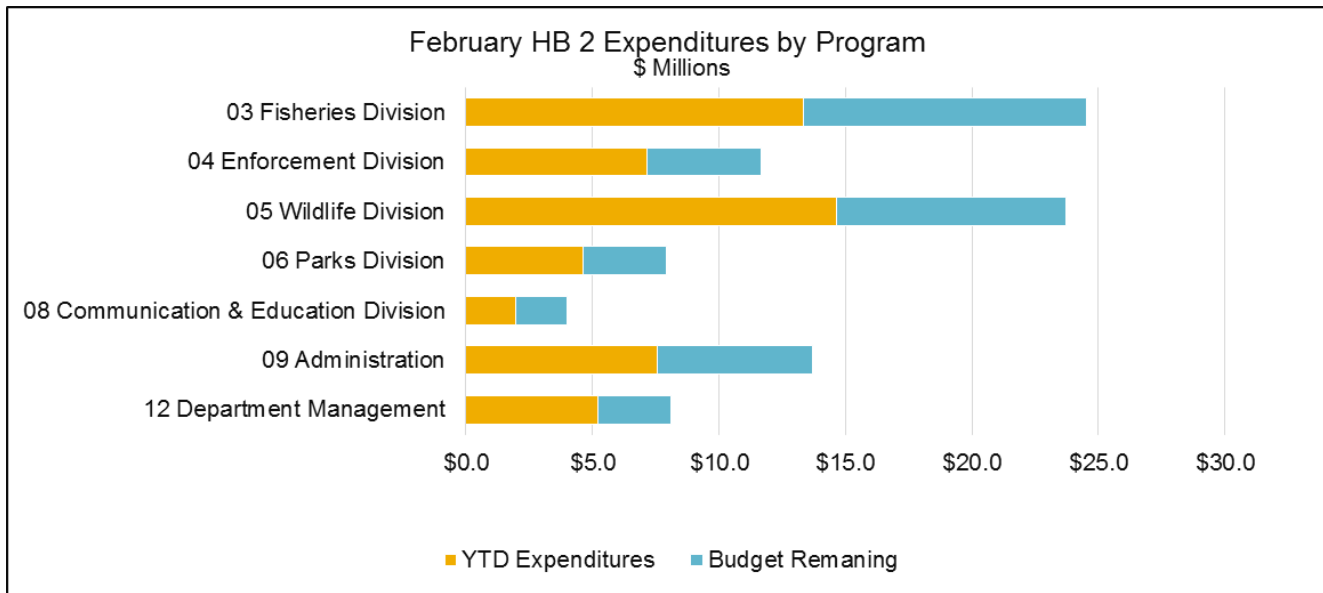


	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	55,860,127	-	(1,758,072)	982,177	55,084,232
62000 Operating Expenses	36,348,195	-	(96,460)	(875,788)	35,375,947
63000 Equipment & Intangible Assets	978,509	-	-	425,349	1,403,858
66000 Grants	1,716,004	-	-	(412,396)	1,303,608
67000 Benefits & Claims	800	-	-	-	800
68000 Transfers-out	372,157	-	-	31,600	403,757
69000 Debt Service	12,427	-	-	2,095	14,522
Grand Total	95,288,219	-	(1,854,532)	153,037	93,586,724

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

Other modifications include changes in the FY 2018 operating plan which shifted \$1.0 million to personal services from operating expenses and grants. The agency transferred \$425,000 to equipment & intangible assets from grants (\$215,000) and a transfer of appropriation from FY 2019 (\$210,000).

AGENCY HB 2 EXPENDITURES



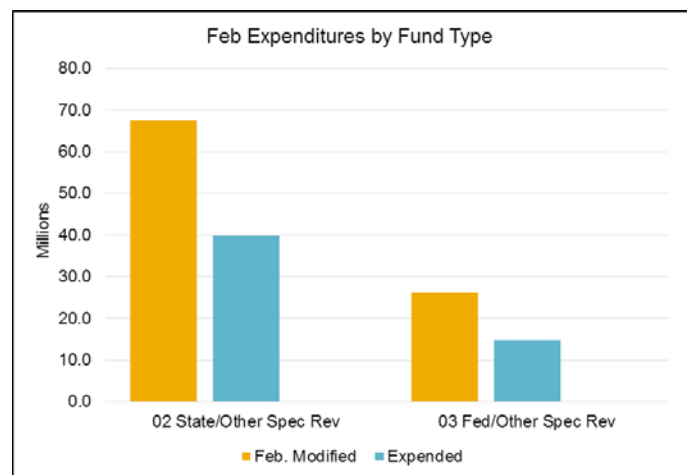
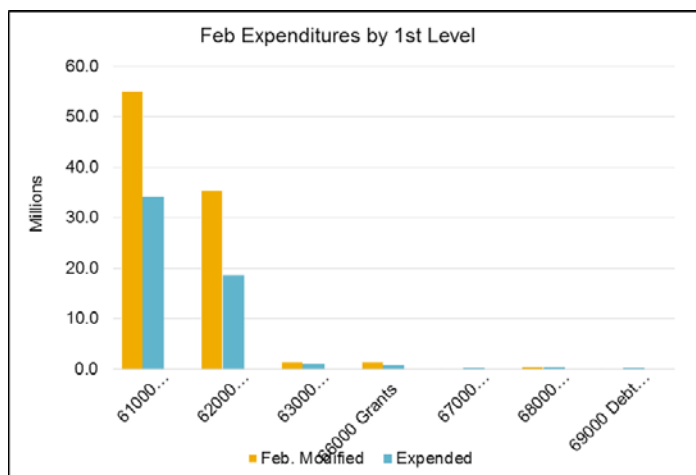
Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
03 Fisheries Division	13,352,409	11,172,529	54.4%
04 Enforcement Division	7,175,353	4,475,534	61.6%
05 Wildlife Division	14,648,365	9,065,510	61.8%
06 Parks Division	4,614,566	3,312,957	58.2%
08 Communication & Educ	1,964,222	2,016,754	49.3%
09 Administration	7,549,608	6,138,157	55.2%
12 Department Managemen	5,212,653	2,888,108	64.3%
Grand Total	54,517,175	39,069,549	58.3%

This shows current expenditures by program and remaining authority for HB 2 budget.

Year to date the agency has expended 58.3% of its budget. Expenditures are driven primarily by personal services and associated operating expenses which comprise 96.7% of the total budget. Over the last five years the agency, on average, has expended 56.6% of its total budget through February.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	55,084,232	34,167,932	62.0%
62000 Operating Expenses	35,375,947	18,539,043	52.4%
63000 Equipment & Intangible Assets	1,403,858	948,265	67.5%
66000 Grants	1,303,608	571,985	43.9%
67000 Benefits & Claims	800	3,524	440.5%
68000 Transfers-out	403,757	271,905	67.3%
69000 Debt Service	14,522	14,521	100.0%
Grand Total	93,586,724	54,517,175	58.3%

Fund Type	Feb. Modified	Expended	% Expended
02 State/Other Spec Rev	67,398,186	39,812,075	59.1%
03 Fed/Other Spec Rev	26,188,538	14,705,100	56.2%
Grand Total	93,586,724	54,517,175	58.3%

The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

As of February the agency has spent 58.3% of the HB 2 appropriation. Over the past five years the agency has spent, on average, 56.6% of the total appropriation through February.

REQUIRED REPORTS

SB 363 requires the agency to report biannually on expenditures made for invasive aquatic species.

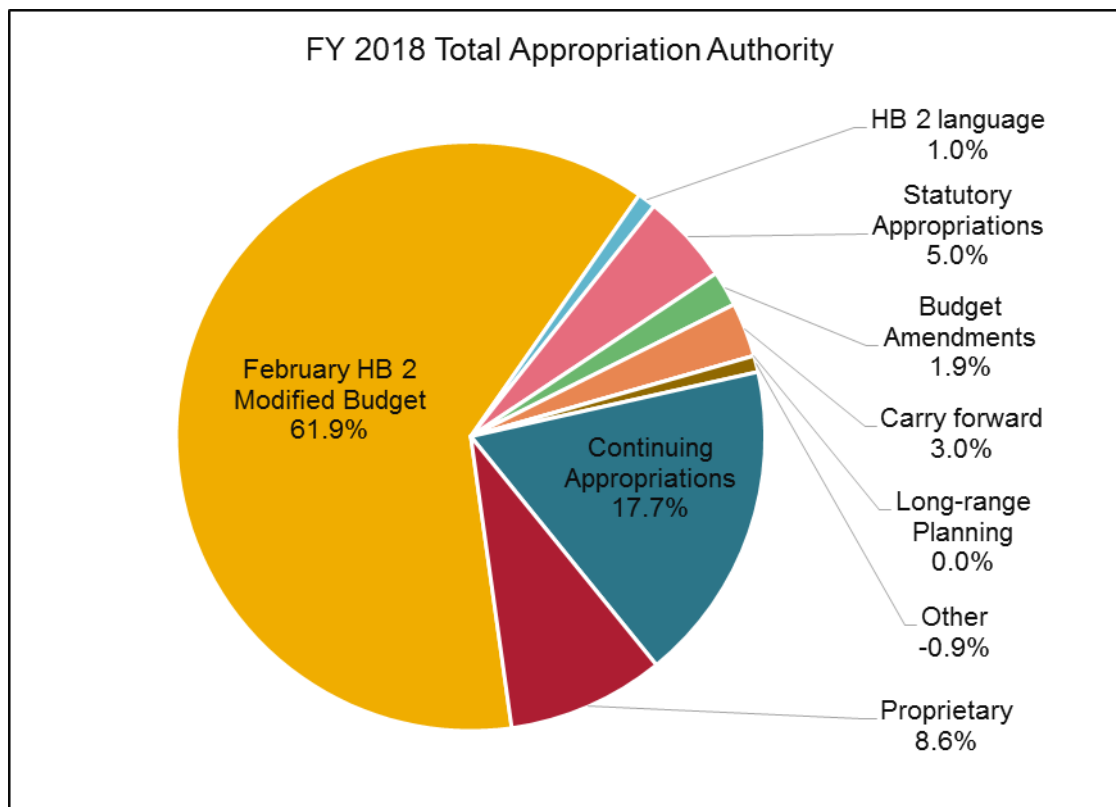
ADDITIONAL DISCUSSION

DEPARTMENT OF ENVIRONMENTAL QUALITY

BUDGET AND EXPENDITURE HIGHLIGHTS

- HB 2 Appropriations for the agency total \$62.2 million,
- General fund revenues accounts for 7.3% of the agency's appropriation,
- State special revenues accounts for 56.4% of the agency's appropriation,
- Federal special revenue accounts for 36.3% of the agency's appropriation,
- Budget modifications have reduced total HB 2 appropriation by 2.3%,
- The agency has expended 49.5% of total HB 2 appropriations year to date.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Total appropriation authority for the agency is \$98.7 million. In addition to HB 2 the agencies has continuing appropriations authority of \$5.8 in state special revenue and \$11.9 million in federal special revenue, proprietary funding totals \$8.7 million.

Statutory Appropriations

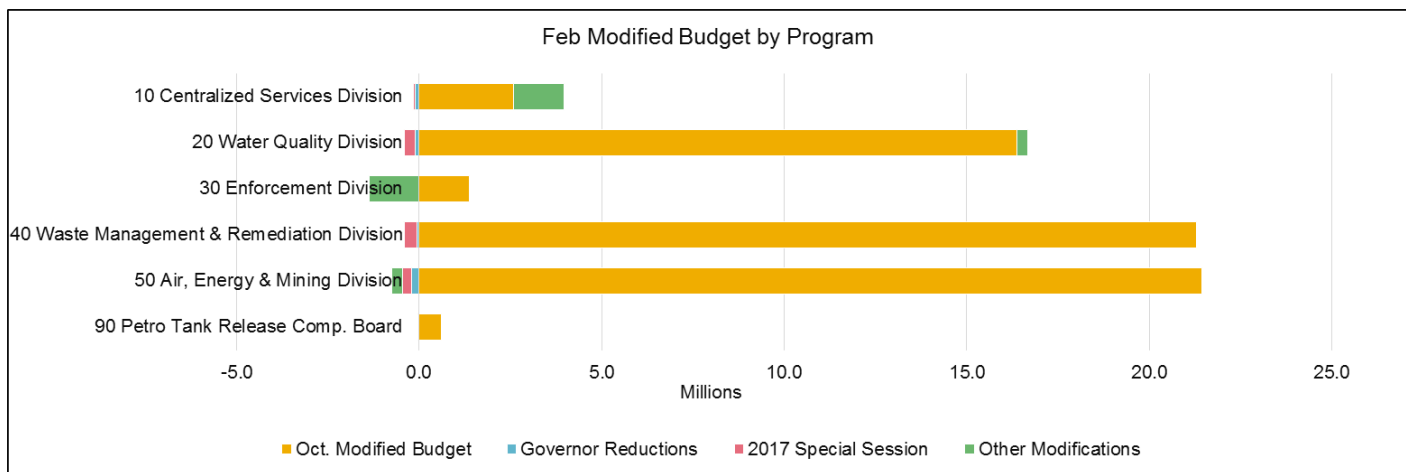
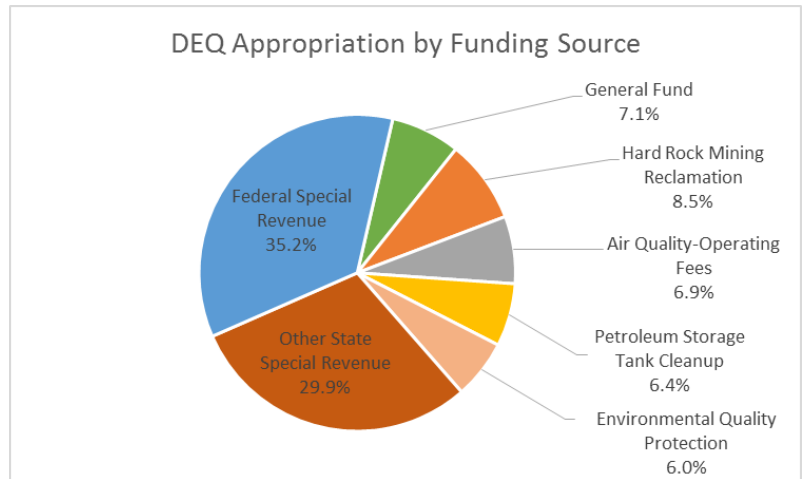
Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. Statutory appropriations total \$5.0 million from the petroleum storage tank cleanup fund. The primary use of the fund is to pay claims due to leaking storage tanks. Other uses are for personal services and operating costs for the board and the agency to administer the fund. The 2017 special session of the legislature transferred \$1.0 million from this fund to the general fund in FY 2018.

Budget Amendments

The agency received an increase in federal budget appropriation authority of \$1.9 million. The agency requested this increase to receive federal grants.

HB 2 BUDGET MODIFICATIONS

The agency is funded by general fund 7.1%, state special revenue 57.7%, and federal special 35.2%. The chart to the right shows the percentage of HB 2 funding by funding source.



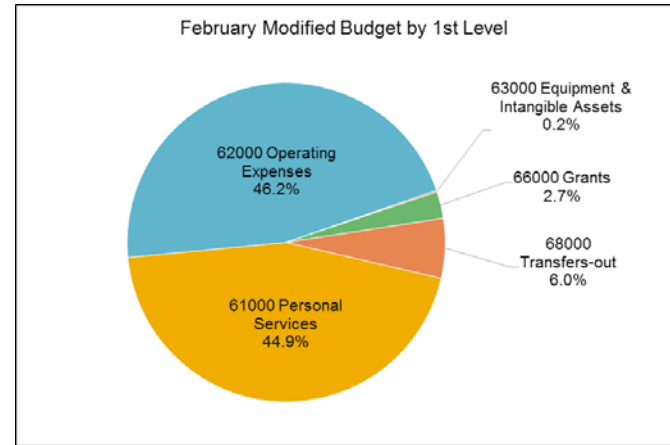
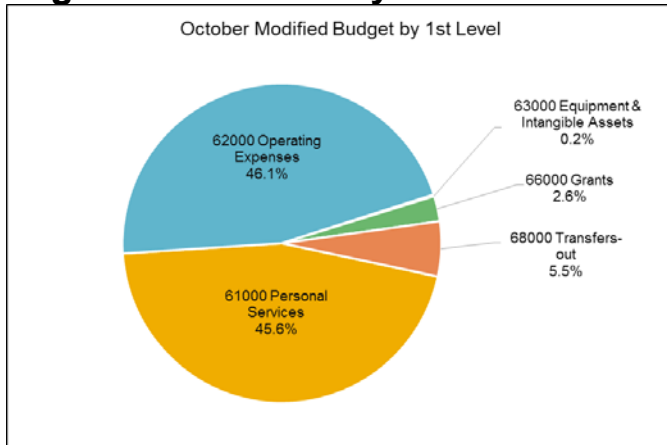
Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
10 Centralized Services Division	2,578,470	(120,000)	(49,821)	1,377,501	3,786,150
20 Water Quality Division	16,386,984	(114,319)	(280,059)	291,454	16,284,060
30 Enforcement Division	1,379,164	-	-	(1,379,164)	-
40 Waste Management & Remediation Division	21,296,086	(70,000)	(335,215)	(5,922)	20,884,949
50 Air, Energy & Mining Division	21,437,799	(214,000)	(241,296)	(306,864)	20,675,639
90 Petro Tank Release Comp. Board	602,149	-	(13,243)	(267)	588,639
Grand Total	63,680,652	(518,319)	(919,633)	(23,263)	62,219,437

This chart shows budget modifications by program from October through March.

HB 2 budget modifications since October for the department totaled a reduction of \$1.5 million or 2.3%. Reductions total \$0.6 million in general fund appropriations, \$0.5 million in state special appropriation and \$0.4 million in federal special revenue. The modified budget as shown in the table includes an adjustment for the Governor's general fund reductions enacted during the 2017 special session pursuant to MCA 17-7-140 and accounts for 83.6% of the general fund reductions. In the 2017 special session, the legislature reduced funding for personal services pursuant to SB-3, and the HB 2 appropriation for state information technology services. Other modifications reflect a \$23,263 reduction in workers compensation. In addition to workers compensation reduction, other modification includes absorbing the enforcement division into the central services division and the transfers of appropriation authority from air, energy & mining to the water quality division. Transfers between programs do not affect the bottom line.

Budget Modification by First Level

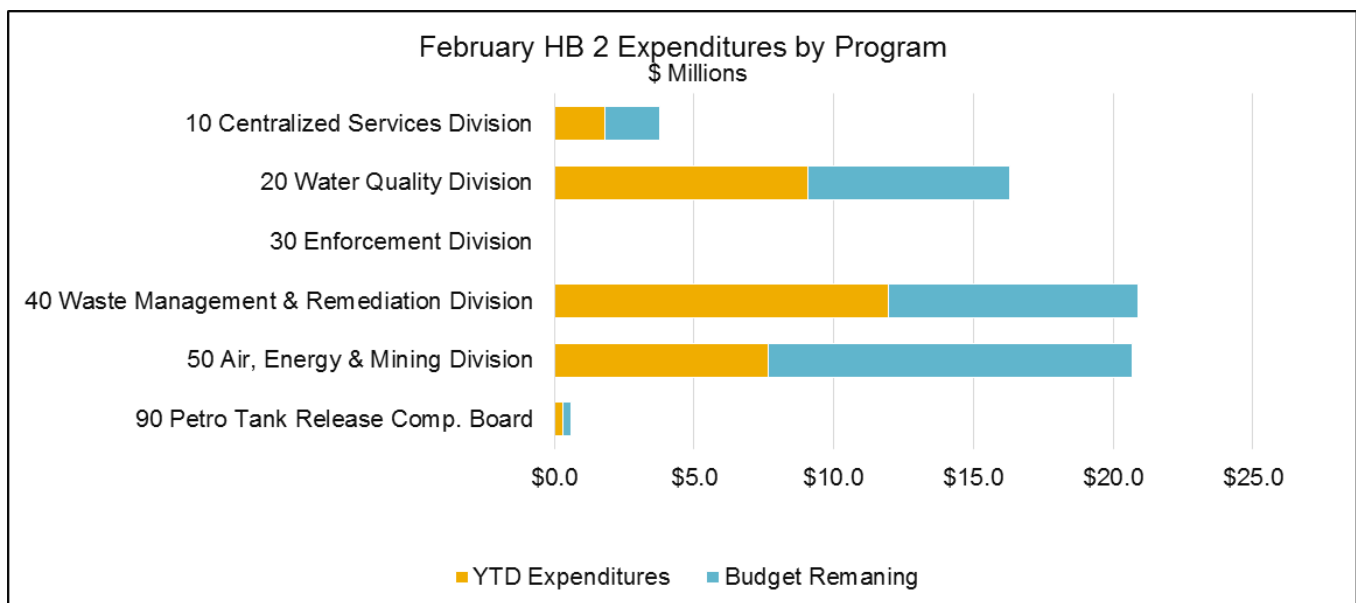


	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	29,065,335	(249,381)	(868,495)	(23,263)	27,924,196
62000 Operating Expenses	29,345,316	(268,938)	(51,138)	(267,725)	28,757,515
63000 Equipment & Intangible Assets	101,740	-	-	-	101,740
66000 Grants	1,635,863	-	-	53,310	1,689,173
68000 Transfers-out	3,532,398	-	-	214,415	3,746,813
Grand Total	63,680,652	(518,319)	(919,633)	(23,263)	62,219,437

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

Modifications to the October budget include the Governor's reduction in general fund and special session reductions to personal services and state information technology services. Other modifications are for reductions in worker's compensation.

AGENCY HB 2 EXPENDITURES



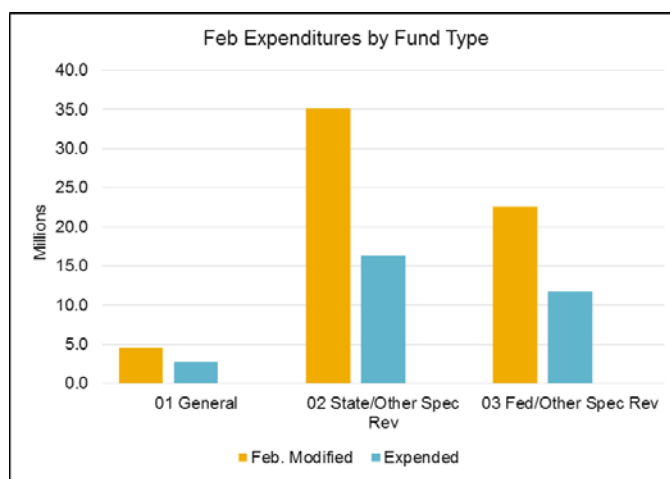
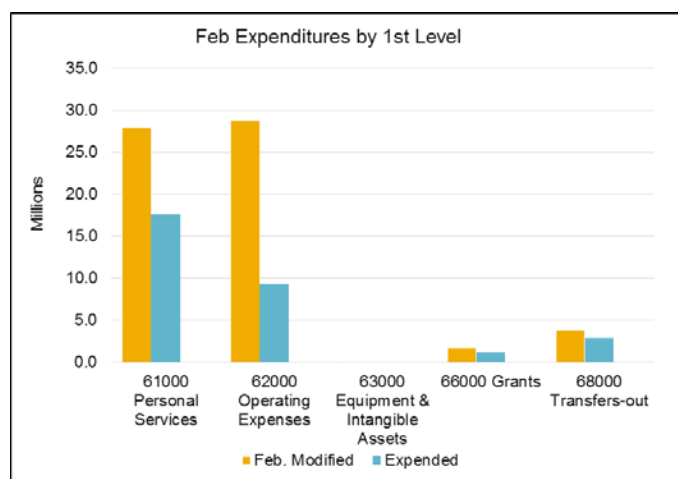
Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
10 Centralized Services Division	1,803,375	1,982,775	47.6%
20 Water Quality Division	9,065,774	7,218,286	55.7%
40 Waste Management & Remediation Division	11,952,584	8,932,365	57.2%
50 Air, Energy & Mining Division	7,653,120	13,022,519	37.0%
90 Petro Tank Release Comp. Board	307,303	281,336	52.2%
Grand Total	30,782,155	31,437,282	49.5%

This shows current expenditures by program and remaining authority for HB 2 budget.

Through the first eight months of the year the agency has expended 49.5% of the FY 2018 appropriation, which compares to an average expenditure of 43.8% in the first eight months in the previous five years. The table above reflects the absorption of the enforcement division within central services.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	27,924,196	17,559,977	62.9%
62000 Operating Expenses	28,757,515	9,231,190	32.1%
63000 Equipment & Intangible Assets	101,740	-	0.0%
66000 Grants	1,689,173	1,124,794	66.6%
68000 Transfers-out	3,746,813	2,866,194	76.5%
Grand Total	62,219,437	30,782,155	49.5%

Fund Type	Feb. Modified	Expended	% Expended
01 General	4,566,124	2,739,201	60.0%
02 State/Other Spec Rev	35,062,631	16,331,598	46.6%
03 Fed/Other Spec Rev	22,590,682	11,711,356	51.8%
Grand Total	62,219,437	30,782,155	49.5%

The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

REQUIRED REPORTS

None at this time.

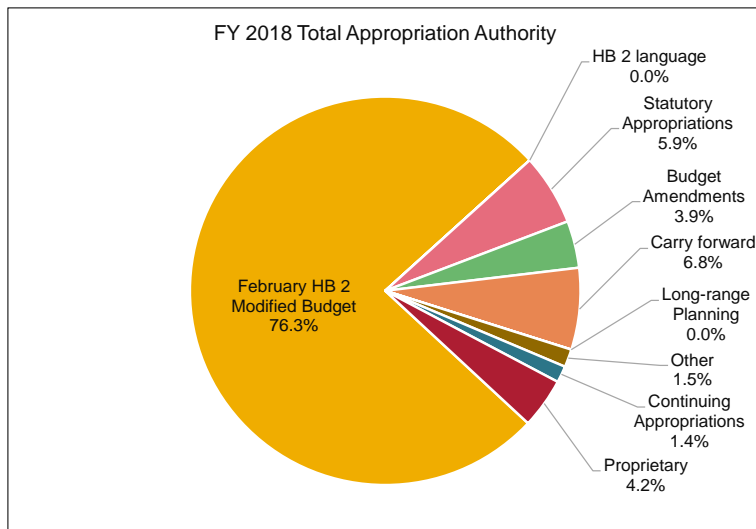
ADDITIONAL DISCUSSION

DEPARTMENT OF TRANSPORTATION

BUDGET AND EXPENDITURE HIGHLIGHTS

- Through February 2018, the Montana Department of Transportation (MDT) had total budget authority of \$882.0 million (including non-budgeted proprietary funding) and expended \$415.5 million, or 47.1% of the authority
- HB 2 authority following the 2017 Special Session and with modifications through February was \$673.1 million and HB 2 expenditures through February were \$378.3 million, or 56.2% of the authority
- With the exception of the \$8.0 million transfer of highway non-restricted funds to the general fund (discussed below), the budget reductions from the special session were offset by cost reductions and will not have a negative impact on MDT
- MDT has expended a higher than usual percentage of their personal services budget through February, 62.3% when compared with a historic (FY 2008-FY 2017) average of 58.4%
 - The personal services budget was reduced in the 2019 biennium, and personal services spending is \$3.2 million lower than at this point last year
 - While expenditures for personal services are higher than usual as a percentage of the budget, MDT believes they will have sufficient budget authority in FY 2018 and if needed could access carry forward authority
- Fuel tax revenues are coming in as anticipated, but the transfer of \$8.0 million from the highway non-restricted account to the general fund has renewed pressures on the restricted highway state special revenue account (HSSRA)
 - MDT will be required to manage their expenditures in HSSRA to ensure an adequate fund balance for the purposes of highway construction, as well as other needs

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

As shown in the figure above, MDT has \$882.0 million of total authority. In addition to the \$673.1 million of HB 2 authority, the total MDT authority includes the following:

- \$52.3 million of statutory appropriations (primarily gasoline tax distributions to local and tribal governments)
- \$34.5 million of budget amendments

- \$60.0 million of carry forward authority
- \$13.2 million of authority from other legislation including:
 - \$12.5 million of authority from HB 473 (BaRSAA-Bridge and Road Safety and Accountability Act)
 - \$650,000 in authority transferred among programs originating from HB 10 Long-Range IT
- \$12.2 million of continuing authority including:
 - \$11.3 million of agency held Long-Range authority (HB 5 and HB 10)
 - \$868,281 of continued federal authority including authority from the On The Job Training Program, a unexpended federal highway aid grant, and various federal grants for improvements at the West Yellowstone Airport and increase total budget amendments
- \$36.8 million of non-budgeted authority in the three proprietary programs

In addition to the agency authority, the Long-Range Building Program (LRBP) has \$4.1 million of authority that will be expended for the benefit of MDT. This authority is principally for the construction of equipment and road material storage facilities. Through February, the LRBP has expended \$1.3 million, or 31.2%, of the authority.

STATUTORY APPROPRIATIONS

MDT statutory appropriations were budgeted at \$52.3 million as shown in the figure below:

FY 2018 Statutory Appropriations through February				
	Budget	Actuals & Accruals	Budget Balance	% Expended
Tribal Govt. Distributions and Admin	5,116,101	3,960,724	1,155,377	77.4%
Local Govt. Gas Tax Distributions	16,666,000	11,110,666	5,555,334	66.7%
NEW-BaRSAA Distributions	14,874,792	0	14,874,792	0.0%
Local Technical Assistance Program	150,000	100,000	50,000	66.7%
Debt Service	15,416,300	1,168,150	14,248,150	7.6%
NEW-Shared Use Path	71,289	0	71,289	0.0%
Grand Total	52,294,482	16,339,540	35,954,942	31.2%

In the 2017 regular session, MDT was given two new statutory appropriations. To date, no expenditures have been made against the new authority.

- The Bridge and Road Safety and Accountability Act (BaRSAA) local government road construction and maintenance grant program, which resulted from HB 473, will begin making distributions on March 1, 2018, to local governments that request the funds for projects
- The Shared Use Path statutory appropriation, as established in HB 225, will begin distributions after collections from the new registration fee provides revenues exceeding the \$50,000 cost of creating the new registration forms

The remaining statutory appropriations, consisting of gas tax distributions to various local governments and debt service, have been expended as anticipated.

Local Government Bridge and Road Funding

Over 70.0% of the statutory appropriations seen in the figure above are the distribution of fuel taxes to local government entities, which include city, county, and tribal governments. In March, the first distributions of the increase in the gas tax (BaRSAA) will be available for distribution to the cities and counties. The money generated will provide an overall increase of 37.1% for local government bridge and road projects above the calendar year 2017 distributions. Since the distributions will only include four months of tax revenues, the distributions in FY 2019 will be significantly greater than the distributions of FY 2018.

To obtain the projected \$6.2 million of funding, local governments must request funding for their project or maintenance funding needs as provided in administrative rules (and HB 473). Local governments must

provide matching funds at the rate of \$1 of local government funds to \$20 of BaRSAA funds. A complete list of the local government funding is available upon request and is included in the Additional Discussion section of this report.

BUDGET AMENDMENTS

MDT had three budget amendments (BA) that added a total of \$34.5 million in federal authority since the October report. The new BA's brings the total BA authority to \$35.4 million in FY 2018. Total BA authority through February represents an increase of 8.3% to the MDT federal fund budget over the HB 2 federal appropriations. The increases in authority since October are as follows:

- \$688,105 from a federal grant to the Motor Carriers Division for the Customer Credentialing Document System project and the OS/OW Permitting Automated Routing project
- \$33.8 million to the Construction Program from the redistribution of Federal Obligation unused by other states and provided by the Federal Highway Administration (FHWA)
- \$13,518 for a fuel tax compliance grant to the General Operations Program

Through February, MDT has expended \$100,643 or 0.3% of the budget amendment authority.

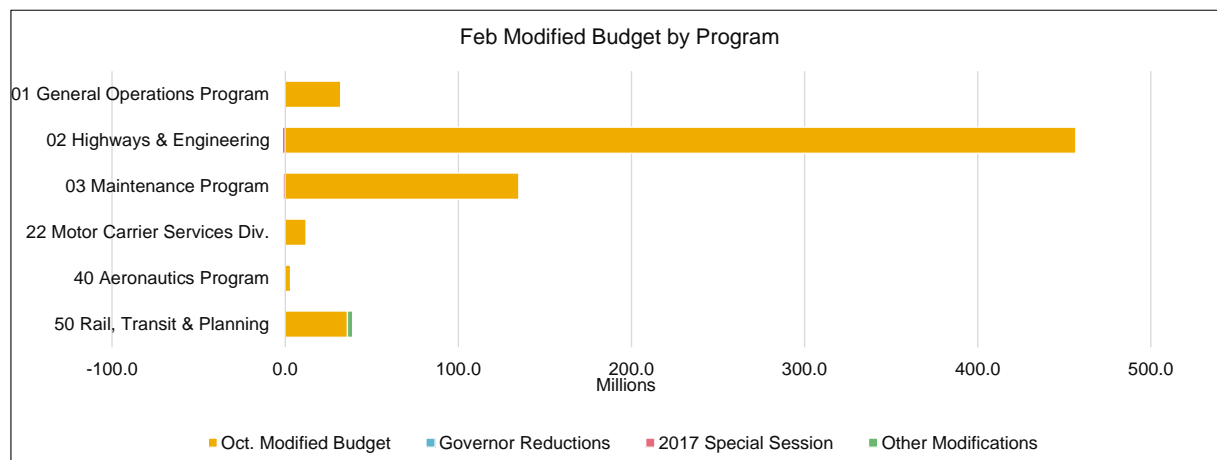
NON-BUDGETED PROPRIETARY

FY 2018 Proprietary Programs through February				
Program/Account	Budget	Actuals & Accruals	Budget Balance	% Expended
07 State Motor Pool	\$6,366,520	\$1,633,576	\$4,732,944	25.7%
08 Equipment Program	29,768,334	15,841,346	13,926,988	53.2%
40 West Yellowstone Airport	634,526	363,241	271,285	57.2%
Grand Total	\$36,769,380	\$17,838,163	\$18,931,217	48.5%

MDT has three non-budgeted proprietary programs, as shown in the figure above. Through February, the three programs have expended 48.5% of their non-budgeted authority. Spending through February is consistent with historic averages.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 General Operations Program	32,060,555	-	(650,866)	-	31,409,689
02 Highways & Engineering	456,684,788	-	(1,716,323)	(67,541)	454,900,924
03 Maintenance Program	134,958,285	-	(1,388,005)	(301,412)	133,268,868
22 Motor Carrier Services Div.	12,001,880	-	(232,947)	(8,372)	11,760,561
40 Aeronautics Program	3,048,481	-	(14,997)	(1,101)	3,032,383
50 Rail, Transit & Planning	35,892,166	-	(198,100)	3,049,748	38,743,814
Grand Total	674,646,155	-	(4,201,238)	2,671,322	673,116,239

This chart shows budget modifications by program from October through February.

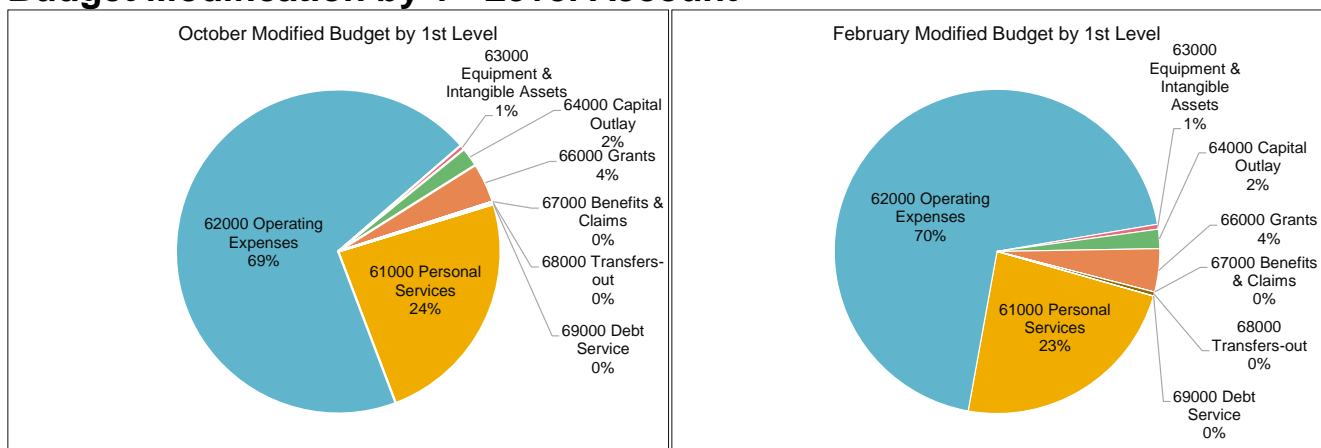
The figures above show the total modifications that have occurred since the October budget status report. "Other Modifications" includes:

- \$3.2 million of authority added to the Rail, Transit, and Planning Program, as allowed in language in HB 2 (nets to \$3.0 million in Other Modifications)
- \$385,141 of reductions related to workers' compensation adjustments
- Various budget changes made by the agency (primarily operating plan changes) as shown in Appendix A

During the November special session, the MDT HB 2 budget was reduced by \$4.2 million. The special session reductions included only the reductions for state information technology services rates and the state share contributions. These reductions are fully offset by agency savings that will result due to the actions of the legislature. Consequently, there will be no negative impact to the agency related to the special session budget changes.

Another action of the legislature during the special session was the transfer of \$8.0 million in FY 2019 from the non-restricted highway state special revenue account to the state general fund. The transfer of funds did not impact the budget, however some funding changes were required to facilitate the transfer. The transfer of authority between state special revenue accounts renews the pressures on the HSSRA and results in a greater need for agency oversight of the spending in the account. For more information, see the State Special Funds section in the Additional Discussion of this report.

Budget Modification by 1st Level Account



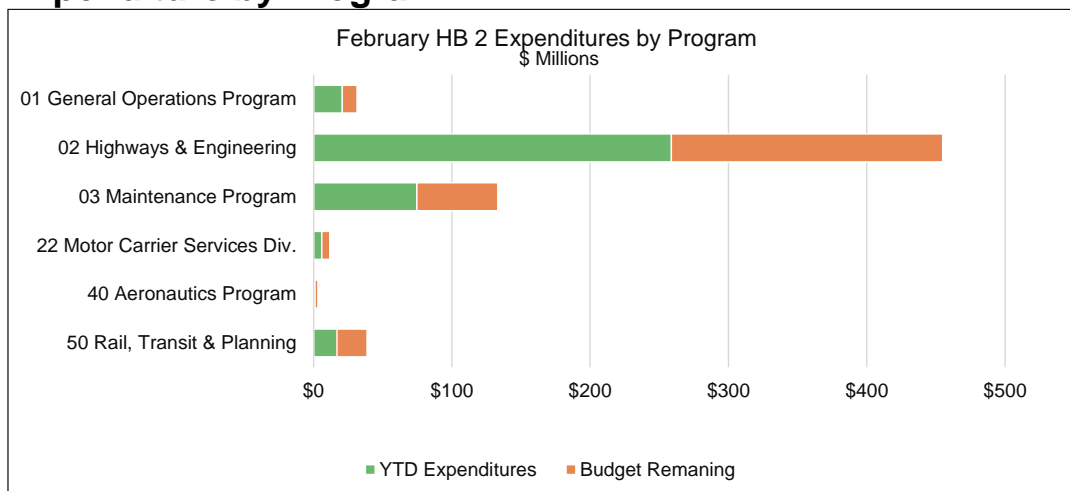
	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	161,668,404	-	(3,800,724)	(385,141)	157,482,539
62000 Operating Expenses	468,206,691	-	(400,514)	(145,399)	467,660,778
63000 Equipment & Intangible Assets	3,257,658	-	-	-	3,257,658
64000 Capital Outlay	12,956,865	-	-	200	12,957,065
66000 Grants	26,818,924	-	-	2,194,188	29,013,112
67000 Benefits & Claims	500	-	-	(500)	-
68000 Transfers-out	1,651,843	-	-	1,007,973	2,659,816
69000 Debt Service	85,270	-	-	-	85,270
Grand Total	674,646,155	-	(4,201,238)	2,671,322	673,116,239

The above charts show HB 2 FY 2018 modified budget through February by first level compared to October modified budget by first level.

- The October modified budget included SB 294 pay plan adjustments (1%/FY)
- Adjustments in the February modifications figure are relatively minor when compared to the overall agency budget
- Other modifications of \$3.2 million are included due to the continuation of authority in the Rail, Transit, and Planning Program, which was allowed in the language of HB 2, and is shown above in the grants and transfers-out expenditure categories
 - The “Other Modifications” column in the figure above typically shows non-legislative changes, but in this case it highlights an action authorized by the legislature

AGENCY HB 2 EXPENDITURES

Expenditure by Program



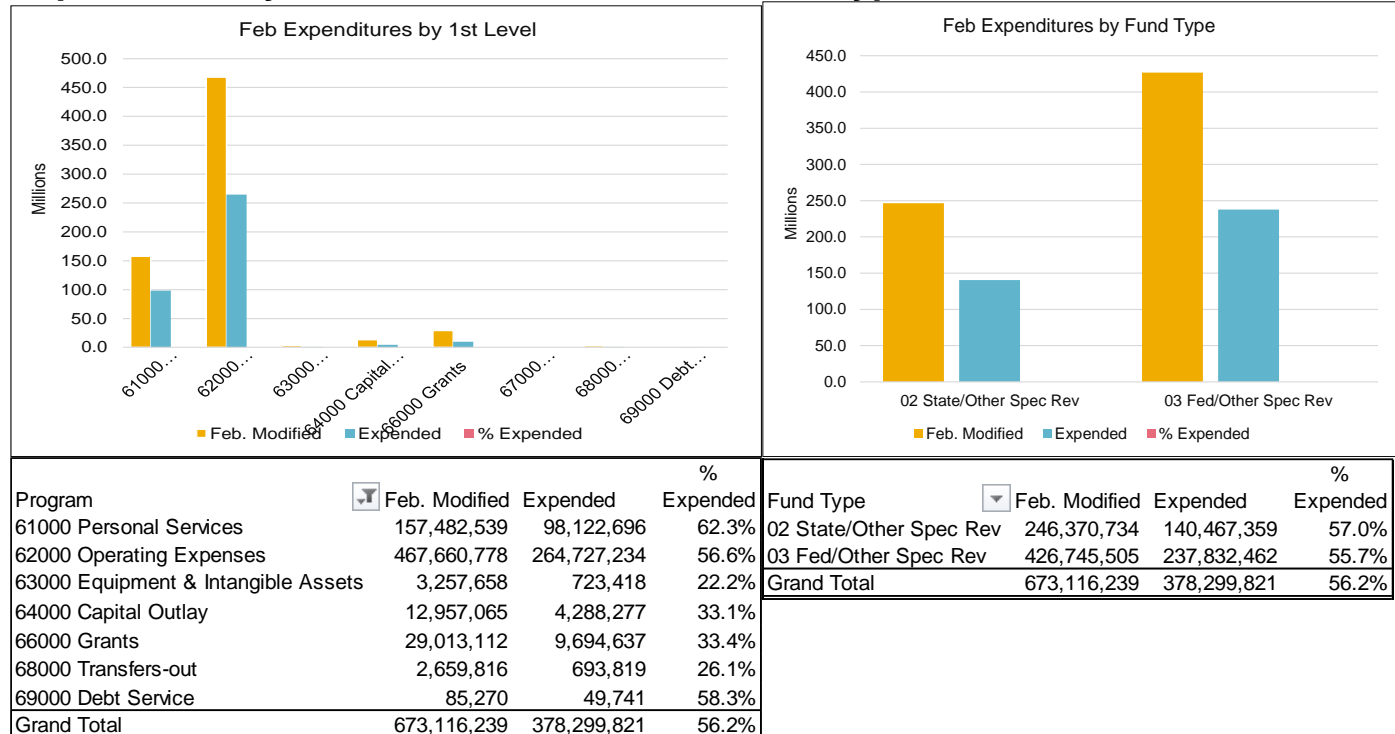
	YTD Expenditures	Budget Remaining	% Expended
01 General Operations Program	20,880,883	10,528,806	66.5%
02 Highways & Engineering	258,735,365	196,165,559	56.9%
03 Maintenance Program	74,793,214	58,475,654	56.1%
22 Motor Carrier Services Div.	5,906,255	5,854,306	50.2%
40 Aeronautics Program	1,009,860	2,022,523	33.3%
50 Rail, Transit & Planning	16,974,244	21,769,570	43.8%
Grand Total	378,299,821	294,816,418	56.2%

These charts show current expenditures by program and remaining authority for HB 2 budget.

- After two-thirds of FY 2018, MDT has expended 56.2% of the HB 2 modified budget authority, leaving a balance of \$294.8 million for the remainder of year

- The General Operations Program has expended 66.5% of its HB 2 authority, which is higher than usual due to expenditures of fixed costs
- The Maintenance program has expended 56.1% of the total budget through February
 - Spending is lower than the historic average in the program, with operating expenses expended at 50.9% compared to the ten year average of 51.8%
 - The impacts of a severe winter are expected to increase expenditures in the program over the remainder of the winter months, while operating expenses of the state funded construction program have been unusually low
- In the Rail, Transit, & Planning program, a \$2.0 million grant to Garfield County, authorized in HB 2, has been fully expended

Expenditure By First Level Account and Fund Type



The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

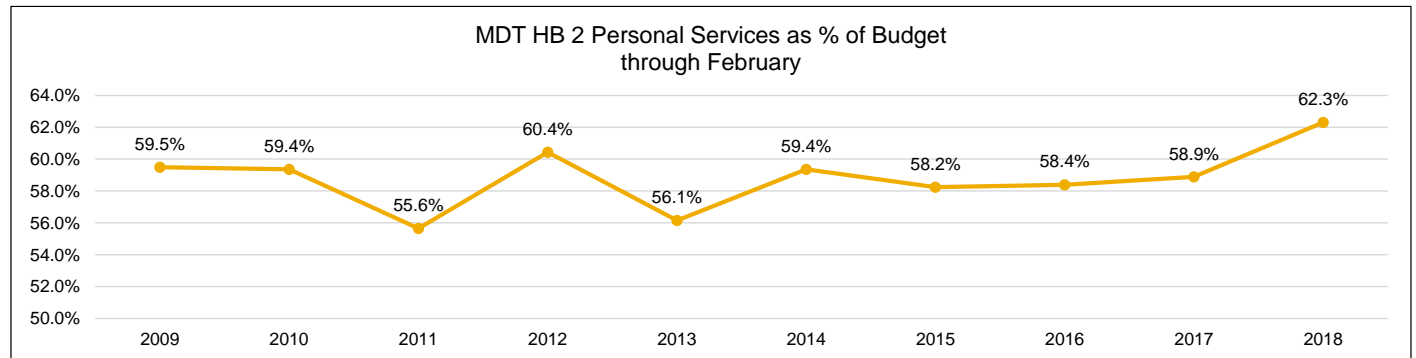
- Personal services expenditures through February of 62.3% of the budget are higher than historic levels
- Operating expenses are consistent with historic levels, but there is variation by program, as discussed in the previous section
- Grants, transfers-out, and debt service expenditures lag due to the timing of various distributions and payouts

The MDT HB 2 budget is funded with 36.6% state special revenue and 63.4% federal special revenue funds. There is no general fund budget authority in the budget. Through February, 37.1% of expenditures were in state special revenue funds and 62.9% in federal special revenue funds. To date, most of the state special funds have been received as anticipated in HJ 2, and federal funds have been received as expected.

REQUIRED REPORTS - N/A

ADDITIONAL DISCUSSION

Personal Services Budgets



- MDT has expended \$98.1 million of their \$157.5 million HB 2 personal services authority through February
- This is 62.3% of the budget compared to a nine year average level (2009-2017) of 58.4%
- The usage rate (% budget) is greater while MDT has expended \$3.2 million less than FY 2017 in HB 2 personal services
- With the personal services budget reductions applied in the 2017 session, the higher use of budget authority indicates that there is less excess authority than was available in past years
- Although personal services expenditures are greater than usual as a proportion of the budget, the agency believes it will be able to finish FY 2018 on budget
- If MDT runs short of HB 2 personal services authority, they will be able to access carry forward authority to meet their personal services costs

Operating Expenses

FY 2018 Operating Expenses by Program through February				
Program	Modified Budget	Actuals & Accruals	Budget Balance	% Expended
01 General Operations	15,559,577	11,180,860	4,378,717	71.9%
02 Construction	361,230,811	209,102,574	152,128,237	57.9%
03 Maintenance	79,719,747	40,611,764	39,107,983	50.9%
22 Motor Carrier Services Div.	2,929,260	978,276	1,950,984	33.4%
40 Aeronautics	1,862,543	301,368	1,561,175	16.2%
50 Rail, Transit & Planning	6,358,840	2,552,391	3,806,449	40.1%
Grand Total	\$467,660,778	\$264,727,234	\$202,933,544	56.6%

- MDT expended \$264.7 million, or 56.6% of their HB 2 operating expense budget through February
- Operating expenses in the General Operations Program exceed expectations of an expenditure rate of 66.7% that would be expected after the passing of two-thirds of the year, and expenditures are highly related to fixed and IT costs that were increased for the 2019 biennium
- Operating expenses in the Maintenance Program appear low, which may be related in part to the lower than usual expenditures of the state funded construction program
 - Through February, there were expenditures of \$495,018, or 7.6% of the \$6.5 million budget, in the state funded construction program

State Special Revenues

Projected Working Capital Balances of MDT Highway State Special Revenue Accounts 2019 Biennium				
Item	MDT HSSRA Non-Restr.	MDT HSSRA Restricted	BaRSAA - MDT	Total
FY 2019 Biennium Beginning Balance	459,954	45,444,223	0	45,904,177
Revenues ¹				
Net Gasoline Tax		193,944,721	21,400,058	215,344,780
Net Diesel Tax		133,023,180	1,577,430	134,600,611
Gross Vehicle Weight Fees (GVW)	18,884,925	52,245,534		71,130,459
Federal Indirect Cost Recovery		94,634,993		94,634,993
Other Revenues	417,083	11,574,569		11,991,652
Total Revenue	19,302,008	485,422,998	22,977,488	527,702,494
HB 2				
Department of Transportation (MDT)				
General Operations Program	150	60,080,536		60,080,686
Construction Program	290,000	136,820,863	27,300,000	164,410,863
Maintenance Program	0	238,018,224		238,018,224
New-Special Session Related Changes	15,160,163	15,160,163		15,160,163
Motor Carrier Services	89,056	15,384,787		15,473,843
Rail, Transit, & Planning Program	3,756,119	9,313,563		13,069,682
All MDT Carry Forward Authority	184,735	17,070,804		17,255,539
Non-Budgeted Authority (through Jan.)	343,262	1,687,327		2,030,590
New-Special Session Transfers in FY 2019	8,000,000			8,000,000
Total MDT HB 2	12,663,322	493,536,267	27,300,000	533,499,590
Department of Justice (DOJ)				
Justice Information Technology	67,894			67,894
Criminal Investigation	177,704			177,704
Forensic Services Division	770,310			770,310
Motor Vehicle Division	3,504,065			3,504,065
Central Services	200,193			200,193
Total DOJ HB 2	4,720,166	0	0	4,720,166
Appropriations from Other Legislation				
HB 5 and HB 10 (Long-Range) Agency Authority		7,679,074		7,679,074
Long-Range Building Program (HB 5) Projects		4,056,219	0	4,056,219
Total MDT Other Legislation	0	11,735,293	0	11,735,293
Total Appropriations	17,383,488	505,271,560	27,300,000	549,955,048
Revenue less Appropriations	1,918,519	(19,848,562)	(4,322,512)	(22,252,554)
Projected Ending Balance	2,378,473	25,595,661	(4,322,512)	23,651,622
¹ Based on HJ 2 fuel tax projections as revised for changes made in the Bridge and Road Safety and Accountability Act (BaRSAA) legislation (HB 473) and in MDT fuel tax distributions. Revenues projected by MDT (other revenue and federal cost recovery) were updated for changes by MDT.				

- The figure above provides the working capital balances for the major MDT state special revenue accounts, following the actions of the November 2017 Special Session
- As demonstrated in the figure, the combined balance is projected to be \$23.7 million by the end of the 2019 biennium
- While fuel tax revenues have kept pace with the HJ 2 projections, gross vehicle weight fees have been received at a lower level than projected
 - Reduced GVW fees may put pressure on programs to move appropriations from the non-restricted highway state special account (MDT HSSRA-Non. Restr.) to the restricted highway state special account (MDT HSSRA Restricted) to facilitate the transfer to the general fund

ABOUT THE NEW WORKING CAPITAL BALANCE TABLE (CHANGES)

- This figure provides working capital balances, which differ from a regular fund balance in that it only considers current (not long-term) assets and liabilities
- The only account where the working capital balance differs from a normal fund balance in the figure is the restricted highway state special revenue account (MDT HSSRA Restricted)
- In the 2017 session, the legislature created new accounts for the uses of the Department of Justice (DOJ)
 - Some of the fuel tax revenue will now flow into an account for the Highway Patrol
 - DOJ has budget authority shown in the non-restricted highway state special revenue account (MDT HSSRA Non-Restr.) through FY 2019, which is expected to be funded by new DOJ state special accounts in the 2021 biennium
- To facilitate the changes to the revenues flowing into the various fuel tax funds, MDT also separated out other uses of the account and local government distributions (statutory appropriations), which will no longer be included in the MDT Working Capital Balances figure
 - Separate accounts have been created for all the local government and tribal government statutory appropriations, including those for the newly created local government grant program created in the Bridge and Road Safety and Accountability Act (BaRSAA)

In the special session, the legislature made \$8.0 million of transfers from the HSSRA Non-Restr. account to the state general fund. The legislation provided for two transfers of \$4.0 million each, the first on 8/30/2018 and the second on 6/30/2019 (both occurring in FY 2019). To facilitate the transfers, MDT moved \$15.2 million of budget authority from the HSSRA-Non-Restr. account to the HSSRA-Restricted account. The changes are shown in the figure above (highlighted with red font **New**). This action has caused additional stress to the HSSRA, and the agency will need to manage expenditures through the rest of the biennium as a result.

MDT has several appropriations where the use of authority could be delayed or postponed as needed to provide a sufficient working capital balance for their needs in the 2019 biennium without impacting MDT objectives. These appropriations include:

- The “Other Legislation” authority from:
 - HB 5 for provision of storage facilities and facility maintenance
 - HB 10 for information technology improvements and upgrades
- Carry forward authority, which was added (as allowed in statute) at the end of FY 2017

Federal Special Revenues (Federal Highway Trust Fund)

- MDT has received \$269.4 million in total federal funds through February of FY 2018
- MDT has expended \$239.3 million, or 88.8%, of the total federal funds received in FY 2018
- Most of the federal funding used in MDT comes through reimbursements from the federal highway trust fund and those revenues received by the MDT are \$260.0 million through February, or approximately 60.0% of the MDT FY 2018 expectations

The Federal Highway Administration (FHWA) authorizes funds to the states through what is called the “obligation limitation”. States are required to obligate the authorized funds by the end of each federal fiscal year. If the limitation is not obligated, then funds are redistributed to states who are able to obligate their authorized limitation. In FY 2018, MDT was allocated \$33.8 million of federal funding through the redistribution process. Montana has always been able to obligate both the initial, as well as the redistribution, authorizations in full. The receipt of revenues from the federal highway trust account is provided on the basis of federal-aid project reimbursements.

Local Government Fuel Tax Distributions in CY 2017

The following figure provides the distribution of gas taxes and BaRSAA taxes for calendar year 2017. The data is shown by county, with the items in bold representing the total funding received within the county (with direct distributions to the county shown in "County"). Included are the tax revenues generated by the usual distribution as directed in 15-70-101, MCA and the allocation of funds distributed through BaRSAA.

Local Government Fuel Tax Allocations with New Distributions from HB 473 (BaRSAA)							
County/City	BaRSAA	Gas Tax	Grand Total	County/City	BaRSAA	Gas Tax	Grand Total
Beaverhead	\$88,025.26	\$236,563.54	\$324,588.80	Flathead	\$412,035.93	\$1,107,326.19	\$1,519,362.12
County	53,854.13	144,730.32	198,584.45	County	179,739.44	483,040.87	662,780.31
Dillon	30,340.42	81,538.38	111,878.80	Columbia Falls	34,277.40	92,118.82	126,396.22
Lima	3,830.71	10,294.84	14,125.55	Kalispell	141,786.85	381,045.14	522,831.99
Big Horn	\$81,038.40	\$217,786.69	\$298,825.09	Whitefish	56,232.24	151,121.36	207,353.60
County	49,302.12	132,497.01	181,799.13	Gallatin	\$480,430.62	\$1,291,133.54	\$1,771,564.16
Hardin	27,518.43	73,954.41	101,472.84	County	122,987.74	330,523.47	453,511.21
Lodge Grass	4,217.85	11,335.27	15,553.12	Belgrade	49,727.55	133,640.32	183,367.87
Blaine	\$64,601.79	\$173,614.09	\$238,215.88	Bozeman	263,495.51	708,131.15	971,626.66
County	45,317.37	121,788.18	167,105.55	Manhattan	15,397.95	41,381.24	56,779.19
Chinook	11,967.34	32,161.62	44,128.96	Three Forks	17,845.20	47,958.09	65,803.29
Harlem	7,317.08	19,664.29	26,981.37	West Yellowstone	10,976.67	29,499.27	40,475.94
Broadwater	\$37,139.06	\$99,809.38	\$136,948.44	Garfield	\$38,257.98	\$102,816.42	\$141,074.40
County	22,396.23	60,188.76	82,584.99	County	32,998.65	88,682.23	121,680.88
Townsend	14,742.83	39,620.62	54,363.45	Jordan	5,259.33	14,134.19	19,393.52
Carbon	\$71,004.55	\$190,821.25	\$261,825.80	Glacier	\$71,763.41	\$192,860.63	\$264,624.04
County	31,754.81	85,339.49	117,094.30	County	41,729.61	112,146.26	153,875.87
Bear Creek	1,369.14	3,679.50	5,048.64	Browning	7,482.67	20,109.31	27,591.98
Bridger	7,180.49	19,297.22	26,477.71	Cut Bank	22,551.13	60,605.06	83,156.19
Fromberg	3,992.63	10,730.00	14,722.63	Golden Valley	\$18,516.23	\$49,761.47	\$68,277.70
Joliet	4,552.98	12,235.91	16,788.89	County	12,207.36	32,806.68	45,014.04
Red Lodge	22,154.50	59,539.13	81,693.63	Lavina	2,697.49	7,249.37	9,946.86
Carter	\$27,765.90	\$74,619.50	\$102,385.40	Ryegate	3,611.38	9,705.42	13,316.80
County	22,352.03	60,069.98	82,422.01	Granite	\$34,126.32	\$91,712.81	\$125,839.13
Ekalaka	5,413.87	14,549.52	19,963.39	County	20,975.33	56,370.17	77,345.50
Cascade	\$446,463.22	\$1,199,847.84	\$1,646,311.06	Drummond	2,996.25	8,052.28	11,048.53
County	72,755.82	195,527.67	268,283.49	Philipsburg	10,154.74	27,290.36	37,445.10
Belt	4,855.01	13,047.61	17,902.62	Hill	\$114,357.99	\$307,331.44	\$421,689.43
Cascade	6,932.84	18,631.67	25,564.51	County	49,614.09	133,335.41	182,949.50
Great Falls	360,411.42	968,587.88	1,328,999.30	Havre	62,235.13	167,253.84	229,488.97
Neihart	1,508.13	4,053.01	5,561.14	Hingham	2,508.77	6,742.19	9,250.96
Chouteau	\$80,515.72	\$216,382.03	\$296,897.75	Jefferson	\$57,671.89	\$154,990.34	\$212,662.23
County	51,009.70	137,086.06	188,095.76	County	36,810.65	98,926.79	135,737.44
Big Sandy	7,783.16	20,916.85	28,700.01	Boulder	11,697.41	31,436.20	43,133.61
Fort Benton	17,328.15	46,568.55	63,896.70	Whitehall	9,163.83	24,627.35	33,791.18
Geraldine	4,394.71	11,810.57	16,205.28	Judith Basin	\$31,394.09	\$84,370.07	\$115,764.16
Custer	\$97,788.23	\$262,801.05	\$360,589.28	County	22,446.52	60,323.92	82,770.44
County	30,564.46	82,140.49	112,704.95	Hobson	3,530.83	9,488.94	13,019.77
Ismay	1,407.86	3,783.55	5,191.41	Stanford	5,416.74	14,557.21	19,973.95
Miles City	65,815.91	176,877.01	242,692.92	Lake	\$125,277.69	\$336,677.60	\$461,955.29
Daniels	\$31,703.63	\$85,201.95	\$116,905.58	County	66,020.87	177,427.84	243,448.71
County	18,535.11	49,812.20	68,347.31	Polson	37,140.59	99,813.50	136,954.09
Flaxville	1,583.04	4,254.34	5,837.38	Ronan	15,479.65	41,600.78	57,080.43
Scobey	11,585.48	31,135.41	42,720.89	Saint Ignatius	6,636.58	17,835.48	24,472.06
Dawson	\$72,733.39	\$195,467.39	\$268,200.78	Lewis & Clark	\$326,370.89	\$877,105.62	\$1,203,476.51
County	31,723.46	85,255.24	116,978.70	County	100,000.33	268,745.93	368,746.26
Glendive	37,834.95	101,679.55	139,514.50	East Helena	17,713.11	47,603.12	65,316.23
Richey	3,174.98	8,532.60	11,707.58	Helena	208,657.45	560,756.57	769,414.02
Deer Lodge	\$52,784.51	\$141,855.75	\$194,640.26	Liberty	\$31,264.41	\$84,021.56	\$115,285.97
County	14,889.13	40,013.80	54,902.93	County	21,881.19	58,804.63	80,685.82
Anaconda	37,895.38	101,841.95	139,737.33	Chester	9,383.22	25,216.93	34,600.15
Fallon	\$39,127.48	\$105,153.16	\$144,280.64	Lincoln	\$119,504.21	\$321,161.65	\$440,665.86
County	18,338.68	49,284.30	67,622.98	County	75,788.02	203,676.55	279,464.57
Baker	18,123.25	48,705.34	66,828.59	Eureka	11,156.22	29,981.78	41,138.00
Plevna	2,665.55	7,163.52	9,829.07	Libby	23,816.68	64,006.16	87,822.84
Fergus	\$108,819.96	\$292,448.26	\$401,268.22	Rexford	1,117.83	3,004.12	4,121.95
County	48,420.20	130,126.89	178,547.09	Troy	7,625.46	20,493.04	28,118.50
Denton	3,984.60	10,708.41	14,693.01	Madison	\$65,922.17	\$177,162.52	\$243,084.69
Grass Range	1,850.86	4,974.10	6,824.96	County	42,221.90	113,469.26	155,691.16
Lewistown	48,046.21	129,121.82	177,168.03	Ennis	8,675.56	23,315.13	31,990.69
Moore	3,535.23	9,500.75	13,035.98	Sheridan	5,849.21	15,719.45	21,568.66
Winifred	2,982.86	8,016.29	10,999.15	Twin Bridges	4,025.82	10,819.18	14,845.00

Continued on the next page:

County/City	BarSAA	Gas Tax	Grand Total	County/City	BarSAA	Gas Tax	Grand Total
Madison-continued				Rosebud	\$78,386.11	\$210,658.81	\$289,044.92
Virginia City	5,149.68	13,839.50	18,989.18	County	43,422.27	116,695.21	160,117.48
McCone	\$32,422.91	\$87,134.97	\$119,557.88	Colstrip	16,914.30	45,456.34	62,370.64
County	24,466.29	65,751.95	90,218.24	Forsyth	18,049.54	48,507.26	66,556.80
Circle	7,956.62	21,383.02	29,339.64	Sanders	\$72,014.57	\$193,535.62	\$265,550.19
Meagher	\$30,123.92	\$80,956.57	\$111,080.49	County	43,345.29	116,488.32	159,833.61
County	17,940.31	48,213.71	66,154.02	Hot Springs	6,678.52	17,948.19	24,626.71
White Sulphur Springs	12,183.61	32,742.86	44,926.47	Plains	8,760.74	23,544.07	32,304.81
Mineral	\$33,498.01	\$90,024.22	\$123,522.23	Thompson Falls	13,230.02	35,555.04	48,785.06
County	21,260.18	57,135.67	78,395.85	Sheridan	\$52,016.43	\$139,791.60	\$191,808.03
Alberton	3,621.35	9,732.19	13,353.54	County	27,898.79	74,976.62	102,875.41
Superior	8,616.48	23,156.36	31,772.84	Medicine Lake	4,130.12	11,099.49	15,229.61
Missoula	\$524,102.58	\$1,408,499.78	\$1,932,602.36	Outlook	1,809.75	4,863.61	6,673.36
County	119,382.63	320,834.92	440,217.55	Plentywood	15,762.72	42,361.54	58,124.26
Missoula	404,719.95	1,087,664.86	1,492,384.81	Westby	2,415.05	6,490.34	8,905.39
Musselshell	\$42,226.33	\$113,481.15	\$155,707.48	Silver Bow	\$240,296.37	\$645,784.61	\$886,080.98
County	21,110.46	56,733.31	77,843.77	County	14,477.32	38,907.07	53,384.39
Melstone	2,319.82	6,234.39	8,554.21	Butte	216,389.96	581,537.32	797,927.28
Roundup	18,796.05	50,513.45	69,309.50	Walkerville	9,429.09	25,340.22	34,769.31
Park	\$99,131.53	\$266,411.08	\$365,542.61	Stillwater	\$52,788.21	\$141,865.72	\$194,653.93
County	40,379.26	108,517.26	148,896.52	County	35,110.14	94,356.77	129,466.91
Clyde Park	3,887.02	10,446.18	14,333.20	Columbus	17,678.07	47,508.95	65,187.02
Livingston	54,865.25	147,447.64	202,312.89	Sweet Grass	\$33,702.34	\$90,573.36	\$124,275.70
Petroleum	\$17,488.42	\$46,999.25	\$64,487.67	County	18,200.85	48,913.88	67,114.73
County	13,527.56	36,354.64	49,882.20	Big Timber	15,501.49	41,659.48	57,160.97
Winnett	3,960.86	10,644.61	14,605.47	Teton	\$65,587.39	\$176,262.86	\$241,850.25
Phillips	\$66,379.00	\$178,390.29	\$244,769.29	County	35,868.01	96,393.52	132,261.53
County	43,168.67	116,013.66	159,182.33	Choteau	18,757.74	50,410.49	69,168.23
Dodson	2,193.43	5,894.74	8,088.17	Dutton	4,323.22	11,618.43	15,941.65
Malta	17,423.64	46,825.18	64,248.82	Fairfield	6,638.42	17,840.42	24,478.84
Saco	3,593.26	9,656.71	13,249.97	Toole	\$70,452.58	\$189,337.85	\$259,790.43
Pondera	\$56,857.57	\$152,801.90	\$209,659.47	County	26,174.98	70,343.97	96,518.95
County	25,917.93	69,653.17	95,571.10	Kevin	3,459.85	9,298.19	12,758.04
Conrad	21,418.82	57,562.01	78,980.83	Shelby	33,918.87	91,155.28	125,074.15
Valier	9,520.82	25,586.72	35,107.54	Sunburst	6,898.88	18,540.41	25,439.29
Powder River	\$30,395.65	\$81,686.81	\$112,082.46	Treasure	\$12,011.11	\$32,279.26	\$44,290.37
County	24,767.70	66,561.97	91,329.67	County	7,983.72	21,455.84	29,439.56
Broadus	5,627.95	15,124.84	20,752.79	Hysham	4,027.39	10,823.42	14,850.81
Powell	\$50,620.39	\$136,039.80	\$186,660.19	Valley	\$92,692.33	\$249,106.07	\$341,798.40
County	25,015.82	67,228.77	92,244.59	County	55,288.56	148,585.27	203,873.83
Deer Lodge	25,604.57	68,811.03	94,415.60	Fort Peck	4,997.29	13,429.97	18,427.26
Prairie	\$27,274.37	\$73,298.54	\$100,572.91	Glasgow	25,065.95	67,363.50	92,429.45
County	16,343.78	43,923.11	60,266.89	Nashua	4,747.59	12,758.92	17,506.51
Terry	10,930.59	29,375.43	40,306.02	Opheim	2,592.94	6,968.41	9,561.35
Ravalli	\$159,614.05	\$428,954.82	\$588,568.87	Wheatland	\$25,731.60	\$69,152.41	\$94,884.01
County	101,159.62	271,861.46	373,021.08	County	13,117.29	35,252.08	48,369.37
Darby	5,849.67	15,720.71	21,570.38	Harlowton	10,100.45	27,144.46	37,244.91
Hamilton	32,324.37	86,870.13	119,194.50	Judith Gap	2,513.86	6,755.87	9,269.73
Pinesdale	7,507.45	20,175.88	27,683.33	Wibaux	\$18,156.22	\$48,793.94	\$66,950.16
Stevensville	12,772.94	34,326.64	47,099.58	County	10,872.62	29,219.61	40,092.23
Richland	\$89,728.39	\$241,140.60	\$330,868.99	Wibaux	7,283.60	19,574.33	26,857.93
County	32,959.71	88,577.59	121,537.30	Yellowstone	\$817,069.96	\$2,195,835.13	\$3,012,905.09
Fairview	9,762.26	26,235.58	35,997.84	County	112,344.92	301,921.41	414,266.33
Sidney	47,006.42	126,327.43	173,333.85	Billings	655,684.20	1,762,118.88	2,417,803.08
Roosevelt	\$84,243.12	\$226,399.24	\$310,642.36	Broadview	2,327.65	6,255.45	8,583.10
County	38,322.13	102,988.84	141,310.97	Laurel	46,713.19	125,539.39	172,252.58
Bainville	4,644.65	12,482.27	17,126.92	Grand Total	\$6,201,416.39	\$16,666,000.00	\$22,867,416.39
Brockton	2,163.47	5,814.23	7,977.70				
Culbertson	8,260.44	22,199.53	30,459.97				
Froid	3,631.35	9,759.06	13,390.41				
Poplar	6,792.01	18,253.20	25,045.21				
Wolf Point	20,429.07	54,902.11	75,331.18				

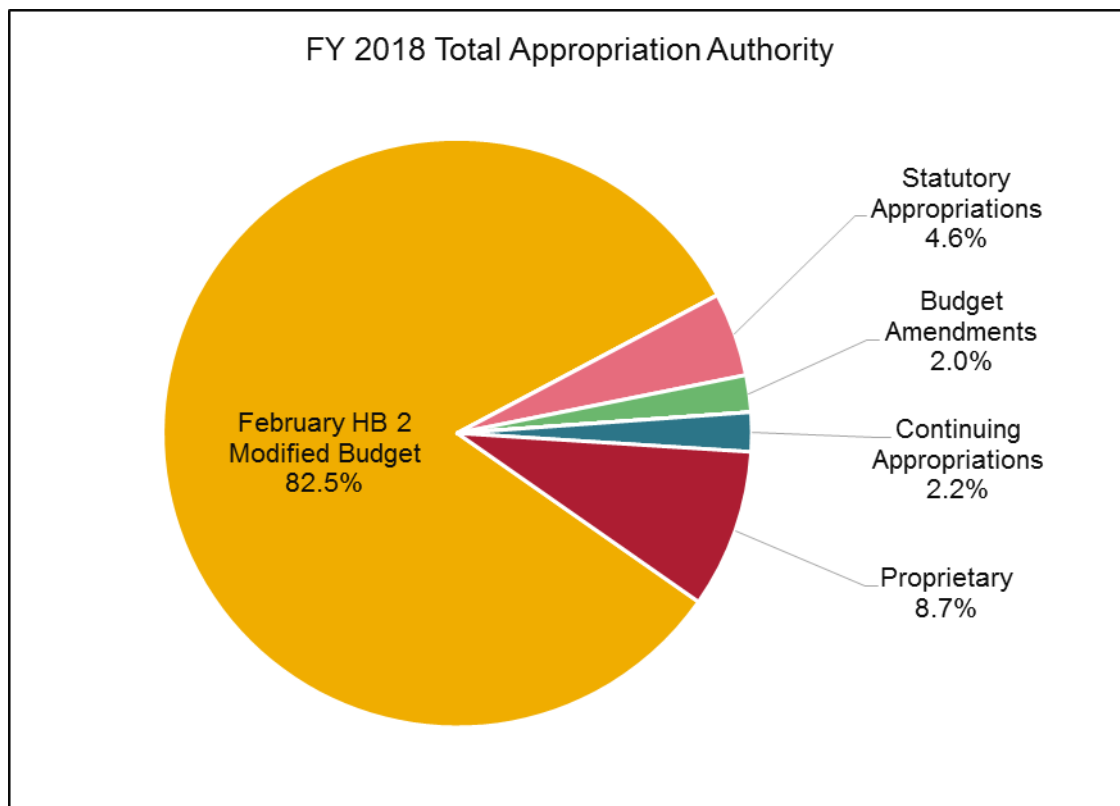
In CY 2017, the addition of \$6.2 million in BarSAA funding represented an increase of 37.1%. The funding was from four months of new revenue generated by the gas and diesel tax increase and distributed to local governments. Future distributions will include a full year of the new tax revenues. To obtain BarSAA funding, local governments must request the funding and designate the use of the funds. The BarSAA funds must be matched by \$1 of local government funding for each \$20 of BarSAA funds. More information about the BarSAA program, including the administrative rules of the new program, can be found at: <http://www.mdt.mt.gov/roadbridge/>

DEPARTMENT OF LIVESTOCK

BUDGET AND EXPENDITURE HIGHLIGHTS

- Total HB 2 appropriations for the agency total \$11.2 million,
- General fund revenues accounts for 20.0% of the agency's appropriation,
- State special revenues accounts for 64.8% of the agency's appropriation,
- Federal special revenue accounts for 15.2% of the agency's appropriation,
- Budget modifications have reduced total HB 2 appropriation by 5.5%,
- The agency has expended 66.4% of total HB 2 appropriations year to date.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart FY 2018 total agency authority and corresponds to Appendix B.

In addition to HB2 appropriations, the agency has \$300,000 in continuing appropriations of which \$72,000 is general fund. Proprietary funding totals \$1.2 million for fees charged by the animal health division.

Statutory Appropriations

Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. The department of livestock statutory appropriations total \$625,000 for predatory animal control and livestock loss mediation.

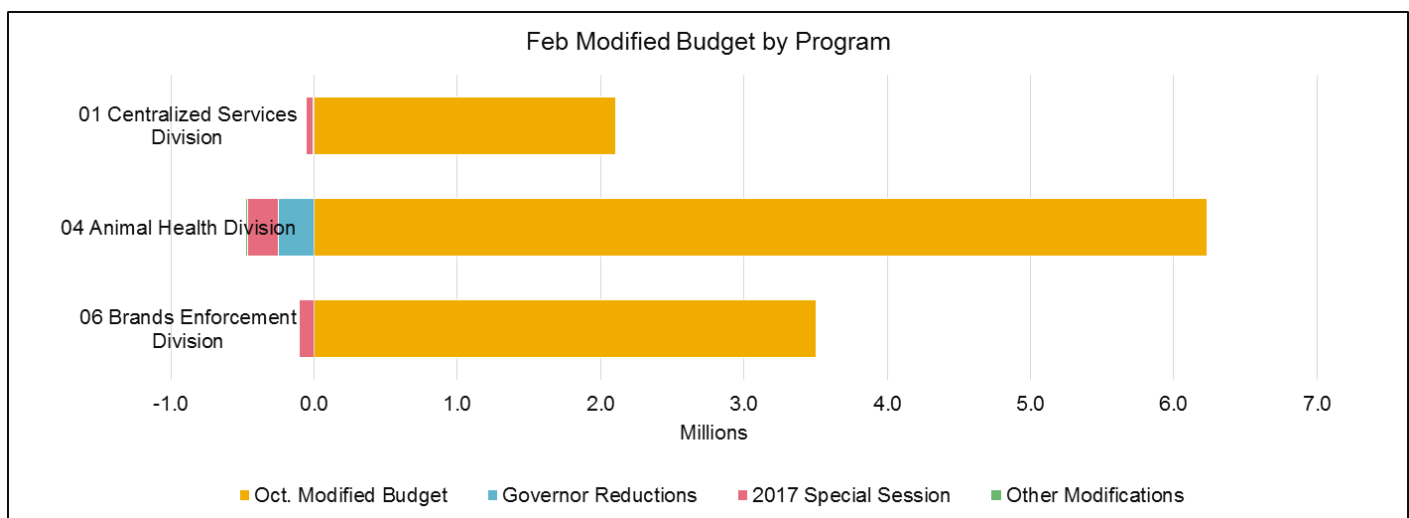
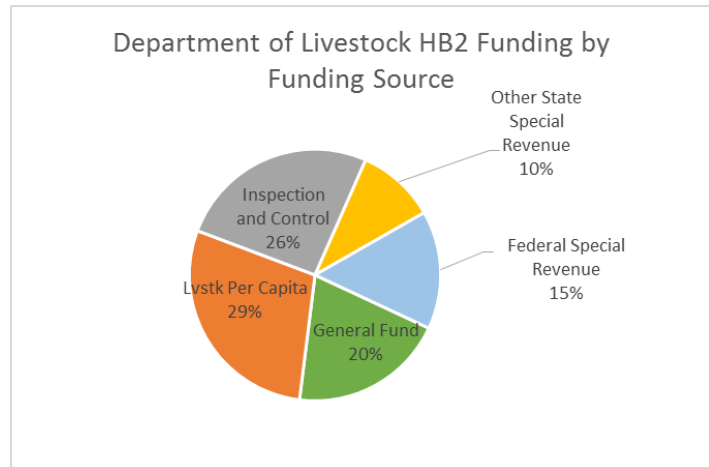
Budget Amendments

The agency requested received from the Office of Budget Program and Planning an increase in federal budget appropriation authority of \$275,000 for animal health programs.

HB 2 BUDGET MODIFICATIONS

The agency is funded by General Fund (20.0%), State Special Revenue (64.8%), and Federal Special (15.2%). The chart to the right shows the percentage of HB2 funding by funding source.

Budget modifications reduced FY 2018 appropriations by \$650,000 or 5.5%. General fund reductions of \$310,000 include Governor's proposed reductions adopted by the legislature of \$255,000 and \$45,000 in special session reductions related to state shared holiday (SB 3) and state information technology services and workers compensation.



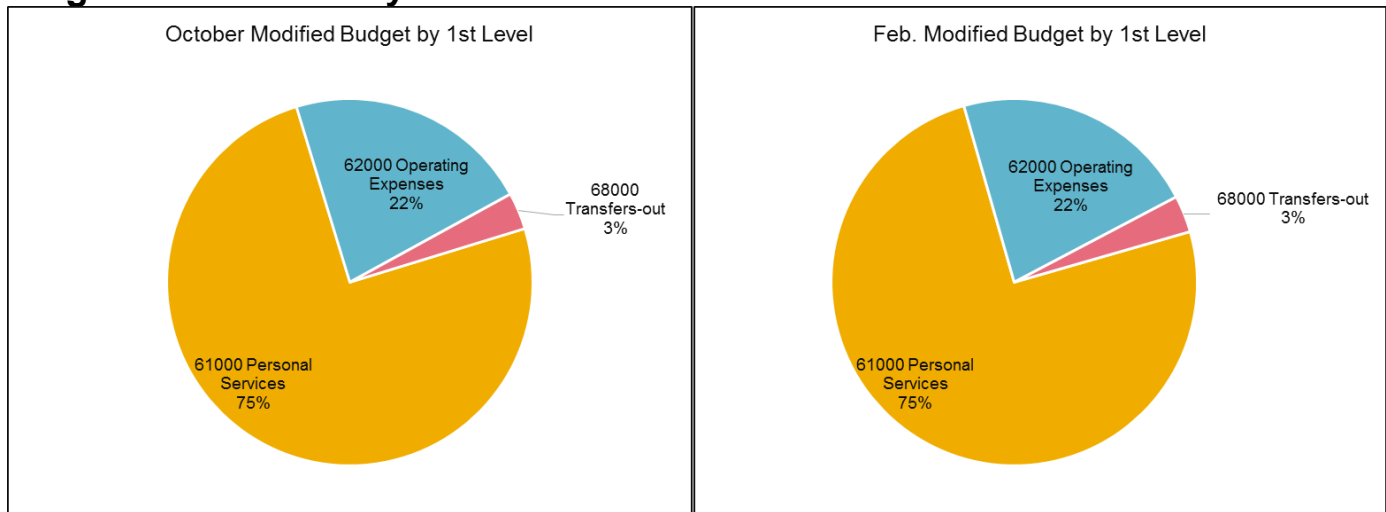
Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Centralized Services Division	2,104,827	(9,185)	(44,543)	(2,744)	2,048,355
04 Animal Health Division	6,235,137	(245,997)	(220,323)	(13,172)	5,755,645
06 Brands Enforcement Division	3,505,008	-	(101,184)	(12,431)	3,391,393
Grand Total	11,844,972	(255,182)	(366,050)	(28,347)	11,195,393

This chart shows budget modifications by program from October through Feb.

Budget modifications for the department totaled a reduction of \$650,000 or 5.5%. Reductions total \$310,000 in general fund, \$216,000 state special revenue, and \$124,000 in federal special revenue. The modified budget as shown in the table includes the Governor's proposed reductions adopted by the legislature of \$255,000 in general fund. In the 2017 special session, the legislature reduced funding for personal services for the state shared holiday (SB 3), and the HB 2 appropriation for state information technology services. Other modifications reflect a reduction in workers compensation.

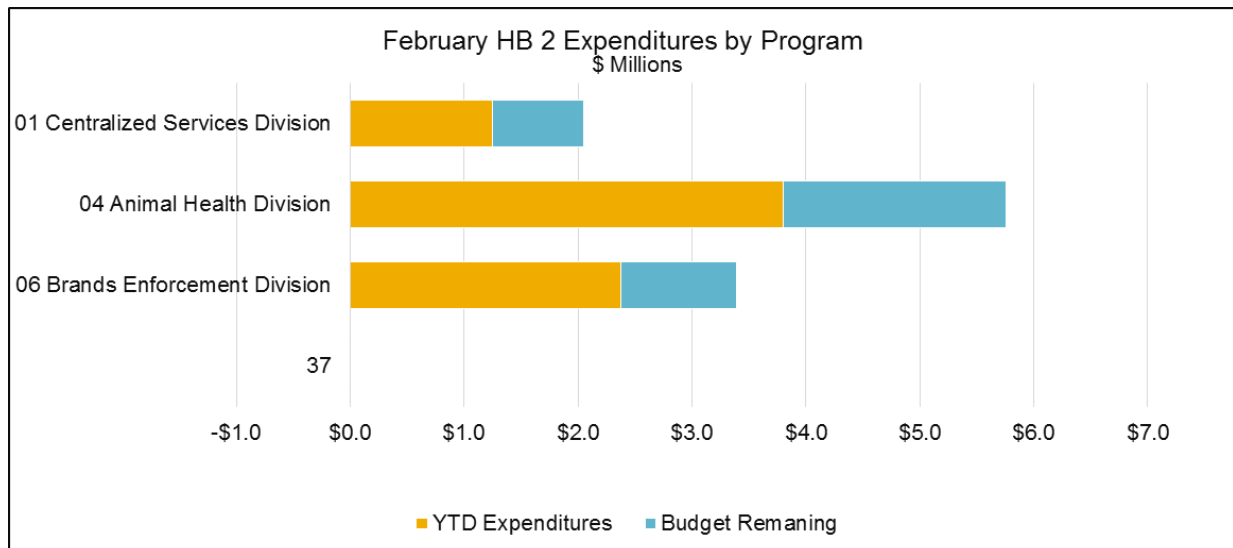
Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	8,884,440	(109,653)	(265,023)	(28,347)	8,481,417
62000 Operating Expenses	2,576,051	(145,529)	(101,027)	-	2,329,495
68000 Transfers-out	384,481	-	-	-	384,481
Grand Total	11,844,972	(255,182)	(366,050)	(28,347)	11,195,393

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

AGENCY HB 2 EXPENDITURES

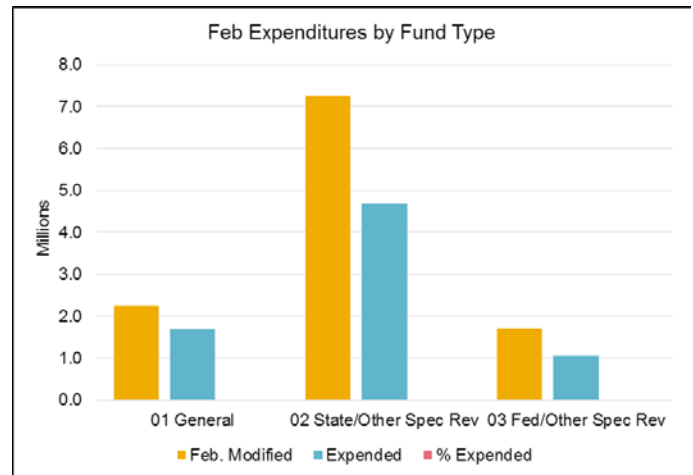
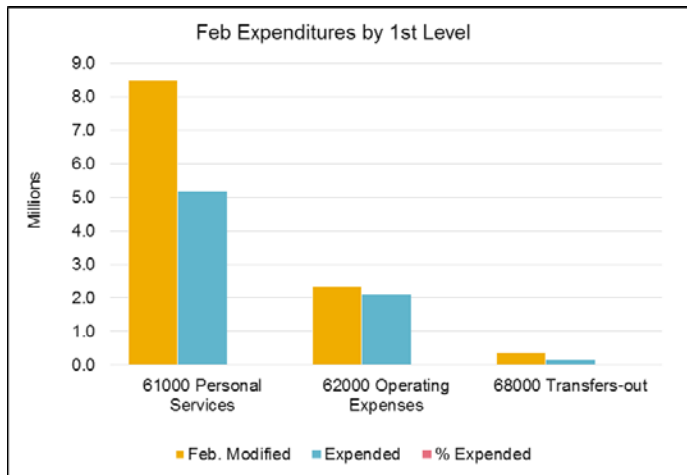


Expenditure by Program

	YTD	Budget	
	Expenditures	Remaining	% Expended
01 Centralized Services Division	1,249,291	799,064	61.0%
04 Animal Health Division	3,804,956	1,950,689	66.1%
06 Brands Enforcement Division	2,377,250	1,014,143	70.1%
37 Milk Control Bureau	4,473	-4,473	N/A
Grand Total	7,435,970	3,759,423	66.4%

This shows current expenditures by program and remaining authority for HB 2 budget.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	8,481,417	5,181,449	61.1%
62000 Operating Expenses	2,329,495	2,096,904	90.0%
68000 Transfers-out	384,481	157,617	41.0%
Grand Total	11,195,393	7,435,970	66.4%

Fund Type	Feb. Modified	Expended	% Expended
01 General	2,242,608	1,691,588	75.4%
02 State/Other Spec Rev	7,252,100	4,679,950	64.5%
03 Fed/Other Spec Rev	1,700,685	1,064,432	62.6%
Grand Total	11,195,393	7,435,970	66.4%

The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

Through the first eight months of the year, the agency has expended 66.4% of the FY 2018 appropriation, which compares to an average expenditure of 57.4% in the first eight months in the previous five years. Year to date 75.4% of the general fund has been expended, this compares to an expenditure rate in the previous five year of 48.7%. Due to reductions in general fund within animal health, general fund expenditures are higher than historic averages for the first eight months of the year.

REQUIRED REPORTS

None required at this time.

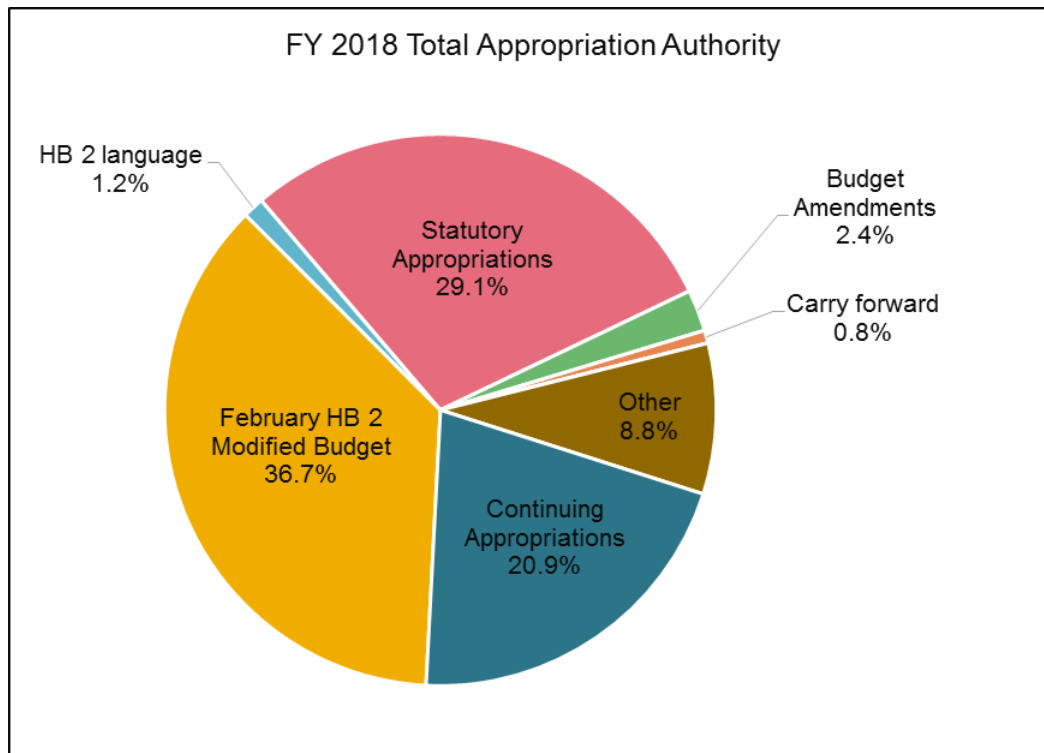
ADDITIONAL DISCUSSION

DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

BUDGET AND EXPENDITURE HIGHLIGHTS

- Total HB 2 appropriations for the agency total \$66.1 million,
- General fund revenues accounts for 39.1% of the agency's appropriation,
- State special revenues accounts for 57.1% of the agency's appropriation,
- Federal special revenue accounts for 3.8% of the agency's appropriation,
- Budget modifications have reduced total HB 2 appropriation by 4.3%,
- The agency has expended 52.4% of total HB 2 appropriations year to date.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart FY 2018 total agency authority and corresponds to Appendix B.

In addition to HB 2 appropriations, the agency has \$36.5 million in continuing appropriations of which \$21.9 million is state special revenue primarily for long-range water resource projects. The remaining \$14.6 million are federal funds for long-range projects in the forestry, conservation, and water resources.

Statutory Appropriations

Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. Statutory appropriations for DNRC total \$50.9 million of which \$35.7 million is state special revenue and the balance \$15.2 million is federal revenue. The fire fund (\$32.5 million) is statutorily appropriated for fire suppression, federal funds are primarily reimbursements from the federal government for fire suppression on federal lands.

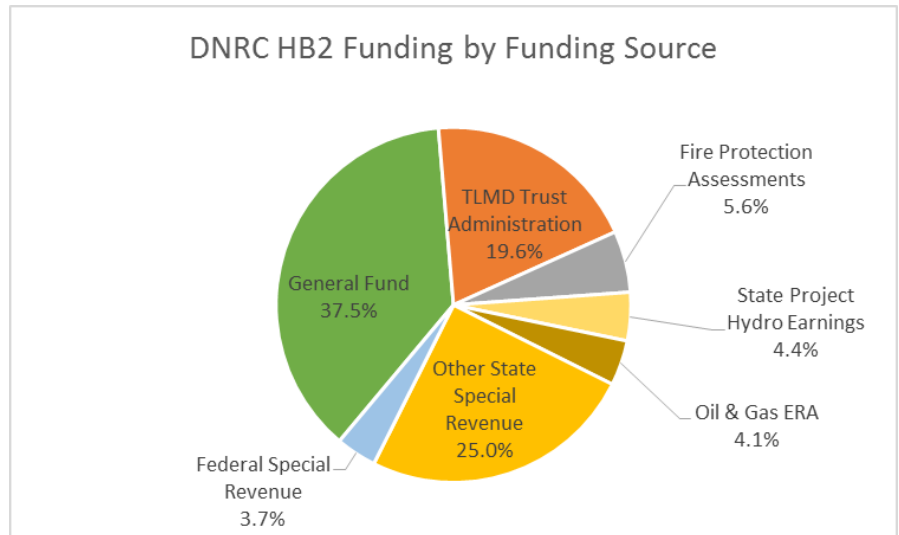
Budget Amendments

The agency received an increase in federal budget appropriation authority of \$4.3 million for various projects within water resources and forestry divisions.

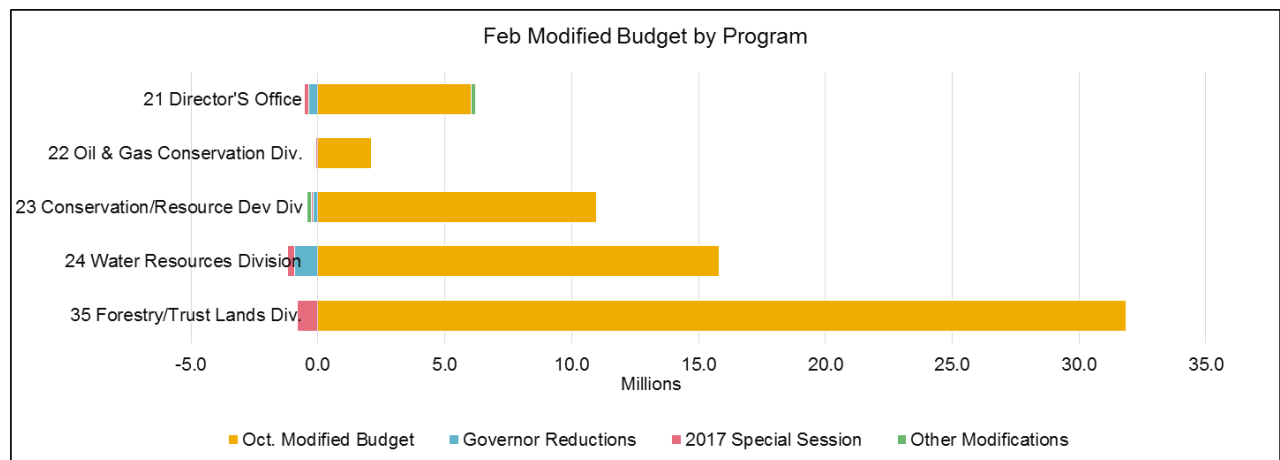
HB 2 BUDGET MODIFICATIONS

The agency is funded by general fund (37.5%), state special revenue (58.8%), and federal special (3.7%). The chart to the right shows the percentage of HB2 funding by funding source.

Reductions in funding from the 2017 special session totaled \$2.9 million or 4.1%. General fund reductions of \$2.2 million include Governor's proposed reductions approved by the legislature of \$1.5 million and \$0.7 million in special session reductions related to state shared holiday (SB 3) and state information technology services and workers compensation.



Budget Modification by Program

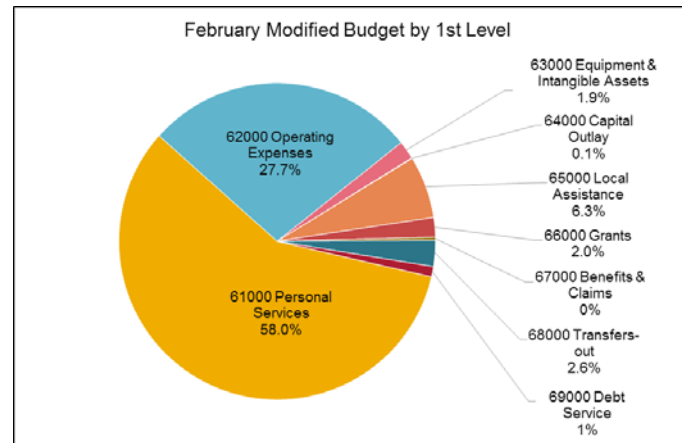
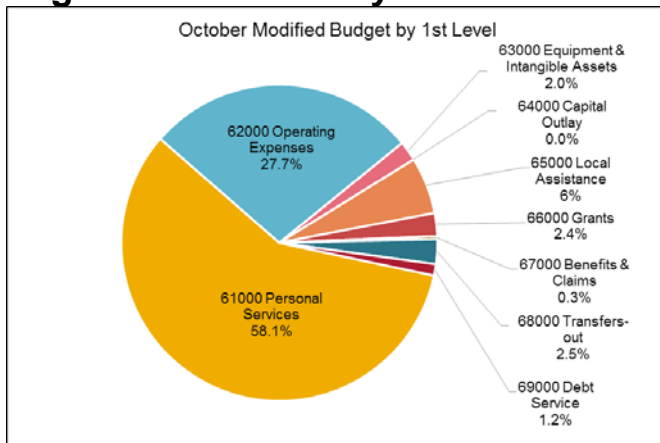


Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
21 Director'S Office	6,034,717	(370,425)	(160,996)	167,877	5,671,173
22 Oil & Gas Conservation Div.	2,127,818	-	(70,585)	-	2,057,233
23 Conservation/Resource Dev Div	10,990,877	(172,275)	(73,401)	(187,210)	10,557,991
24 Water Resources Division	15,814,146	(907,036)	(290,300)	19,333	14,636,143
35 Forestry/Trust Lands Div.	31,843,064	(15,736)	(791,924)	-	31,035,404
Grand Total	66,810,622	(1,465,472)	(1,387,206)	-	63,957,944

This chart shows budget modifications by program from October through March.

HB 2 budget modifications for the department totaled a reduction of \$2.9 million or 4.3%. Reductions total \$2.2 million in general fund, \$0.7 million in state special revenue, and \$26,700 federal special revenue. The modified budget as shown in the table includes an adjustment for the Governor's proposed reductions in general fund approved by the legislature. In the 2017 special session, the legislature reduced funding for personal services pursuant to SB 3, and the HB 2 appropriation for state information technology services.

Budget Modification by First Level

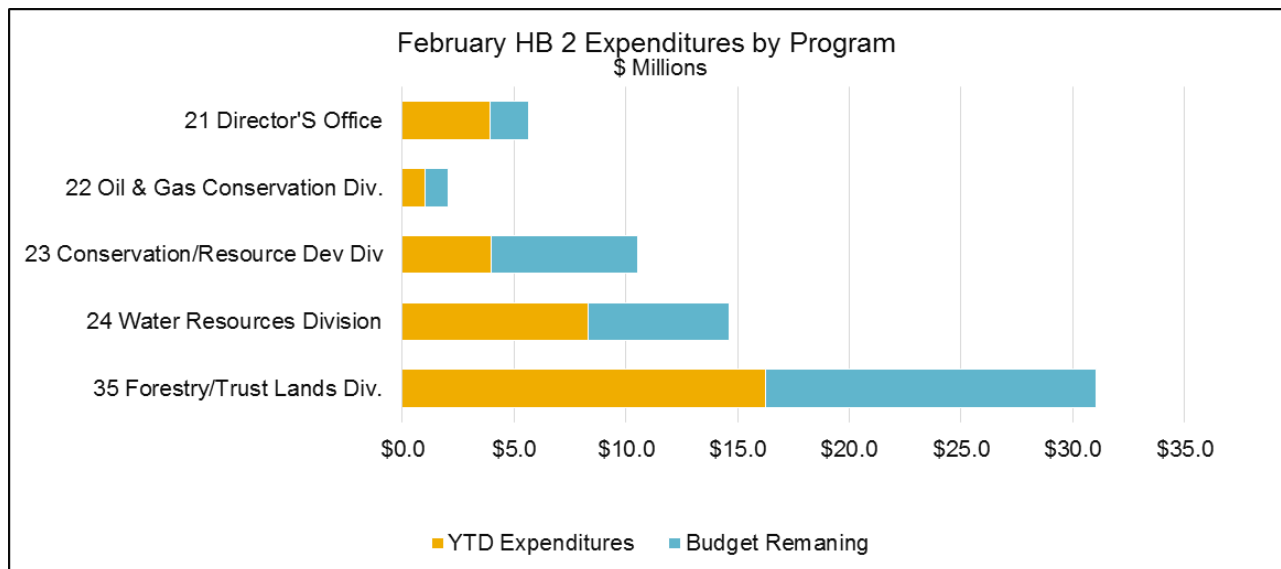


	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	38,799,286	(379,655)	(1,277,448)	(57,942)	37,084,241
62000 Operating Expenses	18,538,917	(723,173)	(109,758)	21,717	17,727,703
63000 Equipment & Intangible Assets	1,353,066	(195,303)	-	36,000	1,193,763
64000 Capital Outlay	-	-	-	40,000	40,000
65000 Local Assistance	3,874,477	-	-	183,613	4,058,090
66000 Grants	1,575,792	(133,000)	-	(155,613)	1,287,179
67000 Benefits & Claims	200,000	-	-	-	200,000
68000 Transfers-out	1,683,743	(18,125)	-	21,825	1,687,443
69000 Debt Service	785,341	(16,216)	-	(89,600)	679,525
Grand Total	66,810,622	(1,465,472)	(1,387,206)	-	63,957,944

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

Modifications to the October budget include the Governor's reduction in general fund and special session reductions to personal services and state information technology services, totaling \$2.9 million. Other modifications include a reduction of state special revenue to comply with HB2 language and transfer of appropriation authority between expenditure accounts.

AGENCY HB 2 EXPENDITURES

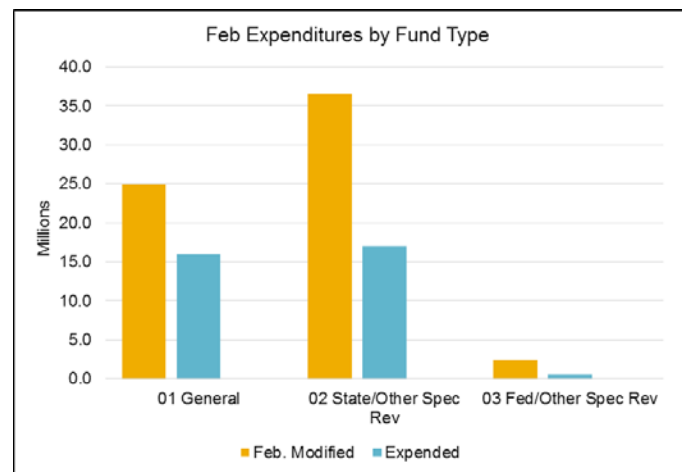
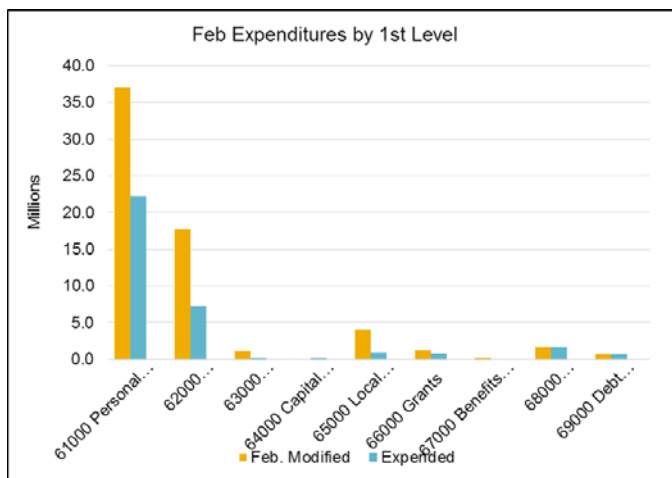


Expenditure by Program

	YTD		
	Expenditures	Budget Remain	% Expended
21 Director'S Office	3,928,182	1,742,991	69.3%
22 Oil & Gas Conservation Div.	1,038,880	1,018,353	50.5%
23 Conservation/Resource Dev Div	3,990,343	6,567,648	37.8%
24 Water Resources Division	8,300,324	6,335,819	56.7%
35 Forestry/Trust Lands Div.	16,273,807	14,761,597	52.4%
Grand Total	33,531,536	30,426,408	52.4%

This shows current expenditures by program and remaining authority for HB 2 budget.

Expenditure By First Level Account and Fund Type



The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

Program	Feb. Modified	Expended	% Expended
61000 Personal Services	37,084,241	22,273,610	60.1%
62000 Operating Expenses	17,727,703	7,209,259	40.7%
63000 Equipment & Intangible Assets	1,193,763	35,005	2.9%
64000 Capital Outlay	40,000	11,831	29.6%
65000 Local Assistance	4,058,090	925,694	22.8%
66000 Grants	1,287,179	781,164	60.7%
67000 Benefits & Claims	200,000	-	0.0%
68000 Transfers-out	1,687,443	1,646,071	97.5%
69000 Debt Service	679,525	648,902	95.5%
Grand Total	63,957,944	33,531,536	52.4%

Fund Type	Feb. Modified	Expended	% Expended
01 General	24,981,293	15,944,119	63.8%
02 State/Other Spec Rev	36,513,168	17,001,875	46.6%
03 Fed/Other Spec Rev	2,463,483	585,542	23.8%
Grand Total	63,957,944	33,531,536	52.4%

The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

Through the first eight months of the year the agency has expended 52.4% of the FY 2018 appropriation, which compares to an average expenditure of 50.2% in the first eight months in the previous five years. Year to date 63.8% of the general fund has been expended, this compares to an expenditure rate in the previous five year of 62.0%.

REQUIRED REPORTS

ADDITIONAL DISCUSSION

Status of the fire fund and possible shortfall for the biennium

As of January 2018, DNRC estimates the state obligation for fire costs are \$76.9 million for the current fiscal year. Should the state experience an average fire year in the second year of the biennium funding for fire suppression could fall short by \$20.1 million in FY 2019.

In the 2017 special session the legislature directed multiple revenue streams into the fire fund, however capped all revenue into the fire fund at \$40.0 million.

- SB 4 directs that the Board of Investments shall transfer to the fire suppression fund a 3% management rate on certain portfolios managed by the Board of Investments, providing those portfolios average asset balance contains sufficient funds to offset liabilities as determined by recent actuarial study, and have an average asset balance greater than \$1 billion. The estimated transfers for the 2019 biennium are \$29.7 million. The legislation is temporary and expires on June 30, 2019
- SB 9 provides up to \$15.0 million to be deposited into the fire suppression fund from money received by the state and any savings realized by the state from contract renegotiations between the state and private correctional facility contractors. The bill also provides for a contingent transfer of \$15.0 million from the general fund, unless the state treasurer certifies to the Legislative Fiscal Analyst that \$15 million was deposited into the fire suppression fund from the contract renegotiation between the state and private correctional facility contractors
- HB 3 appropriated \$40.0 million in FY 2018 from the general fund to the wildfire suppression fund,
- HB 6 stipulates that the state treasurer shall transfer certain revenue received in the fire suppression fund in excess of \$40.0 million to the general fund

The table below shows the anticipated fire costs as of January 2018 and the revenue streams authorized by the 2017 November Special Session Legislature. The estimated cost for FY 2019 is the average historical fire cost. Should state see an average fire year in the second year of the biennium it is anticipated that the agency will have a shortfall of \$20.1 million in fire suppression funding. It should be noted that historically, fire suppression cost vary widely.

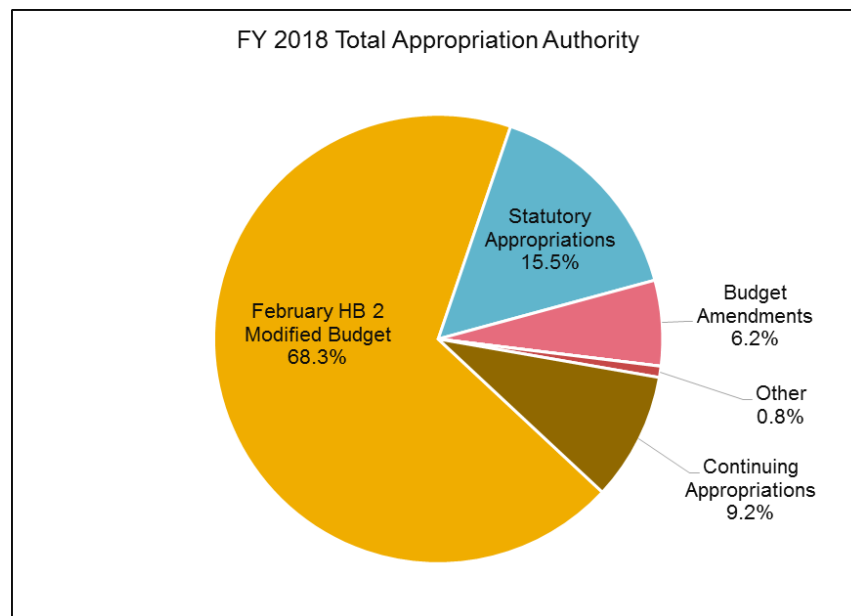
Estimated Fire Suppression Costs 2019 Biennium (\$ millions)			
<u>Expenditures</u>	FY 2018	FY 2019	Biennium
Fire Cost (01/04/2018) with updated FEMA ¹	\$69.4	-	\$69.4
Estimated Dept. of Military Affairs Expense	7.0	-	7.0
Additional Estimated Fire Cost	0.5	22.5	23.0
Total Expenditures	\$76.9	\$22.5	\$99.4
<u>Appropriations</u>			
Fire Fund Statutory Appropriation (02847)	\$32.3	-	\$32.3
Governor's Emergency Funds for Military Affairs	7.0	-	7.0
Additional Revenue Streams ²	40.0	-	40.0
Total Funding	\$79.3	\$0.0	\$79.3
Net Balance	\$2.4	(\$22.5)	(\$20.1)
¹ Total cost of \$88.3 million less federal reimbursement of \$18.9 million			
² 2017 November special session legislation			

DEPARTMENT OF AGRICULTURE

BUDGET AND EXPENDITURE HIGHLIGHTS

- Total HB 2 appropriations for the agency total \$19.1 million,
- General fund revenues accounts for 3.6% of the agency's appropriation,
- State special revenues accounts for 87.9% of the agency's appropriation,
- Federal special revenue accounts for 6.1% of the agency's appropriation,
- Enterprise funds (hail insurance) account for 2.4% of the agencies appropriation,
- Budget modifications have reduced total HB 2 appropriation by 2.1%,
- The agency has expended 39.5% of total HB 2 appropriations year to date.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart FY 2018 total agency authority and corresponds to Appendix B.

In addition to HB 2 appropriations, the agency has \$2.6 million in continuing appropriations of which \$2.4 million is federal special revenue for long-range projects in agricultural sciences and development. Of the remainder \$163,000 is state special revenue within agricultural sciences division and \$45,000 in enterprise funds in central services and agricultural development.

Statutory Appropriations

Statutory appropriations do not require reauthorization each biennium, do not appear in HB 2, and are not routinely examined by the legislature. Statutory appropriations total \$4.4 million of which \$2.8 million is state special revenue primarily derived from fees charged for evaluation, promotion, and research or marketing of various agricultural products, \$0.8 million in proprietary hail insurance funds and \$0.7 million in general fund for to fund the Montana Growth Through Agriculture Act, MCA Title 90 Chapter 9.

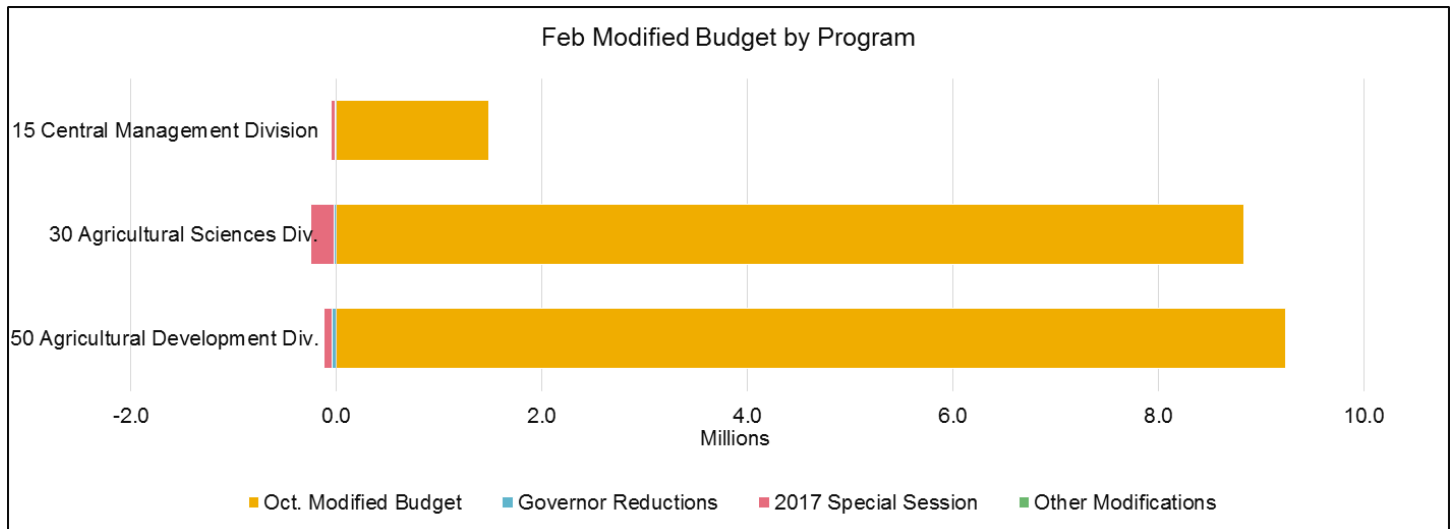
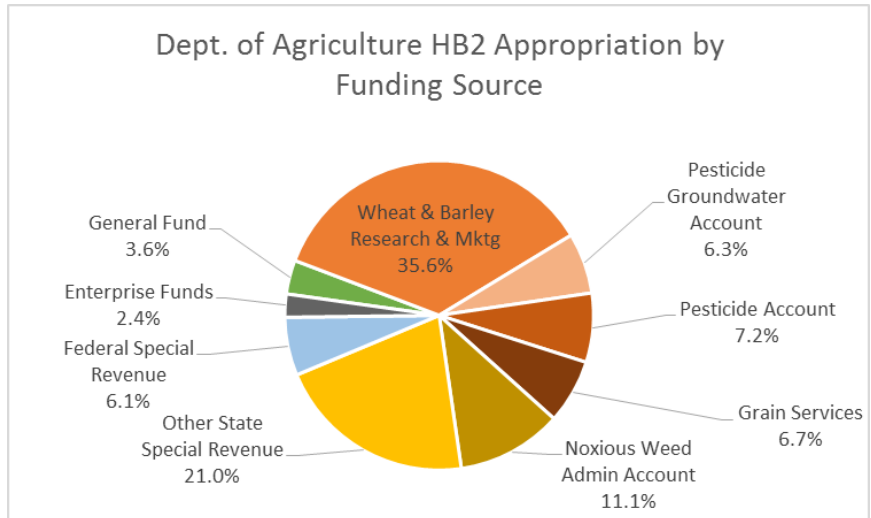
Budget Amendments

The agency received an increase in federal budget appropriation authority of \$1.7 million for various federal agricultural grants.

HB 2 BUDGET MODIFICATIONS

The agency is funded by general fund (3.6%), state special revenue (87.9%), federal special (6.1%) and enterprise funds (hail insurance 2.4%). The chart to the right shows the percentage of HB 2 funding by funding source.

Reductions in funding from the 2017 special session totaled \$416,000 or 2.1%. General fund reductions of \$102,000 include Governor's proposed reductions approved by the legislature of \$78,000 and \$24,000 in special session reductions related to state shared holiday (S B3) and state information technology services and workers compensation.



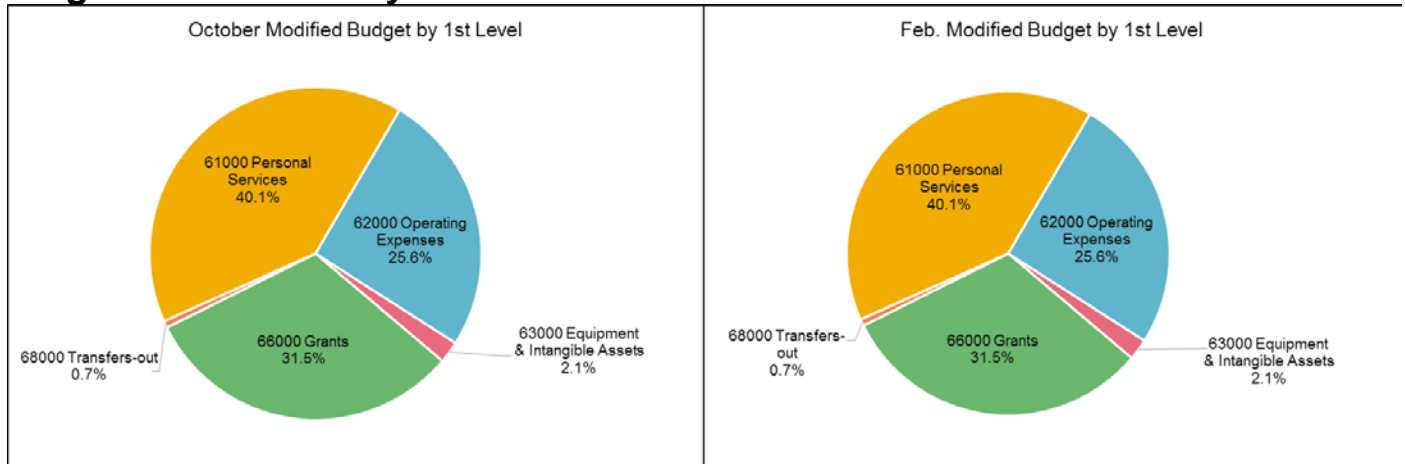
Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Total
15 Central Management Division	1,479,006	(15,664)	(34,689)	-	1,428,653
30 Agricultural Sciences Div.	8,838,710	(22,890)	(222,849)	-	8,592,971
50 Agricultural Development Div.	9,242,494	(39,650)	(80,071)	-	9,122,773
Grand Total	19,560,210	(78,204)	(337,609)	-	19,144,397

This chart shows budget modifications by program from October through March.

HB 2 budget modifications for the department totaled a reduction of \$0.4 million or 2.1%. Reductions total \$0.1 million in general fund appropriations, \$0.3 million in state special revenue, and a small amount of federal and enterprise funds. The modified budget as shown in the table includes an adjustment for the Governor's proposed general fund reductions approved by the legislature during the 2017 special session. In the 2017 special session, the legislature reduced funding for personal services pursuant to SB 3, and reduced HB 2 appropriation for state information technology services.

Budget Modification by First Level

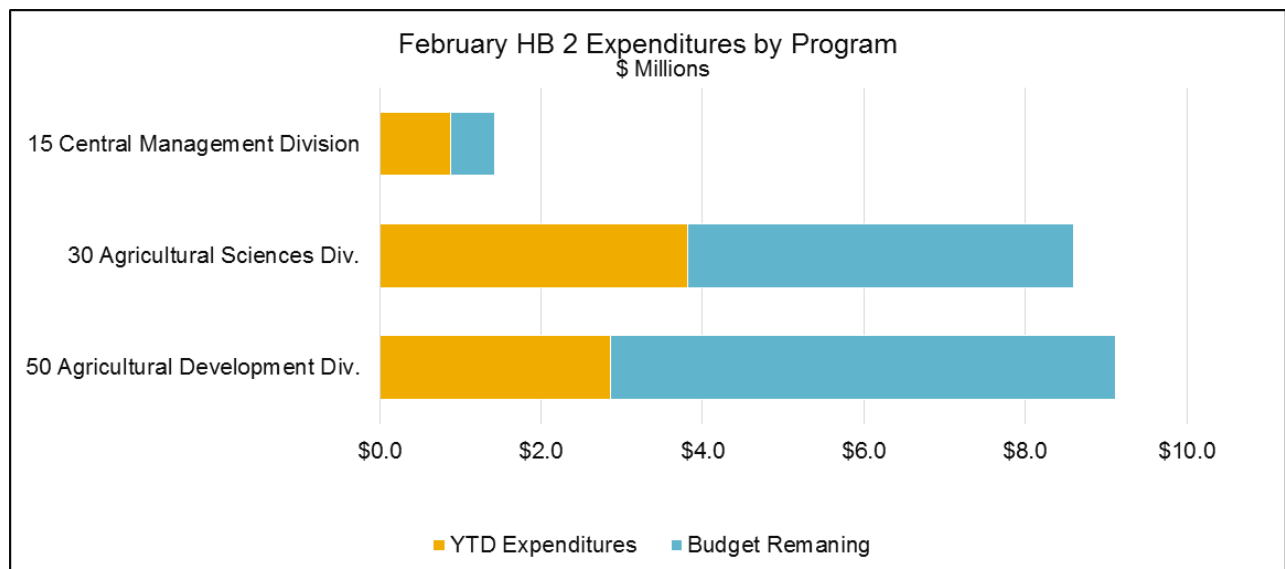


	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	7,848,339	(68,158)	(318,308)	-	7,461,873
62000 Operating Expenses	5,003,840	-	(19,301)	(10,000)	4,974,539
63000 Equipment & Intangible Assets	413,889	-	-	-	413,889
66000 Grants	6,164,385	(10,046)	-	-	6,154,339
68000 Transfers-out	129,757	-	-	10,000	139,757
Grand Total	19,560,210	(78,204)	(337,609)	-	19,144,397

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The chart above reflects modifications by first level; other modifications include the transfer of appropriation from operating expense to transfers.

AGENCY HB 2 EXPENDITURES



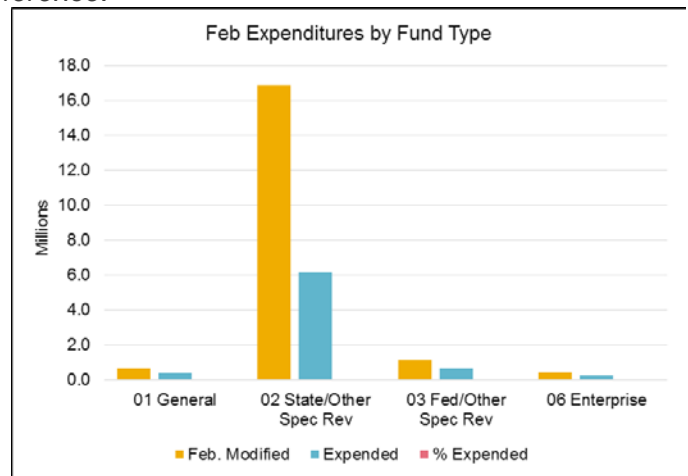
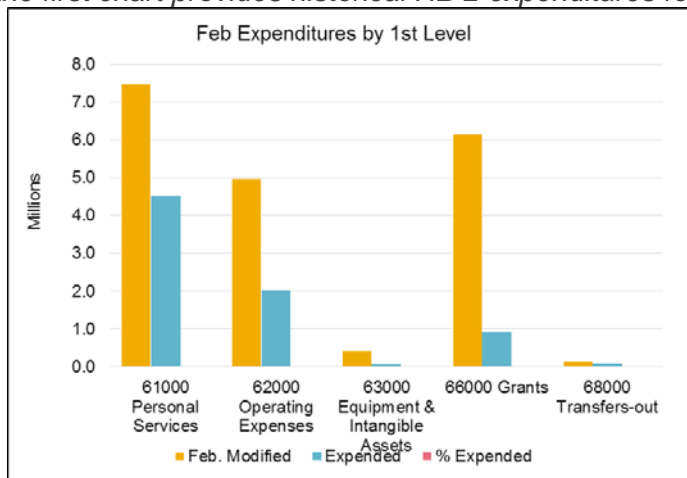
Expenditure by Program

	YTD	Budget	
	Expenditures	Remaining	% Expended
15 Central Management Division	879,518	549,135	61.6%
30 Agricultural Sciences Div.	3,822,940	4,770,031	44.5%
50 Agricultural Development Div.	2,865,924	6,256,849	31.4%
Grand Total	7,568,383	11,576,014	39.5%

This shows current expenditures by program and remaining authority for HB 2 budget.

Expenditure By First Level Account and Fund Type

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	7,461,873	4,507,703	60.4%
62000 Operating Expenses	4,974,539	2,010,089	40.4%
63000 Equipment & Intangible Assets	413,889	58,080	14.0%
66000 Grants	6,154,339	902,337	14.7%
68000 Transfers-out	139,757	90,173	64.5%
Grand Total	19,144,397	7,568,383	39.5%

Fund Type	Feb. Modified	Expended	% Expended
01 General	679,829	423,920	62.4%
02 State/Other Spec Rev	16,835,787	6,176,630	36.7%
03 Fed/Other Spec Rev	1,166,382	683,817	58.6%
06 Enterprise	462,399	284,016	61.4%
Grand Total	19,144,397	7,568,383	39.5%

The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

Through the first eight months of the year the agency has expended 39.5% of the FY 2018 appropriation, this compares to an average expenditure of 45.0% in the first eight months in the previous five years. Year to date 62.4% of the general fund has been expended, this compares to an expenditure rate in the previous five year of 53.3%.

REQUIRED REPORTS

None at this time

ADDITIONAL DISCUSSION