

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By Chairman Gary Spaeth, on January 11,
1989, 1989, at 8:00 a.m.

ROLL CALL

Members Present: All Members present.

Members Excused: None

Members Absent: None

Staff Present: Carl Schweitzer, LFA
Jane Hamman, OBPP
Donna Grace, Committee Secretary

HEARING ON DEPARTMENT OF STATE LANDS

List of Proponents and Group they Represent:

Gary Brown, State Lands
Gary Amestoy, State Lands
Kelly Blake, State Lands
Randy Mosley, State Lands
Gene Allen, Fish Wildlife and Parks
Dave Mott, Fish Wildlife and Parks

List of Opponents and Group they Represent:

None.

Reclamation Division (018)

Executive Action. The LFA's analysis is contained in
Exhibit 1.

Issue No. 1. Reclamation Division Funding. The executive budget recommends continued use of Resource Indemnity Trust Interest (RIT) to finance the administration and operation of the Reclamation Division. This recommendation causes the executive budget recommendation to be \$991,840 less general fund than the LFA current level indicates. LFA current level did not use RIT to fund this division because Section 15-

38-202, MCA, allocates the RIT interest for specific purposes which do not include funding departmental operating expenses. However, paragraph 3 of Section 16-38-202, MCA, permits the executive to propose alternative uses of RIT interest provided that the recommendation is presented in a formal budget document. This issue would affect the entire division and action will be postponed at this time.

Administrative Bureau (037)

Issue No. 1. Travel. This item would cover additional travel out of state for meetings related to EPA promulgation of rules to make sure Montana is represented in the rule making process.

MOTION: Representative Swift moved that the LFA recommendation be accepted. Discussion followed. A substitute motion was made by Senator Iverson to accept the executive recommendation.

VOTE: SUBSTITUTE MOTION PASSED. Representative Swift voted no; all others present voted yes.

Open Cut Bureau (114)

Issue No. 1. Intern and Technical Consultant. Mr. Amestoy stated that they wished to hire a graduate student from the University System to help catch up on the backlog of open cut work that wasn't being completed at this time. The bulk of the work lies in inspections, most of which is for bond release. The technical consultant would give the flexibility to hire technical consultants to help with issues beyond the expertise of the bureau.

MOTION: Senator Jergeson made a motion that funding in the amount of \$10,140, the executive recommendation, be adopted.

VOTE: MOTION PASSED. Representative Iverson voted no; all others voted yes.

Issue No. 2. Information System. Mr. Amestoy stated that this was a request for funds to computerize all the gravel pit files so this information could be dealt with in a more expeditious fashion.

MOTION: Representative Kimberley moved that the committee adopt the executive recommendation.

VOTE: MOTION PASSED. Senator Devlin voted no; all others

present voted yes.

Issue No. 3. Vehicle Purchase. Mr. Amestoy requesting additional funding for a four-wheel drive vehicle as they were not able to get this type of vehicle on short notice from the motor pool and it would eliminate the practice of employees using their own personal vehicles.

MOTION: Representative Swift made the motion that the executive budget recommendation be approved.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 4. Bond Forfeiture Appropriation. The fiscal analyst explained that a \$50,000 appropriation which would allow the department to reclaim mining sites with forfeited bond proceeds was included in the LFA current level. This could be spent without having to submit a budget amendment for spending authorization. The executive does not recommend this appropriation but does propose boilerplate language which states that reclamation of metal mine sites following bond forfeiture meets the emergency requirements for budget amendments.

MOTION: Representative Iverson made the motion that the committee adopt the LFA recommendation.

VOTE: MOTION PASSED. All present voted in favor.

Abandoned Mine Bureau: (477)

Issue No. 1. The executive budget recommends \$5,081,858 more federal funds for reclamation of abandoned mine sites than is contained in the LFA current level. The executive reflects the actual department request.

MOTION: Representative Swift moved the adoption of the executive budget recommendation.

VOTE: MOTION PASSED. All present voted yes.

Coal and Uranium Bureau: (529)

Issue No. 1. Mr. Schweitzer stated that the Coal and Uranium court costs and legal fees have increased. The department asked for \$30,000, the LFA gave them \$2,141 and the executive budget suggested \$10,000. Mr. North explained that this is needed for contracting for legal services outside the agency's own legal staff and the need occurs when it is necessary to contract for

hearings officers and the other situation is when it is necessary to hear a case outside the state. In that case it is less expensive to hire attorneys in the location where the case is filed.

Mr. Spaeth stated that he felt the funds should be allocated for the hearings officer and, if necessary, the department could ask for a supplemental appropriation if it were necessary to hire out of state counsel for any case that might require it.

MOTION: Representative Iverson made a motion to allow an amount of \$5,000 for the biennium to cover the cost of the hearings officer.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 2. Increased printing costs. Rule printing costs will increase from \$1,527 per year to \$7,500 in 1990 and \$4,500 in 1991. Mr. Amestoy said the reason for the increased costs would be related to reprinting the rules annually because the federal rules are constantly changing and the Office of Surface Mining forces the division to change their rules to reflect the changes in the federal rules if state rules are not as stringent as the federal rules.

MOTION: Senator Jergeson made a motion that the executive budget recommendation be adopted.

VOTE: MOTION PASSED. Senator Devlin voted no. All others present voted yes.

Issue No. 3. Professional Consultants. Mr. Amestoy explained that professional consultants were necessary in the Coal Bureau basically to help with areas that are beyond the expertise of the staff of the Coal Bureau such as coal plugging for uranium prospecting and underground mining, specifically the underground mining project which has been proposed in the Bull Mountains.

MOTION: Representative Iverson made a motion that the executive budget recommendation be adopted.

VOTE: MOTION PASSED. Senator Jergeson voted no; all others present voted yes.

Issue No. 4. Gasoline. Mr. Amestoy stated that the gasoline figure is based on what the department drives per year when fully staffed based on 18 miles to the gallon at \$1.00 per gallon.

MOTION: Senator Jenkins made the motion that the executive recommendation be adopted.

VOTE: MOTION PASSED. Representative Spaeth voted no; all others present voted yes.

Issue No. 5. Travel. Mr. Amestoy advised that the travel budget was being increased because the LFA had based their travel on the base year in which there was a 22% vacancy in the department. The amount of money recommended in the executive budget was sufficient for travel at full staffing.

MOTION: Senator Jergeson made a motion that the executive budget recommendation be adopted.

VOTE: MOTION PASSED. Representative Spaeth voted no; all others voted yes.

Issue No. 6. Aircraft Rental. Mr. Amestoy stated that this money, \$10,500, was for rental of aircraft to do mine inspections, infrared photography of alluvial valley floors and revegetated areas as more and more areas are being revegetated and are approaching bond release. In many cases it is easier and more cost effective to do the inspections from the air. They also use a helicopter for aerial inspection in the prospecting program.

MOTION: Senator Jenkins made the motion that the executive budget recommendation be adopted.

VOTE: MOTION PASSED. Senator Devlin and Representative Iverson voted no. All others present voted yes.

Issue No. 7. Funding Shift from 27% State Funding to 30% State Funding. Mr. Schweitzer explained that in the current biennium the split for the Coal and Uranium Bureau was 20% state and 80% federal funds as the basis for determining funding is based on the type of land the coal or uranium mine is being located on. If the mine is located on federal land, the federal government will pay 100% of the cost of monitoring that mine. If the mine is on state or private land, the federal government will pay 50% of the cost of monitoring the mine. The newer mines have been located more on state or private lands which means only 50% of the cost is reimbursed by the federal government so the equation is now approaching the 70/30 ratio.

Discussion followed. A change would increase state funding

by approximately \$40,000 for the biennium.

MOTION: Representative Swift made a motion that the LFA recommendation be adopted.

There was further discussion. Mr. Amestoy stated that if the Bull Mountain project were to go forward it would put the equation at 70/30 immediately. It is anticipated that something will definitely develop on this project in the next biennium. It was suggested that if this does occur, it might be possible for the department to submit a supplemental budget to the next legislature for additional funding if the Governor would approve a supplemental budget for FY90. Representative Spaeth stated that he would discourage discussion on supplementals because it encouraged agencies to spend beyond their budgets. He felt a supplemental should only be used in emergency situations.

VOTE; MOTION PASSED. Senator Jergeson and Representative Kimberley voted no. All others voted yes.

Hard Rock Bureau 10:A (028)

Mr. Schweitzer stated that this department is funded almost exclusively with state funds, either general funds or RIT funds.

Issue No. 1. Technical Evaluations. Mr. Schweitzer said the department has asked for \$50,000 a year and the executive recommended \$35,000 for additional consultants and the LFA did not include anything in the current level. Mr. Amestoy stated that the reason these funds were needed is because there are certain things that are beyond the expertise of the department and it would be impossible to keep these people on staff on a regular basis. These evaluations are needed for some aspects of permanent application review and others for MEPA compliance.

MOTION: A motion was made by Representative Iverson that the executive budget recommendation be accepted.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 2. Bond Forfeiture. Chairman Spaeth stated that the committee could extend spending authority or the department would have to come in for a supplemental.

MOTION: Representative Iverson made the motion that the committee adopt the LFA recommendation.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 3. Legal Costs. Mr. Amestoy stated that they were asking for \$2,000 per year for legal costs. This money has not been spent in the past as there hadn't been any out of state cases or any need for a hearings officer; however, there is now a chance that this may happen because there are a couple of bills in the legislature which would require a hearing if a permit or a bond is issued.

MOTION: Representative Swift made a motion that the executive budget recommendation be approved.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 4. Computer Systems Development. Mr. Amestoy said this is similar to what was discussed in previous bureaus. Due to the technical evaluation and data that is involved in reviewing applications to determine reclamation costs to arrive at reclamation bond amounts, they would like to expand the computer system they already have in place.

MOTION; Representative Kimberley made a motion that the executive budget recommendation be adopted.

VOTE; MOTION PASSED. Senator Jergeson voted no; all others present voted yes.

Issue No. 5. Rules Publication. Mr. Amestoy stated that this was the same issue considered for the Coal and Uranium Bureau; however, as far as the Hard Rock Bureau is concerned, this would be a one time only expenditure.

MOTION: Motion was made by Representative Jergeson that the executive recommendation be adopted with language to be written in (as well as on the motion for Rules Publication under the Coal and Uranium Bureau) that this expenditure should not be included in the base. It is a one time only expenditure.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 6. Inspection Supplies. Mr. Schweitzer stated that the request was for additional specialized equipment that wasn't in the current level. Mr. Amestoy stated that this item included a field altimeter, compasses, map rails, calculators, and other specialized equipment.

MOTION: Senator Jenkins made a motion that the executive recommendation be adopted.

Discussion followed. The question was asked if this equipment would be built into the base and the answer was no. However, the workload of the department has increased substantially and this equipment is required.

A substitute motion was made by Senator Devlin that the executive recommendation be adopted and that language be included that would indicate that this was a one time only expenditure.

VOTE: SUBSTITUTE MOTION PASSED. All present voted yes.

Budget Modifications. Mr. Schweitzer stated that there were three budget modifications requested by the Reclamation Division. They are all included in the executive budget recommendations. The superfund/hazardous waste liaison budget modification would coordinate functions among the various state and federal environmental and mine permitting laws. The Abandoned Mine budget modification is a reorganization project designed to save about \$100,000 annually. By creating state positions, the department estimates it can save \$100,000 annually in consultant service. The Coal Mining Study budget modification continues federal pass-through grants being used to study hydrological effect of coal mining. The modifications would all be funded with federal funds.

MOTION: Senator Jenkins made a motion that the budget modifications be adopted.

VOTE: MOTION PASSED. All present voted yes.

Land Administration (409)

The LFA Analysis is attached as Exhibit 2.

Mr. Schweitzer stated that this department was funded by general fund money.

Issue No. 1. Aerial Photos. This request is for new aerial photos of state owned lands to replace the ones currently being used which are twenty years old. The cost for this biennium would be \$18,166 which would start the program which would be phased in over a ten year period. The photos are \$8.00 each and are available from ASCS.

MOTION: Senator Devlin made a motion to accept the LFA recommendation which did not include this item of expenditure. Discussion followed.

VOTE: MOTION PASSED. Senator Jergeson voted no; all others present voted yes.

Issue No. 2. Weed Control Mr. Schweitzer stated that \$1,282 was the 1988 current level. The executive is suggesting that \$20,000 be used for weed control on state owned land that is not leased.

MOTION: Senator Jenkins made a motion that the executive budget be adopted.

VOTE: MOTION PASSED. Representative Iverson and Senator Devlin voted no. All others voted in favor.

Issue No. 3. Area Office Phone Lines. The executive budget provides \$5,400 per year to install dedicated phone lines to area offices to allow them access to the Trust Management System.

MOTION: Senator Jenkins made the motion that the LFA current level be adopted.

VOTE: MOTION PASSED. Senator Jergeson voted no. All others present voted yes.

Issue No. 4. Area Office Rent. The executive budget increases funding for area office rent from \$1,850 per year to \$6,636 per year. Mr. Blake explained that there had been increases in rent in two of the area land offices.

MOTION: Senator Iverson made the motion that the executive budget be adopted.

VOTE: MOTION PASSED. Senator Jergeson voted no; all others present voted yes.

Issue No. 5. Equipment. The executive budget includes more for equipment. The executive included \$27,500 for a large truck in FY90, \$14,500 for a field officer truck in FY91 and \$4,000 a year for other equipment. The LFA current level included \$24,000 for a truck in FY90 and \$14,500 for a vehicle in FY91.

MOTION: Representative Swift made a motion that the executive budget be adopted.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 6. Other Adjustments. This includes all other items in which there was a difference between the executive and the LFA. One item included was aircraft rental for travel for people in the lands division.

MOTION: Senator Jenkins made the motion that the Executive budget recommendation be accepted.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 7. Trust Lands Lease to Fish, Wildlife and Parks. Mr. Schweitzer stated that this was an issue raised by the LFA and was based on a study relating to whether or not the fair market value was being received from state lands. There were two parts to the report, the first being the grazing leases and the second was selling trust land and investing the proceeds and comparing that figure with the amount being received from leases. The report was presented to the Legislative Finance Committee. Mr. Schweitzer stated that he had looked specifically at land that was leased by the Department of Fish, Wildlife and Parks. They are paying \$9,000 per year to lease 10,000 acres. If sold at a \$1,000,000 purchase price, the money invested, the income would have been \$104,000. Therefore, there was actually a \$95,000 potential loss for the year. Mr. Schweitzer then outlined some options which the legislature might consider relative to this issue. The options are outlined on page C-52 of the LFA's current level recommendations.

Mr. Dave Mott, of the Department of Fish, Wildlife and Parks, stated that this was a new presentation and the department had not been aware of it. They had not had a chance to discuss any aspects of the proposal internally.

Chairman Spaeth stated that any further discussion would be postponed on this issue until the subject could be brought up when the FW&P agency appears before the committee.

Budget Modifications. Mr. Schweitzer indicated that there were two budget modifications to be considered for this division.

The purpose of the mineral accountant budget modification is to enable review of current production and reporting information being submitted by producing oil and gas and mining leases in order to ensure that the trust is receiving the correct royalties due. The geologist

budget modification is for an additional geologist to help inspect producing leases, conduct field evaluations to follow-up on royalty audits and assist with metalliferous mineral evaluations, land exchange proposals, land ownership questions in navigable rivers, and technical testimony.

MOTION: Senator Jergeson made a motion that the budget modification which would add a mineral accountant and a geologist to the Land Administration Division be approved.

VOTE: The Chairman called for a roll call vote. Chairman Spaeth, Representative Kimberley, Representative Iverson and Senator Jergeson voted yes. Senator Devlin, Representative Swift and Senator Jenkins voted no. MOTION PASSED.

Resource Development Program 10:B (603)

Chairman Spaeth stated that he had asked the fiscal analyst to re-do the worksheets for the Resource Development Program since there was a difference in expected revenue between the LFA and the budget office. The new estimates of revenue are attached as Exhibit 3.

MOTION: Taking into consideration the new revenue estimates, a motion was made to adopt the executive budget recommendations.

VOTE: MOTION PASSED. Senator Jergeson voted no. All others present voted yes.

Forestry Division 11:A (050)

Gary Brown, State Forester, stated that the Forestry Division is charged with managing the approximately 500,000 acres of State School Trust Lands that are classified as forest, providing wildfire protection services covering 4,962,795 acres of direct or contracted protection, 44,229,269 acres of county cooperative protection of forest and rangelands, providing technical assistance to private forest landowners, and growing seedlings both for reforestation on state forest lands and for conservation plantings. The complete text of Mr. Brown's presentation is set forth in Exhibit 4.

Announcements/Discussion: Chairman Spaeth stated that Mr. Brown would continue his testimony on January 12 and public testimony would also be heard at that time. The meeting will begin at 8:00 a.m.

ADJOURNMENT

Adjournment At: 12:00 noon.



REP. GARY SPAETH, Chairman

GS/dg

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DAILY ROLL CALL

NATURAL RESOURCES

SUBCOMMITTEE

DATE 1-11-89

NAME	PRESENT	ABSENT	EXCUSED
Representative Spaeth	✓		
Senator Devlin	✓		
Representative Kimberley	✓		
Representative Iverson	✓		
Representative Swift	✓		
Senator Jenkins			
Senator Jergeson	✓		

ROLL CALL VOTE

NATURAL RESOURCES

SUBCOMMITTEE

DATE 1-11-89

AGENCY State Lands

NUMBER _____

NAME	AYE	NAY
Representative Spaeth	✓	
Senator Devlin		✓
Representative Kimberley	✓	
Representative Iverson	✓	
Representative Swift		✓
Senator Jenkins		✓
Senator Jergeson	✓	

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Norma Grace
Secretary

Ray Spaeth
Chairman

Motion: Senator Jergeson made the motion that the budget modification
which would add a mineral accountant to the Land Administration Division
be approved.

AGENCY: Department of State Lands

LEGISLATIVE ACTION

PROGRAM: Reclamation Division

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference
	Executive	LFA Curr Lvl	Executive	LFA Curr Lvl	
FTE	35.00	35.00	35.00	35.00	0.00
Personal Services	\$1,007,390	\$986,831	\$1,009,293	\$988,698	\$20,595
Operating Expenses	3,717,923	3,533,379	3,629,304	3,338,436	290,868
Equipment	97,738	54,566	81,357	54,546	26,811
Non-Operating	5,000,000	2,679,991	5,000,000	2,682,498	2,317,502
TOTAL EXPENSES	\$9,823,051	\$7,254,767	\$9,719,954	\$7,064,178	\$2,655,776
FUNDING					
General Fund	\$242,971	\$739,452	\$245,864	\$741,223	(\$495,359)
State Special Rev	1,200,000	700,000	1,100,000	500,000	600,000
Federal Revenue	8,380,080	5,815,315	8,374,090	5,822,955	2,551,135
TOTAL FUNDING	\$9,823,051	\$7,254,767	\$9,719,954	\$7,064,178	\$2,655,776

ISSUE 1: Abandoned Mine Program

The executive budget recommends \$5,081,858 more federal funds for reclamation of abandoned mine sites than is contained in LFA current level. The executive budget reflects the department request, whereas LFA current level reflects the actual three-year expenditure average for the program. LFA current level contains 5.3 million per year while the executive budget contains \$7.85 million per year.

General Fund	\$ -0-	Gross	\$5,081,858
EXHIBIT /			
DATE 1-11-89			
HB 100			

ISSUE 2: Bond Forfeiture Appropriation

Included in LFA current level are two \$50,000 biennial appropriations which would allow the department to reclaim mining sites with forfeited bond proceeds. The appropriations would be in the Hard Rock and Open Cut bureaus and would allow the division to expend up to \$50,000 of bond proceeds without having to submit budget amendments for spending authorization. The executive budget does not recommend the two \$50,000 appropriations but rather proposes boilerplate language be added to the appropriation bill which states that reclamation of metal mine sites following bond forfeiture meets the emergency requirements for budget amendments.

(100,000)

-0-

\$

ISSUE 3: Reclamation Division Funding

The executive budget recommends continued use of Resource Indemnity Trust Interest (RIT) to finance the administration and operations of the Reclamation Division. This recommendation causes the executive budget recommendation to be \$991,840 less general fund than LFA current level for the Reclamation Division.

(991,840)

LFA current level did not use RIT interest to fund the Reclamation Division budget because Section 15-38-202, MCA, allocates the RIT interest for specific purposes which do not include funding departmental operating expenses. However, paragraph 3 of Section 15-38-202, MCA, permits the executive to propose alternative uses of RIT interest provided that the recommendation is presented in a formal budget document.

ISSUE 4: Technical Evaluations

The executive budget recommends \$50,000 per year to prepare various technical evaluations for MMRA and MEPA compliance. RIT interest.

100,000

-0-

ISSUE 5: Informational System Upgrade

The executive recommends \$11,000 in fiscal 1990 to develop a new component in the division's informational system. RIT interest.

11,000

-0-

ISSUE 6: Increased Legal Fees

Coal and Uranium Bureau court costs and legal fees increase from \$2,141 per year to \$10,000 per year.

15,718

-0-

ISSUE 7: Increased Printing Costs

Coal and Uranium Bureau rule printing costs increase from \$1,527 per year to \$7,500 in fiscal 1990 and \$4,500 in fiscal 1991.

8,926

-0-

ISSUE 8: Coal and Uranium Bureau Equipment Increases

General Fund Gross

The executive budget includes:

	<u>FY90</u>	<u>FY91</u>
Vehicles (1-FY90, 2-FY91)	\$17,000	\$26,000
Computer Printing	8,688	-0-
Computer Network File Server	-0-	6,688
Hydraulic Probe	-0-	5,000
Total	<u>\$25,688</u>	<u>\$37,688</u>

LFA current level contains a three-year average of \$14,966 in fiscal 1990 and \$24,024 in fiscal 1991. \$ -0- \$24,386

ISSUE 9: Coal and Uranium Operating Expenses

The executive budget contains increases which are not included in the LFA current level. The increases were primarily in consultant services (2,178 per year), travel (\$5,294 per year), and gasoline (\$3,474 per year). -0- 28,419

ISSUE 10: Other Adjustments -0- 12,599

Budget Modifications

Table B contains the three budget modifications recommended for the Reclamation Division.

Table B
Reclamation Division Budget Modifications

Budget Modifications	Fiscal 1990		Fiscal 1991	
	FTE	General Fund	FTE	General Fund
Reclamation Division Superfund/Hazardous Waste Liaison	1.00	\$ -0-	1.00	\$ -0-
Abandoned Mine	4.00	-0-	4.00	-0-
Coal Mining Study	0.00	-0-	0.00	-0-
Total	<u>5.00</u>	<u>\$322,714</u>	<u>5.00</u>	<u>\$177,814</u>

The superfund/hazardous waste liaison budget modification would coordinate functions among the various state and federal environmental and mine permitting laws.

The abandoned mine budget modification is a reorganization project designed to save about \$100,000 annually. By creating state positions, the department estimates it can save \$100,000 annually in consultant service. The coal mining study budget modification continues federal pass-through grants being used to study the hydrological effects of coal mining.

CSS:rs:rdw

LEGISLATIVE ACTION

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference
	Executive	LFA Curr Lvl	Executive	LFA Curr Lvl	
FTE	18.62	18.62	18.62	18.62	0.00
Personal Services	\$443,346	\$434,272	\$444,272	\$435,180	\$9,092
Operating Expenses	124,754	86,790	125,107	87,142	37,965
Equipment	31,500	24,500	18,500	14,500	4,000
TOTAL EXPENSES	\$599,600	\$545,562	\$587,879	\$536,822	\$51,057
=====					
FUNDING					
General Fund	\$599,600	\$545,562	\$587,879	\$536,822	\$51,057
TOTAL FUNDING	\$599,600	\$545,562	\$587,879	\$536,822	\$51,057
=====					

ISSUE 1: Aerial Photos

Contract for new aerial photos of state owned lands to replace 20-year old copies.

General Fund	Gross
\$18,166	\$18,166

ISSUE 2: Weed Control

The executive has recommended that funds to control noxious weeds on trust lands be increased from \$1,383 per year to \$20,000 per year.

37,234	37,234
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ISSUE 3: Area Office Phone Lines

The executive budget includes \$5,400 per year to install dedicated phone lines to area offices.

10,800	10,800
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EXHIBIT

DATE 1-10-89

100

ISSUE 4: Area Office Rent

The executive budget increases funding for area office rent from \$1,850 per year to \$6,636 per year.

ISSUE 5: Equipment

The executive budget includes \$11,000 more for equipment.
The executive budget includes:

	<u>FY90</u>	<u>FY91</u>
Large Truck	\$ 27,500	\$ -0-
Field Officer Truck	-0-	14,500
Complete Equipment	<u>4,000</u>	<u>4,000</u>
Total	<u>\$31,500</u>	<u>\$18,500</u>

LFA current level includes \$24,000 for a truck in fiscal 1990 and \$14,500 for a vehicle in fiscal 1991.

ISSUE 6: Other Adjustment

ISSUE 7: Trust Lands Lease to Fish, Wildlife, and Parks

Please refer to Budget Analysis Book, page C-50.

Budget Modification

Table C lists the two budget modifications recommended for the Land Administration Division.

<u>General Fund</u>	<u>Gross</u>
\$ 9,672	\$ 9,672
11,000	11,000
2,209	2,209

Table C
Land Administration Division Budget Modifications

<u>Budget Modifications</u>	Fiscal 1990		Fiscal 1991	
	<u>FTE</u>	<u>General Fund</u>	<u>FTE</u>	<u>General Fund</u>
<u>Lands Division</u>				
Mineral Accountant	1.00	\$27,081	1.00	\$22,833
Geologist	1.00	50,552	1.00	30,104
Total	<u>2.00</u>	<u>\$67,633</u>	<u>2.00</u>	<u>\$52,937</u>
				<u>30,104</u>
				<u>\$22,833</u>
				<u>\$52,937</u>

As shown in Table C, there are two budget modifications in the Lands Division. The purpose of the mineral accountant budget modification is to enable review of current production and reporting information being submitted by producing oil and gas and mining leases in order to ensure that the trust is receiving the correct royalties due. The geologist budget modification is for an additional geologist to help inspect producing leases, conduct field evaluations to follow-up on royalty audits and assist with metalliferous mineral evaluations, land exchange proposals, land ownership questions in navigable rivers, and technical testimony.

Resource Development Account

1991 Biennium Expenditures

	<u>Revenue</u>
Projected Revenues	990,741
Expenditures	
1. Dept of Revenue	71,664
2. Resource Devel. Prog.	? ? ? ?
3. Auditor Travel	11,000
3. Trust Mgmt. Syst.	<u>343,000</u>
Total Expenditures	\$ 425,664
Projected Fund Balance	<u>\$ 565,077</u>

Jan. 6, 1989

EXHIBIT 3
 DATE 1-11-89
 HB 100

Case 11

EXHIBIT 4
DATE 1-11-89
HB 100

FORESTRY PROGRAM TESTIMONY
DEPARTMENT OF STATE LANDS

Appropriations Hearing

PROGRAM 25 -- FORESTRY

The Forestry Division is charged with managing the approximately 500,000 acres of State School Trust Lands that are classified as forest, providing wildfire protection services covering 4,962,795 acres of direct or contracted protection, 44,229,269 acres of county cooperative protection of forest and rangelands, providing technical assistance to private forest landowners, and growing seedlings both for reforestation on State Forest Lands, and for conservation plantings.

CURRENT LEVEL BUDGET REQUEST

Overview: The FY90-91 Forestry Program budget:

1. First, it is important to note that in the Governor's budget book, the FY88 actual expenditures include fire suppression expenses, which are unbudgeted and paid by supplemental. With the fire supplemental subtracted, FY88 current level expenditures equal \$7,986,020 and current level general fund is \$5,149,747. Likewise, the FY89 budget is shown with over \$10 million added to pay for last summer's fires. If the fire supplemental is removed, our FY89 forestry program budget is \$8,078,666, not \$18,182,380. The budget detail sheets correctly show expenditure and budget figures without suppression.
2. The Forestry current level budget is very conservative request. After taking into account a transfer of 10 positions to the Central Management Division, the FY90 current level General Fund increases only .5% from FY88 and decreases by 1% in FY 91. There is an overall total budget increase to current level, however those increases fall primarily with programs funded with State Special Revenue. I will address these increases as I explain each program budget.
3. The Forestry budget includes several modifications in addition to the current level program. These modifications are requested because of changes and increases to the Forestry workload. I will explain each modification after the current level presentation.
4. The spending appropriation is lower this biennium because carry over monies to begin this biennium are less. However, federal revenues have remained the same. It appears that a one-time opportunity to offset General Fund in 88/89 is penalizing us this biennium. The rationale to cut capital equipment for this reason along with the idea that we spent too much money on fire suppression is inappropriate. An extraordinary fire season is not a good reason to cut the Forestry capital budget. If we don't maintain and replace our equipment our problem will only be intensified. The 50th Legislature agreed to a modest annual replacement level of \$591,000. We feel our capital

- equipment needs are \$591,000. The LFA refers to this topic as issue 2.
5. The Department requests that language be inserted into the general appropriations act that would allow us to increase our authority to spend in our brush, timber stand improvement, nursery and slash state special revenue accounts. The language would state that this is necessary because revenues in brush, timber stand improvement, nursery and slash are based on market conditions which can fluctuate greatly from year to year.
 6. Forestry program budget requests a 2% vacancy savings rate be applied instead of the standard 4%. A comparison of the FY88-89 personal services budget to actual expenditures, shows that the Forestry program experienced 3% vacancy savings but less than 2% if only permanent employees are counted. Because of the inherent variability when seasonal employees are hired and terminated, it is very difficult to plan for vacancy savings. Therefore, it is more realistic to apply a vacancy savings rate based only on permanent employees. Most vacancy savings that are experienced in Forestry are within programs funded with special revenue because of the project nature of the work. We recommend that the committee approve the executive budget rate of 2%. The committee should also note that the proposed forestry program budget does not include any provision for funding pay raises. I hope that if pay raises are approved for the 90-91 biennium, additional funding will be provided.
 7. Other LFA budget issues and differences with Forestry program have been analyzed by the Department. I will address our differences as I go through the testimony.

FIRE MANAGEMENT

	<u>FY 90</u>	<u>FY 91</u>
1000 Personal Services	2,239,556	2,245,898
FTE	101.82	101.82

Explanation: The Fire Management personal services budget includes salaries and benefits for both the permanent and seasonal employees working in fire suppression, prevention, suppression and other related fire program activities.

Changes to Current Level: There is no change to the current level FTE. The 101.82 includes FTE added in FY89 to acquire additional fire protection responsibilities (Block III), as authorized by the 50th legislature.

Difference between LFA and OBPP: The executive budget is \$45,642 higher in FY90 and \$45,771 higher in FY91. This difference is because the LFA has applied a 4% vacancy savings factor rather than the 2% factor used in the Executive budget. The 2% factor is appropriate based on actual vacancy experience within the Forestry programs.

	<u>FY 90</u>	<u>FY 91</u>
2000 Operating expenses	911,651	818,197

Explanation: The operating expense budget for the fire management program includes funding to support current level fire presuppression, prevention and other fire related activities. Suppression expenditures relate to the fire supplemental and are not included here. Significant operating expenses in the fire program include pass through federal monies to rural fire departments, fire protection payments, distribution of fire protection taxes to the Federal Government, firefighter clothing for the residents of the Swan Camp fire crew, gasoline, shop supplies for building initial attack fire engines for the county program, Department and private aircraft rent for detection, buildings and grounds maintenance to several state facilities, vehicle repair and other equipment repair and maintenance costs in support of the fire program.

Changes to Current Level: Operating expenses are maintained at FY88 current level with the exception of contracted services which has been decreased. Fire protection payments have been reduced \$57,495 in FY90 and \$174,025 in FY91 to coincide with the assumption of additional fire protection by the State. If the requested Block 4 modification is not approved, these amounts will have to be reinstated plus an additional amount based on the federal full cost of protection. Rural community fire protection payments are increased by \$7,650 each year to pass through additional federal money to the counties. A request for \$15,000 to continue system development work on the fire protection assessment computer program was deleted from our budget by both OBPP and the LFA. This money is essential to continue the development work begun during the current biennium. The current system was developed in 1970 and is outdated, error-prone and cumbersome to use. The system accounts for over \$1,000,000 in assessment revenue each year. I request that the committee reinstate the \$15,000 in our budget. Supplies and materials have also been decreased by \$10,000 which reduces our base of shop supplies used to complete county program fire engines.

Difference between LFA and OBPP: The LFA has not included Block 4 in his budget for Forestry, therefore, contracted services is more than OBPP. When we take over the new protection, we no longer have to pay the Forest Service for the protection of those acres, therefore we have reduced the contracted services budget accordingly. LFA budget is \$208,321 more than OBPP in FY90 and \$319,853 more in FY91. If Block 4 is approved the LFA needs to reduce his budget by these amounts each year. The LFA supplies and materials is \$10,000 higher than OBPP in FY90. OBPP does not include \$10,000 for shop supplies. LFA is \$485 higher in communications in FY90 and \$207 higher in FY91 than OBPP. LFA is \$190 less in travel in FY90 and \$1990 in FY91. OBPP amount is by FY88 base. Travel in our fire program is critical, therefore, we would like to have the OBPP amount. LFA is \$3730 higher in rent for FY90 than OBPP because OBPP has cut our base level department aircraft rent. This is the FY88 base amount and reflects the cost of using the aircraft pool for fire patrols. LFA is \$300 higher than OBPP for repair and maintenance in FY90 only. The OBPP amount is sufficient. Other expense has been cut \$200 in FY90 and \$300 in FY91 by the LFA.

	<u>FY90</u>	<u>FY91</u>
3000 Equipment	160,859	199,450

Explanation: The capital budget for the Fire Program is essentially replacement equipment used in both direct protection and the county program. Several two-way radios need to be replaced in the amount of \$55,039 in FY90 and 58,690 in FY91. Fire suppression equipment amounts to \$133,950 in FY90 and 106,413 in FY91. This includes replacement fire pumps and slip on tank units for engines in the county program. The most significant request was for replacement vehicles until we received the above mentioned cut from the budget office. Our request was to replace 29 vehicles within the fire program for the biennium that on an average have over 100,000 miles. Unless the capital budget is reinstated back to current level, we will only be able to replace about 12 of these vehicles.

Changes to Current Level: The OBPP budget is \$148,692 less than FY88 in FY90 and \$110,101 less in FY91.

Difference between LFA and OBPP: The LFA budget for fire capital equipment is more than the executive budget by \$177,541 in FY90 and \$123,847 in FY91. Because of the reasons stated earlier, we request that the committee approve our original request for capital equipment of \$382,143 in FY90 and \$362,880 in FY91.

Fire Management - Other Issues

Because of the cooperative mutual-aid agreements between the Department, the U. S. Forest Service and other federal agencies, we request that the general appropriations act include language stating that:

The Department of State Lands has authority to increase appropriations by the amount of federal rebate received for FTE and expenses from loaning personnel to federal agencies to assist in fire suppression actions.

The Department further requests that the general appropriations act include the following:

The Department has language appropriation authority for the funds necessary to pay for fire suppression costs. The Department may increase its appropriation after approval of the budget office and review by the Legislative Finance Committee.

The LFA recommends in Issue 6: Landowner Assessment that the Fire Assessment rate of 17 cents per acre and \$14 minimum be raised to equal 1/3 of the fire budget. The law states that we may charge up to 1/3 to the private land owner and we are at the maximum as the LFA has indicated. We did not propose an increase because the fire program expansion for this biennium only includes federal lands in Block 4 and we didn't feel that it would be appropriate to raise landowner rates. However it is an option.

BRUSH DISPOSAL

	<u>FY90</u>	<u>FY91</u>
1000 Personal Services	187,347	188,043
FTE	8.72	8.72

Explanation: The brush program personal services includes salaries and benefits for permanent and seasonal employees working to reduce the fire hazard created by logging slash on State owned lands.

Changes to Current Level: FTE do not change, however personal services costs increase due to vacancy savings in FY88 and the fact that we have requested additional wage money to pay covered employees working overtime on prescribed burn projects. The increased workload that will prevail in FY90-91 will require more overtime, which we will have to pay to stay in compliance with the fair labor and standards act. Wages spent vary in this program from year to year because of several factors, primarily because of weather and market conditions. When logging on State timber sales slows down because of these conditions, we may not need to hire as many crews to do the brush work. This creates vacancy savings, however the money remains in the State special revenue account so that the brush work can be completed the following year.

Difference between LFA and OBPP: The executive budget is \$5,667 higher in FY90 and \$5,926 higher in FY91. This difference is because of vacancy savings. In addition to the vacancy savings difference, the executive budget is \$1,907 in FY90 and \$2,157 higher in FY91 for overtime. As stated above additional workload will require more overtime.

	<u>FY90</u>	<u>FY91</u>
2000 Operating Expenses	563,021	568,286

Explanation: Brush operating expenses are necessary to contract logging slash piling, soil scarification and associated treatments after a timber sale. Supplies and materials include gasoline for crew transportation, food cookhouse meals and shop supplies. Repair and Maintenance funds are used for vehicle and construction equipment repair and service. The most significant operating expenses in this program is in heavy equipment rent. Contracting of heavy equipment is needed to do the slash piling and scarification work.

Changes to Current Level: With the exception of contracted services and rent we have maintained the FY88 base level for operating expenses. Improved lumber markets combined with an increased annual harvest level will result in increased harvests from State lands during the 90-91 biennium. As a result, it is necessary to increase the FY88 base level brush, heavy equipment rental from \$166,935 to \$385,001 each year and contracting slash work from \$74,506 to \$144,500 in FY90 and \$149,500 in FY91.

Difference between LFA and OBPP: There is no difference in the operating categories for Brush except that the LFA budget in contracted services is \$69,994 lower than OBPP in FY90 and \$74,994 lower in FY91, and the LFA is lower by \$218,066 each year for heavy equipment rent. As mentioned above, we need this additional authority to do the additional brush work resulting from our

increased harvest, as required by law. The LFA refers to this difference as Issue 7.

	<u>FY90</u>	<u>FY91</u>
3000 Equipment	10,180	14,680

Explanation: The capital equipment budget includes money each year to buy 6 replacement chainsaws, a replacement all terrain vehicle, a pickup with over 103,000 miles, and a personal computer to replace a old typewriter being used at the NW land office.

Changes to Current Level: The OBPP budget reflects the current level capital budget.

Difference between LFA and OBPP: The LFA budget for brush capital equipment is less than the executive budget by \$1,165 in FY90 and \$1,601 in FY91. The OBPP budget for each year reflects the current level base therefore we request that the committee approve the OBPP capital budget for the brush program.

TIMBER STAND IMPROVEMENT

	<u>FY90</u>	<u>FY91</u>
1000 Personal Services	264,168	264,889
FTE	12.31	12.31

Explanation: The Timber Stand Improvement (TSI) program personal services budget includes salaries and benefits for permanent and seasonal employees working in TSI activities including tree planting, site preparation and tree thinning to improve the growth and quality of trees being grown for harvest on State Trust Lands.

Changes to Current Level: FTE do not change, however personal services cost increase due to vacancy savings in FY88 and the fact that we have requested additional wage money to pay covered employees working overtime in the program. The increased workload that will prevail in FY90-91 will require more overtime, which we will have to pay to stay in compliance with the fair labor and standards act. Wages spent vary in this program from year to year because of several factors, primarily weather and market conditions. When logging on State timber sales slows down because of these conditions, we may not need to hire as many crews to do the TSI work. This creates vacancy savings, however the money remains in the State special revenue account so that the TSI work can be completed the following year.

Difference between LFA and OBPP: The executive budget is \$6,506 higher in FY90 and \$6,520 higher in FY91. This difference is because of vacancy savings. In addition to the vacancy savings difference, the executive budget is \$1,150 in FY90 and in FY91 for overtime. As stated above, the additional workload will require more overtime.

	<u>FY90</u>	<u>FY91</u>
2000 Operating Expenses	406,640	405,544

Explanation: TSI operating expenses are necessary to contract crews and equipment for site preparation, thinning and tree planting work that cannot be handled with state crews. Supplies and materials include gasoline for crew transportation, food cookhouse meals and shop supplies. Repair and maintenance funds are used for vehicle and construction equipment repair and service. The most significant operating expenses in this program is in heavy equipment rent and contracted services.

Changes to Current Level: With the exception of contracted services and travel, we have maintained the FY88 base level for operating expenses. Improved lumber markets combined with an increase annual harvest level will result in increased harvests from State lands during the 90-91 biennium. As a result, it is necessary to increase the FY88 base level TSI contracting from \$104,720 to \$242,992 in FY90 and \$241,520 in FY91. In addition to this we have requested an additional \$1358 each year in travel to pay for the additional per diem required for the increased workload.

Difference between LFA and OBPP: There is no difference in the operating categories for TSI except the LFA budget is contracted services is \$138,071 lower than OBPP in FY90 and \$136,599 lower in FY91 and the LFA is lower by \$1358 each year for travel. As mention above, we need this additional authority to do the required additional timber stand improvement work resulting from the increased harvest. The LFA refers to this difference as Issue 7.

	<u>FY90</u>	<u>FY91</u>
3000 Equipment	21,000	11,800

Explanation: The capital equipment budget includes money each year to buy a total of 22 replacement chainsaws and a refrigeration unit to store seedlings, and to replace a pickup with over 100,000 miles and replace an older Apple II computer on the Southwestern Land Office.

Changes to Current Level: The OBPP budget reflects the current level capital budget. Capital equipment is higher than expended in FY88 which reflects a shift from other programs, however the replacement capital base for the entire Forestry program has not been exceeded.

Difference between LFA and OBPP: The LFA budget for TSI capital equipment is less than the executive budget by \$2,404 in FY90 and \$1,287 in FY91. The OBPP budget for each year reflects the current level base therefore we request that the committee approve the OBPP capital budget for the TSI program.

NURSERY

	<u>FY90</u>	<u>FY91</u>
1000 Personal Services	197,938	198,541
FTE	9.93	9.93

Explanation: The Nursery program personal services includes salaries and benefits for permanent and seasonal employees working at the State Forest tree nursery to grow seedlings for reforestation on both State and private land, and for shelterbelts and other conservation purposes.

Changes to Current Level: FTE do not change, however personal services costs increase due to vacancy savings in FY88.

Difference between LFA and OBPP: The executive budget is \$4,039 higher in FY90 and \$4,052 higher in FY91. This difference is because of vacancy savings.

	<u>FY90</u>	<u>FY91</u>
2000 Operating Expenses	93,607	94,983

Explanation: Nursery operating expenses are necessary to purchase agricultural supplies, weed control chemicals and fertilizer; provide electricity and heat for the greenhouses; and repair vehicles and provide maintenance to buildings and grounds.

Changes to Current Level: Operating expense are the same as FY88 with inflation added.

Difference between LFA and OBPP: There is little difference in the operating categories for the Nursery. The LFA budget is \$764 lower in FY90 and \$1,764 higher in FY91.

	<u>FY90</u>	<u>FY91</u>
3000 Equipment and Intangible Assets	22,650	21,000

Explanation: The capital equipment budget for the biennium totals \$43,650, with the two largest items being a freezer/cooler budgeted at \$21,000 and a cone dryer at \$8,250.

Changes to Current Level: The OBPP budget reflects the current level capital budget. Capital equipment is higher than expended in FY88 which reflects a shift from other programs, however the replacement capital base for the entire Forestry program has not been exceeded.

Difference between LFA and OBPP: The LFA budget for Nursery capital equipment is more than the executive budget by \$4,257 in FY90 and \$2,291 less in FY91. The OBPP cut the Nursery capital budget \$7,735 in FY90.

SLASH

	<u>FY90</u>	<u>FY91</u>
1000 Personal Services	186,557	186,947
FTE	8.02	8.02

Explanation: The Slash program personal services includes salaries and benefits for permanent and seasonal employees doing work in carrying out the state hazard reduction law. Seasonal employees are hired when the State is required to take over a slash agreement do the work. Permanent employees primarily due inspections to assure compliance with the hazard reduction standards.

Changes to Current Level: FTE do not change, however personal services costs increase due to vacancy savings in FY88.

Difference between LFA and OBPP: The executive budget is \$3,808 higher in FY90 and \$3,815 higher in FY91. This difference is because of vacancy savings.

	<u>FY90</u>	<u>FY91</u>
2000 Operating Expenses	10,961	11,059

Explanation: Operating expenses in the Slash program include gasoline, travel, and repair and maintenance money to repair vehicles used for inspections and crew transportation.

Changes to Current Level: Operating expenses are less than FY88. We have reduced the base in this program and general fund has been cut accordingly.

Difference between LFA and OBPP: There is no difference in the operating categories between LFA and OBPP.

	<u>FY90</u>	<u>FY91</u>
3000 Equipment	-0-	-0-

Explanation: No capital equipment items were requested for this program, therefore general funded capital budget authorization was transferred to other programs within the Forestry budget.

Changes to Current Level: Current level capital has been shifted to other parts of the Forestry budget for the FY90-91 biennium as stated above.

Difference between LFA and OBPP: None

OTHER SERVICES:

	<u>FY90</u>	<u>FY91</u>
1000 Personal Services	621,085	623,027
FTE	20.42	20.42

Explanation: The Other Services program personal services includes salaries and benefits for permanent and seasonal employees doing work in Forestry Assistance programs, the Institutional Forestry Work program and includes the administrative and maintenance staff in Missoula. It is important to note that this program includes much more than administration, as the majority of the FTE are field personnel.

Changes to Current Level: There is a transfer of 10.00 FTE to the Central Management Division and the elimination 1.5 FTE from the Forestry budget as a result of departmental consolidation of support functions in accord with HB2.

Difference between LFA and OBPP: The executive budget is \$12,675 higher in FY90 and \$12,715 higher in FY91. This difference is because of vacancy savings.

	<u>FY90</u>	<u>FY91</u>
2000 Operating Expenses	623,222	618,499

Explanation: Operating expenses in the Other Services program include operational costs needed to support the Private Forestry Assistance programs and the Institutional Forestry Work program. It also includes the budget for fixed obligations, such as building rent for some of the area offices, utilities, communications, repair and maintenance and other fixed obligations needed to maintain the Forestry buildings in Missoula, and the 18 Department field offices located around the State.

Changes to Current Level: In total operating expenses are budgeted at current level plus inflation. However, we have made several adjustments including: \$14,900 added as federal pass through funds to be matched by Montana cities and towns for urban forestry projects; \$3600 more for a leased line with the Helena mainframe computer for the Forestry, NW, SW, and Central Land Offices, a one-time FY90 adjustment of \$11,837 to expand the local area network among the Forestry buildings in Missoula; \$14,400 to replace the photocopier that has made over four million copies; \$5,000 per year to replace the NW Land Office telephone system; and a \$50,000 decrease in aircraft repair and maintenance which offset the need for these increases.

Difference between LFA and OBPP: The LFA is \$57,513 lower than OBPP in total operating expenses for FY90 and \$45,931 in FY91. The LFA budget includes the downward adjustments but not the upward adjustments, even though the total operating costs do not increase. Items not included in the LFA budget include: the \$14,900 each year federal pass through urban forestry money, \$11,837 to expand the local area networks, \$14,400 photocopy rent, \$10,000 computer maintenance money and \$6,375 operating expenses not identified in FY90 and \$6,631 in FY91. Since these items do not exceed the current level base for this program, we request that the OBPP budget for operating expenses in this the Other Services program be approved.

	<u>FY90</u>	<u>FY91</u>
3000 Equipment	69,059	50,320

Explanation: The capital equipment budget includes money each year to buy a total of 38 replacement chainsaws for the Institutional work program, 5 replacement vehicles with over 82,000 off-road miles on them, a mower for grounds maintenance in Missoula, computer network components, office work stations, a replacement radial arm saw and a desktop publishing system to enhance the updating and production of over 42 forestry and fire operating manuals.

Changes to Current Level: The equipment budget is less than the current level budget and decreases by 4.9% in FY90 and 37% in FY91.

Difference between LFA and OBPP: The LFA budget for the Other Services capital equipment is less than the executive budget by \$4,736 in FY90 and \$5,507 in FY91. The OBPP budget for each year reflects less than the current level base, however, we request that the committee approve the OBPP capital budget for the Other Services program.

FOREST MANAGEMENT:

	<u>FY90</u>	<u>FY91</u>
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1000 Personal Services	1,351,608	1,355,402
FTE	50.04	50.04

Explanation: The Forest Management Program is almost entirely made up of permanent employees performing professional work related to the sale of state timber, management of state forests, land exchanges, forest land and cabin site leases and forest inventories.

Changes to Current Level: Budgeted FTE remain constant, however there is a reduction in cost in FY90 and FY91. This is because in FY88, other program personnel spent time in the timber sale program because of the Mountain Pine Beetle epidemic.

Difference between LFA and OBPP: The executive budget is \$27,584 higher in FY90 and \$27,662 higher in FY91. This difference is because the LFA has applied a 4% vacancy savings factor rather than the 2% factor used in the Executive budget. The 2% factor is appropriate based on actual vacancy experience within the Forestry programs.

	<u>FY90</u>	<u>FY91</u>
2000 Operating Expenses	191,963	192,984

Explanation: The operating expense budget for the forest management program includes funding to support current level timber sales, land administration, inventory and other forest management related activities. Significant operating expenses in the forest management program include contracted log scaling, cabin site and other land appraisals, gasoline to support the field activities, engineering supplies, tree marking paint, travel expense and vehicle repair.

Changes to Current Level: Operating expenses are budgeted at current level with inflation. The increase is less than \$900 from FY88 to FY90.

Difference between LFA and OBPP: The LFA is \$2,641 higher than OBPP in total operating expenses for FY90 and \$2,642 in FY91. The OBPP budget reflects current level need therefore that budget is sufficient for operating expenses for the Forest Management Program.

	<u>FY90</u>	<u>FY91</u>
3000 Equipment	69,752	56,250

Explanation: The capital equipment budget requests replacement of 16 vehicles over the 90-91 biennium, some with up to 150,000 miles. The budget also includes a snowmobile, 2 replacement two-way radios, a small copy machine capable of enlarging and reducing maps, 2 data recorders for increased scaling efficiency, and 2 professional work stations for the NW Land Office.

Changes to Current Level: Capital equipment is higher than expended in FY88 which reflects a shift from other programs, however the replacement capital base for the entire Forestry program has not been exceeded.

Difference between LFA and OBPP: The LFA budget for the Forest Management capital equipment is more than the executive budget by \$143 in FY90 and \$60,475 in FY91. Because of the reasons that I discussed in the overview

concerning the appropriate forestry base level of capital, we request that the committee approve our original amount of equipment of \$78,930 in FY90 and 131,017 in FY91.

I will now discuss the proposed modifications to the Forestry budget.

VISITOR'S REGISTER

Natural Resources

SUBCOMMITTEE

AGENCY(S) _____

DATE 1-11-89

DEPARTMENT _____

NAME	REPRESENTING	SUP- PORT	OP- POSE
Gary H Brown	DSL	✓	
Shy Amstutz	DSL	✓	
Kelly Blatka	DSL	✓	
Kandy Moslay	DSL	✓	
Gene Allen	FWP		
Dane Mott	"		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT.
 IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.