

Natural Resources Commission

Policy Committee on Finance and Administration

March 4, 2010



Monthly Spend Plan Quarterly Revenue Report FY 2011 Budget Overview

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Table of Contents

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Explanation of Fiscal Year 2010 Budget and Spend Plan Report.....	1
Fiscal Year 2010 Budget and Spend Plan Report	2
Notes for Appropriation Adjustments	4
Notes for Items Held.....	5
Notes for Significant Spend Plan Revisions.....	7
Notes for Significant Estimated Remaining Balances.....	8
Explanation of Fiscal Year 2010 Projected Revenues Report.....	9
FY 2010 Projected Revenues.....	10
FY 2011 Proposed Operating and Capital Outlay Budget.....	12

Note: The projections contained in this packet are estimates as of a point in time and will change throughout Fiscal Year 2010.

EXPLANATION OF FISCAL YEAR 2010 BUDGET AND SPEND PLAN REPORT

The report summarizes the Department's appropriations and plans for spending for Fiscal Year 2009-2010 (October 1, 2009 through September 30, 2010). An explanation of the various rows of the report follows:

Appropriation (PA 118 of 2009)	The amounts appropriated for Fiscal Year 2010 operations.
Adjustments/Items Held	Adjustments reflect changes in the appropriated amounts as a result of legislative transfers, supplemental appropriations, and Executive Orders. Adjustments also reflect excess budgetary authority, where revenues are not expected to meet the appropriated amounts. Items held represent expenditures that have been deferred to address anticipated funding challenges.
Available to Spend	Sum of Appropriation and Adjustments/Items Held.
Initial Spend Plan	The divisions' initial plans for spending.
Revisions to Spend Plan	The total of all revisions to the initial spend plan through the current month. As funds are incorporated into these plans, adjustments will be reflected in the appropriate months to document those changes.
Current Spend Plan	Sum of Initial Spend Plan and Revisions to Spend Plan.
Estimated Remaining	Amounts which have not yet been allocated to a specific plan for spending, or revenues that are being retained for future funding challenges. These amounts may or may not lapse at year-end.
YTD Expenditures	Year-to-date expenditures that provide a measurement of progress with respect to the current plans for spending.

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
FISCAL YEAR 2010 BUDGET AND SPEND PLAN REPORT
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)

	Budget	Building Occupancy (Rent)	Commun- ications	Executive	Financial Services	Grants	Grants Mgmt.	History	Info Tech	Legal Coord.	Total
Appropriation (PA 118 of 2009)	1,172.8	4,212.1	4,873.6	17,656.3	2,453.8	36,626.9	1,281.1	5,292.5	9,412.1	549.1	83,530.3
Adjustments¹/Items Held²	(41.9)	0.0	(105.1)	(15,111.2)	(145.4)	(12,053.1)	0.0	(10.1)	(448.6)	(33.5)	(27,948.9)
December	(47.4)	0.0	(105.1)	(15,122.6)	(166.6)	(9,812.2)	0.0	(10.1)	(450.0)	(34.9)	(25,748.9)
January	0.0	0.0	0.0	0.0	0.0	(3,205.2)	0.0	0.0	(48.7)	0.0	(3,253.9)
February	5.5	0.0	0.0	11.4	21.2	964.3	0.0	0.0	50.1	1.4	1,053.9
March											0.0
April											0.0
May											0.0
June											0.0
July											0.0
August											0.0
September											0.0
Available to Spend	1,130.9	4,212.1	4,768.5	2,545.1	2,308.4	24,573.8	1,281.1	5,282.4	8,963.5	515.6	55,581.4
Initial Spend Plan	1,041.8	4,226.5	5,151.5	2,688.5	2,287.2	22,815.7	1,237.1	5,348.0	9,673.8	534.7	55,004.8
Revisions to Spend Plan³	0.3	0.0	142.2	(145.8)	0.0	1,058.1	3.9	(15.3)	(404.8)	(5.0)	633.6
January	0.3	0.0	141.0	(68.2)	0.0	93.8	3.9	0.0	0.0	(5.0)	165.8
February	0.0	0.0	1.2	(77.6)	0.0	964.3	0.0	(15.3)	(404.8)	0.0	467.8
March											0.0
April											0.0
May											0.0
June											0.0
July											0.0
August											0.0
September											0.0
Current Spend Plan	1,042.1	4,226.5	5,293.7	2,542.7	2,287.2	23,873.8	1,241.0	5,332.7	9,269.0	529.7	55,638.4
Estimated Remaining³	88.8	(14.4)	(525.2)	2.4	21.2	700.0	40.1	(50.3)	(305.5)	(14.1)	(57.0)
YTD Expend. Thru January	281.9	1,386.0	1,371.7	762.7	625.1	13,308.9	282.9	1,609.2	514.8	153.8	20,297.0

¹Appropriation adjustments are detailed on page 4.

²Items held are detailed on pages 5 and 6.

³Significant revisions to spend plans are detailed on page 7, and significant estimated remaining balances are detailed on page 8.

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
FISCAL YEAR 2010 BUDGET AND SPEND PLAN REPORT
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)

	Fisheries	Forest Management	Land and Facilities	Law Enforcement	Mackinac Island	Recreation	Wildlife	Resource Division Total	Total from Previous Page	Department Total
Appropriation (PA 118 of 2009)	27,536.2	41,853.8	20,239.1	28,629.0	3,377.2	62,621.9	30,784.8	215,042.0	83,530.3	298,572.3
Adjustments¹/Items Held²	(351.2)	(3,385.2)	(4,991.5)	(1,091.7)	(255.5)	(172.4)	(414.0)	(10,661.5)	(27,948.9)	(38,610.4)
December	(353.9)	(3,775.4)	(5,532.8)	(1,114.3)	0.0	(176.9)	(414.0)	(11,367.3)	(25,748.9)	(37,116.2)
January	2.7	406.8	464.4	0.0	(255.5)	0.0	0.0	618.4	(3,253.9)	(2,635.5)
February	0.0	(16.6)	76.9	22.6	0.0	4.5	0.0	87.4	1,053.9	1,141.3
March									0.0	0.0
April									0.0	0.0
May									0.0	0.0
June									0.0	0.0
July									0.0	0.0
August									0.0	0.0
September										
Available to Spend	27,185.0	38,468.6	15,247.6	27,537.3	3,121.7	62,449.5	30,370.8	204,380.5	55,581.4	259,961.9
Initial Spend Plan	27,175.3	38,078.4	14,249.4	27,511.9	3,377.2	62,445.0	29,988.2	202,825.4	55,004.8	257,830.2
Revisions to Spend Plan	(12.7)	202.0	93.2	(18.0)	(255.5)	4.5	(44.0)	(30.5)	633.6	603.1
January	(20.1)	218.6	40.2	(12.0)	(255.5)	0.0	0.0	(28.8)	165.8	137.0
February	7.4	(16.6)	53.0	(6.0)	0.0	4.5	(44.0)	(1.7)	467.8	466.1
March									0.0	0.0
April									0.0	0.0
May									0.0	0.0
June									0.0	0.0
July									0.0	0.0
August									0.0	0.0
September										
Current Spend Plan	27,162.6	38,280.4	14,342.6	27,493.9	3,121.7	62,449.5	29,944.2	202,794.9	55,638.4	258,433.3
Estimated Remaining	22.4	188.2	905.0	43.4	0.0	0.0	426.6	1,585.6	(57.0)	1,528.6
YTD Expend. Thru January	7,298.3	10,334.2	3,150.0	7,409.2	875.7	12,445.9	6,794.3	48,307.6	20,297.0	68,604.6

¹Appropriation adjustments are detailed on page 4.

²Items held are detailed on pages 5 and 6.

³Significant revisions to spend plans are detailed on page 7, and significant estimated remaining balances are detailed on page 8.

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
NOTES FOR APPROPRIATION ADJUSTMENTS
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)

	<u>Adjustments</u>	
Budget	(6.4)	Unearned: Federal Dept of Interior - Dingell Johnson (\$5.8), Federal Dept of Interior - Pittman Robertson
Communications	(75.9)	Unearned: Private (\$75.9)
Fisheries	(351.2)	Unearned: Federal Dept of Ag (\$67.7), Federal Dept of Commerce (\$41.6), Federal Dept of Energy (\$1.0), Federal EPA (\$165.5), Private (\$75.4)
Forest Management	(1,962.6)	Unearned: Federal Dept of Ag (\$737.3), Federal Dept of Homeland Security (\$87.6), Federal Dept of Interior - Geological Survey (\$2.0), Federal EPA (\$1.0), Forest Recreation (\$200.0), Private (\$886.1), Signshop (\$48.6)
Grants	(10,836.3)	Unearned: Federal Dept of Ag (\$6,010.3), Federal Dept of Transportation (\$3,510.0), Federal Dept of Interior - Land and Water Conservation Fund (\$1,466.9), Private (\$50.0), State Parks Private (\$850.0); Transfer to provide additional authority based on federal pass through revenue received in excess of the original appropriation: Federal Dept of Interior - Timber Revenue \$1,050.9
History	(10.1)	Unearned: Federal Dept of Interior (\$.1), Private (\$10.0)
Information Tech	(48.7)	Unearned: Mackinac Island State Park Fund (\$48.7)
Land and Facilities	(893.8)	Unearned: Engineering services charges (\$510.4), Land transaction charges (\$257.0), MacMullan Center (\$126.4)
Law Enforcement	(393.4)	Unearned: Federal Dept of Homeland Security (\$375.0), Federal Dept of Commerce (\$18.4)
Mackinac Island	(255.5)	Unearned: Mackinac Island State Park Fund (\$255.5)
Recreation	(172.4)	Unearned: Federal EPA (\$122.4), Private (\$50.0)
Wildlife	(248.4)	Unearned: Federal Dept of Ag (\$7.3), Federal EPA (\$1.0), Private (\$12.5), Sportsmen Against Hunger (\$227.6)
Total	<u>(15,254.7)</u>	

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
NOTES FOR ITEMS HELD
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)

	<u>Items Held</u>	
Budget	(35.5)	Game & Fish - Wildlife Resource Protection (\$1.0), Forest Development (\$28.3), Forest Recreation (\$1.3), Land Exchange Facilitation Fund (\$3.1), Snowmobile Registration (\$1.8) - CSS&M reductions/vacant
Communications	(29.2)	Forest Recreation (\$1.7), Land Exchange Facilitation Fund (\$22.2), Snowmobile Registration (\$5.3) - CSS&M reductions
Executive	(15,111.2)	Game & Fish - Deer Range Improv. (\$.9), Game & Fish - Wildlife Resource Protection (\$4.2), Forest Development (\$57.0), Forest Recreation (\$5.8), Land Exchange Facilitation Fund (\$42.5), Snowmobile Registration (\$.8) - Payroll/CSS&M savings anticipated; Federal Dept of Interior (\$15,000.0) - Awaiting final determination regarding allocation of Great Lakes Restoration Initiative funding
Financial Services	(145.4)	Game & Fish - Deer Range Improv. (\$.3), Game & Fish - Wildlife Resource Protection (\$1.8), Forest Development (\$108.3), Forest Recreation (\$5.3), Land Exchange Facilitation Fund (\$27.9), Snowmobile Registration (\$1.8) - CSS&M reductions
Forest Management	(1,422.6)	Forest Development (\$1,381.8) - Hold vacancies and reduce timber marking contracts, cultivation efforts, CSS&M/equipment expenditures, and overtime for timber sales; Forest Recreation (\$40.8) - Keep twelve campgrounds closed, reduce expenses in cross country ski grooming, and reduce/control overall campground-related expenditures based on available revenue
Grants	(1,216.8)	Marine Safety (\$822.9), Snowmobile Registration (\$393.9) - Reductions in enforcement grants to counties
Information Tech	(399.9)	Game & Fish - Deer Range Improv. (\$1.2), Game & Fish - Wildlife Resource Protection (\$9.8), Forest Development (\$257.8), Forest Recreation (\$8.8), Land Exchange Facilitation Fund (\$117.1), Snowmobile Registration (\$5.2) - Reviewing maintenance and development application costs to identify potential sources of savings
Land and Facilities	(4,097.7)	Game & Fish - Deer Range Improv. (\$3.0), Game & Fish - Wildlife Resource Protection (\$1.0), Forest Development (\$335.3), Forest Recreation (\$2.2), MacMullan Center (\$354.0), Land Exchange Facilitation Fund (\$3,397.8), Snowmobile Registration (\$4.4) - Payroll/CSS&M savings anticipated
Law Enforcement	(698.3)	Cervidae Licensing & Inspection Fees (\$36.7), Game & Fish - Wildlife Resource Protection (\$262.8), Forest Recreation (\$12.1), Marine Safety (\$278.3), Snowmobile Registration (\$108.4) - Reduced patrol hours for state forest campgrounds, state snowmobile trails, and public waterways throughout the state; Holding vacancies within detective unit and dispatch center
Legal Coordination	(33.5)	Game & Fish - Deer Range Improv. (\$.4), Game & Fish - Wildlife Resource Protection (\$1.7), Forest Development (\$6.7), Forest Recreation (\$1.3), Land Exchange Facilitation Fund (\$23.1), Snowmobile Registration (\$.3) - Payroll/CSS&M savings anticipated

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
NOTES FOR ITEMS HELD
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)

	<u>Items Held</u>	
Wildlife	(165.6)	Cervidae Licensing & Inspection Fees (\$58.0), Game & Fish - Deer Range Improv. (\$42.1), Forest Development (\$65.5) - Reduction in number of captive cervid facility inspections (already anticipated with fewer facilities due for renewal inspections in FY10); Holding vacancies and reducing CSS&M/equipment purchases to absorb remaining reductions
Total	<u>(23,355.7)</u>	

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
NOTES FOR SIGNIFICANT SPEND PLAN REVISIONS
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)

**Spend Plan
Revisions**

Executive	(77.6)	Updated payroll estimates
Grants	964.3	Spend plan increased \$124.4 based on a revised estimate of unearned Federal Dept of Ag authority for Urban Forestry/Forest Stewardship Grants and \$1,050.9 with the transfer of additional Federal Dept of Interior authority based on timber pass through revenue received in excess of the original appropriation; Partially offset by a spend plan reduction of (\$211.0) for National Recreational Trails Grants in light of additional unearned Federal Dept of Transportation authority being projected
Information Tech	(404.8)	category
Land and Facilities	53.0	Spend plan adjusted for a projected increase in available revenue from the following fund sources: Engineering services charges, Forest Development, and ORV Trail

**DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT
NOTES FOR SIGNIFICANT ESTIMATED REMAINING BALANCES
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)**

	<u>Estimated Remaining</u>	
Budget	88.8	Vacancy savings from holding open position
Communications	(525.2)	Reviewing available federal funding/spending authority to potentially eliminate deficit
Forest Management	188.2	Forest Development - Revenue to be carried over in an effort to build an available fund balance for FY11
Grants	700.0	Permanent Snowmobile Trail Easement Subaccount - No projects identified for FY10 (Approval of administrative rules still needed)
History	(50.3)	Reviewing payroll and CSS&M expenditures to identify potential sources of savings to eliminate deficit
Information Tech	(305.5)	Discussions ongoing with DIT to substantiate projected deficit and devise an action plan to address
Land and Facilities	905.0	Game & Fish G/P \$40.4, Forest Development \$23.9, and Land Exchange Facilitation Fund \$954.3 - Payroll/CSS&M savings anticipated; Partially offset by MacMullan Center (\$113.6) - Reviewing payroll and CSS&M expenditures to identify potential sources of savings to eliminate deficit
Wildlife	426.6	Game & Fish - Deer Habitat Improvement \$135.0 - Revenue to be carried over for future land acquisition; Federal Pittman Robertson Acquired Land Revenue \$247.6 - Revenue to be carried over and used as match in the out years for major maintenance; Nongame Wildlife Fund \$44.0 - Revenue to be carried over in an effort to keep the fund solvent through FY11

EXPLANATION OF FISCAL YEAR 2010 PROJECTED REVENUES REPORT

This report provides beginning available fund balances, projected revenues, and spend plan information. It does not project ending available fund balances because capital outlay appropriations, spending by other departments, and funds carried forward from prior years (such as contracts that still had funding remaining) are not included. This report will be updated quarterly. This report complements the monthly Fiscal Year 2010 Budget and Spend Plan report (<http://www.michigan.gov/dnrbudget>).

- Column A The beginning available restricted fund balances as of October 1, 2009. These amounts will not change during the year.
- Column B Revenues that were projected for FY 2010 as of November 30, 2009. This amount will not change during the year.
- Column C Reflects adjustments that are made to revenue estimates throughout the year. Adjustments will be reflected each quarter, or as needed.
- Column D This column is the sum of column B, plus any changes that occur in the column C adjustments and reflects the most recent revenue estimate for each fund. This column will change as forecast adjustments are updated.
- Column E Revenues received and receipted into the state's accounting system at the end of each quarter. This report includes revenues through the end of January 2010. This column will be updated quarterly. Throughout the year, there will be funds that appear to be lagging behind the revenue projection, such as the Game and Fish Protection Fund, because the transfer from the Game and Fish Trust Fund will not occur until year end.
- Column F The amount divisions are planning to spend. This column equals the current spend plan figures in the Budget and Spend Plan Report (see above for link).

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT

(Amounts In Thousands)

Operating and Capital Outlay Funding History

	FY10	FY11	FY 11
	BASE APPROPRIATIONS	CHANGES	EXEC. REC.
FTEs	3,701.0	(32.5)	3,668.5
GF/GP	\$43,949.4	(\$1,845.1)	\$42,104.3
All Funds	\$704,428.1	\$16,225.8	\$720,653.9
% Change from FY10 base appropriation - GF/GP			-4.20%
% Change from FY10 base appropriation - All Funds			2.30%

FY11 CHANGES:

	GF/GP	All Funds
This adjustment formalizes a FY2010 supplemental (PA 140 of 2009) that removed funding for the temporary "wetlands protection" line item and added that amount plus \$2.0 Million in Environmental Protection Fund to the Land and Water Interface Programs line.	\$0.0	\$2,000.0
Communications and Law Enforcement appropriations were increased to reflect additional federal Pittman-Robertson funds. In addition, Park Improvement was increased to coincide with the debt service schedule.	\$0.0	\$561.6
Funding sources for the historical programs that were formerly expended through boilerplate authority are included in Part 1 appropriations.	\$0.0	\$798.8
Fish and Game-Deer Range Improvement, Snowmobile Registration, and Marine Safety appropriations were reduced to align with anticipated revenues.	\$0.0	(\$3,536.8)
DIT service charge reduction and consolidation savings related to DIT and DMB merger	(\$5.2)	(\$57.2)
Unclassified reduction due to creation of DNRE	(\$200.0)	(\$200.0)
Facility consolidation - \$156.0 General Fund reduction to be achieved through the consolidation of occupied office space into existing facilities.	(\$156.0)	(\$156.0)
Fund shift from General Fund to Hazardous Materials Transport Permit Fund	(\$400.0)	\$0.0
Water Withdrawal program reduction - This recently established program (Part 327 of NREPA) regulates large quantity water users with the goals of preventing an adverse resource impact to the waters of the state. This reduction will result in delays in assessing the impact of proposed large quantity water withdrawals.	(\$269.0)	(\$269.0)
Part 41 Wastewater program reduction - This program assures the proper construction or expansion of waste water collection or treatment facilities. This reduction will result in delays in construction schedules for these projects.	(\$214.4)	(\$214.4)
Soil Erosion and Sedimentation Control (SESC) reduction - This program regulates the pollution of Michigan waters caused by improper construction site management practices. This reduction will result in delays in construction schedules for these projects.	(\$210.0)	(\$210.0)
Performance Partnership Grant (PPG) match reduction - Approximately 75% of the Water Bureau's programs are approved under the PPG which include the areas of the NPDES Permit Program, Public Water Supply Supervision and Nonpoint Source Program. This reduction may limit the ability to earn federal funding to support these programs.	(\$400.0)	(\$400.0)
Groundwater discharge program reduction - This program is responsible for regulating the discharge of wastewater and other waste materials to the ground and groundwater. This reduction will result in delays in processing permits for this program.	(\$206.0)	(\$206.0)

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT

(Amounts In Thousands)

Operating and Capital Outlay Funding History

	FY10	FY11	FY 11
	BASE APPROPRIATIONS	CHANGES	EXEC. REC.
FTEs	3,701.0	(32.5)	3,668.5
GF/GP	\$43,949.4	(\$1,845.1)	\$42,104.3
All Funds	\$704,428.1	\$16,225.8	\$720,653.9
% Change from FY10 base appropriation - GF/GP			-4.20%
% Change from FY10 base appropriation - All Funds			2.30%
Historical Program - This program is responsible for the management and programming at the State's historical museums, including the Michigan Historical Museum. The reduction will be partially offset by the implementation of entrance fees and staffing will be reduced.		(\$380.4)	(\$380.4)
Forest Recreation - This program provides rustic camping, hiking trails, and water access opportunities to the state forests and waters for the citizens and visitors. The reduction will result in a reduction in maintenance on the pathways and cross country ski trails will not be groomed.		(\$323.9)	(\$323.9)
Wildlife Division - This program is responsible for the enhancement, restoration and conservation of the state's wildlife resources, natural communities, and ecosystems. The number of deer check stations operated throughout the state has been and will continue to be reduced significantly.		(\$140.7)	(\$140.7)
Mackinac Island Park Operation - The goal of this program is to protect, preserve and present Mackinac's rich historic and natural resources to provide outstanding educational and recreational experiences for the public. This will result in less maintenance and less services being provided to visitors.		(\$118.4)	(\$118.4)
General Law Enforcement - In this program, Conservation Officers are fully commissioned as peace officers to enforce all laws of the State of Michigan, with a focus on resource protection. The reduction will result in delays in equipment purchases, backfilling of conservation officers as they depart, and reduced overtime.		(\$116.8)	(\$116.8)
Information Technology program reduction		(\$204.5)	(\$204.5)
Other Resource Program Reductions		(\$175.8)	(\$175.8)
Adjustments to annual Capital Outlay Program		\$0.0	\$1,987.4
Department Economics		\$1,590.5	\$16,820.8
DIT & Administrative Hearings Economics		\$85.5	\$767.1
GRAND TOTAL		(\$1,845.1)	\$16,225.8
FY 2011 EXECUTIVE RECOMMENDATION		\$42,104.3	\$720,653.9