

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	118.53	118.53	114.74	114.74	118.53	114.74	(3.79)	(3.20)%
Personal Services	6,743,950	7,384,999	7,885,188	7,886,520	14,128,949	15,771,708	1,642,759	11.63 %
Operating Expenses	3,014,179	4,527,904	3,927,181	3,878,781	7,542,083	7,805,962	263,879	3.50 %
Equipment & Intangible Assets	509,214	566,389	544,714	544,714	1,075,603	1,089,428	13,825	1.29 %
Grants	5,224,550	5,109,075	5,248,911	5,242,822	10,333,625	10,491,733	158,108	1.53 %
Benefits & Claims	0	0	0	0	0	0	0	0.00 %
Transfers	259,899	295,725	259,899	259,899	555,624	519,798	(35,826)	(6.45)%
Total Costs	\$15,751,792	\$17,884,092	\$17,865,893	\$17,812,736	\$33,635,884	\$35,678,629	\$2,042,745	6.07 %
General Fund	969,414	985,598	1,086,631	1,042,634	1,955,012	2,129,265	174,253	8.91 %
State/Other Special Rev. Funds	13,274,701	14,146,180	14,972,380	14,964,108	27,420,881	29,936,488	2,515,607	9.17 %
Federal Spec. Rev. Funds	996,061	2,142,597	1,142,707	1,142,163	3,138,658	2,284,870	(853,788)	(27.20)%
Proprietary Funds	511,616	609,717	664,175	663,831	1,121,333	1,328,006	206,673	18.43 %
Total Funds	\$15,751,792	\$17,884,092	\$17,865,893	\$17,812,736	\$33,635,884	\$35,678,629	\$2,042,745	6.07 %

Mission Statement

Agency Mission: To protect producers and consumers and to enhance and develop agriculture and allied industries.

For more information, please refer to the agency profile: <http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Department of Agriculture Major Budget Highlights
<ul style="list-style-type: none"> The primary driver of the executive's increase in proposed funding is new proposals, the largest of which is \$105,000 in general fund for Food and Ag Development Centers
Major LFD Issues
<ul style="list-style-type: none"> The Legislative Audit fees are funded only with general fund, rather than the same proportion as the department as a whole.

Agency Personal Services

The personal services budget for the 2017 biennium would increase over the 2015 legislative appropriation by 6.8%, primarily due to the following factors:

- Annualization of the executive implementation of HB13 from the 2013 legislative session
- Fully funding legislatively-approved FTE
- State share of health insurance

According to the department, no situational pay adjustments were made outside of HB13 from the 2013 legislative session. The department seeks to maintain base pay at the minimum of the market range for a profession. New hire salaries are determined by internal equity and wage comparisons. Currently, only the State Grain Laboratory has a career ladder with pay increases attached.

The department has experienced an increase in turnover with the rate for FY 2014 of 23.5%.

- Accountants and computer system analysts show a higher turnover rate at 67%.
- The department has had to advertise for information technology related fields multiple times.
- Potential retirements continue to be an issue with 46% of the department workforce eligible by the end of the 2017 biennium.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% plan submitted for this agency is in the appendix.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

FY 2015 Appropriation Transactions - Department of Agriculture						
Program	Legislative Appropriation	Leg App OTO	House Adj	Op Plan	Program Transfers	Total Exec Implement
Central Management Division	\$1,319,735	\$0	\$0	\$0	\$0	\$1,319,735
Personal Services	1,179,639	-	-	-	-	1,179,639
Operating Expenses	140,096	-	-	-	-	140,096
Agricultural Sciences Division	9,349,274	-	-	-	(\$15,000)	9,334,274
Personal Services	4,280,119	-	-	-	-	4,280,119
Operating Expenses	1,892,754	-	-	-	-	1,892,754
Equipment & Intangible Assets	541,512	-	-	-	-	541,512
Grants	2,559,047	-	-	-	(15,000)	2,544,047
Transfers	75,842	-	-	-	-	75,842
Agricultural Development Division	7,110,083	\$105,000	-	-	15,000	7,230,083
Personal Services	1,925,241	-	-	-	-	1,925,241
Operating Expenses	2,375,054	105,000	-	-	15,000	2,495,054
Equipment & Intangible Assets	24,877	-	-	-	-	24,877
Grants	2,567,679	-	-	(2,651)	-	2,565,028
Transfers	217,232	-	-	2,651	-	219,883
	-	-	-	-	-	-
Agency Total	\$17,779,092	\$105,000	-	-	-	\$17,884,092

The department transferred \$15,000 between the Agricultural Sciences Division and the Agricultural Development Division. Additionally, the department made adjustments inside of programs which net to no increase or decrease.

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department of Agriculture Funding by Source of Authority 2017 Biennium Budget - Department of Agriculture					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	2,129,265	0	1,380,000	3,509,265	6.39 %
State Special Total	29,936,488	0	2,328,045	32,264,533	58.77 %
Federal Special Total	2,284,870	0	0	2,284,870	4.16 %
Proprietary Total	1,328,006	116,400	15,394,136	16,838,542	30.67 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$35,678,629	\$116,400	\$19,102,181	\$54,897,210	
Percent - Total All Sources	64.99 %	0.21 %	34.80 %		

The Department of Agriculture is funded from general fund, state special revenue, federal special revenue, and proprietary funds. State special revenue is the predominant funding source. Major funds include:

- Wheat and Barley Research and Marketing Account
- Noxious Weed Admin Account
- Pesticide Account
- Coal tax shared account

General fund comprises about 8.54% of the department's funding and is primarily used for program activities such as grants, mad cow disease, agriculture literacy, marketing, and statistics.

Coal Tax Shared Account

Section 15-35,108, MCA provides for 5.46% of coal severance tax collections to be deposited to a state special revenue fund to be used for the following:

- Basic library services for residents of all counties
- Conservation districts
- Montana Growth through Agriculture

Any unreserved fund balance at the end of each fiscal year must be deposited in to the general fund.

The Growth Through Agriculture program funds grants and operations of the Agriculture Development Council, which is administratively attached to the Department of Agriculture.

The figure below summarizes the condition of the fund. The figure assumes:

- The Governor's proposed HB 2 budget for the 2017 biennium
- The Legislative Fiscal Division (LFD) revenue estimates for the 2017 biennium
- Any annual ending fund balance is transferred to the general fund in accordance with MCA 15-35-108(3) beginning in FY 2015
- No additional costs from a pay plan bill in the 2015 Legislative Session

Department of Natural Resources and Conservation Coal Tax Shared State Special Revenue				
Balance, Expenditures & Revenues	FY 2014	FY 2015	FY 2016	FY 2017
Beginning Balance	\$1,444,325	(\$61,501)	(\$215,386)	(\$106,932)
<u>Expenditures</u>				
Montana State Library	562,584	562,801	473,030	465,833
Natural Resources & Conservation	3,666,854	2,239,107	2,245,131	2,211,746
Agriculture	<u>425,512</u>	<u>440,706</u>	<u>402,994</u>	<u>396,637</u>
Total Expenditures	4,654,950	3,242,614	3,121,155	3,074,216
LFD Revenues	<u>3,149,124</u>	<u>3,088,729</u>	<u>3,229,609</u>	<u>3,330,218</u>
Ending Fund Balance	(\$61,501)	(\$215,386)	(\$106,932)	\$149,070
				To General Fund

Proposed Expenditures

The executive is requesting \$6.2 million in spending authority from this fund in the FY 2017 biennium, allocated as shown on the above table, a decrease of \$1,702,193, or 21.6% from the 2015 biennium. Under this request, the Department of Agriculture would receive \$799,631, or 12% of the total proposed expenditures.

Projected Revenue

The LFD revenue projection totals \$6.5 million for the biennium, a 5% increase from the 2015 biennium.

As noted above, the table uses the LFD revenue estimates to evaluate the condition of the fund. Using this estimate and the executive proposed expenditures, the fund would have a negative balance at the end of FY 2015. Therefore, the executive will need to reduce expenditures in that year to eliminate the projected negative ending fund balance. Because the executive proposes expenditures in the 2017 biennium that are within projected revenues, the fund would be balanced. LFD staff will provide an update to the legislature on any action taken by the executive concerning FY 2015 expenditures.

Statute does not allocate the funds to any of the above entities, but gives the legislature authority to appropriate the funds. The table below identifies legislative allocation from FY 2011 to FY 2014.

Coal Tax Shared Account History 2340					
Agencies	FY 2014 Appropriation	FY 2013 Appropriation	FY 2012 Appropriation	FY 2011 Appropriation	Average
Library Commission	562,804	509,800	512,273	630,041	553,730
DNRC	2,223,806	2,207,424	2,357,698	1,686,398	2,118,832
Agriculture	444,170	393,926	387,676	820,516	511,572
Total	3,230,780	3,111,150	3,257,647	3,136,955	3,184,133
<u>Percent of Total</u>					
Library Commission	17.4%	16.4%	15.7%	20.1%	
DNRC	68.8%	71.0%	72.4%	53.8%	
Agriculture	13.7%	12.7%	11.9%	26.2%	

LFD COMMENT Coal Tax Shared Account Contains Variable Shares

The Coal Tax Shared Account provides funds to the Department of Agriculture, the Department of Natural Resources, and the Montana State Library. However, there is no statutory basis for the proportion of distribution. Each legislature determines how much goes to each agency. Because the agencies span subcommittee sections, the coordination is not as easily done as when agencies are in the same section.

To ensure proper harmonization among all of these agencies, the legislature may wish to:

- Direct staff to create a draft distribution ratio based on legislative priorities;
- Hold a joint hearing of the section C and E joint appropriation subcommittees; and/or
- Fix a ratio of funding in law

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	985,598	985,598	1,971,196	92.58 %	17,779,092	17,779,092	35,558,184	99.66 %
PL Adjustments	(3,967)	(47,964)	(51,931)	(2.44)%	7,272	(39,786)	(32,514)	(0.09)%
New Proposals	105,000	105,000	210,000	9.86 %	79,529	73,430	152,959	0.43 %
Total Budget	\$1,086,631	\$1,042,634	\$2,129,265		\$17,865,893	\$17,812,736	\$35,678,629	