

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	119.40	119.40	119.53	119.53	119.40	119.53	0.13	0.11%
Estimated Impact of HB 2*			(4.89)	(4.89)		(4.89)	(4.89)	
Net Estimated FTE*			114.64	114.64		114.64	(4.76)	
Equipment & Intangible Assets	475,714	376,124	566,389	566,389	851,838	1,132,778	280,940	32.98%
Grants	3,705,742	4,700,033	5,080,402	5,126,726	8,405,775	10,207,128	1,801,353	21.43%
Transfers	276,644	340,639	293,074	293,074	617,283	586,148	(31,135)	(5.04%)
Total Costs	\$13,712,945	\$15,477,245	\$17,240,724	\$17,296,912	\$29,190,190	\$34,537,636	\$5,347,446	18.32%
General Fund	921,046	923,538	969,358	927,068	1,844,584	1,896,426	51,842	2.81%
State Special	10,475,040	11,647,754	13,620,585	13,716,995	22,122,794	27,337,580	5,214,786	23.57%
Federal Special	1,854,084	2,329,665	2,076,508	2,078,203	4,183,749	4,154,711	(29,038)	(0.69%)
Other	462,775	576,288	574,273	574,646	1,039,063	1,148,919	109,856	10.57%
Total Funds	\$13,712,945	\$15,477,245	\$17,240,724	\$17,296,912	\$29,190,190	\$34,537,636	\$5,347,446	18.32%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Agency Mission: The mission of the Montana Department of Agriculture is to protect producers and consumers, and to enhance and develop agriculture and allied industries.

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

- Strengthens and diversifies the Montana agriculture industry through private-public partnerships
- Collects and publishes agricultural production and marketing statistics relating to agricultural products
- Assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibitions of agriculture
- Adopts standards for grade and other classifications of farm products
- Coordinates the planning and maintenance of economical and efficient marketing distribution systems
- Gathers and distributes marketing information concerning supply, demand, price, and movement of farm products
- Regulates production and marketing of food and fiber products
- Registers pesticides and fertilizers and enforces laws pertaining to them

Agency Highlights

Department of Agriculture Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislative approved budget increases by \$5.4 million from the previous biennium due primarily to statewide present law adjustments and new proposals, including: <ul style="list-style-type: none"> • An additional \$3.3 million from the wheat and barley marketing account for one-time-only appropriations for Wheat and Barley Committee • \$210,000 from state special revenue for the food and ag centers • Continued funding for salary increases given by the department in FY 2012 at an approximate annualized cost of \$263,000 ◆ These increases were partially offset by the application of an additional 2% vacancy savings

Summary of Legislative Action

The legislature approved a biennial budget of \$34.5 million. The budget includes \$1.5 million in statewide present law adjustments, \$2.0 million in additional present law adjustments, and \$3.5 million in new proposals. The HB 2 budget is funded with 5.5% general fund.

Major budget items include:

- \$2.1 million in operating adjustments
- \$3.3 million in additional authority for the Wheat and Barley Committee
- \$200,000 for the analytical lab
- \$210,000 for the food and agricultural development centers

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 4.89 statewide and by 4% for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

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

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$1,896,426	\$0	\$2,630,000	\$4,526,426	8.4%
State Special Total	27,337,580	-	1,456,301	28,793,881	53.6%
Federal Special Total	4,154,711	-	-	4,154,711	7.7%
Proprietary Total	1,148,919	116,400	14,966,414	16,231,733	30.2%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$34,537,636</u>	<u>\$116,400</u>	<u>\$19,052,715</u>	<u>\$53,706,751</u>	
Percent - Total All Sources	64.3%	0.2%	35.5%		

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, comprising 77% of the total funding in HB 2. Major funds include:
 - Wheat and Barley Research and Marketing Account (21%)
 - Noxious Weed Admin Account (13%)
 - Pesticide Account (10%)
 - Coal tax shared account

General fund comprises about 5.5% of the department's HB 2 budget and is primarily used for program activities such as grants, mad cow disease, agriculture literacy, marketing, and statistics.

Coal Tax Shared Account

The coal tax shared revenue fund is statutorily designated for libraries, conservation districts, and the Growth Through Agriculture program. The figures below summarize the condition of the fund. MCA 15-35-108 (3) provides that the ending fund balance of the coal tax shared account is to be transferred to the general fund. The fund shows a negative balance for FY 2013 and 2014. The legislature did not make adjustments to this fund due to passage of HB 556, a bill that would have eliminated the transfer for FY 2013, 2014, and 2015 and funding an additional \$1.3 million in projects, primarily for conservation districts. HB 556 was vetoed by the Governor and the \$1.3 million in projects became void and the majority of the approved funding remains in the base.

Coal Tax Shared State Special Revenue				
	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Balance	\$1,772,339	\$0	\$0	\$0
<u>Expenditures</u>				
Montana State Library	509,801	509,800	562,801	562,801
Natural Resources & Conservation	2,205,313	2,204,821	3,147,033	2,559,800
Agriculture	<u>385,856</u>	<u>374,901</u>	<u>434,565</u>	<u>435,014</u>
Total Expenditures	\$3,100,970	\$3,089,522	\$4,144,399	\$3,557,615
Revenues	<u>\$2,879,777</u>	<u>\$2,997,000</u>	<u>\$3,165,000</u>	<u>\$3,293,000</u>
Ending Fund Balance*	<u>\$1,551,146</u>	<u>(\$92,522)</u>	<u>(\$979,399)</u>	<u>(\$264,615)</u>

*The ending fund balance transfers to the general fund at the end of each fiscal year.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	921,046	921,046	1,842,092	97.13%	13,712,945	13,712,945	27,425,890	79.41%
Statewide PL Adjustments	42,494	225	42,719	2.25%	788,493	752,149	1,540,642	4.46%
Other PL Adjustments	13,184	13,195	26,379	1.39%	1,015,309	1,015,319	2,030,628	5.88%
New Proposals	(7,366)	(7,398)	(14,764)	(0.78%)	1,723,977	1,816,499	3,540,476	10.25%
Total Budget	\$969,358	\$927,068	\$1,896,426		\$17,240,724	\$17,296,912	\$34,537,636	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

HB 189-This bill increases the maximum amount of hail insurance per acre of crops and would be phased in by the Department of Agriculture over two years. The hail insurance fund would experience increased revenues from premiums paid by policy holders and increased payments of benefits for damaged crops. HB 189 also reduces the collection fee percentage paid to the Department of Revenue and caps the transfer to the general fund.

HB 454– This bill provides funding for PERS defined benefit plan and revises the guaranteed annual benefit adjustment (GABA). Under current law, beginning July 1, 2013, the Growth through Agriculture program would receive a statutory appropriation of \$1.25 million from the interest earnings of the coal tax permanent fund. HB 454 maintains the statutory appropriation for this purpose at the 2013 biennium level of \$625,000 per year.

SB 144- This bill changes the amount the Department of Agriculture may spend to manage the noxious weed management program by assigning the percentage limit to all department non-grant expenditures rather than just administrative costs of the Department of Agriculture, and by using grant expenditures instead of total expenditures to calculate the limit. This will reduce the amount spent on department-based programs and increase the amount distributed as grants, resulting in a net zero fiscal impact, but will also reduce FTE by 1.35 in FY 2014 and 2.35 in FY 2015.

SB162- This bill transfers the administrative responsibilities of collecting hail insurance fees currently administered by the Department of Revenue to the Department of Agriculture. There are costs to the department in assisting with this transition in FY 2014. In addition, the department will no longer be entitled to withhold 2% of the fees collected for administering the collection of the hail insurance beginning January 1, 2014. As amended, the bill caps the amount transferred from the Board of Hail Insurance enterprise fund to the state general fund at \$100,000 per year, and results in a net zero impact.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	119.40	124.28	119.53	(4.75)	124.28	119.53	(4.75)	
Estimated Impact of HB 2*			(4.89)	(4.89)		(4.89)	(4.89)	
Net Estimated FTE*			114.64	(9.64)		114.64	(9.64)	
Personal Services	6,231,460	7,050,624	6,791,932	(258,692)	7,056,429	6,797,819	(258,610)	(517,302)
Operating Expenses	3,023,385	3,635,450	4,508,927	873,477	3,593,301	4,512,904	919,603	1,793,080
Equipment & Intangible Assets	475,714	566,389	566,389	0	566,389	566,389	0	0
Grants	3,705,742	4,288,457	5,080,402	791,945	4,288,457	5,126,726	838,269	1,630,214
Transfers	276,644	293,074	293,074	0	293,074	293,074	0	0
Total Costs	\$13,712,945	\$15,833,994	\$17,240,724	\$1,406,730	\$15,797,650	\$17,296,912	\$1,499,262	\$2,905,992
General Fund	921,046	1,114,782	969,358	(145,424)	1,072,513	927,068	(145,445)	(290,869)
State/Other Special	10,475,040	12,012,131	13,620,585	1,608,454	12,016,003	13,716,995	1,700,992	3,309,446
Federal Special	1,854,084	2,122,757	2,076,508	(46,249)	2,124,236	2,078,203	(46,033)	(92,282)
Proprietary	462,775	584,324	574,273	(10,051)	584,898	574,646	(10,252)	(20,303)
Total Funds	\$13,712,945	\$15,833,994	\$17,240,724	\$1,406,730	\$15,797,650	\$17,296,912	\$1,499,262	\$2,905,992

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget increases state special revenue funding by \$1.4 million for FY 2014 and \$1.5 million for FY 2015 over the level proposed by the executive. The adjustment included a one-time-only adjustment of \$105,000 each year of the biennium from the research and commercialization account for the food and agricultural development centers, \$3.3 million for the biennium for additional appropriation authority for the Wheat and Barley Committee from the wheat and barley account, and a reduction of \$280,000 for the biennium, all from general fund, for eurasian watermilfoil.