

**Agency Budget Comparison**

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	118.53	118.53	115.74	115.74	118.53	115.74	(2.79)
Personal Services	6,743,950	7,384,999	7,816,246	7,840,039	14,128,949	15,656,285	1,527,336
Operating Expenses	3,014,179	4,527,904	4,697,383	4,659,443	7,542,083	9,356,826	1,814,743
Equipment & Intangible Assets	509,214	566,389	447,889	447,889	1,075,603	895,778	(179,825)
Grants	5,224,550	5,109,075	4,510,892	4,504,803	10,333,625	9,015,695	(1,317,930)
Benefits & Claims	0	0	0	0	0	0	0
Transfers	259,899	295,725	255,574	255,574	555,624	511,148	(44,476)
<b>Total Costs</b>	<b>\$15,751,792</b>	<b>\$17,884,092</b>	<b>\$17,727,984</b>	<b>\$17,707,748</b>	<b>\$33,635,884</b>	<b>\$35,435,732</b>	<b>\$1,799,848</b>
General Fund	969,414	985,598	971,552	929,368	1,955,012	1,900,920	(54,092)
State/Other Special Rev. Funds	13,274,701	14,146,180	14,835,499	14,853,143	27,420,881	29,688,642	2,267,761
Federal Spec. Rev. Funds	996,061	2,142,597	1,293,777	1,297,499	3,138,658	2,591,276	(547,382)
Proprietary Funds	511,616	609,717	627,156	627,738	1,121,333	1,254,894	133,561
<b>Total Funds</b>	<b>\$15,751,792</b>	<b>\$17,884,092</b>	<b>\$17,727,984</b>	<b>\$17,707,748</b>	<b>\$33,635,884</b>	<b>\$35,435,732</b>	<b>\$1,799,848</b>

**Agency Description**

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, exists to promote the interests of agricultural and allied industries in Montana. To meet this mission, the department strengthens and diversifies the Montana agriculture industry through private-public partnerships; adopts standards for grade and other classifications of farm products; conducts market analysis for farm products; and regulates food, fiber products, fertilizers, and pesticides.

**Agency Highlights**

<b>Department of Agriculture Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The biennial appropriation increased by 0.1% or approximately \$40,000</li> <li>• The primary drivers of the increase were approval of two new proposals:                             <ul style="list-style-type: none"> <li>◦ food and agricultural development centers</li> <li>◦ noxious weed coordination</li> </ul> </li> </ul>

**Summary of Legislative Action**

The legislature approved a budget that increased the department's authority by \$39,551 over the biennium or a 0.1% increase. Present law adjustments, noxious weed coordination, and food and agricultural development centers drove this increase. Overall, the department budget contains a decrease in general fund and federal special revenues with increases in state special and proprietary funding.

**Agency Discussion**

*Coal Tax Shared Account*

The coal tax shared revenue fund is statutorily designated for use by the Department of Agriculture, Department of Natural Resources and Conservation, and the Montana State Library. 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 through the Agriculture Development Council.

Any unreserved fund balance at the end of each fiscal year must be deposited in to the general fund. Statute does not allocate the funds to any of the above entities, but gives the legislature authority to appropriate the funds. Such a methodology may cause one entity to receive a large appropriation while the other two entities receive little or none. During the 2015 session, the legislature decided to allocate the funds in the following manner:

Coal Tax Shared Account Projected Fund Balance			
	2016	2017	Bienn %
<u>Revenue Estimate</u>	\$3,238,997	\$3,336,281	
<u>Appropriations</u>			
Library Commission	\$473,247	\$466,050	14.3%
DNRC	2,408,649	2,373,870	73.1%
Agriculture	<u>414,849</u>	<u>409,613</u>	<u>12.6%</u>
Total	\$3,296,745	\$3,249,533	100%
Projected Fund Balance	(\$57,748)	\$86,748	

**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 2017 Biennium Budget - Department of Agriculture					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,900,920	0	1,380,000	3,280,920	6.05 %
State Special Total	29,688,642	0	2,302,970	31,991,612	59.02 %
Federal Special Total	2,591,276	0	0	2,591,276	4.78 %
Proprietary Total	1,254,894	116,400	14,966,414	16,337,708	30.14 %
Other Total	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$35,435,732</b>	<b>\$116,400</b>	<b>\$18,649,384</b>	<b>\$54,201,516</b>	
<b>Percent - Total All Sources</b>	<b>65.38 %</b>	<b>0.21 %</b>	<b>34.41 %</b>		

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 less than 10% of the department's funding and is primarily used for program activities such as grants, mad cow disease, agriculture literacy, marketing, and statistics.

**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	103.70 %	17,779,092	17,779,092	35,558,184	100.35 %
PL Adjustments	(14,046)	(56,230)	(70,276)	(3.70)%	(258,128)	(272,332)	(530,460)	(1.50)%
New Proposals	0	0	0	0.00 %	207,020	200,988	408,008	1.15 %
<b>Total Budget</b>	<b>\$971,552</b>	<b>\$929,368</b>	<b>\$1,900,920</b>		<b>\$17,727,984</b>	<b>\$17,707,748</b>	<b>\$35,435,732</b>	

The present law adjustments resulted in a negative growth from the 2015 legislative base for the department. When compared to the entire 2015 biennium, both FY 2014 and FY 2015, the department budget shows nearly flat growth.

**Other Legislation**

HB 91 – Standardized *per diem* for agricultural boards and committees, including the board of hail insurance

HB 105 – Allowed the department to set fees for analytic lab services. Fees collected would be placed in a state special revenue fund to pay for the costs of services

HB 108 - Changed the calculation of administrative costs for noxious weed grants

HB 109 – Allowed the department to provide plant sampling services and collect fees for such work

HB 265 – Eliminated the requirement that the alfalfa leaf-cutting bee program be self-supporting

HB 390 – Revised the process to create commodity committees including allowing producers to petition for the creation of advisory groups and specifying noticing and meeting methods for the department

HB 478 – Created regulations for cottage food production and food safety

SB 78 – Eliminated the Mint Committee

**Executive Budget Comparison**

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	118.53	115.74	115.74	0.00	115.74	115.74	0.00	0.00
Personal Services	6,743,950	7,965,255	7,816,246	(149,009)	7,966,421	7,840,039	(126,382)	(275,391)
Operating Expenses	3,014,179	3,974,605	4,697,383	722,778	3,926,438	4,659,443	733,005	1,455,783
Equipment & Intangible Assets	509,214	544,714	447,889	(96,825)	544,714	447,889	(96,825)	(193,650)
Grants	5,224,550	5,248,911	4,510,892	(738,019)	5,242,822	4,504,803	(738,019)	(1,476,038)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	259,899	259,899	255,574	(4,325)	259,899	255,574	(4,325)	(8,650)
<b>Total Costs</b>	<b>\$15,751,792</b>	<b>\$17,993,384</b>	<b>\$17,727,984</b>	<b>(\$265,400)</b>	<b>\$17,940,294</b>	<b>\$17,707,748</b>	<b>(\$232,546)</b>	<b>(\$497,946)</b>
General Fund	969,414	1,236,637	971,552	(265,085)	1,192,641	929,368	(263,273)	(528,358)
State/other Special Rev. Funds	13,274,701	14,949,865	14,835,499	(114,366)	14,941,659	14,853,143	(88,516)	(202,882)
Federal Spec. Rev. Funds	996,061	1,142,707	1,293,777	151,070	1,142,163	1,297,499	155,336	306,406
Other	511,616	664,175	627,156	(37,019)	663,831	627,738	(36,093)	(73,112)
<b>Total Funds</b>	<b>\$15,751,792</b>	<b>\$17,993,384</b>	<b>\$17,727,984</b>	<b>(\$265,400)</b>	<b>\$17,940,294</b>	<b>\$17,707,748</b>	<b>(\$232,546)</b>	<b>(\$497,946)</b>

The legislatively-approved budget decreases overall funding by \$497,946 including reductions in general fund, state special revenue, and proprietary revenue for FY 2016 and FY 2017 when compared to the executive request. However, federal special revenue increased by \$306,406. These reductions to the executive budget are mostly due to decreases in present law personal services and operating adjustments.

#### Language and Statutory Authority

The legislature included the following language in HB 2:

The department shall report on the performance of the Statewide Noxious Weed Control Coordination program to the environmental quality council on a quarterly basis. Statewide Noxious Weed Control Coordination is appropriated from the environment quality protection fund.

The department shall report on the performance of the food and Ag Development Centers program to the environmental quality council on a quarterly basis.