

### 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%
Personal Services	6,231,460	6,589,688	6,791,932	6,797,819	12,821,148	13,589,751	768,603	5.99%
Operating Expenses	3,023,385	3,470,761	4,508,927	4,512,904	6,494,146	9,021,831	2,527,685	38.92%
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%)
<b>Total Costs</b>	<b>\$13,712,945</b>	<b>\$15,477,245</b>	<b>\$17,240,724</b>	<b>\$17,296,912</b>	<b>\$29,190,190</b>	<b>\$34,537,636</b>	<b>\$5,347,446</b>	<b>18.32%</b>
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%
<b>Total Funds</b>	<b>\$13,712,945</b>	<b>\$15,477,245</b>	<b>\$17,240,724</b>	<b>\$17,296,912</b>	<b>\$29,190,190</b>	<b>\$34,537,636</b>	<b>\$5,347,446</b>	<b>18.32%</b>

### Page Reference

Legislative Budget Analysis, C-169

### 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)	
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
<b>Total Costs</b>	<b>\$13,712,945</b>	<b>\$15,833,994</b>	<b>\$17,240,724</b>	<b>\$1,406,730</b>	<b>\$15,797,650</b>	<b>\$17,296,912</b>	<b>\$1,499,262</b>	<b>\$2,905,992</b>
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)
<b>Total Funds</b>	<b>\$13,712,945</b>	<b>\$15,833,994</b>	<b>\$17,240,724</b>	<b>\$1,406,730</b>	<b>\$15,797,650</b>	<b>\$17,296,912</b>	<b>\$1,499,262</b>	<b>\$2,905,992</b>

The legislatively approved budget increases state special revenue funding by \$1.6 million for FY 2014 and \$ 1.7 million for FY 2015 over the level proposed by the executive. The adjustment includes \$3.3 million in additional appropriation authority for the Wheat and Barley Committee and a total of \$210,000 for food and agricultural development centers for the 2015 biennium.

### Agency Highlights

<b>Department of Agriculture Major Budget Highlights</b>	
◆	The legislative approved budget increases by \$3.3 million from the previous biennium due to statewide present law adjustments and new proposals, including an additional \$3.3 million from the wheat and barley marketing account for one-time-only appropriations for Wheat and Barley Committee and \$210,000 from state special revenue for the food and ag centers.
◆	The legislature continued funding for salary increases given by the department in FY 2012 at an approximate annualized cost of \$263,000
◆	Additional 2% vacancy savings decrease

### 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 7% 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*

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. The top figure assumes any annual ending fund balance is transferred to the general fund in accordance with MCA 15-35-108 (3). The second figure assumes the passage of HB 556, which would suspend the statutory transfer to the general fund for FY 2013, 2014, and 2015.

Coal Tax Shared State Special Revenue				
	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Balance	\$1,772,339	\$1,551,146	\$0	\$0
<b>Expenditures</b>				
Montana State Library	509,801	509,800	562,801	562,801
Natural Resources & Conservation	2,205,313	2,204,821	3,147,034	2,635,952
Agriculture	<u>385,856</u>	<u>374,901</u>	<u>509,565</u>	<u>510,014</u>
Total Expenditures	\$3,100,970	\$3,089,522	\$4,219,400	\$3,708,767
Revenues	<u>\$2,879,777</u>	<u>\$2,997,000</u>	<u>\$3,165,000</u>	<u>\$3,293,000</u>
Ending Fund Balance*	\$1,551,146	\$1,458,624	(\$1,054,400)	(\$415,767)

\*The ending fund balance will be transferred to the general fund at the end of FY 2013.

Coal Tax Shared State Special Revenue				
	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Balance	\$1,772,339	\$1,549,416	\$1,456,894	\$402,494
<b>Expenditures</b>				
Montana State Library	509,801	509,800	562,801	562,801
Natural Resources & Conservation	2,205,313	2,204,821	3,147,034	2,559,801
Agriculture	<u>387,586</u>	<u>374,901</u>	<u>509,565</u>	<u>510,014</u>
Total Expenditures	\$3,102,700	\$3,089,522	\$4,219,400	\$3,632,616
Revenues	<u>\$2,879,777</u>	<u>\$2,997,000</u>	<u>\$3,165,000</u>	<u>\$3,293,000</u>
Ending Fund Balance*	\$1,549,416	\$1,456,894	\$402,494	\$62,878

\*If HB 556 passes

The legislature approved \$7.8 million in authority from this fund in the FY 2015 biennium. The fund was initially projected to have a negative balance at the end of FY 2014. Therefore, the Natural Resources and Transportation budget sub-committee introduced a bill which would suspend the transfer of the balance to the general fund for FY 2013, 2014, and 2015 (HB 556).

**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%
<b>Total Budget</b>	<b>\$969,358</b>	<b>\$927,068</b>	<b>\$1,896,426</b>		<b>\$17,240,724</b>	<b>\$17,296,912</b>	<b>\$34,537,636</b>	

### Program Budget Comparison

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

Program 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	14.87	14.87	15.00	15.00	14.87	15.00	0.13	0.87%
Personal Services	989,461	987,963	943,446	945,655	1,977,424	1,889,101	(88,323)	(4.47%)
Operating Expenses	164,932	166,632	184,726	140,096	331,564	324,822	(6,742)	(2.03%)
<b>Total Costs</b>	<b>\$1,154,393</b>	<b>\$1,154,595</b>	<b>\$1,128,172</b>	<b>\$1,085,751</b>	<b>\$2,308,988</b>	<b>\$2,213,923</b>	<b>(\$95,065)</b>	<b>(4.12%)</b>
General Fund	126,572	120,913	140,820	97,483	247,485	238,303	(9,182)	(3.71%)
State Special	794,993	795,020	753,317	753,207	1,590,013	1,506,524	(83,489)	(5.25%)
Federal Special	109,835	110,134	105,866	106,082	219,969	211,948	(8,021)	(3.65%)
Other	122,993	128,528	128,169	128,979	251,521	257,148	5,627	2.24%
<b>Total Funds</b>	<b>\$1,154,393</b>	<b>\$1,154,595</b>	<b>\$1,128,172</b>	<b>\$1,085,751</b>	<b>\$2,308,988</b>	<b>\$2,213,923</b>	<b>(\$95,065)</b>	<b>(4.12%)</b>

### Page Reference

Legislative Budget Analysis, C-173

### Funding

The Central Services Division (CSD) is funded based on the expenditures of the two divisions of the agency and their funding sources. A portion of the funding is an indirect cost reimbursement from federal grants administered by the agency. The division also uses an administrative assessment charged to the general fund, state special, and proprietary revenue accounts used by the divisions that are supported by CSD activities. General fund is used to account for any difference between the assessed amount and the budgeted expenditures for the CSD and for the costs associated with the legislative audit.

The division is funded primarily with state special revenue, with general fund accounting for approximately 9.9% of the base budget. Major state special revenue, federal, and proprietary funds are:

- Wheat and Barley Research and Marketing Account
- Pesticide Groundwater Account
- Pesticide Account
- Agricultural CMD Fund (federal)
- Hail Insurance Fund (proprietary)

### 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	126,572	126,572	253,144	106.23%	1,154,393	1,154,393	2,308,786	104.28%
Statewide PL Adjustments	19,754	(23,562)	(3,808)	(1.60%)	115,983	73,679	189,662	8.57%
Other PL Adjustments	1,860	1,871	3,731	1.57%	1,860	1,870	3,730	0.17%
New Proposals	(7,366)	(7,398)	(14,764)	(6.20%)	(144,064)	(144,191)	(288,255)	(13.02%)
<b>Total Budget</b>	<b>\$140,820</b>	<b>\$97,483</b>	<b>\$238,303</b>		<b>\$1,128,172</b>	<b>\$1,085,751</b>	<b>\$2,213,923</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					133,900					136,348
Vacancy Savings					(44,935)					(45,032)
Inflation/Deflation					(21)					12
Fixed Costs					27,039					(17,649)
<b>Total Statewide Present Law Adjustments</b>		<b>\$19,754</b>	<b>\$38,722</b>	<b>\$42,280</b>	<b>\$115,983*</b>		<b>(\$23,562)</b>	<b>\$38,723</b>	<b>\$42,280</b>	<b>\$73,679*</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(19,754)	(38,722)	(42,280)	(115,983)*	0.00	23,562	(38,723)	(42,280)	(73,679)*
DP 51 - Adjustment for Statewide Personal Services	0.00	0	35,799	39,088	88,965*	0.00	0	36,364	39,703	91,316*
DP 52 - Adjustment for Statewide Operations	0.00	21,614	2,923	3,192	28,878*	0.00	(21,691)	2,359	2,576	(15,767)*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,860</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,860*</b>	<b>0.00</b>	<b>\$1,871</b>	<b>\$0</b>	<b>(\$1)</b>	<b>\$1,870*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$21,614</b>	<b>\$38,722</b>	<b>\$42,280</b>	<b>\$117,843*</b>	<b>0.00</b>	<b>(\$21,691)</b>	<b>\$38,723</b>	<b>\$42,279</b>	<b>\$75,549*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

### New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings	15	0.00	(7,366)	(80,398)	(46,249)	(144,064)*	0.00	(7,398)	(80,509)	(46,032)	(144,191)*
DP 1503 - Central Services Division FTE	15	0.13	0	0	0	0	0.13	0	0	0	0
<b>Total</b>	<b>0.13</b>	<b>(\$7,366)</b>	<b>(\$80,398)</b>	<b>(\$46,249)</b>	<b>(\$144,064)*</b>	<b>0.13</b>	<b>(\$7,398)</b>	<b>(\$80,509)</b>	<b>(\$46,032)</b>	<b>(\$144,191)*</b>	

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 1503 - Central Services Division FTE - The legislature approved adding 0.13 FTE. In the 2011 legislative session, the department erroneously funded a portion (0.13 FTE) of an existing permanent, full time position with statutory authority, causing the position to be split into two position numbers. Operational expenses would be transferred to statutory authority, resulting in a net zero change to the HB 2 budget. DP 1504 is a statutory appropriation adjustment, which deletes the 0.13 FTE to balance DP 1503.

### Program Budget Comparison

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

Program 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	65.78	65.78	65.78	65.78	65.78	65.78	0.00	0.00%
Personal Services	3,703,936	3,816,092	3,992,202	3,993,528	7,520,028	7,985,730	465,702	6.19%
Operating Expenses	1,426,418	1,831,475	1,890,998	1,892,754	3,257,893	3,783,752	525,859	16.14%
Equipment & Intangible Assets	450,837	361,124	541,512	541,512	811,961	1,083,024	271,063	33.38%
Grants	2,060,581	3,130,006	2,559,047	2,559,047	5,190,587	5,118,094	(72,493)	(1.40%)
Transfers	59,412	75,842	75,842	75,842	135,254	151,684	16,430	12.15%
<b>Total Costs</b>	<b>\$7,701,184</b>	<b>\$9,214,539</b>	<b>\$9,059,601</b>	<b>\$9,062,683</b>	<b>\$16,915,723</b>	<b>\$18,122,284</b>	<b>\$1,206,561</b>	<b>7.13%</b>
General Fund	287,508	296,125	296,527	296,527	583,633	593,054	9,421	1.61%
State Special	5,690,888	6,723,883	6,817,432	6,819,035	12,414,771	13,636,467	1,221,696	9.84%
Federal Special	1,722,788	2,194,531	1,945,642	1,947,121	3,917,319	3,892,763	(24,556)	(0.63%)
<b>Total Funds</b>	<b>\$7,701,184</b>	<b>\$9,214,539</b>	<b>\$9,059,601</b>	<b>\$9,062,683</b>	<b>\$16,915,723</b>	<b>\$18,122,284</b>	<b>\$1,206,561</b>	<b>7.13%</b>

### Page Reference

Legislative Budget Analysis, C-177

### Funding

The Agricultural Sciences Division is funded with general fund, state special revenue, and federal special revenue. General fund supports less than 5% of the division's budget, and funds portions of the state grain lab.

### 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	287,508	287,508	575,016	96.96%	7,701,184	7,701,184	15,402,368	84.99%
Statewide PL Adjustments	(2,305)	(2,305)	(4,610)	(0.78%)	331,581	334,663	666,244	3.68%
Other PL Adjustments	11,324	11,324	22,648	3.82%	926,836	926,836	1,853,672	10.23%
New Proposals	0	0	0	0.00%	100,000	100,000	200,000	1.10%
<b>Total Budget</b>	<b>\$296,527</b>	<b>\$296,527</b>	<b>\$593,054</b>		<b>\$9,059,601</b>	<b>\$9,062,683</b>	<b>\$18,122,284</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					453,944					453,323
Vacancy Savings					(166,178)					(166,231)
Inflation/Deflation					(4,688)					(2,160)
Fixed Costs					48,503					47,731
<b>Total Statewide Present Law Adjustments</b>		<b>(\$2,305)</b>	<b>\$433,632</b>	<b>(\$99,746)</b>	<b>\$331,581</b>		<b>(\$2,305)</b>	<b>\$435,235</b>	<b>(\$98,267)</b>	<b>\$334,663</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	2,305	(433,631)	99,745	(331,581)	0.00	2,305	(435,238)	98,270	(334,663)
DP 51 - Adjustment for Statewide Personal Services	0.00	(2,092)	411,489	(121,631)	287,766	0.00	(2,089)	412,209	(121,028)	289,092
DP 52 - Adjustment for Statewide Operations	0.00	(213)	22,142	21,886	43,815	0.00	(216)	23,029	22,758	45,571
DP 3001 - Program 30 Operating Adjustment	0.00	11,324	592,912	322,600	926,836	0.00	11,324	592,912	322,600	926,836
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$11,324</b>	<b>\$592,912</b>	<b>\$322,600</b>	<b>\$926,836</b>	<b>0.00</b>	<b>\$11,324</b>	<b>\$592,912</b>	<b>\$322,600</b>	<b>\$926,836</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$9,019</b>	<b>\$1,026,544</b>	<b>\$222,854</b>	<b>\$1,258,417</b>	<b>0.00</b>	<b>\$9,019</b>	<b>\$1,028,147</b>	<b>\$224,333</b>	<b>\$1,261,499</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 3001 - Program 30 Operating Adjustment - The legislature approved funding to restore operations authority to base levels in the Agricultural Sciences Division (ASD). Actual expenditures in FY 2012 were lower than the level authorized by the 62nd Legislature due to the variable nature of agricultural activity. This authority will be used for office supplies, field supplies, lab supplies, training, travel, equipment, and grants.

**New Proposals**

New Proposals											
	-----Fiscal 2014-----					-----Fiscal 2015-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 3002 - Analytical Laboratory	30	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	

DP 3002 - Analytical Laboratory - The legislature approved state special revenue funding each year of the 2015 biennium to account for fee-for-service funds that were previously received, held, and expended by the Montana agricultural experiment station at Montana State University on behalf of this jointly operated laboratory. The additional authority would enable the analytical laboratory to continue to use the funds for equipment and general operational activity such as supplies, maintenance, and student interns.

### Program Budget Comparison

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

Program 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	38.75	38.75	38.75	38.75	38.75	38.75	0.00	0.00%
Personal Services	1,538,063	1,785,633	1,856,284	1,858,636	3,323,696	3,714,920	391,224	11.77%
Operating Expenses	1,432,035	1,472,654	2,433,203	2,480,054	2,904,689	4,913,257	2,008,568	69.15%
Equipment & Intangible Assets	24,877	15,000	24,877	24,877	39,877	49,754	9,877	24.77%
Grants	1,645,161	1,570,027	2,521,355	2,567,679	3,215,188	5,089,034	1,873,846	58.28%
Transfers	217,232	264,797	217,232	217,232	482,029	434,464	(47,565)	(9.87%)
<b>Total Costs</b>	<b>\$4,857,368</b>	<b>\$5,108,111</b>	<b>\$7,052,951</b>	<b>\$7,148,478</b>	<b>\$9,965,479</b>	<b>\$14,201,429</b>	<b>\$4,235,950</b>	<b>42.51%</b>
General Fund	506,966	506,500	532,011	533,058	1,013,466	1,065,069	51,603	5.09%
State Special	3,989,159	4,128,851	6,049,836	6,144,753	8,118,010	12,194,589	4,076,579	50.22%
Federal Special	21,461	25,000	25,000	25,000	46,461	50,000	3,539	7.62%
Other	339,782	447,760	446,104	445,667	787,542	891,771	104,229	13.23%
<b>Total Funds</b>	<b>\$4,857,368</b>	<b>\$5,108,111</b>	<b>\$7,052,951</b>	<b>\$7,148,478</b>	<b>\$9,965,479</b>	<b>\$14,201,429</b>	<b>\$4,235,950</b>	<b>42.51%</b>

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### Funding

The funding for the Agricultural Development Division is dominated by state special revenue (SSR), accounting for just over 80% of the program's HB 2 total funding. The largest account, the wheat and barley research and marketing SSR account, comprises 54% of the HB 2 appropriation for the program.

### 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	506,966	506,966	1,013,932	95.20%	4,857,368	4,857,368	9,714,736	68.41%
Statewide PL Adjustments	25,045	26,092	51,137	4.80%	340,929	343,807	684,736	4.82%
Other PL Adjustments	0	0	0	0.00%	86,613	86,613	173,226	1.22%
New Proposals	0	0	0	0.00%	1,768,041	1,860,690	3,628,731	25.55%
<b>Total Budget</b>	<b>\$532,011</b>	<b>\$533,058</b>	<b>\$1,065,069</b>		<b>\$7,052,951</b>	<b>\$7,148,478</b>	<b>\$14,201,429</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					395,234					397,691
Vacancy Savings					(77,013)					(77,118)
Inflation/Deflation					(1,731)					(660)
Fixed Costs					24,439					23,894
<b>Total Statewide Present Law Adjustments</b>		<b>\$25,045</b>	<b>\$269,404</b>	<b>\$0</b>	<b>\$340,929*</b>		<b>\$26,092</b>	<b>\$271,672</b>	<b>\$0</b>	<b>\$343,807*</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(25,045)	(269,404)	0	(340,929)*	0.00	(26,092)	(271,672)	0	(343,807)*
DP 51 - Adjustment for Statewide Personal Services	0.00	21,923	252,399	0	318,221*	0.00	23,426	253,558	0	320,573*
DP 52 - Adjustment for Statewide Operations	0.00	3,122	17,005	0	22,708*	0.00	2,666	18,114	0	23,234*
DP 5001 - Program 50 Operating Adjustment	0.00	0	23,232	3,539	86,613*	0.00	0	23,232	3,539	86,613*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$23,232</b>	<b>\$3,539</b>	<b>\$86,613*</b>	<b>0.00</b>	<b>\$0</b>	<b>\$23,232</b>	<b>\$3,539</b>	<b>\$86,613*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$25,045</b>	<b>\$292,636</b>	<b>\$3,539</b>	<b>\$427,542*</b>	<b>0.00</b>	<b>\$26,092</b>	<b>\$294,904</b>	<b>\$3,539</b>	<b>\$430,420*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 5001 - Program 50 Operating Adjustment - The legislature approved adjustments to base operations authority in the Agricultural Development Division (ADD). Actual expenditures in FY 2012 were lower than the level authorized by the 62<sup>nd</sup> Legislature due to the variable nature of agricultural activity. This authority will be used for research contracts and grants, supplies, travel, and meeting expenses in the alfalfa seed, hail insurance, marketing, and certified natural beef programs.

**New Proposals**

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5002 - Coal Severance Tax Shared Account											
50	0.00	0	76,151	0	76,151	0.00	0	76,151	0	76,151	
DP 5003 - Ag in Montana Schools Account											
50	0.00	0	3,000	0	3,000	0.00	0	3,000	0	3,000	
DP 5009 - Food and Ag Center Funding (RST/OTO)											
50	0.00	0	105,000	0	105,000	0.00	0	105,000	0	105,000	
DP 5012 - Wheat and Barley Committee Funding (RST)											
50	0.00	0	1,583,890	0	1,583,890	0.00	0	1,676,539	0	1,676,539	
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,768,041</b>	<b>\$0</b>	<b>\$1,768,041</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,860,690</b>	<b>\$0</b>	<b>\$1,860,690</b>	

DP 5002 - Coal Severance Tax Shared Account - The legislature approved to fund the 2011 biennium level for grants and loans related to agricultural development.

DP 5003 - Ag in Montana Schools Account - The legislature approved state special revenue funding to match operating authority more closely to the revenues that are received through the voluntary check off. The additional funding would be used for supplies, printing, and travel to develop and deliver agriculture related curriculum to classroom teachers.

DP 5009 - Food and Ag Center Funding (RST/OTO) - The legislature approved adding state special revenue for the 2015 biennium to fund the Montana food and agricultural development centers.

DP 5012 - Wheat and Barley Committee Funding (RST) - The legislature approved removing the wheat and barley funding from the base and adding an additional appropriation.

**Proprietary Rates****Proprietary Program Description**

The Hail Insurance program (fund 06052) has been in operation since 1917. The function of the program is to provide low cost hail insurance coverage for crops grown in Montana to assist producers in recovering their input costs should there be hail damage. The program insures approximately 1.9 million acres of crops with coverage exceeding \$85 million each year. The program pays for 3.17 permanent FTE and 4.55 seasonal FTE to support program operations. The program is statutorily appropriated under Title 80, Chapter 2, part 2, MCA.

The Montana Beginning Farmer/Rancher Loan Program (fund 06016) is a tax-exempt bond program designed to assist beginning farmers/ranchers in the State of Montana to acquire agricultural property at lower interest rates. The program enables lenders, individuals, partnerships, corporations, and other entities to receive federally tax-exempt interest with respect to a loan or contract sale made to a qualifying beginning farmer/rancher. The financial institution, after arranging the loan or sales contract, will obtain from the Montana agriculture loan authority a federally tax-exempt bond in the amount of the loan or unpaid balance. The loan and its collateral will be assigned to the financial institution as security for the bond. In the case of a contract sale, the contract will be entered into by the authority, and the financial institution will receive the bond to evidence the authority's obligations under the contract. The authority's right, title and interest in the contract will then be assigned to the beginning farmer/rancher who assumes payment obligations of the authority under the contract. Once the program is operational, it will fund a 0.50 FTE and related operating expenses. The FTE will not be filled until revenue will support it. The program is statutorily appropriated under Title 80, Chapter 12, part 2, MCA.

**Proprietary Revenues and Expenses**

The Board of Hail Insurance is responsible for estimating annual expenses and recommending the premium to be imposed on participating producers, no changes have been made in services or fees. Using the agreed upon formula, the program must maintain \$1,321,552 in cash to maintain an ongoing operation. The Department of Revenue issues the insurance policies to producers.

**Farm and Ranch Loan Program (Proprietary Fund)**

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. The report for the enterprise fund is available in the appendix.

The Montana Beginning Farmer/Rancher Loan Program is a tax-exempt bond program designed to assist beginning farmers/ranchers in the State of Montana to acquire agricultural property at lower interest rates. The program enables lenders, individuals, partnerships, corporations, and other entities to receive federally tax-exempt interest with respect to a loan or contract sale made to a qualifying beginning farmer/rancher.

**Proprietary Rate Explanation**

The Montana Beginning Farmer/Rancher Loan Program applicants pay a \$50 application fee and a loan participation fee of 1.5% of the value of the bond.