

Agency Budget Comparison

The following table summarizes the total executive 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	124.28	124.28	119.40	124.28	4.88	4.09%
Personal Services	6,231,460	6,589,688	7,050,624	7,056,429	12,821,148	14,107,053	1,285,905	10.03%
Operating Expenses	3,023,385	3,470,761	3,635,450	3,593,301	6,494,146	7,228,751	734,605	11.31%
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	4,288,457	4,288,457	8,405,775	8,576,914	171,139	2.04%
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	\$15,833,994	\$15,797,650	\$29,190,190	\$31,631,644	\$2,441,454	8.36%
General Fund	921,046	923,538	1,114,782	1,072,513	1,844,584	2,187,295	342,711	18.58%
State Special	10,475,040	11,647,754	12,012,131	12,016,003	22,122,794	24,028,134	1,905,340	8.61%
Federal Special	1,854,084	2,329,665	2,122,757	2,124,236	4,183,749	4,246,993	63,244	1.51%
Other	462,775	576,288	584,324	584,898	1,039,063	1,169,222	130,159	12.53%
Total Funds	\$13,712,945	\$15,477,245	\$15,833,994	\$15,797,650	\$29,190,190	\$31,631,644	\$2,441,454	8.36%

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.

For additional information, please refer to the agency profile.

Agency Highlights

Department of Agriculture Major Budget Highlights
<ul style="list-style-type: none"> ◆ The executive requested budget increases by 8.36% from the previous biennium due to statewide present law adjustments and new proposals, primarily to add other funding sources ◆ The department gave salary increases in FY 2012 at an approximate annualized cost of \$263,000 ◆ The executive is requesting \$280,000 for the 2015 biennium to continue activities related to Eurasian Watermilfoil
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Budget expenditures for legislative audit are funded entirely from the general fund instead of being allocated across all funding sources

Agency Discussion

Personal Services Narrative

The personal services budget for the 2015 biennium would increase over the base primarily due to the following factors:

- Statewide present law adjustments
 - Pay increases given partway through the year that are annualized to full year funding in the 2015 biennium at a cost of approximately \$263,000
 - Vacancy savings of approximately 8.0% compared to the budgeted 4.0%
 - Other unspecified adjustments such as longevity and payroll tax changes to fully fund positions

Pay adjustments were negotiated with the department's union, MPEA. According to the department, the pay increases provided in FY 2012 focused on:

- Employees whose pay was below 90% of the midpoint rate established in the 2010 market survey
- Employee pay that was less than 90% of the 2010 midpoint received an increase of up to 4%, capped if the pay reached 90%
- Employee pay that was less than the minimum for their specific job code was moved to the minimum, which ranges between 77% and 83% of the 2010 midpoint

The department's turnover rate for permanent positions is 12.2%, a slight improvement over the 2011 rate of 14.4%. Recruitment and retention issues are concentrated in certain areas.

- Repeated re-advertising for a hydrologist and for a pesticide program training and development specialist
- Long-term hydrologist recruitment of challenges
- Higher turnover and multiple recruitments for temporary seasonal, lower paying positions such as agricultural technicians at the state grain laboratory
- Economic changes in eastern Montana that have created a recruitment challenge for one permanent agricultural technician position at the Plentywood satellite of the state grain laboratory

47% of the department's workforce is eligible for early or regular retirement between now and the end of the 2015 biennium, including two longtime employees at the analytical lab. The department has not requested funds for payout costs. Payout costs are estimated to cost the department \$40,000 for FY 2013, and has not been estimated for the 2015 biennium.

Agency-wide Decision Packages

The agency has requested two decision packages totaling \$2.1 million, an approximately 6.6% increase, to fund various operating expenses at the level authorized by the previous legislature.

- Agricultural Sciences Division DP 3001 – over \$1.8 million over the biennium, including \$22,648 from general fund
- Agricultural Development Division DP 5001 - \$173,226 (including proprietary funds)

For a further discussion, please see the DP descriptions in the individual divisions.

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 2015 biennium 5% plan submitted for this agency is in the appendix.

IT Systems

State agencies have identified information technology (IT) systems that are critical to the state as a whole or to the agency. Further, state agencies have assessed the age of the systems to establish whether the system is:

- New
- Emerging
- Mature
- Declining
- Obsolete

The Legislative Finance Committee recommended that House Appropriations and Senate Finance and Claims Committee leadership direct the Long Range Planning Subcommittee to meet jointly with each of the appropriate joint appropriations subcommittees to discuss priorities related to critical IT systems, and that state agencies be prepared to discuss:

- Current plans to address obsolescence
- Costs to replace the system
- Costs of maintaining the current system
- Risks associated with both retaining the current system and replacing the system

LFD staff will be prepared to discuss issues related to those systems that have been determined to be either critical to the state as a whole or to the agency and either declining or obsolete. Issues include security, continuity of operations, and funding.

Agency Goals and Objectives

Goals and objectives for the agency can be found in the appendix.

Funding

The following table shows agency funding by source of authority, as proposed by the executive. 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	\$2,187,295	\$0	\$2,630,000	\$4,817,295	9.5%
State Special Total	24,028,134	-	1,456,385	25,484,519	50.2%
Federal Special Total	4,246,993	-	-	4,246,993	8.4%
Proprietary Total	1,169,222	116,400	14,966,414	16,252,036	32.0%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds					
	<u>\$31,631,644</u>	<u>\$116,400</u>	<u>\$19,052,799</u>	<u>\$50,800,843</u>	
Percent - Total All Sources	62.3%	0.2%	37.5%		

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 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 any annual ending fund balance is transferred to the general fund in accordance with MCA 15-35-108 (3).

Department of Natural Resources and Conservation Coal Tax Shared State Special Revenue				
	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Balance	\$1,772,339	\$1,548,604	\$0	\$0
<u>Expenditures</u>				
Montana State Library	509,800	509,800	562,801	562,801
Natural Resources & Conservation	2,207,390	2,204,821	2,209,998	2,209,765
Agriculture	<u>386,322</u>	<u>374,901</u>	<u>434,565</u>	<u>435,014</u>
Total Expenditures	\$3,103,512	\$3,089,522	\$3,207,364	\$3,207,580
Revenues	<u>\$2,879,777</u>	<u>\$2,995,000</u>	<u>\$3,161,000</u>	<u>\$3,292,000</u>
Ending Fund Balance*	<u>\$1,548,604</u>	<u>\$1,454,082</u>	<u>(\$46,364)</u>	<u>\$84,420</u>

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

The executive is requesting \$6.4 million in authority from this fund in the FY 2015 biennium, an increase of \$221,910, or 3.6%, above the 2013 biennium. This request includes \$129,115 in present law adjustments and new proposals for each year of the biennium. Using LFD revenue estimates, the fund would have a negative balance at the end of FY 2014. Therefore, the legislature may wish to reduce appropriations to the anticipated revenue.

In examining the entire fund, the executive has requested an increase of \$108,356 for this program for the 2015 biennium, including a new proposal in the amount of \$152,302, for the Ag Development Council. The fund balance at the end of FY 2015, would be \$84,420. At that time, the balance would be transferred to the general fund.

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	84.22%	13,712,945	13,712,945	27,425,890	86.70%
Statewide PL Adjustments	42,494	225	42,719	1.95%	788,493	752,149	1,540,642	4.87%
Other PL Adjustments	11,324	11,324	22,648	1.04%	1,013,449	1,013,449	2,026,898	6.41%
New Proposals	139,918	139,918	279,836	12.79%	319,107	319,107	638,214	2.02%
Total Budget	\$1,114,782	\$1,072,513	\$2,187,295		\$15,833,994	\$15,797,650	\$31,631,644	