

Agency Legislative Budget

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

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	112.54	1.50	2.50	116.54	2.50	2.50	117.54	117.54
Personal Services	4,232,051	1,293,901	350,632	5,876,584	1,375,481	600,926	6,208,458	12,085,042
Operating Expenses	2,847,908	714,269	87,164	3,649,341	528,458	92,577	3,468,943	7,118,284
Equipment	224,525	351,500	50,000	626,025	2,500	0	227,025	853,050
Grants	4,184,119	85,000	0	4,269,119	807,962	0	4,992,081	9,261,200
Transfers	0	0	0	0	0	0	0	0
Debt Service	2,282	0	0	2,282	0	0	2,282	4,564
Total Costs	\$11,490,885	\$2,444,670	\$487,796	\$14,423,351	\$2,714,401	\$693,503	\$14,898,789	\$29,322,140
General Fund	578,626	102,715	266,945	948,286	68,493	241,100	888,219	1,836,505
State/Other Special	8,683,632	1,807,660	191,099	10,682,391	1,825,013	390,093	10,898,738	21,581,129
Federal Special	1,911,040	327,347	12,381	2,250,768	700,561	27,353	2,638,954	4,889,722
Proprietary	317,587	206,948	17,371	541,906	120,334	34,957	472,878	1,014,784
Total Funds	\$11,490,885	\$2,444,670	\$487,796	\$14,423,351	\$2,714,401	\$693,503	\$14,898,789	\$29,322,140

Agency Description

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:

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

Agency Highlights

Department of Agriculture Major Budget Highlights	
◆	The primary funding source for the department is from fees assessed agricultural producers and other state special revenues at 74 percent of the budget, or \$21.6 million over the 2009 biennium.
◆	The legislature approved personal services and operating costs for 5.00 additional FTE
◆	The legislature approved sustained funding for Bovine Spongiform Encephalopathy (BSE) livestock feed inspections and testing
◆	The legislature transferred \$5.0 million general fund to the noxious weed trust via HB 269 and increased weed grant spending authority in FY 2009 by \$409,000 in HB 2 in anticipation of having more money available for noxious weed grants in the 2009 biennium
◆	The pay plan increase (HB 13) cost \$667,000 over the biennium, of which 71 percent, or \$475,000, is funded from state special revenue

Summary of Legislative Action

The legislature approved a biennial budget of \$29.3 million. This included present law adjustments of \$5.2 million and new proposals totaling \$1.2 million. The major increases occurring from new proposals include:

- Sustained funding for Bovine Spongiform Encephalopathy (BSE) livestock feed inspections and testing that was funded by the 2005 legislature as a one-time-only initiative -- \$244,416 general fund and 2.50 FTE for the 2009 biennium
- Increased per diem payments to advisory board members, per passage of SB 62 by the 2007 Legislature -- \$23,000
- Implementation of the Montana-Certified Beef Natural Marketing Program, to be jointly administered with the Department of Livestock

Other major budgetary issues included:

- A \$5.0 million general fund transfer to the noxious weed trust via HB 269 and increased weed grant spending authority in HB 2 in FY 2009 in anticipation of having more trust investment earnings available for noxious weed grants in the 2009 biennium
- The legislature increased personal services statewide adjustments in the 2009 biennium in HB 2 by approximately \$390,000, funded largely by state special revenue
- The HB 13 pay plan bill allocation included approximately \$85,000 in the 2009 biennium to assist the agency in bringing the salaries to a minimum of 80 percent of market salaries
- Federal special revenue authority increases as the budget is increased in anticipation of increased federal discretionary grants in the 2009 biennium, increased authority for marketing, and increased personal services costs.
- Proprietary funds increase due to personal services increases in the hail insurance program and one-time improvements to the hail insurance data base.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
15 Centralized Services Division	\$ 369,797	\$ 1,548,476	\$ 211,295	\$ 193,948	\$ 2,323,516	7.92%
30 Agricultural Sciences Division	652,288	12,531,985	4,628,174	-	17,812,447	60.75%
50 Agricultural Development Division	814,420	7,500,668	50,253	820,836	9,186,177	31.33%
Grand Total	\$ 1,836,505	\$ 21,581,129	\$ 4,889,722	\$ 1,014,784	\$ 29,322,140	100.00%

Other Legislation

House Bill 256 – This bill transfers \$5.0 million general fund on July 1, 2007 to the noxious weed management trust fund established in 80-7-811, MCA. This transfer brings the balance of the noxious weed management trust fund to approximately \$9.9 million. Increased dollars in the noxious weed management trust fund increase the interest available to the department for weed management and will fund grants to county weed districts, local governments, Indian Reservations, and researchers for development of community cooperative weed management programs and new and innovative noxious weed management, education, or research projects to improve weed control in Montana. See DP 3010 for the estimated additional amounts available for weed grants in the 2009 biennium.

The principal of the noxious weed management trust fund in excess of \$10 million may be appropriated by a majority vote of each house of the legislature. Appropriations of the principal in excess of \$10 million may be used only to fund the noxious weed management program per 80-7-814(3), MCA.

Senate Bill 62 – This bill increases the daily rate paid to advisory council members from \$25 to \$50, and requires that the daily pay rate be adjusted for inflation annually. The legislature adjusted the department's non-general fund appropriation \$11,750 in FY 2008 and \$12,043 in FY 2009 for these additional costs.

Senate Bill 544 – This bill creates a Montana-certified natural beef cattle marketing program to be administered jointly by the Montana Departments of Agriculture and Livestock. The departments are required to adopt rules outlining the requirements for a beef cattle producer to qualify for the program. The bill requires the Department of Agriculture to promote Montana-certified beef cattle in its agricultural product marketing programs.

Executive Budget Comparison

The following table compares the legislative budget in the 2009 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2006	Executive Budget Fiscal 2008	Legislative Budget Fiscal 2008	Leg – Exec. Difference Fiscal 2008	Executive Budget Fiscal 2009	Legislative Budget Fiscal 2009	Leg – Exec. Difference Fiscal 2009	Biennium Difference Fiscal 08-09
FTE	112.54	117.54	116.54	(1.00)	118.54	117.54	(1.00)	
Personal Services	4,232,051	5,506,251	5,876,584	370,333	5,577,712	6,208,458	630,746	1,001,079
Operating Expenses	2,847,908	3,641,428	3,649,341	7,913	3,457,420	3,468,943	11,523	19,436
Equipment	224,525	626,025	626,025	0	227,025	227,025	0	0
Grants	4,184,119	4,269,119	4,269,119	0	4,992,081	4,992,081	0	0
Transfers	0	5,000,000	0	(5,000,000)	0	0	0	(5,000,000)
Debt Service	2,282	2,282	2,282	0	2,282	2,282	0	0
Total Costs	\$11,490,885	\$19,045,105	\$14,423,351	(\$4,621,754)	\$14,256,520	\$14,898,789	\$642,269	(\$3,979,485)
General Fund	578,626	5,881,180	948,286	(4,932,894)	796,890	888,219	91,329	(4,841,565)
State/Other Special	8,683,632	10,435,386	10,682,391	247,005	10,443,758	10,898,738	454,980	701,985
Federal Special	1,911,040	2,173,048	2,250,768	77,720	2,547,214	2,638,954	91,740	169,460
Proprietary	317,587	555,491	541,906	(13,585)	468,658	472,878	4,220	(9,365)
Total Funds	\$11,490,885	\$19,045,105	\$14,423,351	(\$4,621,754)	\$14,256,520	\$14,898,789	\$642,269	(\$3,979,485)

The bill includes approximately \$4.8 million less general fund than the executive budget. Upon advice from legal counsel, the \$5.0 million general fund transfer to the noxious weed trust that was included in the executive budget was removed from the budget bill and included in HB 269. The legislative budget exceeds the general fund in the executive budget by \$0.16 million due to increased statewide personal services adjustments approved by the legislature and the 2009 biennium pay plan.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	14.00	1.00	0.00	15.00	1.00	0.00	15.00	15.00
Personal Services	658,647	141,469	37,928	838,044	145,850	76,697	881,194	1,719,238
Operating Expenses	250,602	99,746	0	350,348	(14,672)	0	235,930	586,278
Equipment	0	18,000	0	18,000	0	0	0	18,000
Total Costs	\$909,249	\$259,215	\$37,928	\$1,206,392	\$131,178	\$76,697	\$1,117,124	\$2,323,516
General Fund	144,463	45,797	10,238	200,498	9,544	15,292	169,299	369,797
State/Other Special	612,439	168,141	22,436	803,016	81,960	51,061	745,460	1,548,476
Federal Special	89,998	23,002	1,143	114,143	5,002	2,152	97,152	211,295
Proprietary	62,349	22,275	4,111	88,735	34,672	8,192	105,213	193,948
Total Funds	\$909,249	\$259,215	\$37,928	\$1,206,392	\$131,178	\$76,697	\$1,117,124	\$2,323,516

Program Description

The Central Services Division (CSD) performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, human resources, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, public information, and legal support to all programs within the department. Included in this division is the Director's office, which provides overall policy development for the department.

Program Highlights

Central Services Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ One-time-only funding for a computer network administrator (1.0 FTE each year) and continued development of Internet-based online registration for numerous agriculture programs, \$101,144 general fund and \$220,144 total funds

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table							
Centralized Services Div							
Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget	
	FY 2006	FY 2006	FY 2008	FY 2008	FY 2009	FY 2009	
01000 Total General Fund	\$ 144,463	15.9%	\$ 200,498	16.6%	\$ 169,299	15.2%	
01100 General Fund	144,463	15.9%	200,498	16.6%	169,299	15.2%	
02000 Total State Special Funds	612,439	67.4%	803,016	66.6%	745,460	66.7%	
02040 Wheat & Barley Research & Mktg	119,964	13.2%	79,633	6.6%	82,923	7.4%	
02068 Noxious Weed Admin Account	77,467	8.5%	84,468	7.0%	86,008	7.7%	
02071 Anhydrous Ammonia Account	879	0.1%	3,697	0.3%	3,852	0.3%	
02192 Pesticide Groundwater Account	109,766	12.1%	195,384	16.2%	148,029	13.3%	
02193 Pesticide Account	116,026	12.8%	156,482	13.0%	129,615	11.6%	
02198 Fert. Groundwater Account	3,231	0.4%	3,793	0.3%	3,954	0.4%	
02264 Organic Certification	-	-	19,630	1.6%	20,426	1.8%	
02265 Fsi Produce	25,467	2.8%	26,262	2.2%	27,351	2.4%	
02266 Commodity Dealer/Warehouse	8,055	0.9%	10,012	0.8%	10,429	0.9%	
02267 Nursery Account	15,726	1.7%	19,100	1.6%	19,900	1.8%	
02268 Produce Account	73,285	8.1%	47,705	4.0%	49,669	4.4%	
02269 Seed Account	10,194	1.1%	8,197	0.7%	8,534	0.8%	
02452 Commercial Fertilizer	18,709	2.1%	29,835	2.5%	31,058	2.8%	
02453 Grain Services	-	-	68,810	5.7%	71,647	6.4%	
02454 Commercial Feed	26,587	2.9%	44,166	3.7%	45,977	4.1%	
02792 Apiary Account	7,083	0.8%	5,842	0.5%	6,088	0.5%	
03000 Total Federal Special Funds	89,998	9.9%	114,143	9.5%	97,152	8.7%	
03120 Agriculture Cmd Federal	89,998	9.9%	114,143	9.5%	97,152	8.7%	
06000 Total Proprietary Funds	62,349	6.9%	88,735	7.4%	105,213	9.4%	
06052 Hail Insurance	62,349	6.9%	88,735	7.4%	105,213	9.4%	
Grand Total	\$ 909,249	100.0%	\$ 1,206,392	100.0%	\$ 1,117,124	100.0%	

The Centralized Services Division (CSD) is funded from an indirect cost reimbursement from federal grants administered by the agency, from an administrative assessment charged to state special and proprietary revenues supporting the two line divisions of the agency, and from the state general fund. State general fund is used to account for any difference between the assessed amount and the budgeted expenditures for the CSD.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget approved by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					154,090					156,876
Vacancy Savings					(32,508)					(32,622)
Inflation/Deflation					654					772
Fixed Costs					2,338					(34,470)
Total Statewide Present Law Adjustments					\$124,574					\$90,556
DP 1501 - Program 15 Base Budget Adjustments										
0.00	0	0	5,000	5,000	0.00	0	0	5,000	5,000	
DP 1502 - E-Government IT-OTO										
1.00	51,894	87,250	18,000	157,894*	1.00	49,250	0	0	62,250*	
DP 6010 - Non-Statutory Statewide Personal Services Adj										
0.00	(564)	(25,116)	0	(28,220)*	0.00	(532)	(23,669)	0	(26,594)*	
DP 6015 - State Motor Pool Rate Change										
0.00	(3)	(30)	0	(33)	0.00	(3)	(31)	0	(34)	
Total Other Present Law Adjustments	1.00	\$51,327	\$62,104	\$23,000	\$134,641*	1.00	\$48,715	(\$23,700)	\$5,000	\$40,622*
Grand Total All Present Law Adjustments					\$259,215*					\$131,178*

DP 1501 - Program 15 Base Budget Adjustments - The legislature included a \$10,000 federal special revenue appropriation for the 2009 biennium for two foreign agricultural trips within the director’s office and in-house staff development and training.

DP 1502 - E-Government IT-OTO - The legislature approved: 1) a one-time-only appropriation of \$220,144 in the 2009 biennium, funded from general fund, special revenue funds, and proprietary funds, for a network administrator (1.00 FTE) to coordinate agency network services; 2) funding for the continued development of Internet-based online registration programs for pesticide, fertilizer, and feed products, for training and agricultural events, and for hail insurance; and 3) funding for the implementation of cluster servers to support business continuity. These services are in accordance with the Montana Information Technology Act, the Montana State Strategic Information Technology Plan, and the approved agency information technology plan. The department indicated it would likely return to the 2009 Legislature with a request for continued funding for the information technology network administrator.

DP 6010 - Non-Statutory Statewide Personal Services Adj - The legislature excluded a portion of the statewide personal services adjustment proposed by the Governor. The amount excluded averages 22.3 percent of the biennial total personal services (including vacancy savings) statewide present law adjustment that was proposed by the Governor.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
15	0.00	10,178	21,780	1,124	36,948*	0.00	15,230	50,375	2,132	75,621*
DP 6014 - Retirement Employer Contributions - HB 63 & HB 131										
15	0.00	60	656	19	980*	0.00	62	686	20	1,076*
Total	0.00	\$10,238	\$22,436	\$1,143	\$37,928*	0.00	\$15,292	\$51,061	\$2,152	\$76,697*

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program’s allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

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FTE	60.17	0.50	2.50	63.17	1.50	2.50	64.17	64.17
Personal Services	2,469,589	641,487	257,164	3,368,240	712,249	400,455	3,582,293	6,950,533
Operating Expenses	1,049,480	352,203	75,414	1,477,097	381,713	75,534	1,506,727	2,983,824
Equipment	163,434	333,500	50,000	546,934	2,500	0	165,934	712,868
Grants	3,158,848	60,000	0	3,218,848	782,962	0	3,941,810	7,160,658
Transfers	0	0	0	0	0	0	0	0
Debt Service	2,282	0	0	2,282	0	0	2,282	4,564
Total Costs	\$6,843,633	\$1,387,190	\$382,578	\$8,613,401	\$1,879,424	\$475,989	\$9,199,046	\$17,812,447
General Fund	101,341	0	246,348	347,689	0	203,258	304,599	652,288
State/Other Special	4,927,387	1,101,708	125,117	6,154,212	1,202,728	247,658	6,377,773	12,531,985
Federal Special	1,814,905	285,482	11,113	2,111,500	676,696	25,073	2,516,674	4,628,174
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$6,843,633	\$1,387,190	\$382,578	\$8,613,401	\$1,879,424	\$475,989	\$9,199,046	\$17,812,447

Program Description

The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of: 1) pesticide and pest management; 2) analytical laboratory services; 3) noxious weed management; 4) agricultural chemical groundwater program; 5) feed and fertilizer program; 6) organic certification; and 7) commodity programs. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed in the state. The program provides support to the Montana Noxious Weed Management Advisory Council, Noxious Weed Seed Forage Advisory Council, Montana Noxious Weed Summit Advisory Council, Montana Organic Commodity Advisory Committee, Montana Mint Committee, and the Cooperative Agricultural Pest Survey Advisory Council.

Program Highlights

Agricultural Sciences Division Major Budget Highlights	
◆	The legislature included \$244,416 general fund and 2.50 FTE for Bovine Spongiform Encephalopathy (BSE) livestock feed inspections and testing as a base adjustment
◆	Staff and funding for cherry inspectors is added to the base budget in the 2009 biennium, 0.5 FTE and \$77,669 state special revenue
◆	The legislature transferred \$5.0 million general fund to the noxious weed trust via HB 269 and increased weed grant spending authority in FY 2009 by \$409,000 in HB 2 in anticipation of having more money available for noxious weed grants in the 2009 biennium
◆	The legislature included reporting requirements for the expansion of the noxious weed grant program

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table							
Agricultural Sciences Di							
Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget	
	FY 2006	FY 2006	FY 2008	FY 2008	FY 2009	FY 2009	
01000 Total General Fund	\$ 101,341	1.5%	\$ 347,689	4.0%	\$ 304,599	3.3%	
01100 General Fund	101,341	1.5%	347,689	4.0%	304,599	3.3%	
02000 Total State Special Funds	4,927,387	72.0%	6,154,212	71.4%	6,377,773	69.3%	
02037 Mint Committee	13,847	0.2%	14,279	0.2%	14,274	0.2%	
02068 Noxious Weed Admin Account	2,118,662	31.0%	2,153,337	25.0%	2,574,934	28.0%	
02071 Anhydrous Ammonia Account	22,117	0.3%	27,117	0.3%	28,349	0.3%	
02072 Manuals & Training Account	17,741	0.3%	23,836	0.3%	23,833	0.3%	
02192 Pesticide Groundwater Account	664,606	9.7%	1,090,610	12.7%	903,940	9.8%	
02193 Pesticide Account	709,806	10.4%	1,198,083	13.9%	1,124,900	12.2%	
02198 Fert. Groundwater Account	18,893	0.3%	21,187	0.2%	22,364	0.2%	
02264 Organic Certification	114,820	1.7%	168,105	2.0%	181,921	2.0%	
02265 Fsi Produce	175,817	2.6%	223,448	2.6%	229,672	2.5%	
02266 Commodity Dealer/Warehouse	61,020	0.9%	71,974	0.8%	74,870	0.8%	
02267 Nursery Account	95,282	1.4%	165,748	1.9%	169,171	1.8%	
02268 Produce Account	395,756	5.8%	289,185	3.4%	302,279	3.3%	
02269 Seed Account	48,458	0.7%	50,766	0.6%	52,779	0.6%	
02341 Weed Seed Free Forage Account	23,733	0.3%	26,024	0.3%	26,024	0.3%	
02452 Commercial Fertilizer	184,232	2.7%	266,175	3.1%	276,766	3.0%	
02454 Commercial Feed	207,425	3.0%	307,547	3.6%	312,399	3.4%	
02792 Apiary Account	55,172	0.8%	56,791	0.7%	59,298	0.6%	
03000 Total Federal Special Funds	1,814,905	26.5%	2,111,500	24.5%	2,516,674	27.4%	
03118 Agriculture Asd Federal	1,814,905	26.5%	2,111,500	24.5%	2,516,674	27.4%	
Grand Total	\$ 6,843,633	100.0%	\$ 8,613,401	100.0%	\$ 9,199,046	100.0%	

The Agricultural Sciences Division (ASD) is funded from state general fund, state special revenue, federal funds, and proprietary funds. The proprietary funds are an enterprise account and do not receive a direct appropriation in this bill.

In the base budget, general fund was used to mitigate the impact of noxious weeds on lands other than through the Department of Fish, Wildlife, and Parks. The legislature also added sustained base funding for an initiative started with a one-time-only appropriation in the 2007 biennium. For the 2009 biennium, the bill adds \$403,796 general fund and 2.50 FTE for Bovine Spongiform Encephalopathy (BSE) livestock feed inspections.

State special revenue, the largest funding source for this division, is primarily fees assessed for regulatory activities and technical services. Figure 1 presented later in this narrative lists the various state special revenue funds supporting the activities of this division.

Federal special revenue includes funds from the US Forest Service, US Department of Agriculture, and the Environmental Protection Agency. Federal funds support noxious weed mitigation, portions of the BSE inspections, portions of the pesticide and groundwater programs, and pest detection.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					589,512					605,301
Vacancy Savings					(122,368)					(122,999)
Inflation/Deflation					6,788					7,814
Fixed Costs					25,659					27,802
Total Statewide Present Law Adjustments					\$499,591					\$517,918
DP 3001 - Program 30 Base Budget Adjustments	0.00	0	179,926	219,625	399,551	0.00	0	147,450	609,625	757,075
DP 3004 - Commodity Bureau	0.50	0	38,819	0	38,819	0.50	0	38,850	0	38,850
DP 3010 - Noxious Weed Trust Fund Grants Increase	0.00	0	0	0	0	1.00	0	409,136	0	409,136
DP 3011 - Bozeman Lab Equipment OTO/Biennial	0.00	0	300,000	0	300,000	0.00	0	0	0	0
DP 6010 - Non-Statutory Statewide Personal Services Adj	0.00	0	84,032	65,467	149,499	0.00	0	92,203	64,520	156,723
DP 6015 - State Motor Pool Rate Change	0.00	0	(142)	(128)	(270)	0.00	0	(145)	(133)	(278)
Total Other Present Law Adjustments	0.50	\$0	\$602,635	\$284,964	\$887,599	1.50	\$0	\$687,494	\$674,012	\$1,361,506
Grand Total All Present Law Adjustments					\$1,387,190					\$1,879,424

DP 3001 - Program 30 Base Budget Adjustments - The legislative budget includes an additional \$1,156,626 for the 2009 biennium to increase base year expenditures from state special (SSR) and federal special funds for programs within the division as follows:

- 1) Anhydrous Ammonia fund (SSR) – a \$3,000 increase for anticipated increases in field office rent, vehicle maintenance, and registration fees for meetings;
- 2) Manuals and Training fund (SSR) – a \$12,000 increase for training manual development contracts;
- 3) Groundwater program (SSR) – a \$55,700 increase for the purchase of a four wheel drive pickup and increased field office rent, travel, and for support and contract services for the Laboratory Bureau in Bozeman;
- 4) Pesticide program (SSR) – a \$113,500 increase for support and service contracts for the Laboratory Bureau, and the pesticide disposal contract;
- 5) Federal State Inspection Potato program (SSR) – a \$14,936 increase for travel, overtime, and office rent;
- 6) Nursery program (SSR) – a \$8,000 increase for the Department of Revenue One-Stop contract, supplies, communication, and travel;
- 7) Feed and Fertilizer programs (SSR) – a \$52,600 increase for support and service contracts, laboratory supplies, lab equipment, and travel for the Laboratory Bureau;
- 8) Apiary program (SSR) – a \$6,000 increase for program activities;
- 9) Commodity dealer/warehouse fund (SSR) – a \$5,000 increase to contribute towards purchase of a vehicle;
- 10) Noxious weed seed forage (SSR) – a \$4,000 increase for supplies;
- 11) Mint, Noxious Weed Seed Free Forage, Montana Noxious Weed Summit Advisory, Montana Organic Commodity Advisory funds (SSR) – a \$52,540 increase for increased per diem and travel expenditures; and
- 12) Federal funds – a \$829,250 increase for federal discretionary grants that may become available in the 2009 biennium, and increased costs for contracts, travel, lab equipment, and database improvements.

Figure 1
Summary of Expenditures and Funding for DP 3001
Agricultural Sciences Division - 2009 Biennium

Category	FY 2008	FY 2009	Biennium
Expenditures			
61200 Hourly Wages	\$3,000	\$3,000	\$6,000
61300 Other Compensation	2,025	2,025	4,050
62100 Other Services	176,956	176,980	353,936
62200 Supplies & Materials	62,200	60,700	122,900
62300 Communications	813	813	1,626
62400 Travel	15,442	15,281	30,723
62500 Rent	17,820	17,981	35,801
62700 Repair & Maintenance	24,450	24,450	48,900
62800 Other Expenses	3,345	3,345	6,690
63100 Equipment	33,500	2,500	36,000
66100 From State Sources	0	450,000	450,000
66200 From Federal Sources	60,000	0	60,000
Total Expenditures	<u>\$399,551</u>	<u>\$757,075</u>	<u>\$1,156,626</u>
Fund			
02037 Mint Committee	\$350	\$350	\$700
02068 Noxious Weed Admin Account	24,020	24,020	48,040
02071 Anhydrous Ammonia Account	1,500	1,500	3,000
02072 Manuals & Training Account	6,000	6,000	12,000
02192 Pesticide Groundwater Account	38,350	17,350	55,700
02193 Pesticide Account	57,500	56,000	113,500
02264 Organic Certification	1,950	1,950	3,900
02265 Fsi Produce	7,456	7,480	14,936
02266 Commodity Dealer/Warehouse	2,500	2,500	5,000
02267 Nursery Account	4,000	4,000	8,000
02341 Weed Seed Free Forage Account	2,000	2,000	4,000
02452 Commercial Fertilizer	7,500	7,500	15,000
02454 Commercial Feed	23,800	13,800	37,600
02792 Apiary Account	3,000	3,000	6,000
03118 Agriculture Asd Federal	219,625	609,625	829,250
Total Funds	<u>\$399,551</u>	<u>\$757,075</u>	<u>\$1,156,626</u>

Figure 1 summarizes the base adjustments by fund for the 2009 biennium.

DP 3004 - Commodity Bureau - The legislature approved \$77,669 additional state special authority in the 2009 biennium to hire part-time, seasonal inspectors, the equivalent of a half-time position, in the Commodity Bureau to cover increased cherry inspections due to increased cherry processing for international sales. Since 2005, inspection services have been made and provided by existing ASD staff.

DP 3010 - Noxious Weed Trust Fund Grants Increase - The legislature increased state special authority by \$409,136 with the addition of 1.00 FTE in FY 2009 to assist in managing and monitoring an expected increase in the number of grant projects and the anticipated increase in program costs due to the requested one-time-only general fund transfer to the noxious weed trust fund that will double the interest earnings from the trust available for weed grant projects.

As part of this funding, the Department of Agriculture is to provide the following performance report to the Joint Appropriations Subcommittee on Natural Resources and Commerce at the 2009 session:

1. The number of grant applications received vs. the number of grant applications funded before and after approval of the decision package (By year, fiscal years 2006 through 2009);
2. The dollar amount of grant applications received vs. the number of grant applications funded before and after approval of the decision package (By year, fiscal years 2006 through 2009);
3. The number and percent of weed infested acres treated before and after approval of the decision package (By year, fiscal years 2006 through 2009); and
4. A concise report summarizing the coordinated activities of all parties included in the Montana Weed Management Plan (By year, fiscal years 2006 through 2009).

DP 3011 - Bozeman Lab Equipment OTO/Biennial - Funding is included in a biennial, one-time-only appropriation for \$300,000 of state special authority to allow the Bozeman Analytical Laboratory to purchase an automated Triple Stage Quadruple Spectrometer System.

DP 6010 - Non-Statutory Statewide Personal Services Adj - The legislature excluded a portion of the statewide personal services adjustment proposed by the Governor, resulting in the personal services present law adjustments in this bill exceeding the executive proposal by approximately 32 percent each year.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

Program	-----Fiscal 2008-----					-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 3002 - Bovine Spongiform Encephalopathy (BSE)	30	2.50	226,715	0	0	226,715	2.50	177,081	0	0	177,081
DP 3012 - Revise Nursery Laws - HB 569	30	0.00	0	34,598	0	34,598	0.00	0	34,598	0	34,598
DP 6013 - 2009 Biennium Pay Plan - HB 13	30	0.00	19,633	87,765	10,768	118,166	0.00	26,177	210,201	24,713	261,091
DP 6014 - Retirement Employer Contributions - HB 63 & HB 131	30	0.00	0	2,754	345	3,099	0.00	0	2,859	360	3,219
Total	2.50	\$246,348	\$125,117	\$11,113	\$382,578*	2.50	\$203,258	\$247,658	\$25,073	\$475,989*	

DP 3002 - Bovine Spongiform Encephalopathy (BSE) - The legislature approved \$403,796 general fund in the 2009 biennium for sustained funding of the BSE program that was funded by the 2005 Legislature on a one-time-only basis. Inclusion of these funds will allow for ongoing inspections and testing of livestock feeds over the 2009 biennium.

The Montana Department of Agriculture has been conducting surveillance of interstate, intrastate, and US-Canadian border feed ingredients and products for the past two years. These activities were in addition to the Bovine Spongiform Encephalopathy Rule inspections funded through a federal contract with the United States Food and Drug Administration. The department has not found any prohibited feed ingredients distributed in Montana during this period.

The funding supports 2.50 FTE positions (1.00 FTE chemist and 1.50 FTE agricultural specialists). The legislative budget line-items \$50,000 of the decision package cost as a biennial appropriation for purchase of a real-time Polymerase Chain Reaction equipment for laboratory analyses.

DP 3012 - Revise Nursery Laws - HB 569 - This decision package implements HB 569, a bill that changes nursery license fees and related nursery laws. The revenue from HB 569 statutory changes will be used to conduct more inspections and investigations, as well as develop more industry education and training materials.

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Proprietary Rates**Proprietary Program Description**

The Alfalfa Leaf-cutting Bee Program (fund 06011) was established in Title 80, Chapter 6, Part 11, MCA. The Alfalfa Seed Committee establishes standards for pathogens and parasites, certification of bees, and management of the program in cooperation with the department. Department personnel perform field and laboratory duties for the committee.

Proprietary Revenues and Expenses

The Alfalfa Leaf-cutting Bee Program is funded from lab and registration fees and investment earnings from fund balance. The executive budget includes a base adjustment of \$1,950 per year.

Proprietary Rate Explanation

Fees are charged for certification and registration of alfalfa leaf-cutter bees in Montana and for laboratory expenses. The fees are set by rule. There is a one-time \$15 registration fee for alfalfa leaf-cutting bee owners. There is a \$30 certification fee per sample for certifying samples. There is a \$30 fee for sample analysis per sample, and if requested an additional fee of \$20 for sex ratio and percent emergence. Rates are \$30 for a minor A license and \$15 for a minor B license.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	38.37	0.00	0.00	38.37	0.00	0.00	38.37	38.37
Personal Services	1,103,815	510,945	55,540	1,670,300	517,382	123,774	1,744,971	3,415,271
Operating Expenses	1,547,826	262,320	11,750	1,821,896	161,417	17,043	1,726,286	3,548,182
Equipment	61,091	0	0	61,091	0	0	61,091	122,182
Grants	1,025,271	25,000	0	1,050,271	25,000	0	1,050,271	2,100,542
Total Costs	\$3,738,003	\$798,265	\$67,290	\$4,603,558	\$703,799	\$140,817	\$4,582,619	\$9,186,177
General Fund	332,822	56,918	10,359	400,099	58,949	22,550	414,321	814,420
State/Other Special	3,143,806	537,811	43,546	3,725,163	540,325	91,374	3,775,505	7,500,668
Federal Special	6,137	18,863	125	25,125	18,863	128	25,128	50,253
Proprietary	255,238	184,673	13,260	453,171	85,662	26,765	367,665	820,836
Total Funds	\$3,738,003	\$798,265	\$67,290	\$4,603,558	\$703,799	\$140,817	\$4,582,619	\$9,186,177

Program Description

The Agricultural Development Division (ADD) administers programs to promote Montana agriculture through market development and enhancement. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the following bureaus: Rural Development, Wheat and Barley, Agriculture Marketing & Business Development and the State Grain Laboratory. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

Program Highlights

Agricultural Development Division Major Budget Highlights	
◆	An additional \$238,000 state special revenue from the FY 2006 budget base for anticipated increased coal severance tax funds for the Growth Through Agriculture program is included
◆	A \$100,000 one-time-only appropriation from the hail proprietary fund for upgrading the state hail insurance database was approved by the legislature
◆	The legislature included approximately \$140,000 additional authority for statewide personal services increases not included in the executive budget and in addition to the 2009 biennium pay plan

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table						
Agricultural Development						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 332,822	8.9%	\$ 400,099	8.7%	\$ 414,321	9.0%
01100 General Fund	332,822	8.9%	400,099	8.7%	414,321	9.0%
02000 Total State Special Funds	3,143,806	84.1%	3,725,163	80.9%	3,775,505	82.4%
02040 Wheat & Barley Research & Mktg	2,130,666	57.0%	2,224,843	48.3%	2,241,237	48.9%
02066 Agriculture In Mt Schools Act.	6,515	0.2%	10,574	0.2%	10,573	0.2%
02268 Produce Account	4,836	0.1%	5,000	0.1%	5,000	0.1%
02340 Coal Sev. Tax Shared Ssr	508,514	13.6%	613,998	13.3%	614,368	13.4%
02453 Grain Services	486,650	13.0%	847,642	18.4%	881,222	19.2%
02461 Alfalfa Seed Assessment	6,609	0.2%	21,672	0.5%	21,671	0.5%
02466 Misc Ag Donations	16	0.0%	1,434	0.0%	1,434	0.0%
03000 Total Federal Special Funds	6,137	0.2%	25,125	0.5%	25,128	0.5%
03225 Agriculture Add Federal	6,137	0.2%	25,125	0.5%	25,128	0.5%
06000 Total Proprietary Funds	255,238	6.8%	453,171	9.8%	367,665	8.0%
06052 Hail Insurance	255,238	6.8%	453,171	9.8%	367,665	8.0%
Grand Total	\$ 3,738,003	100.0%	\$ 4,603,558	100.0%	\$ 4,582,619	100.0%

General fund supports division administration, agricultural markets, and agriculture statistic functions.

State and other special revenue consist of wheat and barley sales taxes, coal severance tax collections, grain testing fees, alfalfa seed assessments, private donations, income tax check offs for Agriculture in Montana Schools, and interest earnings. The Growth Through Agriculture (GTA) program receives a share of 5.46 percent of coal severance tax collections to fund grants and operations of the Agriculture Development Council for the Montana Growth Through Agriculture Act.

Federal special revenue is from federal grants used to develop agriculture markets, marketing projects, and related operating costs.

Proprietary funds are from hail insurance and are used to pay the administrative costs of the Hail Insurance Program.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					507,029					512,060
Vacancy Savings					(64,433)					(64,638)
Inflation/Deflation					3,060					3,235
Fixed Costs					19,276					20,540
Total Statewide Present Law Adjustments					\$464,932					\$471,197
DP 5004 - Montana State Hail Insurance Database IT/OTO/BIE	0.00	0	0	0	100,000*	0.00	0	0	0	0
DP 5005 - Agriculture In Montana Schools	0.00	0	3,985	0	3,985	0.00	0	3,985	0	3,985
DP 5006 - Alfalfa Seed Committee	0.00	0	15,175	0	15,175	0.00	0	15,175	0	15,175
DP 5007 - Montana Agricultural Statistics Services Bulletin	0.00	0	1,018	0	1,018	0.00	0	1,018	0	1,018
DP 5008 - Federal Marketing Appropriation Authority	0.00	0	0	25,000	25,000	0.00	0	0	25,000	25,000
DP 5014 - Montana Growth Through Agriculture Act CST	0.00	0	120,041	0	120,041	0.00	0	117,700	0	117,700
DP 6010 - Non-Statutory Statewide Personal Services Adj	0.00	27,486	69,100	0	68,174*	0.00	27,889	70,236	0	69,785*
DP 6015 - State Motor Pool Rate Change	0.00	(43)	(13)	0	(60)*	0.00	(44)	(13)	0	(61)*
Total Other Present Law Adjustments	0.00	\$27,443	\$209,306	\$25,000	\$333,333*	0.00	\$27,845	\$208,101	\$25,000	\$232,602*
Grand Total All Present Law Adjustments					\$798,265*					\$703,799*

DP 5004 - Montana State Hail Insurance Database IT/OTO/BIE - The legislature approved a \$100,000 biennial, one-time-only appropriation from the hail proprietary fund for information technology services to contract for the rewrite and upgrade of the Montana State Hail Insurance Oracle database. Services would be provided in accordance with the Montana Information Technology Act, the Montana State Strategic Information Technology Plan, and the approved agency information technology plan.

DP 5005 - Agriculture In Montana Schools - The legislative budget includes an additional \$3,985 of state special revenue authority each year of the 2009 biennium to increase the appropriation for the Agriculture in Montana Schools program to \$10,500 annually. The Department of Revenue collects voluntary income tax check-off dollars for distribution to the Department of Agriculture. Per 15-30-152, MCA, this money is jointly used by educators and representatives of agricultural organizations for developing and presenting educational programs which give Montana students a better understanding of the role of agriculture in all aspects of society and of how Montana agriculture relates to the rest of the world.

DP 5006 - Alfalfa Seed Committee - The legislature approved \$30,350 state special revenue authority in the 2009 biennium for Alfalfa Seed Committee per diem and research grants. The Alfalfa Seed Committee is administratively attached to the Montana Department of Agriculture per 2-15-3004, MCA. Seven members currently serve on the committee. Funds are available from the alfalfa seed fund (02461).

DP 5007 - Montana Agricultural Statistics Services Bulletin - The legislature included an appropriation of \$2,036 for the biennium to allow the Montana Agricultural Statistics Service to spend funds received from the sale of bulletins.

DP 5008 - Federal Marketing Appropriation Authority - The legislature included \$25,000 federal revenue authority each year for grants to develop agriculture markets, marketing projects, and related operating costs.

DP 5014 - Montana Growth Through Agriculture Act CST - Additional state special revenue authority of \$237,741 was approved for anticipated increased coal severance tax revenue in the coal severance tax shared account. Revenue in this

account is shared by the Montana State Library for library federations, Montana Department of Natural Resources for conservation districts, and the Montana Department of Agriculture for 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 table below shows how the coal tax shared account has been allocated among the three agencies for the 2009 biennium.

Figure 2
Coal Tax Shared Revenue Account
2009 Biennium

Revenue		FY 2008	FY 2009	Biennium	Percentage		
RATC Coal Severance Tax Projections		\$37,752,000	\$36,164,000	\$73,916,000			
5.46 percent of Coal Tax Revenues		\$2,061,000	\$1,975,000	\$4,036,000	5.46%		
Expenditures		Fiscal 2006 Actual	Fiscal 2007 Estimated	Fiscal 2008 Budgeted	Fiscal 2009 Budgeted	2009 Biennium	Percentage
Montana State Library - Statewide Library Resources		\$436,511	\$437,204	\$550,006	\$550,006	\$1,100,012	27.2%
DNRC-Conservation Districts/Centralized Services		770,779	804,553	856,779	856,779	1,713,558	42.4%
Agriculture - Growth Thru Ag		508,514	513,520	612,216	610,198	1,222,414	30.2%
Agriculture - Growth Thru Ag Pay Plan/Retirement		-	-	1,782	4,170	5,952	0.1%
Total		\$1,715,804	\$1,755,277	\$2,020,783	\$2,021,153	\$4,041,936	100.0%
Biennial Difference - Transferred to the General Fund						(\$5,936)	

Based upon revenue projections used during the 2007 session, there will be insufficient revenue in the coal tax shared revenue account to fund the pay plan and retirement costs allocated to this account by the Department of Agriculture.

DP 6010 - Non-Statutory Statewide Personal Services Adj - The legislature excluded a portion of the statewide personal services adjustment proposed by the Governor, resulting in the personal services present law adjustment in this bill exceeding the executive proposal by approximately 15 percent each year.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5016 - Montana Certified Beef Natural Marketing Program	50	0.00	0	0	0	0.00	0	5,000	0	5,000
DP 5017 - Increase Pymt to Advisory Board Members - SB 62	50	0.00	0	11,375	125	0.00	0	11,659	128	12,043*
DP 6013 - 2009 Biennium Pay Plan - HB 13	50	0.00	10,024	31,123	0	0.00	22,195	73,626	0	121,558*
DP 6014 - Retirement Employer Contributions - HB 63 & HB 131	50	0.00	335	1,048	0	0.00	355	1,089	0	2,216*
Total	0.00	\$10,359	\$43,546	\$125	\$67,290*	0.00	\$22,550	\$91,374	\$128	\$140,817*

DP 5016 - Montana Certified Beef Natural Marketing Program - This decision package implements SB 544, a bill that creates the Montana-certified natural beef marketing program jointly administered by the Department of Agriculture and the Department of Livestock.

DP 5017 - Increase Pymt to Advisory Board Members - SB 62 - This decision packages adds spending authority for the Department of Agriculture to increase reimbursements to advisory board members, per statutory revisions contained in SB 62.

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Proprietary Rates

Proprietary Program Description

Two enterprise proprietary funds are managed in this division.

Hail Insurance Program

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 many crops grown in Montana to assist producers in recovering their input costs should there be hail damage. The program insures approximately 1.7 million acres of crops with coverage exceeding \$60 million each year. The program pays for 3.17 permanent FTE and 5.88 seasonal FTE to support program operations. The program is statutorily appropriated under Title 80, Chapter 2, part 2, MCA.

Proprietary Revenues and Expenses

The Hail Insurance Program is funded from premiums, penalties, and investment earnings. Premiums are set by the Board of Hail Insurance and vary by county based on risk. Operating expenses include commissions and benefits paid.

Rate Explanation

Hail premiums charged are set by 80-2-208, MCA, and cannot exceed \$40 per acre for non-irrigated land and \$56 per acre for irrigated land.

Montana Beginning Farmer/Rancher Loan Program

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 (the 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 Montana Beginning Farmer/Rancher Loan Program is funded from loan fees and investment earnings on the fund balance. Loans made are recorded as operating expenses. No loans were issued in the 2007 biennium.

Rate Explanation

Applicants pay a \$50 application fee and a loan participation fee of 1.5 percent of the value of the bond.

Proprietary Rate Explanation

The Hail Insurance Program

Rate Explanation.

Hail premiums charged are set by 80-2-208, MCA, and cannot exceed \$40 per acre for non-irrigated land and \$56 per acre for irrigated land.

The Montana Beginning Farmer/Rancher Loan Program

Rate Explanation.

Applicants pay a \$50 application fee and a loan participation fee of 1.5 percent of the value of the bond.