

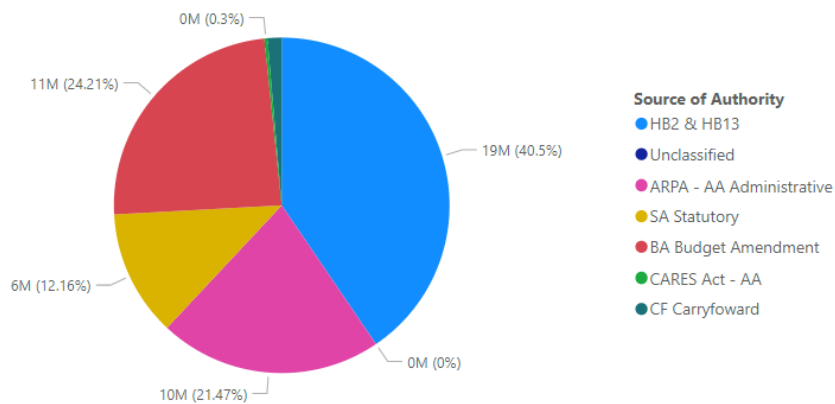
DEPARTMENT OF AGRICULTURE

FISCAL 2022 YEAR END REPORT

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 40.5% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



| Source of Authority | FYE22 Modified Budget | FYE22 Expended Budget | Percent Expended |
|---------------------|-----------------------|-----------------------|------------------|
| HB2 & HB13 | 19,187,840 | 15,750,419 | 82.1% |
| BA Budget Amendment | 11,468,528 | 2,736,887 | 23.9% |
| CF Carryforward | 644,831 | 109,622 | 17.0% |
| SA Statutory | 5,760,464 | 3,915,286 | 68.0% |
| Unclassified | 1,925 | | |
| CARES | 139,937 | 139,937 | 100.0% |
| ARPA | 10,168,590 | 985,535 | 9.7% |
| Total | 47,372,115 | 23,637,686 | 49.9% |

Budget Amendments

Budget amendments increased federal authority by \$11.5 million in FY 2022.

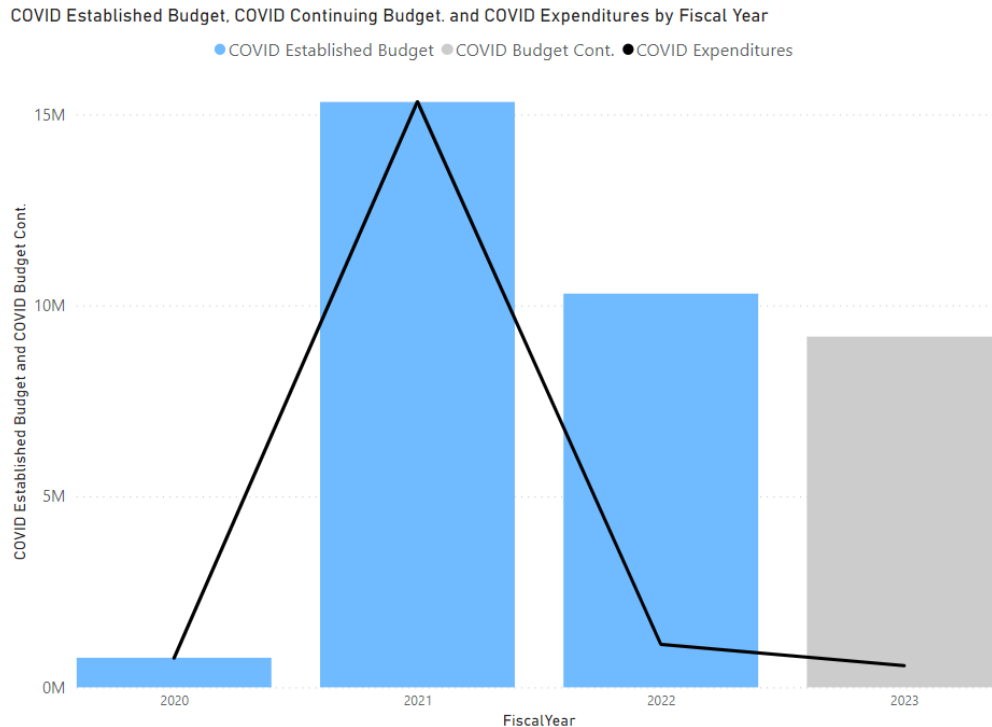
The federal Specialty Crop Block Grant Program (SCBGP), funded from federal sources, accounted for \$10.4 million or 90.0% of the budget and was 18.8% expended at year end. The purpose of the SCBGP is to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops. The agency received a \$500,000 grant from the USDA National Institute of Food and Agriculture (NIFA) to address mental health concerns in the agriculture community; the agency expended 69.5% of this grant. Funding for the Food Safety Modernization Act totals \$367,500 and was 81.4% expended. Other budget amendments, including federal funds for food safety, noxious weed prevention, and marketing, totaled \$213,800 and were 68.5% expended. The agency may apply to the federal government to renew the unexpended portion of grants in future years.

Statutory Appropriations

Expenditures of statutory appropriations totaled \$3.9 million, of which 38.5% or \$1.5 million is general fund. General fund is statutorily appropriated for the Growth Through Agriculture programs, Montana Cooperative Development Center, and food development programs. The agency expended \$1.8 million from state special revenue statutorily appropriated for research and marketing programs for potatoes, pulse crops, and other agriculture development programs. The agency expended \$610,100 in proprietary revenue statutorily appropriated for hail insurance claims.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.



For FY 2022, the established COVID budget is \$10.3 million, of which \$1.1 million has been expended. The authority supports two programs.

- 1) Agricultural business improvement grants are budgeted at \$7.9 million; \$912,100 has been expended. Matching funds are required for all grants and may not come from another federal grant award. Eligible costs include, but are not limited to:
 - Equipment
 - Facilities upgrades
 - Consultant services
 - Advertising and promotion

- Supplies and materials
- 2) The following distributions totaling \$2.0 million have been proposed for the appropriation authorized in HB 861. Grants must be matched match with local funds for improvements as follows:
- New locomotive in Butte, \$400,000
 - Rail infrastructure expansion, \$1.6 million
- 3) Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) funding totaling \$365,000 is budgeted for meat processing grants and administrative cost. As of year end, the agency has expended \$140,000 on meat processing grants and \$225,000 on administrative costs.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through the end of FY 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

| Agency Name | June Modified Budget | FYE22 Modified Budget | Net Modifications |
|--------------------------------|----------------------|-----------------------|-------------------|
| MT Dept of Agriculture | 19,187,840 | 19,187,840 | |
| AGRICULTURAL DEVELOPMENT DIV | 7,734,223 | 7,734,223 | |
| AGRICULTURAL SCIENCES DIVISION | 9,450,107 | 9,450,107 | |
| CENTRAL MANAGEMENT DIVISION | 2,003,510 | 2,003,510 | |
| Total | 19,187,840 | 19,187,840 | |

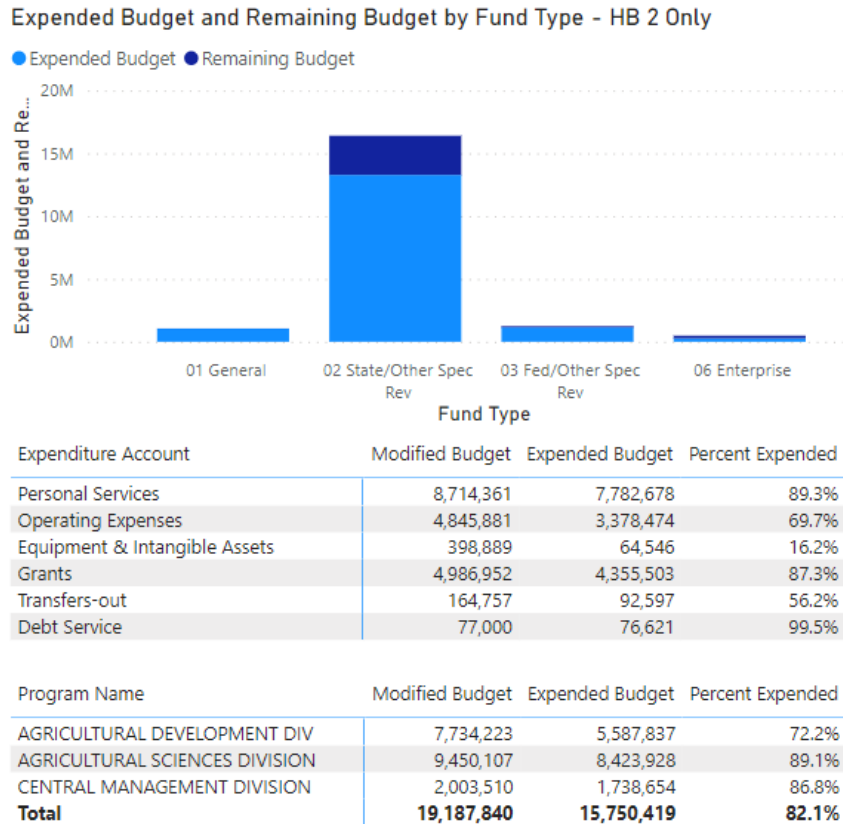
| Expenditure Account | June Modified Budget | FYE22 Modified Budget | Net Modifications |
|-------------------------------------|----------------------|-----------------------|-------------------|
| ▲ | | | |
| 61000 Personal Services | 8,714,361 | 8,714,361 | |
| 62000 Operating Expenses | 4,845,881 | 4,845,881 | |
| 63000 Equipment & Intangible Assets | 398,889 | 398,889 | |
| 66000 Grants | 4,986,952 | 4,986,952 | |
| 68000 Transfers-out | 164,757 | 164,757 | |
| 69000 Debt Service | 77,000 | 77,000 | |

| Fund Type | June Modified Budget | FYE22 Modified Budget | Net Modifications |
|-------------------------|----------------------|-----------------------|-------------------|
| 01 General | 1,058,592 | 1,058,592 | |
| 02 State/Other Spec Rev | 16,401,476 | 16,401,476 | |
| 03 Fed/Other Spec Rev | 1,243,777 | 1,243,777 | |
| 06 Enterprise | 483,995 | 483,995 | |

The agency made no changes to the HB 2 budget in June of 2022.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through June 2022.



State special revenue supports 85.5% of the agency’s HB 2 budget; federal sources support 6.5%; general fund 5.5%; and the remaining 2.5% is proprietary revenue.

Personal Services

The budget for personal services was 89.3% expended through the end of the year, which is 2.3% lower than the average for the three previous biennia of 91.6%.

Operating Expenses

The budget for operating expenses was 69.7% expended for the fiscal year; in the previous three biennia, this rate has ranged between 60.8% and 92.6% with an average of 73.2%.

Equipment and Intangible Assets

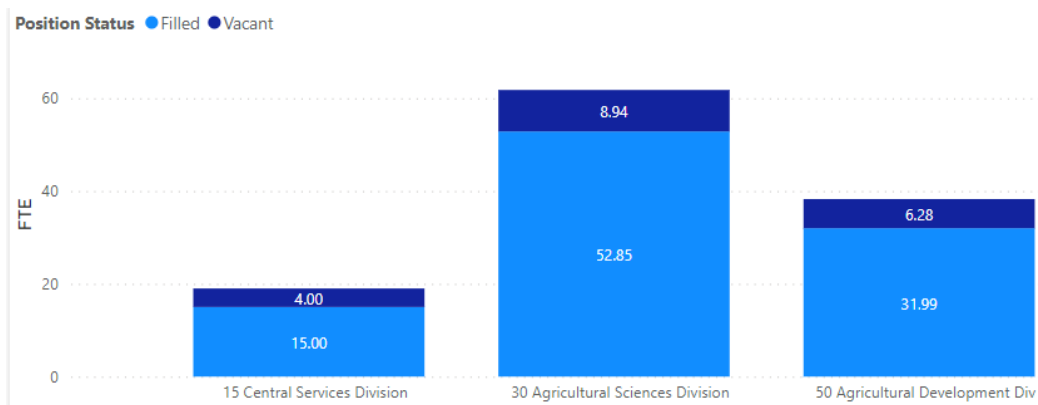
The budget for equipment and intangible assets was 16.2% expended for the fiscal year; expenditures for this category vary widely from year to year.

Grants

The budget for grants was 87.3% expended for FY 2022; in the previous three biennia, expenditures for grants have averaged 95.3%. State special revenue funds 94.2% of the HB 2 grant authority. The agency awards grants for wheat and barley research and marketing programs, growth through agriculture programs, education programs in Montana schools, and other programs.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of August 1, 2022.



Total FTE

The Department of Agriculture has 119.06 FTE funded in HB 2

- Centralized services division – 19.00 FTE
- Agricultural sciences division – 61.79 FTE
- Agricultural development division – 38.27 FTE

Utilization Rate

The agency utilized 84.7% of the total personal services hours available for FY 2022. The centralized services division utilization rate is 94.2%; the agricultural sciences division rate is 89.3%; and the rate for the agricultural development division is 72.6%.

Vacancies

Vacant positions total 19.2 FTE, a decrease of 8.9 FTE since June. Most positions have been open less than a year, 13 positions have been open less than six months. The agency has had difficulty attracting talent. Positions are typically advertised for 30 days and typically received fewer than three submission. A position for

a chemist was posted for 120 days and received only one application; two positions for grain samplers were open for 45 days and received no applications.

The table below details the agency vacancies.

| Department of Agriculture Vacancies FYE 2022 | | | | | | | |
|---|-------------|----------------------|---------------------|---------------------------------------|--------------|----------------------|---------------------|
| <u>Agricultural Development Div</u> | <u>FTE</u> | <u>Months Vacant</u> | <u>Years Vacant</u> | <u>Agricultural Sciences Division</u> | <u>FTE</u> | <u>Months Vacant</u> | <u>Years Vacant</u> |
| Wheat & Barely Bureau Chief | 1.00 | 0.3 | 0.0 | Agricultural Science Specialis | 0.50 | 4.7 | 0.4 |
| Sampler | 1.00 | 4.2 | 0.3 | Pesticide Education Specialist | 1.00 | 0.0 | 0.0 |
| Instructional Coordinator 1 | 0.88 | 66.6 | 5.6 | Agricultural Scientist 1 | 0.02 | 91.4 | 7.6 |
| Insurance Claims Adjuster | 0.25 | 46.9 | 3.9 | Plant Science Specialist | 1.00 | 0.8 | 0.1 |
| Claims Examiner 1 | 0.25 | 21.6 | 1.8 | Program Specialist 2 | 1.00 | 3.7 | 0.3 |
| Claims Examiner 1 | 0.25 | 21.6 | 1.8 | Compliance Manager | 1.00 | 22.5 | 1.9 |
| Claims Examiner 1 | 0.25 | 46.0 | 3.8 | Pesticide Train & Dev Splclist | 1.00 | 5.6 | 0.5 |
| Agricultural Grant Specialist | 1.00 | 1.4 | 0.1 | Agricultural Inspector 2 | 0.45 | 2.4 | 0.2 |
| Statistical Assistant | 0.68 | 60.7 | 5.1 | Agricultural Inspector 2 | 2.97 | 1.9 | 0.2 |
| Agricultural Inspector 3 | 0.72 | 84.9 | 7.1 | Division Total ¹ | 8.94 | 4.9 | 0.4 |
| Division Total ¹ | 6.28 | 32.0 | 2.7 | | | | |
| <u>Central Services Division</u> | <u>FTE</u> | <u>Months Vacant</u> | <u>Years Vacant</u> | | | | |
| Business Executive | 1.00 | 7.4 | 0.6 | | | | |
| Communications Officer | 1.00 | 0.6 | 0.1 | | | | |
| Application Developer & Admin | 1.00 | 2.4 | 0.2 | | | | |
| Deputy Attorney | 1.00 | 4.7 | 0.4 | | | | |
| Division Total ¹ | 4.00 | 3.8 | 0.3 | | | | |
| | | | | | <u>FTE</u> | <u>Months Vacant</u> | <u>Years Vacant</u> |
| | | | | Agency Total | 19.22 | 13.5 | 1.1 |

¹ Division Totals for months and days vacant are weighted averages

Turnover and payroll adjustments

During FY 2022, eighteen employees left the agency. Nineteen employees left state employment; five retired; and five employees transferred to a different agency. The agency has made 72 pay adjustments, which will add about \$173,000 or 1.9% to annual payroll cost as follows:

- Market Adjustment - 36
- Longevity - 21
- Retention - 9
- Training Assignment Progression - 2
- Minimum Wage Adjustment - 1
- Negotiated Pay Schedule - 1
- Correct Inaccurate Pay - 1
- Reclassification - 1

AGRICULTURE LINE ITEMED DECISION PACKAGES

Update on Decision Packages Approved by the 2021 Legislature

The table below summarizes the agency's expenditures against legislative appropriations for decision packages that appear as a line item in HB 2. A detailed discussion of each decision package is provided below.

| The Department of Agriculture | | | | |
|---|--------------------------------------|------------------|------------------|-----------------------------|
| Legislative Appropriation and Expenditures for FY 2022 | | | | |
| <u>Decision Package</u> | <u>Legislative Appropriation</u> | <u>Budgeted</u> | <u>Expended</u> | <u>Percent Expended</u> |
| DP 3004 - Analytical Lab System Replacement One-Time-Only | \$350,000 | \$0 | \$0 | 0.0% |
| DP 5004 - Efficiency Improvements State Grain Lab One-Time-Only | 145,900 | 145,900 | 142,627 | 97.8% |
| Total of HB 2 Line Itemed Decision Packages | \$495,900 | \$145,900 | \$142,627 | 28.8% |

DP 3004 - Analytical Lab System Replacement (OTO)

The legislature approved a one-time-only appropriation of \$350,000 from state and federal sources to replace laboratory equipment at the Bozeman analytical laboratory. The funding was budgeted in the second year of the biennium.

DP 5004 - Efficiency Improvements State Grain Lab (OTO)

The legislature approved a one-time-only appropriation of \$145,900 from the general fund to purchase a laboratory inventory management system and one-time-only maintenance/safety improvements. For the fiscal year, the agency expended 97.8% or \$142,627 of this appropriation.