

Agency Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

| Agency Biennium Comparison | | | | |
|--------------------------------|---------------------------|------------------------|--------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Requested Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 17,579,163 | 19,495,167 | 1,916,004 | 10.90 % |
| Operating Expenses | 9,790,345 | 12,070,502 | 2,280,157 | 23.29 % |
| Equipment & Intangible Assets | 1,087,778 | 863,778 | (224,000) | (20.59)% |
| Grants | 9,959,411 | 9,944,918 | (14,493) | (0.15)% |
| Transfers | 329,514 | 329,514 | 0 | 0.00 % |
| Debt Service | 154,500 | 155,000 | 500 | 0.32 % |
| Total Expenditures | \$38,900,711 | \$42,858,879 | \$3,958,168 | 10.18 % |
| General Fund | 2,148,675 | 3,105,287 | 956,612 | 44.52 % |
| State/Other Special Rev. Funds | 33,238,697 | 35,585,360 | 2,346,663 | 7.06 % |
| Federal Spec. Rev. Funds | 2,538,961 | 3,213,557 | 674,596 | 26.57 % |
| Proprietary Funds | 974,378 | 954,675 | (19,703) | (2.02)% |
| Total Funds | \$38,900,711 | \$42,858,879 | \$3,958,168 | 10.18 % |
| Total Ongoing | \$38,404,811 | \$41,872,879 | \$3,468,068 | 9.03 % |
| Total OTO | \$495,900 | \$986,000 | \$490,100 | 98.83 % |

Mission Statement

The mission of the Montana Department of Agriculture is to serve Montana agriculture and grow prosperity under the Big Sky.

Please refer to the agency profile at <https://leg.mt.gov/lfd/appropriation-subcommittee-section-c/departement-agriculture/> for additional information about the agency’s organization structure, historical expenditures, goals and objectives, and recent studies and audits.

Agency Highlights

| Department of Agriculture Major Budget Highlights |
|---|
| <p>The executive proposes a 10.2% or \$4.0 million increase in total appropriations when compared to the 2023 biennium including:</p> <ul style="list-style-type: none"> • Ongoing proposals: \$3.2 million <ul style="list-style-type: none"> ◦ Statewide present law adjustments: \$2.4 million ◦ Operation and maintenance: \$760,000 • One-time-only expenditures: \$986,000 <ul style="list-style-type: none"> ◦ Supplemental funding for the state grain laboratory: \$500,000 ◦ Temporary funding to funding to mitigate compliance costs for hemp growers: \$250,000 ◦ Analytical laboratory equipment: \$186,000 ◦ Hail insurance management updates: \$50,000 |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Request Fiscal 2024 | Request Fiscal 2025 |
| FTE | 0.00 | 119.66 | 119.66 | 119.66 | 119.66 |
| Personal Services | 7,782,687 | 8,714,361 | 8,864,802 | 9,721,038 | 9,774,129 |
| Operating Expenses | 3,378,521 | 4,845,881 | 4,944,464 | 6,076,795 | 5,993,707 |
| Equipment & Intangible Assets | 64,547 | 398,889 | 688,889 | 524,889 | 338,889 |
| Grants | 4,355,504 | 4,986,952 | 4,972,459 | 4,972,459 | 4,972,459 |
| Transfers | 92,597 | 164,757 | 164,757 | 164,757 | 164,757 |
| Debt Service | 76,621 | 77,000 | 77,500 | 77,500 | 77,500 |
| Total Expenditures | \$15,750,477 | \$19,187,840 | \$19,712,871 | \$21,537,438 | \$21,321,441 |
| General Fund | 1,047,151 | 1,058,592 | 1,090,083 | 1,552,278 | 1,553,009 |
| State/Other Special Rev. Funds | 13,280,310 | 16,401,476 | 16,837,221 | 17,878,311 | 17,707,049 |
| Federal Spec. Rev. Funds | 1,146,454 | 1,243,777 | 1,295,184 | 1,605,422 | 1,608,135 |
| Proprietary Funds | 276,562 | 483,995 | 490,383 | 501,427 | 453,248 |
| Total Funds | \$15,750,477 | \$19,187,840 | \$19,712,871 | \$21,537,438 | \$21,321,441 |
| Total Ongoing | \$15,607,849 | \$19,041,940 | \$19,362,871 | \$20,926,438 | \$20,946,441 |
| Total OTO | \$142,628 | \$145,900 | \$350,000 | \$611,000 | \$375,000 |

Agency Discussion

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Department of Agriculture's HB 2 modified budget was 82.1% expended as of the end of FY 2022 leaving about \$3.4 million in unspent budget authority at the end of the fiscal year. The unexpended authority is summarized below:

Operating expenditures, 69.7% expended, \$1.5 million unexpended

Unexpended authority for operating expenses were primarily state special revenue budgeted for the Agricultural Sciences and Development Divisions.

Personal services, 89.3% expended, \$931,700 unexpended

The agency expended 89.3% of the \$8.7 million appropriation for personal services. The agency utilized 84.7% of the total personal services hours available for FY 2022. The Centralized Services Division utilized 94.2% of total hours budgeted, the Agricultural Sciences Division utilized 89.3%, and the rate for the Agricultural Development Division was 72.6%. The agency has had difficulty attracting talent. During FY 2022, positions were typically advertised for 30 days and typically received fewer than three submissions. 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.

Grants, 87.3% expended, \$631,500 unexpended

Grants funded primarily with state special revenue for wheat & barley research were unexpended.

Equipment, 16.2% expended, \$334,300 unexpended

Funding for equipment, primarily in the Agricultural Science Division, was unexpended.

FY 2022 Appropriations Compared to FY 2023 Appropriations

Total appropriations in the FY 2023 increased by 1.7% or \$525,000. One-time-only authority for the purchase of lab equipment for the Bozeman analytical lab totaling \$350,000 was budgeted in the second year of the biennium. Increases of authority for personal services were 1.7% or \$150,000.

Comparison of FY 2023 Legislative Budget to FY 2023 Base

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

| Department of Agriculture | | | | |
|---|---------------------------|--------------------------------|--------------------|-----------------------|
| Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget | | | | |
| <u>Division</u> | <u>Legislative Budget</u> | <u>Executive Modifications</u> | <u>Base Budget</u> | <u>Percent Change</u> |
| <u>Central Management Division</u> | | | | |
| Personal Services | \$1,752,393 | \$25,500 | \$1,777,893 | 1.5% |
| Operating Expenses | 216,242 | (20,000) | 196,242 | -9.2% |
| Equipment & Intangible Assets | 5,000 | (5,000) | - | -100.0% |
| Transfers | 500 | (500) | - | -100.0% |
| Debt Service | - | - | - | 0.0% |
| Division Total | 1,974,135 | - | 1,974,135 | 0.0% |
| <u>Agricultural Sciences Division</u> | | | | |
| Personal Services | 4,915,574 | (61,900) | 4,853,674 | -1.3% |
| Operating Expenses | 2,184,364 | 106,400 | 2,290,764 | 4.9% |
| Equipment & Intangible Assets | 339,012 | (80,000) | 259,012 | -23.6% |
| Grants | 2,283,285 | (25,000) | 2,258,285 | -1.1% |
| Transfers | - | 25,000 | 25,000 | 100.0% |
| Debt Service | - | 35,500 | 35,500 | 100.0% |
| Division Total | 9,722,235 | - | 9,722,235 | 0.0% |
| <u>Agricultural Development Division</u> | | | | |
| Personal Services | 2,298,324 | (65,089) | 2,233,235 | -2.8% |
| Operating Expenses | 2,500,461 | (43,003) | 2,457,458 | -1.7% |
| Equipment & Intangible Assets | 79,877 | - | 79,877 | 0.0% |
| Grants | 2,648,082 | 66,092 | 2,714,174 | 2.5% |
| Transfers | 139,757 | - | 139,757 | 0.0% |
| Debt Service | - | 42,000 | 42,000 | 100.0% |
| Division Total | 7,666,501 | - | 7,666,501 | 0.0% |
| Agency Total | \$19,362,871 | \$0 | \$19,362,871 | 0.0% |

Net modifications by the executive moved authority for personal services totaling \$101,500 and equipment totaling \$85,000 to other accounting levels. Executive modification did not impact the total base budget.

Executive Request

The executive proposes an increase for the biennium of 10.2% or \$4.0 million in total expenditures. Personal services increase by 10.9% or \$1.9 million, driven primarily by statewide present law adjustments of \$1.8 million. The executive proposes adjustments increasing operating cost by \$2.3 million. Reduced funding for equipment totals \$224,000, and other reductions total \$14,500.

The proposed budget includes a \$500,000 appropriation from the general fund to subsidize the state grain laboratories for the next two fiscal years until higher fees, cost reductions, and efficiencies allow revenues to cover operating costs.

The budget includes funding to mitigate the cost to hemp producers of complying with federal law. New funding is included for laboratory equipment and the ongoing operation and maintenance costs for that equipment.

Increases are proposed in state special revenue to align appropriations with higher revenues. Other proposals would fund upgrades to server management systems and increase fixed costs for the Chief Data Office and Management Training Center.

5.0% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency can be found online at the Section C subcommittee page on “Tab 4 Materials.”

The Department of Livestock 5.0% plan reduces general fund by \$42,600, and state special revenue by \$104,400 annually. Reductions are achieved by reducing operations expenditures and grants designated to mitigate invasive weeds, pests, growth through agriculture programs and other research and education.

Agency Goals and Objectives

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal services funding to or from other expenditure categories (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

| Department of Agriculture DP1 for FY 2024 | | | | |
|---|----------------------------|-----------------------------|-----------------------------------|---------------------------------------|
| <u>Division</u> | <u>Legislative Changes</u> | <u>Management Decisions</u> | <u>Total Budget Modifications</u> | <u>Total Personal Service Changes</u> |
| Central Services | \$35,347 | \$109,400 | (\$25,500) | \$119,247 |
| Agricultural Sciences | 92,310 | 227,413 | 61,900 | 381,623 |
| Agricultural Development | 78,545 | 211,732 | 65,089 | 355,366 |
| Total | \$206,202 | \$548,545 | \$101,489 | \$856,236 |

In the previous biennium personal services accounted for 45.4% or \$17.6 million of the total budgeted authority. Management decisions increased pay to remain competitive with outside workforce, and adjustments were made for promotion. As proposed by the executive, statewide present law adjustments would increase personal services by approximately \$856,236 in FY 2024, and \$909,327 in FY 2025. Increases are funded with 6.8% general fund, 72.4% state special revenue, and 20.8% from federal sources and proprietary funds.

At the end of FY 2022 the Department of Agriculture had 119.66 FTE funded in HB 2.

- Centralized Services Division – 19.00 FTE
- Agricultural Sciences Division – 61.79 FTE
- Agricultural Development Division – 38.87 FTE

Utilization Rate FY 2022

The agency utilized 81.2% 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 86.7%; and the rate for the Agricultural Development Division is 67.6%.

Vacancies FY 2022

Vacant positions total 19.2 FTE at the end of FY 2022. Most positions were open less than a year, and 13 positions were open less than six months. The agency has had difficulty attracting talent. Positions are typically advertised for 30 days and receive 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. During FY 2022, twenty-nine employees left the agency. Nineteen employees left state employment; five retired; and five employees transferred to a different agency.

Funding

The following table shows proposed agency funding for all sources of authority.

| Total Department of Agriculture Funding by Source of Authority 2025 Biennium Budget Request - Department of Agriculture | | | | | | |
|--|---------------------|------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 2,355,287 | 750,000 | 7,194 | 3,165,949 | 6,278,430 | 12.46 % |
| State Special Total | 35,399,360 | 186,000 | 0 | 2,607,063 | 38,192,423 | 75.79 % |
| Federal Special Total | 3,213,557 | 0 | 0 | 0 | 3,213,557 | 6.38 % |
| Proprietary Total | 904,675 | 50,000 | 116,400 | 1,640,000 | 2,711,075 | 5.38 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$41,872,879 | \$986,000 | \$123,594 | \$7,413,012 | \$50,395,485 | |
| Percent - Total All Sources | 83.09 % | 1.96 % | 0.25 % | 14.71 % | | |

The predominant funding source for the Department of Agriculture is state special revenue, which supports 75.8% of the total authority. Other funding sources are the general fund, federal special revenue, and proprietary funds.

Major funds include:

- Wheat and barley research and marketing account
- Noxious weed administration account
- Pesticide account

General fund appropriations total 12.5% or \$6.3 million of all funds, of which 50.4% or \$3.2 million is statutorily appropriated, primarily to growth through agriculture programs.

The HB 2 general fund appropriation supports personal services, operating expenses, and grants. Proprietary non-budgeted funds support the administration of the hail insurance program, and the remaining proprietary funding is statutorily appropriated hail insurance benefits and claims. Other state special statutory appropriations support agriculture development and marketing programs. State special revenue is specific revenue from state sources legally restricted to expenditures for specific purposes. Balances in state special revenue funds may only be used for their specific purpose. The table below shows the 11 funds that comprise about 90.0% of the state special revenue appropriation, including the forecasted beginning and ending balance as proposed by the executive.

| Executive Proposal for Major State Special Funds 2025 Biennium HB 2 (The funds listed below constitute 89.6% of agency state special funding) | | | | |
|--|------------------------|---------------------|---|--------------------|
| Fund | Beginning ¹ | Revenues | Expenditures ² HB 2 Appropriated | Ending Balance |
| | Balance | - | - | - |
| Wheat & Barley Research & Marketing | \$1,792,780 | \$8,080,100 | (\$9,853,095) | \$19,785 |
| Noxious Weed Admin Account | 796,791 | 4,821,000 | (4,558,953) | 1,058,838 |
| Pesticide Account | 3,480,600 | 4,508,720 | (3,826,868) | 4,162,452 |
| Grain Services | 39 | 3,354,110 | (3,359,348) | (5,199) |
| Pesticide Groundwater Account | 1,363,313 | 2,638,000 | (2,612,680) | 1,388,633 |
| Commercial Feed | 370,894 | 1,860,524 | (2,024,311) | 207,107 |
| Organic Certification | 540,498 | 1,162,520 | (1,372,490) | 330,528 |
| Produce Account | 916,920 | 829,400 | (1,146,340) | 599,980 |
| Commercial Fertilizer | 832,537 | 1,505,500 | (1,105,254) | 1,232,783 |
| Growth through Agriculture | 414,410 | 2,185,300 | (2,180,362) | 419,348 |
| FSI Produce | <u>183,173</u> | <u>767,100</u> | <u>(765,806)</u> | <u>184,467</u> |
| Total | \$10,691,955 | \$31,712,274 | (\$32,805,507) | \$9,598,722 |

Notes
¹ The beginning balance is calculated using FY 2022 actual revenues and expenditures and FY 2023 forecast revenues and appropriations
² HB 2 appropriated includes appropriations to other agencies and non-HB 2 appropriations

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,090,083 | 1,090,083 | 2,180,166 | 70.21 % | 19,362,871 | 19,362,871 | 38,725,742 | 90.36 % |
| SWPL Adjustments | 85,696 | 86,427 | 172,123 | 5.54 % | 1,178,569 | 1,198,572 | 2,377,141 | 5.55 % |
| PL Adjustments | 125,000 | 125,000 | 250,000 | 8.05 % | 671,000 | 435,000 | 1,106,000 | 2.58 % |
| New Proposals | 251,499 | 251,499 | 502,998 | 16.20 % | 324,998 | 324,998 | 649,996 | 1.52 % |
| Total Budget | \$1,552,278 | \$1,553,009 | \$3,105,287 | | \$21,537,438 | \$21,321,441 | \$42,858,879 | |

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

| Program Biennium Comparison | | | | |
|--------------------------------|---------------------------|------------------------|------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Requested Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 3,532,317 | 3,803,540 | 271,223 | 7.68 % |
| Operating Expenses | 445,328 | 748,649 | 303,321 | 68.11 % |
| Total Expenditures | \$3,977,645 | \$4,552,189 | \$574,544 | 14.44 % |
| General Fund | 554,412 | 570,275 | 15,863 | 2.86 % |
| State/Other Special Rev. Funds | 2,865,440 | 3,176,958 | 311,518 | 10.87 % |
| Federal Spec. Rev. Funds | 281,517 | 513,869 | 232,352 | 82.54 % |
| Proprietary Funds | 276,276 | 291,087 | 14,811 | 5.36 % |
| Total Funds | \$3,977,645 | \$4,552,189 | \$574,544 | 14.44 % |
| Total Ongoing | \$3,977,645 | \$4,552,189 | \$574,544 | 14.44 % |
| Total OTO | \$0 | \$0 | \$0 | 0.00 % |

Program Description

Central services provides essential business support to the department, including financial, human resource, information technology, public information, legal, and administrative support activities. Included in this division is the Director's Office, which provides overall guidance and policy development for the department, as well as coordination with the agricultural industry and other branches of government.

Program Highlights

| Central Management Division Major Budget Highlights |
|---|
| The executive proposes a 14.4% or \$574,500 increase in total expenditures compared to the 2023 biennium. The executive proposes statewide present law adjustments of \$402,400 and increases in federal indirect rates of \$200,000. |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Request Fiscal 2024 | Request Fiscal 2025 |
| FTE | 0.00 | 19.00 | 19.00 | 19.00 | 19.00 |
| Personal Services | 1,472,295 | 1,754,424 | 1,777,893 | 1,897,140 | 1,906,400 |
| Operating Expenses | 266,357 | 249,086 | 196,242 | 401,727 | 346,922 |
| Total Expenditures | \$1,738,652 | \$2,003,510 | \$1,974,135 | \$2,298,867 | \$2,253,322 |
| General Fund | 299,528 | 300,471 | 253,941 | 287,099 | 283,176 |
| State/Other Special Rev. Funds | 1,220,341 | 1,425,421 | 1,440,019 | 1,607,389 | 1,569,569 |
| Federal Spec. Rev. Funds | 140,219 | 140,266 | 141,251 | 259,083 | 254,786 |
| Proprietary Funds | 78,564 | 137,352 | 138,924 | 145,296 | 145,791 |
| Total Funds | \$1,738,652 | \$2,003,510 | \$1,974,135 | \$2,298,867 | \$2,253,322 |
| Total Ongoing | \$1,738,652 | \$2,003,510 | \$1,974,135 | \$2,298,867 | \$2,253,322 |
| Total OTO | \$0 | \$0 | \$0 | \$0 | \$0 |

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Central Management Division expended 86.8% of its \$2.0 million HB 2 modified budget in FY 2022. Unexpended appropriations totaled \$264,900. Unexpended authority is summarized as follows:

- General fund was 99.7% expended, leaving \$943 unexpended. General fund was budgeted for personal services and operating expenses related to administrative activities and audits
- State special revenue was 85.6% expended, leaving \$205,100 unexpended. State special revenue was budgeted for personal services and operating expenses related to administrative activities
- Federal funds budgeted for personal service and operating costs were almost entirely expended, leaving \$47 unexpended
- Proprietary funds budgeted entirely for personal services were 57.2% expended leaving \$58,800 unexpended

FY 2022 Appropriations Compared to FY 2023 Appropriations

Appropriations decreased by 1.5% or \$29,400 between FY 2022 and FY 2023. Audit costs of \$53,500 budgeted in the first fiscal year of the biennium are partially offset by higher personal services costs, \$23,500, in the second fiscal year of the biennium.

Executive Request

Proposed statewide present law adjustments totaling \$402,400 account for 66.6% of the executive request. The executive proposes an increase in indirect rates allowed for federal programs. Indirect costs are those costs which are not readily identifiable with a particular administrative task. The federal government determines the rates that states are allowed to charge for indirect costs.

Additional fixed costs are also included in the proposed budget for the new Chief Data Office and State Management Training Center in the Department of Administration.

Program Personal Services

In the previous biennium personal services accounted for 88.8% or \$3.5 million of the total budgeted authority. In addition to base funding of \$1.8 million in each fiscal year of the biennium, the executive proposes statewide present law adjustments that increase personal services by approximately \$119,200 in FY 2024 and \$128,500 in FY 2025. Statewide present law adjustments are driven primarily by management changes. For FY 2024 statewide present law adjustments include:

- Legislative changes: \$35,300
- Management decisions: \$109,200
- Budget modifications (decrease): (\$25,500)

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Agriculture, 15-Central Management Division Funding by Source of Authority | | | | | | | |
|---|--------------------|------------|-----------------------------|----------------------------|----------------------|----------------------|--|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | |
| 01100 General Fund | 570,275 | 0 | 0 | 36,400 | 606,675 | 13.21 % | |
| 02040 Wheat & Barley Research & Mktg | 329,815 | 0 | 0 | 0 | 329,815 | 10.36 % | |
| 02068 Noxious Weed Admin Account | 164,959 | 0 | 0 | 0 | 164,959 | 5.18 % | |
| 02071 Anhydrous Ammonia Account | 4,256 | 0 | 0 | 0 | 4,256 | 0.13 % | |
| 02093 Alfalfa Leaf Cutting Bee | 2,018 | 0 | 0 | 0 | 2,018 | 0.06 % | |
| 02192 Pesticide Groundwater Account | 468,825 | 0 | 0 | 0 | 468,825 | 14.73 % | |
| 02193 Pesticide Account | 464,681 | 0 | 0 | 0 | 464,681 | 14.60 % | |
| 02198 Fert. Groundwater Account | 17,706 | 0 | 0 | 0 | 17,706 | 0.56 % | |
| 02205 Pulse Crop Research&Marketing | 163,074 | 0 | 0 | 0 | 163,074 | 5.12 % | |
| 02264 Organic Certification | 130,772 | 0 | 0 | 0 | 130,772 | 4.11 % | |
| 02265 FSI Produce | 127,836 | 0 | 0 | 0 | 127,836 | 4.02 % | |
| 02266 Commodity Dealer/Warehouse | 36,600 | 0 | 0 | 0 | 36,600 | 1.15 % | |
| 02267 Nursery Account | 26,231 | 0 | 0 | 0 | 26,231 | 0.82 % | |
| 02268 Produce Account | 247,153 | 0 | 0 | 0 | 247,153 | 7.77 % | |
| 02269 Seed Account | 44,642 | 0 | 0 | 0 | 44,642 | 1.40 % | |
| 02341 Weed Seed Free Forage Account | 22,752 | 0 | 0 | 0 | 22,752 | 0.71 % | |
| 02452 Commercial Fertilizer | 135,831 | 0 | 0 | 0 | 135,831 | 4.27 % | |
| 02453 Grain Services | 314,158 | 0 | 0 | 0 | 314,158 | 9.87 % | |
| 02454 Commercial Feed | 326,690 | 0 | 0 | 0 | 326,690 | 10.27 % | |
| 02461 Alfalfa Seed Assessment | 406 | 0 | 0 | 0 | 406 | 0.01 % | |
| 02792 Apiary Account | 47,223 | 0 | 0 | 0 | 47,223 | 1.48 % | |
| 02793 Potato Research & Marketing | 0 | 0 | 0 | 5,328 | 5,328 | 0.17 % | |
| 02272 Plant Export Certification | 71,538 | 0 | 0 | 0 | 71,538 | 2.25 % | |
| 02465 Industrial Hemp | 2,292 | 0 | 0 | 0 | 2,292 | 0.07 % | |
| 02062 Growth Through Agriculture | 27,500 | 0 | 0 | 0 | 27,500 | 0.86 % | |
| State Special Total | \$3,176,958 | \$0 | \$0 | \$5,328 | \$3,182,286 | 69.27 % | |
| 03118 Agriculture ASD Federal | 0 | 0 | 0 | 0 | 0 | 0.00 % | |
| 03120 Agriculture CMD Federal | 513,869 | 0 | 0 | 0 | 513,869 | 100.00 % | |
| 03225 Agriculture ADD Federal | 0 | 0 | 0 | 0 | 0 | 0.00 % | |
| 03920 ARPA State Fiscal Recovery 602 | 0 | 0 | 0 | 0 | 0 | 0.00 % | |
| Federal Special Total | \$513,869 | \$0 | \$0 | \$0 | \$513,869 | 11.19 % | |
| 06016 Beginning Farm Loans | 0 | 0 | 0 | 0 | 0 | 0.00 % | |
| 06052 Hail Insurance | 291,087 | 0 | 0 | 0 | 291,087 | 100.00 % | |
| Proprietary Total | \$291,087 | \$0 | \$0 | \$0 | \$291,087 | 6.34 % | |
| Total All Funds | \$4,552,189 | \$0 | \$0 | \$41,728 | \$4,593,917 | | |

The agency is funded primarily with state special revenue generated from user fees. State special revenue funds are used to administer programs that promote Montana agriculture. General funds and federal revenue support personal services and associated operating expenses. Proprietary revenue is generated through premiums charged to participants in the Hail Insurance Program. Proprietary funds support personal services for staff that administer the Hail Insurance Program. Statutory appropriations, primarily general fund, are for administrative support of agricultural research and marketing programs.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 253,941 | 253,941 | 507,882 | 89.06 % | 1,974,135 | 1,974,135 | 3,948,270 | 86.73 % |
| SWPL Adjustments | 33,158 | 29,235 | 62,393 | 10.94 % | 223,982 | 178,437 | 402,419 | 8.84 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 100,000 | 100,000 | 200,000 | 4.39 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 750 | 750 | 1,500 | 0.03 % |
| Total Budget | \$287,099 | \$283,176 | \$570,275 | | \$2,298,867 | \$2,253,322 | \$4,552,189 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-----------------|------------------|------------------|------------------|-----------------------|-----------------|------------------|------------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 19,175 | 87,370 | 6,330 | 119,247 | 0.00 | 20,664 | 94,154 | 6,822 | 128,507 |
| DP 2 - Fixed Costs | 0.00 | 9,811 | 74,837 | 8,536 | 93,184 | 0.00 | 3,895 | 29,700 | 3,388 | 36,983 |
| DP 3 - Inflation Deflation | 0.00 | 4,172 | 4,413 | 2,966 | 11,551 | 0.00 | 4,676 | 4,946 | 3,325 | 12,947 |
| DP 15002 - Federal Indirect Cost Rate Increase | 0.00 | 0 | 0 | 100,000 | 100,000 | 0.00 | 0 | 0 | 100,000 | 100,000 |
| Grand Total All Present Law Adjustments | 0.00 | \$33,158 | \$166,620 | \$117,832 | \$323,982 | 0.00 | \$29,235 | \$128,800 | \$113,535 | \$278,437 |

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 15002 - Federal Indirect Cost Rate Increase -

The executive proposes an increase in federal authority for federal indirect costs. The federal government sets rates for indirect cost recovery for managing federal programs.

New Proposals

The "New Proposals" table shows new proposals for spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|-------------------------|-----------------------|--------------|---------------|-----------------|--------------|-----------------------|--------------|---------------|-----------------|--------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 750 | 0 | 750 | 0.00 | 0 | 750 | 0 | 750 |
| Total | 0.00 | \$0 | \$750 | \$0 | \$750 | 0.00 | \$0 | \$750 | \$0 | \$750 |

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

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$1,500 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

| Program Biennium Comparison | | | | |
|--------------------------------|---------------------------|------------------------|--------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Requested Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 9,631,145 | 10,502,443 | 871,298 | 9.05 % |
| Operating Expenses | 4,386,103 | 5,728,676 | 1,342,573 | 30.61 % |
| Equipment & Intangible Assets | 868,024 | 704,024 | (164,000) | (18.89)% |
| Grants | 4,516,570 | 4,516,570 | 0 | 0.00 % |
| Transfers | 50,000 | 50,000 | 0 | 0.00 % |
| Debt Service | 70,500 | 71,000 | 500 | 0.71 % |
| Total Expenditures | \$19,522,342 | \$21,572,713 | \$2,050,371 | 10.50 % |
| General Fund | 584,031 | 1,037,938 | 453,907 | 77.72 % |
| State/Other Special Rev. Funds | 16,954,800 | 18,390,657 | 1,435,857 | 8.47 % |
| Federal Spec. Rev. Funds | 1,983,511 | 2,144,118 | 160,607 | 8.10 % |
| Total Funds | \$19,522,342 | \$21,572,713 | \$2,050,371 | 10.50 % |
| Total Ongoing | \$19,172,342 | \$21,136,713 | \$1,964,371 | 10.25 % |
| Total OTO | \$350,000 | \$436,000 | \$86,000 | 24.57 % |

Program Description

The Agricultural Sciences Division (ASD) administers and coordinates the major activities related to:

- Pesticide management
- Pest management
- Analytical laboratory services
- Noxious weed management
- Agricultural chemical groundwater program
- Seed, feed and fertilizer program
- Organic certification
- Nursery program
- Apiary program
- Commodity programs
- Invasive species
- Produce safety program
- Hemp program
- Export certification

ASD also administers agricultural programs related to the production, manufacturing, certification, and marketing of commodities exported from or distributed in the state. The division provides support to the Montana Noxious Weed Management Advisory Council and the Montana Organic Commodity Advisory Council.

Program Highlights

**Agricultural Sciences Division
Major Budget Highlights**

The executive proposes a 10.5% or \$2.1 million increase in total expenditures compared to the 2023 biennium, including:

- Statewide present law adjustments: - \$1.2 million
- Inspection services - \$380,000
- One-time-only appropriation for hemp grower’s compliance costs -\$250,000
- One-time-only appropriations for laboratory equipment - \$186,000
- Maintenance for information technology systems - \$106,000
- Operation and maintenance for laboratory equipment - \$40,000

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Request Fiscal 2024 | Request Fiscal 2025 |
| FTE | 0.00 | 61.79 | 61.79 | 61.79 | 61.79 |
| Personal Services | 4,553,662 | 4,777,471 | 4,853,674 | 5,235,297 | 5,267,146 |
| Operating Expenses | 1,540,430 | 2,095,339 | 2,290,764 | 2,853,226 | 2,875,450 |
| Equipment & Intangible Assets | 18,065 | 259,012 | 609,012 | 445,012 | 259,012 |
| Grants | 2,238,590 | 2,258,285 | 2,258,285 | 2,258,285 | 2,258,285 |
| Transfers | 38,452 | 25,000 | 25,000 | 25,000 | 25,000 |
| Debt Service | 34,776 | 35,000 | 35,500 | 35,500 | 35,500 |
| Total Expenditures | \$8,423,975 | \$9,450,107 | \$10,072,235 | \$10,852,320 | \$10,720,393 |
| General Fund | 198,559 | 203,686 | 380,345 | 518,593 | 519,345 |
| State/Other Special Rev. Funds | 7,312,153 | 8,279,361 | 8,675,439 | 9,264,289 | 9,126,368 |
| Federal Spec. Rev. Funds | 913,263 | 967,060 | 1,016,451 | 1,069,438 | 1,074,680 |
| Total Funds | \$8,423,975 | \$9,450,107 | \$10,072,235 | \$10,852,320 | \$10,720,393 |
| Total Ongoing | \$8,423,975 | \$9,450,107 | \$9,722,235 | \$10,541,320 | \$10,595,393 |
| Total OTO | \$0 | \$0 | \$350,000 | \$311,000 | \$125,000 |

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Agricultural Sciences Division expended 89.3% of its \$9.5 million HB 2 modified budget in FY 2022. Unexpended appropriations totaled \$1.0 million. Unexpended authority is summarized as follows:

- Personal Services was 95.3% expended, leaving \$223,800 unexpended
- Operating Expenses was 73.5% expended, leaving \$554,900 unexpended
- Equipment & Intangible Assets was 7.0% expended, leaving \$240,900 unexpended

FY 2022 Appropriations Compared to FY 2023 Appropriations

Appropriations increased by 4.5% or \$425,200 between FY 2022 and FY 2023 due primarily to a one-time-only appropriations for laboratory equipment scheduled in the second year of the biennium totaling \$350,000. Personal

services increased by 1.6% or \$76,200, while other appropriations decreased by \$1,000.

Executive Request

The executive proposes one-time-only appropriations to purchase laboratory equipment and maintenance contracts for the equipment. The new equipment would replace a combustion analyzer and chromatography equipment that is at the end of its life in the analytical laboratory. The equipment is used to test the quality of feeds, fertilizers, and the physical properties of ground water. The funding for the equipment will come from fees charged for laboratory services, taxes assessed on fertilizer, and fees for permits and licenses.

The executive also proposes a one-time-only general fund appropriation to help mitigate the cost of complying with federal laws in the production of hemp. Currently, the Department of Agriculture charges hemp producers to confirm they are following federal laws. Federal laws on hemp are in transition and are expected to be simplified soon. Until then, this one-time-only appropriation would offset compliance cost and reduce the fees the department would charge producers.

The budget proposal includes an increase in authority for several state special revenue accounts that derive revenue, in part, from application fees for pesticides, and fertilizer. The 2017 legislature approved HB 126 which authorized the agency to increase the fees for applicator licenses. Since these state special revenue accounts are appropriated in HB 2 the agency may not expend the new revenues without legislative approval.

The executive proposes ongoing operation and maintenance expenditures for information technology systems.

Personal Services

The personal services appropriation in the 2025 biennium totals \$10.5 million to fund 61.79 FTE. The request includes present law adjustments for pay and benefits including a 4.0% vacancy savings. All employees received statutory adjustments, several positions received market adjustments and adjustments for longevity. Total personal services are increased by 9.0% or \$871,300 compared to the 2023 biennium.

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Agriculture, 30-Agricultural Sciences Division Funding by Source of Authority | | | | | | | |
|--|---------------------|------------------|-----------------------------|----------------------------|----------------------|----------------------|--|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | |
| 01100 General Fund | 787,938 | 250,000 | 0 | 0 | 1,037,938 | 4.79 % | |
| 02068 Noxious Weed Admin Account | 4,393,994 | 0 | 0 | 0 | 4,393,994 | 23.75 % | |
| 02071 Anhydrous Ammonia Account | 22,466 | 0 | 0 | 0 | 22,466 | 0.12 % | |
| 02072 Manuals & Training Account | 133,971 | 0 | 0 | 0 | 133,971 | 0.72 % | |
| 02093 Alfalfa Leaf Cutting Bee | 17,708 | 0 | 0 | 0 | 17,708 | 0.10 % | |
| 02192 Pesticide Groundwater Account | 2,111,221 | 50,000 | 0 | 0 | 2,161,221 | 11.68 % | |
| 02193 Pesticide Account | 3,429,441 | 0 | 0 | 0 | 3,429,441 | 18.54 % | |
| 02198 Fert. Groundwater Account | 89,392 | 0 | 0 | 0 | 89,392 | 0.48 % | |
| 02264 Organic Certification | 1,245,718 | 0 | 0 | 0 | 1,245,718 | 6.73 % | |
| 02265 FSI Produce | 637,970 | 0 | 0 | 0 | 637,970 | 3.45 % | |
| 02266 Commodity Dealer/Warehouse | 271,232 | 0 | 0 | 108,000 | 379,232 | 2.05 % | |
| 02267 Nursery Account | 370,985 | 0 | 0 | 0 | 370,985 | 2.01 % | |
| 02268 Produce Account | 917,855 | 0 | 0 | 0 | 917,855 | 4.96 % | |
| 02269 Seed Account | 357,540 | 0 | 0 | 0 | 357,540 | 1.93 % | |
| 02341 Weed Seed Free Forage Account | 258,155 | 0 | 0 | 0 | 258,155 | 1.40 % | |
| 02452 Commercial Fertilizer | 943,091 | 43,000 | 0 | 0 | 986,091 | 5.33 % | |
| 02454 Commercial Feed | 1,621,287 | 93,000 | 0 | 0 | 1,714,287 | 9.27 % | |
| 02782 Reverted Weed Grant Fund | 132,000 | 0 | 0 | 0 | 132,000 | 0.71 % | |
| 02792 Apiary Account | 381,842 | 0 | 0 | 0 | 381,842 | 2.06 % | |
| 02272 Plant Export Certification | 417,847 | 0 | 0 | 0 | 417,847 | 2.26 % | |
| 02465 Industrial Hemp | 450,942 | 0 | 0 | 0 | 450,942 | 2.44 % | |
| State Special Total | \$18,204,657 | \$186,000 | \$0 | \$108,000 | \$18,498,657 | 85.32 % | |
| 03118 Agriculture ASD Federal | 2,144,118 | 0 | 0 | 0 | 2,144,118 | 100.00 % | |
| Federal Special Total | \$2,144,118 | \$0 | \$0 | \$0 | \$2,144,118 | 9.89 % | |
| Proprietary Total | \$0 | \$0 | \$0 | \$0 | \$0 | 0.00 % | |
| Total All Funds | \$21,136,713 | \$436,000 | \$0 | \$108,000 | \$21,680,713 | | |

The division is funded primarily with state special revenue with some federal revenue and small amounts of general fund. At 85.3% of total funding, state special revenue is the largest source of funding for the division. State special revenue is derived primarily from fees assessed for regulatory activities, product registration, and technical services. Federal funds come from the U.S. Department of Agriculture, Federal Drug Administration (FDA), and the Environmental Protection Agency (EPA). Federal funds are used for noxious weed mitigation and support of portions of the Bovine Spongiform Encephalopathy (BSE), commonly known as "mad cow disease", feed sampling program.

General fund supports inspection and testing for prohibited materials in feed related to BSE and noxious weed control grants.

Statutory appropriations are funded by the liquidation of grain and fees are used for the correction of storage deficiencies.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|------------------|--------------------|-----------|-----------------------|---------------------|---------------------|-----------|
| | Budget | Budget | Biennium | Percent | Budget | Budget | Biennium | Percent |
| | Fiscal 2024 | Fiscal 2025 | Fiscal 24-25 | of Budget | Fiscal 2024 | Fiscal 2025 | Fiscal 24-25 | of Budget |
| 2023 Base Budget | 380,345 | 380,345 | 760,690 | 73.29 % | 9,722,235 | 9,722,235 | 19,444,470 | 90.13 % |
| SWPL Adjustments | 13,248 | 14,000 | 27,248 | 2.63 % | 556,336 | 604,409 | 1,160,745 | 5.38 % |
| PL Adjustments | 125,000 | 125,000 | 250,000 | 24.09 % | 521,000 | 335,000 | 856,000 | 3.97 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 52,749 | 58,749 | 111,498 | 0.52 % |
| Total Budget | \$518,593 | \$519,345 | \$1,037,938 | | \$10,852,320 | \$10,720,393 | \$21,572,713 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|------------------|------------------|-----------------|--------------------|-----------------------|------------------|------------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 9,979 | 295,378 | 76,266 | 381,623 | 0.00 | 10,519 | 323,341 | 79,612 | 413,472 |
| DP 2 - Fixed Costs | 0.00 | 945 | 45,751 | (4,715) | 41,981 | 0.00 | 913 | 44,307 | (4,738) | 40,482 |
| DP 3 - Inflation Deflation | 0.00 | 2,324 | 115,705 | 14,703 | 132,732 | 0.00 | 2,568 | 131,265 | 16,622 | 150,455 |
| DP 30003 - Lab Combustion Analyzer (OTO) | 0.00 | 0 | 86,000 | 0 | 86,000 | 0.00 | 0 | 0 | 0 | 0 |
| DP 30004 - Fund Authority Increase | 0.00 | 0 | 190,000 | 0 | 190,000 | 0.00 | 0 | 190,000 | 0 | 190,000 |
| DP 30008 - Chromatography Instrument (OTO) | 0.00 | 0 | 100,000 | 0 | 100,000 | 0.00 | 0 | 0 | 0 | 0 |
| DP 30009 - Chromatography Instrument Maintenance | 0.00 | 0 | 20,000 | 0 | 20,000 | 0.00 | 0 | 20,000 | 0 | 20,000 |
| DP 30010 - Hemp Program Resources (OTO) | 0.00 | 125,000 | 0 | 0 | 125,000 | 0.00 | 125,000 | 0 | 0 | 125,000 |
| Grand Total All Present Law Adjustments | 0.00 | \$138,248 | \$852,834 | \$86,254 | \$1,077,336 | 0.00 | \$139,000 | \$708,913 | \$91,496 | \$939,409 |

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 30003 - Lab Combustion Analyzer (OTO) -

The executive proposes a one-time-only appropriation of state special revenue to replace a combustion analyzer. The combustion analyzer is used to test animal feeds and fertilizer for nutrient content.

DP 30004 - Fund Authority Increase -

The executive proposes state special revenue to support services in the Agricultural Sciences Division. This proposal would be funded from the pesticide, nursery, produce, and commercial fertilizer state special revenue accounts. Revenue for these accounts are generated by permit and licensure fees, taxes on produce, fees assessed on fertilizer, and fees for service. HB 126 of the 2017 Session which revised the Montana Pesticides Act, has increased the level of activity related to inspection and compliance of pesticides and fertilizers.

DP 30008 - Chromatography Instrument (OTO) -

The executive proposes a one-time-only increase state special revenue chromatography instrument in the analytical lab. The equipment provides data on the physical properties of the groundwater from wells.

DP 30009 - Chromatography Instrument Maintenance -

The executive proposes state special revenue for ongoing operations and maintenance for the chromatography instrument request in DP 30008.

DP 30010 - Hemp Program Resources (OTO) -

The executive proposes a one-time-only appropriation of general fund be used to temporarily mitigate costs paid by hemp producers to ensure they are following federal law. Ongoing revisions of federal law should be in place by 2025 negating the need for this funding on an ongoing basis.

New Proposals

The "New Proposals" table shows new proposals for spending.

| New Proposals | -----Fiscal 2024----- | | | | -----Fiscal 2025----- | | | | | |
|--|-----------------------|--------------|-----------------|-----------------|-----------------------|-------------|--------------|-----------------|-----------------|-----------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 2,749 | 0 | 2,749 | 0.00 | 0 | 2,749 | 0 | 2,749 |
| DP 30002 - SAFHERS Federal System Maintenance | 0.00 | 0 | 41,667 | 8,333 | 50,000 | 0.00 | 0 | 41,667 | 8,333 | 50,000 |
| DP 50004 - Commodity Assessment System Maintenance | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0 | 6,000 | 0 | 6,000 |
| Total | 0.00 | \$0 | \$44,416 | \$8,333 | \$52,749 | 0.00 | \$0 | \$50,416 | \$8,333 | \$58,749 |

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

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$5,500 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 30002 - SAFHERS Federal System Maintenance -

The executive proposes increased funding for operation and maintenance of the new System for Agriculture, Food, Health, E-Inspections, and Registration (SAFHER) Federal System.

DP 50004 - Commodity Assessment System Maintenance -

The executive proposes an increase in state special revenue for operations and maintenance of the commodity assessment system. This proposal is contingent on the passage and approval of the Commodity Assessment System proposed in HB 10.

**LFD
COMMENT**

Generally, subcommittee guidance discourages the approval of funding in HB 2 until contingent bills are passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of the commodity assessment system in HB 10.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

| Program Biennium Comparison | | | | |
|--------------------------------|---------------------------|------------------------|--------------------|-------------------|
| Budget Item | Appropriated Budget 22-23 | Requested Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 4,415,701 | 5,189,184 | 773,483 | 17.52 % |
| Operating Expenses | 4,958,914 | 5,593,177 | 634,263 | 12.79 % |
| Equipment & Intangible Assets | 219,754 | 159,754 | (60,000) | (27.30)% |
| Grants | 5,442,841 | 5,428,348 | (14,493) | (0.27)% |
| Transfers | 279,514 | 279,514 | 0 | 0.00 % |
| Debt Service | 84,000 | 84,000 | 0 | 0.00 % |
| Total Expenditures | \$15,400,724 | \$16,733,977 | \$1,333,253 | 8.66 % |
| General Fund | 1,010,232 | 1,497,074 | 486,842 | 48.19 % |
| State/Other Special Rev. Funds | 13,418,457 | 14,017,745 | 599,288 | 4.47 % |
| Federal Spec. Rev. Funds | 273,933 | 555,570 | 281,637 | 102.81 % |
| Proprietary Funds | 698,102 | 663,588 | (34,514) | (4.94)% |
| Total Funds | \$15,400,724 | \$16,733,977 | \$1,333,253 | 8.66 % |
| Total Ongoing | \$15,254,824 | \$16,183,977 | \$929,153 | 6.09 % |
| Total OTO | \$145,900 | \$550,000 | \$404,100 | 276.97 % |

Program Description

The Agriculture Development Division (ADD) assists the Montana agricultural industry by providing services which include market and agribusiness development, Growth Through Agriculture grants and loans, wheat and barley research and marketing, pulse crop research and marketing, agriculture loans including beginning farmer/rancher loans, hail insurance, grain grading and inspection, agriculture literacy and curriculum development, domestic and international marketing and trade assistance, farm and ranch stress assistance, mediation services, and administration of agricultural commodity research and market development programs. The division provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Board, the Montana Pulse Crop Committee, the Agriculture Development Council, the Board of Hail Insurance, and advisory committees of potatoes and hemp.

Program Highlights

| Agricultural Development Division Major Budget Highlights |
|--|
| <p>The executive proposes a 8.7% or \$1.3 million increase in total expenditures compared to the 2023 biennium, including:</p> <ul style="list-style-type: none"> • Statewide present law adjustments - \$814,000 • One-time-only appropriation for the state grain laboratory - \$500,000 • One-time-only appropriation for hail insurance system improvements - \$50,000 • Operations and maintenance for the commodity assessment system - \$34,000 |

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Request Fiscal 2024 | Request Fiscal 2025 |
| FTE | 0.00 | 38.87 | 38.87 | 38.87 | 38.87 |
| Personal Services | 1,756,730 | 2,182,466 | 2,233,235 | 2,588,601 | 2,600,583 |
| Operating Expenses | 1,571,734 | 2,501,456 | 2,457,458 | 2,821,842 | 2,771,335 |
| Equipment & Intangible Assets | 46,482 | 139,877 | 79,877 | 79,877 | 79,877 |
| Grants | 2,116,914 | 2,728,667 | 2,714,174 | 2,714,174 | 2,714,174 |
| Transfers | 54,145 | 139,757 | 139,757 | 139,757 | 139,757 |
| Debt Service | 41,845 | 42,000 | 42,000 | 42,000 | 42,000 |
| Total Expenditures | \$5,587,850 | \$7,734,223 | \$7,666,501 | \$8,386,251 | \$8,347,726 |
| General Fund | 549,064 | 554,435 | 455,797 | 746,586 | 750,488 |
| State/Other Special Rev. Funds | 4,747,816 | 6,696,694 | 6,721,763 | 7,006,633 | 7,011,112 |
| Federal Spec. Rev. Funds | 92,972 | 136,451 | 137,482 | 276,901 | 278,669 |
| Proprietary Funds | 197,998 | 346,643 | 351,459 | 356,131 | 307,457 |
| Total Funds | \$5,587,850 | \$7,734,223 | \$7,666,501 | \$8,386,251 | \$8,347,726 |
| Total Ongoing | \$5,445,222 | \$7,588,323 | \$7,666,501 | \$8,086,251 | \$8,097,726 |
| Total OTO | \$142,628 | \$145,900 | \$0 | \$300,000 | \$250,000 |

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Agriculture Developmental Division expended 72.2% of its \$7.7 million HB 2 modified budget in FY 2022. Unexpended appropriations totaled \$2.1 million. Unexpended authority is summarized as follows:

- Personal services were 80.5% expended, leaving \$425,700 unexpended
- Operating expenses were 62.8% expended, leaving \$929,700 unexpended including
 - State special revenue for wheat & barley research and marketing totaled \$729,400
 - State special revenue appropriated for the growth through agriculture and pulse crop research and marketing totaled \$136,100
 - Other unexpended were primarily federal and proprietary funds: \$64,200
- Grants were 77.6% expended, leaving \$611,800 unexpended, grants were primarily for wheat & barley research and marketing
- Other unexpended appropriations totaled \$180,200 for equipment and transfers

FY 2022 Appropriations Compared to FY 2023 Appropriations

Appropriations decreased by 0.9% or \$67,700 between FY 2022 and FY 2023 due primarily to a one-time-only appropriation for efficiencies studies budgeted in the first year of the biennium totaling \$145,900. Personal services increased by 2.3% or \$50,800, and the budget for other operating expenses and grants decreased by \$118,500.

Executive Request

In addition to statewide present law adjustments the executive proposes a one-time-only appropriation of \$500,000 in general fund to supplement state grain laboratory operations. The agency runs two state grain laboratories in Great Falls, and Plentywood. The laboratories are licensed by the United States Department of Agriculture Federal Grain Inspection Service to determine grain quality. The laboratories pay operating costs from revenues generated from fees for service, and in recent years revenues have been insufficient to cover costs. This has resulted in the grains services state special revenue account being in a negative balance since FY 2018. The agency anticipates that efficiency improvements, cost reductions, and fee increases will maintain a sufficient balance moving forward.

The executive proposes to acquire a new hail insurance management program to be funded with hail insurance premiums. Other proposals would fund operation and maintenance of the commodity assessment system and increase authority for fixed costs.

Personal Services

The personal services appropriation in the 2025 biennium totals \$5.2 million to fund 38.87 FTE. The request includes present law adjustments for pay and benefits including a 4.0% vacancy savings. All employees received statutory adjustments, several positions received market adjustments and adjustments for longevity. Total personal services are increased by 17.5% or \$773,500 compared to the 2023 biennium.

Funding

The following table shows proposed agency funding for all sources of authority.

| Department of Agriculture, 50-Agricultural Development Div | | | | | | |
|--|---------------------|------------------|--------------------------|-------------------------|---------------------|-------------------|
| Funding by Source of Authority | | | | | | |
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| 01100 General Fund | 997,074 | 500,000 | 7,194 | 3,129,549 | 4,633,817 | 19.21 % |
| 02040 Wheat & Barley Research & Mktg | 9,543,280 | 0 | 0 | 0 | 9,543,280 | 57.80 % |
| 02066 Agriculture In MT Schools Act. | 56,582 | 0 | 0 | 0 | 56,582 | 0.34 % |
| 02132 GTA Seed Capital Account | 0 | 0 | 0 | 140,000 | 140,000 | 0.85 % |
| 02205 Pulse Crop Research&Marketing | 183,085 | 0 | 0 | 2,129,543 | 2,312,628 | 14.01 % |
| 02264 Organic Certification | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| 02268 Produce Account | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| 02453 Grain Services | 3,045,190 | 0 | 0 | 0 | 3,045,190 | 18.44 % |
| 02461 Alfalfa Seed Assessment | 76,718 | 0 | 0 | 0 | 76,718 | 0.46 % |
| 02466 Misc Ag Donations | 10,130 | 0 | 0 | 0 | 10,130 | 0.06 % |
| 02582 Certified Natural Beef | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| 02793 Potato Research & Marketing | 0 | 0 | 0 | 224,192 | 224,192 | 1.36 % |
| 02465 Industrial Hemp | 28,255 | 0 | 0 | 0 | 28,255 | 0.17 % |
| 02062 Growth Through Agriculture | 1,074,505 | 0 | 0 | 0 | 1,074,505 | 6.51 % |
| State Special Total | \$14,017,745 | \$0 | \$0 | \$2,493,735 | \$16,511,480 | 68.45 % |
| 03225 Agriculture ADD Federal | 555,570 | 0 | 0 | 0 | 555,570 | 100.00 % |
| 03920 ARPA State Fiscal Recovery 602 | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Federal Special Total | \$555,570 | \$0 | \$0 | \$0 | \$555,570 | 2.30 % |
| 06016 Beginning Farm Loans | 0 | 0 | 116,400 | 0 | 116,400 | 4.81 % |
| 06052 Hail Insurance | 613,588 | 50,000 | 0 | 1,640,000 | 2,303,588 | 95.19 % |
| Proprietary Total | \$613,588 | \$50,000 | \$116,400 | \$1,640,000 | \$2,419,988 | 10.03 % |
| Total All Funds | \$16,183,977 | \$550,000 | \$123,594 | \$7,263,284 | \$24,120,855 | |

The division is funded primarily with state special revenue, with general fund and proprietary funds comprising the bulk of the remainder.

State special revenue supports 86.6% of HB 2 appropriations and 68.5% of all sources of funding. The primary source of state special revenue is the wheat and barley research and marketing account which is supported by levies on each bushel of wheat and barley produced in the state. Other sources of revenue include grain testing fees and alfalfa seed assessments. Levies on the net revenue of pulse crops produced in the state are statutorily appropriated to the pulse crop research and marketing fund.

General fund is 19.2% of total funds and supports division administration through personal services and associated operating expenses.

Federal special revenue, 2.3% of total funds, is from federal grants used to develop agriculture markets, marketing projects, and for related operating costs.

Proprietary funding supports beginning farm loans and expenditures from the hail insurance program. Statutory appropriations support growth through agriculture seed programs, hail insurance, research, and marketing for agricultural products. Proprietary funds account for 10.0% of total funds.

Program Budget Summary by Category;

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
|---------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 455,797 | 455,797 | 911,594 | 60.89 % | 7,666,501 | 7,666,501 | 15,333,002 | 91.63 % |
| SWPL Adjustments | 39,290 | 43,192 | 82,482 | 5.51 % | 398,251 | 415,726 | 813,977 | 4.86 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 50,000 | 0 | 50,000 | 0.30 % |
| New Proposals | 251,499 | 251,499 | 502,998 | 33.60 % | 271,499 | 265,499 | 536,998 | 3.21 % |
| Total Budget | \$746,586 | \$750,488 | \$1,497,074 | | \$8,386,251 | \$8,347,726 | \$16,733,977 | |

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| | -----Fiscal 2024----- | | | | -----Fiscal 2025----- | | | | | |
|--|-----------------------|-----------------|------------------|------------------|-----------------------|-------------|-----------------|------------------|------------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 28,283 | 235,934 | 139,419 | 355,366 | 0.00 | 30,887 | 242,861 | 141,187 | 367,348 |
| DP 2 - Fixed Costs | 0.00 | 394 | (1,854) | 0 | (1,923) | 0.00 | 305 | (2,284) | 0 | (2,530) |
| DP 3 - Inflation Deflation | 0.00 | 10,613 | 30,790 | 0 | 44,808 | 0.00 | 12,000 | 34,772 | 0 | 50,908 |
| DP 50005 - Hail Insurance System (OTO) HB 10 | 0.00 | 0 | 0 | 0 | 50,000 | 0.00 | 0 | 0 | 0 | 0 |
| Grand Total All Present Law Adjustments | 0.00 | \$39,290 | \$264,870 | \$139,419 | \$448,251 | 0.00 | \$43,192 | \$275,349 | \$141,187 | \$415,726 |

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 50005 - Hail Insurance System (OTO) HB 10 -

The executive proposes a one-time only \$50,000 increase proprietary funds for a new hail insurance system.

New Proposals

The “New Proposals” table shows new proposals for spending.

| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|------------------|-----------------|-----------------|------------------|-----------------------|------------------|-----------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 1,499 | 0 | 0 | 1,499 | 0.00 | 1,499 | 0 | 0 | 1,499 |
| DP 50001 - State Grain Lab Resources (OTO) | 0.00 | 250,000 | 0 | 0 | 250,000 | 0.00 | 250,000 | 0 | 0 | 250,000 |
| DP 50004 - Commodity Assessment System Maintenance | 0.00 | 0 | 20,000 | 0 | 20,000 | 0.00 | 0 | 14,000 | 0 | 14,000 |
| Total | 0.00 | \$251,499 | \$20,000 | \$0 | \$271,499 | 0.00 | \$251,499 | \$14,000 | \$0 | \$265,499 |

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

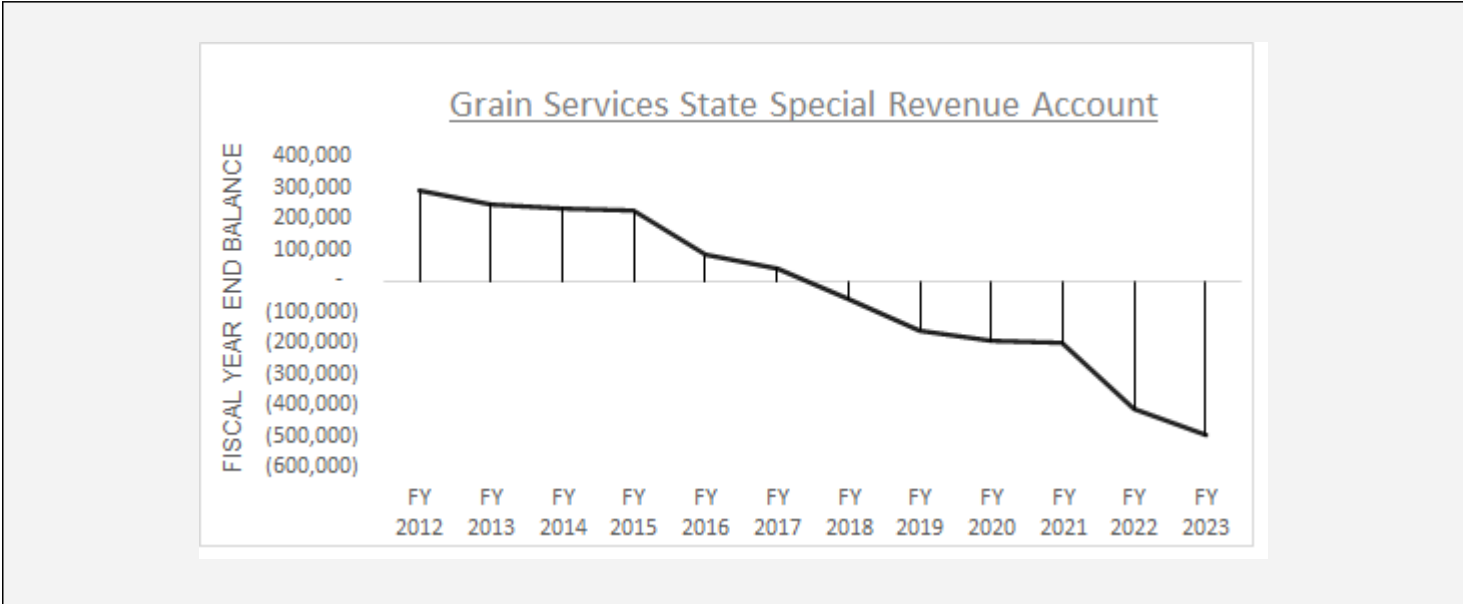
DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations of \$3,000 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 50001 - State Grain Lab Resources (OTO) -

The executive proposes a \$500,000 general fund appropriation to supplement the state grain laboratory for two years.

| | |
|--------------------|---|
| LFD COMMENT | The state grain laboratories in Great Falls and Plentywood are funded from the grain services state special revenue account. Operations of the laboratories are paid for with revenues from services provided by the laboratory. In recent years those revenues have been insufficient to cover the costs of the laboratory resulting in a negative balance in the grain services account starting in FY 2018. The graph below shows a history of the ending fund balance from FY 2012 through FY 2023. |
|--------------------|---|



DP 50004 - Commodity Assessment System Maintenance -

The executive proposes an increase in state special revenue for ongoing operations and maintenance for the Commodity Assessment System request. Purchase of the Commodity Assessment System is proposed in HB 10.

| | |
|--------------------|--|
| LFD COMMENT | Generally, subcommittee guidance discourages the approval of funding in HB 2 until contingent bills are passed. If the subcommittee wishes to approve this funding, the committee might consider language in HB 2 that this funding is contingent on approval of the commodity assessment system in HB 10. |
|--------------------|--|