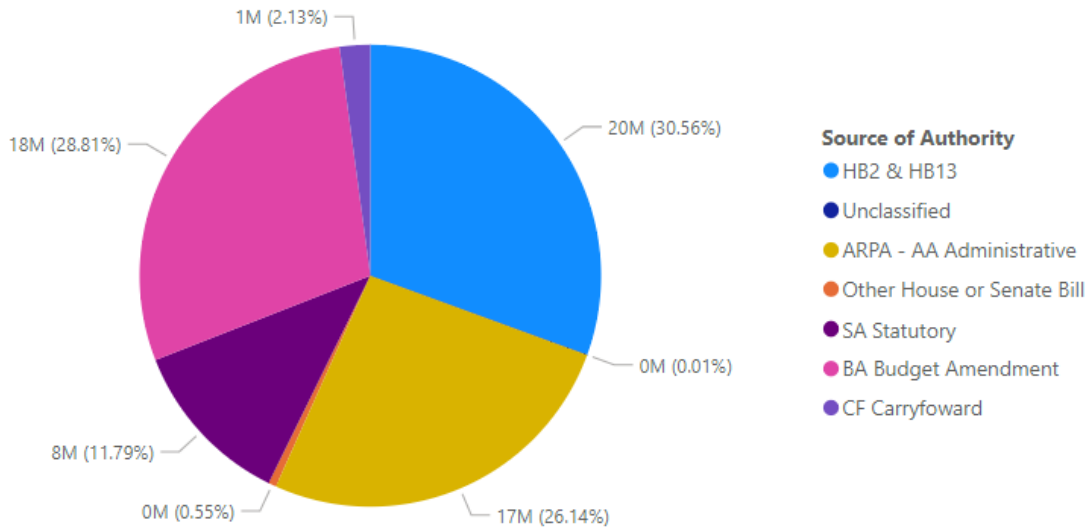


DEPARTMENT OF AGRICULTURE

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Agriculture is shown in the pie chart below. HB 2 and HB 13 provide 30.6% 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	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	19,509,426	16,487,911	84.5%
BA Budget Amendment	18,392,236	4,735,334	25.7%
CF Carryforward	1,360,879	375,793	27.6%
Other House or Senate Bill	353,127	155,473	44.0%
SA Statutory	7,525,464	4,332,587	57.6%
Unclassified	7,465		
ARPA	16,683,055	2,491,320	14.9%
Total	63,831,651	28,578,419	44.8%

Budget Amendments

Budget amendments increased federal authority by \$18.4 million, and 25.7% or \$4.7 million of this authority was expended.

The federal Specialty Crop Block Grant Program (SCBGP) accounted for \$11.5 million of the increase, and the agency expended \$2.6 million or 22.2% of this authority. The purpose of the SCBG is to enhance the competitiveness of specialty crops which include fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops.

The Resilient Food Systems Infrastructure (RFSI) budget was amended with \$4.4 million in federal funds. The RFSI program supports projects supporting the food supply chain to enhance markets for small farms and food businesses, the development of value-added products for consumers, job opportunities, and other food supply chain activities. This funding was unexpended.

Local Food Purchase Assistance (LFPA) funding was increased by \$1.6 million. This federal funding is used by state and tribal governments to purchase foods produced within the state for food banks, schools, and organizations that reach underserved communities. This funding was 97.2% expended.

Authority for other budget amendments included federal funds for food safety and noxious weed prevention. The agency expended about \$0.5 million under this authority.

Carryforward Authority

The Department of Agriculture has carryforward authority of approximately \$1.4 million.

Agencies can carry forward into the next fiscal year 30% of unused qualifying authority at the end of the fiscal year (17-7-304(4), MCA). State special revenue totaling \$1.3 million supporting agricultural science and development programs accounted for 95.3% of this authority. The agency expended 27.6% or \$375,793.

Other Bills

The Department of Agriculture had \$353,127 of appropriation authority in other bills.

In HB 13 the legislature authorized \$156,203 primarily state special revenue as one-time-only payments to agency employees. This funding was 99.5% expended.

Part of HB 14, the long-range building program, appropriated \$196,924 in general fund and state special revenue for the agency's share of operation and maintenance at the Montana Veterinarian Diagnostic and Agricultural Analytical Labs. Statute requires that any funding for long range building projects include ongoing funding for the operation of any new building. Since the laboratory has not yet been constructed, this authority was unexpended in FY 2023. The authority will remain as part of the base funding in future biennia.

Statutory Appropriations

Expenditures from statutory appropriations totaled \$4.3 million, of which 35.4% 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 \$998,600 in proprietary revenue statutorily appropriated for hail insurance claims.

Unclassified

The Department of Agriculture has unexpended unclassified appropriation authority of \$7,465 because of lower workers' compensation premiums. Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the

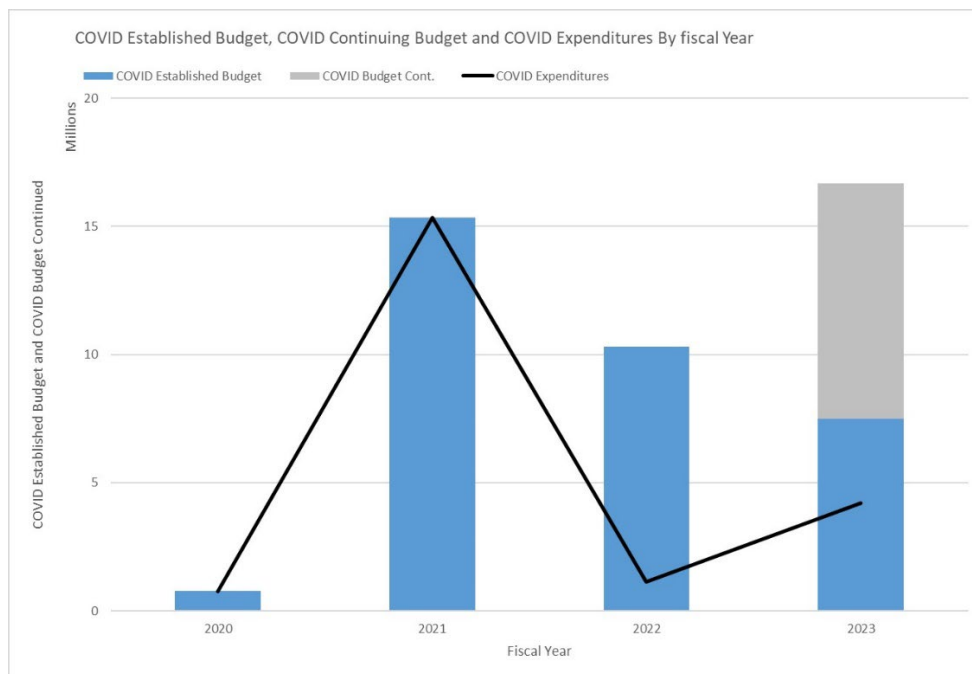
premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor’s Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers’ compensation entries

The offsetting entries are identified as “frozen” appropriations, which means the appropriations will not be spent unless authorized by OBPP.

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.



The Covid-19 authority totals \$16.7 million which includes \$9.2 million carried forward from FY 2022. The agency has expended \$4.2 million.

The authority supports four programs.

- 1) Agricultural business improvement grants are budgeted at \$7.0 million; \$2.4 million 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) Distributions totaling \$2.0 million have been proposed for the appropriation authorized in HB 861. Grants must be matched with local funds for improvements as follows:
- New locomotive in Butte, \$400,000, unexpended
 - Rail infrastructure expansion, \$1.6 million, unexpended
- 3) American Rescue Plan Act (ARPA) funding totaling \$222,711 is budgeted for administrative costs, of which \$102,620 was expended. The agency transferred \$7.5 million to the hail insurance investment fund to earn interest with BOI, of this amount, \$1.7 million was expended on hail insurance claims in FY 2023.

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 from July 1, 2022 through June 30, 2023. 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	HB 2 Budget	FYE23 Modified Budget	Net Modifications
MT Dept of Agriculture	19,515,947	19,509,426	-6,522
AGRICULTURAL DEVELOPMENT DIV	7,697,563	7,662,223	-35,340
AGRICULTURAL SCIENCES DIVISION	9,921,971	9,872,524	-49,447
CENTRAL MANAGEMENT DIVISION	1,896,413	1,974,679	78,266
Total	19,515,947	19,509,426	-6,522

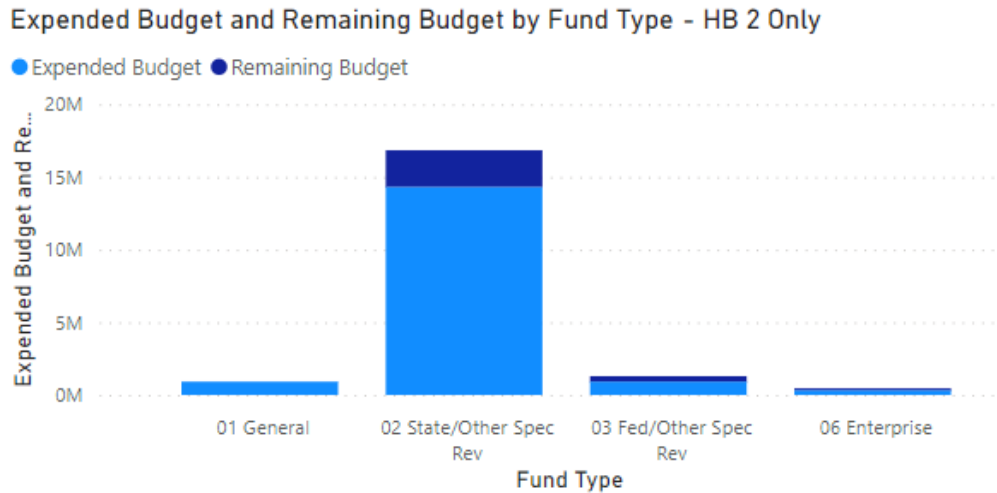
Expenditure Account	HB 2 Budget	FYE23 Modified Budget	Net Modifications
61000 Personal Services	8,966,291	8,886,542	-79,749
62000 Operating Expenses	4,704,143	4,733,636	29,493
63000 Equipment & Intangible Assets	773,889	668,889	-105,000
66000 Grants	4,931,367	4,959,413	28,046
68000 Transfers-out	140,257	183,446	43,189
69000 Debt Service		77,500	77,500

Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications
01 General	918,053	918,597	544
02 State/Other Spec Rev	16,812,327	16,840,559	28,232
03 Fed/Other Spec Rev	1,295,184	1,294,438	-746
06 Enterprise	490,383	455,832	-34,551

Extremely small modifications to the \$19.5 million HB 2 budget decreased total authority by \$6,522. Reductions are primarily seen in adjustments for workers compensation premiums. Program transfers moved \$78,266 in authority from the Agricultural Sciences and Development Divisions to the Central Management Division. Changes to the operating plan moved \$79,749 in personal services authority and \$105,000 in authority for equipment purchases to debt service, transfers, operating expenditure, and grants.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through the end of FY 2023.



Expenditure Account	Modified Budget	Expended Budget	Percent Expended
Personal Services	8,886,542	8,089,849	91.0%
Operating Expenses	4,733,636	3,408,560	72.0%
Equipment & Intangible Assets	668,889	352,001	52.6%
Grants	4,959,413	4,509,394	90.9%
Transfers-out	183,446	50,284	27.4%
Debt Service	77,500	77,142	99.5%

Program Name	Modified Budget	Expended Budget	Percent Expended
AGRICULTURAL DEVELOPMENT DIV	7,662,223	5,793,698	75.6%
AGRICULTURAL SCIENCES DIVISION	9,872,524	8,844,556	89.6%
CENTRAL MANAGEMENT DIVISION	1,974,679	1,848,976	93.6%
Total	19,509,426	16,487,229	84.5%

State special revenue supports 86.3% of the agencies HB 2 budget, federal sources support 6.6%, general fund 4.7%, and the remaining 2.4% is proprietary revenue.

Operating Expenses

The budget for operating expenses was 72.0% expended in FY 2023; over the last five years, this rate has ranged between 60.3% and 81.6% with an average of 69.2%.

Grants

The department made expenditures of \$4.5 million in grants for:

- Wheat and barley research and marketing - \$2.1 million
- Weed control programs - \$2.0 million
- Growth through agriculture programs - \$289,828
- Federal pass-through grants - \$114,630

- School programs - \$15,000

Equipment and intangible assets

The agency expended \$279,700 primarily state special revenue that was approved as one-time-only to purchase laboratory equipment at the Bozeman analytical laboratory. Other equipment purchases in the science division totaled \$30,701 in state special revenue.

Personal Services

The budget for personal services was 91.0% expended which is 0.4% lower than the five previous fiscal years. The personal services budget for the Central Management and Agricultural Sciences Divisions were 96.3% expended, which is in line with previous biennium. Only 75.0% of the personal services budget for the Agricultural Development Division (ADD) was expended.

In FY 2023, the agency was budgeted for 119.66 full time equivalent (FTE) positions. As of June 1, 2023, the agency had 15.84 vacant positions that have been open on average for 21.6 months. During FY 2023, the agency had sixteen employees leave state government and nine transfer to a new agency.

The table below summarizes open positions within the agency.

Department of Agriculture Vacancies As of June 1, 2023								
<u>Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>	<u>Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>	
Central Services				Agricultural Development				
Business Executive	1.00	18.4	\$75.89	Sampler	1.00	15.1	\$21.76	
Network Administrator	1.00	1.8	46.88	Sampler	1.00	3.0	21.76	
Chief Information Officer	1.00	1.5	55.24	Rural Dev Specialist	1.00	6.0	36.25	
Deputy Attorney	1.00	15.6	41.36	Instructional Coordinator 1	0.88	77.6	30.05	
Division Total/Average¹	4.00	9.3	\$54.84	Insurance Claims Adjuster	0.30	8.3	18.85	
Agricultural Sciences				Insurance Claims Adjuster	0.25	8.7	18.85	
Agricultural Scientist 1	0.02	102.4	\$35.00	Insurance Claims Adjuster	0.25	9.2	18.85	
Program Specialist 2	1.00	14.7	36.35	Insurance Claims Adjuster	0.25	8.7	18.85	
Compliance Manager	1.00	33.4	51.21	Insurance Claims Adjuster	0.25	57.8	18.85	
Agricultural Science Specialist	0.50	3.7	43.75	Claims Examiner 1	0.25	32.6	18.85	
Apiary Technician	1.00	8.8	21.76	Claims Examiner 1	0.25	32.6	18.85	
Agricultural Inspector 2	0.45	1.3	21.76	Claims Examiner 1	0.25	56.9	18.85	
Division Total/Average¹	3.97	15.5	\$35.69	Sampler	0.62	1.5	21.76	
				Statistical Assistant	0.35	71.6	12.44	
				Agricultural Inspector 3	0.72	95.8	27.19	
				Division Total/Average¹	7.87	31.0	\$23.76	
				Grand Total¹	15.84	21.6	\$34.60	

¹ Averages for months vacant and pay rate are weighted by FTE

Other Issues

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 2025 Biennium				
<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	\$350,000	\$321,300	91.8%
DP 5004 - Efficiency Improvements State Grain Lab One-Time-Only	145,900	145,900	138,942	95.2%
Total of HB 2 Line Itemed Decision Packages	\$495,900	\$495,900	\$460,242	92.8%

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.

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.