

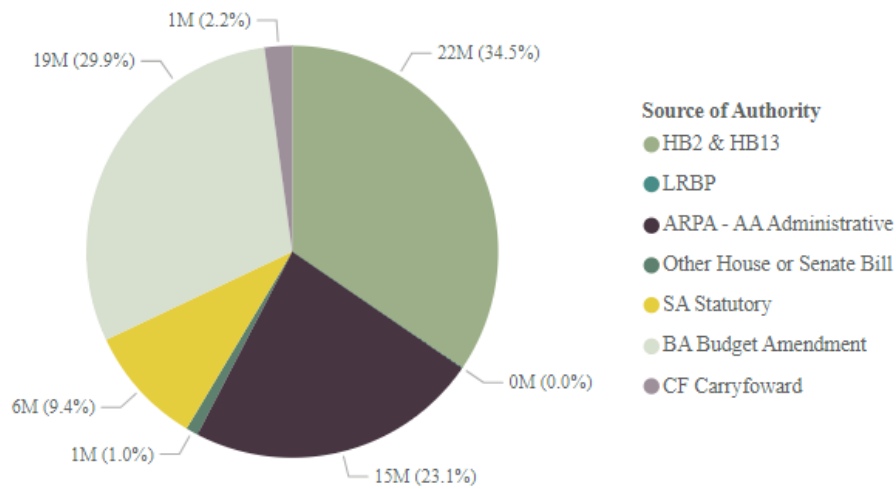
DEPARTMENT OF AGRICULTURE

FY 2024 Financial Report

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 34.5% 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	Modified Budget	Expended Budget	% Expended
HB2 & HB13	21,824,469	17,872,890	81.9%
BA Budget Amendment	18,877,517	4,930,500	26.1%
CF Carryforward	1,367,847	643,485	47.0%
LRBP	20,000	20,000	100.0%
Other House or Senate Bill	605,000	605,000	100.0%
SA Statutory	5,935,932	4,613,668	77.7%
ARPA	14,577,102	1,800,112	12.3%
Total	63,207,867	30,485,654	48.2%

Budget Amendments

Statute allows agencies to amend the budget to access additional federal revenues (17-7-402(1)(a)(i), MCA). Federal authority through budget amendments totals \$18.9 million, throughout FY 2024 \$4.9 million or 26.1% was expended.

The federal Specialty Crop Block Grant Program (SCBGP) appropriated \$12.0 million to enhance the competitiveness of specialty crops. These crops include fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops.

The agency received \$4.4 million in funding for the Resilient Food System Infrastructure (RFSI) Program. This program aims to fortify the food supply chain and expand market opportunities for small farms and food businesses.

The United States Department of Agriculture (USDA) awarded a \$1.2 million grant through the Regional Food Business Centers (RFBC) program. The program goal is to develop new markets and enhance existing supply chain connections, thereby fostering economic opportunities for small and mid-tier food and farm businesses across the region.

Budget amendments totaling \$502,000 from the United States Department of Agriculture support the detection and response to invasive plant infestations on private, tribal, and non-federal public land, in coordination with federal lands. Additionally, these funds will be used to develop a grant reporting dashboard and hub, reduce fire risk across all lands, educate the public, and promote and support weed prevention efforts.

Federal authority for the prevention of food born illness through the Food Safety Modernization Act totals \$337,000.

Federal loan and grant awards for the Rural Energy for America Program (REAP) totaled \$250,000. The program is designed to provide financial assistance through grants and loan guarantees to agricultural producers and rural small businesses. The program supports the purchase, installation, and construction of renewable energy systems and energy efficiency improvements.

The Bureau of Land Management provided \$100,000 for invasive weed and noxious plant management and to support the Southeastern Montana Invasive Annual Grass Task Force. The Task Force covers Carter, Custer, Fallon, Big Horn, Rosebud, and Powder River Counties.

National Institute of Food and Agriculture (NIFA) grants totaling \$81,000 are intended to address the growing mental health concerns in the agriculture community by creating better access to health care professionals and by promoting and enhancing current Montana mental health systems.

Federal funding for the Local Food Purchase Assistance Cooperative Agreement Program totals \$56,000. This program uses non-competitive cooperative agreements to purchase foods produced within the state or within 400 miles of the delivery destination to help support local and regional producers. The food supports food banks, schools and organizations that reach underserved communities. The table below summarizes the budget amendment authority and expenditures year to date.

Department of Agriculture Budget Amendment Authority			
As of Fiscal Year End 2024			
Federal Grants	Budgeted	Expended	% Expended
Specialty Crop Block Grant Program	\$11,981,485	\$4,225,784	35.3%
Resilient Food System Infrastructure	4,351,352	112,866	2.6%
Agriculture Regional Food Business Centers	1,162,905	79,120	6.8%
Usda Invasive Weed And Noxious Plants	501,502	77,706	15.5%
Food Safety Modernization Act	337,390	290,978	86.2%
Rural Energy For America Program	250,000	44,643	17.9%
Blm Invasive Weed & Noxious Plant Management	100,000	4,635	4.6%
National Institute Of Food And Agriculture Grants	80,703	61,097	75.7%
Local Food Purchase Assistance	55,849	26,902	48.2%
Other Budget Amendments	56,331	5,819	10.3%
Total Federal Budget Amendments	\$18,877,517	\$4,929,550	26.1%

Other Bills

Other legislation allocates \$605,000 from the general fund, state special revenue, and capital funds for weed control, long-term information technology (IT), and agricultural growth initiatives. Specifically, HB 821 provides \$250,000 from the general fund for one-time weed control grants in Yellowstone, Musselshell, and Stillwater counties. Additionally, HB 10 facilitates a transfer from the general fund to the Long-Range IT capital account for statewide IT initiatives, from which the Department of Agriculture received \$350,000 for developing a commodity assessment system. The Department has fully expended its authority for these other bills.

Carryforward Authority

After each fiscal year, 30.0% of the unexpended and unencumbered HB 2 appropriations from the prior fiscal year for personal services, operating expenses, and equipment, may be re-appropriated in the two fiscal years following (17-7-304(4)(a), MCA).

The agency has a total carryforward authority of \$1.4 million, which includes \$728,100 carried forward from FY 2023 and \$639,800 from FY 2022. This carryforward authority is primarily composed of state special revenue designated for various projects within the Agricultural Sciences Division and the Agricultural Development Division. In FY 2024, the agency expended \$125,700, or 17.3%, of the FY 2023 authority, and \$517,800, or 80.9%, of the authority carried forward from FY 2022.

Statutory

Expenditures of statutory appropriations totaled \$4.6 million in FY 2024.

Interest income totaling \$1.6 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated for the Montana Cooperative Development Center, Growth Through Agriculture Programs, and the Montana Food and Agricultural Development Program (16-35-108, MCA).

State special revenue is statutorily appropriated to marketing programs for potatoes and pulse crops, commodity warehouse grain liquidation, and for research grants and loans that benefit the Montana agriculture. Proprietary revenue is statutorily appropriated for hail insurance claims.

The table below summarizes the statutory authority for the department.

Montana Department of Agriculture Statutory Appropriations				
Expenditures As Of FYE 2024				
<u>Appropriation</u>	<u>MCA Code</u>	<u>Annual Appropriation</u>	<u>FY 2024 Expended</u>	<u>Percent Expended</u>
General Fund				
Montana Cooperative Development Center	16-35-108(11)(b)(i)(A)	\$65,000	\$65,000	100.0%
Growth Through Agriculture	16-35-108(11)(b)(i)(B)	900,000	899,990	100.0%
Montana Food and Agricultural Development	16-35-108(11)(b)(i)(C)	600,000	599,996	100.0%
Total General Fund		\$1,565,000	\$1,564,986	100.0%
State Special Revenue				
Growth Through Agriculture Seed Capital	90-9-306(2)	\$70,000	\$50,000	71.4%
Grain Liquidation	80-4-416	54,000	-	0.0%
Potato Research and Marketing	80-11-518	152,096	144,851	95.2%
Pulse Crop Research and Marketing	80-11-518	2,267,172	2,278,431	100.5%
Hemp Research & Marketing	80-18-110	10,000	5,000	50.0%
Administrative		2,664	2,664	100.0%
Total State Special Revenue		\$2,555,932	\$2,480,946	97.1%
Enterprise Funds				
Hail Insurance	80-2-222	\$1,800,000	\$567,736	31.5%
Total Enterprise Funds		\$1,800,000	\$567,736	31.5%
Total Statutory Appropriations		\$5,920,932	\$4,613,668	77.9%

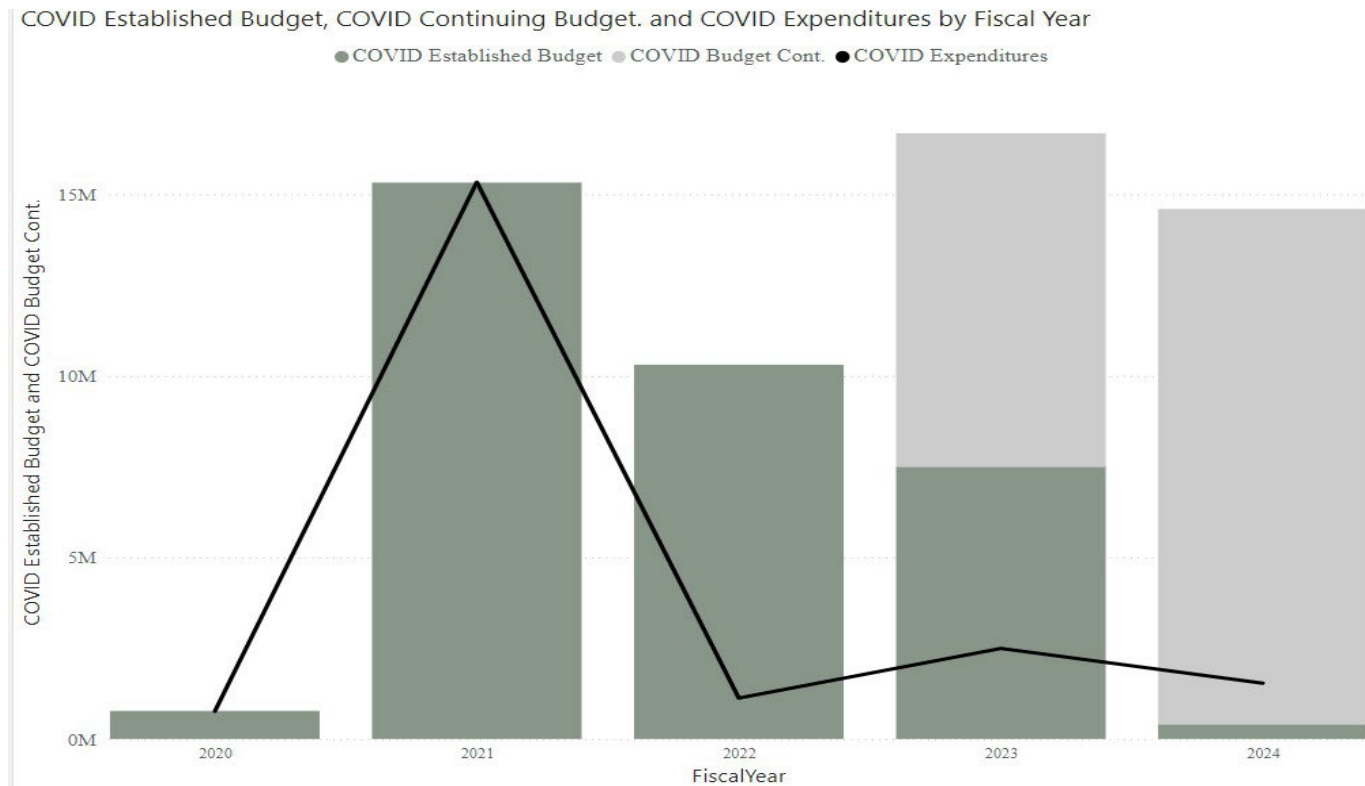
Long Range Building and Planning (LRBP)

The budget includes funding for the growth through agriculture programs IT programs. The total appropriation is \$25,000 and was fully expended in FY 2024.

ARPA

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 2024, the agency's ARPA budget was \$14.6 million, of which \$1.8 million or 12.3% was expended.

Funding totaling \$2.0 million supports infrastructure improvements at ports in Butte and Shelby. The agency has allocated \$400,000 for a new yard locomotive in Butte and \$1.6 million for the Port of Northern Montana Operating and Storage Track Expansion Project, of which \$243,000 has been spent. This project will involve constructing up to 3.8 miles of new rail and installing 18 new switches.

An additional \$4.6 million has been awarded for nearly 30 other agriculture-related infrastructure projects across the state, with \$1.3 million, or 28.3%, expended in FY 2024.

The state hail insurance program received \$7.5 million in ARPA grants; this authority was transferred to the hail insurance fund and 2.3 million has been expended.

From ARPA authority the agency budgeted approximately \$500,000 for personal services and operations, spending \$216,900, or 42.9%, of this in FY 2024.

Non-Budgeted Proprietary

Non-budgeted proprietary revenues are anticipated to be \$5.8 million for FY 2024. The executive must report on all enterprise funds and internal service funds, and the legislature approves a maximum rate that programs funded with internal service funds can charge for their services.

Internal service funds are used to account for operations that provide goods or services to other agencies or programs of state government on a cost-reimbursement basis. Enterprise funds are used to account for operations that generate revenue by providing goods or services to the public for a fee.

The agency has non-budgeted enterprise funds totaling \$5.8 million primarily for hail insurance and a small amount for beginning farm loans. Of this total, the agency expended \$567,700 or 9.7% on hail insurance claims.

HB2BUDGET 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 March 1, 2024, through June 30, 2024. 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	Modified Budget	Net Modifications
MT Dept of Agriculture	21,824,469	21,824,469	0
15 CENTRAL MANAGEMENT DIVISION	2,374,387	2,374,387	0
30 AGRICULTURAL SCIENCES DIVISION	10,995,446	10,995,446	0
50 AGRICULTURAL DEVELOPMENT DIV	8,454,636	8,454,636	0
Total	21,824,469	21,824,469	0

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	10,258,520	10,248,520	-10,000
62000 Operating Expenses	5,725,947	5,725,947	0
63000 Equipment & Intangible Assets	524,889	524,889	0
66000 Grants	5,048,979	5,048,979	0
68000 Transfers-out	188,634	198,634	10,000
69000 Debt Service	77,500	77,500	0
Total	21,824,469	21,824,469	0

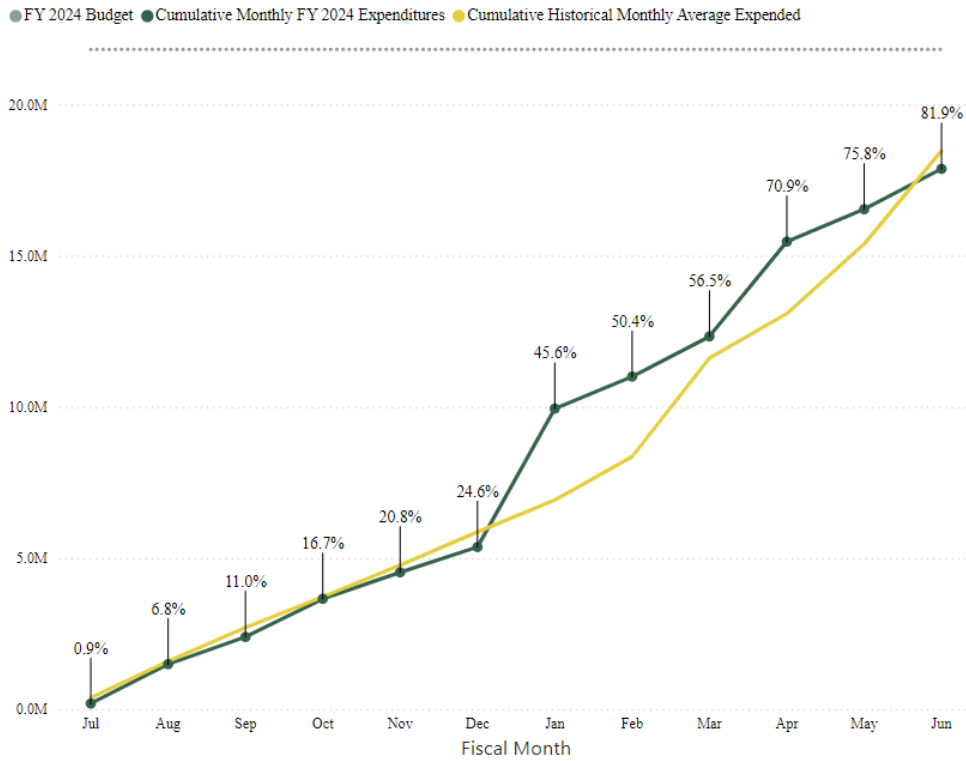
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	1,568,310	1,568,310	0
02 State/Other Spec Rev	18,117,214	18,117,214	0
03 Fed/Other Spec Rev	1,620,629	1,620,629	0
06 Enterprise	518,316	518,316	0
Total	21,824,469	21,824,469	0

The Department of Agriculture moved \$10,000 in appropriation authority from personal services to transfers-out expenditure authority.

Overall, there was no net change to the agency budget.

HB2 APPROPRIATION AUTHORITY

Monthly Expenditures Compared to Historical Average



The chart above and table below show the appropriated budget for the agency compared to average expenditures through the end of June for the last five years.

Department of Agriculture, Expenditures Fiscal Year 2024				
Program Name	Modified Budget	Expended Budget	Percent Expended	
			FY 2024	Last 5 Years
Central Management Division	\$2,374,387	\$1,937,613	81.6%	94.2%
Agricultural Sciences Division	10,995,446	8,999,067	81.8%	91.0%
Agricultural Development Div	8,454,636	6,936,209	82.0%	73.7%
Total	\$21,824,469	\$17,872,890	81.9%	84.6%
Accounting Classification	Modified Budget	Expended Budget	Percent Expended	
			FY 2024	Last 5 Years
Personal Services	\$10,248,520	\$8,496,857	82.9%	90.4%
Operating Expenses	5,725,947	3,662,483	64.0%	71.3%
Equipment & Intangible Assets	524,889	317,349	60.5%	38.2%
Grants	5,048,979	5,189,332	102.8%	90.9%
Transfers-out	198,634	129,196	65.0%	39.4%
Debt Service	77,500	77,671.94	100.2%	98.4%
Total	\$21,824,469	\$17,872,890	81.9%	84.6%
Funding Source	Modified Budget	Expended Budget	Percent Expended	
			FY 2024	Last 5 Years
General Fund	\$1,568,310	\$1,392,952	88.8%	99.0%
State/Other Spec Rev	18,117,214	14,949,985	82.5%	83.6%
Fed/Other Spec Rev	1,620,629	1,105,190	68.2%	86.9%
06 Enterprise	518,316	424,763	82.0%	68.9%
Total	\$21,824,469	\$17,872,890	81.9%	84.6%

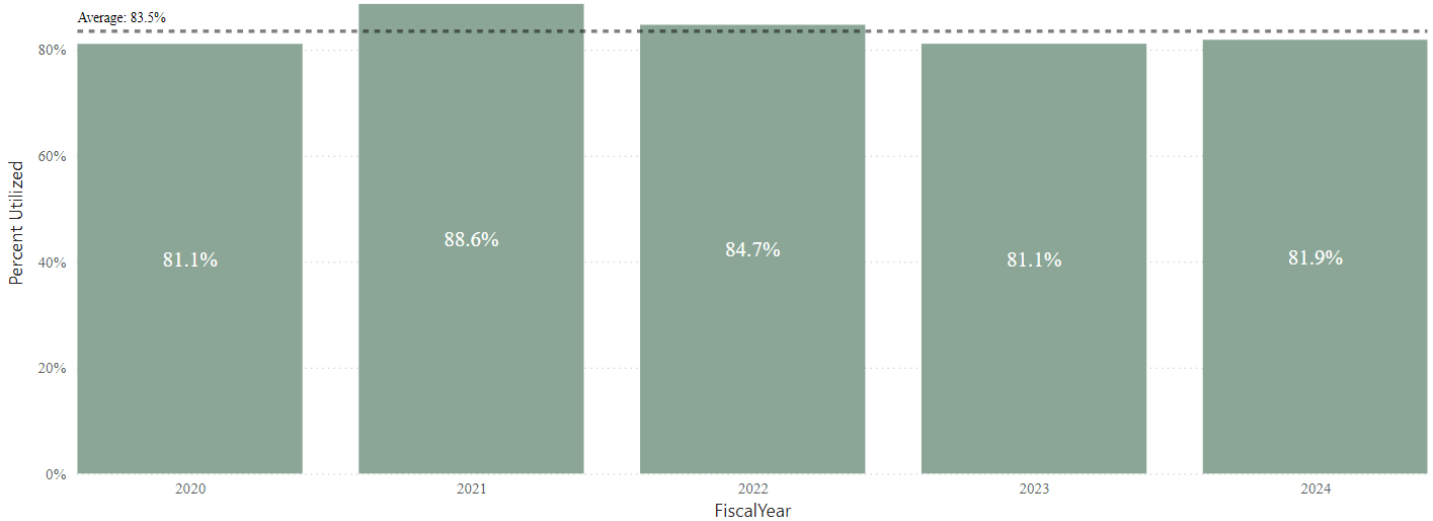
The Department of Agriculture expended 81.9% of its \$21.8 million HB 2 modified budget for fiscal year 2024. The agency expended about \$589,000 less than would be expected based on the five-year historical rate of 84.6% of the budget expended. Due to audit recommendations, the agency expended \$2.7 million for wheat and barley research grants in January, whereas in previous years this would have been expended in the last quarter of the year. Expenditure rate for personal services and operating expenses were lower than previous years, while expenditures for grants were higher.

Personal Services

The Department of Agriculture's appropriations for personal services in FY 2024 total \$10.3 million, with \$8.5 million, or 82.9%, expended. This is lower than the five-year average expenditure rate of 90.4%. The department employs 119.66 full-time equivalent (FTE) positions under HB 2, of which 14.39 are classified as aggregate positions. These aggregate positions are typically more seasonal or temporary, allowing multiple individuals to be employed under these position numbers throughout the year. The table below outlines the budgeted FTE for the department.

Department of Agriculture HB 2 FTE			
Program	Regular	Aggregate	Total HB 2
Central Management Division	19.00	-	19.00
Agricultural Sciences Division	57.37	4.42	61.79
Agricultural Development Division	28.90	9.97	38.87
Total	105.27	14.39	119.66

The chart below illustrates the hourly utilization percentage for the Department of Agriculture in FY 2024 compared to the previous four years. Overall, the department utilized 81.9% of the budgeted hours for FY 2024, 1.6% less than the four-year average. The Agricultural Sciences Division had a utilization rate of 88.9%, the Central Management Division utilized 83.8%, and the Agricultural Development Division had a utilization rate of 69.6%.



In the last quarter of the year, the agency filled positions totaling 9.10 FTE, resulting in a net decrease of 7.15 FTE for fiscal year 2024. On average, positions have remained open for about 19.5 months. Since the start of FY 2024, eight employees have left state government, one has transferred to another agency, and one has retired.

The chart below shows the vacant FTE in each division, the number of months each position has been vacant, and the midpoint hourly pay rate.

Department of Agriculture Vacancies Fiscal Year End FY 2024							
<u>Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>		<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>
Central Services Division				Agricultural Development Div			
IT Systems Analyst 2	1.00	30.4	\$75.89	Market Development Strategist	1.00	0.5	\$31.15
Network Administrator	1.00	13.8	46.88	Rural Dev Specialist	1.00	18.0	36.25
Deputy Attorney	1.00	27.6	41.36	Instructional Coordinator 1	0.83	89.6	30.05
Division Total / Average¹	3.00	23.9	\$54.71	Insurance Claims Adjuster	0.30	20.3	18.85
Agricultural Sciences Division				Insurance Claims Adjuster	0.25	8.7	18.85
Compliance Manager	1.00	45.4	\$51.21	Insurance Claims Adjuster	0.25	9.2	18.85
Agricultural Science Specialis	0.52	15.7	43.75	Insurance Claims Adjuster	0.25	8.3	18.85
Agricultural Inspector 2	0.45	1.3	21.76	Division Total / Average¹	4.13	26.1	\$28.29
Agricultural Inspector 2	2.97	0.5	21.76	Grand Total¹	12.07	19.5	\$35.57
Division Total / Average¹	4.94	11.3	\$30.03				

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

OTHER ISSUES

Information Technology Project Expenditures

Large Information Technology Projects Original and Revised Budgets						
<u>Project</u>	<u>Start Date</u>	<u>Status</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Expended</u>	<u>Percent Expended</u>
Commodity Assessment System	8/14/2023	Executing	370,000	370,000	350,000	94.6%
Grants Management System	9/13/2023	Executing	60,000	60,000	25,000	-

Status of Line-Itemed Decision Packages, 2023 Legislature

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

Department of Agriculture				
Legislative Appropriation and Expenditures for the 2023 Biennium				
<u>Decision Package</u>	<u>Legislative Appropriation</u>	<u>Budgeted</u>	<u>Expended</u>	<u>Percent Expended</u>
DP 30003 - Lab Combustion Analyzer (OTO)	\$86,000	\$86,000	\$86,000	100.0%
DP 30008 - Chromatography Instrument (OTO)	100,000	100,000	99,047	99.0%
DP 30010 - Hemp Program Resources (OTO)	125,000	125,000	124,999	100.0%
DP 50001 - State Grain Lab Resources (OTO)	250,000	250,000	249,999	100.0%
DP 50005 - Hail Insurance System HB 10 (OTO)	50,000	50,000	50,000	100.0%
Total of HB 2 Line Itemed Decision Packages	\$611,000	\$611,000	\$610,045	99.8%

DP 30003 - Lab Combustion Analyzer (OTO)

FY 2024 – \$86,000 State Special Revenue

The legislature approved 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 30008 - Chromatography Instrument (OTO)

FY 2024 – \$100,000 State Special Revenue

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

DP 30010 - Hemp Program Resources (OTO)

FY 2024 – \$125,000 General Fund
 FY 2025 – \$125,000 General Fund

The legislature approved a one-time-only appropriation of general fund 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.

DP 50001 - State Grain Lab Resources (OTO)

FY 2024 – \$250,000 General Fund
 FY 2025 – \$250,000 General Fund

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

DP 50005 - Hail Insurance System HB 10 (OTO)

FY 2024 – \$50,000 Proprietary Fund

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