

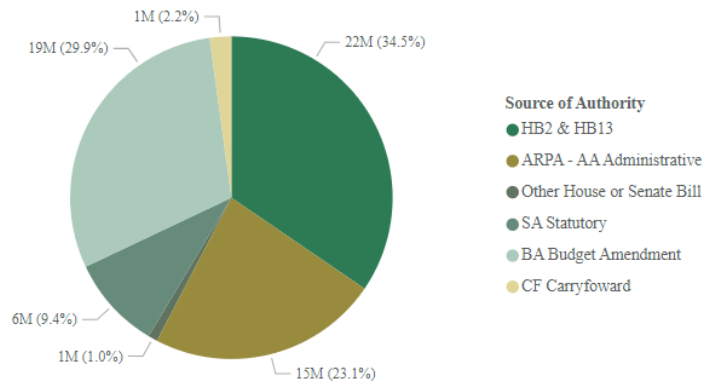
DEPARTMENT OF AGRICULTURE

Interim Budget Committee Report for June 2024

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	16,537,138	75.8%
BA Budget Amendment	18,877,517	4,376,906	23.2%
CF Carryforward	1,367,847	524,685	38.4%
Other House or Senate Bill	605,000	605,000	100.0%
SA Statutory	5,920,932	4,158,121	70.2%
ARPA	14,597,102	1,535,451	10.5%
Total	63,192,867	27,737,300	43.9%

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, year to date \$4.4 million or 23.2% has been expended.

The federal Specialty Crop Block Grant Program (SCBGP) accounts for \$12.0 million. The purpose of the SCBGP is to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops.

The agency received \$4.4 million in funding for the Resilient Food System Infrastructure (RFSI) Program. This program’s goal is to strengthen the food supply chain as well as provide more and better markets to small farms and food businesses.

The United States Department of Agriculture (USDA) Regional Food Business Centers (RFBC) grant totaled \$1.2 million. The program strives to create new markets and expand current linkages throughout the supply chain as well as drive economic opportunities across the region for small and mid-tier food and farm businesses.

Budget amendments totaling \$502,00 from the United States Department of Agriculture. This funding supports the detection and response to invasive plant infestations on private, tribal, and non-federal public land in association with federal lands. In addition, funds will be used to develop a grant reporting dashboard and hub, reduce fire risk on all lands, educate the public, and promote and support weed prevention efforts.

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

Federal loan and grant awards through the Rural Energy for America Program (REAP) for energy efficiency improvements and renewable energy investments were budgeted at \$250,000.

The Bureau of Land Management provided \$100,000 for invasive weed and noxious plant management and support the Southeastern Montana Invasive Annual Grass Task Force.

National Institute of Food and Agriculture (NIFA) grants totaling \$81,00 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 May FY 2024			
Federal Grants	<u>Budgeted</u>	<u>Expended</u>	<u>% Expended</u>
Specialty Crop Block Grant Program	\$11,981,485	\$3,796,486	31.7%
Resilient Food System Infrastructure	4,351,352	89,134	2.0%
Agriculture Regional Food Business Centers	1,162,905	52,688	4.5%
USDA Invasive Weed and Noxious Plants	501,502	69,555	13.9%
Food Safety Modernization Act	337,390	259,158	76.8%
Rural Energy for America Program	250,000	24,484	9.8%
BLM Invasive Weed & Noxious Plant Management	100,000	4,635	4.6%
National Institute of Food and Agriculture grants	80,703	54,115	67.1%
Local Food Purchase Assistance	55,849	20,831	37.3%
Other Budget Amendments	56,331	5,819	10.3%
Total Federal Budget Amendments	\$18,877,517	\$4,376,906	23.2%

Other Bills

Other legislation provides \$605,000 in general fund, state special revenue, and capital funds for weed control, long-term information technology (IT), and growth through agriculture.

Specifically, HB 821 allocated \$250,000 from the general fund for one-time weed control grants in Yellowstone, Musselshell, and Stillwater counties. Additionally, HB 10 enabled a transfer from the general fund to the Long-Range IT capital account for IT initiatives statewide. From this account, the Department of Agriculture received \$350,000 for the development of a commodity assessment system. Growth through agriculture programs received \$5,000.

The Department has expended all of its authority under 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 total carryforward authority of \$1.4 million consisting of \$728,000 carried forward from FY 2023, and \$640,000 from FY 2022. The carryforward authority consists almost entirely of state special revenue for various projects in the Agricultural Sciences Division, and the Agricultural Development Division. As of June, the agency has expended \$525,000 or 38.4%.

Statutory

Expenditures of statutory appropriations totaled \$4.2 million.

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.

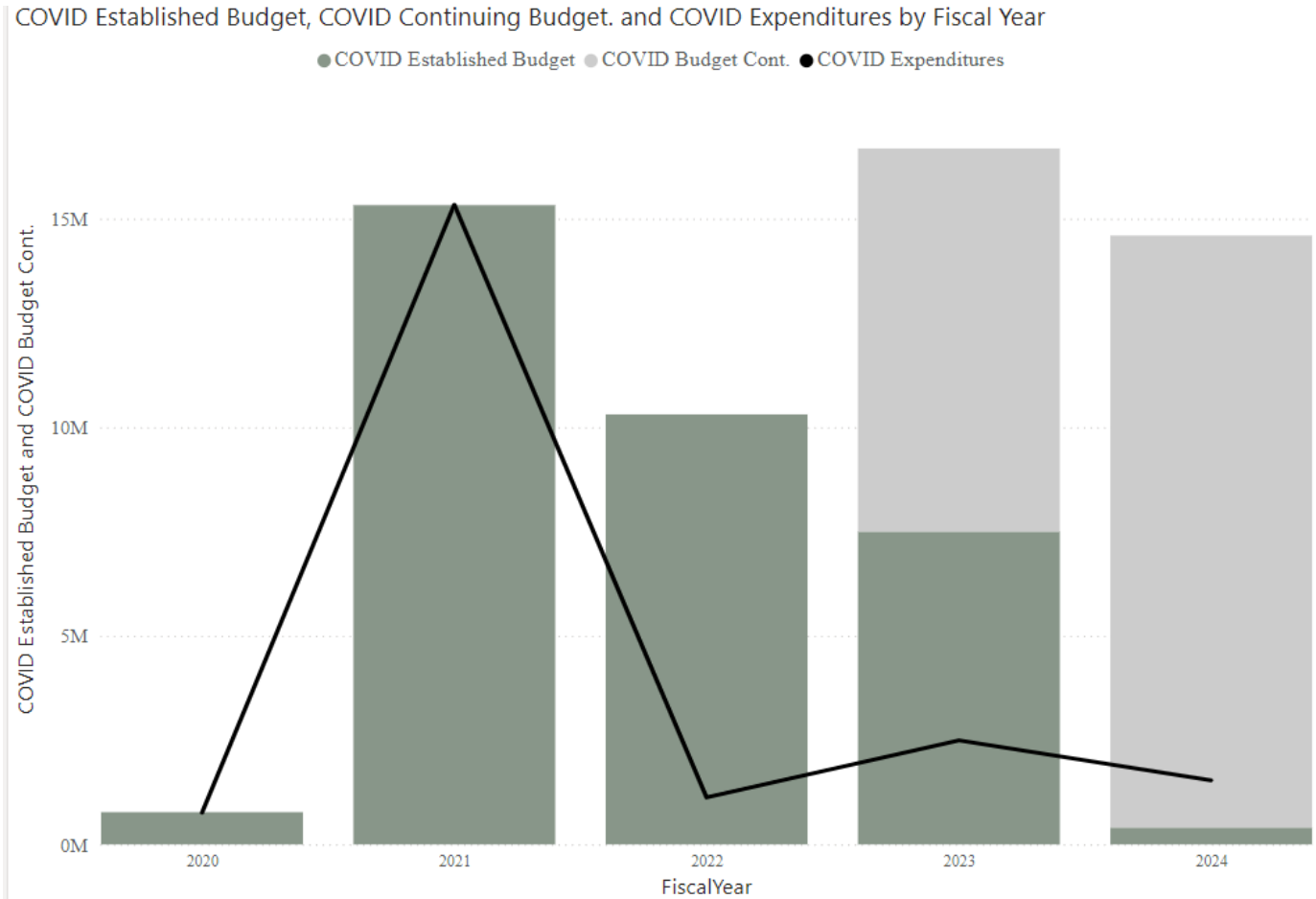
Montana Department of Agriculture Statutory Appropriations

Expenditures As Of May 31, 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	857,420	95.3%
Montana Food and Agricultural Development	16-35-108(11)(b)(i)(C)	600,000	279,163	46.5%
Total General Fund		\$1,565,000	\$1,201,583	76.8%
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	140,018	92.1%
Pulse Crop Research and Marketing	80-11-518	2,267,172	2,241,298	98.9%
Hemp Research & Marketing	80-18-110	10,000	5,000	50.0%
Administrative		2,664	-	0.0%
Total State Special Revenue		\$2,555,932	\$2,436,316	95.3%
Enterprise Funds				
Hail Insurance	80-2-222	\$1,800,000	\$520,222	28.9%
Total Enterprise Funds		\$1,800,000	\$520,222	28.9%
Total Statutory Appropriations		\$5,920,932	\$4,158,121	70.2%

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.



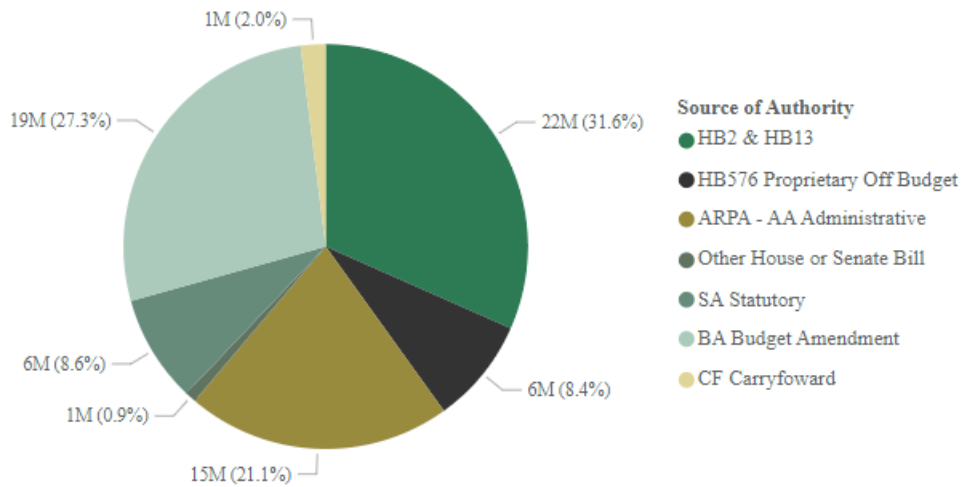
ARPA

For FY 2024, the established ARPA budget is \$14.6 million, of which \$1.5 million has been expended through the end of May. The authority supports infrastructure improvements at the ports in Butte and Shelby as well as other infrastructure state-wide. The agency has awarded \$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 expended. This project will construct up to 3.8 miles of new rail and install 18 new switches. Additionally, another \$4.6 million has been awarded, with \$1.3 million or 28.3% expended for nearly 30 other agriculture related infrastructure projects around the state. In the current fiscal year, hail insurance will receive \$7.5 million.

EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget & Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	21,824,469	16,537,338	75.8%
BA Budget Amendment	18,877,517	4,376,906	23.2%
CF Carryforward	1,367,847	524,685	38.4%
HB576 Proprietary Off Budget	5,830,370	524,685	38.4%
Other House or Senate Bill	605,000	605,000	100.0%
SA Statutory	5,920,932	4,158,121	70.2%
ARPA	14,597,102	1,535,451	10.5%
Total	69,023,237	27,737,500	40.2%

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.

HB2 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 March 1, 2024, through May 31, 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.

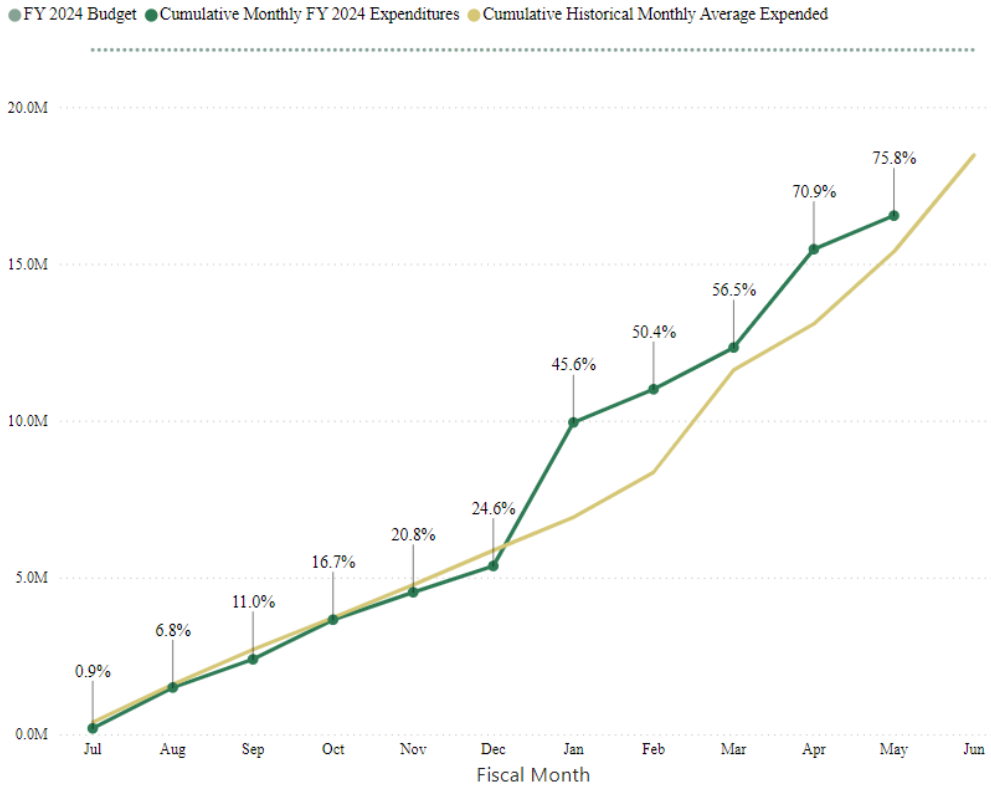
Legislative Budget Compared to Modified Budget - HB 2 Only			
Agency Name	HB 2 Budget	Modified Budget	Net Modifications
MT Dept of Agriculture	21,824,469	21,824,469	0
15 CENTRAL MANAGEMENT DIVISION	2,361,387	2,374,387	13,000
30 AGRICULTURAL SCIENCES DIVISION	10,982,446	10,995,446	13,000
50 AGRICULTURAL DEVELOPMENT DIV	8,480,636	8,454,636	-26,000
Total	21,824,469	21,824,469	0
Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	10,163,520	10,258,520	95,000
62000 Operating Expenses	5,796,344	5,725,947	-70,397
63000 Equipment & Intangible Assets	524,889	524,889	0
66000 Grants	4,972,459	5,048,979	76,520
68000 Transfers-out	289,757	188,634	-101,123
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 \$171,520 in appropriation authority from transfers-out and operating expense to personal services and grants expenditure authority. Program transfers from the Agricultural Development Division to the Central Management and Agricultural Sciences division totaled \$26,000.

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 shows the appropriated budget for the agency compared to average expenditures through the first of June for the last five years.

Department of Agriculture, Expenditures through May 2024				
Program Name	Modified Budget	Expended Budget	Percent Expended	
			FY 2024	Last 5 Years
Central Management Division	2,374,387	1,721,524	72.5%	85.0%
Agricultural Sciences Division	10,995,446	8,248,850	75.0%	75.0%
Agricultural Development Div	8,454,636	6,566,764	77.7%	58.0%
Total	\$21,824,469	\$16,537,138	75.8%	68.8%
Accounting Classification	Modified Budget	Expended Budget	Percent Expended	
			FY 2024	Last 5 Years
Personal Services	\$10,258,520	\$7,562,371	73.7%	80.1%
Operating Expenses	5,725,947	3,412,165	59.6%	61.9%
Equipment & Intangible Assets	524,889	275,924.92	52.6%	15.3%
Grants	5,048,979	5,088,129	100.8%	62.3%
Transfers-out	188,634	120,877.00	64.1%	31.1%
Debt Service	77,500	77,671.94	100.2%	97.3%
Total	\$21,824,469	\$16,537,138	75.8%	68.8%
Funding Source	Modified Budget	Expended Budget	Percent Expended	
			FY 2024	Last 5 Years
01 General	\$1,568,310	\$1,173,751	74.8%	76.7%
02 State/Other Spec Rev	18,117,214	13,977,628	77.2%	68.5%
03 Fed/Other Spec Rev	1,620,629	999,661	61.7%	71.5%
06 Enterprise	518,316	386,099	74.5%	60.3%
Total	\$21,824,469	\$16,537,138	75.8%	68.8%

The Department of Agriculture expended 75.8% of its \$21.8 million HB 2 modified budget through June 2024. The agency expended \$1.5 million more than would be expected based on the five-year historical rate of 68.8% of the budget expended. In January alone, the agency expended \$2.7 million for wheat and barley research grants accounting for about 54.0% of the annual budget for grants. Audit recommendations changed the timing in which the agency booked expenditures for grants.

Personal Services

Appropriations for personal services in the Department of Agriculture total \$10.3 million and of which \$7.6 million or 73.7% have been expended through May 2024. This compares to an average in the previous five years of 80.1% expended through May. The department has 119.66 HB 2 FTE, of which 14.39 are classified as aggregate positions. Aggregate positions are historically more seasonal or temporary in nature. Multiple people may be employed under these position numbers throughout the year. The table below shows 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 shows the hourly utilization percentage for the Department of Agriculture between July 1 and June 1 for each fiscal year. Overall, the department has utilized 80.8% of the hours budgeted for FY 2024, as shown in the chart below. The Agricultural Sciences Division utilization rate was 87.5%, while the Central Management was 83.7% and the Agricultural Development Divisions had a utilization rate of 75.4%.



The agency filled positions totaling 3.00 FTE resulting in a reduction in vacant positions to 21.17 FTE when compared to March 2024. On average, positions have been open about 17.5 months. Since the beginning of FY 2024 eight employees have left state government, one have 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 As of May 1, 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>	
Agricultural Development Div				Central Services Division				
Rural Dev Specialist	1.00	16.0	\$36.25	IT Systems Analyst 2	1.00	28.4	\$41.13	
Instructional Coordinator 1	0.23	87.6	30.05	Network Administrator	1.00	11.8	46.88	
Insurance Claims Adjuster	0.30	18.3	18.85	Deputy Attorney	1.00	25.6	41.36	
Insurance Claims Adjuster	0.25	7.5	18.85	Division Total / Average¹	3.00	21.9	\$43.12	
Insurance Claims Adjuster	0.25	6.7	18.85	Agricultural Sciences Division				
Insurance Claims Adjuster	0.25	7.2	18.85	Invasive Spcs Ed Coord	1.00	10.5	\$30.05	
Insurance Claims Adjuster	0.25	7.2	18.85	Compliance Manager	1.00	43.4	51.21	
Insurance Claims Adjuster	0.25	6.3	18.85	Agricultural Science Specialis	0.52	13.7	43.75	
Insurance Claims Adjuster	0.25	7.5	18.85	Apiary Technician	1.00	18.8	21.76	
Insurance Claims Adjuster	0.25	67.8	18.85	Short Term Worker	1.00	8.7	23.05	
Insurance Data Entry Support	0.25	8.2	13.63	Division Total / Average¹	4.52	19.6	\$32.92	
Claims Examiner 1	0.25	42.6	18.85	Grand Total¹				
Claims Examiner 1	0.25	42.6	18.85		21.17	17.5	\$27.65	
Claims Examiner 1	0.25	66.9	18.85					
Seasonal Sampler	8.65	3.6	21.76					
Agricultural Inspector 3	0.72	105.8	27.19					
Division Total / Average¹	13.65	15.8	\$22.50					

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	175,000	47.3%	
Grants Management System	9/13/2023	Executing	60,000	60,000	-	-	

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	-	0.0%
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	\$485,046	79.4%

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.