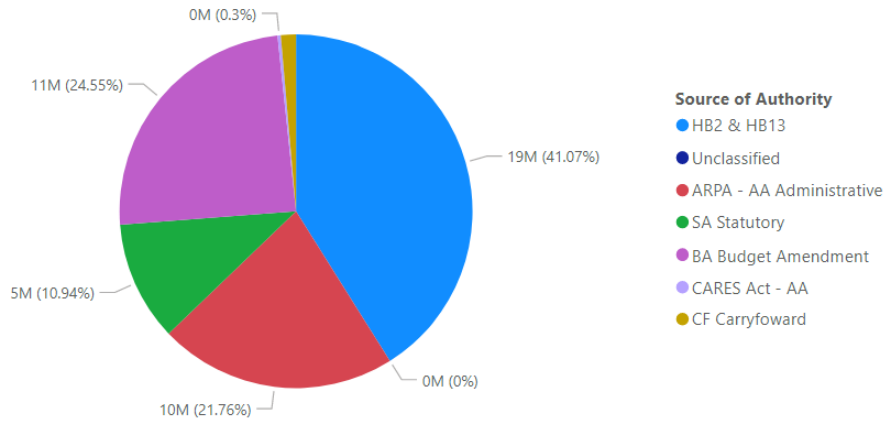


DEPARTMENT OF AGRICULTURE

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 41.1% 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	Percent Expended
HB2 & HB13	19,187,840	10,660,093	55.6%
BA Budget Amendment	11,468,528	2,212,971	19.3%
CF Carryforward	644,831	41,260	6.4%
SA Statutory	5,110,464	2,352,829	46.0%
Unclassified	1,925		
CARES	139,937	139,937	100.0%
ARPA	10,168,590	49,470	0.5%
Total	46,722,115	15,456,559	33.1%

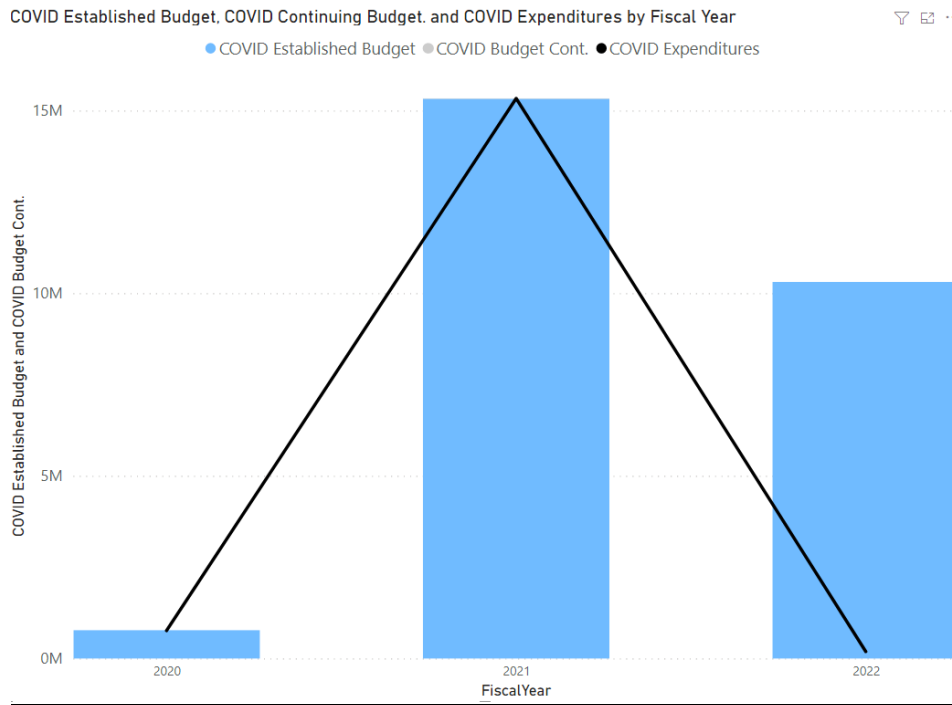
Budget Amendments

Budget amendments increased federal authority by \$11.5 million year-to-date.

The federal Specialty Crop Block Grant Program (SCBGP) accounted for \$10.4 million or 90.0% of the year-to-date total and is 14.2% expended. The purpose of the SCBGP is to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops. The agency received a \$500,000 grant from the USDA National Institute of Food and Agriculture (NIFA) to address mental health concerns in the agriculture community; the agency has expended 58.7% of this grant. Funding for the Food Safety Modernization Act totals \$367,500 and was 69.7% expended. Other budget amendments include federal funds for food safety, noxious weed prevention, and marketing.

COVID-19 Authority

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



For FY 2022, the established COVID budget is \$10.3 million, of which \$189,400 has been expended. The authority supports two programs.

- 1) Agricultural business improvement grants are budgeted at \$9.9 million. Currently, twenty-five applications are in process or have been approved. As of the end of May, the agency has expended \$49,000 for improvement grants.

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) CARES Act and ARPA funding totaling \$365,000 is budgeted for meat processing grants and administrative cost. As of May, the agency has expended \$140,000 on meat processing grants and \$225,000 on administrative costs.

Statutory Appropriations

Expenditures of statutory appropriations totaled \$2.4 million, of which 28.1% or \$660,500 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 \$1.1 million from state special revenue statutorily appropriated for research and marketing programs for potatoes, pulse crops, and other agriculture development programs. The agency expended \$598,200 in proprietary revenue statutorily appropriated for hail insurance claims.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through May 31, 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	March Modified Budget	June Modified Budget	Net Modifications
MT Dept of Agriculture	19,189,765	19,187,840	-1,925
AGRICULTURAL DEVELOPMENT DIV	7,734,664	7,734,223	-441
AGRICULTURAL SCIENCES DIVISION	9,451,458	9,450,107	-1,351
CENTRAL MANAGEMENT DIVISION	2,003,643	2,003,510	-133
Total	19,189,765	19,187,840	-1,925

Expenditure	March Modified Budget	June Modified Budget	Net Modifications
61000 Personal Services	8,756,286	8,714,361	-41,925
62000 Operating Expenses	4,868,881	4,845,881	-23,000
63000 Equipment & Intangible Assets	398,889	398,889	
66000 Grants	4,986,952	4,986,952	
68000 Transfers-out	164,757	164,757	
69000 Debt Service	14,000	77,000	63,000

Fund Type	March Modified Budget	June Modified Budget	Net Modifications
01 General	1,058,725	1,058,592	-133
02 State/Other Spec Rev	16,403,060	16,401,476	-1,584
03 Fed/Other Spec Rev	1,243,940	1,243,777	-163
06 Enterprise	484,040	483,995	-45

Over the previous three months, the agency reduced the HB 2 budget by \$1,925. Reductions were due entirely to adjustments for workers compensation.

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:

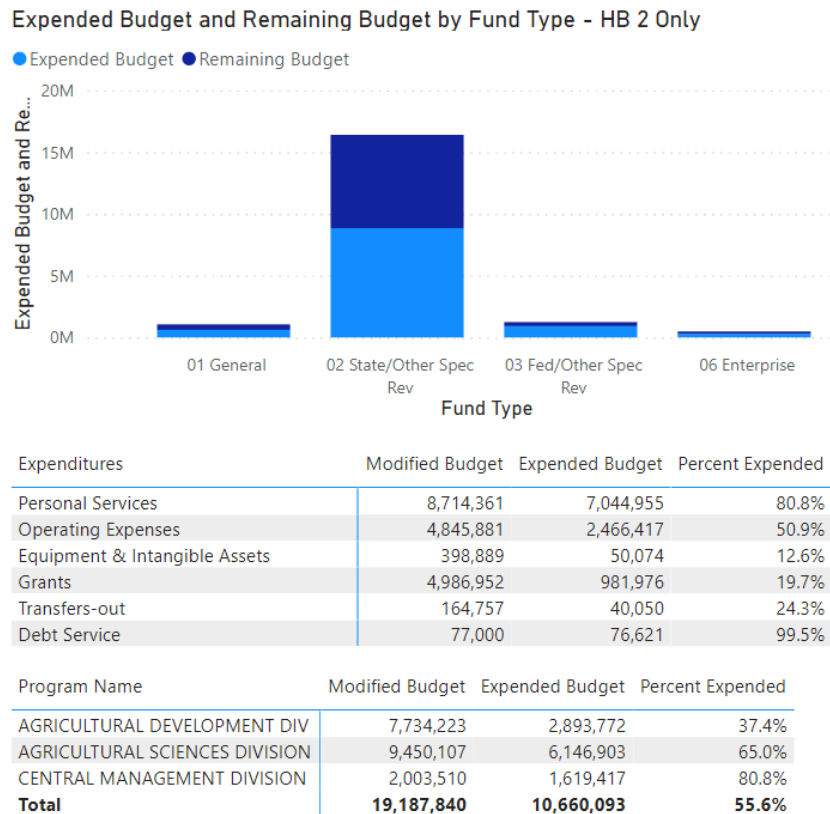
- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

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

The agency transferred appropriation authority totaling \$63,000 primarily from personal services and operating expenses to debt service; these transfers had no net impact on the budget.

HB 2 APPROPRIATION AUTHORITY

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



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

Personal Services

The budget for personal services was 80.8% expended through the end of May, higher than the average for the three previous biennia of 79.8% across the same time period.

Operating Expenses

The budget for operating expenses was 50.9% expended through May of FY 2022; during the same time period in the last three biennia, this rate has ranged between 52.8% and 72.9% with an average of 62.8%. Lower operating expenditures are due to lower expenditures for wheat and barley marketing compared to previous biennia.

Equipment and Intangible Assets

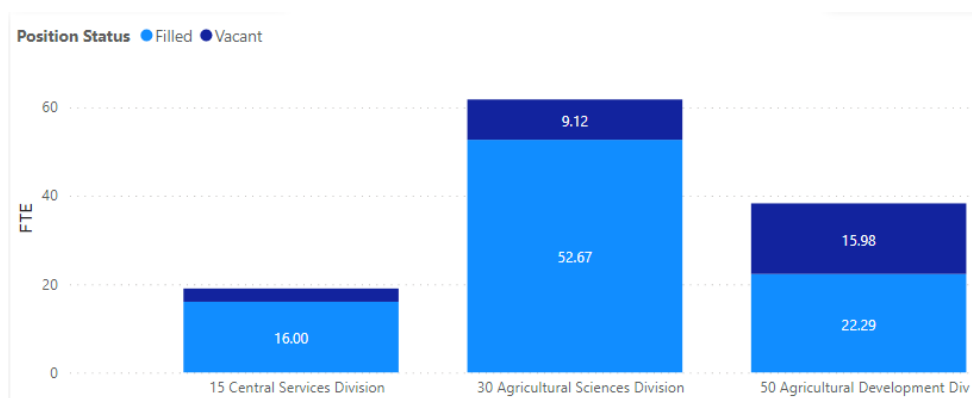
The budget for equipment and intangible assets was 12.6% expended through May of FY 2022; expenditures for this category vary widely from year to year.

Grants

The budget for grants was 19.7% expended through of FY 2022; during the same time period in the last three biennia has averaged 96.4%. State special revenue funds 94.2% of the HB 2 grant authority. The agency awards grants for wheat and barley research and marketing programs, growth through agriculture programs, education programs in Montana Schools, and other programs. In previous biennia, grant funding is typically 95.0% expended by the end of the fiscal year.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of November 1, 2021.



Total FTE

The Department of Agriculture has 119.06 FTE funded in HB 2

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

Utilization Rate

Of the total personal services hours available, the agency has utilized 85.4%. The centralized services division utilization rate is 92.8%; the agricultural sciences division rate is 90.0%; and the rate for the agricultural development division is 74.3%. The agency has had some issues recruiting, resulting in positions being open longer. Other positions are held open to meet the 5.0% vacancy savings established in HB 2.

Vacancies

Vacant positions total 28.1 FTE, an increase of 4.4 FTE since March. Most positions have been open less than a year; 14 positions have been open less than six months.

The following table details the agency vacancies.

Department of Agriculture
Vacancies May 2022

<u>Agricultural Development Div</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Years Vacant</u>	<u>Central Services Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Years Vacant</u>
Sampler	1.00	1.7	0.1	Business Executive	1.00	4.9	0.4
Sampler	1.00	0.9	0.1	Executive Assistant to Directo	1.00	0.9	0.1
Instructional Coordinator 1	0.88	64.1	5.3	Deputy Attorney	1.00	2.1	0.2
Insurance Claims Adjuster	0.30	6.7	0.6	Division Total ¹	3.00	2.6	0.2
Insurance Claims Adjuster	0.25	8.3	0.7				
Insurance Claims Adjuster	0.25	7.8	0.7	<u>Agricultural Sciences Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Years Vacant</u>
Insurance Claims Adjuster	0.25	19.1	1.6	Commodity Svc Bur Chief	1.00	5.3	0.4
Insurance Claims Adjuster	0.25	20.3	1.7	Agricultural Science Specialis	0.50	2.1	0.2
Insurance Claims Adjuster	0.25	7.0	0.6	Tech Prog Mgr	1.00	1.0	0.1
Insurance Claims Adjuster	0.25	7.9	0.7	Delivery Driver 1	0.60	1.3	0.1
Insurance Claims Adjuster	0.25	44.4	3.7	Agricultural Scientist 1	0.02	88.9	7.4
Customer Service Assistant	0.25	8.8	0.7	NWSFF Inspector	1.00	1.0	0.1
Claims Examiner 1	0.25	19.1	1.6	Analytical Chemist	1.00	1.0	0.1
Claims Examiner 1	0.25	19.1	1.6	Program Specialist 2	1.00	1.2	0.1
Claims Examiner 1	0.25	43.4	3.6	Compliance Manager	1.00	20.0	1.7
Statistical Assistant	0.68	58.1	4.8	Apiary Technician	1.00	6.3	0.5
Seasonal Sampler	8.65	4.4	0.4	Pesticide Train & Dev Splcist	1.00	3.0	0.3
Agricultural Inspector 3	0.72	82.3	6.9	Division Total ¹	9.12	4.7	0.4
Division Total ¹	15.98	15.6	1.3				
					<u>FTE</u>	<u>Months Vacant</u>	<u>Years Vacant</u>
				Agency Total	28.10	10.6	0.9

¹ Division Totals for months and days vacant are weighted averages

Turnover and payroll adjustments

Since July 1, eighteen employees have left the agency. Fourteen employees have left state employment; four have retired; and two employees transferred to a different agency. The agency has made 20 pay adjustments which will add about \$21,600 to annual payroll for the following reasons:

- Longevity – 15
- Retention – 3
- Correct Inaccurate Pay – 1
- Training Assignment Progression - 1

Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

AGRICULTURE LINE ITEMED DECISION PACKAGES

Update on Decision Packages Approved by the 2021 Legislature

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

The Department of Agriculture				
Legislative Appropriation and Expenditures Year to Date for FY 2022				
<u>Decision Package</u>	<u>Legislative Appropriation</u>	<u>Budgeted</u>	<u>Expended</u>	<u>Percent Expended</u>
DP 3004 - Analytical Lab System Replacement One-Time-Only	\$350,000	\$0	\$0	0.0%
DP 5004 - Efficiency Improvements State Grain Lab One-Time-Only	145,900	145,900	20,041	13.7%
Total of HB 2 Line Itemed Decision Packages	\$495,900	\$145,900	\$20,041	4.0%

DP 3004 - Analytical Lab System Replacement (OTO)

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

DP 5004 - Efficiency Improvements State Grain Lab (OTO)

The legislature approved a one-time-only appropriation of \$145,900 from the general fund to purchase a laboratory inventory management system and one-time-only maintenance/safety improvements. As of May, the agency has expended 13.7% or \$20,041 of this appropriation.