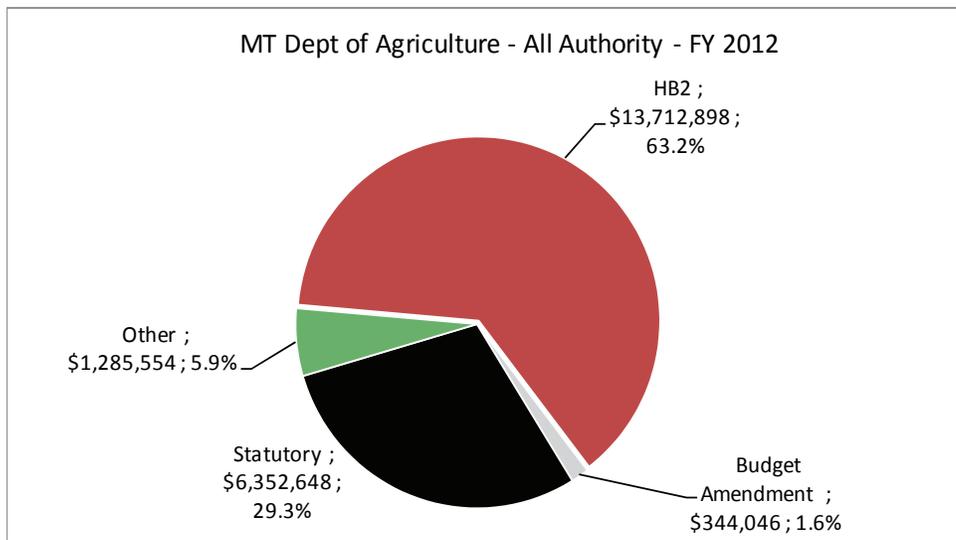


How Services are Provided

The Department of Agriculture is organized into three divisions and a number of bureaus that perform the following program functions:

- Agricultural Development Division- promotes and enhances growth and expansion of Montana agriculture, including rural development, wheat and barley program, agriculture marketing and business and the state grain laboratory
- Agricultural Science Division- supports agriculture through regulation, certification, research, inspection and licensing related to environmental and consumer protection, consisting of handling pesticide and pest management, analytical laboratory services, noxious weed management, agricultural chemical ground water management and vertebrate pest management
- Central Management Division- responsible for budgeting, accounting, payroll, and other administrative functions to support all department operations
- Grants- primary grant driven programs include noxious weed management, which mostly funds county-level efforts to eradicate weeds, and development grants in Growth Through Agriculture

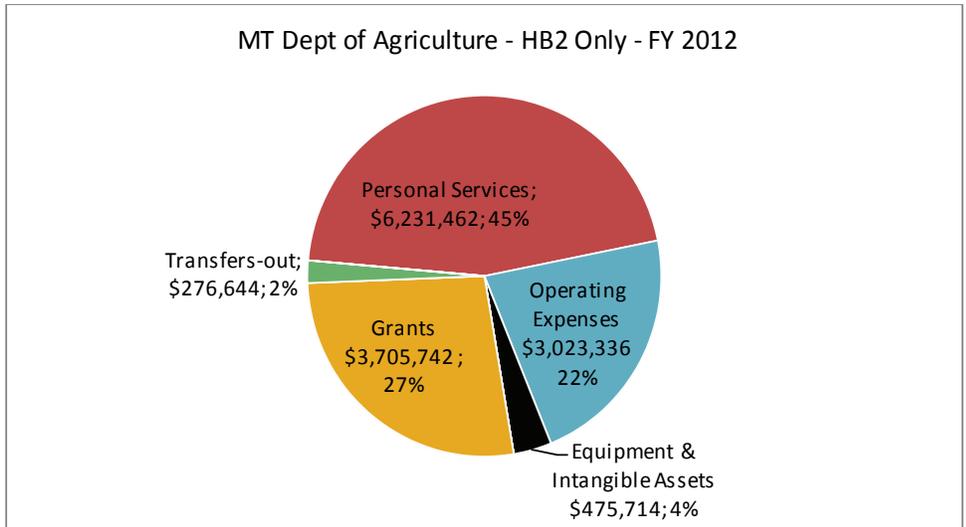
Sources of Spending Authority



The below chart shows the sources of authority for the Department of Agriculture. Statutory authority primarily includes funding from the hail insurance program, Cherry Check-Off account, and Commodity and Marketing account. Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate. For a more detailed description of accounting terminology, please refer to the definition of terms.

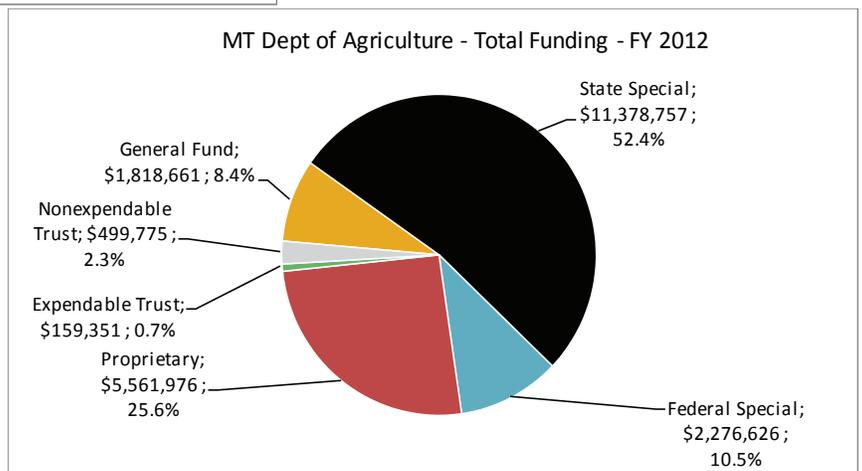
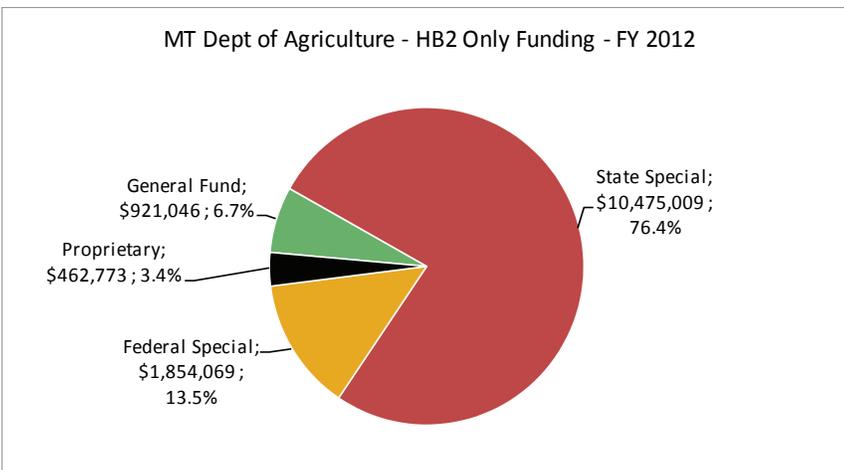
Expenditures

This chart explains how the HB2 authority is spent.



Funding

The following charts show the agency's HB 2 funding authority by fund type and all sources of its total funding authority.



How the 2013 Legislature Can Effect Change

In order to change expenditure levels and/or Department of Agriculture activity, the legislature must address one or more of the following basic elements that drive most department costs.

- Grant and Loan/Financing program priorities – with 36 percent of all department expenditures coming in the form of grants (noxious weed management and Growth Through Agriculture), changes to the funding priorities will have a major impact on overall expenditures. Such changes may include defining eligibility criteria, identifying specific projects that are preferred and setting minimum or maximum amounts for grants. In addition, in Growth Through Agriculture there is the option of providing loans rather than grants.
- Economic development objectives – a primary function of the department is to administer programs that have an impact on expanding the agriculture economy. These economic development programs can be designed or amended by legislation that more clearly defines specific objectives, such as creating a specific number, type or wage level job, or creating a specific number or type of agriculture business enterprise.
- Groundwater and Pesticide Management programs – these environmental protection programs are a function of regulations (federal and state) that govern the use of pesticide and fertilizer, and the acceptable levels of contaminants. The definitions of these regulations and the contamination levels may be addressed in order to have an impact on these programs, although federal regulations must be kept in mind.
- Food inspection and regulation – these consumer protection programs are a function of regulations (federal and state) which can be changed or redefined in order to change program activities.

Major Cost Drivers

In addition to the factors above, a number of factors common to many agencies will also impact changes in expenditures over time.

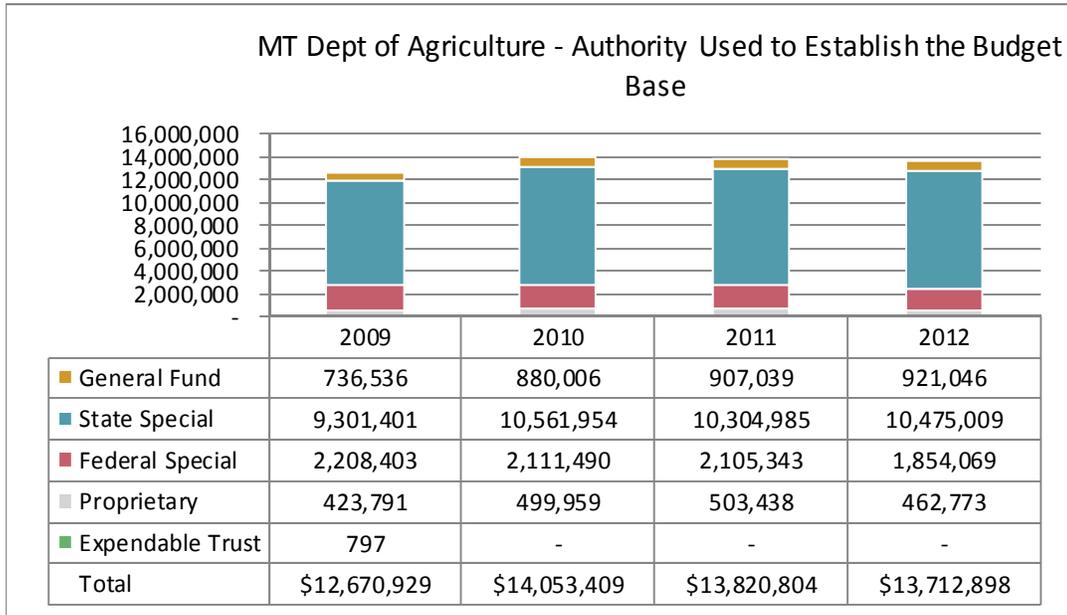
<i>Element</i>	<i>2010</i>	<i>2012</i>	<i>Significance of Data</i>
Number/Dollar Amount of Growth Through Ag. Grants/Loans	\$1,295,776	\$658,363*	Indicates demand for program and impact on agriculture economy *Appropriation was reduced in 2011
Total Amount of charge for services in the state Grain Lab	\$518,892	\$639,288	Indicates demand for this service and revenue levels
Number of acres in agriculture production in Montana	60.6 million	66.5 million* *2011	Indicates size of agriculture economy
Number of farms/ranches in Montana	29,400	29,300* *2011	Indicates size of agriculture constituency
Wheat area harvested	5.2 million acres	5.5 million acres	Indicates size of agriculture land in Montana
Number of organic producers	155	163	Indicates demand for certification program

State FTE - state employees perform many of the functions of the Department of Agriculture. Any decisions that change FTE will have a direct and immediate impact on the ability to deliver services/functions by the department. Since personal service costs account for 45% of on-budget expenditures, these costs will be a primary driver of total department costs. Factors affecting personal service costs include:

- Professional/technical/educational requirements of FTE job descriptions
- Cost of benefits
- Years of service or longevity

Funding/Expenditure History

The table shows the historical changes in the department’s base budget authority. The agency’s authority increased from the 2009 to 2010 due to expanding the Wheat and Barley program.



Major Legislative Changes in the Last Ten Years

Aquatic Invasive Species

- SB 343 in the 2009 session established the Montana Aquatic Invasive Species Act, requiring the department to establish a mechanism for Montana to take concerted action to detect, control, and manage invasive species to prevent further introduction, importation, and infestation
- HB 621 in the 2011 session revised the Aquatic Nuisance Species act, and provided \$558,000 to the department for the biennium to maintain a list of species subject to control, establish inspection and control measures, carry out public education campaigns, manage restoration of infested areas, enforce quarantine regulations, and develop a Memorandum of Understanding (MOU) for coordination with the Departments of Fish, Wildlife and Parks; and Natural Resources and Conservation

For further information, you may wish to contact the agency at:

Department of Agriculture

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Webpage: <http://agr.mt.gov>