

MINUTES OF THE MEETING
AGENCIES II SUBCOMMITTEE

January 28, 1979

8:15 A.M.

Room 313

State Capitol Building

Subject: Department of
Agriculture

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The meeting was called to order by Chairman Rex Monaci. All members were present with the exception of Senator Stimatz and Senator Smith who were excused. Also present were Bob Robinson, LFA and Jim Williams, OBPP.

The purpose of the meeting was to discuss and compare the LFA and OBPP budget recommendations for the Department of Agriculture.

Centralized Services (076)

The major differences in the two recommendations are in the LFA recommendations for general fund and the marketing and transportation program. There is a difference in central services of .5 FTE, because the Executive recommended adding an attorney to the staff. This position would work half time in this program and half in the Environmental Management Program. The department did not feel they were getting fast enough service from the Attorney General's Office. This position was not recommended by the LFA. This attorney was put on staff last year through a budget amendment, and the department is now requesting legislative authorization for the position.

The general fund appropriation by the Executive for centralized services is \$151,000 and the LFA is \$47,000. The LFA assessed earmarked and federal funds, and made budget recommendations on this basis. This was done partly because the earmarked accounts are building up significant excess balances. They should pay their full cost. The general fund has been subsidizing the earmarked accounts.

This balance is building up in Feed and Fertilizer earmarked revenue accounts. Nothing happens to the money if they do not spend it but they do have the authority to invest the money.

A large part of the LFA recommendation is charged to the EPA grant.

The Executive used the same philosophy. The department had about \$1,000 for support services from these earmarked funds. The Executive took \$10,000 from Feed and Fertilizer accounts, but did not take any federal or private funds. The department was in basic agreement with this.

The program services also administrators about \$100,000 in rural development loans and grants. This money is accounted for in a trust and fiduciary account and is not appropriated.

Chairman Manuel explained to the subcommittee that the Department of Agriculture is basically a regulatory agency.

One difference in personal services was the vacancy savings taken by the Executive which the IFA did not. Accounting services are provided by the Executive because of the revolving account proposal provided by the Department of Administration. Also, there were new telephone bills recommended by the Executive which went into effect when the department moved. There is also a square foot difference in rent.

Representative Lundanouve joined the meeting at this point. A short discussion followed of the potential liability of the state and to sovereign immunity. There is currently a bill to limit some of this liability. If the state were to get a small amount of sovereign immunity, some of these problems could be avoided.

In summary, differences in operating expenses result from different inflation rates applied.

Hail Insurance (285)

The recommendation is for 6.05 FTE and operating expenses are higher than normal inflation rates would allow. The reason for this is fiscal 1978 was a lower than average year as far as hail is concerned. Therefore, the recommendation was based on an average hail damage year.

This program runs as an earmarked fund, therefore, if the recommendation is not sufficient, the department could get a budget amendment. The insurance premiums are built into the property taxes. The proceeds go to the county, the state general fund and into the earmarked revenue account. Hail damage claims are estimated at \$1,000,000 per year. The only appropriation is for operating expenses. There is no general fund money in this program. This program helps to keep private hail insurance companies in check.

Crop and Livestock Reporting (295)

The 4 FTE are really not located in this department. Their office is in the federal building and they work with the U.S. Department of Agriculture Statistical Reporting Service. These state people work to help compile Montana agriculture and livestock statistics. As a result of the state assistance, the federal government will compile the Montana statistics.

There are recommendations are \$400 less in operating and \$500 less in personal services. The .5 FTE was eliminated by the hiring freeze.

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This program is primarily funded by the general fund. The Wheat Research and Marketing Commission puts in about \$14,000 a year.

Operating expenses were increased from \$2,000 to \$7,000 to cover the cost of participation in the Biennial Statistical Report. This report is a major part of our year.

Grain Research and Marketing (100)

This program exists to promote new markets, to promote research and disseminate information concerning grain products. The 3.12 FTE include an administrator, a secretary and a man for analysis in grain products.

Most funds for this program are intended to be spent as grants.

The difference in non-operating expenses is that the department was asked to finance specific expenditures. They were only able to justify \$250,000 and requested \$317,917. The LFA recommended \$250,000 and the Executive went along with the department request. The department should be called upon to justify their request.

The department will also be asked to explain what the Freight Rate Analysis contract has accomplished.

Transportation (367)

This program is going to be an issue at the department hearing. The LFA has recommended the termination of this program.

The Executive recommended 5 FTE which included money for the State Rail Plan. The Executive did recommend the total amount requested by the department.

It was stated that in no other state around Montana is grain freight rate analysis done by the state. Most contract with a private firm for this service. The department really only had a secretary involved with the transportation program for over a year. Therefore, the state went for about a year and a half without freight rate analysis.

In the last year personal services were \$65,000 but much was spent working on the Rail Plan. The highway department now has the budget for this program. The program should be conducted through the Wheat Research and Marketing Commission as is done in other states.

Plant Industry (426)

This program has combined the grain laboratory program, a portion of the fuel and fertilizer program, horticulture and apiary programs.

The LFA recommends 35.56 FTE which is down from 38 due to positions

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amount in the Governor's hiring freeze which were vacant at the time. The LFA has cut overtime from the department request of \$20,000 to \$10,000 which is what the actual expenditure was last year.

The program runs the grain laboratory in Great Falls, inspects potato products, inspects elevators, inspects honey bee farmers and beekeepers seed producers, inspects sales for perishable products, etc.

The program is about half general and half earmarked fund.

The program is trying to phase out the CETA program. Currently they are using about 3 CETA employees.

Other differences reflect the different inflation rates. The biggest difference is in funding. General fund recommended by the Executive is \$310,000, the LFA recommended \$324,000. This reflects the general policy of the two offices. The Executive puts more reliance on earmarked funds.

In personal services the LFA is \$10,000 lower because of computation of employee benefits plus the overtime cut applied by the LFA. The Executive recommended the department request of \$20,000 for over time.

A ten minute break was taken at this point.

The LFA made an error of \$7,000 too high in personal services related to one of the frozen positions. In benefits, the department requested almost \$77,000 and the LFA gave them \$64,000. Therefore, the differences are due to reduction in over time and personal services made by the LFA.

The LFA went along with modified budget requests to automate all the licenses and registrations issued in this program. The Executive did not recommend this request. This modified budget will be a critical issue.

Both the LFA and the OBPP recommend the purchase of a new truck to replace one that is in bad condition due to the rough work it does.

Environmental Management (573)

Of the \$900,000 budget for this program, \$640,000 is an EPA grant. This grant is to facilitate training of pesticide applicators to do inspections to see that pesticides are applied properly and for general enforcement of pesticide use laws.

General operations of the department are matched between the state and federal funding. Questions was raised as to why the general funding could not be eliminated. It was explained that some programs were required by the state, which are not EPA related. It was decided that the subcommittee should ask the department if they could get more indirect funding, and if so why aren't they.

Senator Boyle suggested that language be included saying that once the outside funding quits coming, the program would be terminated.

The department has a new program to train doctors and hospital personnel in the event of an accident involving pesticides.

Another issue within this program is in personal services. The LFA is higher in FTE, there was a portion of an FTE that was cut by the hiring freeze that was not picked up by the LFA. Operating and equipment expenses are very close.

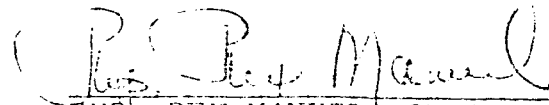
In funding, the Executive relied more heavily on earmarked funds than the LFA recommendation. This was on the basis of the huge balances.

It was stated that the Executive did not have the department's concurrence on taking from the earmarked funds.

Fish and Game (660)

Senator Smith suggested that the Fish and Game be called back to explain how they were able to initiate their two-year conservation fishing license without the authorization of the legislature. It was explained that all the cost came out of the license fees.

There was no further business, the meeting was adjourned at 10:30 A.M.


REP. REX MANUEL, Chairman

James H. Brown
Secretary