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MINUTES OF THE MEETING  
AGENCIES II SUBCOMMITTEE

January 30, 1979  
8:15 A.M.  
Room 343  
State Capitol Building  
  
Subject: Department of  
Agriculture

Tape 3, Side 1, Track 1 (730)

The meeting was called to order by Chairman Rex Manuel. All members were present with the exception of Senator Boylan, who was excused. Also present were Bob Robinson, LFA; Jim Williams, OBPP; Chris Johanson, Montana Farmers Union and from the Department of Agriculture: Gordon McOmber, Mary Evans, Roy Bjornson and Gary Gingery.

Chairman Manuel welcomed the Department of Agriculture and Gordon McOmber introduced the members of his staff.

Centralized Services (757)

This division is responsible for the bookkeeping, auditing and record keeping of the department. The department had some problems with the earmarked funding sources for this division. They were concerned that a substantial amount of money was to be taken out of earmarked revenue and grants. There seems to be a shift in funding responsibility from the general fund to other funds. The department felt they could justify some increase in this area, but did not feel the federal government was going to allow the amount recommended.

In the hail program, for example, the LFA recommended \$9,400 a year to be put into centralized services. The department noted that 2% of the total hail income goes to the general fund. This amounted to \$58,000 in 1977 and 1978 and \$30,000 in 1979.

The division might be able to get a small amount, but if they were to try and get the amount recommended there is bound to be opposition from the farmers.

The division was asked to explain the addition of the attorney, recommended by the OBPP. The department did not feel that a contracted attorney could be used because they are forced to make too many day by day decisions. They could use the Attorney General's Office but there is too much of a time lag. A suit, currently filed against the department, concerning the purchase of an infra-red protein analyser was sighted as a direct result of a lack of legal input. They did recognize that there will be a need to contract for legal services in specialized cases.

The attorney was put on staff last year by a budget amendment. The department is now asking to place this lawyer on regular staff. This position will be half funded by an EPA grant, half by the general fund.

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It was explained that the department administers the rural rehabilitation loan program, which is primarily used to help young people get started in the agriculture business.

The department was asked to explain why they have not requested additional administrative money from the EPA in the past. The department could be getting up to 11% of the total grant for administration. This is about what the LFA has built into the recommendation. Mr. Nelson explained that 11% was the maximum amount allowed and this amount has to be well justified. The department felt they would be getting some money for this, but would probably not be able to get the maximum amount allowed. As such, the LFA recommendation was a little high from this source. The department will be applying for this grant the first of September, and at this time will request this money for administration.

The department is also administering an Old West Grant for which they are receiving administrative support money which amounts to about 6%.

The department felt that working with the EPA helped to get Montana feelings back to Washington D.C. The department is trying to get federal officials to come to Montana to get first hand information. They are more considerate of Montana problems once they have seen them first hand.

This department works closely with the Rabies and Rodent Division in the Department of Livestock and with the Fish and Game and Health Department where pesticides and herbicides are concerned.

#### Hail Insurance (944)

This is not a division within the department but is a unit attached to the director's office for administration. It was explained that this has not been a good year for hail insurance. They still do not know how they will come out, and may still have to ask for a supplement.

This division is attempting to reorganize their filing system and are requesting \$800 for modern files.

Hail has generated a substantial amount of money into the general fund and is entirely self-supporting.

It was explained that the winter time is a slack time and the department is requesting to expand Mr. Gunderson's responsibilities during this time.

The department was asked to comment on the increase in hail insurance coverage. The change increased coverage but not the number of people in the program. The department hopes to build up a reserve, but demand has been too great this year.

Wheat Research and Marketing (1013)

This division is funded by a check off on wheat and barley. It is attached to the department for administrative purposes only. Most of the money they raise goes into marketing and research. In March of each year they look at requests for grants and make determinations on how the money will be spent.

The program has a \$20,000 annual contract for freight rate analysis with a Billings firm. It was asked why the department did not go to the Department of Agriculture. The department did not request any of this money. This year they intend to put in a request and the committee has indicated they will probably honor this request. Part of the problem may have been that some of the members were dissatisfied with the former director of the transportation division.

The commission has asked for \$317,917 for grants each year but, did not know exactly where they would spend it. It was explained that they never know where they will spend this money until March when requests are made for this money. This program is building up a substantial reserve. Approximately \$115,000 a year is budgeted for research by the universities. The program was only able to itemize \$250,000 of the grant money, and that is what the LFA recommended.

The balance at the end of fiscal 1978 was \$196,000 in this account. It was \$181,000 in fiscal 1977 and approximately \$84,000 in fiscal 1978. The LFA has assessed some of this for centralized services support.

The department felt the recommendation of \$37,000 and \$41,000 was a little high and did not think they could justify expenditures of this much in centralized services. The \$5,600 recommended by the OBPP was a realistic figure according to the department.

Originally, this was not a part of state government. Senator Smith expressed the concern that wheat producers would object to taking this amount of money for the administration for other costs not related to the wheat commission. There is no real way for the department to itemize expenditures in this area. The suggestion here was that maybe the transfer of funds was too high.

Crop and Livestock Reporting Unit (1230)

This division works in conjunction with the U.S. Department of Agriculture reporting service. State staff are placed in federal offices and put together reports itemizing Montana agriculture statistics. The department favored the OBPP recommendation for an additional \$2,200 to help with the publication of the state statistical report. Both offices gave the total amount requested but there has been a revised estimate of the cost. The department stated they could live without the .5 FTE requested but not recommended by either office.

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Transportation (1268)

The LFA had no recommendation for this division. This was justified on the basis that the division ran on less than 3 FTE last year and a good share of time was spent compiling the State Rail Plan. Also, it appeared that the Wheat Research and Marketing Committee had more confidence in a private contractor than they did in the departmental staff. This seemed to be an indication that the department could do without this division.

The department, citing several problems, felt that the current trend in transportation made this an area where the department can do some good for the state. It was stated that the division saves the state \$72 for every \$1 spent by the division. The department felt this was a good program and, therefore, endorsed the OBPP recommendation.

The vacant positions were a result of the Rail Plan being put together. A working plan was put together for the Governor's office. The program got a planning grant of \$243,000. To comply with this grant it was necessary to put together a Work Planning Statement. The division compiled this statement, however, they had worked on this previously and it was revised. The majority of time was spent pursuing rail rate cases.

This plan had to be accepted by the federal government by March 1. At this point a more highly qualified man would be required should the plan be accepted. However, if the plan was not approved, the division could get by with a lower qualified man. The department held off filling this position, and were caught in the hiring freeze.

Chris Johansen, representing the Montana Farmer's Union, stated that they would like to see the department funded for this program. He felt that in the past the division has been good and asked the members to consider how much the rates might have increased without this program's efforts.

The department was asked to explain the benefits of this Rail Plan. Due to problems with the operation of railroads the federal Revitalization and Reform Act was passed. This made \$640 million to be allocated to the states to mitigate branch line closure damages. To qualify for this money the state had to have a plan. This was the \$243,000 grant to the division. Montana's share of the federal money, subject to approval by the legislature, will be \$670,000. This must be matched with at least 20% state money which would be \$134,000. However, the state match goes up, should the state enter the program next year the state match would be 30%.

This plan will entail an evaluation of the railroads economic and social impact of line closure on communities.

An appropriation of \$111,000 from the general fund will be spent to hire two additional railroad people. There will then be four people

working in this area, plus a secretary. This division will be able to provide input at the regional and congressional level.

Item 2, Track 1 (1980)

If Montana were to unite with other states they can present a better case to the ICC. The division believes the rates are much too high in the west.

Senator Smith expressed the concern that there were too many studies and not enough rolling stock being acquired.

A ten minute break was taken at this point.

Chairman Manuel suggested that it would be possible to line item the appropriation money from the Wheat Research and Marketing money to the Transportation division. Mr. McOmber stated it would be fair to assume the committee would resist this. It was suggested that the subcommittee should invite these people in to discuss this further. The OBPP agreed that this could be a possible alternative. The LFA agreed also. The money comes from state revenues and its appropriation is determined by the legislature. Both the LFA and OBPP agreed to seek legal assistance in this matter.

Environmental Management (093)

Problems in this division were explained by Gary Gingery. There were no serious problems in personal services. Operating expenses recommended under the current level will not operate this division. The department asked that this funding source be increased by \$16,446. This would keep the division at current level plus 6%. If the budget were kept at current level many programs would be impacted.

Ten additional FTE are requested for people already on staff, under an EPA grant. The department needs state funds to support operations, the salaries are funded by the EPA. The positions would not be retained should the funding sources stop coming in.

The department has requested \$47,000 in 1980 and \$49,000 in 1981 for equipment. The OBPP recommended \$36,000. The request is for mitigating some very serious safety problems. The LFA did not approve these expenditures. The department would like to have their request and stated that all the equipment will be paid with grant funds.

Neither the OBPP nor the LFA recommended money to support data processing. There are some functions the EPA has funded in the past that will have to be justified in their next grant request. The department would like a little support in state funds for this purpose. The EPA will always have to pay the maximum amount, but a little is desired from the state.

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about \$100,000 will be spent to purchase a Mass. Spector Totometer, the rest will go to some minor equipment for the lab.

The department has requested \$4,000 more for travel. They could operate with a smaller amount but this would take away a great deal of their flexibility.

Plant Industry: (235)

This division provides money to the general fund through collections. At the OEPP's suggestion, they have requested an increase in licenses.

The division is requesting the replacement of FTEs lost in the hiring freeze and would like to replace one position with an auditor-investigator, to enable the division to be more realistic in taxing feeds and fertilizers. They have requested a clerk typist, part time, in the Grain Standards Bureau. This would cut down on overtime for other employees in this program.

The division would not like to see such a great amount of funds tapped for centralized services. And, the LFA seems to have forgotten to include the \$2,120 for other employee benefits.

The division hoped the subcommittee would reconsider their refusal of funds for data processing.

The request for \$20,000 in overtime was requested on the basis that overtime costs have seen substantial increases from year to year. The program is dealing with protein sampling that must be gotten out the same day. There seems to be a pattern of more samples toward the end of the week, which requires work on Saturday. The LFA has recommended \$10,000 for overtime.



REP. REX MANUEL, Chairman

Secretary  
Secretary