

MINUTES OF THE MEETING OF THE APPROPRIATIONS SUBCOMMITTEE
ON NATURAL RESOURCES AND BUSINESS REGULATION
January 19, 1983

The meeting was called to order by CHAIRMAN MANUEL at 8:15 a.m. in Room 132 of the Capitol Building in Helena, Montana on January 19, 1983. Roll call was taken, and all members were present except for REPRESENTATIVE HEMSTAD, who was excused for the first part of the meeting. Also present were DICK GILBERT, LFA; CAROLYN DOERING, OBPP; AND PATTI SCOTT, SECRETARY.

DEPARTMENT OF AGRICULTURE BUDGET (Tape #15 Side A-006)
(EXHIBITS A AND B from January 19, 1983)

WITNESSES for the Department were: KEITH KELLY, Director, MARY EVANS, Administrator of Centralized Services; GARY GINGERY, Administrator of the Environmental Management Division; ROY BJORNSON, Administrator of the PLANT INDUSTRY DIVISION; GEORGE PAUL, Wheat Research and Marketing Unit.

CROP AND LIVESTOCK REPORTING (Tape #15 Side A-026)
(EXHIBITS A and B from January 18, 1983)

KEITH recommends adoption of the LFA budget.

MARKETING AND TRANSPORTION (EXHIBITS A and B/January 18, 1983)

KEITH recommends adoption of the OBPP budget.

ENVIRONMENTAL MANAGEMENT DIVISION (Exhibits A and B/
January 18, 1983)

KEITH recommends adoption of the OBPP budget.

There is a request for \$39,000 to implement a data processing system. Justification is given in EXHIBIT A. This system would give the Department the capability of analyzing several chemicals at one time. SENATOR BOYLAN inquired if this was being done in the private sector. GARY GINGERY said there is a laboratory in Billings that is good for general scanning, but that it does not follow Quality Assurance Guidelines, such as the laboratory in Bozeman. SENATOR BOYLAN stated he is weary of duplication, because every agency has to have its own special laboratory. MR. GINGERY stated the Department is sharing equipment on many things.

GARY stated that the Chief Chemist and secretary have been paid by Feed and Fertilizer funds. Because the

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demands of the Pesticide sampling have increased so much, they are proposing that half of the Chief Chemist's salary come from general fund and half from the Feed and Fertilizer; and 1/4 of the secretary's salary through general fund. Feed and Fertilizer funds are collected from registrations, and from a percentage of taxes assessed at sale.

SENATOR BOYLAN inquired about the monitoring of pesticides, insecticides, and herbicides coming into Montana. If this monitoring is being done as the chemicals come into the state, why does there have to be extra expense for monitoring? GARY GINGERY responded that the only formulation samples they do are from the three formulators in the state, or when they get involved in a damage suit. They are coordinating nationwide on formulation samples. But, what they are talking about, are the residue samples directly related to agricultural products. There is a need to do some pesticide monitoring. One of his priorities is groundwater contamination monitoring. Mainly, the monitoring is for the improper use of chemicals.

MODIFICATION On the laboratory update modification, the first year they are asking for \$19,381 for a high pressure liquid gaschromatograph, primarily for analyses of vitamins, drugs, micro-toxins and alkaloids.

GARY said they do have HPLC units in their laboratory for use on pesticides, but cannot use them for anything else because of possible contamination. The medicated feed area is becoming more regulated, and they are gearing up to accomodate this need. They can do some of the analysis, but not all of the samples that are required. On a one-time basis only, they propose this piece of equipment be purchased out of general fund. The Department is making plans to set up a system to rotate their instruments as new technology comes out.

There was a lengthy discussion on the pesticide question and the Endrin problem. (Tape #15 Side A 460-632) GARY stated the biggest single concern is the long-term chronic effects of such diseases as cancer showing up 20-30 years from now.

EQUIPMENT (Environmental Management Division) (Tape #15 Side A-658)

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The three modification areas are: the Laboratory update, to update equipment, a chemist for toxics analysis, and an increase of 6.5 FTE to expand the pesticide program. (Details in the OBPP budget pages 392 and 393) GARY stated they planned to raise the fees on applicators, dealers, and registered products. For registered products: from \$15 to \$30 per year per product (approximately 3,900 labeled products in the state); for licenses: \$15 to \$50 per year; for private applicators: \$20 every five years; and for commercial governmental applicators: \$50 per year.

SENATOR SMITH asked what fee increases there would be for Feed and Fertilizer. ROY BJORNSON stated there are no anticipated fee increases, but that the budget cannot stand much more than current expenditures. They may have to raise the fees in the future.

The Committee questioned the request for the MODIFICATION of 6.5 FTE's for the Pesticide Program. SENATOR BOYLAN feels the FTE's should come from the general fund because it is for the general protection of the public, so the consumer should pay. GARY stated that only 14% of the enforcement on pesticides come from the industry. Even if the fees are increased, the total support from the industry will be about 35-40%. The general fund is supporting the vast majority of the program. The industry side of the share has been quote low, and GARY is attempting to get the industry involved. Government applicators currently do not pay. But if some new legislation goes through, they will pay.

KEITH feels that the agriculture industry is up against some tough times. With the thrust towards environmental issues, they run the risk of losing use of chemicals altogether. Over the long term, if they have a preventative type program to minimize misuse of chemicals, the chemicals can always be available for the farmer and rancher.

The Committee discussed more of the misuse of chemicals and the adverse effect it is having on the public. (Tape #15 Side B 180-254)

TOM DAUBERT from the MONTANA ENVIRONMENTAL INFORMATION CENTER spoke in support of the Department's budget, and felt the Department has been making a strong effort to deal with environmental issues.

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MARKETING AND TRANSPORTATION (Tape #15 Side B-33)
(EXHIBITS A & B/ January 18, 1983)

KEITH reiterated the Department's need for another entomologist (Pesticide Program Modification), and that the entomologist they have has been putting in many extra hours.

PLANT INDUSTRY DIVISION (Tape #15 Side B-376) (EXHI-
BITS A and B/ January 18, 1983)

KEITH felt it was not good to use the FY82 base because of bad weather conditions that year, and there were no cherries in the Flathead to speak of.

PERSONAL SERVICES

ROY stated the increase in Contracted Services FY84 was due to the fact that the state had to start picking up costs for the Federal Grain Inspection. The Department charges \$4.00 for every sample, and the Federal Government gets .25 cents of that. The .25 cents is to maintain certification of the Laboratory in Great Falls. The alternative is that they would not be able to obtain licensure for the lab. It is actually a "user fee."

EQUIPMENT

DICK asked if the Department does receive their request for new vehicles, would that proportionally reduce the Repair and Maintenance? GARY stated no, that they must add \$1,000 - \$1,500 to Repair and Maintenance to keep up the old ones.

REPRESENTATIVE STOBIE asked about the anticipated worth of the agricultural industry in Montana. KEITH stated it was about \$1.5 billion dollars in receipts. REPRESENTATIVE STOBIE noted that the state is spending \$5 million dollars a year to regulate.

PLANT INDUSTRY PROGRAM (Tape #16 Side A-160) (EXHIBITS
A & B/ January 18, 1983)

KEITH explained the need for approval of the modification. (EXHIBIT A) ROY stated all the advantages of automation are stated in the EXHIBIT A.

KEITH presented written justification for the Deputy Director Position, (EXHIBIT B) as requested by the Committee.

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KEITH stated the Department is small, and vacancy savings are a real problem in that it is usually used up with termination pay. Also, the turnover has been slight.

The meeting was adjourned at 11:50 a.m.



Rex Manuel, Chairman

1-19-83

Executive Budget Planning Process

Form B22 - Base Exception Adjustment Form

Item 4: Priority 1 - Data Processing

Item 6: Justification for budget:

Reference: Department of Agriculture
Plant Industry Division
Needs Assessment Project
Phase III - Requirements Definition Report

The objective of the Plant Industry Division is to administer and enforce regulatory laws controlling the production, manufacturing and marketing of agriculture commodities. The administration and enforcement of such laws would be enhanced by data processing functions. The budget data as per report indicates the amount of funds to develop and implement the data processing system. Included in the total budget figures is a display writer and printer. The display writer is required by the division to handle routine business functions.

In conclusion, the report documents the requirements for the design of a licensing, regulation and information processing system and provides project management with the information necessary to determine the future of the project. A breakdown of the estimated development and implementation costs are presented in the above report.

Executive Budget Planning Process

Justification Statement

Item #2 Data Processing System

In FY '81 The department committed approximately \$12,000 to the Department of Administration for the purpose of conducting a "Needs Assessment Study" for the Plant Industry Division. The purpose of the study was to determine the exact data processing needs for the division. See copy of report prepared by Earl Zuelke, Management Analyst, Consulting Services Bureau.

The Department of Administration has completed a rough draft of the Conceptual Design for the entire system. An estimated cost figure of approximately \$150,000 has been proposed by the Department of Administration. Recommendations included the employment of a Systems Coordinator to manage the programs. Please note that a Systems Coordinator plays a key role in all systems as described in the rough draft.

The division is also proposing the acquisition of an IBM Display Writer similar to the system utilized by Centralized Services.

In conclusion, division staff members have spent 200 hours with Ed Haubrich, Systems Analyst, in developing a feasible data processing system. The system will improve our capability to issue licenses, combine licenses, supply reports to field personnel and in general bring all division functions up to modern day business standards. The system will not save money or eliminate FTE's but it will however, provide a mechanism by which current FTE are utilized in a more efficient manner. The actual cost of this program may not be realized until some time in the future.

Executive Budget Planning Process
Item #2

SALARY:

1 @ Grade 12		17,015
Benefits (Social Security 1401)	1,140	
(PERS 1402)	1,075	
(SUT 1410)	102	
(Work. Comp. 1404)	32	
(Insurance 1403)	960	
Total Benefits		3,322

TOTAL SALARY 20,337

OPERATIONAL COSTS:

Contracted Services		
2103	147,000	
Supplies & Materials		
2211		
Communications		
2301		
Rent		
2502		
Repair & Maintenance		
2704	257	

TOTAL OPERATIONAL EXPENSES 147,257

EQUIPMENT:

1 IBM Displaywriter & Printer (3112)	14,950
1 desk (3112)	400
1 chair (3112)	150

Total Equipment 15,500

Recommended Program Funding

FY 84	General Fund	88%	161,120
	Fertilizer 2065	5%	9,154
	Feed 2164	5%	9,154
	Grain 2070	2%	3,661

183,089 *OPTION I*

15,500
167,589 *OPTION II*

147,979 *33 GF*

8,379

8,379

3,352

SALARY		
1 @ Grade 12		17,015
Benefits (Social Security 1401)	1,140	
(PERS 1402)	1,075	
(SUT 1410)	102	
(Work. Comp. 1404)	45	
(Insurance 1403)	960	
Total Benefits		3,322
TOTAL SALARY		20,337

OPERATIONAL COSTS:

Contracted Services		
2103	18,000	
Supplies & Materials		
2211	1,500	
Communications		
2301	600	
2315	800	
Rent		
2502	700	
Repair & Maintenance		
2704	1,038	
Other		
2809	200	
2899	306	

TOTAL OPERATIONAL COSTS		23,144
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EQUIPMENT (no anticipated costs)

TOTAL PROGRAM		<u>\$43,481</u>
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Recommended Program Funding

FY 85	General Fund	85%	36,959
	Fertilizer 2065	5%	2,174
	Feed 2164	5%	2,174
	Grain 2070	5%	2,174

43,481

Executive Planning Process

Justification Statement:

Item #2 Data Processing

Introduction:

In FY '81, the division committed approximately \$12,000 to the Department of Administration for the purpose of conducting a "Needs Assessment Study". The purpose of the study was to determine the exact data processing needs including equipment for the division.

Phase III - Requirements Definition Report has been submitted in draft form for division review and approval.

Objective of the Study:

The objective of the study was to define the requirements for an automated information processing system.

Scope:

Limited to functions pertaining to:

- a) licensing/registration
- b) apiary registrations/maps
- c) laboratory analytical data
- d) management systems
- e) general systems

Licensing:

Issued

Itinerant produce merchants	1,000	January 1
Wholesale produce dealers		
Feed dealers		
Fertilizer dealers		
Bean dealers		
Permit of exemption -	20	
Nurserymen	1,500	July 1
Grain Merchandisers		
Seed Dealers		
Mustard Seed Dealers -	10	March 1

Registration:

Feed	1,100	January 1
Fertilizer		
Pet Food		

Apiary Registration/Maps:

5,000 apiaries	May 1
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Laboratory Analytical Data:

Published:

- * Commercial Fertilizer Report
- * Commercial Feed Report

March 1
April 1

*based on 1,000 samples of feed/fertilizer collected each year

Proposed system will provide:

- a) automated processing of information for
 - new and renewal license processing
 - new and renewal registration processing
 - commercial feed and fertilizer reporting
 - grain inspection processing
 - grading processing
- b) standardization of applications/licenses

Input Processing:

All input to the system will be handled through the systems coordinator. The coordinator will assemble the input into batches by program, prepare a system processing request and submit the input to data entry.

Management Information Requirements:

Tonnage Information:

The system should provide the capability to add, change and delete tonnage information for product classes in the feed and fertilizer programs.

Laboratory Information:

The system should provide the capability to add, change, and delete laboratory analysis information for registered products in the feed and fertilizer programs.

Grain Analysis Information:

The system should provide the capability to add, change and delete analytical grain information.

Generate grading reports:

The system should provide the capability to generate the following reports:

- Federal Grain Inspection Report
- Federal certificates
- Monthly inspection statement
- Grower lists

Generate Management Reports:

The system should provide the capability to generate the following reports:

- Master List
- Program List
- District Digest
- Business not yet licensed or registered
- Apiaries not registered
- Product lists
- Commercial feed reports
- Commercial fertilizer reports
- Grain inspection reports

The above very briefly outlines input/output requirements of the proposed system. Cost analysis reports/comparison are detailed in the Phase III - Requirements Definition Report.

If you have any questions, please contact Mr. Ed Haubrich, Systems Analyst, or Roy Bjornson, Administrator, Plant Industry Division.

1-19-83

January 18, 1983

DEPARTMENT OF AGRICULTURE - DIRECTORS OFFICE

Agriculture is the most important industry in the State of Montana and is charged with the duties of encouraging and promoting the interests of agriculture and all other allied industries. The Governor's Council on Management summarized the duties of the department as defined in MCA 80-1-102 as follows:

"The mission of this department is to promote Montana's agricultural interests while managing related licensing, registration and inspection programs."

The size of the department does not regulate the importance and impact of agricultural issues that face the department. This was drastically illustrated when the news industry rates top news stories of the year to include such issues as Endrin, PCB, and Coast Trading.

The Governor's Council on Management recognized the management needs of the Department and recommend operational changes to increase utilization of the Deputy Director in internal operations. The department concurs with their assessment.

As of this date 5.75 man months of extra time were provided by the directors office and the centralized services administrator.

	<u>Compensatory Time</u>		<u>Vacation Time*</u>		<u>Total</u>
	Hours	Dollar Value	Hours Lost	Dollar Value	Dollar Value
Director	227.3	\$ 5,347	137.5	\$ 3,062	\$ 8,409
Deputy	274.5	4,574	92.7	1,545	6,119
Cen Services Administrator	<u>211.5</u>	<u>2,865</u>	<u>54.0</u>	<u>731</u>	<u>3,596</u>
TOTAL	713.3	\$12,786	284.2	\$ 5,338	\$18,124

* Time that will be lost as of this date.

July 1, 1981 to December 31, 1982, the Director and Deputy Director travel claims show that the Directors office has been called on to attend, participate in, and represent the department, the general public, and Montana agriculture, eighty seven times, requiring travel and attendance incorporated in 161 days. On an annual basis, 41% of one persons time is required to participate in this activity. Although much of the travel time is spent after hours, this has a direct impact on the administrative time available to the Director and makes his dependence on the Deputy Director critical.

The departments thanks is extended to retiring Director Gordon McOmber as he contributed 455.59 hours of vacation time during his tenure at the department for which he will never be paid monetarily.

