

**Department 602 - Agriculture Commissioner
Senate Bill No. 2009**

Executive Budget Comparison to Prior Biennium Appropriations

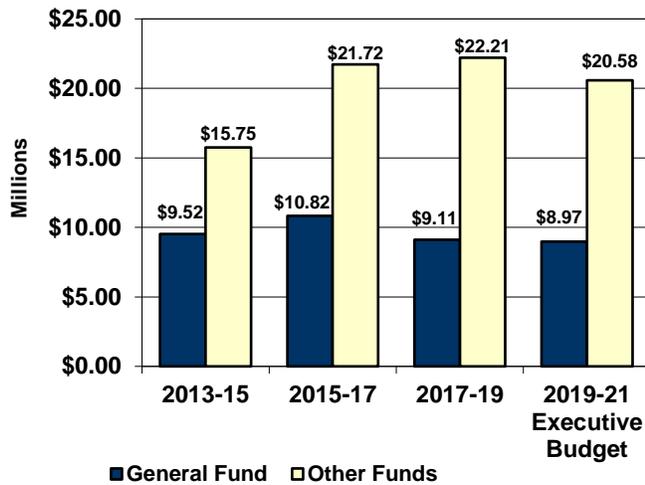
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	71.00	\$8,968,496	\$20,576,021	\$29,544,517
2017-19 Legislative Appropriations ¹	73.00	9,109,101	22,207,676	31,316,777
Increase (Decrease)	(2.00)	(\$140,605)	(\$1,631,655)	(\$1,772,260)

¹The 2017-19 biennium agency appropriation amounts have not been adjusted for additional special funds authority of \$1.5 million resulting from Emergency Commission action during the 2017-19 biennium.

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$8,858,496	\$110,000	\$8,968,496
2017-19 Legislative Appropriations	9,109,101	0	9,109,101
Increase (Decrease)	(\$250,605)	\$110,000	(\$140,605)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$8,968,496	\$20,576,021	\$29,544,517
2019-21 Base Level	9,109,101	21,087,676	30,196,777
Increase (Decrease)	(\$140,605)	(\$511,655)	(\$652,260)

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$490,869 is for salary increases, \$264,531 is for health insurance increases, and \$61,745 is for retirement contribution increases	\$441,645	\$375,500	\$817,145
2. Removes 1 FTE agriculture division director position and 1 FTE data processing coordinator II position	(\$247,034)	(\$68,845)	(\$315,879)
3. Adds funding for Microsoft Office 365 license expenses	\$1,849	\$377	\$2,226
4. Reduces funding for operating expenses, primarily related to travel and professional fees and services	(\$144,699)	(\$265,054)	(\$409,753)
5. Removes funding for the state waterbank program, including \$89,817 of operating expenses and \$300,000 of grants	\$0	(\$389,817)	(\$389,817)

6. Reduces funding for other grants, including apiary research grants (\$42,900), noxious weeds grants (\$20,000), and wine research and promotion grants (\$41,100)	(\$84,000)	(\$20,000)	(\$104,000)
7. Reduces funding for Board of Animal Health operating expenses, primarily related to miscellaneous supplies, to provide total funding of \$755,718, of which \$268,565 is from the general fund	(\$10,000)	(\$100,000)	(\$110,000)
8. Adds one-time funding for a master customer database	\$110,000	\$0	\$110,000

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Environment and rangeland protection fund transfer - Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2019-21 biennium.

Environment and rangeland protection fund - Section 4 would identify \$6,357,407 in the estimated income line item in Section 1 is from the environment and rangeland protection fund.

Game and Fish Department operating fund - Section 5 would identify that \$615,480 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.

State Water Commission transfer - Section 6 would transfer \$125,000 from the State Water Commission to the Agriculture Commissioner for the Wildlife Services program during the 2019-21 biennium.

Pipeline restoration and reclamation - Section 7 would identify that \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

Agriculture Commissioner salary - Section 8 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$108,656 to \$113,002 effective July 1, 2019, and to \$115,262 effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.

Continuing Appropriations

Federal environmental law impact review fund - North Dakota Century Code Section 4.1-01-21 - All funds in the federal environmental law impact review fund are appropriated to the Agriculture Commissioner on a continuing basis.

Honey promotion fund - Chapter 4.1-08 - Commodity checkoff for market development of honey.

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products.

Industrial hemp - Section 4.1-18-02 - Provides for the Agriculture Commissioner to assess a fee of \$150 plus \$25 per acre to each applicant requesting to grow or process industrial hemp. Fees collected for this purpose are deposited in the Agriculture Commissioner's operating fund and appropriated to the Department of Agriculture on a continuing basis.

Minor use pesticides fund - Section 4.1-39-08 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Equine processing fund - Section 36-21-19 - Provides for the Agriculture Commissioner to assess a fee of \$5 for equine processing facility assessments. The first \$50,000 of fees collected is deposited in the general fund and any additional amounts are deposited in the equine processing fund. All funds in the equine processing fund are appropriated to the Agriculture Commissioner on a continuing basis.

State waterbank fund - Section 61-31-10 - Authorizes the Agriculture Commissioner to receive funds from any private or public source including from state agencies for the state waterbank program. The state waterbank fund and interest earned are appropriated to the Agriculture Commissioner on a continuing basis.

Significant Audit Findings

The operational audit for the Department of Agriculture conducted by the State Auditor's office for the period ending June 30, 2017, identified no significant audit findings.

Major Related Legislation

House Bill No. 1349 - Allows the Agriculture Commissioner to assess a fee of \$350 to each producer and processor applying for a license to grow or process industrial hemp. The revenue collected from license fees is to be deposited in the Agriculture Commissioner's operating fund and is appropriated to the Agriculture Commissioner on a continuing basis.

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

	<u>Executive Budget Recommendation</u>			
	<u>FTE</u> <u>Position</u>	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Funds</u>	<u>Total</u>
2019-21 Biennium Base Level	73.00	\$9,109,101	\$21,087,676	\$30,196,777
2019-21 Ongoing Funding Changes				
Base payroll changes		(\$219,766)	(\$163,633)	(\$383,399)
Salary increase		260,886	229,983	490,869
Health insurance increase		146,552	117,979	264,531
Retirement contribution increase		34,207	27,538	61,745
Remove 2 FTE positions	(2.00)	(247,034)	(68,845)	(315,879)
Add funding for Microsoft Office 365 license expenses		1,849	377	2,226
Reduce funding for operating expenses		(144,699)	(175,237)	(319,936)
Remove funding for the state waterbank program			(389,817)	(389,817)
Adjust funding for capital assets		2,000		2,000
Reduce funding for other grants		(84,000)	(20,000)	(104,000)
Reduce funding for Board of Animal Health operating expenses		(10,000)	(100,000)	(110,000)
Add funding for wildlife services operating fees		9,400		9,400
Add funding for pipeline restoration operating fees			30,000	30,000
Total ongoing funding changes	(2.00)	(\$250,605)	(\$511,655)	(\$762,260)
One-time funding items				
Add funding for a master customer database		\$110,000		\$110,000
Total one-time funding changes	0.00	\$110,000	\$0	\$110,000
Total Changes to Base Level Funding	(2.00)	(\$140,605)	(\$511,655)	(\$652,260)
2019-21 Total Funding	71.00	\$8,968,496	\$20,576,021	\$29,544,517

Other Sections for Agriculture Commissioner - Budget No. 602

	<u>Executive Budget Recommendation</u>
Environment and rangeland protection fund transfer	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2019-21 biennium.
Environment and rangeland protection fund	Section 4 would identify \$6,357,407 in the estimated income line item in Section 1 is from the environment and rangeland protection fund during the 2019-21 biennium.
Game and Fish Department operating fund	Section 5 would identify \$615,480 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.
State Water Commission transfer	Section 6 would transfer \$125,000 from the State Water Commission to the Agriculture Commissioner for the Wildlife Services program during the 2019-21 biennium.
Pipeline restoration and reclamation	Section 7 would identify \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program

Other Sections for Agriculture Commissioner - Budget No. 602

Agriculture Commissioner salary

Executive Budget Recommendation

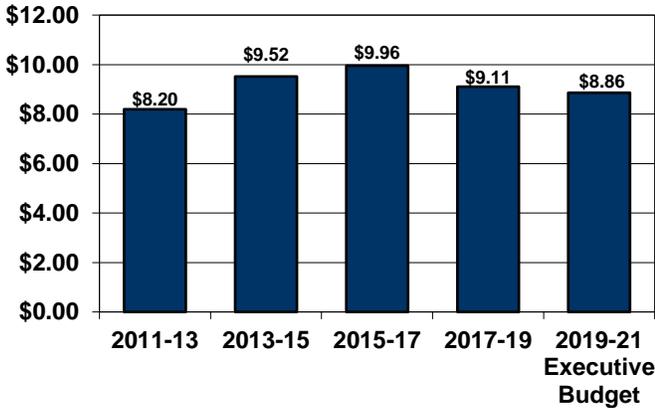
Section 8 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$108,656 to \$113,002 effective July 1, 2019, and to \$115,262 effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.

Department 602 - Agriculture Commissioner

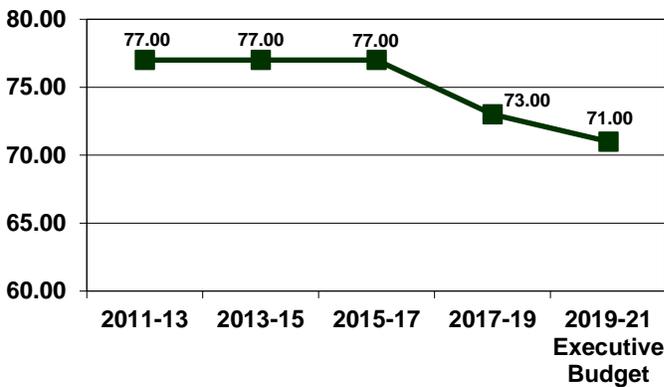
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$8,196,746	\$9,519,217	\$9,961,137	\$9,109,101	\$8,858,496
Increase (decrease) from previous biennium	N/A	\$1,322,471	\$441,920	(\$852,036)	(\$250,605)
Percentage increase (decrease) from previous biennium	N/A	16.1%	4.6%	(8.6%)	(2.8%)
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	16.1%	21.5%	11.1%	8.1%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

- 1. Added funding to hire an emergency program specialist to fill an existing vacant FTE position \$30,000
- 2. Added funding for energy development mediation services \$100,000
- 3. Replaced a portion of funding from the Game and Fish Department operating fund with funding from the general fund \$100,000
- 4. Added funding for Information Technology Department desktop support services \$48,000
- 5. Added funding for grape and wine industry grants \$80,000

2015-17 Biennium

- 1. Added funding for monitoring, surveying, and inspecting for Japanese beetle, emerald ash borer, and other issues \$82,297
- 2. Added funding for Information Technology Department desktop support services \$352,912

2017-19 Biennium

- 1. Removed 4 FTE positions and related funding (\$600,304)
- 2. Adjusted funding for information technology operating expenses (\$296,836)

2019-21 Biennium (Executive Budget Recommendation)

- 1. Removes 1 FTE agriculture division director position and 1 FTE data processing coordinator II position (\$247,034)
- 2. Reduces funding for operating expenses (\$144,699)
- 3. Reduces funding for apiary research grants (\$42,900) and wine research and promotion grants (\$41,100) (\$84,000)

**GOVERNOR'S RECOMMENDATION FOR THE
AGRICULTURE COMMISSIONER AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the agriculture commissioner for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$12,372,949	\$147,867	\$12,520,816
Operating Expenses	7,444,336	(297,527)	6,146,809
Capital Assets	13,000	2,000	15,000
Grants	10,437,774	(1,904,000)	8,413,774
Board of Animal Health	869,618	(113,900)	755,718
Wildlife Services	1,408,000	9,400	1,417,400
Pipeline reclamation	200,000	0	200,000
Crop Harmonization Board	75,000	0	75,000
Total all funds	\$32,820,677	(\$2,156,160)	\$29,544,517
Less estimated income	23,707,676	(2,011,655)	20,576,021
Total general fund	\$9,113,001	(\$144,505)	\$8,968,496
Full-time equivalent positions	73.00	(2.00)	71.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
National genomics center	\$ 120,000	\$0
Federal environmental law impact review	1,000,000	0
Master customer database	0	110,000
Total all funds	\$1,120,000	\$110,000
Total special funds	1,120,000	0
Total general fund	\$0	\$110,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 3. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND - MINOR USE PESTICIDE FUND. The agriculture commissioner shall transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 4. ESTIMATED INCOME - ENVIRONMENT AND RANGELAND PROTECTION FUND.

The estimated income line item in section 1 of this Act includes the sum of \$6,357,407, or so much of the sum as may be necessary, from the environment and rangeland protection fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. ESTIMATED INCOME - GAME AND FISH FUND. The estimated income line item in section 1 of this Act includes the sum of \$615,480, or so much of the sum as may be necessary, from the game and fish department operating fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. ESTIMATED INCOME - STATE WATER COMMISSION - TRANSFER. The estimated income line item in section 1 of this Act includes the sum of \$125,000 which the state water commission shall transfer to the agriculture commissioner for the wildlife services program, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 7. ESTIMATED INCOME – PIPELINE RESTORATION AND RECLAMATION. The estimated income line item in section 1 of this Act includes the sum of \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the purpose of defraying the expenses of the pipeline restoration and reclamation program, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 8. AMENDMENT. Section 4-01-21 of the North Dakota Century Code is amended and reenacted as follows:

4-01-21. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is ~~one hundred eight thousand six hundred fifty-six dollars through June 30, 2019 and one hundred thirteen thousand two dollars through June 30, 2020~~ and one hundred fifteen thousand two hundred sixty-two dollars thereafter.