

**Department of Livestock
2023 Biennium
Legislative Budget Report**

Department Introduction & Overview: Mike Honeycutt, Executive Officer

Mission Statement:

The mission of the Department of Livestock is to control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

Statutory Authority: Title 81 & 2-15-3101, MCA

There is a department of livestock. The department shall exercise general supervision over and, so far as possible, protect the livestock interests of the state from theft and disease and recommend legislation that in the judgment of the department fosters the livestock industry.

Agency Description:

The department is organized into three divisions: Centralized Services, Animal Health & Food Safety, and Brand Enforcement.

The Board of Livestock, which is the statutory head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

Agency 2023 Biennium Total Budget Request : \$31,954,451

	2021 Base Budget	2022 Adjustments	2022 Total	2023 Adjustments	2023 Total	2023 Biennium
56030 DEPARTMENT OF LIVESTOCK						
61000 Personal Services	9,720,526	228,844	9,949,370	263,657	9,984,183	19,933,553
62000 Operating Expenses	4,810,557	239,639	5,050,196	194,249	5,004,806	10,055,002
63000 Equipment & Intangible Assets	19,967	245,000	264,967	182,000	201,967	466,934
66000 Grants	50,000	-	50,000	-	50,000	100,000
67000 Benefits & Claims	300,000	-	300,000	-	300,000	600,000
68000 Transfers	399,481	-	399,481	-	399,481	798,962
Total Expenditures	15,300,531	713,483	16,014,014	639,906	15,940,437	31,954,451
01 GENERAL FUND	2,910,363	303,701	3,214,064	295,744	3,206,107	6,420,171
02 STATE/OTHER SPECIAL REV. FUNDS	9,289,409	312,943	9,602,352	241,993	9,531,402	19,133,754
03 FEDERAL SPEC. REV. FUNDS	1,900,051	107,300	2,007,351	112,306	2,012,357	4,019,708
06 PROPRIETARY FUNDS	1,200,708	(10,461)	1,190,247	(10,137)	1,190,571	2,380,818
0 FULL TIME EQUIVALENT	137.62	1.50	139.12	0.50	138.12	

- General Funding (GF) FY23 Components = **\$3,206K**
 - Meat & Poultry Inspection **\$1,108K**
 - Brucellosis surveillance (DSA) **\$1,029K**
 - MVDL Zoonotic testing **\$942K**
 - Livestock Loss (+\$300K Claims) **\$127K**

- Federal Special Revenue (FSR) Components = \$2,012K
 - Meat & Poultry Inspection \$1,117K
 - Disease Investigation (Fed Umb) \$850K
 - MVDL Grants (NAHLN +\$100K) \$31K
 - Milk & Egg Program \$14K

- State Special Revenue (SSR) Components = \$9.5M
 - Livestock Per-capita Fees \$5.1M
 - CSD-\$2.4M : AHD-\$1.5M : Brands-\$1.2M
 - \$7.8M Reserves (Safety net, HB10 & LRBP)
 - Brand's Inspection & Control Fees \$3.1M
 - Brands and Licenses \$1.2M
 - Livestock Inspections \$1.9M
 - Other SSR Programs
 - Predator Control \$410K
 - Milk Inspection \$349K
 - Egg Grading Program \$344K
 - Milk Control Assessment \$279K

Agency 2023 Biennium HB2 Budget Request : \$27,903,633
 (HB2 figures align with OBPP & LFD subcommittee reports)

	2021 Base Budget	2022 Adjustments	2022 Total	2023 Adjustments	2023 Total	2023 Biennium
56030 DEPARTMENT OF LIVESTOCK (HB2)						
61000 Personal Services	9,397,317	229,997	9,627,314	264,356	9,661,673	19,288,987
62000 Operating Expenses	3,468,025	248,947	3,716,972	203,687	3,671,712	7,388,684
63000 Equipment & Intangible Assets	-	245,000	245,000	182,000	182,000	427,000
68000 Transfers	399,481	-	399,481	-	399,481	798,962
Total Expenditures	13,264,823	723,944	13,988,767	650,043	13,914,866	27,903,633
01 GENERAL FUND	2,910,363	303,701	3,214,064	295,744	3,206,107	6,420,171
02 STATE/OTHER SPECIAL REV. FUNDS	8,454,409	312,943	8,767,352	241,993	8,696,402	17,463,754
03 FEDERAL SPEC. REV. FUNDS	1,900,051	107,300	2,007,351	112,306	2,012,357	4,019,708
0 FULL TIME EQUIVALENT	132.87	1.50	134.37	0.50	133.37	

- Livestock Budget (FY23) items not in HB2 = \$2,025,571
 - MVDL Proprietary Funds \$1,190,571
 - Predator Control PCF \$425,000
 - LLB Claims GF \$300,000
 - Wolf Donations SSR \$60,000
 - LLB Grants SSR \$50,000

- HB2 FY23 Budget increases (over FY21's base budget) = 4.9%
 - Personnel Services increase = 2.8%
 - MPI increased .5FTE \$37,139
 - Snapshot payroll increases \$226,518

- Operating Expenses increase = 5.9%
 - DSA Expansion \$125,000
 - New Proposals (ITS, LLB, Lab) \$50,100
 - Vehicle (4) Leases \$32,344
 - Audit Fees (FY22 only) \$56,040
 - Statewide Present Law Adjustments -\$4,067
- OTO Equipment Expenses:
 - Helicopter Purchase \$300,000
 - Lab Equipment \$127,000
- Funding Authority increase requests:
 - General Funds (DSA, MPI, MVDL) 10.2%
 - State Special Revenues 2.9%
 - Federal Special Revenues 5.9%
 - Proprietary Funds (Lab Fees) -0.8%
- Agency Statewide Present Law Adjustments
 - **SWPL 1 – Personal Services:** The budget includes \$198,092 in FY 2022 and \$227,217 in FY 2023 to annualize various personal services costs including FY 2021 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.
 - **SWPL 2 – Fixed Costs:** The request includes \$73,982 in FY 2022 and \$15,606 in FY 2023 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.
 - **SWPL 3 – Inflation Deflation:** This change package includes reductions of \$31,369 in FY 2022 and \$19,673 in FY 2023 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.
 - **NP 105 – NRIS/GIS Costs:** This request is for \$310 each year of the 2023 biennium for a new proposed NRIS/GIS usage fixed cost to be paid to the Montana State Library. This action is in line with the Legislative Finance Committee proposal to include these costs in the statewide fixed cost adjustments.
 - **NP 5555 – Reduce GF Budget for State Share Holiday:** This change package includes a reduction of \$53,824 in FY 2022 to reflect Governor Gianforte’s proposed legislation to impose a two-month state share holiday for employer contributions into the state health insurance fund. This change package removes the general fund portion

of the savings generated by the contribution holiday. Savings from other funding sources will remain in the agency to be able to address ongoing functions of the agency. This change package is contingent on passage and approval of the proposed legislation.

Animal Health & Food Safety Division: Dr. Marty Zaluski, State Veterinarian

- Division Goals:
 - Prevent, control and eradicate animal diseases.
 - Reduce the risks associated with rabies and other zoonotic diseases to humans and animals for the protection of public health.
 - Maintain the marketability of Montana’s livestock.
 - To ensure that meat, poultry products (meat and eggs), milk, and milk products sold or processed in Montana are safe and wholesome and comply with standards and labels for those products.

- Division Programs:
 - Animal Health Bureau conducts disease control measures such as monitoring of animal imports, and mandating animal testing and quarantines.
 - Milk & Egg Bureau ensures that milk is produced and processed in a sanitary manner. The Bureau also inspects eggs for quality and marketability.
 - Meat & Poultry Inspection Bureau ensures a safe and wholesome meat supply for Montana consumers by conducting inspections at facilities that engage in animal slaughter, meat processing, distribution and sale of meat product.
 - Veterinary Diagnostic Laboratory provides diagnostic services for animal disease testing, and milk quality.

56030-04 ANIMAL HEALTH DIVISION (HB2)	2021 Budget	2022 Adjustments	2022 Total	2023 Adjustments	2023 Total	2023 Biennium
61000 Personal Services	4,411,084	238,555	4,649,639	306,608	4,717,692	9,367,331
62000 Operating Expenses	2,075,009	176,984	2,251,993	183,496	2,258,505	4,510,498
63000 Equipment & Intangible Assets	-	95,000	95,000	32,000	32,000	127,000
68000 Transfers	297,000	-	297,000	-	297,000	594,000
Total Expenditures	6,783,093	510,539	7,293,632	522,104	7,305,197	14,598,829
01 GENERAL FUND	2,796,782	292,256	3,089,038	282,055	3,078,837	6,167,875
02 STATE/OTHER SPECIAL REV. FUNDS	2,086,260	110,983	2,197,243	127,743	2,214,003	4,411,246
03 FEDERAL SPEC. REV. FUNDS	1,900,051	107,300	2,007,351	112,306	2,012,357	4,019,708
0 FULL TIME EQUIVALENT	62.76	0.50	63.26	0.50	63.26	

DIAGNOSTIC LABORATORY PROPRIETARY	2021 Budget	2022 Adjustments	2022 Total	2023 Adjustments	2023 Total	2023 Biennium
61000 Personal Services	323,209	(1,153)	322,056	(699)	322,510	644,566
62000 Operating Expenses	857,532	(9,308)	848,224	(9,438)	848,094	1,696,318
63000 Equipment & Intangible Assets	19,967	-	19,967	-	19,967	39,934
Total Expenditures	1,200,708	(10,461)	1,190,247	(10,137)	1,190,571	2,380,818
06 PROPRIETARY FUNDS	1,200,708	(10,461)	1,190,247	(10,137)	1,190,571	2,380,818
0 FULL TIME EQUIVALENT	4.75		4.75		4.75	

- AHD 2023 Biennium Budget Request: \$16,979,647 (HB2 + Lab fees) – New Proposals

- **NP 401 – DSA Expansion**: This budget request is for \$125,000 of general fund in FY 2022 and FY 2023 for additional brucellosis testing in the Montana's Designated Surveillance Area. Specifically, the request is targeted for an expansion of the DSA in Madison and Beaverhead Counties following the detection of brucellosis exposed elk outside of the existing boundary of the DSA in early 2020. The expansion adds an additional 13,193 test eligible animals to Montana's current DSA inventory. In FY 2018 brucellosis testing cost the department approximately \$8.30 per head for 88,000 tests. In FY 2019 brucellosis testing cost the department approximately \$8.15 per head for 89,902 tests. Historically, annual testing numbers have been approximately equal to the number of cattle within the DSA (87,828 DSA tests in FY 2019 for 86,352 cattle and domestic bison). The cost of Montana's Designated Surveillance Area (DSA) for brucellosis has increased by >40% since 2009 and will likely continue to increase as long as the disease remains unmitigated in the state's wildlife.
- **NP 402 – Area Supervisor Leased Vehicle**: This budget request is for \$7,731 in FY 2022 and \$8,086 FY 2023 of state special revenue to fund an additional leased vehicle to replace one department-owned area supervisor vehicle.
- **NP 403 – Bison Management Leased Vehicles**: This budget request is for \$15,462 in FY 2022 and \$16,172 in FY 2023 of federal special revenue to fund two additional lease vehicles to replace two department-owned bison management vehicles.
- **NP 404 – Sanitarian Leased Vehicle**: This budget request is for \$7,731 FY 2022 and \$8,086 in FY 2023 of state special revenue to fund an additional lease vehicle to replace one department-owned sanitarian vehicle.
- **NP 405 – Lab Equipment (OTO)**: This budget request is for \$70,000 general fund in FY 2022 for additional lab equipment including a Microtome, robotic cover slipper, and necropsy instruments for Chronic Wasting Disease (CWD) testing. These resources will allow for dedicated instrumentation to be used for CWD sample preparation and testing which should help prevent cross contamination in the lab.
- **NP 406 – Lab Equipment (OTO)**: This budget request is for \$25,000 in FY 2022 and \$32,000 in FY 2023 of state special revenue to purchase lab equipment including a histology autostainer for the Histology Lab Section. This piece of equipment will improve operational efficiency in the lab section, allowing technicians to focus more time on new testing assays such as Chronic Wasting Disease IHC. Additionally, funding for one Applied Biosystems QuantStudio 5 Real-Time PCR System for the Molecular Diagnostics Lab Section is requested. This equipment will allow the lab to boost capacity, move away from an aging ABI 7500 platform, and to have PCR capacity in-house independent of NAHLN-owned equipment.
- **NP 407 – MPI Training**: This budget request is for \$4,900 in FY 2022 and FY2023 of general fund and for \$4,900 in FY 2022 and FY 2023 of matching federal special

revenue. The Meat and Poultry Inspection Bureau is seeking funding to provide necessary training to inspection supervisors and the label specialist. These courses will increase the knowledge base within the MPI program and result in more accurate interpretation and application of regulation on the industry.

- **NP 408 – Label Specialist Position**: This budget request is for \$18,559 in FY 2022 and \$18,570 in FY 2023 of general fund and for \$18,558 in FY 2022 and \$18,569 in FY 2023 of matching federal special revenue. The Meat and Poultry Inspection (MPI) program has identified the need for an additional 0.5 FTE to perform labeling functions within the bureau. Montana MPI oversees approximately 1,200 labels in establishments throughout the state. When labeling regulations change, it takes a substantial amount of time to review existing labels and facilitate changes to match regulation. Because of the volume of new and existing labels, one label specialist is unable to make necessary changes within a reasonable time frame leading to frustration by establishment owners and staff alike. An additional 0.5 FTE would enable changes and new applications to be completed in a more reasonable time frame.
- **NP 409 – MVDL Disposal Services**: This budget request is for \$5,000 in FY 2022 and FY 2023 of state special revenue to fund special chemical waste disposal services needed at the lab on an annual basis.
- **NP 410 – Milk Lab Application Support**: This budget request is for \$14,000 in FY 2022 and FY 2023 of general fund for additional Lab Information Management System (LIMS) system support for the Milk Lab inclusion into the VADDS application. One additional week of onsite technical support (\$11,000) and annual maintenance fees for Milk Lab integration (\$3,000) is being requested on an annual basis.

Brands Enforcement Division: Ethan Wilfore, Division Administrator

- The Goal of the Brands Enforcement Division is to provide the livestock industry with professional law enforcement and investigative work in the tracking of livestock ownership and in the deterrence and/or resolution of related criminal activities.
- Division Objectives:
 - Maintain POST certified law enforcement officers with full arrest authority.
 - Work cooperatively with local, state, and federal law enforcement agencies - FBI, BIA, U. S. Forest Service, P & S Administration, U.S. Attorney, Department of Justice criminal investigators, the Montana attorney general, county attorneys, sheriff departments, and other state livestock regulatory agencies and personnel.
 - Inspect the brands of all livestock crossing county and state lines and/or changing ownership. This includes all livestock coming into and going out of the 13 Montana livestock markets.
 - Collect the Beef Promotion and Marketing Act as mandated. This is a \$1.00 per head beef check-off fee for the Montana Beef Council on all change of ownership cattle inspections.
 - Record all livestock brands and transfers.
 - Maintain the livestock lien program.
 - Coordinate the livestock Crime-stoppers Program.
 - License the 13 livestock auctions and all livestock dealers; regulate livestock markets on all matters affecting the relationship between the livestock market and owners of livestock, and between the livestock market and the purchasers of livestock. Monitor the financial condition of the livestock markets; livestock dealers; and where the department is trustee the trust fund agreements, certificates of deposit, and letters of credit.
 - Respond to all inquiries and complaints from the public, private producers, and governmental officials on all aspects of the Brand Enforcement Division.
 - Coordinate and cooperate with the Stockgrowers; Woolgrowers; Farm Bureau; Montana Cattleman Association; Livestock Market's Associations; local and state law enforcement groups such as the Montana Sheriffs and Peace Officers Association, Law Enforcement Coordinating Committee; Montana Law Enforcement Academy; and other groups including the state-wide Emergency and Disaster Control, Montana County Attorneys Association, International Livestock Identification and Theft Investigators Association, and Western States Livestock Investigators Association.

56030-06 BRANDS ENFORCEMENT DIVISION	2021 Budget	2022 Adjustments	2022 Total	2023 Adjustments	2023 Total	2023 Biennium
61000 Personal Services	3,548,843	21,625	3,570,468	(17,910)	3,530,933	7,101,401
62000 Operating Expenses	682,413	(22,090)	660,323	(17,026)	665,387	1,325,710
Total Expenditures	4,231,256	(465)	4,230,791	(34,936)	4,196,320	8,427,111
02 STATE/OTHER SPECIAL REV. FUNDS	4,231,256	(465)	4,230,791	(34,936)	4,196,320	8,427,111
0 FULL TIME EQUIVALENT	53.11	1.00	54.11		53.11	

- BE 2023 Biennium Budget Request: \$8,427,111 – New Proposal
 - **NP 601 – Additional Brands Rerecord Staff (OTO)**: This budget request is for \$48,612 in FY 2022 of state special revenue to fund two full-time, temporary employees required for the decennial brands re-record. One employee for nine months from July 1, 2021 through March 31, 2022 and another for three months from November 1, 2021 through January 31, 2022.

Centralized Services Division: Brian Simonson, Deputy Executive Officer

- Division Program Goals:
 - Attached Agencies –
 - The Board of Milk Control – Shall supervise, regulate, and control the milk industry of this state in such a manner as to ensure an adequate supply of milk to the public. (Areas responsible for include: the production, processing, storage, distribution, and sale of milk sold for consumption in this state.)
 - The Livestock Loss Board – Supports Montana’s livestock communities by reducing the economic impacts of wolves, grizzly bears, and mountain lions on individual livestock producers. (Aids in bringing diverse groups together in order to lead to suitable solutions for all parties involved.)
 - Centralized Services for the DOL – Our goal is to provide efficient and accurate administrative functions for the department and the livestock industry. (Responsibilities include: budgeting, accounting, payroll, personnel, risk management, public information, purchasing, data processing and other general services.)

56030-01 CENTRALIZED SERVICES DIVISION (HB2)	2021 Budget	2022 Adjustments	2022 Total	2023 Adjustments	2023 Total	2023 Biennium
61000 Personal Services	1,437,390	(30,183)	1,407,207	(24,342)	1,413,048	2,820,255
62000 Operating Expenses	710,603	94,053	804,656	37,217	747,820	1,552,476
63000 Equipment & Intangible Assets	-	150,000	150,000	150,000	150,000	300,000
68000 Transfers	102,481	-	102,481	-	102,481	204,962
Total Expenditures	2,250,474	213,870	2,464,344	162,875	2,413,349	4,877,693
01 GENERAL FUND	113,581	11,445	125,026	13,689	127,270	252,296
02 STATE/OTHER SPECIAL REV. FUNDS	2,136,893	202,425	2,339,318	149,186	2,286,079	4,625,397
0 FULL TIME EQUIVALENT	17	-	17	-	17	17

56030-01-01-07 PREDATOR CONTROL SA8107	2021 Budget	2022 Adjustments	2022 Total	2023 Adjustments	2023 Total	2023 Biennium
62000 Operating Expenses	485,000	-	485,000	-	485,000	970,000
66000 Grants	50,000	-	50,000	-	50,000	100,000
67000 Benefits & Claims	300,000	-	300,000	-	300,000	600,000
Total Expenditures	835,000	-	835,000	-	835,000	1,670,000
02 STATE/OTHER SPECIAL REV. FUNDS	835,000	-	835,000	-	835,000	1,670,000

- CSD 2023 Biennium Budget Request: \$6,547,693 (HB2 + \$835K SA/FY) – New Proposals
 - **NP 103 – Helicopter for Predator Control (OTO)**: This budget request is for \$150,000 in FY 2022 and FY2023 of state special revenue. Livestock's current inventory of helicopters includes a 1968 Bell Jet Ranger in Billings, and a 1980 Hughes 500 D model in Helena. USDA Wildlife Services maintains and operates both and are reporting that parts replacement on the 1968 Bell is extremely costly and airframe fatigue is a big concern given that the helicopter is well past the end of its intended life cycle. Wildlife Services is requesting that helicopter be retired and has proposed replacing it this

biennium with a military surplus purchase of a newer version of our Bell model that should be expected to last the Department another 20 years.

- **PL 101 – Computer Funding Augment**: This budget request is for \$10,000 in FY 2022 and FY2023 of state special revenue. Around FY17 the Brands division purchased a total of 19 laptops and 10 desktops with OTO funds that were deployed to their enforcement and market staffs across the State. FY22 will mark five years for these devices which is the State’s recommended replacement cycle. MDOL’s computer hardware replacement budget averages \$26,000 annually. That leaves a few thousand dollars left for incidents with computers that are not covered under warranty. To minimize the financial impact, these machines have been spread across fiscal years increasing the count of computers that are currently on the replacement schedule. After review and planning, a \$10,000 annual increase of funding would suffice to cover this deficit and allow for a more stable schedule of the department’s PC replacements.

- **PL 102 – LLB Operations Augment**: This budget request is for \$11,300 in FY 2022 and FY 2023 of general fund the Livestock Loss Board is requesting for their attached agency's ongoing operating budget.