



Montana Board of Livestock

Conference Call Minutes

November 29, 2018
BOL Conference Room #319
Scott Hart Building/Helena, Montana

Board Members Present

John Scully, Vice-chair (cattle producer)
Nina Baucus (cattle producer)
Ed Waldner (swine producer)
(John Lehfeldt and Brett DeBruycker were

Lila Taylor (cattle producer)
Sue Brown (dairy and poultry)

(John Lehfeldt and Brett DeBruycker were not present)

Staff Present

Mike Honeycutt, EO Brian Simonson, Deputy EO
Evan Waters, Centralized Services Division

Public Present

Representative Ray Shaw
Trina Bradley, Maggie Nutter, Marias River Livestock Association
John Youngberg and Liv Stavick, Montana Farm Bureau Federation
Stuart Doggett and Charlotte Lauerman, Montana Veterinary Medical Association
Jay Bodner, Montana Stockgrowers Association
Jim Brown, Montana Woolgrowers Association

MEETING CALLED TO ORDER

10:02 AM

Vice-Chairman John Scully called the conference call to order at 10:02 AM

ROLL CALL

10:02 AM

Vice-Chairman John Scully requested a roll call of those present at the conference call in the BOL Conference Room and those participating in the conference call by phone:

Conference Room Attendees:

Conference Keynote Mike Honeycutt Brian Simonson

Evan Waters
John Scully
Nina Baucus
Representative Ray Shaw
Maggie Nutter
John Youngberg
Liv Stavick

By Phone Attendees:

Lila Taylor
Sue Brown
Ed Waldner
Jay Bodner
Trina Bradley
Jim Brown
Stuart Doggett
Charlotte Lauerman

COMMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

10:04 AM

John Scully requested public comment on non-agenda items, but did not receive any

LEGISLATIVE REQUESTS

10:05 AM

10:05 AM HB2 – Standard, Ongoing Biennial Requests

Brian Simonson explained the summary table of the Legislative requests for the next biennium that will be made to the Legislature:

- The DOL is requesting a nearly \$2 million increase from the 2019 base funding for 2020
- \$549,756 was requested in general fund dollars
 - \$300,000 is to fund DSA expansion, the only general fund increase OBPP was going to authorize for the DOL
 - More cattle will be under surveillance in Beaverhead County, but it also contemplates any other likely expansion that may occur during the biennium
 - \$200,000 is for meet general fund, matching funds for Federal dollars for employee salary increases and present-law adjustments on personnel salaries
 - Mr. Scully added that there are still general fund requests in for the Milk Lab which still needs to be supported or the consequences would be felt by the industry

- Brian Simonson explained that State Special Revenue request of \$1.3 million in 2020 adjustments is almost entirely per capita fee increases with some brand inspections, milk fees and other smaller funds included
- New proposals for State Special Revenue included:
 - \$200,000 in Lab equipment upgrades
 - \$75,000 in Predator funding
 - \$50,000 in aging vehicle replacements
 - \$50,000 for Public Information
 - Personnel expenses
- Mr. Scully added that, although operating expenses appear to increase by \$1.4 million in 2020 and 2021, they actually stay relatively the same
 - \$720,000 of that money is a budget correction where DSA and Bison program monies got budgeted into personnel rather than operations
 - In the 2019 biennium, \$600,000 is budgeted to DSA and \$120,000 is budgeted to Federal bison dollars
 - There is a difference in the base funding for 2019 salaries and what has been put into the ongoing budget biennium for 2020 and 2021 because the salary increases that had been footnoted by the 2017 Appropriations Committee are now included in the snapshot
 - Also included in the HB2 request is a broadband salary increase in the Governor's budget to be put into place during the biennium
- Base funding for FTEs will increase in 2020-2021 because Brands will add a total of 1.5 FTEs for the brand rerecording purposes
- FTEs will also move from 135 to 137 with the two Meat Inspector FTEs placed into the budget by the 2017 Appropriations Committee, but never hired by the DOL because the budget authority wasn't given. They have been added into this biennium's snapshot-1/2 general fund dollars/1/2 Federal matching funds

10:31 AM HB3 – Supplemental Requests for FY19

Brian Simonson explained that there were only about a half dozen HB3 submissions from various agencies:

- The DOL requested a total of \$390,946 of State Special Revenue authority in HB3 that is to be used for FY19
 - The DOL is requesting authority to cover the personal services and snapshot issue that occurred two years ago with salaries.
 - The Board of Milk Control is requesting authority for anticipated legal expenses

10:35 AM HB5 – Long-Range Planning VDL

Brian Simonson said that after consultation with the Legislative Lab subcommittee and following their recommendation, the DOL has moved their original HB3 request of \$100,000 to continue with Lab designs to HB5:

- There was discussion regarding which HB request would be the most beneficial
 - A HB3 request would mean that any money left unspent by June 30th would go away
 - HB5 allows the money to carry forward in case of delays in the project

- Splitting the request between HB3 and HB5 could possibly short the project needed money and then other DOL dollars would have to be used
- A HB3 request would be for authority; a HB5 request would be for general fund

10:35 AM HB10 – State IT Request, DOL Tech Upgrades

Brian Simonson explained that because of the sheer size of the \$1.3 million request and the fact that it is an IT project, it was decided to move that request into HB10, which is for State ITSD major projects:

- Putting the one-time-only request into HB10 rather than HB2 means the DOL will be working with more guidance from the State CIO and will be an item that will be in front of Legislative Finance throughout the upcoming biennium
- The request, broken up into two parts, will follow a 2020-2021 execution
 - Bring antiquated food safety applications up to speed
 - Incorporate the Lab enterprise application
- The IT Department is interfacing with the State ITSD Program Managers to make sure they are on par with what they are presenting to the Legislature and at the BOL December 5, 2018 meeting, they will report on items they have explored

10:48 AM Lab Proprietary Funding Discussion

Brian Simonson explained that some of the VDL salaries have been put against the enterprise fund source, the fee revenue, rather than per capita and general fund:

- 4.75 FTE of personnel out of the VDL, \$313,000, was moved from VDL fee revenue was moved out of HB2 and put into a proprietary fund source
- For VDL expenses, 29% are being paid out of general fund, 28% are paid out of per capita fees and 42% are being paid out of lab fees.

11:03 AM FY18 Year-End Data

Brian Simonson explained the Budgetary Expense Comparison Report for June 30, 2019:

- All Divisions ended in the black with a positive \$341,190 of budget authority remaining
- The positive number came about by using shifts of funding, carryforward of \$485,000 from FY16 and FY17 funds
 - In the Milk & Egg Bureau, \$226,000 in unspent authority was moved into a State Special Revenue per capita fund to offset increased Brands expenses
 - \$200,000 in Lab fee revenue supplemented Lab Diagnostic
- Authority is being requested in HB3 for this fiscal year because, the DOL does not have the same amount of carryforward nor the same ability to manage the budget

11:17 AM Current Budget Status

Brian Simonson explained the Projected Expense to Budget Comparison Report for October 31, 2018:

- If all DOL positions are filled on schedule, and operate according to the budget, there is currently a \$218K lack of authority by FY-end that is projected the DOL is hoping to fill with HB3
- Numbers have seemed to improve in the month-to-month BOL reports, but that is because of vacancy savings

(Lila Taylor departed from the conference call at 11:21 AM)

11:27 AM Year-End and Legislative Budget Requests

John Scully said he will be requesting an appropriate salary increase for the Executive Officer from the Legislature:

VDL BUILDING STATUS

11:28 AM

Mike Honeycutt updated those present regarding the proposed combined lab complex:

- The BOL established a committee to continue the work begun by the Legislative Lab Study Committee, that includes the following members:
 - Three staff members – Mike Honeycutt, Brian Simonson and Dr. Marty Zaluski
 - Three BOL members – John Scully, Lila Taylor and Sue Brown
 - Two voting members from the agricultural community and agricultural industry
 - One representative from the Montana Veterinary Medical Association – Stuart Doggett and his alternate
 - John Scully, BOL Lab Committee Chair, welcomed anyone from the agricultural community to sit in on their meetings
- The Legislative Lab Study Committee hired an architectural firm that designed a perspectus of the proposed combined lab complex and the BOL Lab Committee plans to move forward with the next step of actual architectural design and fine tune the construction costs
 - The Legislative Lab Study Committee ballpark figure for construction of the complex is \$34 million and they will report on their work and findings to the Legislative Finance Committee at 4:15 pm on December 3, 2018
- The BOL Lab Committee was requested by the BOL to do some assessment of current Lab operations, including back up plans for loss of critical systems and emergencies to assure that the current facility is workable
- John Scully said that because Montana State University is the landlord of the current Lab, there is an obligation to meet with the University Board of Regents
 - John Youngberg reported that Montana State University is not going to allow the BOL to put the proposed Lab complex into a bond, into long-range planning and will limit any private-public partnership to a seven-year contract
 - It was thought it would be more productive to wait to set up a meeting with Montana State University until their new VP of Agriculture starts on December 14, 2018, so she can attend that meeting

- Stuart Doggett said that he and Charlotte Lauerman invited Senator Daines' staff person to attend the December 3, 2018 Legislative Finance Committee meeting regarding the Lab and also the December 5, 2018 BOL meeting

LEGISLATIVE ISSUES

11:36 AM

Mike Honeycutt said, for the benefit of the stakeholders, he wanted to inform them of bills coming from the DOL for the upcoming session and update them on possible sponsors for those bills:

- Mr. Honeycutt said he has submitted a list of potential sponsors for legislation to the Governor's office for vetting. He pulled most of those sponsors from both the House Ag and Senate Ag Committees that have been friendly with the DOL in the past
- The DOL has a December 15, 2018 deadline to have a Legislator agree to sponsor, sign off on it and turn it in with Legislative Services to maintain its priority
- There are eight issues, approved by the BOL, to bring forward for legislation
 - Two issues deal with language around home-killed, home-grown meats that FSIS pointed out in their review that were not compliant with Federal law and they wish to strike that language from State code
 - The appeals process that the DOL has in statute is a problem with FSIS, and so they want that stricken. The DOL has a new rule on appeal that strikes that but the statutory language needs to be stricken
 - There are two issues regarding aerial hunting.
 - Assure that the aerial hunting fees are going to the area of the DOL that is actually doing the work, to attempt to offset some of that administrative cost
 - Change the language on out-of-state restrictions on aerial hunting. This is not a sport-game hunt. The purpose of this program is to try and control coyotes and foxes to reduce depredation of livestock. We don't want to discourage anyone, in-state or out-of-state from coming here to engage in that activity. So, that's the reason for that change.
 - Remove the \$50 dealer license fee from a Brands Enforcement Division statute to rule
 - Move the required dates for requesting a refund on per capita fee to be in line with the actual reporting time of per capita fee, to get those things in structural alignment
 - In import regulations, the request is to strike a section of statute dealing with import of semen and biologics into the State of Montana and update that language to current practices within the industry and move that to the DOL's other import statutes, so that import of anything, those import requirements are in the same statute and same section

Mr. Honeycutt said he has certain bills that would affect the DOL on his watch list:

- There may be two or three different milk bills on the legislative agenda

- Industry people, both in Montana Milk Association and the sanitarians, are working together on a raw milk bill, palatable to the interest of the DOL and DPHHS as a counterweight against other bills that most certainly will come
- Mr. Honeycutt said that currently, there are some placeholder bills that are simply listed as "Revised Livestock Laws," but nothing specific is listed on those yet
- There are many bill drafts concerning bison

REQUEST FOR ANY OTHER PUBLIC COMMENT AND MOTION TO ADJOURN

11:45 AM

Mr. Scully did not receive any further public comment after requesting again if there was any and then requested a motion to adjourn:

MOTION/VOTE

11:46 AM

Sue Brown moved to adjourn the meeting. **There was no second, and so Vice-Chairman Scully took his prerogative as the Chair to adjourn the meeting.**

MEETING ADJOURNED

11:46 AM

John Scully, Vice-Chairman