



Economic Affairs Interim Committee

63rd Montana Legislature

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for September 12, 2014, meeting

Updates Requested for Department of Livestock Veterinary Diagnostic Laboratory

The attached information addresses the following requests made at the July 14-15 Economic Affairs Committee meeting:

- Information from the Veterinary Diagnostic Lab on the number of tests that have a human health component as compared to all tests done at the laboratory -- short answer from Dr. Bill Layton, director of the lab: 31.6% of the total FY2014 volume. If the Milk Laboratory test volume is included, the ratio increases to 41.1% of the total FY2014 volume. The information includes:
 - An introductory memo from Dr. Layton;
 - 2 pages of tests that list zoonotic diseases (those in which animal diseases may affect humans). The lists note the number of tests done, what types of animals are affected, and whether the diseases are reportable to the Department of Livestock or the Department of Public Health and Human Services.
 - A list of Montana reportable animal diseases, including those that require quarantines;
 - A separate list of human communicable, reportable diseases.
- Information from the Department of Administration's Architecture and Engineering Division about the projected cost of:
 - a state lab that combines the Veterinary Diagnostic Lab with the Fish, Wildlife, and Park's Wildlife Lab and the Department of Agriculture's Analytical Lab (OPTION A)
 - a state lab that combines just the Veterinary Diagnostic Lab and the Wildlife Lab (OPTION B)
- Information about the added costs to producers of brucellosis testing in the Designated Surveillance Area.

Not Requested but Relevant:

- Decision package presented to the Board of Livestock on Aug. 25, 2014, to obtain a directive for addressing budget shortfalls. The 4 members of the 7-member Board who were present voted to:
 - increase per capita fees to the maximum allowed by law (using the Legislative Audit Division's determination of that amount);
 - increase fees at the Veterinary Diagnostic Laboratory by 5%; and
 - increase the cost of brand inspections to \$1 per head, with a possible later discussion of the amount increasing only in change of ownership (not change of pasture) situations.

STATE OF MONTANA

DEPARTMENT OF LIVESTOCK
DIAGNOSTIC LABORATORY
PO BOX 997
BOZEMAN, MONTANA 59771



PHONE 406-994-4885
FAX 406-994-6344
E-MAIL livdiagnosticlab@mt.gov

Date: August 15, 2014

Subject: Zoonotic disease testing at the Montana Veterinary Diagnostic Laboratory

To: Senator Bruce Tutvedt, Chairman and Members of the Economic Affairs Interim Committee

From: A.W. Layton DVM, DACVP, Director
Montana Veterinary Diagnostic Laboratory



Dear Committee Members:

As requested of me by the Economic Affairs Interim Committee, I am providing a compilation of the tests performed at the Montana Veterinary Diagnostic Laboratory that would identify animal disease agents that could be detrimental to the public health (zoonotic diseases). I have attached a table with MVDL test numbers for zoonotic agents that we can see in this region and that are also listed as Reportable Diseases by the Montana Department of Public Health and Human Services and the Animal Health Division of the Department of Livestock. In addition, I have identified animals affected by the listed diseases, which Department requires the disease reporting (PH and/or DOL) and which agents are foreign animal diseases (FAD) or select agents (SA) that could be used in a bioterrorist event. I have also enclosed for your review the 2011 and 2013 versions of the DOL and DPHHS Reportable Diseases, respectively.

As background, the World Health Organization (WHO) and the Center for Disease Control (CDC) report that there are over 200 zoonotic diseases worldwide. Sixty percent of all diseases affecting humans are zoonotic diseases and 75% of all new emerging diseases in the last ten years have originated from animals. In addition to the health effects in humans, these diseases can prevent efficient production of food of animal origin and create obstacles for interstate and international trade of animals and animal products.

The total number of tests performed at the MVDL in FY 2014 was 271,973 tests. The test volume performed at the MVDL that could potentially identify the zoonotic agents listed in the table is 85,978 or 31.6% of the total FY2014 volume. If I include the Milk Laboratory test volume which has both public health and consumer protection responsibilities, the test volume would be increased to 111,982 tests or 41.1% of the total FY2014 test volume. I hope this information is helpful in your decision making and I am willing to provide you any further explanations or details requested of me.

Zoonotic Disease	Animals Affected	Montana Reportable Disease (PH/DOL)	MVDL Test Numbers FY 2014
Animal Bites	NA		
Anthrax	Cattle, sheep, goat, horse, bison, dog, cat	PH/DOL	1011 Select Agent (SA)
Arbovirus (WEE/EEE/VEE/other)	Birds, horse, reptiles, rodents,	PH/DOL	172 (EEE/VEE-SA)
Avian Influenza	Poultry, waterfowl, swine, cats	PH/DOL	9 (FY08-FY11: 3905) National Animal Health Laboratory Network Test (NAHLN) and SE
Bartonellosis	cats		
Cat Scratch Disease			
Botulism	Birds, other	PH/DOL	SA
Brucellosis <i>B.abortus</i> , <i>B.suis</i> , <i>B.melitensis</i> , <i>B.ovis</i> <i>B.canis</i>	Cattle, swine, sheep, goats, dog, other	PH/DOL	71,126 SA
BSE (other TSE's)	Cattle, sheep, cervids	DOL	154
Campylobacteriosis	Cattle, sheep, goat, dog	PH/DOL	2021
Chlamydiosis/Psitticosis	Sheep, goat, birds	PH/DOL	20
Clostridium difficile	Pig, horse		
Cryptosporidiosis	Cattle, sheep, goat	PH/DOL	233
Dermatophilosis	Cattle, horse, deer, sheep	DOL	
Dermatophytosis (Ringworm)	Horses, cats, dogs		112
Dipylidium infection (Dog and cat flea tapeworm)	Dog, cat, fleas		114
<i>E.coli</i> 0157:H7	cattle	PH	
Echinococcosis	Domestic and wild canine	DOL	97
Ehrlichiosis	Deer, rodent	PH/DOL	
Erysipeloid	Swine, turkeys, pigeons, fish		
Exotic Newcastle Disease	Birds.	DOL	NAHLN
Fish Tank Granuloma			
Foot and Mouth Disease	Cloven hoof animals	DOL	NAHLN
Giardia	Beaver, dog, other	PH	43
Glanders	Equine	PH*/DOL	50 FAD
Hantavirus	Rodents	PH	
Helicobacter	Cats		10
Herpesvirus B	monkeys		
Histoplasmosis	Dogs		
Influenza	Swine, dog, horse	PH/DOL	NAHLN

Leishmaniasis	Wild canids and dogs, cats	DOL	
Leptospirosis	Wild animals, dogs, cattle, rodents,	DOL	8972
Listeriosis	Numerous animals and birds	PH/DOL	61
Lymphocytic choriomeningitis	Rodents, dogs, primates		
Lyme Disease	Deer, wild rodents	PH	4
Mange	Domestic animals	DOL	100
Melodiosis	Rodents, sheep, horse, swine, others	PH*/DOL	
MRSA	Dogs, horse, other		5
Monkeypox	Primate, rodents	PH*/DOL*	SA
Mycobacteriosis (tuberculosis)	Numerous; bovine, deer, elk	PH/DOL	58
Nipah virus	Swine	PH*/DOL	SA
Orf (sore mouth)	Sheep	DOL	2
Plague (Y. pestis)	Cats, deer, wildlife, rodents	PH/DOL	275 SA
Q-fever	Sheep, cattle, goats, other	PH/DOL	17 SA
Rabies	Mammals	PH/DOL	420
Raccoon Roundworm	raccoon		
Rickettsiosis		PH	4
Rift Valley Fever	Cattle, sheep, goats	PH*/DOL*	SA
Salmonellosis	Numerous	PH/DOL	639
Sporotrichosis	Horses, cats		1
Streptococcal infections	numerous	PH	
Tetanus	numerous	PH	
Toxocara	Dogs		86
Toxoplasmosis	Cats		28
Trichinellosis	Swine, rodents, bears	PH/DOL	2
Tularemia	Wild animals, rabbits, cats, sheep	PH/DOL*	28 SA
West Nile Virus	Birds, horse	PH/DOL	104
MVDL Total Zoonotic Disease Tests in FY2014			85,978
Total MVDL Milk Laboratory Tests (Public Health and consumer protection)			26,004
MVDL Total Test Volume			271,973

Montana Reportable Animal Diseases

Report to STATE Officials within 30 days:

MULTIPLE SPECIES:

Campylobacteriosis

Cryptosporidiosis

Echinococcosis/hydatidosis

Heartworm

Leishmaniasis

Leptospirosis

Listeriosis

Paratuberculosis (Johne's Disease)

Salmonellosis

Trichinellosis

CATTLE/BISON:

Bovine anaplasmosis

Bovine cysticercosis

Bovine genital campylobacteriosis

Bovine viral diarrhea

Dermatophilosis (*Dermatophilus congolensis*)

Enzootic bovine leukosis

Hemorrhagic septicemia (*Pasteurella multocida*)

Infectious bovine rhinotracheitis/
infectious pustular vul-
vovaginitis

EQUINE:

Epizootic lymphangitis

Equine rhinopneumonitis

Equine influenza

Horse mange

Horse pox

Potomac Horse Fever

SHEEP/GOATS:

Caprine arthritis/encephalitis

Enzootic abortion of ewes (Ovine
chlamydiosis)

Ovine epididymitis (*Brucella ovis*)

Ovine progressive pneumonia/Maedi
-Visna

Ovine pulmonary adenomatosis

Salmonellosis (*S. abortusovis*)

SWINE:

Atrophic rhinitis of swine

Porcine cysticercosis (*Cysticercus cellulosae*)

Porcine reproductive and respiratory
syndrome

Transmissible gastroenteritis

AVIAN/POULTRY:

Avian chlamydiosis (*Psittacosis*)

Avian infectious bronchitis

Avian infectious laryngotracheitis

Avian mycoplasmosis (*M. gallisepti-*
cum, *M. synoviae*)

Duck virus enteritis

Duck virus hepatitis

Fowl cholera

Infectious bursal disease (Gumboro
disease)

Marek's disease

Turkey rhinotracheitis (Avian pneu-
movirus)

LAGOMORPHS:

Myxomatosis

AQUACULTURE:

Epizootic hematopoietic necrosis

Epizootic ulcerative syndrome

Gyrocactylosis

Infectious hematopoietic necrosis

Infectious salmon anemia

Koi herpesvirus disease

Oncorhynchus masou virus disease

Red Sea bream iridoviral disease

Spring viremia of carp

Zoonotic disease

Montana Department of Livestock

P.O. Box 202001

Helena, MT 59620-2001

Phone: 406-444-2043

FAX: 406-444-1929

Afterhours: 406-444-2976

Dr. Martin Zaluski, State Veterinarian

(revised 1/24/2011)

Montana Reportable Animal Diseases



MCA 81-2-107 Duty to Report Contagious Disease “A person, including the owner or custodian, who has reason to suspect the existence of a dangerous, infectious, contagious, or communicable disease in livestock or the presence of animals exposed to the disease in this state shall immediately give notice to the department.”

IMMEDIATELY NOTIFY STATE AND FEDERAL OFFICIALS and QUARANTINE:

ARM 32.3.104 Diseases or conditions requiring reporting and quarantine.

Acute swine erysipelas	Equine encephalomyelitis (EEE, WEE, VEE)	Pseudorabies (Aujeszky's disease)
African horse sickness	Equine infectious anemia	Rabbit hemorrhagic disease
African swine fever	Equine piroplasmiasis	Rift Valley fever
Avian influenza	Exotic Newcastle disease	Rinderpest
• High pathogenic (Fowl Plague)	Foot and mouth disease	Scrapie
• Low pathogenic	Fowl typhoid (<i>Salmonella gallinarum</i>)	Sheep pox and goat pox
Bovine babesiosis	Glanders (<i>Burkholderia mallei</i>)	Surra (<i>Trypanosoma evansi</i>)
Bovine spongiform encephalopathy	Heartwater (<i>Cowdria ruminantium</i>)	Swine influenza (H1N1)
Brucellosis (<i>Brucella abortus</i>, <i>B. melitensis</i>, <i>B. suis</i>, <i>B. canis</i>)	Japanese encephalitis	Swine vesicular disease
Cattle fever tick (<i>Boophilus annulatus</i> , <i>B. microplus</i>)	Lumpy skin disease	Trypanosomiasis (Tse-tse borne)
Chronic wasting disease	Malignant catarrhal fever	Tuberculosis (<i>Mycobacterium bovis</i>)
Classical swine fever (Hog cholera)	Mange (<i>Psoroptes ovis</i> , <i>Sarcoptes scabiei</i>* or <i>Chorioptes sp.*</i>)	Vesicular exanthema
Contagious bovine pleuropneumonia (<i>Mycoplasma mycoides mycoides</i>)	Nairobi sheep disease	Vesicular stomatitis
Contagious equine metritis	New and Old World Screwworm	Viral hemorrhagic septicemia
Dourine (<i>Trypanosoma equiperdum</i>)	Nipah virus encephalitis	Zoonotic disease
	Peste des petits ruminants	*Not Quarantineable

IMMEDIATELY NOTIFY STATE OFFICIALS and QUARANTINE:

(These diseases are not Federally reportable)

ARM 32.3.104 Diseases or conditions requiring reporting and quarantine.

Anthrax	Equine viral arteritis	Rabies
Bluetongue	Equine rhinopneumonitis, neurologic form (EHV-1)	Theileriosis
Contagious agalactia (<i>Mycoplasma spp</i>)	Ovine pediculosis	Trichomonosis
Contagious caprine pleuropneumonia	Plague (<i>Yersinia pestis</i>)	Tularemia
Contagious foot rot	Pullorum disease (<i>S. pullorum</i>)	West Nile virus
Crimean Congo hemorrhagic fever	Q-Fever (<i>Coxiella burnettii</i>)	Zoonotic disease

Montana Department of Livestock

P.O. Box 202001
Helena, MT 59620-2001
Phone: 406-444-2043
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Afterhours: 406-444-2976

USDA-APHIS-VS

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Helena, MT 59601-3837
Phone: 406-449-2220
FAX: 406-449-5439

Dr. Martin Zaluski, State Veterinarian

(revised 1/24/2011)

Dr. Thomas F.T. Linfield, AVIC

Reporting Communicable Diseases in Montana
Report Conditions IMMEDIATELY to your Local Public Health Jurisdiction.
Click [HERE](#) to find your local public health department.

If Local Public Health Jurisdiction Unavailable – Call 406.444.0273 24/7/365

All reportable diseases listed below whether suspected or confirmed or *any unusual incident of unexplained illness or death in a human or animal with potential human health implications* must be reported immediately to your local health jurisdiction.

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| <p>Acquired Immune Deficiency Syndrome (AIDS)</p> <p>Anaplasmosis</p> <p>Anthrax ①</p> <p>Arboviral disease (including California serogroup, Eastern equine encephalitis, Powassan, St. Louis encephalitis, West Nile Virus, Western equine encephalitis)</p> <p>Babesiosis</p> <p>Botulism ①</p> <p>Brucellosis ①</p> <p><i>Campylobacter</i> ①</p> <p>Chancroid</p> <p><i>Chlamydia trachomatis</i> infection</p> <p>Colorado tick fever</p> <p>Cryptosporidiosis</p> <p>Coccidioidomycosis</p> <p>Cyclosporiasis</p> <p>Dengue virus</p> <p>Diphtheria ①</p> <p>Ehrlichiosis</p> <p><i>Escherichia coli</i>, shiga-toxin producing (STEC) ①</p> <p>Gastroenteritis outbreak ①</p> <p>Giardiasis</p> <p>Gonorrheal infection ①</p> <p>Granuloma inguinale</p> <p><i>Haemophilus influenzae</i>, invasive disease ①</p> <p>Hansen's disease</p> <p>Hantavirus Pulmonary Syndrome/infection ①</p> <p>Hemolytic uremic syndrome, post-diarrheal</p> <p>Hepatitis A, acute</p> <p>Hepatitis B, acute, chronic, perinatal</p> <p>Hepatitis C, acute, chronic</p> <p>Human Immunodeficiency Virus (HIV) ①</p> <p>Influenza (including hospitalizations and deaths) ①</p> <p>Lead Poisoning (blood levels \geq 5 micrograms per deciliter for children 13 years of age or younger)</p> <p>Legionellosis</p> <p>Listeriosis ①</p> <p>Lyme disease</p> <p>Lymphogranuloma venereum</p> | <p>Malaria</p> <p>Measles (rubeola) ①</p> <p>Meningococcal disease (<i>Neisseria meningitidis</i>) ①</p> <p>Mumps</p> <p>Pertussis ①</p> <p>Plague (<i>Yersinia pestis</i>) ①</p> <p>Poliomyelitis ①</p> <p>Psittacosis</p> <p>Q Fever (<i>Coxiella burnetii</i>)</p> <p>Rabies human ① and animal (including exposure to a human by a species susceptible to rabies infection)</p> <p>Rickettsiosis</p> <p>Rubella, including congenital ①</p> <p>Salmonellosis ①</p> <p>Severe Acute Respiratory Syndrome-associated Coronavirus (SARS-CoV) disease ①</p> <p>Shigellosis ①</p> <p>Smallpox ①</p> <p><i>Streptococcus pneumoniae</i>, invasive disease</p> <p>Streptococcal toxic shock syndrome</p> <p>Syphilis ①</p> <p>Tetanus</p> <p>Tickborne relapsing fever</p> <p>Toxic shock syndrome, non-streptococcal</p> <p>Transmissible spongiform encephalopathies</p> <p>Trichinellosis (Trichinosis) ①</p> <p>Tuberculosis ①</p> <p>Tularemia</p> <p>Typhoid Fever ①</p> <p>Varicella</p> <p><i>Vibrio cholerae</i> infection (Cholera) ①</p> <p>Vibriosis ①</p> <p>Viral hemorrhagic fevers</p> <p>Yellow fever</p> |
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① - Indicates that a specimen/isolate must be sent to the Montana Public Health Laboratory for confirmation.

COMBINED STATE LAB COST EVALUATION OPTION A

Proposed New Facility for Veterinary Diagnostic Lab, Analytical Lab and Wildlife Lab

Location to be determined

August 12, 2014

This cost evaluation is based on information prepared in SJR 14 State Laboratories Study Report, 2009-2010 Interim, presented to the Legislative Economic Affairs Interim Committee of the Legislature. The report proposed construction of a new combined facility to house the Veterinary Diagnostic Lab, Analytical Lab and Wildlife Lab in Bozeman, Montana. The labs provide quality control and analytical services to the industry and the public.

Cost Evaluation Assumptions:

1. Laboratory square footage used for this cost evaluation was obtained from SJR 14 study. No in-depth programming or planning has been completed.
2. Estimate does not include any land acquisition or land lease, lab relocation or utility infrastructure. Water, sewer, power, gas and roads are assumed to be adjacent to project site and adequate to meet proposed facility needs.
3. Estimated construction cost is based upon historical information obtained from recently completed projects of similar construction.

Cost Evaluation:

BSL-2 – BSL-3 combined lab facility (30,000 square feet @ \$450/sf)	\$13,500,000
Parking (40 spaces)	\$72,000
Landscaping	\$70,000

Construction Cost Estimate **\$13,642,000**

Professional Design Fees @ 13%	\$1,773,460
Project Contingency @ 15%	\$2,046,300

Soft Costs @ 8% (including but not limited to the following)	\$1,091,360
Printing/Reimbursable expenses	
Construction Testing	
Site Survey/Geotechnical Analysis	
Permits/Fees	
Furniture/Equipment	
Communication/Data/Security Systems	
% for Art	

Project Cost Subtotal **\$18,553,120**

Inflation @ 3% per year for 3 years (9.27%)	\$1,719,874
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Total Estimated Project Cost **\$20,272,994**

COMBINED STATE LAB COST EVALUATION OPTION B

Proposed New Facility for Veterinary Diagnostic Lab and Wildlife Lab Location to be determined August 12, 2014

This cost evaluation is based on information prepared in SJR 14 State Laboratories Study Report, 2009-2010 Interim, presented to the Legislative Economic Affairs Interim Committee of the Legislature. The report proposed construction of a new combined facility to house the Veterinary Diagnostic Lab, Analytical Lab and Wildlife Lab in Bozeman, Montana. The labs provide quality control and diagnostic services to the industry and the public. This cost evaluation option narrows the tenants of the combined lab facility to only the Veterinary Diagnostic Lab and Wildlife Lab.

Cost Evaluation Assumptions:

1. Laboratory square footage used for this cost evaluation was obtained from SJR 14 study. No in-depth programming or planning has been completed.
2. Estimate does not include any land acquisition or land lease, lab relocation or utility infrastructure. Water, sewer, power, gas and roads are assumed to be adjacent to project site and adequate to meet proposed facility needs.
3. Estimated construction cost is based upon historical information obtained from recently completed projects of similar construction.

Cost Evaluation:

BSL-2 – BSL-3 combined lab facility (20,000 square feet @ \$450/sf)	9,000,000
Parking (30 spaces)	\$54,000
Landscaping	\$60,000

Construction Cost Estimate

\$9,114,000

Professional Design Fees @ 13%	\$1,184,820
Project Contingency @ 15%	\$1,367,100

Soft Costs @ 8% (including but not limited to the following)	\$729,120
Printing/Reimbursable expenses	
Construction Testing	
Site Survey/Geotechnical Analysis	
Permits/Fees	
Furniture/Equipment	
Communication/Data/Security Systems	
% for Art	

Project Cost Subtotal **\$12,395,040**

Inflation @ 3% per year for 3 years (9.27%)	\$1,149,020
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Total Estimated Project Cost **\$13,544,060**

STATE OF MONTANA

STEVE BULLOCK, GOVERNOR

DEPARTMENT OF LIVESTOCK
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HELENA, MONTANA 59620-2001



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EXECUTIVE OFFICE (406) 444-9321
FAX (406) 444-4316

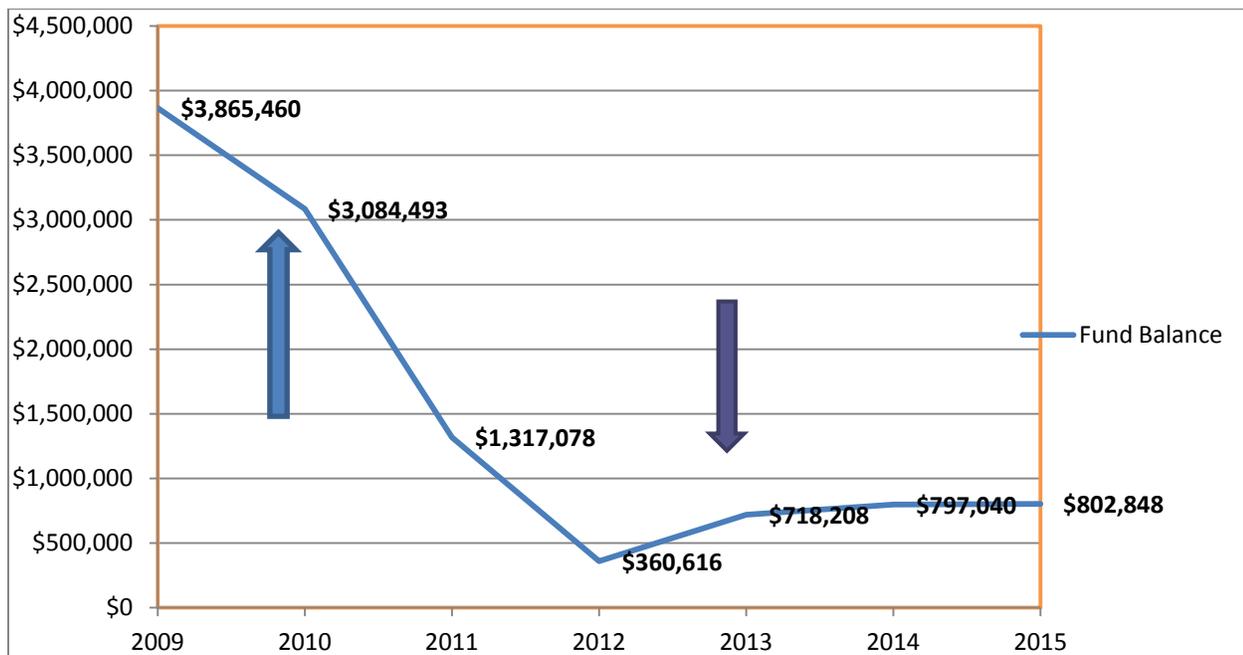
August 22, 2014

TO: Board of Livestock
RE: Budget Subcommittee Review and Decision Document

The Budget Subcommittee held a webinar with industry leaders on Thursday, August 21. This document seeks to outline the information analyzed by the subcommittee and to define a decision document for the Board of Livestock.

The Department's cash balance has been in decline over the last five years, as the following graph shows:

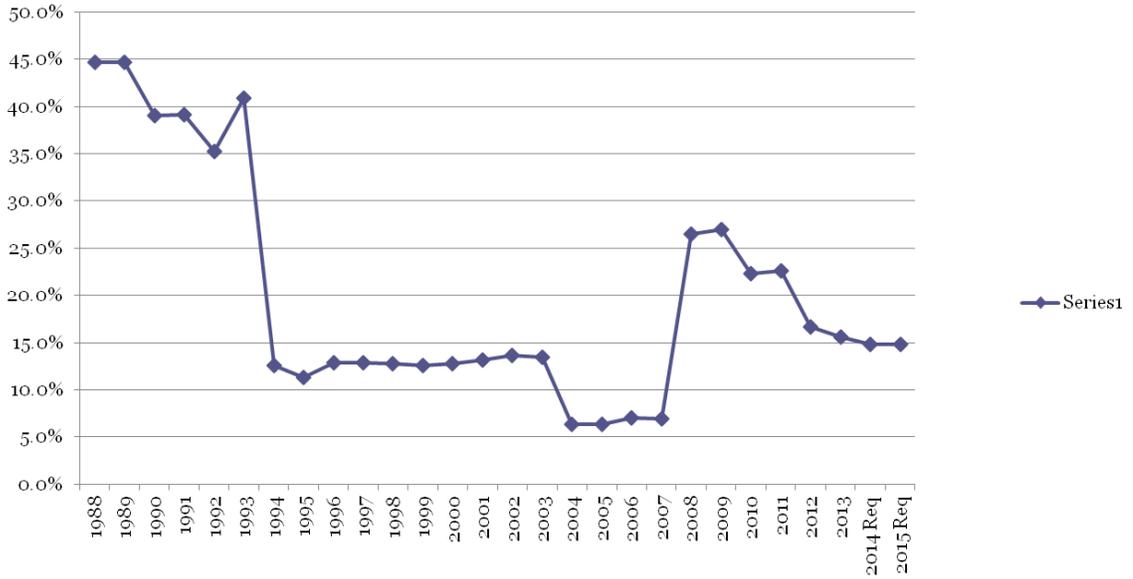
Department of Livestock Cash Balance



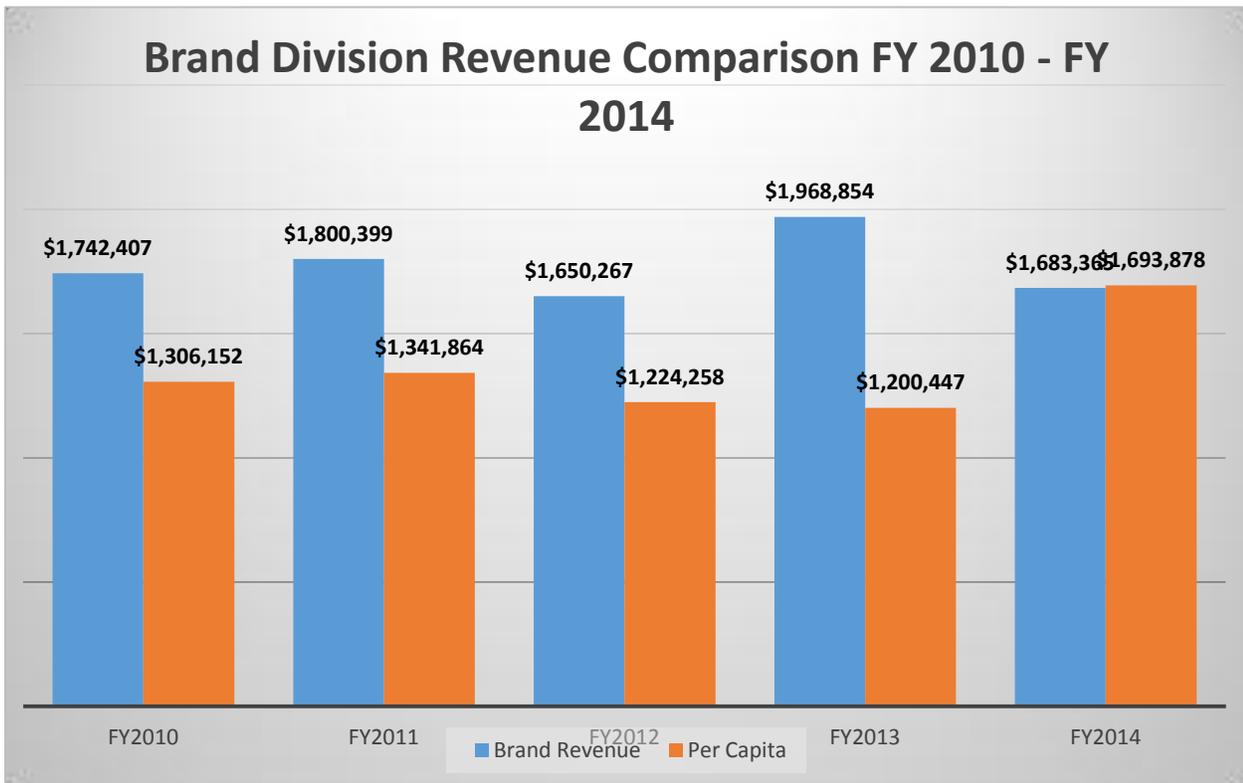
This reduction is due to three factors:

- \$1M in per capita expenses for brucellosis testing in the Designated Surveillance Area between FY 2009 and FY 2013;
- Declining general fund in the Diagnostic Laboratory between FY 2009 and FY 2013;
- Stagnant to declining revenue in the Brands Enforcement division in the face of rising costs between FY 2010 and FY 2013.

General Fund Percentage of Diagnostic Lab Budget



Brand Division Revenue Comparison FY 2010 - FY 2014



Recent increases in brand inspection fees, per capita fees and lab fees have not been sufficient to cover increasing costs. The Department is facing combined cash and spending authority deficit for FY 2015 of \$400,249 as the following chart details.

MONTANA DEPARTMENT OF LIVESTOCK								
FY 2015 Per Capita Authority Compared To FY 2014 Expenditures By Division								
DIVISION	FUND 02426	FY 2015 Authority	Statutory Predator	Adjusted Authority	FY 2014 Expenditures	Pay Plan Adj	Total Est.2015 Expenditures	FY 2015 Over/Under
CENTRAL SERVICES	Per Capita Fee	\$1,405,180	\$350,000	\$1,755,180	\$1,776,187	\$39,653	\$1,815,840	-\$60,660
LAB	Per Capita Fee	\$645,612		\$656,774	\$941,516	\$46,777	\$988,293	-\$331,519
ANIMAL HEALTH	Per Capita Fee	\$690,294		\$707,338	\$634,869	\$34,102	\$668,971	\$38,367
BRANDS	Per Capita Fee	\$1,781,201		\$1,786,227	\$1,730,119	\$102,545	\$1,832,664	-\$46,437
TOTALS		\$4,522,287		\$4,905,519	\$5,082,691	\$223,077	\$5,305,768	-\$400,249

Notes: This chart illustrates Per Capita Fee (PCF) funds only. It shows the amount of PCF budgeted authority for FY 2015 in HB2 the general appropriation bill and HB13 the pay plan bill. It does not include any carryforward authority. The Statutory Predator PCF authority of \$350,000 is added to Central Services where it is paid from. The Pay Plan analysis was projected by considering a 5% pay increase effective November 2014 and an \$81 per month increase in health insurance benefits effective January 2015. For discussion purposes, the entire pay and benefit increase was funded with per capita fee. It is possible that Lab or Brand Fees may pay a portion of the pay increase. This analysis is preliminary and requires thorough monthly review as both expenditures and revenues are actually realized as FY 15 progresses.

Adjustments must be made in revenue and expenses in order to meet the budget for FY 2015. The specific targets are as follows: Reductions in FY 2014 per capita expenditures must be made in the amount of \$177,172 in order to reach the Adjusted Authority of \$4,905,519 for FY 2015 (this Adjusted authority includes the 5% pay increase passed by the last legislature). An additional \$223,077 in cash must be raised or saved in order to fund the pay plan. These two numbers combine for the \$400,249 noted above.

The Subcommittee analyzed the following expense reductions through continued vacancies and personnel reductions.

Division	Vacancies	Reductions
Centralized Services	\$19,641.79	\$77,057.94
Lab	\$44,007.00	\$66,678.33
Animal Health	\$ 0.00	\$ 7,584.01
Brands Enforcement	\$29,158.58	\$106,434.53
Total	\$92,807.38	\$257,754.81

Vacancies are positions that were open for all or part of FY 2014 and would continue to be open for FY 2015. Reductions are all FY 2014 vacancies and positions that came open at the beginning of FY 2015.

This amount does not meet the necessary combined authority/cash target of \$400,000. If no fee increases are made, an additional approximately \$150,000 in cuts in currently filled positions would be necessary in order to balance the FY 2015 budget.

The Subcommittee also analyzed the following fees, taking into consideration when they could be implemented with regard to the administrative rules process:

	Currently	Raise to	Implement on	FY 2014 income	FY 2015 income	Difference
Brand Inspection	\$ 0.75	\$ 1.00	1-Nov	\$ 1,379,600.00	\$ 1,741,896.00	\$ 362,296.00
Per Capita	\$ 4,383,853.00	Max	1-Oct	\$ 4,383,853.00	\$ 4,539,748.00	\$ 155,895.00
Lab fees	\$ 997,344.36	5%	1-Nov	\$ 997,344.36	\$ 1,037,878.41	\$ 40,534.05
Dealer License	\$ 100.00	\$ 200.00	1-Dec	\$ 41,575.20	\$ 98,842.00	\$ 57,266.80
Market licenses	\$ 100.00	\$ 300.00	1-Dec	\$ 1,300.00	\$ 3,900.00	\$ 2,600.00
Mortgage fee	\$ 25.00	\$ 50.00	1-Oct	\$ 42,532.00	\$ 63,798.00	\$ 21,266.00
Total						\$ 639,857.85

Notes:

- Brand Inspection. If brand inspection fees are to be raised, this must occur immediately in order to capture necessary revenue from the fall run.
- Per capita. This is the maximum allowed by statute and complying with calculation methodology recommended by the Legislative Auditor.
- Lab fees. The lab cannot raise fees enough to cover its entire budget. Doing so would make the lab non-competitive with other labs and put it out of accreditation compliance with the AAVLD.
- Dealer and Market Licenses. These have not been raised in several years. Currently, the combined amount of these fees pays approximately half of the position that carries out that function.
- Mortgage fees. These have not been raised in several years.

Decision:

The Board of Livestock must decide on cuts and/or fee increases to meet its FY 2015 spending authority and revenue generation.