

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	138.47	138.47	242.18	242.18	138.47	242.18	103.71
Personal Services	6,966,271	7,635,552	4,536,644	4,536,940	14,601,823	9,073,584	(5,528,239)
Operating Expenses	2,699,712	3,248,357	7,628,021	7,589,256	5,948,069	15,217,277	9,269,208
Equipment & Intangible Assets	61,689	7,149	27,999	27,999	68,838	55,998	(12,840)
Grants	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0
Transfers	223,054	75,997	133,578	133,578	299,051	267,156	(31,895)
Debt Service	19,967	24,842	19,967	19,967	44,809	39,934	(4,875)
Total Costs	\$9,970,693	\$10,991,897	\$12,346,209	\$12,307,740	\$20,962,590	\$24,653,949	\$3,691,359
General Fund	984,208	1,559,633	2,581,223	2,634,190	2,543,841	5,215,413	2,671,572
State/Other Special Rev. Funds	7,607,738	7,961,560	7,981,180	7,907,800	15,569,298	15,888,980	319,682
Federal Spec. Rev. Funds	1,378,747	1,470,704	1,783,806	1,765,750	2,849,451	3,549,556	700,105
Total Funds	\$9,970,693	\$10,991,897	\$12,346,209	\$12,307,740	\$20,962,590	\$24,653,949	\$3,691,359

Agency Description

The department is responsible for controlling and eradicating animal diseases, preventing the transmission of animal diseases to humans, and protecting the livestock industry from theft and predatory animals.

Agency Highlights

Department of Livestock Major Budget Highlights
The 2017 Legislatively adopted budget is 13.7% above the Legislatively appropriated 2015 budget. Of the \$24.7 million biennial budget, all but \$0.3 million was placed under a one-time-only designation by the legislature.

Summary of Legislative Action

The biennial budget would increase by 13.7% due to increases in the operating budget primarily in the Animal Health Division, Brands Enforcement Division, and the Meat and Poultry Inspection Program. The legislature added 1 new egg inspector to the Milk and Egg Program. In addition, the legislature increased general fund appropriations in the Diagnostic Laboratory, Animal Health Division, and Meath and Poultry Inspection Program to meet requests of the livestock industry.

Agency Discussion

Fiscal Management Issues

The Legislative Audit Division completed a financial audit of the Department of Livestock in May of 2014. This audit raised issues that were in violation of constitutional or state law, including:

- Dispersing funds without charging an appropriation
- Errors in calculating the 2012 per capita fees
- Expending deferred brand revenues for current year operations

Though the department concurred with the findings, there is no guarantee corrections have been made until such time the Audit Division returns for a follow up review.

Given the issues above, the joint appropriations subcommittee chose to implement zero-base budgeting for this department. This started the budget at zero and established a process for the department to provide information to the subcommittee to establish a balanced and sustainable budget for FY 2016 and FY 2017 without regard for historical patterns. At the conclusion of the budgeting process, the legislature put nearly all of the funding for the department under a one-time-only designation. The status of the department's budget and expenditures may be examined by the Legislative Finance Committee during the 2017 interim.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	5,215,413	0	0	5,215,413	20.25 %
State Special Total	15,888,980	0	1,100,000	16,988,980	65.97 %
Federal Special Total	3,549,556	0	0	3,549,556	13.78 %
Proprietary Total	0	0	0	0	0.00 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$24,653,949	\$0	\$1,100,000	\$25,753,949	
Percent - Total All Sources	95.73 %	0.00 %	4.27 %		

Nearly two-thirds of the department is funded by state special revenue while the remainder comes from both general and federal funds.

Federal special revenue comes from the bison operations cooperative agreement, the Greater Yellowstone Interagency Brucellosis Committee grant for contracted research, and from the U.S. Department of Agriculture in match funds for meat and poultry inspection. General funds are used primarily in the Diagnostic Lab, Animal Health Division, and Meat and Poultry Inspection Program.

State special revenue in the Department of Livestock is derived primarily from taxes and fees assessed to livestock owners on a per capita basis and accounts for 66% of the total budget. Three state special revenue funds comprise over 90% of state special revenue in the department. While two of the funds are used for specific activities, they are both supplemented by the primary funding state special revenue source, the per capita fee fund. Therefore, the fates of each of the accounts are intertwined and must be looked at in total. The following table shows the functions of the department and the related funding sources.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	1,029,423	1,029,423	2,058,846	39.48 %	10,437,890	10,437,890	20,875,780	84.68 %
PL Adjustments	1,551,800	1,604,767	3,156,567	60.52 %	1,908,319	1,869,850	3,778,169	15.32 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,581,223	\$2,634,190	\$5,215,413		\$12,346,209	\$12,307,740	\$24,653,949	

Other Legislation

SB 100 - Grants the Board of Livestock the power to control and eradicate feral swine.

SB 108 - Clarifies the calculation of the annual per capita fee.

SB 183 - Revises milk licensing assessments.

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	138.47	139.12	242.18	103.06	139.12	242.18	103.06	103.06
Personal Services	6,966,271	8,424,105	4,536,644	(3,887,461)	8,422,558	4,536,940	(3,885,618)	(7,773,079)
Operating Expenses	2,699,712	3,549,800	7,628,021	4,078,221	3,481,761	7,589,256	4,107,495	8,185,716
Equipment & Intangible Assets	61,689	61,689	27,999	(33,690)	61,689	27,999	(33,690)	(67,380)
Grants	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	223,054	223,054	133,578	(89,476)	223,054	133,578	(89,476)	(178,952)
Debt Service	19,967	19,967	19,967	0	19,967	19,967	0	0
Total Costs	\$9,970,693	\$12,278,615	\$12,346,209	\$67,594	\$12,209,029	\$12,307,740	\$98,711	\$166,305
General Fund	984,208	2,536,002	2,581,223	45,221	2,536,504	2,634,190	97,686	142,907
State/other Special Rev. Funds	7,607,738	7,976,807	7,981,180	4,373	7,906,775	7,907,800	1,025	5,398
Federal Spec. Rev. Funds	1,378,747	1,765,806	1,783,806	18,000	1,765,750	1,765,750	0	18,000
Total Funds	\$9,970,693	\$12,278,615	\$12,346,209	\$67,594	\$12,209,029	\$12,307,740	\$98,711	\$166,305

The 2017 biennium legislatively approved budget increases department funding by \$166,305 when compared to the executive request. Major increases occurred in the Animal Health, Milk and Egg, and Centralized Services programs.

Language and Statutory Authority

The legislature approved the following language to be included in HB 2:

During the 2017 biennium, up to \$500,000 of state special authority is appropriated if livestock per capita fees are raised and the subsequent funds are available.

The department of livestock shall report on the structural balance on all fee-based funds to the economic affairs interim committee at the first meeting following July 1 of 2015 and 2016.