

**Program Budget Comparison**

The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	57.71	57.71	49.00	49.00	57.71	49.00	(8.71)	(15.09%)
Personal Services	2,737,255	2,802,797	2,431,700	2,433,757	5,540,052	4,865,457	(674,595)	(12.18%)
Operating Expenses	516,628	449,624	488,847	498,370	966,252	987,217	20,965	2.17%
Equipment & Intangible Assets	0	9,248	0	0	9,248	0	(9,248)	(100.00%)
<b>Total Costs</b>	<b>\$3,253,883</b>	<b>\$3,261,669</b>	<b>\$2,920,547</b>	<b>\$2,932,127</b>	<b>\$6,515,552</b>	<b>\$5,852,674</b>	<b>(\$662,878)</b>	<b>(10.17%)</b>
General Fund	2,943	2,943	2,943	2,943	5,886	5,886	0	0.00%
State Special	3,250,940	3,258,726	2,917,604	2,929,184	6,509,666	5,846,788	(662,878)	(10.18%)
Federal Special	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$3,253,883</b>	<b>\$3,261,669</b>	<b>\$2,920,547</b>	<b>\$2,932,127</b>	<b>\$6,515,552</b>	<b>\$5,852,674</b>	<b>(\$662,878)</b>	<b>(10.17%)</b>

**Program Description**

The Brands Enforcement Division is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and livestock inspections.

**Program Highlights**

<b>Brands Enforcement Division Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The Governor’s proposed budget decreases by 10.2% from the previous biennium due to statewide present law adjustments</li> <li>◆ Although the department received funding to purchase vehicles last year, the executive is requesting to lease vehicles in the next biennium</li> </ul>	
<b>Major LFD Issues</b>	
<ul style="list-style-type: none"> <li>◆ The executive proposes the elimination of 8.71 FTE for costs savings</li> </ul>	

**Funding**

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Brands Enforcement Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
<b>General Fund</b>	<b>\$5,886</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,886</b>	0.1%		
<b>State Special Total</b>	<b>\$5,846,788</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,846,788</b>	99.9%		
02425 Inspection And Control	2,464,432	-	-	2,464,432	42.1%		
02426 Lvstk Per Capita	3,382,356	-	-	3,382,356	57.8%		
<b>Total All Funds</b>	<b>\$5,852,674</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,852,674</b>	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Brand Enforcement Division is funded with per capita fees and inspection and control funds. Inspection and control funds are generated from brand recordings, and market and local inspections. General fund comprises less than 1% of the total. As shown, the per capita fund would be sharply increased in FY 2014. For a further discussion, see the LFD Issue in new proposal DP 603.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,943	2,943	5,886	100.00%	3,253,883	3,253,883	6,507,766	111.19%
Statewide PL Adjustments	0	0	0	0.00%	(40,074)	(33,476)	(73,550)	(1.26%)
Other PL Adjustments	0	0	0	0.00%	61,133	65,658	126,791	2.17%
New Proposals	0	0	0	0.00%	(354,395)	(353,938)	(708,333)	(12.10%)
<b>Total Budget</b>	<b>\$2,943</b>	<b>\$2,943</b>	<b>\$5,886</b>		<b>\$2,920,547</b>	<b>\$2,932,127</b>	<b>\$5,852,674</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					96,200					97,867
Vacancy Savings					(113,339)					(113,406)
Inflation/Deflation					(10,113)					(5,525)
Fixed Costs					(12,822)					(12,412)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>(\$40,074)</b>	<b>\$0</b>	<b>(\$40,074)</b>		<b>\$0</b>	<b>(\$33,476)</b>	<b>\$0</b>	<b>(\$33,476)</b>
DP 601 - Brands Division Vehicle Lease	0.00	0	5,154	0	5,154	0.00	0	9,679	0	9,679
DP 602 - Brand Overtime	0.00	0	55,979	0	55,979	0.00	0	55,979	0	55,979
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$61,133</b>	<b>\$0</b>	<b>\$61,133</b>	<b>0.00</b>	<b>\$0</b>	<b>\$65,658</b>	<b>\$0</b>	<b>\$65,658</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$21,059</b>	<b>\$0</b>	<b>\$21,059</b>	<b>0.00</b>	<b>\$0</b>	<b>\$32,182</b>	<b>\$0</b>	<b>\$32,182</b>

DP 601 - Brands Division Lease Vehicle Lease - The executive is requesting to replace five vehicles each year with leased vehicles from the DOT Motor Pool in a fleet of 30 brand enforcement vehicles.

<b>LFD COMMENT</b>	Last biennium the executive request for additional funds to purchase vehicles was approved. However, the executive proposes that the department begin leasing vehicles from the DOT motor pool and has requests for this funding in several programs. For a further discussion, see the Summary section of this agency’s narrative.
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DP 602 - Brand Overtime - The executive is requesting restoration of overtime authority at the FY 2012 level. The program works extensive overtime during the fall market and at other peak times of the year. Overtime funding is required to be approved every biennium.

**LFD COMMENT** The division is requesting a continuation of FY 2012 level overtime while proposing a reduction in staff. For a further discussion see the LFD Issue for DP 603 in the new proposals section.

**New Proposals**

Program	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 603 - Brand FTE Reductions and Fund Switch										
06	(8.71)	0	(354,395)	0	(354,395)	(8.71)	0	(353,938)	0	(353,938)
<b>Total</b>	<b>(8.71)</b>	<b>\$0</b>	<b>(\$354,395)</b>	<b>\$0</b>	<b>(\$354,395)</b>	<b>(8.71)</b>	<b>\$0</b>	<b>(\$353,938)</b>	<b>\$0</b>	<b>(\$353,938)</b>

DP 603 - Brand FTE Reductions and Fund Switch – The executive proposes to permanently remove 8.71 FTE and \$354,395 of state special revenue per capita fee in FY 2014 and \$353,938 in FY 2015. In addition, \$921,736 of inspection and control state special revenue funding is replaced with per capita fee state special revenue in FY 2014 in order to balance the department’s expenditures with available funding.

**LFD ISSUE** The major funding source for this division is the inspection and control fund. Livestock owners pay a fee every ten years for brand re-record, which populates the fund. However, because of the timing of the revenues to the fund, the agency can only spend 10% of the total revenues that are received from brand re-record in any year. The following figure shows the actual expenditures in FY 2012, and appropriated FY 2013 and proposed 2015 biennium expenditures for the fund.

Department of Livestock Inspection and Control Fund				
	Actual FY 2012	Appropriated FY 2013	Executive Request FY 2014	Executive Request FY 2015
Beginning Balance	\$256,353	\$81,645	(\$207,666)	\$753,120
Revenues	1,926,537	1,831,819	1,706,319	1,721,319
<u>Expenditures</u>				
Brands Enforcement	(2,101,245)	(2,121,130)	(745,533)	(1,718,899)
Ending Fund Balance	<u>\$81,645</u>	<u>(\$207,666)</u>	<u>\$753,120</u>	<u>\$755,540</u>
FTE	57.71	57.71	49.00	49.00

Department Of Livestock 2015 Budget Requests for Inspection and Control			
	FY 2014	FY 2015	Biennial Total
Vehicle Lease Brands Div	\$5,154	\$9,679	\$14,833
Brand Overtime	55,979	55,979	\$111,958
Brand FTE Reduction	(354,395)	(353,938)	(708,333)
<b>Total</b>	<b>(\$293,262)</b>	<b>(\$288,280)</b>	<b>(\$581,542)</b>

2015 Biennium Funding							
Funding Source	Division						
	Central Services	Laboratory	Animal Health	Milk & Egg	Brands	Meat & Poultry	Total
General Fund	\$165,431	\$579,108	\$1,013,028	\$0	\$5,886	\$1,278,376	\$3,041,829
Per Capita Fee	2,734,121	1,278,613	1,299,735	0	3,382,356	0	8,694,825
Animal Health	0	2,051,319	77,888	686,418	0	11,435	2,827,060
Inspection & Control	0	0	0	0	2,464,432	0	2,464,432
Other State Special	710,542	0	0	120,098	0	0	830,640
Federal	0	0	<u>1,485,340</u>	<u>56,980</u>	0	<u>1,278,376</u>	<u>2,820,696</u>
<b>Total</b>	<b>\$3,610,094</b>	<b>\$3,909,040</b>	<b>\$3,875,991</b>	<b>\$863,496</b>	<b>\$5,852,674</b>	<b>\$2,568,187</b>	<b>\$20,679,482</b>

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ISSUE CONT.**

As shown, although revenues are expected to decrease slightly, expenditures from the fund would be sharply reduced. The Board of Livestock is the entity responsible for setting fees, which have not been raised since 2006. The agency has been overspending from the fund since FY 2009. The executive states that they are recommending a reduction in operations and further supplementary funding from the per capita fund rather than an increase in fees because the a fee increase was not desirable.

The department also states that they estimate the potential impact of a reduction in staffing levels to be 4.96 currently filled FTE, which would be expected to result in layoffs, mostly part-time employees. The remaining FTE reductions would be achieved through currently vacant positions. The department expects to see a reduction in market inspections and an impact of operation on sale days with this level of reduction in staff. If the legislature does not wish to have all or a portion of the reduction in staffing included in the executive budget, it has three primary options to increase revenue:

- Increase fees to the inspection and control fund
- Increase the percentage of the re-record fees that are able to be spent annually temporarily until additional revenue can be raised
- Provide additional supplement funding. If additional funding were to be provided by the per capita fund, it could jeopardize that fund's structural balance