

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	139.50	139.50	142.76	142.76	139.50	142.76	3.26	2.34%
Personal Services	6,751,716	6,940,998	7,456,472	7,460,721	13,692,714	14,917,193	1,224,479	8.94%
Operating Expenses	2,896,569	3,033,416	3,379,393	3,364,488	5,929,985	6,743,881	813,896	13.73%
Equipment & Intangible Assets	47,689	70,052	152,439	114,689	117,741	267,128	149,387	126.88%
Benefits & Claims	140,000	450,000	0	0	590,000	0	(590,000)	(100.00%)
<b>Total Costs</b>	<b>\$9,835,974</b>	<b>\$10,494,466</b>	<b>\$10,988,304</b>	<b>\$10,939,898</b>	<b>\$20,330,440</b>	<b>\$21,928,202</b>	<b>\$1,597,762</b>	<b>7.86%</b>
General Fund	1,046,160	1,111,118	1,272,549	1,272,667	2,157,278	2,545,216	387,938	17.98%
State Special	7,325,213	7,574,506	8,200,179	8,178,743	14,899,719	16,378,922	1,479,203	9.93%
Federal Special	1,464,601	1,808,842	1,515,576	1,488,488	3,273,443	3,004,064	(269,379)	(8.23%)
<b>Total Funds</b>	<b>\$9,835,974</b>	<b>\$10,494,466</b>	<b>\$10,988,304</b>	<b>\$10,939,898</b>	<b>\$20,330,440</b>	<b>\$21,928,202</b>	<b>\$1,597,762</b>	<b>7.86%</b>

### Agency Description

**Mission Statement:** 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.

The Department of Livestock is responsible for controlling and eradicating animal diseases; preventing the transmission of animal diseases to humans; protecting the livestock industry from theft and predatory animals; meat, milk, and egg inspection; and regulating the milk industry relative to producer pricing. The department, which is provided for in 2-15-3101, MCA, consists of the Board of Livestock and its appointed executive officer, the Livestock Crimestoppers' Commission, the Milk Control Board, the Livestock Loss Reduction and Mitigation Board, and the Board of Horse Racing. The department is organized into four divisions: Animal Health; Centralized Services; Brand-Enforcement; Diagnostic Laboratory; and two bureaus: Milk and Egg Inspection and Meat and Poultry Inspection. 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 Highlights

<b>Department of Livestock Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The overall budget increases by \$1.6 million, or 7.9%, with increases from both general fund and state special sources, offset somewhat by a reduction in federal funding</li> <li>◆ General fund is increased by 18.0% from the 2011 biennium due primarily to funding of positions and activities associated with brucellosis surveillance and compliance. Other increases included statewide present law adjustments and costs associated with the state meat inspection program. The 5% plan reductions partially offset these increases.</li> <li>◆ Predator control and livestock loss payments were removed from HB 2, and a bill was passed to establish statutory appropriations for these programs</li> <li>◆ A new egg grading program was established, funded entirely by user fees</li> <li>◆ Increases included the net addition of 3.26 FTE: <ul style="list-style-type: none"> <li>• 2.00 FTE for Brucellosis Vet &amp; Compliance Specialist (OTO)</li> <li>• 1.50 FTE for Egg Graders</li> <li>• (0.24) FTE reduction in the Diagnostic Laboratory</li> </ul> </li> </ul>

**Summary of Legislative Action**

Total funding for the department increases by 7.9% compared to the 2011 biennium, with general fund increases of 18.0% and state special revenue increases of 9.9% more than offsetting a federal funds decrease of 8.2%.

General fund expenditures increase as a result of a number of partially offsetting factors, including:

- o Statewide present law adjustments
- o Brucellosis surveillance and a Brucellosis Vet and Compliance Specialist approved on a one-time-only basis (split equally between general fund and state special funds)
- o Removal of the livestock predation payments funding from HB 2 and its establishment as a statutory appropriation

State special revenues increase due to the net of:

- o Statewide present law adjustments and other minor increases including overtime
- o A new egg grader program (funded through user fees)
- o Brucellosis surveillance and a Brucellosis Vet and Compliance Specialist approved on a one-time-only basis (split equally between general fund and state special funds)
- o Various increases for the diagnostic laboratory and the meat, milk & egg inspection programs
- o Removal of the Predator Control Program from HB 2 and its inclusion as a statutory appropriation

**Agency Discussion**

Historical and Projected Fund Analysis Livestock Per Capita Tax - Montana Department of Livestock Fiscal Years 2010 Through 2013				
Item	Actual FY 2010	Appropriated FY 2011	HB 2 FY 2012	HB 2 FY 2013
Beginning Fund Balance	\$2,458,171	\$2,391,761	\$1,656,009	\$1,087,417
<b>Revenue</b>				
Per Capita*	3,799,994	3,820,000	3,820,000	3,820,000
<b>Expenditures by Program</b>				
Centralized Services	1,697,373	1,670,829	1,453,775	1,425,653
Diagnostic Laboratory	228,411	488,336	479,160	475,130
Animal Health	785,220	1,122,961	961,162	989,544
Brands Enforcement	1,155,400	1,273,626	1,144,495	1,137,596
Predator Control (HB 622)			350,000	350,000
Total Expenditures	3,866,404	4,555,752	4,388,592	4,377,923
Ending Fund Balance	\$2,391,761	\$1,656,009	\$1,087,417	\$529,494

\*average revenues from FY08, FY09, and FY10

*Livestock Per Capita Fee*

The per capita revenue is derived from taxation on the ownership of livestock and interest earned on the fund. The legislature appropriated \$4.4 million each year of the 2013 biennium from the per capita fund, which accounts for 53.5% of the state special fund authority provided to the department. The following shows the fund balance for the fund in the 2013 biennium, including a continuation of revenues at the average of the previous three years.

*Animal Health Fund*

The animal health fund collects lab fees as well as fees from the milk and egg programs. The legislature appropriated \$1.7

million each year of the 2013 biennium from the animal health fund, which accounts for 20.5% of the state special fund authority provided to the department. Inspection fees have averaged approximately \$416,000 since FY 2008, while lab revenues have averaged \$962,000 for the same time period. A new program was established and approved by the legislature that grades eggs for a fee, providing a new source of revenue to this fund. The fees received will serve to cover the cost of the new inspection program, and will also provide a baseline for future fund balance projections. In the table provided, primary revenues are estimated based on a three year average, but the egg grading revenues are the estimates provided by the department.

Historical and Projected Fund Analysis Animal Health Fund - Montana Department of Livestock Fiscal Years 2010 Through 2013				
Item	Actual FY 2010	Appropriated FY 2011	HB 2 FY 2012	HB 2 FY 2013
Beginning Fund Balance	\$92,700	\$79,085	\$91,054	\$6,801
Adjustments	(\$3,022)			
<b>Revenue</b>				
Egg Grading*	1,395,273	1,480,000	1,480,000	1,480,000
			129,844	129,533
<b>Expenditures by Program</b>				
Diagnostic Laboratory	999,812	1,096,836	1,048,479	1,022,724
Milk Lab	100,409	0	103,151	103,045
Animal Health	0	31,732	60,829	60,829
Milk and Egg	299,928	333,056	475,921	477,893
Meat Inspection	5,717	6,407	5,717	5,717
Total Expenditures	1,405,866	1,468,031	1,694,097	1,670,208
Ending Fund Balance	\$79,085	\$91,054	\$6,801	(\$53,874)

\*no history: Department estimates

## Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2013 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Centralized Services Program	\$ 140,315	\$ 3,656,210	\$ -	\$ 3,796,525	17.31%
03 Diagnostic Laboratory Program	607,429	3,231,689	29,000	3,868,118	17.64%
04 Animal Health Division	563,369	2,072,364	1,687,255	4,322,988	19.71%
05 Milk & Egg Program	-	953,814	56,976	1,010,790	4.61%
06 Brands Enforcement Division	5,886	6,453,411	-	6,459,297	29.46%
10 Meat/Poultry Inspection	1,228,217	11,434	1,230,833	2,470,484	11.27%
Grand Total	<u>\$ 2,545,216</u>	<u>\$ 16,378,922</u>	<u>\$ 3,004,064</u>	<u>\$ 21,928,202</u>	<u>100.00%</u>

The department receives 11.6% of its funding from the general fund. The largest portion of its funding is state special revenue derived primarily from the livestock per capita fund and the animal health fund. The livestock per capita fund is funded through a per head fee on livestock producers throughout Montana, including cattle and other animals such as sheep, swine, poultry, horses, and various others. The animal health fund receives fees through the animal diagnostic laboratory, as well as some of the milk and egg inspection programs. Other state special funds include the board of horse racing fund and the milk control bureau fund.

## 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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,046,160	1,046,160	2,092,320	82.21%	9,835,974	9,835,974	19,671,948	89.71%
Statewide PL Adjustments	23,925	24,199	48,124	1.89%	354,570	337,398	691,968	3.16%
Other PL Adjustments	38,288	38,288	76,576	3.01%	419,088	435,234	854,322	3.90%
New Proposals	164,176	164,020	328,196	12.89%	378,672	331,292	709,964	3.24%
<b>Total Budget</b>	<b>\$1,272,549</b>	<b>\$1,272,667</b>	<b>\$2,545,216</b>		<b>\$10,988,304</b>	<b>\$10,939,898</b>	<b>\$21,928,202</b>	

## Other Legislation

**HB 622** - This bill transfers and statutorily appropriates money for use in predator control and for reimbursement of livestock owners for predatory loss. \$200,000 general fund is provided for livestock predation reimbursement in each fiscal year, while \$350,000 is provided each fiscal year for predator control from the livestock per capita state special fund. Both transfers establish accounts that are allowed to carry over any unused balance into following fiscal years. This action sunsets June 30, 2017.

**SB 16** - This bill places authority with the Board of Horse Racing to enter into contracts to provide simulcast racing through a simulcast paramutuel network and provides a statutory appropriation for the board of horse racing to utilize funds raised through these contracts.

## Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	139.50	144.50	142.76	(1.74)	142.76	142.76	0.00	
Personal Services	6,751,716	7,525,754	7,456,472	(69,282)	7,466,131	7,460,721	(5,410)	(74,692)
Operating Expenses	2,896,569	3,894,041	3,379,393	(514,648)	3,876,469	3,364,488	(511,981)	(1,026,629)
Equipment & Intangible Assets	47,689	273,191	152,439	(120,752)	235,441	114,689	(120,752)	(241,504)
Benefits & Claims	140,000	290,000	0	(290,000)	140,000	0	(140,000)	(430,000)
<b>Total Costs</b>	<b>\$9,835,974</b>	<b>\$11,982,986</b>	<b>\$10,988,304</b>	<b>(\$994,682)</b>	<b>\$11,718,041</b>	<b>\$10,939,898</b>	<b>(\$778,143)</b>	<b>(\$1,772,825)</b>
General Fund	1,046,160	1,576,480	1,272,549	(303,931)	1,426,602	1,272,667	(153,935)	(457,866)
State/Other Special	7,325,213	8,750,930	8,200,179	(550,751)	8,662,951	8,178,743	(484,208)	(1,034,959)
Federal Special	1,464,601	1,655,576	1,515,576	(140,000)	1,628,488	1,488,488	(140,000)	(280,000)
<b>Total Funds</b>	<b>\$9,835,974</b>	<b>\$11,982,986</b>	<b>\$10,988,304</b>	<b>(\$994,682)</b>	<b>\$11,718,041</b>	<b>\$10,939,898</b>	<b>(\$778,143)</b>	<b>(\$1,772,825)</b>

There are a number of differences between the executive's proposed budget and the budget approved by the legislature, which is \$1.8 million lower. Included in these changes are:

- o Payments for livestock loss to predators were pulled out of HB 2, along with a state special revenue reduction of almost \$630,000 for the predator control program. Instead, HB 622 provides \$350,000 per year of livestock per capita fees for predator control, and \$200,000 per year of general fund for livestock loss payments
- o A reduction of \$278,770 is the result of a request from the agency to reduce the costs associated with the Brucellosis Designated Surveillance Area (DSA)
- o State special revenue authority was reduced by over \$241,000 as a request to purchase 10 vehicles was not approved, and over \$66,000 was not approved as an expense associated with the decennial brand re-record
- o Over \$31,000 of state special revenue was not approved for the replacement of computers
- o Just under \$38,000 of general fund reductions was the result of 5% reduction plan items that were not included in the executive's proposed budget

### Language and Statutory Authority

The legislature included the following language in HB 2.

"Diagnostic Laboratory Program includes a reduction in general fund money of \$1,705 in FY 2012 and \$1,698 in FY 2013. The agency may allocate this reduction in funding among programs when developing 2013 biennium operating plans."

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	20.78	20.78	20.78	20.78	20.78	20.78	0.00	0.00%
Personal Services	1,095,555	1,108,006	1,188,926	1,190,550	2,203,561	2,379,476	175,915	7.98%
Operating Expenses	1,013,358	726,393	714,081	684,264	1,739,751	1,398,345	(341,406)	(19.62%)
Equipment & Intangible Assets	9,352	0	9,352	9,352	9,352	18,704	9,352	100.00%
Benefits & Claims	140,000	450,000	0	0	590,000	0	(590,000)	(100.00%)
<b>Total Costs</b>	<b>\$2,258,265</b>	<b>\$2,284,399</b>	<b>\$1,912,359</b>	<b>\$1,884,166</b>	<b>\$4,542,664</b>	<b>\$3,796,525</b>	<b>(\$746,139)</b>	<b>(16.43%)</b>
General Fund	65,628	72,603	70,215	70,100	138,231	140,315	2,084	1.51%
State Special	2,052,637	1,911,796	1,842,144	1,814,066	3,964,433	3,656,210	(308,223)	(7.77%)
Federal Special	140,000	300,000	0	0	440,000	0	(440,000)	(100.00%)
<b>Total Funds</b>	<b>\$2,258,265</b>	<b>\$2,284,399</b>	<b>\$1,912,359</b>	<b>\$1,884,166</b>	<b>\$4,542,664</b>	<b>\$3,796,525</b>	<b>(\$746,139)</b>	<b>(16.43%)</b>

### Program Description

The Centralized Services Division is responsible for budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, information technology, public information, and general services functions for the department. The Predator Control Program is administered by the Board of Livestock and the Executive Officer. The Milk Control Bureau staff and the Livestock Loss Board staff are supervised in the Central Services Division. The Board of Milk Control, the Livestock Loss Board, and the Board of Horse Racing are attached to the Department of Livestock for administrative purposes.

### Program Highlights

<b>Centralized Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget decreases by 16.4%, or \$0.7 million, from the previous biennium</li> <li>◆ Predator control and livestock loss payments are eliminated from HB 2, and established with statutory appropriations</li> <li>◆ Federal funds decrease by 100% due to the elimination of federal funding for predation payments</li> <li>◆ Per diem and travel expenses for the Board of Livestock and the Livestock Loss Board increase the budget slightly</li> </ul>

### Program Narrative

The budget for the Centralized Services Division is decreased by 16.4%, or \$0.7 million. Predator control costs of \$0.6 million were removed from HB 2, and statutorily appropriated via HB 622. Federal appropriations were reduced by \$0.3 million to reflect a reduction in federal funding received to pay livestock producers for losses associated with wolf predation.

Partially offsetting these decreases were a statewide present law adjustment of \$0.2 million and costs associated with board meetings for the Board of Livestock and the Livestock Loss Board.

**Funding**

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 65,628	2.9%	\$ 70,215	3.7%	\$ 70,100	3.7%
01100 General Fund	65,628	2.9%	70,215	3.7%	70,100	3.7%
02000 Total State Special Funds	2,052,637	90.9%	1,842,144	96.3%	1,814,066	96.3%
02029 Board Of Horse Racing	154,430	6.8%	175,157	9.2%	174,913	9.3%
02322 Llmb State Special	-	-	-	-	-	-
02426 Lvstk Per Capita	1,691,149	74.9%	1,453,775	76.0%	1,425,653	75.7%
02817 Milk Control Bureau	207,058	9.2%	213,212	11.1%	213,500	11.3%
03000 Total Federal Special Funds	140,000	6.2%	-	-	-	-
03345 Llmb Federal Special	140,000	6.2%	-	-	-	-
Grand Total	\$ 2,258,265	100.0%	\$ 1,912,359	100.0%	\$ 1,884,166	100.0%

General fund supports general operations. State special revenues are from the livestock per capita fund, the Milk Control Bureau fund, and the Board of Horse Racing fund. The livestock per capita fund, an annual tax on livestock headcount, is used to support all activities of the division except for the administratively attached boards. The division collects indirect cost reimbursements on federal and state special revenues expended in other divisions, which are deposited to the livestock per capita fund. The Milk Control Bureau and the Board of Horse Racing are funded by fees assessed to the respective industries.

**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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	65,628	65,628	131,256	93.54%	2,258,265	2,258,265	4,516,530	118.96%
Statewide PL Adjustments	(623)	(738)	(1,361)	(0.97%)	103,216	75,023	178,239	4.69%
Other PL Adjustments	5,210	5,210	10,420	7.43%	5,710	5,710	11,420	0.30%
New Proposals	0	0	0	0.00%	(454,832)	(454,832)	(909,664)	(23.96%)
<b>Total Budget</b>	<b>\$70,215</b>	<b>\$70,100</b>	<b>\$140,315</b>		<b>\$1,912,359</b>	<b>\$1,884,166</b>	<b>\$3,796,525</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted by the legislature. “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.

	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					140,657					142,348
Vacancy Savings					(49,186)					(49,253)
Inflation/Deflation					427					527
Fixed Costs					11,318					(18,599)
<b>Total Statewide Present Law Adjustments</b>										
		<b>(\$623)</b>	<b>\$103,839</b>	<b>\$0</b>	<b>\$103,216</b>		<b>(\$738)</b>	<b>\$75,761</b>	<b>\$0</b>	<b>\$75,023</b>
DP 101 - Board Per Diem	0.00	0	500	0	500	0.00	0	500	0	500
DP 125 - LLRMB Board Meetings	0.00	5,210	0	0	5,210	0.00	5,210	0	0	5,210
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,210</b>	<b>\$500</b>	<b>\$0</b>	<b>\$5,710</b>	<b>0.00</b>	<b>\$5,210</b>	<b>\$500</b>	<b>\$0</b>	<b>\$5,710</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$4,587</b>	<b>\$104,339</b>	<b>\$0</b>	<b>\$108,926</b>	<b>0.00</b>	<b>\$4,472</b>	<b>\$76,261</b>	<b>\$0</b>	<b>\$80,733</b>

DP 101 - Board Per Diem - The legislature approved a base adjustment for per diem to fund the Board of Livestock for six meetings in each year of the biennium.

DP 125 - LLRMB Board Meetings - The legislature approved additional general fund to allow the Livestock Loss Reduction Mitigation Board to meet in Helena four times per year instead of meeting twice per year in person and twice per year by teleconference.

**New Proposals**

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 155 - Remove Predator Control from Base											
01	0.00	0	(314,832)	0	(314,832)	0.00	0	(314,832)	0	(314,832)	
DP 160 - Remove LLRMB Payments Federal authority											
01	0.00	0	0	(140,000)	(140,000)	0.00	0	0	(140,000)	(140,000)	
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$314,832)</b>	<b>(\$140,000)</b>	<b>(\$454,832)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$314,832)</b>	<b>(\$140,000)</b>	<b>(\$454,832)</b>	

DP 155 - Remove Predator Control from Base - The legislature approved removal of state special revenue authority each year from the adjusted base, completely eliminating this program from HB 2. HB 622 established a statutory appropriation of \$350,000 per year of per capita fees for this same purpose.

DP 160 - Remove LLRMB Payments Federal authority - The legislature approved a reduction to the federal appropriation authority for livestock loss payments. This authority was in the base, but federal monies are not expected to be available for this purpose.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	22.00	22.00	21.76	21.76	22.00	21.76	(0.24)	(1.09%)
Personal Services	1,135,911	1,149,108	1,178,016	1,178,036	2,285,019	2,356,052	71,033	3.11%
Operating Expenses	558,721	871,093	716,358	721,442	1,429,814	1,437,800	7,986	0.56%
Equipment & Intangible Assets	5,258	6,603	69,008	5,258	11,861	74,266	62,405	526.14%
<b>Total Costs</b>	<b>\$1,699,890</b>	<b>\$2,026,804</b>	<b>\$1,963,382</b>	<b>\$1,904,736</b>	<b>\$3,726,694</b>	<b>\$3,868,118</b>	<b>\$141,424</b>	<b>3.79%</b>
General Fund	410,574	431,650	303,592	303,837	842,224	607,429	(234,795)	(27.88%)
State Special	1,289,316	1,585,172	1,630,790	1,600,899	2,874,488	3,231,689	357,201	12.43%
Federal Special	0	9,982	29,000	0	9,982	29,000	19,018	190.52%
<b>Total Funds</b>	<b>\$1,699,890</b>	<b>\$2,026,804</b>	<b>\$1,963,382</b>	<b>\$1,904,736</b>	<b>\$3,726,694</b>	<b>\$3,868,118</b>	<b>\$141,424</b>	<b>3.79%</b>

### Program Description

The Diagnostic Laboratory provides livestock laboratory diagnostic support for livestock producers and the Animal Health and Milk and Egg program. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks, and other agencies in protecting the health of animals, wildlife, and the public.

### Program Highlights

<b>Diagnostic Laboratory Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget increases by 3.8%, or \$0.1 million, from the previous biennium</li> <li>◆ Various present law adjustments were approved in addition to a statewide present law adjustment for a total increase of \$0.2 million</li> <li>◆ New increases to the budget include an operating adjustment and equipment purchase totaling \$0.4 million</li> <li>◆ Partially offsetting these increases were reductions designed to reduce expenditures by 5%</li> <li>◆ A language appropriation is included to allow flexibility to maintain accreditation standards</li> </ul>

### Program Narrative

The budget for the Diagnostic Laboratory increases by 3.8%, or \$0.1 million, compared to the 2011 biennium.

Major factors contributing to an increase include:

- Adjustment for lab operational costs such as overtime, recharges, and maintenance contracts
- Funds for new and replacement equipment in the lab

Partially offsetting these increases were:

- 4% personal services reduction from general fund
- Reduced general fund support for lab testing

**Funding**

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table						
Diagnostic Laboratory Program						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 410,574	24.2%	\$ 303,592	15.5%	\$ 303,837	16.0%
01100 General Fund	410,574	24.2%	303,592	15.5%	303,837	16.0%
02000 Total State Special Funds	1,289,316	75.8%	1,630,790	83.1%	1,600,899	84.0%
02426 Lvstck Per Capita	219,101	12.9%	479,160	24.4%	475,130	24.9%
02427 Animal Health	1,070,215	63.0%	1,151,630	58.7%	1,125,769	59.1%
03000 Total Federal Special Funds	-	-	29,000	1.5%	-	-
03427 Bison Trap Funds	-	-	29,000	1.5%	-	-
03673 Bluetongue/Fad	-	-	-	-	-	-
Grand Total	<u>\$ 1,699,890</u>	<u>100.0%</u>	<u>\$ 1,963,382</u>	<u>100.0%</u>	<u>\$ 1,904,736</u>	<u>100.0%</u>

The Diagnostic Laboratory (lab) is supported with general fund, animal health fees, per capita fees, and a nominal amount of federal funds. A funding switch from general fund to the animal health fund may require increased lab fees to provide adequate revenue for ongoing operations.

**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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	410,574	410,574	821,148	135.18%	1,699,890	1,699,890	3,399,780	87.89%
Statewide PL Adjustments	9,300	9,538	18,838	3.10%	52,289	53,116	105,405	2.72%
Other PL Adjustments	0	0	0	0.00%	69,768	57,038	126,806	3.28%
New Proposals	(116,282)	(116,275)	(232,557)	(38.29%)	141,435	94,692	236,127	6.10%
<b>Total Budget</b>	<b>\$303,592</b>	<b>\$303,837</b>	<b>\$607,429</b>		<b>\$1,963,382</b>	<b>\$1,904,736</b>	<b>\$3,868,118</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted by the legislature. “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 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					107,009					107,023
Vacancy Savings					(49,717)					(49,718)
Inflation/Deflation					(5,747)					(5,214)
Fixed Costs					744					1,025
<b>Total Statewide Present Law Adjustments</b>		<b>\$9,300</b>	<b>\$42,989</b>	<b>\$0</b>	<b>\$52,289</b>		<b>\$9,538</b>	<b>\$43,578</b>	<b>\$0</b>	<b>\$53,116</b>
DP 303 - Milk Lab Operational Adjustment	0.00	0	2,720	0	2,720	0.00	0	2,720	0	2,720
DP 304 - Lab Overtime	0.00	0	1,330	0	1,330	0.00	0	1,330	0	1,330
DP 309 - Equipment Replacement - OTO	0.00	0	17,000	0	17,000	0.00	0	0	0	0
DP 311 - Lab Testing	0.00	0	5,947	0	5,947	0.00	0	6,641	0	6,641
DP 317 - Lab Maintenance Contracts	0.00	0	5,219	0	5,219	0.00	0	5,219	0	5,219
DP 318 - Lab Recharges	0.00	0	35,152	0	35,152	0.00	0	38,728	0	38,728
DP 320 - Leased Equipment - Copier	0.00	0	2,400	0	2,400	0.00	0	2,400	0	2,400
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$69,768</b>	<b>\$0</b>	<b>\$69,768</b>	<b>0.00</b>	<b>\$0</b>	<b>\$57,038</b>	<b>\$0</b>	<b>\$57,038</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$9,300</b>	<b>\$112,757</b>	<b>\$0</b>	<b>\$122,057</b>	<b>0.00</b>	<b>\$9,538</b>	<b>\$100,616</b>	<b>\$0</b>	<b>\$110,154</b>

DP 303 - Milk Lab Operational Adjustment - Funding for the lab in the 2011 biennium included a one-time-only appropriation of general fund. The legislature approved a base adjustment of state special revenue to restore the one-time-only authority.

DP 304 - Lab Overtime - The legislature approved authority for overtime costs in the Diagnostic Lab. Overtime is zero-based and must be approved each legislative session.

DP 309 - Equipment Replacement - OTO - The legislature approved one-time-only authority to a replace a serology plate cleaner and bacteriology incubator in the lab. Both pieces of equipment have exceeded their life expectancy.

DP 311 - Lab Testing - The legislature approved a base adjustment for the cost of referral testing conducted by outside laboratories. Base authority for outside lab services would increase to \$65,419.

DP 317 - Lab Maintenance Contracts - The legislature approved additional authority to pay for the increasing costs of maintenance contracts for equipment utilized in the lab. Contract services are estimated at \$46,480 each year of the biennium.

DP 318 - Lab Recharges - The legislature approved authority to cover lab recharges. Lab recharges are assessed by Montana State University for facility services based upon square footage. Assessments include operations, electricity, natural gas, and water/sewer.

DP 320 - Leased Equipment - Copier - The legislature approved funding for an additional leased copier for use in the lab.

**New Proposals**

Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 302 - Lab Operating Adjustment										
03	0.00	0	169,630	0	169,630	0.00	0	169,630	0	169,630
DP 310 - New Lab Equipment - BIEN/OTO										
03	0.00	0	17,750	29,000	46,750	0.00	0	0	0	0
DP 55321 - Continuation of 2% Reduction - 2009 Session										
03	0.00	(22,240)	0	0	(22,240)	0.00	(22,240)	0	0	(22,240)
DP 55400 - 4% General Fund Reduction										
03	(0.24)	(11,111)	0	0	(11,111)	(0.24)	(11,100)	0	0	(11,100)
DP 78350 - Fund Switch from General Fund to Animal Health										
03	0.00	(41,337)	41,337	0	0	0.00	(41,337)	41,337	0	0
DP 95031 - 5% Plan - Reduced Lab Testing										
03	0.00	(17,649)	0	0	(17,649)	0.00	(17,649)	0	0	(17,649)
DP 95032 - 5% Plan - Full reduction of Proposed 4% Plan										
03	0.00	(22,240)	0	0	(22,240)	0.00	(22,251)	0	0	(22,251)
DP 97100 - Reduction in Worker's Compensation Costs										
03	0.00	(1,705)	0	0	(1,705)	0.00	(1,698)	0	0	(1,698)
<b>Total</b>	<b>(0.24)</b>	<b>(\$116,282)</b>	<b>\$228,717</b>	<b>\$29,000</b>	<b>\$141,435</b>	<b>(0.24)</b>	<b>(\$116,275)</b>	<b>\$210,967</b>	<b>\$0</b>	<b>\$94,692</b>

DP 302 - Lab Operating Adjustment - Funding for the Diagnostic Lab in the 2011 biennium included a one-time-only appropriation of general fund. The legislature approved a base adjustment to restore the one-time-only authority utilizing state special revenue.

DP 310 - New Lab Equipment - BIEN/OTO - The legislature approved a biennial one-time-only appropriation to purchase new laboratory equipment. This would allow the department to purchase an auto stainer and water bath, a synergy fluorescent polarization testing unit, and a Charm safe level testing unit in the Diagnostic Lab. The Milk Lab would receive a new sink, fume hood, cabinets, and counter top.

DP 55321 - Continuation of 2% Reduction - 2009 Session - The 2009 Legislature imposed a 2% across-the-board reduction of general fund but provided flexibility for affected agencies to allocate the reductions when developing operating plans for the 2011 biennium. The legislature directed in statute that agencies reduce their 2013 budget requests by the amount allocated to personal services in the 2011 biennium. This adjustment corresponds to the 2011 biennium portion of the 2% reduction allocated to personal services.

DP 55400 - 4% General Fund Reduction - The legislature approved a 4% reduction of personal services funded with general fund. This reduction includes the elimination of 0.24 FTE associated with positions vacant when budgets were developed.

DP 78350 - Fund Switch from General Fund to Animal Health - The legislature approved a reduction in general fund authority offset by an increase in appropriation authority for the animal health fund in the amount of \$111,029 each year of the biennium. Increased lab fees may be required to fund this package.

DP 95031 - 5% Plan - Reduced Lab Testing - The legislature approved a reduction in laboratory testing and development. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95032 - 5% Plan - Full reduction of Proposed 4% Plan - The legislature adopted the agency's submitted 5% reduction plan, which included a 4% reduction of personal services funded with general fund. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 97100 - Reduction in Worker's Compensation Costs - The legislature reduced general fund support for worker's compensation costs based upon the anticipated impact of HB 334. The agency may allocate this reduction in funding among programs.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

“In the event that the department experiences extended staff absences and is unable to meet service levels required to maintain AAVLD accreditation standards or peak workload demand, the department may hire additional temporary employees or pay overtime, whichever is determined to be the most cost-effective, to maintain service levels. The department is appropriated not more than \$30,000 as a biennial appropriation for additional costs from the state special revenue per capita fee account to meet the service level requirements.”

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	14.01	14.01	16.01	16.01	14.01	16.01	2.00	14.28%
Personal Services	710,404	762,632	963,581	964,883	1,473,036	1,928,464	455,428	30.92%
Operating Expenses	578,822	742,027	1,144,092	1,146,770	1,320,849	2,290,862	970,013	73.44%
Equipment & Intangible Assets	23,831	21,175	38,831	64,831	45,006	103,662	58,656	130.33%
<b>Total Costs</b>	<b>\$1,313,057</b>	<b>\$1,525,834</b>	<b>\$2,146,504</b>	<b>\$2,176,484</b>	<b>\$2,838,891</b>	<b>\$4,322,988</b>	<b>\$1,484,097</b>	<b>52.28%</b>
General Fund	0	0	281,766	281,603	0	563,369	563,369	n/a
State Special	601,610	665,759	1,021,991	1,050,373	1,267,369	2,072,364	804,995	63.52%
Federal Special	711,447	860,075	842,747	844,508	1,571,522	1,687,255	115,733	7.36%
<b>Total Funds</b>	<b>\$1,313,057</b>	<b>\$1,525,834</b>	<b>\$2,146,504</b>	<b>\$2,176,484</b>	<b>\$2,838,891</b>	<b>\$4,322,988</b>	<b>\$1,484,097</b>	<b>52.28%</b>

### Program Description

The Animal Health Division provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and alternative livestock animals. The program cooperates with the Departments of Public Health and Human Services, Fish, Wildlife and Parks, and the U.S. Department of Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points such as auction markets, and certain animal product processing facilities such as rendering plants. The Rabies Control Unit protects public and animal health from rabies by monitoring new rabies infections and enforcing quarantines.

### Program Highlights

<b>Animal Health Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget increases by 52.3%, or \$1.5 million, from the previous biennium</li> <li>◆ General fund is added to this program's budget to fund brucellosis control activities on a one-time-only basis, and is matched with funding from the per capita fund</li> <li>◆ Federal funding is increased by \$0.1 million for bison operations in the Greater Yellowstone Area</li> </ul>

### Program Narrative

The budget for the Animal Health Division is increased by 52.3%, or \$1.5 million, compared to the 2011 biennium.

Brucellosis monitoring and control drives the funding increase in this program. Federal funding is increased by \$0.1 million for bison operations. General fund is added to this budget, and matched by per capita fees, on a one-time-only basis for the brucellosis designated surveillance area and to hire personnel associated with brucellosis administration.

**Funding**

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ -	-	\$ 281,766	13.1%	\$ 281,603	12.9%
01100 General Fund	-	-	281,766	13.1%	281,603	12.9%
02000 Total State Special Funds	601,610	45.8%	1,021,991	47.6%	1,050,373	48.3%
02426 Lvstck Per Capita	601,610	45.8%	961,162	44.8%	989,544	45.5%
02427 Animal Health	-	-	60,829	2.8%	60,829	2.8%
03000 Total Federal Special Funds	711,447	54.2%	842,747	39.3%	844,508	38.8%
03427 Bison Trap Funds	711,447	54.2%	842,747	39.3%	844,508	38.8%
03673 Bluetongue/Fad	-	-	-	-	-	-
03710 West Nile Virus	-	-	-	-	-	-
03718 Swine Feeding & Fmd	-	-	-	-	-	-
03719 Scrapies	-	-	-	-	-	-
03720 Fad, Bse & Emg Management	-	-	-	-	-	-
<b>Grand Total</b>	<u>\$ 1,313,057</u>	<u>100.0%</u>	<u>\$ 2,146,504</u>	<u>100.0%</u>	<u>\$ 2,176,484</u>	<u>100.0%</u>

The program is predominantly funded with state special revenue to support disease control, import/export activities, and alternative livestock activities. Federal funds support bison operations and the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) research and cooperative efforts. General fund is included in the 2013 biennium to cover short term brucellosis activities.

**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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	1,313,057	1,313,057	2,626,114	60.75%
Statewide PL Adjustments	0	0	0	0.00%	128,875	131,817	260,692	6.03%
Other PL Adjustments	0	0	0	0.00%	141,039	168,403	309,442	7.16%
New Proposals	281,766	281,603	563,369	100.00%	563,533	563,207	1,126,740	26.06%
<b>Total Budget</b>	<b>\$281,766</b>	<b>\$281,603</b>	<b>\$563,369</b>		<b>\$2,146,504</b>	<b>\$2,176,484</b>	<b>\$4,322,988</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted by the legislature. “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.

	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					155,940					157,638
Vacancy Savings					(34,654)					(34,724)
Inflation/Deflation					3,523					4,425
Fixed Costs					4,066					4,478
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$138,614</b>	<b>(\$9,739)</b>	<b>\$128,875</b>		<b>\$0</b>	<b>\$141,159</b>	<b>(\$9,342)</b>	<b>\$131,817</b>
DP 402 - Bison/GYA Federal Funds										
0.00	0.00	0	0	141,039	141,039	0.00	0	0	142,403	142,403
DP 414 - Vehicle Replacement - Animal Health - OTO										
0.00	0.00	0	0	0	0	0.00	0	26,000	0	26,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$141,039</b>	<b>\$141,039</b>	<b>0.00</b>	<b>\$0</b>	<b>\$26,000</b>	<b>\$142,403</b>	<b>\$168,403</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$138,614</b>	<b>\$131,300</b>	<b>\$269,914</b>	<b>0.00</b>	<b>\$0</b>	<b>\$167,159</b>	<b>\$133,061</b>	<b>\$300,220</b>

DP 402 - Bison/GYA Federal Funds - The legislature approved an increase in federal authority for bison operations in the Greater Yellowstone Area (GYA).

DP 414 - Vehicle Replacement - Animal Health - OTO - The legislature approved one-time-only authority to replace a 4x4 vehicle that could exceed its service life in FY 2013.

### New Proposals

Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 405 - Brucellosis - Designated Surveillance Area - OTO										
04	0.00	215,821	215,821	0	431,642	0.00	215,821	215,821	0	431,642
DP 406 - Brucellosis Vet & Compliance Specialist -OTO										
04	2.00	65,945	65,946	0	131,891	2.00	65,782	65,783	0	131,565
<b>Total</b>	<b>2.00</b>	<b>\$281,766</b>	<b>\$281,767</b>	<b>\$0</b>	<b>\$563,533</b>	<b>2.00</b>	<b>\$281,603</b>	<b>\$281,604</b>	<b>\$0</b>	<b>\$563,207</b>

DP 405 - Brucellosis - Designated Surveillance Area - OTO - The legislature approved one-time-only authority to continue brucellosis surveillance in Montana. The Designated Surveillance Area (DSA) plan covering parts of Beaverhead, Madison, Gallatin, and Park counties requires continued testing and risk mitigation activities. The source of funding requested is 50% general fund and 50% per capita fee. If federal funds for brucellosis testing are made available to the department, state general fund would be reduced by a like amount.

DP 406 - Brucellosis Vet & Compliance Specialist -OTO - The legislature approved one-time-only funding for a 1.00 FTE brucellosis veterinarian and a 1.00 FTE brucellosis compliance specialist. These positions would provide oversight of calf hood and adult vaccination for brucellosis and herd plans as well as provide administrative duties related to record keeping, compliance, and communications with producers.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	6.50	6.50	5.00	6.50	1.50	30.00%
Personal Services	252,171	278,959	426,840	426,661	531,130	853,501	322,371	60.70%
Operating Expenses	46,491	53,298	51,569	53,720	99,789	105,289	5,500	5.51%
Equipment & Intangible Assets	0	0	26,000	26,000	0	52,000	52,000	n/a
<b>Total Costs</b>	<b>\$298,662</b>	<b>\$332,257</b>	<b>\$504,409</b>	<b>\$506,381</b>	<b>\$630,919</b>	<b>\$1,010,790</b>	<b>\$379,871</b>	<b>60.21%</b>
State Special	270,174	297,504	475,921	477,893	567,678	953,814	386,136	68.02%
Federal Special	28,488	34,753	28,488	28,488	63,241	56,976	(6,265)	(9.91%)
<b>Total Funds</b>	<b>\$298,662</b>	<b>\$332,257</b>	<b>\$504,409</b>	<b>\$506,381</b>	<b>\$630,919</b>	<b>\$1,010,790</b>	<b>\$379,871</b>	<b>60.21%</b>

**Program Description**

The Milk and Egg Inspection program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies.

**Program Highlights**

<b>Milk and Egg Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget increases by 60.2%, or \$0.4 million from the previous biennium</li> <li>◆ State special revenue increases due to an initiative to establish a fee based egg grading program</li> <li>◆ Major initiatives include:                             <ul style="list-style-type: none"> <li>● Replacement of vehicles</li> <li>● New egg grading program</li> </ul> </li> </ul>

**Program Narrative**

The budget of the Milk and Egg Program is increased by 60.2%, or \$0.4 million, compared to the 2011 biennium.

The primary driver of the increase in the budget is the addition of a new egg grader program. This program adds personnel and operating expenses to the budget, and is funded entirely by fees paid by egg producers seeking the grading service.

Additional increases result from a statewide present law adjustment and an adjustment to out of state travel authority, in addition to the approval of vehicle replacements.

**Funding**

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table						
Milk & Egg Program						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
02000 Total State Special Funds	\$ 270,174	90.5%	\$ 475,921	94.4%	\$ 477,893	94.4%
02427 Animal Health	270,174	90.5%	475,921	94.4%	477,893	94.4%
03000 Total Federal Special Funds	28,488	9.5%	28,488	5.6%	28,488	5.6%
03032 Animal Health Sp. Rev	28,488	9.5%	28,488	5.6%	28,488	5.6%
<b>Grand Total</b>	<b>\$ 298,662</b>	<b>100.0%</b>	<b>\$ 504,409</b>	<b>100.0%</b>	<b>\$ 506,381</b>	<b>100.0%</b>

State special revenue from milk industry fees is the primary funding source for this division. Federal special revenues are provided by the U.S. Department of Agriculture to conduct shell egg surveillance. The new egg grader positions are funded by fees paid into the state special revenue account by the egg producers utilizing this service.

**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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	298,662	298,662	597,324	59.09%
Statewide PL Adjustments	0	0	0	0.00%	47,037	47,808	94,845	9.38%
Other PL Adjustments	0	0	0	0.00%	28,866	30,378	59,244	5.86%
New Proposals	0	0	0	0.00%	129,844	129,533	259,377	25.66%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$504,409</b>	<b>\$506,381</b>	<b>\$1,010,790</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted by the legislature. “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.

	-----Fiscal 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					57,199					57,337
Vacancy Savings					(12,374)					(12,380)
Inflation/Deflation					1,973					2,575
Fixed Costs					239					276
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$47,037</b>	<b>\$0</b>	<b>\$47,037</b>		<b>\$0</b>	<b>\$47,808</b>	<b>\$0</b>	<b>\$47,808</b>
DP 501 - Out of State Travel	0.00	0	2,866	0	2,866	0.00	0	4,378	0	4,378
DP 515 - Vehicle Replacement - Milk and Egg Bureau (OTO)	0.00	0	26,000	0	26,000	0.00	0	26,000	0	26,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$28,866</b>	<b>\$0</b>	<b>\$28,866</b>	<b>0.00</b>	<b>\$0</b>	<b>\$30,378</b>	<b>\$0</b>	<b>\$30,378</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$75,903</b>	<b>\$0</b>	<b>\$75,903</b>	<b>0.00</b>	<b>\$0</b>	<b>\$78,186</b>	<b>\$0</b>	<b>\$78,186</b>

DP 501 - Out of State Travel - The legislature approved authority to increase out of state travel. Milk and Egg Sanitarians are required to complete ongoing training in order to maintain their professional certification. Base year expenditures for training and travel were lower than the budgeted amount due to the location of available training events.

DP 515 - Vehicle Replacement - Milk and Egg Bureau (OTO) - The legislature approved one-time-only state special revenue funding to replace one 4x4 vehicle in the Milk and Egg Bureau each year of the 2103 biennium.

**New Proposals**

New Proposals											
Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 507 - New Egg Graders SSR											
05	1.50	0	129,844	0	129,844	1.50	0	129,533	0	129,533	
<b>Total</b>	<b>1.50</b>	<b>\$0</b>	<b>\$129,844</b>	<b>\$0</b>	<b>\$129,844</b>	<b>1.50</b>	<b>\$0</b>	<b>\$129,533</b>	<b>\$0</b>	<b>\$129,533</b>	

DP 507 - New Egg Graders SSR - The legislature approved an additional 1.50 FTE to provide fee egg grading for the egg industry in Montana. Fee egg grading will allow egg packers to apply the USDA grade shield to cartons of eggs they market. The program is voluntary and the producer requesting the service bears the costs of the inspection service.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	57.21	57.21	57.21	57.21	57.21	57.21	0.00	0.00%
Personal Services	2,674,474	2,720,165	2,772,178	2,773,866	5,394,639	5,546,044	151,405	2.81%
Operating Expenses	424,980	348,430	445,133	449,624	773,410	894,757	121,347	15.69%
Equipment & Intangible Assets	9,248	42,274	9,248	9,248	51,522	18,496	(33,026)	(64.10%)
<b>Total Costs</b>	<b>\$3,108,702</b>	<b>\$3,110,869</b>	<b>\$3,226,559</b>	<b>\$3,232,738</b>	<b>\$6,219,571</b>	<b>\$6,459,297</b>	<b>\$239,726</b>	<b>3.85%</b>
General Fund	2,943	3,001	2,943	2,943	5,944	5,886	(58)	(0.98%)
State Special	3,105,759	3,107,868	3,223,616	3,229,795	6,213,627	6,453,411	239,784	3.86%
<b>Total Funds</b>	<b>\$3,108,702</b>	<b>\$3,110,869</b>	<b>\$3,226,559</b>	<b>\$3,232,738</b>	<b>\$6,219,571</b>	<b>\$6,459,297</b>	<b>\$239,726</b>	<b>3.85%</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</b>	
<b>Major Budget Highlights</b>	
◆	The budget increases by 3.9%, or \$0.2 million, from the previous biennium, primarily due to the restoration of overtime authority

### Program Narrative

The budget for the Brands Enforcement Division increases by 3.9%, or \$0.2 million, compared to the 2011 biennium. Increases to the budget include a statewide present law adjustment, restoration of overtime authority, and an out-of-state travel increase for training.

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding Table						
Brands Enforcement Division						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 2,943	0.1%	\$ 2,943	0.1%	\$ 2,943	0.1%
01100 General Fund	2,943	0.1%	2,943	0.1%	2,943	0.1%
02000 Total State Special Funds	3,105,759	99.9%	3,223,616	99.9%	3,229,795	99.9%
02425 Inspection And Control	1,984,650	63.8%	2,079,121	64.4%	2,092,199	64.7%
02426 Lvstck Per Capita	1,121,109	36.1%	1,144,495	35.5%	1,137,596	35.2%
Grand Total	<u>\$ 3,108,702</u>	<u>100.0%</u>	<u>\$ 3,226,559</u>	<u>100.0%</u>	<u>\$ 3,232,738</u>	<u>100.0%</u>

The Brand Enforcement Division is funded with general fund, per capita fees, and inspection and control funds. Inspection and control funds are generated from brand recordings, and market and local inspections.

### 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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,943	2,943	5,886	100.00%	3,108,702	3,108,702	6,217,404	96.26%
Statewide PL Adjustments	0	0	0	0.00%	10,308	16,487	26,795	0.41%
Other PL Adjustments	0	0	0	0.00%	107,549	107,549	215,098	3.33%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$2,943</b>	<b>\$2,943</b>	<b>\$5,886</b>		<b>\$3,226,559</b>	<b>\$3,232,738</b>	<b>\$6,459,297</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted by the legislature. "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 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					106,784					108,545
Vacancy Savings					(111,249)					(111,322)
Inflation/Deflation					13,439					17,724
Fixed Costs					1,334					1,540
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$10,308</b>	<b>\$0</b>	<b>\$10,308</b>		<b>\$0</b>	<b>\$16,487</b>	<b>\$0</b>	<b>\$16,487</b>
DP 601 - Overtime	0.00	0	102,169	0	102,169	0.00	0	102,169	0	102,169
DP 602 - Out of State Travel	0.00	0	5,380	0	5,380	0.00	0	5,380	0	5,380
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$107,549</b>	<b>\$0</b>	<b>\$107,549</b>	<b>0.00</b>	<b>\$0</b>	<b>\$107,549</b>	<b>\$0</b>	<b>\$107,549</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$117,857</b>	<b>\$0</b>	<b>\$117,857</b>	<b>0.00</b>	<b>\$0</b>	<b>\$124,036</b>	<b>\$0</b>	<b>\$124,036</b>

DP 601 - Overtime - The legislature approved restoration of overtime authority at the FY 2010 level. The program works extensive overtime during the fall market and at other peak times of the year.

DP 602 - Out of State Travel - The legislature approved budget authority for costs associated with out of state training and travel. The Board of Livestock has approved five attendees.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	20.50	20.50	20.50	20.50	20.50	20.50	0.00	0.00%
Personal Services	883,201	922,128	926,931	926,725	1,805,329	1,853,656	48,327	2.68%
Operating Expenses	274,197	292,175	308,160	308,668	566,372	616,828	50,456	8.91%
<b>Total Costs</b>	<b>\$1,157,398</b>	<b>\$1,214,303</b>	<b>\$1,235,091</b>	<b>\$1,235,393</b>	<b>\$2,371,701</b>	<b>\$2,470,484</b>	<b>\$98,783</b>	<b>4.17%</b>
General Fund	567,015	603,864	614,033	614,184	1,170,879	1,228,217	57,338	4.90%
State Special	5,717	6,407	5,717	5,717	12,124	11,434	(690)	(5.69%)
Federal Special	584,666	604,032	615,341	615,492	1,188,698	1,230,833	42,135	3.54%
<b>Total Funds</b>	<b>\$1,157,398</b>	<b>\$1,214,303</b>	<b>\$1,235,091</b>	<b>\$1,235,393</b>	<b>\$2,371,701</b>	<b>\$2,470,484</b>	<b>\$98,783</b>	<b>4.17%</b>

### Program Description

The Meat and Poultry Inspection Program was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean, wholesome, and properly-labeled meat and poultry products for consumers.

### Program Highlights

<b>Meat and Poultry Inspection Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget increases by 4.2%, or \$0.1 million, from the previous biennium</li> <li>◆ Increases to the budget include: <ul style="list-style-type: none"> <li>• Equipping computers with wireless cards</li> <li>• Adjusting for indirect costs.</li> </ul> </li> <li>◆ Partially offsetting these increases is a reduction to meat inspection</li> </ul>

### Program Narrative

The budget for the Meat and Poultry Inspection program is increased by 4.2%, or \$0.1 million, compared to the 2011 biennium, due primarily to an adjustment to indirect costs which impact general fund and federal funds equally.

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 567,015	49.0%	\$ 614,033	49.7%	\$ 614,184	49.7%
01100 General Fund	567,015	49.0%	614,033	49.7%	614,184	49.7%
02000 Total State Special Funds	5,717	0.5%	5,717	0.5%	5,717	0.5%
02427 Animal Health	5,717	0.5%	5,717	0.5%	5,717	0.5%
03000 Total Federal Special Funds	584,666	50.5%	615,341	49.8%	615,492	49.8%
03209 Meat/Poultry Inspection Sp Rev	<u>584,666</u>	<u>50.5%</u>	<u>615,341</u>	<u>49.8%</u>	<u>615,492</u>	<u>49.8%</u>
Grand Total	<u>\$ 1,157,398</u>	<u>100.0%</u>	<u>\$ 1,235,091</u>	<u>100.0%</u>	<u>\$ 1,235,393</u>	<u>100.0%</u>

The majority of meat and poultry inspection program funding is split evenly between federal funds and the general fund. Per cooperative agreement with the U.S. Department of Agriculture, state special revenue funds cannot be used as match when they are derived through a fee on producers being inspected by the program. Since the majority of state special revenue funds are generated from fees on producers being inspected, general fund is used as match. A small portion of state special revenue derived from inspection fees on facilities is used in this division.

**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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	567,015	567,015	1,134,030	92.33%	1,157,398	1,157,398	2,314,796	93.70%
Statewide PL Adjustments	15,248	15,399	30,647	2.50%	12,845	13,147	25,992	1.05%
Other PL Adjustments	33,078	33,078	66,156	5.39%	66,156	66,156	132,312	5.36%
New Proposals	(1,308)	(1,308)	(2,616)	(0.21%)	(1,308)	(1,308)	(2,616)	(0.11%)
<b>Total Budget</b>	<b>\$614,033</b>	<b>\$614,184</b>	<b>\$1,228,217</b>		<b>\$1,235,091</b>	<b>\$1,235,393</b>	<b>\$2,470,484</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted by the legislature. “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.

	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					82,352					82,134
Vacancy Savings					(38,622)					(38,610)
Inflation/Deflation					(29,552)					(29,061)
Fixed Costs					(1,333)					(1,316)
<b>Total Statewide Present Law Adjustments</b>		<b>\$15,248</b>	<b>\$0</b>	<b>(\$2,403)</b>	<b>\$12,845</b>		<b>\$15,399</b>	<b>\$0</b>	<b>(\$2,252)</b>	<b>\$13,147</b>
DP 1001 - PC Wireless Cards	0.00	6,240	0	6,240	12,480	0.00	6,240	0	6,240	12,480
DP 1008 - Meat Inspection Adjustment	0.00	26,838	0	26,838	53,676	0.00	26,838	0	26,838	53,676
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$33,078</b>	<b>\$0</b>	<b>\$33,078</b>	<b>\$66,156</b>	<b>0.00</b>	<b>\$33,078</b>	<b>\$0</b>	<b>\$33,078</b>	<b>\$66,156</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$48,326</b>	<b>\$0</b>	<b>\$30,675</b>	<b>\$79,001</b>	<b>0.00</b>	<b>\$48,477</b>	<b>\$0</b>	<b>\$30,826</b>	<b>\$79,303</b>

DP 1001 - PC Wireless Cards - The department is required by the USDA Food Safety and Inspection Service to equip field computers with wireless cards. The legislature approved authority to purchase wireless cards for the field computers utilized by meat inspectors.

DP 1008 - Meat Inspection Adjustment - The legislature approved increased authority to cover indirect program costs as negotiated with the U.S. Department of Agriculture. These funds are to cover all of the accounting, budgeting, personnel, and operational expenses associated with administering the meat inspection program. This adjustment would raise the base budget to \$90,088 equally split between general fund and federal funds.

**New Proposals**

New Proposals											
Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 95101 - 5% Plan - Meat Inspection Reduction	10	0.00	(1,308)	0	0	(1,308)	0.00	(1,308)	0	0	(1,308)
<b>Total</b>	<b>0.00</b>	<b>(\$1,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,308)</b>	<b>0.00</b>	<b>(\$1,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,308)</b>	

DP 95101 - 5% Plan - Meat Inspection Reduction - The legislature approved a reduction to meat and poultry inspection from the general fund. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.