



**Montana Legislative Services Division**  
**Office of Research and Policy Analysis**

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November 14, 2016

To: Sen. Gordon Vance  
From: Pat Murdo, Research Analyst  
Re: Funding and History for the Veterinary Diagnostic Laboratory at Montana State

You requested a history related to the funding of the Veterinary Diagnostic Laboratory and any related materials. The Board of Livestock unearthed various documents related to the Veterinary Diagnostic Laboratory and its predecessors. Some of the information may be difficult to verify but is based on meeting records. This information helps to show the various connections and questions related to the Veterinary Diagnostic Lab and Montana State University.

***Initial Laboratory circa 1919 on Capitol Grounds***

Minutes from the Montana Stockgrowers Association 34th Annual Meeting in Miles City on April 15-16, 1919, showed that the Association President R.P. Heren commended the efforts of the Livestock Board to provide a laboratory for the Livestock Sanitary Board. He reported that in the past year the Livestock Board and the Livestock Sanitary Board, with the assistance of the State Board of Examiners, constructed a livestock building (today referred to as the Old Livestock Building on the southeast corner of the Capitol grounds). First floor offices were to house the State Veterinarian and "a complete laboratory, of which there is no better." The basement included an incinerator. The building was for research and the investigation of animal diseases and poisonous plants.

***Present-Day Laboratory circa late 1950s and 1960 in Bozeman at its Current Location***

The first discussions in the mid-1950s suggested options related to adding on to the old Livestock Building or adapting an existing building in the Helena Valley. Concerns that a new addition might not include adequate room to test domestic farm animals led to a suggestion in September 1957 that the Veterinary Research Laboratory at what was then Montana State College in Bozeman might be expanded to include the Livestock Sanitary Board's laboratory. The September 1957 notes from the Livestock Sanitary Board's executive officer highlighted the advantage of colocating the laboratories, including efficiencies from one laboratory rather than two and a sharing of scientific equipment, including an animal autopsy incinerator, and sharing of information between the laboratory staff and the scientists at the college.

In 1959, Rep. Magnus Aasheim introduced House Bill 183, which directed the Board of Examiners to:

- Construct, furnish, and equip a livestock sanitary board diagnostic laboratory building in Gallatin County either on a site on the campus of Montana State College or on lands owned or acquired by the state in Gallatin County.
- Sell bonds "upon the request of the Montana livestock sanitary board" for the building construction. The building total cost was not to exceed \$290,000. Bond sales were not to exceed \$190,000, and the bonds were to bear interest at 4% a year, payable semiannually.
- Pay for construction, furnishing, and equipping the building from:
  - the Livestock Sanitary Board Fund 151 (derived from a mill levy on all livestock); and
  - the proceeds of the bond issue.

HB 183 passed the House 60-12 (with 22 people absent or excused) and the Senate 37-14 (with one person excused).

A document dated March 8, 1959, five days before the effective date of HB 183, showed that the State Board of Education approved acceptance by Montana State College of a grant of \$250,000 from the U.S. Department of Health, Education, and Welfare for constructing a Veterinary Research Center. The announcement said the total was to be matched by \$250,000 made available by the Legislature and a nonrecurring allocation to Montana State College in House Bill 536. The document further noted:

The Veterinary Research Center and the Diagnostic Laboratory are expected to be built alongside each other, resulting in economies from common use of major capital items such as incinerator, hospital, supply room, library, etc., together with the advantages from joint consultations of the two professional staffs.

The present Veterinary Research Laboratory on the campus, built with funds available from the 1948, \$5 million bond issue for the University System, at a cost of \$168,815.65, will be used by chemistry and other departments most in need of additional laboratory space when the building is vacated by the present Veterinary Research staff.

House Bill 536 shows that Montana State College received from the general fund, not from the mill levy, \$345,943 to be used for "moving and rebuilding veterinary research center" and for an electrical contract and separately to complete one-half of the third floor of Reid Hall.

Meeting minutes from the May 1960 Livestock Advisory Board showed approved expenditures to date for the joint labs were \$749,801. Of that amount, the initial breakdown was:

- \$250,000 from federal funds, which became part of the university's appropriation in HB 536;
- up to \$190,000 in bond sales assigned by the Legislature to Livestock;
- about \$100,000 in Livestock Fund 151 allocations; and
- about \$250,000, or whatever amount was allocated from the \$345,943 earmarked in HB 536 from general fund money appropriated to Montana State College for the veterinary research center and two other projects.

Construction started in 1960 and notes from the May 14, 1960, Livestock Sanitary Board meeting indicated the joint diagnostic-research laboratory building would rely on a [funding] ratio of 63% for Montana State College and 37% for the Livestock Sanitary Board. Land preparation and construction costs were estimated at \$749,801, of which nearly \$472, 375 would be from Montana State College and \$277,426 from the Livestock Sanitary Board. The amounts do not show cost of land because no land had to be purchased. Nor does the Montana State College 63% show that more than half of the college's contribution was from \$250,000 granted by the federal government.

Of interest in the development of the joint laboratory is the collaboration shown by some of the same groups now collaborating on a proposal for joint labs: the Montana Stockgrowers Association and the Montana Woolgrowers Association.

Shared expenses are described in a Sept. 21-22, 1961, document that indicated allocation of Livestock Sanitary Board Fund 151 money going to the joint lab and payments out of the Fund 151 for nonscientific staff, which freed up funds to help employ a scientist for the Veterinary Research Laboratory. In 1962 minutes of the Livestock Sanitary Board there is an indication that expenses for a cooling unit for the laboratory were shared equally with Montana State College's Veterinary Research Laboratory. The building was completed in 1961.

### ***Ownership Uncertainty***

Apparently in the 1980s some divisions became evident regarding space at what now was called the Marsh Laboratory. A memo on letterhead that included the Veterinary Research Laboratory address and Montana State University logo used the 63% and 37% reference regarding space distribution at the Marsh Lab. Sent to Dr. James R. Welsh, Dean and Director, from C.A. Speer,<sup>1</sup> the memo noted that the Diagnostic Laboratory uses 39.7% of the work space in the Marsh Laboratory. The memo states "This is 2.7% or 567 sq.ft. more than the 37% they are entitled to occupy." The memo further states that the Marsh lab is on MSU property and that if the property value were added to the cost of the laboratory, then the Department of Livestock's share would be under 37% of the total.

Part of this boils down to a "your funds, our funds" argument, although many people see the term "state funds" as being a much more inclusive term, not separated into Department of Livestock and Montana State University funds. Rather they all might be considered public or state funds. That's why the Constitutional concerns about separation of university and other public funds is an important consideration. Further subject to discussion is whether university funds are intended to mean the statewide mill levy in support of universities and not general fund appropriations.

Both the 1889 and the 1972 Constitutions stated that university system funds are to be kept separate from other state money. So while the shared space concept in the 1960s did not seem to raise issues, that gradually changed. One legislative effort in 1979 to combine the State Animal Diagnostic Laboratory (run by the Department of Livestock) and the State Veterinary Research Laboratory (a college-operated entity) failed in committee. A check for that topic in other sessions into the late 1990s found no other bill draft, but at some point the research laboratory run by the university no longer appeared to exist.

Other indications of the "mine and yours" argument are included in a memorandum to the "WSR/Marsh Lab File" from "RVL" dated March 30, 1992. The memo says "No evidence found that there was ever a formal transfer of 37% of this facility to the state - it has apparently been considered a total state facility from the start." A handwritten note on the memorandum asked "Do we have a formal/legal title anywhere on file" to which a boxed response answered "None". The reference "to the state" and "a total state facility" is somewhat confusing because the information indicates a collaborative university/college and state/legislative/livestock funding of the Marsh Laboratory and both the university and the Department of Livestock are "state" entities.

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<sup>1</sup>A research paper printed by the NRC Research Press in the Canadian Journal of Zoology in 1985 identified C.A. Speer as with the Veterinary Research Laboratory at Montana State University.

An attempt to clarify who "owns" what or at least who is responsible for what is evident in an undated memo (written before the Board of Livestock's January 2006 meeting referenced in the memo). The memo, entitled "Summary of Meeting with Facilities Services," states that the "Marsh Lab Building, of which the Veterinary Diagnostic Laboratory (VDL) has approximately 42% of usable space, was determined to be State owned and part of the University system." The memo also noted that VDL "has a perpetual right to its existing space, as long as it wishes to remain there." Under the No. 6 point, the comment is "VDL to be treated in the future just like any other University sector, not as stepchild of the system, as in the recent additional space request."

The memo notes that a memorandum of understanding (MOU) would outline space designation, recharges and guidelines for future action. The most recent MOU was signed in 2006 and notes that an addition to the Marsh Lab, constructed in 1996, was funded by Department of Livestock state special revenue funds authorized in HB 5. The MOU also states that "Marsh Lab is a state facility owned by MSU" and that no compensation or rent is charged to the Department of Livestock (DOL). Further stated in the MOU is:

MSU may in the future desire to displace VDL from the facility, in which case MSU and DOL will collaborate to develop a displacement strategy that may include (but not necessarily be limited to) pursuing replacement space through the state's Long Range Building Program or other mutually agreeable strategies.

The letter from Montana State University to the Economic Affairs Interim Committee, dated Oct. 26, 2016, noted "Like any state agency, the Montana Department of Livestock can submit a request into the Long-Range Building Planning process to be included in an infrastructure bill, traditionally House Bill 5 at the beginning of each session." Based on the MOU of 2006, Montana State University would appear to be willing to collaborate on a replacement facility. The Oct. 26, 2016, letter also said "Montana State University ... wants to be a partner in continuing conversations about a solution to the physical needs of the lab through a joint facility."