

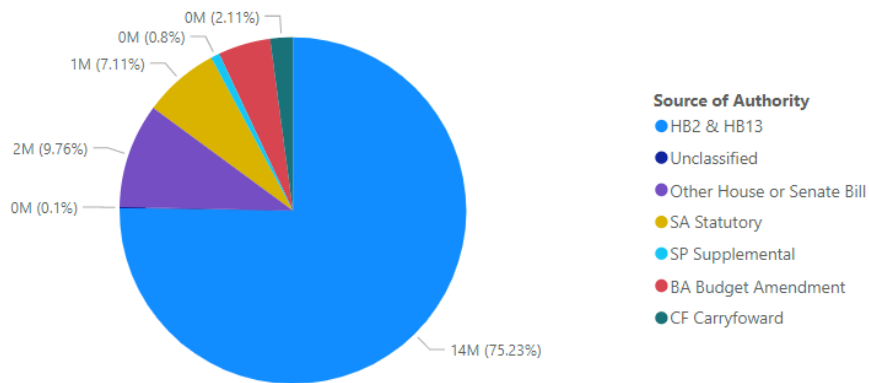
DEPARTMENT OF LIVESTOCK

FISCAL YEAR END 2022 REPORT

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 75.2% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	FYE22 Modified Budget	FYE22 Expended Budget	Percent Expended
HB2 & HB13	14,040,940	13,142,272	93.6%
BA Budget Amendment	913,345	434,802	47.6%
CF Carryforward	393,181	183,117	46.6%
Other House or Senate Bill	1,821,274	208,577	11.5%
SA Statutory	1,326,680	1,013,515	76.4%
SP Supplemental	150,000	146,660	97.8%
Unclassified	18,396		
Total	18,663,815	15,128,943	81.1%

Budget Amendments

Through budget amendments, the agency increased federal appropriations by \$913,300 and expended 47.6% of that amount. Budget amendments included:

- Federal authority for tracking and responding to animal disease accounts for \$292,300 and was 57.2% expended
- Funds for animal health totaling \$24,200 was 100.0% expended
- The agency also received \$439,200 in federal funding for new equipment and training at the Montana Veterinary Diagnostic Laboratory, of which 45.3% or \$199,000 has been expended
- Funding for elk collaring totaling \$40,000 was 100% expended
- Funding for the Livestock Loss Board totaled \$108,400 of which 3.2% or \$3,400 was expended
- Milk inspection funds of \$9,200 was unexpended

Other House or Senate Bills

Authority originally budgeted in the Department of Administration totaling \$808,659 was transferred to the Department of Livestock. This is the unexpended authority from the previous biennium to fund the development of an IT interface system (HB 10, 2019 session). Of the original \$500,000 authorized for the project, \$191,341 was expended in FY 2021, and \$208,577 was expended in FY 2022. The agency anticipates completing the project in the current biennium.

Through the long-range building program, the legislature appropriated \$1.0 million from the general fund, state special revenue, and proprietary funds for the Montana Veterinary Diagnostic Laboratory. As of fiscal year end, this authority is unexpended.

Carryforward

The agency had \$393,181 in appropriation authority that was continued or carried forward from FY 2021. Most of this funding was state special revenue authority totaling \$324,539, which was derived from the livestock per capita tax and livestock inspection fees. Other authority includes \$32,942 in federal revenue for supporting meat and poultry inspection and \$35,700 in general fund. The agency expended 46.6% or \$183,117 of carryforward funding in the fiscal year.

Statutory Appropriations

Statutory appropriations for the agency are used to compensate for the loss of livestock to predators. Revenue is statutorily appropriated from the general fund and livestock per capita fees. The agency expended \$1.0 million in FY 2022.

Supplemental

The agency moved \$150,000 of state special revenue authority from the second year of the biennium to the first to purchase a helicopter for predator control.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through June 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	June Modified Budget	FYE22 Modified Budget	Net Modifications
Department of Livestock	14,058,937	14,040,940	-17,997
ANIMAL HEALTH DIVISION	7,409,071	7,459,923	50,852
BRANDS ENFORCEMENT DIVISION	4,201,002	4,254,683	53,681
CENTRALIZED SERVICES DIVISION	2,448,864	2,326,334	-122,530
Total	14,058,937	14,040,940	-17,997

Expenditure Account	June Modified Budget	FYE22 Modified Budget	Net Modifications
61000 Personal Services	9,501,657	9,450,860	-50,797
62000 Operating Expenses	3,912,799	4,002,599	89,800
63000 Equipment & Intangible Assets	245,000	245,000	
68000 Transfers-out	399,481	342,481	-57,000

Fund Type	June Modified Budget	FYE22 Modified Budget	Net Modifications
01 General	3,257,365	3,253,462	-3,903
02 State/Other Spec Rev	8,703,859	8,692,030	-11,829
03 Fed/Other Spec Rev	2,097,713	2,095,448	-2,265

Modification to the budget in the last quarter decreased HB 2 appropriations by \$17,997 and moved \$89,800 in authority from operating expenses to personal services and transfer authority. The reduction in budget was due to adjustments for workers compensation.

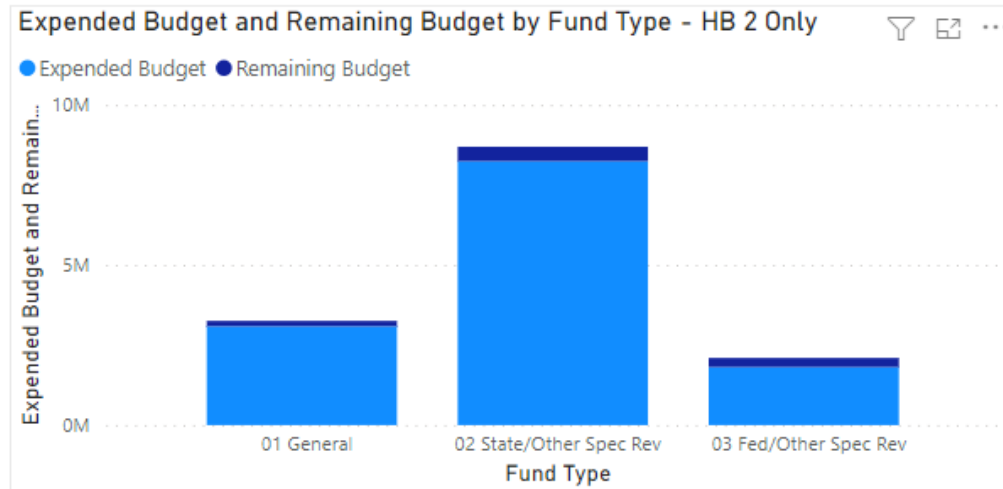
Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures for FY 2022.



Expenditure Account	Modified Budget	Expended Budget	Percent Expended
Personal Services	9,450,860	9,246,180	97.8%
Operating Expenses	4,002,599	3,453,588	86.3%
Equipment & Intangible Assets	245,000	150,000	61.2%
Transfers-out	342,481	292,503	85.4%

Program Name	Modified Budget	Expended Budget	Percent Expended
ANIMAL HEALTH DIVISION	7,459,923	6,859,984	92.0%
BRANDS ENFORCEMENT DIVISION	4,254,683	4,234,274	99.5%
CENTRALIZED SERVICES DIVISION	2,326,334	2,048,014	88.0%
Total	14,040,940	13,142,272	93.6%

State special revenue supports 61.9% of the agency’s HB 2 budget, general fund 23.2%, and the remaining 14.9% is from federal revenue. In FY 2022, the agency expended 93.6% of the HB 2 budget, slightly lower than the average expenditure rate over the previous three biennia of 93.7%.

Personal Services

The budget for personal services of \$9.5 million is 97.8% expended, which is 3.6 percentage points higher than the average for the three previous biennia.

Operating Expenses

The budget for operating expenses of \$4.0 million was 86.3% expended, which compares to an average expenditure rate of 88.0% over the three previous biennia.

Equipment

The budget for equipment was 61.2% was expended. Expenditure rates for equipment over the previous biennia are volatile.

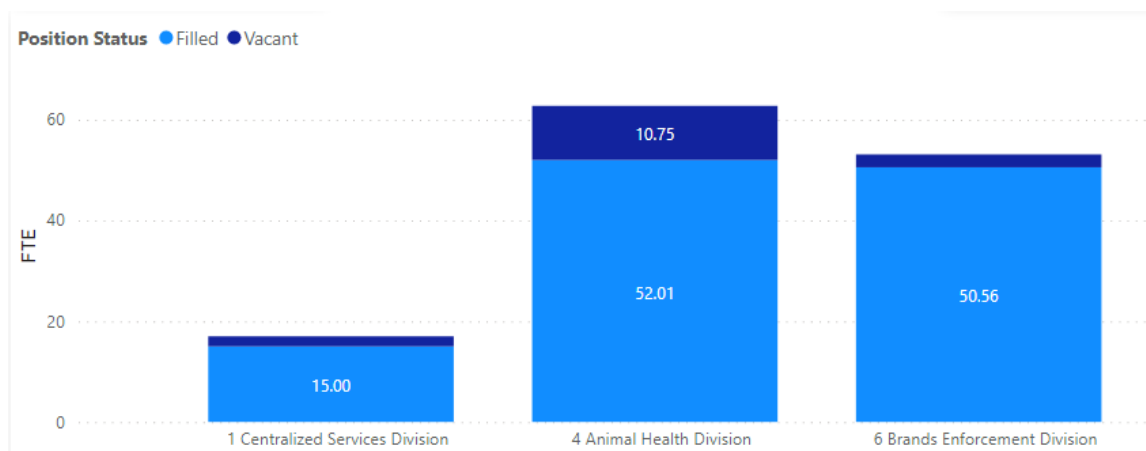
The agency expended \$150,000 of state special revenue for the purchase of a helicopter for predator control. Total expenditures for the helicopter total \$296,660, of which \$146,660 was paid for with authority transferred from the second year of the biennium which is not shown in the table above. Appropriations of \$70,000 in general fund and \$25,000 in state special revenue for laboratory equipment in the animal health division have not yet been expended.

Transfers

Federal and state special revenue of \$399,500 is budgeted for animal health and central services. The agency has expended 85.4% or \$292,500 of this authority. Historical expenditure rates for transfers average 92.9%.

Personal Services

The following chart shows the filled and vacant FTE within the agency at FYE 2022.



The Department of Livestock has 132.87 FTE funded in HB 2:

- Centralized Services Division – 17.00 FTE
- Animal Health Division – 62.76 FTE
- Brands Enforcement Division – 53.11 FTE

Of the total personal services hours available in FY 2022, the agency has utilized 93.5%. At fiscal year end, the agency has 26.52 FTE vacant, an increase of 7.20 FTE from June 2022. Vacancies are summarized in the following table.

**Department of Livestock
Vacancies FYE 2022**

Animal Health Division	FTE	Months Vacant	Years Vacant	Brands Enforcement Division	FTE	Months Vacant	Years Vacant
Animal Health Permit Tech	1.00	23.7	2.0	Livestock Investigator 1	1.00	1.3	0.1
Lab Technician 1	0.26	0.0	0.0	Livestock Investigator 1	1.00	1.0	0.1
Program Manager	1.00	52.9	4.4	Livestock Inspector 2	1.00	21.6	1.8
Veterinarian 1	1.00	5.3	0.4	Livestock Investigator 1	1.00	12.5	1.0
Sanitarian 1	0.50	13.0	1.1	Livestock Inspector 1	0.50	3.2	0.3
Sanitarian 1	0.50	30.9	2.6	Brands Enforcement Admin	1.00	3.5	0.3
Regulatory Program Manager	1.00	30.9	2.6	Short Term Worker	0.21	1.0	0.1
Agricultural Inspector 2 Egg	1.00	13.0	1.1	STW Livestock Inspector 1	0.30	1.8	0.2
Meat Poultry Inspector 1	1.00	3.6	0.3	Short Term Worker	0.24	2.6	0.2
Regulatory Program Manager	1.00	4.2	0.3	Livestock Inspector 2	1.00	3.3	0.3
Meat Poultry Inspector 1	1.00	0.5	0.0	Livestock Inspector 1	1.00	1.2	0.1
Meat Poultry Inspector 1	1.00	0.8	0.1	Livestock Inspector 1	0.20	27.4	2.3
Meat Poultry Inspector 1	1.00	1.4	0.1	Short Term Worker	0.21	1.0	0.1
Meat Poultry Inspector 1	1.00	4.9	0.4	Farm Fish Forest All Other	0.20	7.4	0.6
Meat Poultry Inspector 1	1.00	0.5	0.0	STW Brand Insp LEWISTOWN	0.15	29.8	2.5
Microbiologist 1	0.50	13.0	1.1	Division Total ¹	9.01	6.5	0.5
Veterinarian 1	1.00	3.5	0.3				
Program Mgr/Brands Asst Admin	0.50	78.6	6.5				
Veterinarian	0.25	75.8	6.3				
Division Total ¹	15.51	15.0	1.2				
Centralized Services Division	FTE	Months Vacant	Years Vacant				
Auditing Technician	1.00	30.6	2.5				
Human Resources Generalist 3	1.00	1.7	0.1				
Division Total ¹	2.00	16.2	1.3				
				FTE	Months Vacant	Years Vacant	
				26.52	12.2	1.0	
				Agency Total			

¹ Division Totals for months and days vacant are weighted averages

Turnover

Since July 1, the department had seventeen retirements, and eleven persons left state employment.

Pay Adjustments

The agency made 95 pay adjustments, increasing personal services expenditures by about 2.1% or \$197,300 annually. The table below details the adjustments to pay:

- Longevity – 43
- Retention Adjustment - 41
- Base Pay differential Adjustment – 6
- Supervisory Adjustment – 2
- Training Assignment Progression – 2
- Promotion - 1

OTHER ISSUES

Update on Decision Packages Approved by the 2021 Legislature

The table below summarizes the agency’s expenditures against legislative appropriations for decision packages that appear as a line item in HB 2. A detailed discussion of each decision package is provided below.

The Department of Livestock				
Legislative Appropriation and Expenditures Year to Date for FY 2022				
<u>Decision Package</u>	<u>Legislative Appropriation</u>	<u>Budgeted</u>	<u>Expended</u>	<u>Percent Expended</u>
DP 101 - Computer Funding Augment (Restricted/Biennial/One-Time-Only)	\$10,000	\$10,000	\$10,000	100.0%
DP 103 - Helicopter for Predator Control (One-Time-Only)	300,000	300,000	296,660	98.9%
DP 405 - Lab Equipment (One-Time-Only)	70,000	70,000	0	0.0%
DP 406 - Lab Equipment Histology (One-Time-Only)	25,000	25,000	0	0.0%
DP 411 - Cooperative Interstate Shipping Program (Restricted/One-Time-Only)	200,000	200,000	0	0.0%
DP 601 - Additional Brands Record Staff (One-Time-Only)	48,612	48,612	35,617	73.3%
Total of HB 2 Line Itemed Decision Packages	\$653,612	\$653,612	\$342,277	52.4%

DP 101 - Computer Funding Augment (RST/BIEN/OTO)

FY 2022 10,000, General Fund
 FY 2023 10,000, General Fund

The legislature approved a one-time-only appropriation of state special revenue to replace staff computers. The appropriation is funded from livestock per capita fees. This appropriation is 100.0% expended.

DP 103 - Helicopter for Predator Control (OTO)

FY 2022 150,000, State Special Revenue
 FY 2023 150,000, State Special Revenue

The legislature approved a one-time-only appropriation of state special revenue to purchase a helicopter for predator control. The purchase will be funded from livestock per capita fees. The agency has purchased a military surplus Bell helicopter. The legislature approved a transfer of appropriation authority from the second year of the biennium to FY 2022 to complete the purchase. The agency has expended \$296,660 or 98.9% of this appropriation.

DP 405 - Lab Equipment (OTO)

FY 2022 \$70,000, General Fund

The legislature approved a one-time-only appropriation of general fund to purchase lab equipment dedicated to chronic wasting disease (CWD) sample preparation and testing. Equipment dedicated to CWD will help prevent cross contamination in the lab. The agency has not expended against this authority.

DP 406 - Lab Equipment (OTO)

FY 2022 \$25,000, State Special Revenue

FY 2023 \$32,000, State Special Revenue

The legislature approved one-time-only state special revenue for new lab equipment in the histology lab. This will be funded from livestock per capita fees. The agency was able to fund this from federal sources, therefore there have been no expenditures against the HB 2 authority.

DP 411 - Cooperative Interstate Shipping Program (RST/OTO)

FY 2022 \$80,000, State Special Revenue and \$120,000 Federal Special Revenue

FY 2023 \$80,000, State Special Revenue and \$120,000 Federal Special Revenue

The legislature approved an increase in general fund and matching federal special revenue to support the United States Department of Agriculture Cooperative Interstate Shipping Program. The funding will support expanded levels of inspection and training in the meat and poultry program. The agency has not expended against this authority.

DP 601 - Additional Brands Rerecord Staff (OTO)

FY 2022 \$48,612, State Special Revenue

The legislature approved a one-time-only increase of 1.00 FTE and state special revenue for temporary employees required for the decennial brands re-record. This will be funded with livestock per capita fees. The agency has expended 73.3% of this appropriation.