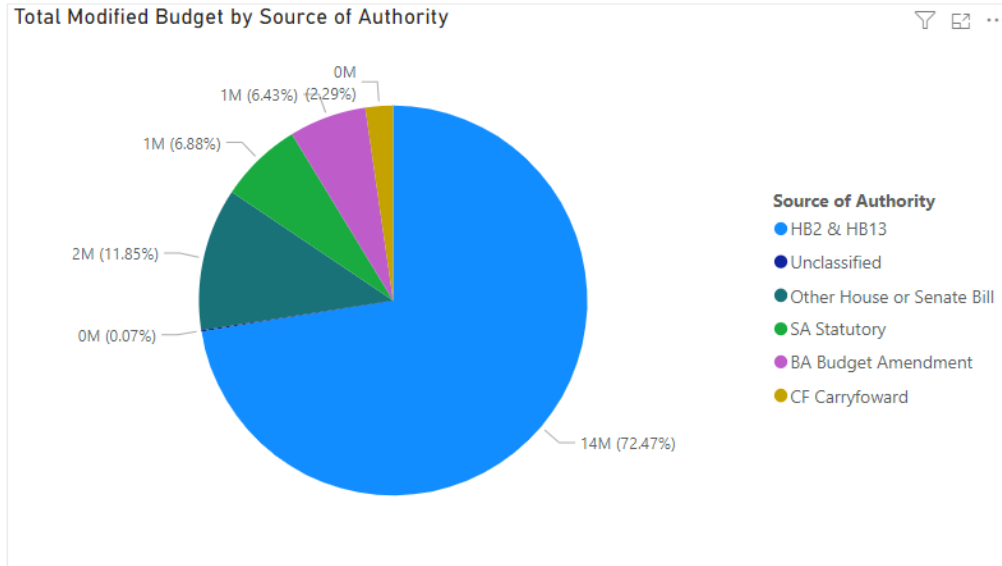


DEPARTMENT OF LIVESTOCK

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 72.4% of the total authority for this agency. All types of appropriation authority for this agency are described below, including the total budget and the percent expended by source of authority.



Source of Authority	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	13,946,786	13,139,212	94.2%
BA Budget Amendment	1,237,464	502,309	40.6%
CF Carryforward	441,467	210,064	47.6%
Other House or Senate Bill	2,280,897	744,341	32.6%
SA Statutory	1,323,794	795,077	60.1%
Unclassified	14,158		
Total	19,244,566	15,391,002	80.0%

Budget Amendments

Through budget amendments, the agency increased federal appropriations by \$1.2 million and has expended 40.6% of that amount. Budget amendments include:

- Funds for animal health programs totaling \$846,123 which was 38.6% expended
- Federal authority for tracing animal disease accounts for \$277,155 and was 49.3% expended
- Funding for the Livestock Loss Board totaled \$105,000 of which 28.6% or \$30,000 was expended
- Milk inspection funds of \$9,186 were unexpended

Carryforward

Agencies can carryforward into the next fiscal year 30% of qualifying unused authority at the end of the fiscal year (17-7-304(4), MCA).

The agency had \$441,467 in appropriation authority that was continued or carried forward from FY2022 and FY 2021. Most of this funding, 65.5% or \$289,163, was state special revenue derived from livestock per capita tax, livestock inspection fees, and taxes on milk distributors. Other authority includes \$77,222 in federal revenue supporting meat and poultry inspection and \$75,082 in general fund. The agency expended 47.6% of this funding, also the agency may take up to two years to expend carryforward authority.

Other Bills

The budget includes \$2.3 million in authority that originates in house and senate bills other than the main appropriations bill, HB 2. This funding was 32.6% expended.

The largest portion, 63.1% or \$1.4 million, includes general fund, state special revenue, and proprietary funds budgeted for the operation of the new Montana Veterinary Diagnostic Laboratory. Statute requires that any funding for long range building projects include ongoing funding for the operation of any new building. Since the laboratory has been approved but not constructed, this authority was unexpended in FY 2023. The authority will remain as part of the base funding in future biennia.

HB 10 from the 2019 session authorized \$600,082 from fees on livestock for information technology interface systems. The agency has expended 89.3% or \$535,949 for this project.

The 2023 Legislature approved a one-time-only salary payment to state employees totaling \$181,403 for the agency. The agency expended 82.0% or \$148,695 of this appropriation.

Statutory Authority

Statutory appropriations for the agency are used for mitigation and to compensate for the loss of livestock to predators. The agency expended \$795,077 in FY 2023.

Expenditures from statutory authority for FY 2023				
Fund	Statute	Source of Revenue	Purpose of the Account	Expended
02117 Predatory Animal	81-7-106, MCA	2% of per capita fee with a minimum of \$350,000 (15-24-925, MCA)	Protection of livestock from predatory animals	\$425,000
02124 Live Stock Loss Board	81-1-112, MCA	General Fund Transfer \$300,000 per year (15-1-122(3)(a), MCA)	Compensation to livestock owners for predatory loss	268,283
02136 Wolf mitigation donation Fund	81-7-123, MCA	Private donations	Wolf management contracts with United States department of agriculture wildlife services.	98,794
02125 Livestock loss reduction	81-1-113, MCA	General Fund Transfer \$100,000 per year (15-1-122(3)(b), MCA)	Reducing predation on livestock by wolves and grizzly bears	3,000
Total Expended				\$795,077

From FY 2008 to FY 2022 compensation for predation of livestock has grown at an annual rate of 7.5% per year. Livestock owners are compensated for the market value of the livestock, which has risen in recent years. The 2023 Legislature approved an additional \$150,000 per year from the general fund to augment livestock loss compensation.

Unclassified

The Department of Livestock has unexpended unclassified appropriation authority of \$14,158 because of lower workers’ compensation premiums. 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 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 in FY 2023. 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	HB 2 Budget	FYE23 Modified Budget	Net Modifications
Department of Livestock	14,097,475	13,946,786	-150,689
ANIMAL HEALTH DIVISION	7,420,919	7,413,253	-7,666
BRANDS ENFORCEMENT DIVISION	4,255,643	4,263,764	8,121
CENTRALIZED SERVICES DIVISION	2,420,913	2,269,769	-151,144
Total	14,097,475	13,946,786	-150,689

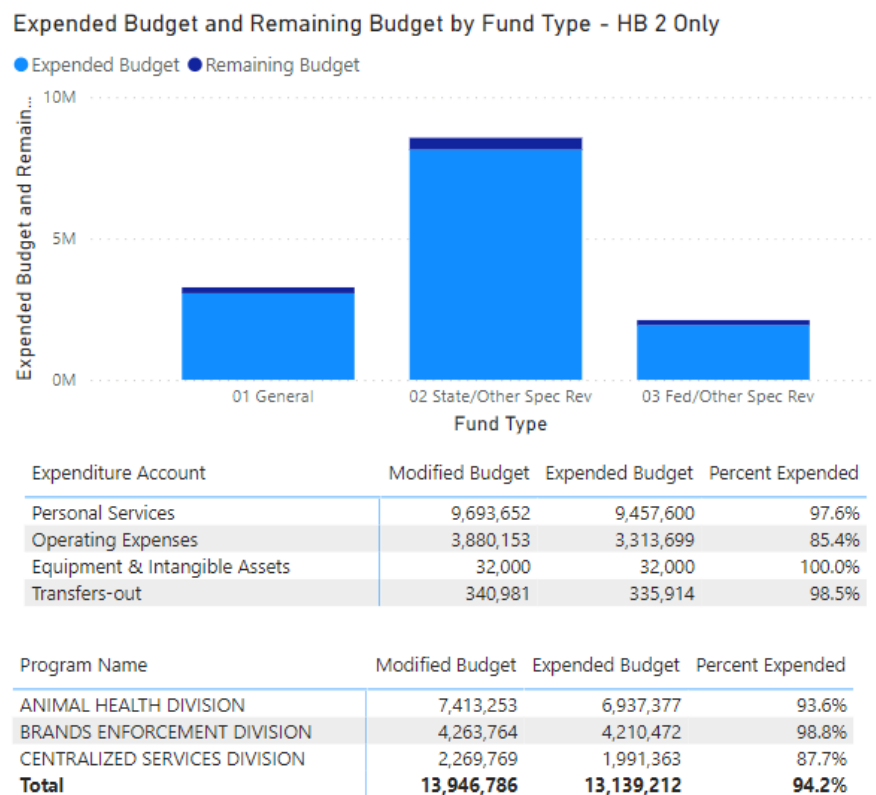
Expenditure Account	HB 2 Budget	FYE23 Modified Budget	Net Modifications
61000 Personal Services	9,653,510	9,693,652	40,142
62000 Operating Expenses	3,862,484	3,880,153	17,669
63000 Equipment & Intangible Assets	182,000	32,000	-150,000
68000 Transfers-out	399,481	340,981	-58,500

Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications
01 General	3,274,686	3,272,127	-2,559
02 State/Other Spec Rev	8,706,758	8,560,448	-146,310
03 Fed/Other Spec Rev	2,116,031	2,114,211	-1,820

Modifications to the budget in FY 2023 reduced the agency budget by \$150,689. Authority for the purchase of a new predator control helicopter totaling \$300,000 was originally budgeted equally in both years of the biennium in the Centralized Services Division. To purchase the helicopter in FY 2022 the agency needed to move \$150,000 in state special revenue from FY 2023 to FY 2022. Continuing state special revenue authority for legislative audits in the Centralized Services Division totaled \$13,119. Reductions in worker compensation premiums reduced the budget in all three divisions by \$13,808.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures for FY 2023.



The authority from HB 2 supports \$13.9 million or 72.5% of the agency total budget. The agency expended 94.2% of the total appropriation for FY 2023. State special revenue supports 61.4% of the total budget. The two largest state special revenue sources are livestock per capita fees and inspection and control revenue which is generated from service fees and licenses and permits. These two sources of state special revenue support 55.0% of the agency budget. All state special revenue authority was 95.1% expended. General fund supports \$3.3 million or 23.5% of the agency's HB 2 budget and was 93.7% expended. General fund is used primarily to fund personal services, operations and to match federal grant programs across all programs.

Operating Expenses

The agency expended 85.4% of the \$3.9 million budgeted for operations, leaving \$566,455 unexpended, which is in line with expenditure rate in the previous five years.

Equipment and Intangible assets

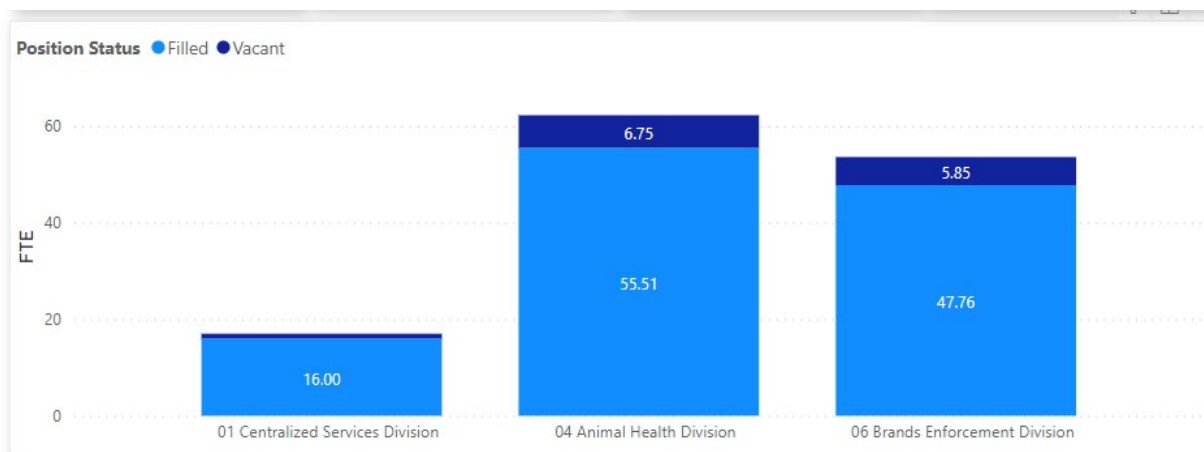
The agency expended a one-time-only appropriation for laboratory equipment in the Animal Health Division diagnostic laboratory totaling \$32,000. The appropriation was funded from the livestock per capita fees.

Transfers

The agency pays for services or funds certain programs under memorandums of understanding with other agencies through transfers. The budget included \$340,981 in state and federal special revenue for transfers. The agency expended 98.5% of this authority.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of June 1, 2023.



The agency was budgeted \$9.7 million in personal services to fund 132.37 FTE through HB 2. The agency has expended 97.6% of that appropriation in FY 2023. By comparison, in the previous five years, expenditure rates for personal services for the fiscal year have ranged between 95.7% and 97.8%, with an average of 96.9%.

At the end of FY 2023 the agency had 13.45 FTE that have been vacant on average for about eleven months. The agency has posted for five vacant positions, those posting have been active for about two months on average. The table below show a summary of vacant positions as of June 1, 2023.

Department of Livestock Vacancies
As of June 1, 2023

<u>Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>	<u>Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>
Centralized Services Division				Brands Enforcement Division			
Regulated Mkt Compliance Spec	1.00	8.6	\$26.76	Livestock Investigator 1	1.00	2.8	\$34.52
Division Total / Average¹	1.00	8.6	\$26.76	Livestock Inspector Supervisor	1.00	5.0	27.19
Animal Health Division				Livestock Inspector 2	1.00	32.6	27.19
Program Manager	1.00	7.0	\$39.56	Livestock Inspector 1	0.50	14.2	21.76
Compliance Technician 1	0.75	1.6	22.07	Livestock Investigator 1	1.00	1.6	34.52
Compliance Technician 1	0.50	7.9	22.07	Livestock Investigator 1	1.00	3.7	34.52
Sanitarian 1	0.50	23.9	31.77	Livestock Inspector 1	0.20	38.4	21.76
Regulatory Program Manager	1.00	41.9	39.56	Division Total / Average¹	5.70	10.6	\$30.38
Meat Poultry Inspector 1	1.00	2.8	21.76				
Science Manager	1.00	3.2	56.47				
Compliance Technician 1	1.00	2.5	22.07				
Division Total / Average¹	6.75	11.0	\$33.02	Grand Total¹	13.45	10.7	\$31.44

¹ Averages for months vacant and pay rate are weighted by FTE

Turnover

During FY 2023 21 employees left state employment, seven retired and two transferred to a new agency.

OTHER ISSUES

Update on Information Technology Projects

The agency has one IT project that is currently in execution. The livestock interface systems upgrade project has expended \$155,744 of the \$1.1 million budget.

Update on Decision Packages Approved by the 2021 Legislature

The table below summarizes the agencies 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 for 2025 Biennium				
<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)	\$20,000	\$20,000	\$20,000	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	20,349	29.1%
DP 406 - Lab Equipment Histology (One-Time-Only)	57,000	57,000	32,000	56.1%
DP 411 - Cooperative Interstate Shipping Program (Restricted/One-Time-Only)	400,000	39	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	\$895,612	\$495,651	\$404,626	45.2%

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. As of May, the agency has not expended against this authority.

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. As of May, 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. As of May, the agency has not expended against this 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. As of May, 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. As of May, the agency has expended 73.3% of this appropriation.