

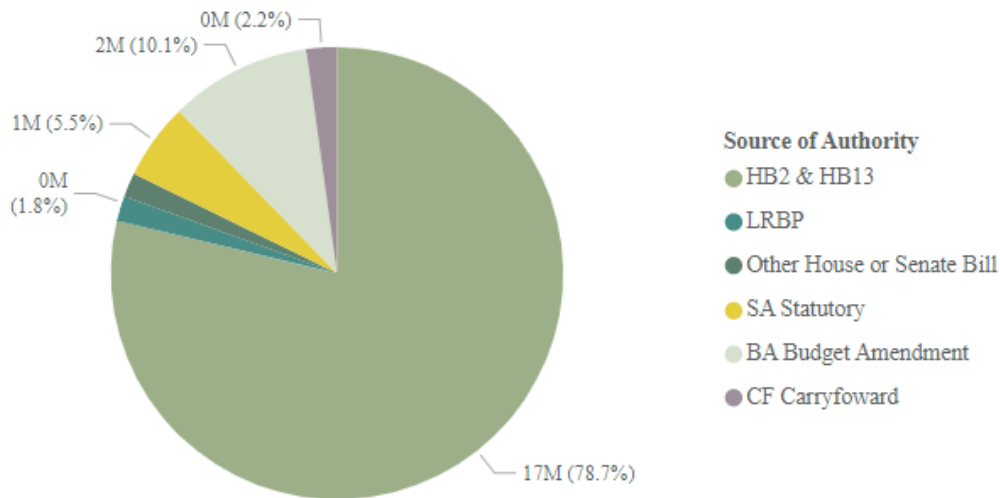
# DEPARTMENT OF LIVESTOCK

## FYE 2024 Financial Report

### TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Livestock is shown in the pie chart below. HB 2 and HB 13 provide 78.7% 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	Modified Budget	Expended Budget	% Expended
HB2 & HB13	16,531,561	14,913,906	90.2%
BA Budget Amendment	2,121,491	699,515	33.0%
CF Carryforward	458,420	231,403	50.5%
LRBP	375,000	375,000	100.0%
Other House or Senate Bill	364,133	364,133	100.0%
SA Statutory	1,145,958	882,719	77.0%
<b>Total</b>	<b>20,996,563</b>	<b>17,466,676</b>	<b>83.2%</b>

### Budget Amendments

Statute allows agencies to amend the budget to access additional federal revenues (17-7-402(1)(a)(xii), MCA). Federal authority through budget amendments totals \$2.1 million and were 33.0% expended in FY 2024.

The National Animal Health Laboratory Network (NAHLN) accounts for \$1.6 million or 75.0% of the budget amendment authority. NAHLN operates as a network of diagnostic laboratories that monitor animal diseases and responds to outbreaks by providing diagnostic findings to decision-makers. The network provides the necessary

capacity, expertise, and resources to handle disease crises. Funding under this authority includes \$575,000 that will go to purchase a new incinerator; the remainder will go for equipment for the new animal health laboratory. Federal funding appropriated for testing and tracing animal diseases, and meat and poultry inspections totaled \$527,800. The table below summarizes federal budget amendments for the department.

<b>Department of Livestock Budget Amendment Authority</b>			
FYE 2025			
<b>Federal Grants</b>	<u>Budgeted</u>	<u>Expended</u>	<u>% Expended</u>
National Animal Health Laboratory Network	\$1,593,698	\$359,813	22.6%
Meat And Poultry Inspections	98,282	98,282	100.0%
Tracing Animal Diseases	239,674	156,815	65.4%
Animal Disease Testing	83,916	79,151	94.3%
Livestock Loss Board	75,000	-	0.0%
Milk Inspection Training And Equipment	20,921	5,454	26.1%
Swine Fever Pilot Project	10,000	-	0.0%
<b>Total Federal Budget Amendments</b>	<b>\$2,121,491</b>	<b>\$699,515</b>	<b>33.0%</b>

### **Other Bills**

HB 10 from the 2019 Session authorized \$364,100 for information technology interface systems. The agency has expended all this authority in FY 2024.

### **Long Range Building and Planning**

The Department of Administration transferred \$375,000 of funding authorized in HB 10 Long Range IT Program to develop a software application that scans and uploads brand inspection permits. This authority has been completely expended in FY 2024.

### **Carryforward Authority**

After each fiscal year, 30.0% of the unexpended and unencumbered HB 2 appropriation in the prior fiscal year for personal services, operating expenses, and equipment, may be re-appropriated in the two fiscal years following. The re-appropriated authority may not be used to increase pay (17-7-304(4)(a), MCA).

The agency has a total carryforward authority of about \$458,400. The authority includes \$107,000 from the general fund, \$259,900 from state special revenue, and \$91,500 in federal special authority. Carryforward authority is budgeted for operations within the Animal Health and Brands Enforcement Division. At fiscal year end, the department expended \$231,400 or 50.5% of this authority.

### **Statutory**

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. Other statutory authority includes volunteer donations from hunters and anglers when purchasing licenses for wolf mitigation. In 2023, the legislature passed HB 51 which created a state special revenue account to reimburse livestock owners for loss

related to required US Department of Agriculture animal disease programs.

The agency has expended \$882,700 in FY 2024 as follows:

- Predator animal control - \$575,000
- Livestock depredation reduction grants - \$187,900
- Monitoring and removal of wolves - \$114,000
- HB 51 compensation - \$5,900

## 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 from June 1, 2024 through June 30, 2024. 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	Modified Budget	Net Modifications
<b>Department of Livestock</b>	<b>16,531,561</b>	<b>16,531,561</b>	<b>0</b>
01 CENTRALIZED SERVICES DIVISION	2,581,240	2,581,240	0
04 ANIMAL HEALTH DIVISION	8,932,227	8,932,227	0
06 BRANDS ENFORCEMENT DIVISION	5,018,094	5,018,094	0
<b>Total</b>	<b>16,531,561</b>	<b>16,531,561</b>	<b>0</b>

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	10,927,207	10,852,677	-74,530
62000 Operating Expenses	4,609,717	4,648,497	38,780
63000 Equipment & Intangible Assets	502,156	502,156	0
67000 Benefits & Claims	150,000	150,000	0
68000 Transfers-out	342,481	378,231	35,750
<b>Total</b>	<b>16,531,561</b>	<b>16,531,561</b>	<b>0</b>

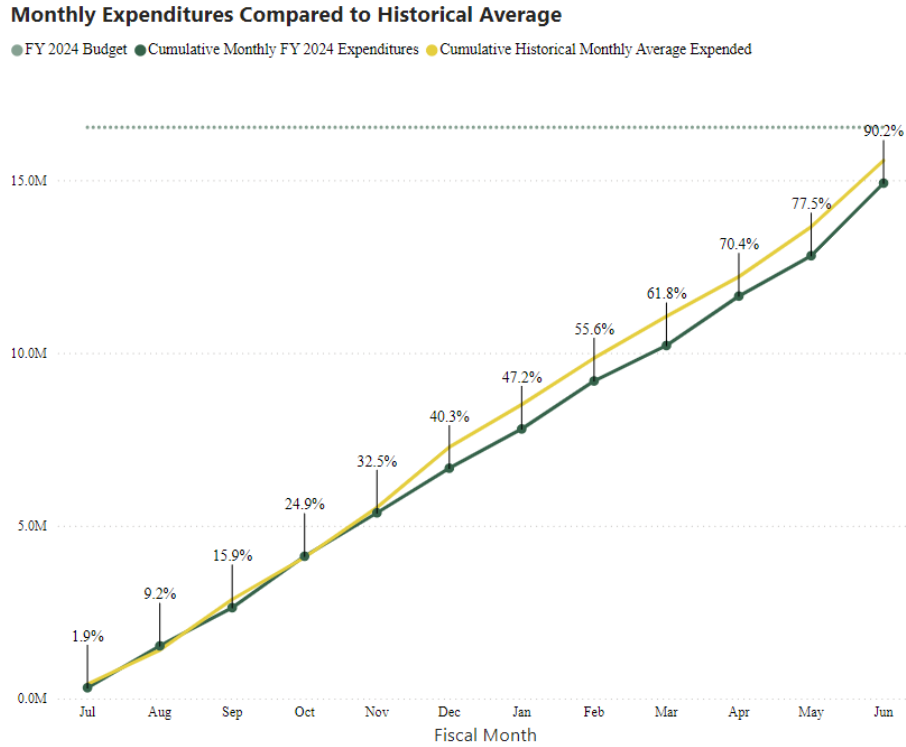
  

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	4,082,713	4,082,713	0
02 State/Other Spec Rev	10,092,264	10,092,264	0
03 Fed/Other Spec Rev	2,356,584	2,356,584	0
<b>Total</b>	<b>16,531,561</b>	<b>16,531,561</b>	<b>0</b>

At fiscal year-end, the Department of Livestock had reallocated \$74,500 from personal services to operating expenses and transfers expenditure authority, resulting in no net change to the budget.

## HB2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through fiscal year end, 2024.



The tables below show expenditure rates through fiscal year end for the agency compared to average expenditure rates over the previous five years.

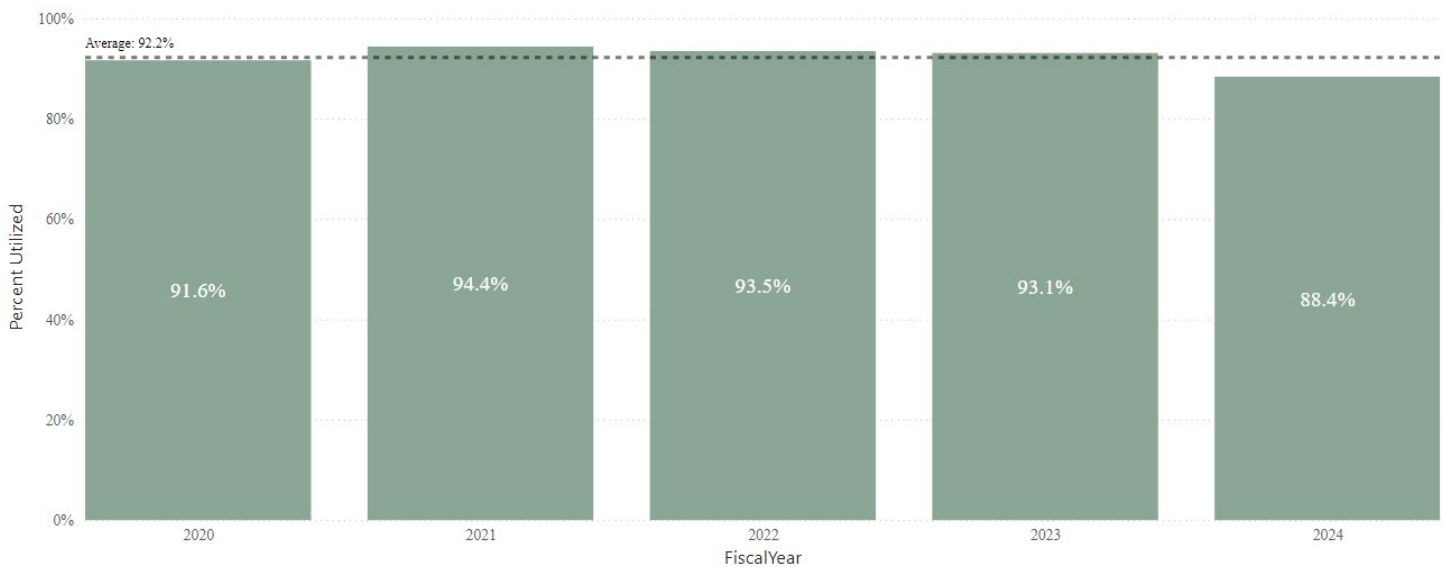
Department of Livestock, Fiscal Year End 2024				
Program Name	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
Centralized Services Division	2,581,240	2,334,337	90.4%	87.9%
Animal Health Division	8,932,227	7,767,515	87.0%	94.2%
Brands Enforcement Division	5,018,094	4,812,054	95.9%	97.7%
<b>Total</b>	<b>\$16,531,561</b>	<b>\$14,913,906</b>	<b>90.2%</b>	<b>94.2%</b>
Accounting Classification	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
Personal Services	\$10,852,677	\$10,347,287	95.3%	96.8%
Operating Expenses	4,648,497	3,617,174	77.8%	88.2%
Equipment & Intangible Assets	502,156	428,983	85.4%	77.2%
Benefits & Claims	150,000	150,000	100.0%	0.0%
Transfers-Out	378,231	370,462	97.9%	94.7%
<b>Total</b>	<b>\$16,531,561</b>	<b>\$14,913,906</b>	<b>90.2%</b>	<b>94.2%</b>
Funding Source	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
General Fund	\$4,082,713	\$3,624,610	88.8%	96.3%
State/Other Spec Rev	10,092,264	9,194,434	91.1%	93.7%
Fed/Other Spec Rev	2,356,584	2,094,863	88.9%	93.3%
<b>Total</b>	<b>\$16,531,561</b>	<b>\$14,913,906</b>	<b>90.2%</b>	<b>94.2%</b>

In FY 2024, the Department of Livestock spent 90.2% of its \$16.5 million HB 2 modified budget. This expenditure was approximately \$659,000 less than expected when compared to the historical five-year average expenditure rate of 94.2% for a full fiscal year. The lower spending rate, compared to the previous five years, was primarily due to reduced expenditures on personal services and operating costs.

### Personal Services

Appropriations for personal services in the Department of Livestock total \$10.9 million, of which \$10.3 million or 95.3% was expended in FY 2024. This compares to an average expenditure rate over the previous five years of 96.8%. The department has 137.37 HB 2 FTE.

The chart below shows the hourly utilization percentage of budgeted hours for the Department of Livestock for fiscal year 2024. Overall, the department has utilized 88.4% of the hours budgeted for FY 2024. This is less than the average utilization of 92.2% over the previous four fiscal years.



Meat Inspectors and Brand Market Inspectors account for most of the Department's ongoing overtime. High turnover leads to significant travel to meet statewide coverage requirements and extensive supervisor training for new hires. In addition to vacancies, late summer and fall are particularly busy periods for livestock movements and sales, resulting in seasonal increases in overtime and compensatory time for personnel in the Brands Division. Lastly, a significant portion of overtime is due to the pace of commerce and the travel time required for inspectors to cover their large geographical areas of responsibility.

### Vacancies

For FY 2024, the agency's HB 2 vacant positions ranged from 13.45 FTE at the beginning of the year to 21.01 FTE in February. At fiscal year end, the agency had 14.45 FTE vacant, reflecting an increase of 1.00 FTE over the year. The table below displays the number of HB 2 vacant FTEs in each division, the duration of each vacancy in months, and the midpoint hourly pay rate.

**Department of Livestock Vacancies  
Fiscal Year End 2024**

<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>
<b>Brands Enforcement Division</b>				<b>Animal Health Division</b>			
Livestock Market Auditor	1.00	6.0	\$25.55	Program Manager	1.00	19.0	\$39.56
Livestock Inspector 1	1.00	1.7	21.76	Microbiologist 1	1.00	0.5	29.21
Livestock Inspector 1	0.15	0.5	21.76	Veterinarian 1	1.00	4.0	51.08
Livestock Inspector 1	1.00	1.2	21.76	Compliance Technician 1	0.50	19.9	22.07
Livestock Inspector 1	0.50	0.5	21.76	Sanitarian 1	0.50	12.0	31.77
Livestock Inspector 1	0.20	50.4	21.76	Regulatory Program Manager	1.00	53.9	39.56
Farm Fish Forest All Other	0.20	12.0	19.71	Auditing Technician	1.00	6.4	12.44
STW Brand Insp LEWISTOWN	0.15	52.7		Meat Poultry Inspector 1	1.00	8.2	21.76
Farm Fish Forest All Other	0.25	6.5	19.71	Meat Poultry Inspector 1	1.00	12.0	21.76
Livestock Inspector 1	1.00	12.0	21.76	<b>Division Total / Average<sup>1</sup></b>	8.00	15.0	\$30.28
<b>Division Total / Average<sup>1</sup></b>	5.45	7.9	\$21.68	<b>Grand Total<sup>1</sup></b>	13.45	12.1	\$26.80

<sup>1</sup> Averages for months vacant and pay rate are weighted by FTE

**OTHER ISSUES**

**Information Technology Project Expenditures**

<b>Large Information Technology Projects Original and Revised Budgets</b>							
<u>Project</u>	<u>Start Date</u>	<u>Status</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Expended</u>	<u>Percent Expended</u>	
Livestock Animal Health System Replacement	7/31/2023	Planning	450,000	450,000	-	0.0%	
Livestock Google AI Project	7/3/2023	Executing	375,000	465,000	384,766	82.7%	
Livestock Snowflake Integration	7/3/2023	Executing	125,000	125,000	-	0.0%	

The 2023 Legislature approved \$1.0 million in HB 10 authority for three department application upgrades: Snowflake, Google AI, and an Animal Health system replacement. Both the Snowflake and Google AI projects are awarded and in the early stages of development. Snowflake is a state enterprise solution that Livestock is leveraging for data storage and integration needs. Google AI is a paper-to-digital data solution to eliminate the backlog of Brand’s inspection paperwork and provide timely violation and traceability reporting not currently available.

The Animal Health system replacement project has been initiated. The system to be replaced serves as a key repository for animal identification records, import and animal movement records, and disease testing records to ensure traceability in the event of a foreign animal disease outbreak, and compliance with state law. The system also provides the capability for Montana veterinarians to utilize electronic methods for issuing health certificates prior to the export of Montana livestock out of state.

## Status of Line-Itemed Decision Packages, 2023 Legislature

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

<b>Department of Livestock</b>				
Legislative Appropriation and Expenditures for the 2025 Biennium				
<u>Decision Package</u>	<u>Legislative Appropriation</u>	<u>Budgeted</u>	<u>Expended</u>	<u>Percent Expended</u>
DP 401 - MVDL Lab Equipment Purchase (RST/BIEN/OTO)	\$236,951	\$236,951	\$236,951	100.0%
DP 406 - Vet Truck Purchase (RST/BIEN/OTO)	50,000	50,000	-	0.0%
DP 601 - Brands Equipment Upgrades (RST/BIEN/OTO)	180,000	180,000	126,143	70.1%
Total of HB 2 Line Itemed Decision Packages	\$466,951	\$466,951	\$363,094	77.8%

### DP 401 - MVDL Lab Equipment Purchase (RST/BIEN/OTO)

FY 2024 – \$236,951 State Special Revenue

The legislature approved a one-time-only appropriation of state special revenue to purchase equipment for the diagnostic laboratory. The equipment will be used by the Montana Veterinary Diagnostic Laboratory to identify microorganisms. The equipment will replace obsolete and end of life equipment currently in use.

### DP 406 - Vet Truck Purchase (RST/BIEN/OTO)

FY 2024 – \$50,000 State Special Revenue

The legislature approved a one-time-only appropriation of state special revenue to purchase a truck for the Animal Health Bureau Veterinarian. The truck will require extensive modifications which precludes leasing it from the motor pool. This will replace the current vehicle, which is 13 years old and has high mileage.

### DP 601 - Brands Equipment Upgrades (RST/BIEN/OTO)

FY 2024 – \$180,000 State Special Revenue

The legislature approved a one-time-only appropriation of state special revenue to fund equipment upgrades for enforcement and market operations. The funding would purchase law enforcement radios, livestock trailers, and other equipment.