

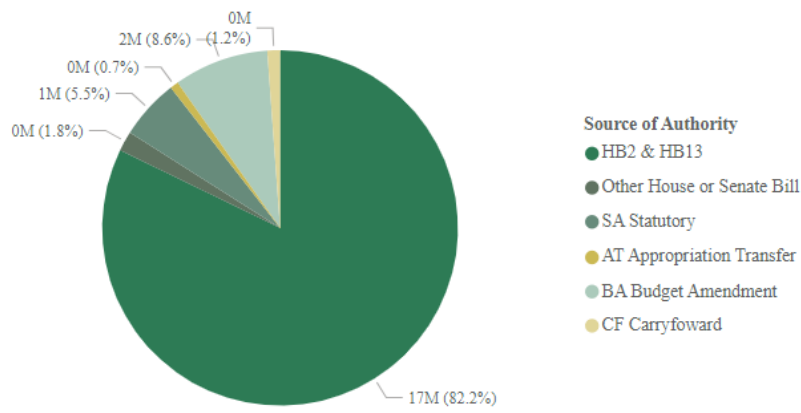
DEPARTMENT OF LIVESTOCK

Interim Budget Committee Report for March 2024

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 82.2% 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	Modified Budget	Expended Budget	% Expended
HB2 & HB13	16,531,561	9,189,720	55.6%
AT Appropriation Transfer	150,000	139,327	92.9%
BA Budget Amendment	1,735,056	455,213	26.2%
CF Carryforward	231,403		
Other House or Senate Bill	364,133	364,133	100.0%
SA Statutory	1,098,958	788,032	71.7%
Total	20,111,111	10,936,425	54.4%

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 \$1.7 million.

The National Animal Health Laboratory Network (NAHLN) accounts for \$1.3 million budget amendment authority, an increase of \$1.0 million since December. NAHLN operates as a network of diagnostic laboratories that monitor animal diseases, promptly responding to outbreaks, providing diagnostic findings to decision-makers, and provides the necessary capacity, expertise, and resources to handle disease crises. Of the \$1.0 million increase since the last quarterly report, \$575,000 will go to purchase a new incinerator, the remainder will go for equipment for the new animal health laboratory.

Federal funding appropriated for tracing animal diseases amounted to \$140,500, with \$107,300 or 76.4% already spent. Budgeted funds for meat and poultry inspections, totaling \$98,300, were fully expended. The Livestock Loss Board's budget of \$75,000 remained unspent. Other resources allocated for animal health programs totaled \$83,900, with \$1,500 expended.

Other Bills

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

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 \$231,400. The authority includes \$44,000 from the general fund, \$134,100 from state special revenue, and \$53,300 in federal special authority. Carryforward authority is budgeted for operations within the Animal Health and Brands Enforcement Division. As of the end of February, this authority is unexpended.

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 reimburse livestock owners for loss related to required US Department of Agriculture animal disease programs.

The agency has expended \$788,100 year-to-date in FY 2024 as follows;

- Livestock depredation reduction grants - \$98,100
- Monitoring and removal of wolves - \$114,000
- Predator animal control - \$575,000
- HB 51 compensation - \$1,000

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 July 1, 2023, through February 29, 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

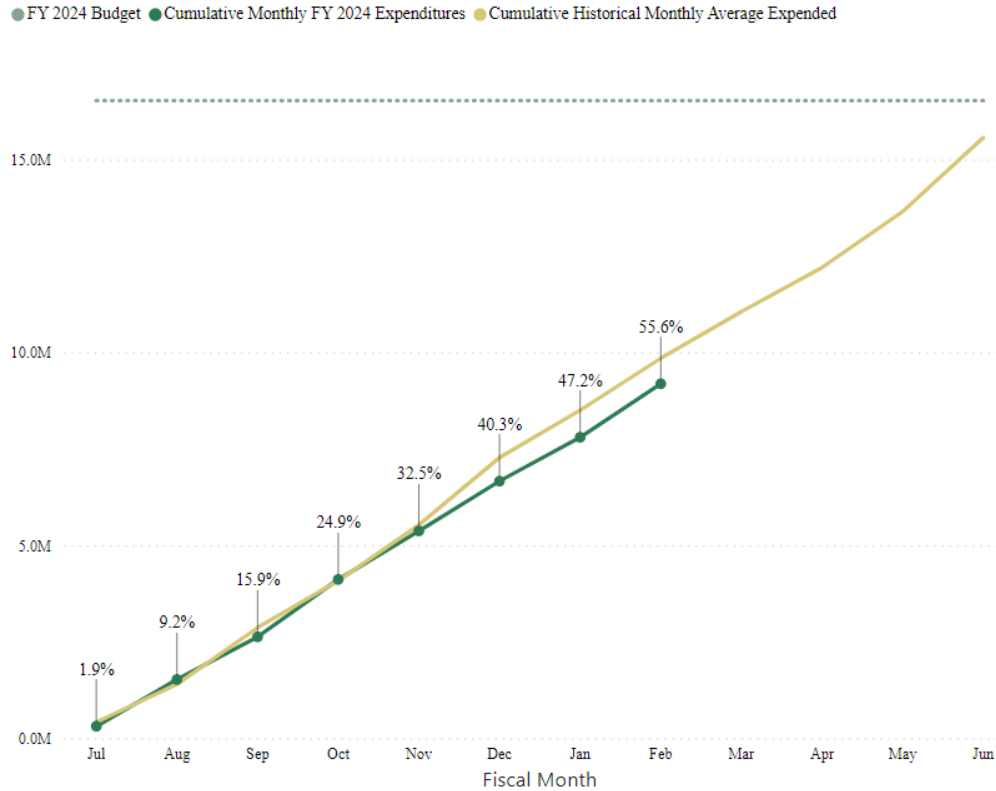
Agency Name	HB 2 Budget	Modified Budget	Net Modifications
Department of Livestock			
01 CENTRALIZED SERVICES DIVISION	2,581,240	2,581,240	
04 ANIMAL HEALTH DIVISION	8,932,227	8,932,227	
06 BRANDS ENFORCEMENT DIVISION	5,018,094	5,018,094	
Total	16,531,561	16,531,561	
Expenditure Type			
61000 Personal Services	10,927,207	10,927,207	
62000 Operating Expenses	4,609,717	4,609,717	
63000 Equipment & Intangible Assets	502,156	502,156	
67000 Benefits & Claims	150,000	150,000	
68000 Transfers-out	342,481	342,481	
Total	16,531,561	16,531,561	
Fund Type			
01 General	4,082,713	4,082,713	
02 State/Other Spec Rev	10,092,264	10,092,264	
03 Fed/Other Spec Rev	2,356,584	2,356,584	
Total	16,531,561	16,531,561	

The Department of Livestock has made no modifications to the HB 2 budget since December.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 29, 2024.

Monthly Expenditures Compared to Historical Average



The tables below show expenditure rates through February 2024 for the agency compared to average expenditure rates over the previous five years.

Program Name	Modified Budget	Expended Budget	% Expended
01 CENTRALIZED SERVICES DIVISION	2,581,240	1,370,442	53.1%
04 ANIMAL HEALTH DIVISION	8,932,227	4,792,146	53.7%
06 BRANDS ENFORCEMENT DIVISION	5,018,094	3,027,132	60.3%
Total	16,531,561	9,189,720	55.6%

Expenditure Type	Modified Budget	Expended Budget	% Expended
Personal Services	10,927,207	6,435,115	58.9%
Operating Expenses	4,609,717	2,258,208	49.0%
Equipment & Intangible Assets	502,156	320,111	63.7%
Benefits & Claims	150,000	115,030	76.7%
Transfers-out	342,481	61,256	17.9%
Total	16,531,561	9,189,720	55.6%

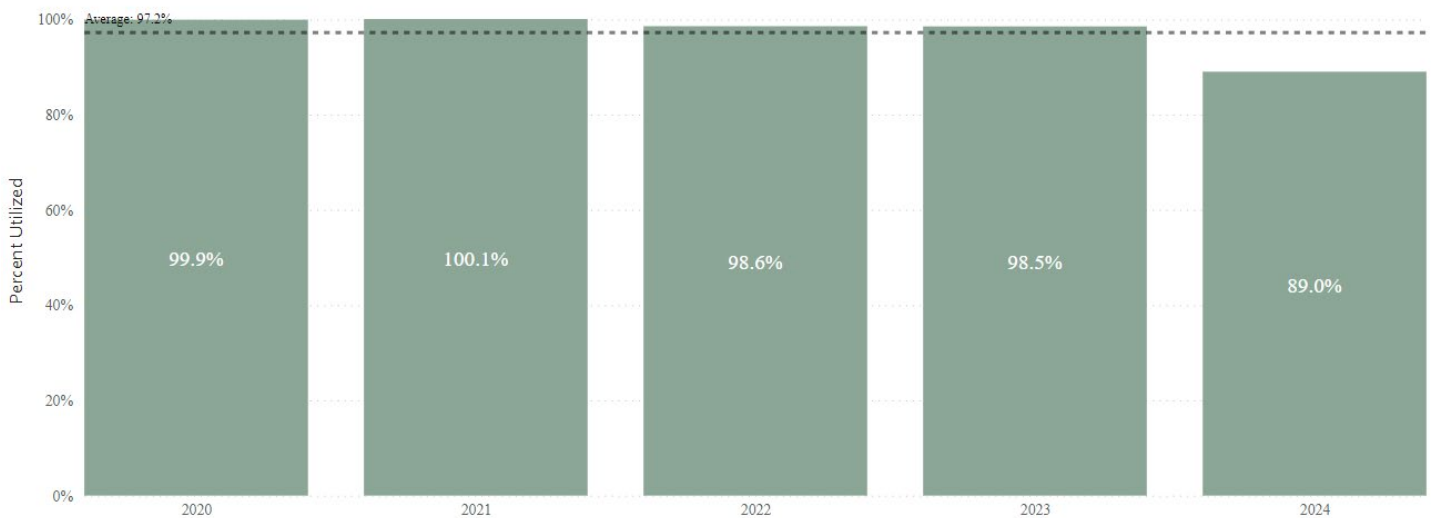
Fund Type	Modified Budget	Expended Budget	% Expended
01 General	4,082,713	1,919,164	47.0%
02 State/Other Spec Rev	10,092,264	6,027,288	59.7%
03 Fed/Other Spec Rev	2,356,584	1,243,269	52.8%
Total	16,531,561	9,189,720	55.6%

The Department of Livestock expended 55.6% of its \$16.5 million HB 2 modified budget through February 29, 2024. The agency expended about \$658,000 less than would be expected compared to the historical five-year average of 59.58% through February. The lower expenditure rate is due primarily to operating expenditures lower than historical averages.

Personal Services

Appropriations for personal services in the Department of Livestock total \$10.9 million and are 58.9% expended through February 29, 2024. The department has 137.37 HB 2 FTE.

The chart below shows the hourly utilization percentage for the Department of Livestock between July 1 and February 1 for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 89.0% of the hours budgeted for FY 2024, as shown in the chart below. This is less than the average utilization of 97.2% over the previous four years in the same period. Of the 21.01 vacant FTE in the agency, the Animal Health Division has 10.00 of them. The utilization rate in the Animal Health Division is 84.7%. Although the Brands Enforcement Division has 9.00 FTE vacant, it had a utilization rate of 95.5%. The remaining 2.00 vacant FTE were in the Centralized Services Division.



The agency does not contract for labor. Year to date the agency has expended about \$95,600 on overtime, of which about 40-50% was over-time to cover for vacant positions. Meat Inspectors and Brand Market Inspectors account for most of the Department’s systemic overtime. Turnover results in considerable travel to ensure requirements for statewide coverage and lengthy supervisor training of new personnel. In addition to vacancies, late Summer and Fall are very busy times for Livestock movements and sales resulting in seasonal increases in overtime and comp time for the Brands Division personnel. Lastly, a significant amount of overtime is attributable to pace of commerce and travel time for inspectors needed to cover their large geographical areas of responsibilities.

The chart below shows the vacant FTE in each division, the number of months each position has been vacant, and the midpoint hourly pay rate.

**Department of Livestock Vacancies
As of February 1, 2024**

<u>Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>		<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>
Centralized Services Division				Brands Enforcement Division			
Computer Systems Analyst	1.00	0.2	\$31.02	Livestock Market Auditor	1.00	1.1	\$25.55
Attorney	1.00	15.6	55.14	Livestock Investigator 1	1.00	2.2	34.52
Division Total / Average¹	2.00	7.9	\$43.08	Livestock Investigator 1	1.00	1.5	34.52
Animal Health Division				Livestock Inspector 2	1.00	39.6	27.19
Program Manager	1.00	14.1	\$39.56	Livestock Inspector 1	1.00	5.7	21.76
Compliance Technician 1	0.50	15.0	22.07	Livestock Inspector 1	1.00	1.8	21.76
Sanitarian 1	0.50	7.0	31.77	Livestock Inspector 1	1.00	3.4	21.76
Regulatory Program Manager	1.00	48.9	39.56	Short Term Worker	0.21	7.1	16.05
Auditing Technician	1.00	1.5	12.44	Livestock Inspector 1	0.20	45.4	21.76
Bison Supervisor/Law Enforce	1.00	4.8	39.56	Farm Fish Forest All Other	0.20	7.0	19.71
Meat Poultry Inspector 1	1.00	3.3	21.76	STW Brand Insp Lewistown	0.15	47.8	15.55
Meat Poultry Inspector 1	1.00	1.5	21.76	Farm Fish Forest All Other	0.25	1.5	19.71
Science Manager	1.00	10.3	56.47	Livestock Inspector 1	1.00	7.0	21.76
Meat Poultry Inspector 1	1.00	7.0	21.76	Division Total / Average¹	9.01	9.1	\$25.27
Meat Poultry Inspector 1	1.00	7.0	21.76				
Division Total / Average¹	10.00	10.9	\$30.15	Grand Total¹	21.01	9.9	\$29.29

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

Vacancies

Vacant positions total 21.01 FTE. On average, positions have been open about 9.9 months. Since the beginning of FY 2024, eleven employees have left state government, two have transferred to a different agency, and one has retired.

OTHER ISSUES

Information Technology Project Expenditures

Large Information Technology Projects Original and Revised Budgets						
<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 Interface Systems Upgrade Project	1/1/2020	Executing	1,300,000	1,300,000	1,188,525	91.4%
Livestock Animal Health System Replacement	7/31/2023	Initiating	450,000	450,000	-	0.0%
Livestock Google AI Project	7/3/2023	Planning	-	-	-	-
Livestock Snowflake Integration	7/3/2023	Executing	125,000	125,000	-	0.0%

The 2023 Legislature approved \$1.0 million in HB10 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.

The 2019 Legislature approved \$1.3 million in HB10 authority to upgrade the Livestock Interface System. The new Brands Enforcement ServiceNow application was put into production September 2023. The remainder of the authority is being expended on application enhancements.

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.

Department of Livestock				
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	83,160	46.2%
Total of HB 2 Line Itemed Decision Packages	\$466,951	\$466,951	\$320,111	68.6%

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 thirteen 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.