

THE DEPARTMENT OF LIVESTOCK

An Agency Profile Prepared by the
Legislative Fiscal Division

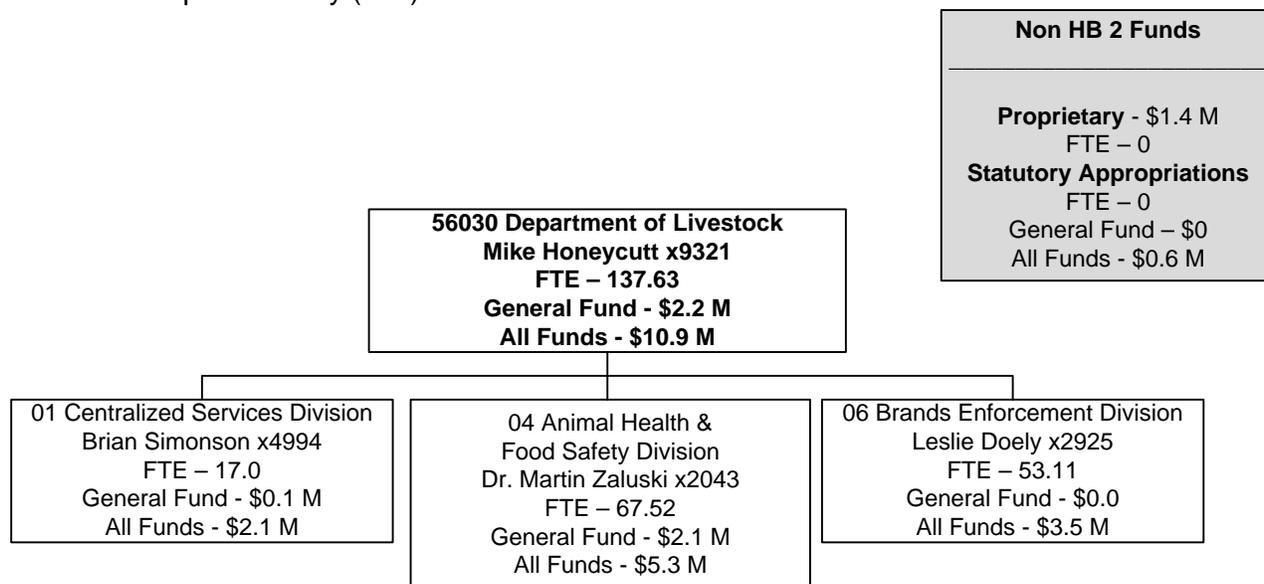
November 2018



INTRODUCTION

The Department of Livestock (Livestock) regulates domesticated animals. The mission includes protecting the livestock industry; controlling and eradicating animal diseases; and inspecting meat, milk, and eggs. The Board of Livestock serves as the statutory department head and consists of seven appointed members serving six-year terms.

Below is the organizational chart of the branch, including full-time equivalent (FTE) numbers and the HB 2 base general fund appropriations and the total of all funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



HOW SERVICES ARE PROVIDED

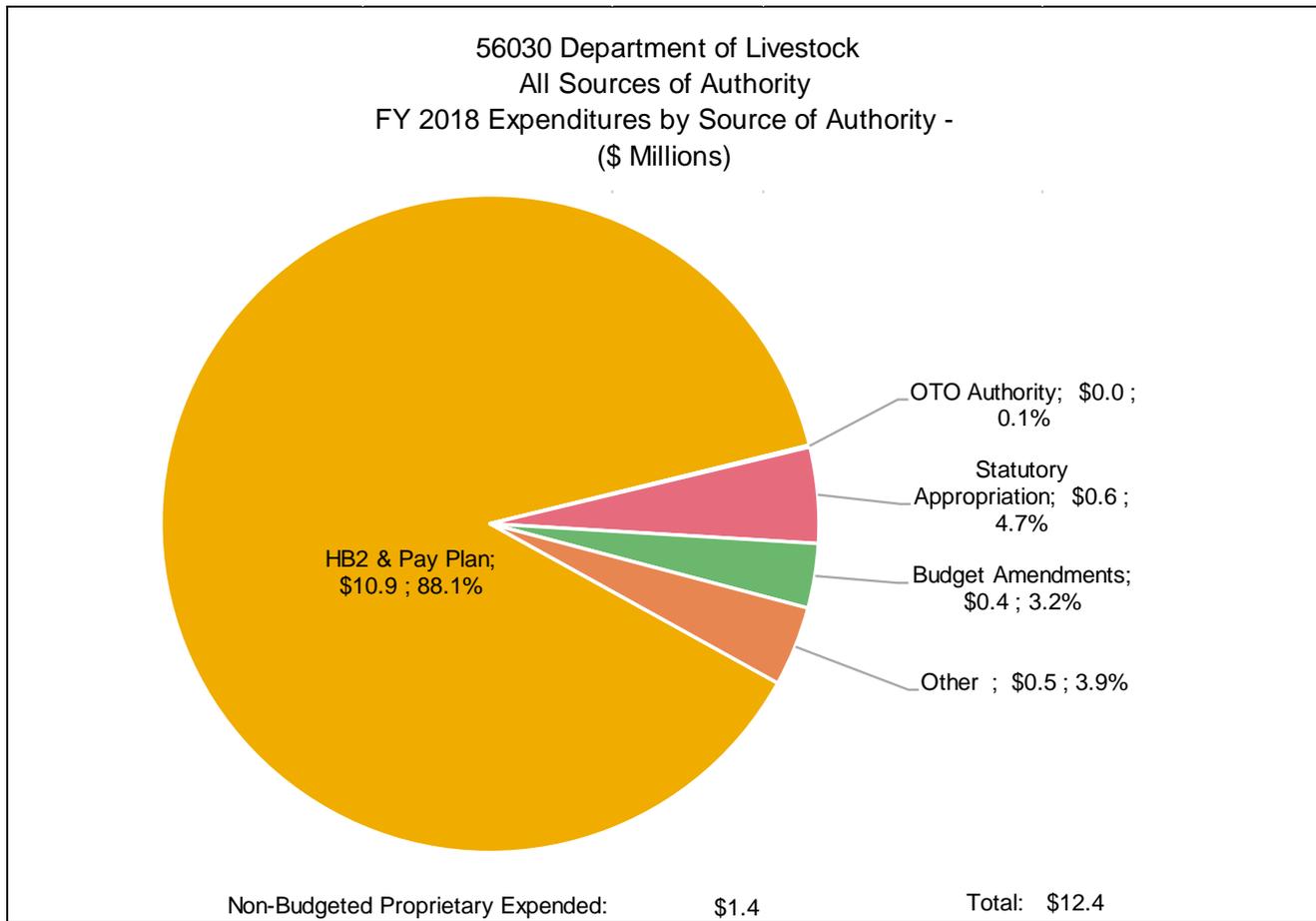
The three divisions form the Department of Livestock and perform the following functions:

- The Centralized Services Division provides managerial and administrative support services to the entire department. The Milk Control Bureau staff and the Livestock Loss Board staff are part of the Centralized Services Division.
- The Animal Health Division seeks to prevent, diagnose, control and eradicate animal diseases that threaten public health and the agricultural industry
- Brands Enforcement Division records, inspects, and tracks livestock ownership and enforces livestock ownership laws

State law has attached two boards to Livestock for administrative purposes with Livestock supplying personnel:

- The Livestock Loss Board administers programs to minimize the livestock lost to gray wolves and grizzly bears
- The Board of Milk Control Board regulates the milk industry in the state

SOURCES OF SPENDING AUTHORITY

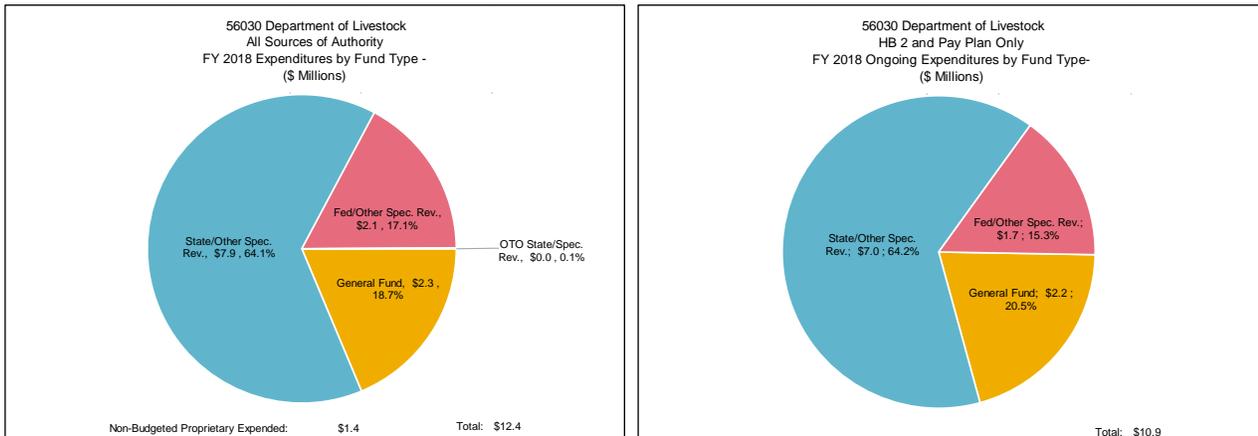


The above chart shows the expenditures by sources of authority for Livestock in FY 2018.

Most of the agency expenditure is appropriated by the legislature through HB 2. In addition to HB 2, the agency expends state and federal revenue as detailed below.

- **One-Time-Only (OTO)** appropriation are appropriated through HB 2 from state special revenue or federal sources. Appropriation designated OTO are not considered ongoing expense, and are not included in the agency base budget. The agency expended \$11,879 to replace laboratory equipment in the animal health division diagnostic laboratory.
- **Statutory appropriations** do not require reauthorization by the legislature. The agency expended \$582,419 of state special revenue that is statutorily appropriated to the agency for livestock loss prevention and livestock loss compensation.
- **The budget amendment** process allows the agency to increase federal appropriation to take advantage of federal programs that fund activities related to the mission of Livestock not anticipated during the regular legislative session
- **Other** expenditures are from authority carried forward from previous fiscal year.

FUNDING

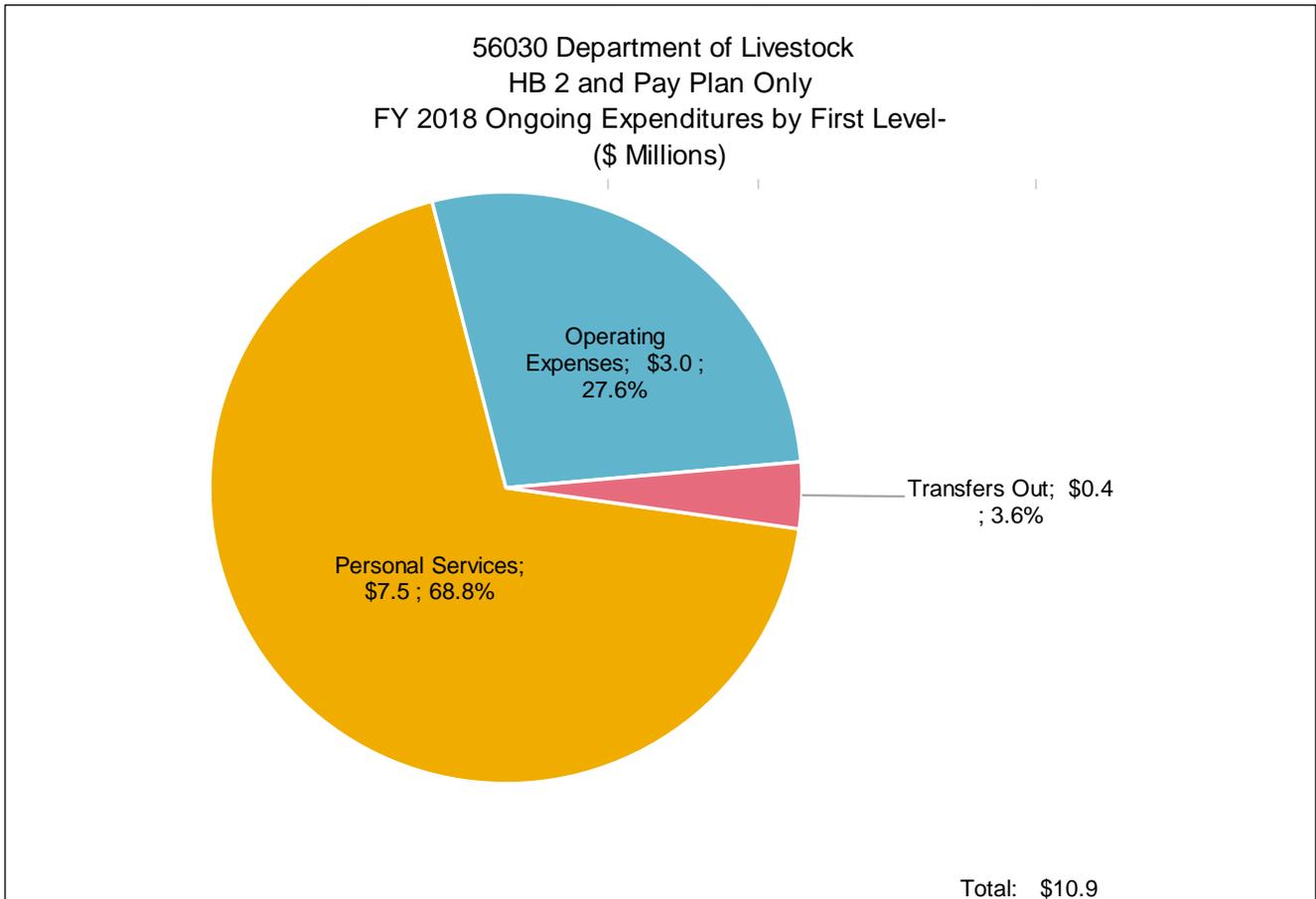


The chart on the left shows the agency's actual expenditures by fund type for all sources of authority. The chart on the right shows the agency's HB 2 and pay plan expenditures by fund type.

- The agency's general fund is appropriated almost entirely through HB 2. The agency expended general fund on personal services for 137 full time positions and associated operating expense
- \$7.9 million or 64.1% of the total agency expenditures are made from nine state special revenue funds. Two funds alone account for 82.0% of state special revenue expenditures
 - \$3.6 million – The livestock per capita fee account is funded from fees levied on each head of livestock in the state. The fees are used to fund animal health programs, brands enforcement, and theft investigation
 - \$2.9 million – The inspection and control account revenues are generated from brand recordings and market and local inspections fees. Expenditures are for personal services and operating expense related to inspection and control activities
 - \$1.4 million – The agency made expenditures from seven other funds related to milk and egg inspection, livestock loss and predatory animal control, and animal health programs
- Expenditures from federal special revenue are used for control of brucellosis in bison in the Greater Yellowstone area, and from the U.S. Department of Agriculture in matching funds for meat and poultry inspection

EXPENDITURES

The chart below shows how the HB 2 authority was spent.



Personal services and operating expenses account for 96.4% of all expenditures. These expenditures support 137 full time positions and the associated operating cost. Transfers out represent federal grants passed through by the agency to various federally funded programs.

HOW THE 2019 LEGISLATURE CAN EFFECT CHANGE

To change expenditure levels and/or Department of Livestock activity, the legislature must address one or more of the following basic elements that drive costs.

Inspection regulations

Livestock inspects several agricultural products. To influence expenditure levels or agency activities in this area, the legislature could:

- Determine the products to be inspected
- Establish guidelines for the frequency and sampling size

Brands Enforcement

Livestock regulates animal ownership through brand registration and inspection. To influence expenditure levels or agency activities in this area, the legislature could:

- Determine the actions that trigger an inspection
- Set the time between brand renewals
- Define who can inspect brands
- Determine the level of brand investigation coverage

Animal Health and the Veterinary Diagnostic Lab

Livestock works to prevent and control the spread of animal disease. To influence expenditure levels or agency activities in this area, the legislature could change:

- The inspection and surveillance level for diseases
- The cost per test at the diagnostic lab
- The tests conducted at the diagnostic lab

Major Cost Drivers

Livestock has a large percentage of its budget devoted to fixed costs, including personal services.

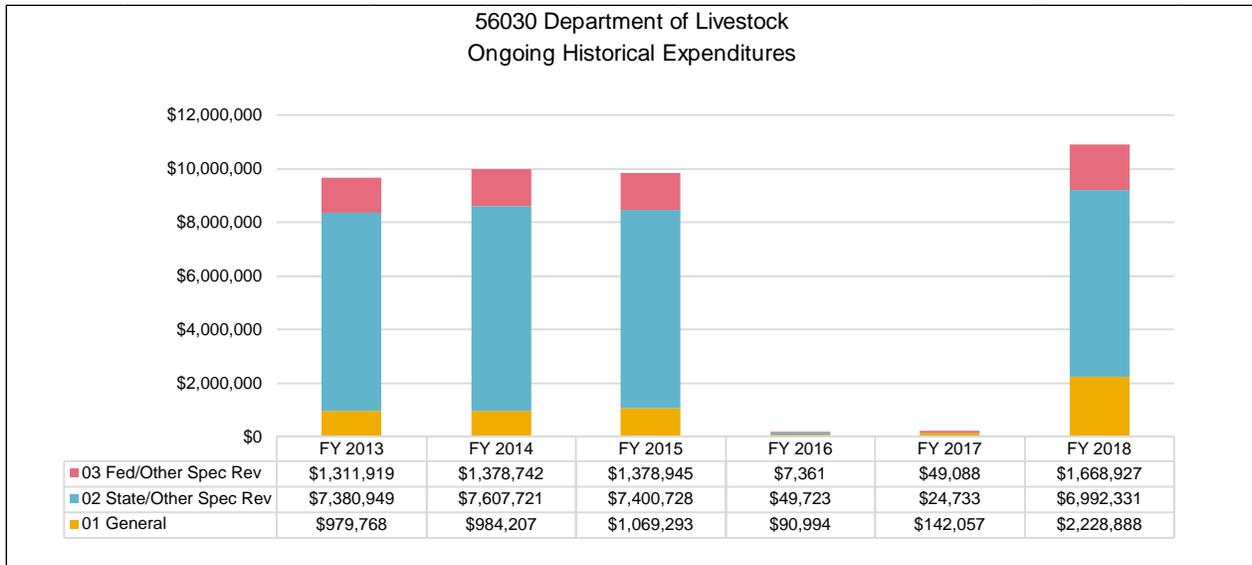
Livestock Cost Drivers:

- Livestock Annual Cash Receipts: \$2,128,021,000*
- Pasture & Range Land: 39,321,367 Acres (66% of Agriculture) *
- Total Active Montana Brands: 54,151
- Livestock Inspections: 1,866,418 cattle; 22,244 horses
- Livestock Market Sales: 774,891 cattle; 6,721 horses
- Livestock imported into State: 135,473 cattle; 52,693 other

*2017 Montana Annual Bulletin, USDA

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BASE BUDGET

The following chart shows the historical change in Livestock's funding and expenditures.



The budget for FY 2016 and FY 2017 was designated as One-Time-Only (OTO) the table above does not reflect actual expenditures.

MAJOR LEGISLATIVE CHANGES IN THE LAST 10 YEARS

2017 Session

- SB 73 revised laws related to the livestock loss program, including extending the termination of statutory appropriations for the livestock loss mitigation restricted account and the predatory animal state special revenue account, and providing a statutory appropriation for the livestock loss reduction restricted account.

2015 Session

- HB 439 required the Board of Livestock to record their meetings.
- HB 629 codified the position of Executive Officer as serving at the pleasure of the Board of Livestock.
- SB 62 changed the timing of the per capita fee collection from November to May of each year.
- HB 105 allowed Livestock to set fees for analytic lab services.

2011 Session

- HB 622 transferred and statutorily appropriated money for use in predator control and for reimbursement of livestock owners for predatory loss.

For more information, please visit the agency's website, here: <http://liv.mt.gov/default.mcpx>