

REPORT OF THE SPECIAL COMMITTEE

STUDYING THE FEASIBILITY OF

MERGING THE DEPARTMENTS OF

AGRICULTURE AND LIVESTOCK

January 22, 1993

Chase T. Hibbard

Chairman

## TABLE OF CONTENTS

REPORT	Pages 1-16
CONCLUSION	Pages 14-16
APPENDIX I	Committee minutes
APPENDIX II	Summaries of activities of Departments of Agriculture and Livestock
APPENDIX III	"Importance of An Emergency Disease Fund"
APPENDIX IV	Resolutions from: Montana Stockgrowers Association Teton County Cattlewomen Montana Dairymen's Association Montana WoolGrowers Association Montana Grain Growers Association W.I.F.E. Montana Farm Bureau Montana Farmers Union

I. Reason for the Study, committee makeup, and guiding assumptions.

During the July 1992 Special Session House Bill 2 included an amendment requesting a study to consider consolidating the Department of Livestock and Department of Agriculture. This amendment passed the House, but was defeated by the Senate. During ensuing discussion with legislators the Department of Livestock volunteered to conduct an agriculture industry wide study regarding the feasibility of consolidation or re-organization.

A study committee was assembled in August of 1992 comprised of the following members:

MT Stockgrowers Association - Ed Lord

Ken Mesaros

Dairy Industry Representative- Keith Nye

- MT Farm Bureau - Sam Rose

MT Grain Growers Association- Randy Johnson

MT Farmers Union - Frank Bud Daniels

W. I. F. E. - Mary Schuler

MT Agricultural Business Groups

- Pam Langley

Chairman - Chase T. Hibbard

The committee met three times in Helena on 8/25/92,

9/29/92, and 11/12/92. The agendas and minutes from each meeting are attached as Appendix I.

Two basic assumptions were agreed upon at the outset to guide the committee in its analysis. Those assumptions were:

- A. Would merger or consolidation save money, either general fund or State Special Revenue (earmarked or livestock per capita)?
- B. Would the combination of the two provide better and/or more efficient services to the agricultural industry than either one by itself?

II. History, constitutional and legislative authorization.

The Department of Agriculture is one of two constitutionally mandated departments in state government, the other is the Department of Labor. Article XII of the Montana Constitution reads as follows:

"Section I Agriculture. (1) The legislature shall provide for a Department of Agriculture and enact laws and provide appropriations to protect, enhance, and develop all agriculture. (2) Special levies may be made on livestock and on agricultural commodities for disease control and indemnification, predator control, and livestock and commodity inspection, protection, research, and promotion. Revenue derived shall be used solely for the purposes of the levies."

Part 30 of Montana Codes Annotated Sections 2-15-3001 through

2-15-3015 further defines the makeup of the department calling for the following committees and boards: Montana Wheat and Barley Committee, the Board of Hail Insurance, the Montana Alfalfa Seed Committee, the Alfalfa Leaf-cutting Bee Committee, the Montana Mint committee, and the Montana Agriculture Development Council.

The Department of Livestock traces its history back to the Fourteenth Legislative Assembly in 1885 which passed two acts for the benefit of livestock owners. The first created the post of "Territorial Veterinary Surgeon" in order to "suppress and prevent the dissemination of contagious and infectious diseases among domestic animals and Texas cattle". The second act created "The Board of Stock Commissioners" and empowered them to supervise and protect the stock interests of the territory from theft and disease. Shortly thereafter legislation was passed to provide for an office to record marks and brands at the seat of government.

In 1897 Senate Bill 100 provided for the appointment of a Board of Sheep Commissioners to protect the sheep interests of the state from theft and disease. The members of both the Stock Commissioners and Sheep Commissioners were comprised of one member from each county in the state. In 1917 the two commissions were combined and the membership was decreased to six members in order to better serve the industry.

The Livestock Commission Board and the earlier created Livestock Sanitary Board (initially the territorial veterinary

surgeon) were combined in 1972 to form the present day Department of Livestock. The current Board of Livestock is comprised of seven members representing the beef cattle, horse, swine, sheep and dairy cattle industries.

The Department of Livestock is authorized under Part 31 of Montana Codes Annotated Sections 2-15-3101 and 2-15-3102. The Board of Livestock functions as a department head. It hires its own executive director, who sits on the Governor's cabinet.

### III. Missions and funding.

The Department of Agriculture Mission Statement:

"The Department of Agriculture, established by Montana's Constitution, protects, enhances, and develops all agriculture in Montana. The Department encourages and promotes production and marketing for agriculture and allied industries, and provides protection for producers and consumers through administration and enforcement of statutes established by Montana's legislature."

The Department of Livestock Mission Statement:

"To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and precatory animals."

The Department of Agriculture's total budget of \$6.8 million is made up of 9.25% general fund, the balance being user fees, federal money, and trust funds. The Department of

Livestock has an overall budget of \$5.1 million of which 10.4% is general fund, 83.3% is user fees and 6.3% is federal funds.

The alleged "large fund balances" maintained at the Department of Livestock were discussed by the merger committee in detail. There has been some concern voiced about the per capita fees collected on livestock being higher than current budgetary need, that interest earned on these fund balances should revert to the general fund, and that the fund balances are excessive and should not have been allowed to accumulate.

The reserve balances break down as follows:

1. Estimated F.Y. 92 Ending Balance	\$6,568,225
A. Brand Re-Record Funds - \$2,200,000	
(81-3-107)	<u>1,964,736</u>
2. Balance after Re-Record - deduct	<u>\$4,603,489</u>
B. Begin Fiscal Year Balance with a 50%	
reserve for SSR funding 4,239,350	\$2,119,675
as the major revenue source is not	
- received until December when livestock	
per capita fees are deposited.	
3. Balance after 50% reserve	<u>\$2,483,814</u>
C. Board action on 6/17/92 to renovate	
Diagnostic Laboratory	<u>\$1,200,000</u>
4. Balance after Board action	<u>\$1,283,814</u>
5. Disease Emergency Balance	<u>\$ 465,000</u>

## 6. Helicopter Reserve

for insurance deductible	<u>\$ 145,000</u>
RESERVE BALANCE	\$ 673,814

The F.Y. 92 ending balance of \$6,568,225 is reduced in the above example to \$673,814 as follows: Montana brand owners are required to re-record their brands every 10 years at a fee of \$50 per brand. Approximately \$2.2 million was collected for that purpose in 1991. These funds are to pay for the processing and maintenance of the Brands and Records Bureau for 10 years, until the year 2000. \$1,964,736 remains as a balance in the account to be expended by 2000.

The fiscal year is begun with a 50% reserve for operations since taxes are only collected twice per year. The reserve is deducted in the example.

The Board of Livestock set aside \$1,200,000 to renovate the diagnostic lab in Bozeman. A commitment was made 6/7/92 to expend these funds for that purpose.

A disease indemnity fund has been established to defray costs in the event of an emergency disease causing catastrophic animal loss and/or human health hazard. This fund is \$465,000. Please see Appendix II for an explanation of the need for the fund.

The helicopter reserve is for the purpose of self-insurance and major part (such as rotor blades) replacement.

After deducting all of these "set aside" funds, the



actual excess reserve balance is \$673,814. This amounts to roughly a 10% contingency.

Article XII Section 1 of the 1972 Montana Constitution allows levies to be made on livestock and agricultural commodities and further states that "Revenue derived shall be used solely for the purposes of the levies".

Montana statute 81-1-104 allows state special revenue account funds to be invested by the Board of Investments for the account of the department from which the investment is made. The "large account balances" can easily be justified as a conservative way to do business. The Department has raised its money before it is spent, rather than after the fact. It is clearly within the course, scope, and intent of the law for the interest derived thereon to revert back to the respective principal accounts.

With the state's general fund in need of money, the \$6.5 million balance at the Department of Livestock is no doubt attractive as a place to find current income. One must keep in perspective that the livestock producers of the state self-imposed the fees to enable the accumulation of those balances for specific purposes in accordance with the law. The per-capita fee on livestock has never been intended to finance general government.

IV. Detailed descriptions of each department.

The administrators from each division explained to the merger committee the workings of their respective divisions in each department. Summaries of these presentations are included as Appendix III.

V. Cutting costs and/or improving service through merger or consolidation.

Several ideas were discussed including the following:

- A. Combine the functions of the Milk and Egg Bureau within the Department of Livestock with the Plant Industry Division of the Department of Agriculture.

Please refer to the transcript of the 11/12/92 meeting minutes pages 3-15 in Appendix I for a detailed discussion of this topic. In summary, the inspections performed by the Milk and Egg Bureau are highly specialized, requiring a licensed sanitarian with a college degree in micro-biology. The inspection in the Plant Industry Division are vastly different, with inspectors being a couple of grades lower and frequently being only part time employees. The inspections include potatoes, cherries, nurseries, public warehouses, leaf cutting bees, commercial feed, fertilizer regulation and licensing, ground water protection, etc. There is no similarity in the skills required

for inspection in each division. Since the Department of Livestock now deals with the livestock side (Milk and Egg) and the Department of Agriculture deals with the grain and horticulture side, and due to the specialized nature of the inspections, not much would be accomplished by putting the functions together. One would end up with one large division rather than two smaller divisions with the same number of employees. It did not appear that any savings could be realized nor any better service rendered.

- B. Rely more on user fee support of both departments and less upon the general fund.

This discussion appears on pages 15-26 of the 11/12/92 minutes in Appendix I. It was prompted by the proposal from the dairy industry to self-fund a dairy extension specialist, the services of the diagnostic lab relating to milk, and the milk inspection program at the Department of Livestock. The amount of \$277,700 of general fund support would be substituted with a user fee. This would reduce the general fund support of the Department of Livestock by 53%.

This proposal by the dairy industry was motivated by wanting to preserve the integrity of the services currently rendered to the industry. The industry fears

that the legislature may trim general fund support to the department even further, which would be damaging to them. The inspection and laboratory services are all very important to the industry and they feel that if anything, they may need to be expanded in the future rather than trimmed. By self funding they are preserving the integrity of their program and are in a better position to expand them if necessary.

This initiated a lengthy philosophical discussion about the appropriateness of taxing producers, be they livestock or crop producers, for services that benefit the general public in terms of health or safety. The committee generally felt that it was not right for producers to be required to pay for services demanded by the general public, however, the reality of the situation is that the state is facing increasing budget deficits and the trend has been to whittle away at general fund support of state budgets, be it across the board cuts or whatever. That being the case, most programs lose their effectiveness therefore even though it may not be right, self funding in reality is the only way to preserve the integrity of the programs.

The committee is not taking a stand one way or the other on the dairy industry's proposal to self fund its services, however there were very strong feelings voiced that it is not right to increasingly pass the burden of

protecting human health, inspecting and licensing products for the good of the general public on producers. That in fact all these things benefit the public, the public is demanding these services so the public should be the ones to pay for them.

- C. The committee discussed removing all of the general fund supported activities from the Department of Livestock and putting them into the Department of Agriculture. See pages 34-37 of 11/12/92 minutes in Appendix I. The general fund support of the Department of Livestock is as follows:

	<u>F.Y.'93</u>
Centralized Services	\$ 6,200
Diagnostic Lab	\$116,000
Milk and Egg Inspection	\$163,600
Meat Inspection	<u>\$245,400</u>
	\$531,000

The committee concluded that pulling the general fund supported activities from the Department Livestock was not feasible. The Diagnostic lab, Milk and Egg and meat inspection functions are part of animal agriculture and should remain with the Department of Livestock.

- D. The committee discussed the possibility of combining centralized services. One centralized service manager could be eliminated but a personnel officer would need to be hired back. Little or no financial savings would be

realized.

E. Discussed a complete merger.

The committee brainstormed ideas for totally merging the two departments. It appears that by merging you would eliminate one director, one centralized services administrator, and one lawyer. However, it would be necessary to add back a personnel officer and a para-legal. Some savings could be realized in eliminating one director but it would probably be \$60,000 per year. After adding back other necessary personnel, there is a distinct possibility that all anticipated savings would disappear. In eliminating one director, one cabinet level spokesman for agriculture would also be lost. The current FTE's for the fiscal year 1993 in Agriculture are 99 and at the Department of Livestock are 120. We discussed whether running department of approximately 200 would be more efficient then running two smaller department of approximately 100 FTEs each. Some would argue that a 200 person department is a more efficient size, however, given the structures of these two department, particularly the Department of Livestock with its lay board representative of the clients which it serves, there is a distinct possibility that responsiveness to the clientele would diminish. The current structure is servicing its constituencies extremely well and no one in these constituencies is

suggesting doing anything differently. This committee could not justify merging the departments from either a financial savings aspect or from a quality of service aspect.

- F. The committee discussed confusion which sometimes occurs when someone calls for information, not knowing which department is the appropriate one. This may be a problem and could be addressed by employing a switchboard receptionist who could direct calls more effectively.
- G. The committee discussed the feasibility of cross training employees to perform more efficiently. It was felt that cross training between departments was not feasible due to the specialized nature of the respective inspection requirements, however if cross training within the departments could lead to more efficiency the respective departments should pursue this. It was not apparent to the committee however where much of savings or efficiencies could be realized since the problem is more one of limited time available to existing inspectors than giving these inspectors more to do.
- H. The committee took a cursory look at other states who had combined their agricultural functions or were considering combining them. Those states examined were:  
Arizona-Their merger consolidated the Livestock Board, the Agriculture and Horticulture Commission, the Dairy Commissioner and the Egg Board. The purpose of their

consolidation was that Agriculture's voice was too fragmented and that they were losing too many battles to an urban legislature. The Arizona Farm Bureau reports that this merger didn't work out as planned and they would think twice if they had the decision to make again. The Arizona legislature continues to make cuts in the department's basic services but not in administration.

Idaho-has a combined department with brands enforcement assigned to their Department of Law Enforcement. Very difficult to compare to Montana.

Illinois-Merger was discussed in the 1990 Gubernatorial campaign by both aspirants. The idea was dropped.

Colorado-combined their departments and wish they had not.

Wyoming-considering merger however some livestock groups are adamantly opposed.

## VI. Conclusion

- This committee had three day-long sessions learning about the two departments in detail. Tough questions were asked and all kinds of different scenarios were pursued. An honest attempt to remain neutral was made. The committee did not allow either department to staff or guide the committee other than a stenographer supplied by the Department of Livestock. Partial merger or combination of some functions was considered, and overall complete merger was brainstormed going as far as discussing a potential organizational chart. "Large



fund balances" at the Department of Livestock were examined. There was considerable discussion about the appropriate level of general fund support for services demanded by the general public for the general good, which has been increasingly shifted to reliance on user fees. Other states which had merged their departments or were considering merging their departments were contacted for the benefit of their experience. Cross-training employees between and within departments was discussed. In addition the visibility and stature of agriculture, Montana's number one industry, relative to the type of government bureaucracy best suited to regulate and represent its interests was discussed.

It was the unanimous consensus of the Merger Study Committee not to recommend either a partial or a complete merger of the two departments for the following reasons:

- A. It would not save enough money to offset the potential pitfalls.
- B. It would not provide better service.
- C. Those paying for the vast majority of the services, the agricultural community through user fees and animal per capita levies, likes it the way it is. The general fund only supports each department about 10% respectively.
- D. The majority of the services provided are regulatory, inspection, protection, or health and safety related, therefore an advocacy role is minor, and often inappropriate.

- E. Agriculture has two cabinet level positions, a merger would eliminate one high level spokesman.
- F. Quoting an overused saying, "If it ain't broke, don't fix it".

**APPENDIX I**

number 2, would the consolidation or merger of the two departments provide a better more efficient service to the industry.

Bill Fraser turned the meeting over to Everett Snortland, Director, Department of Agriculture. Mr. Snortland stated that they were asked to participate and were happy for the opportunity to do so. Everett too felt as Bill did, it wouldn't be significant to do something like this unless there would be a savings of taxpayers dollars and make agriculture stronger and provide better services. It is difficult as administrators of livestock and agriculture to state this, it is the customers out there that we need the input from. Everett said that it is important to note, that the 1972 Constitution stated that Agriculture along with Labor are constitutional agencies. So that can't be eliminated by consolidation. Also, it is important to note that Agriculture Department includes a lot of Boards, some appointed by the Governor and some appointed by the organizations, some by the Director of Agriculture Department. Mr. Snortland gave a short background on each of the Boards.

Everett Snortland turned the meeting back over to Bill Fraser. Both Bill Fraser and Everett Snortland mentioned the booklets that were handed out to all participants that gave a general overall view of each department. They asked that the participants use these booklets to assist them in their study of the departments. The staff of both departments would be available to the committee

for any information or questions that they would have.

Bill Fraser noted that the Department of Livestock had been under a Board's direction since 1885. Bill advised the participants of some of the history of the Department of Livestock.

Both Bill and Everett noted that both departments were funded by a small portion of general fund monies.

Lt. Governor, Dennis Rehberg, thanked everyone for their attendance and participation at this meeting. Lt. Governor Rehberg stressed that those in state government are continually confronted with a state budget that perhaps is structurally unbalanced, and didn't want anyone to think that all of the decisions that are going to be made are merely budgetary problems. That is not the intent of this consolidation or any other consolidation. Mr. Rehberg noted that we have to look to the services we provide to the public first. This study needs to open the minds to the possibility of a better system. Mr. Rehberg noted that the government we're living under today was designed in the 30's and 40's, and felt that government is not keeping up. He advised the group that this was not the only organizations that would have to go through this. Need to take a look at government, it can no longer run as it has in the past; and he is not saying that these two departments are running inefficiently - we just need to take a look at how they are being run, to see if there may be a better system. Keep in mind, that

Montana is becoming more and more urbanized, and as the legislature reflects more and more urbanization of society, agriculture and livestock may not be on a level playing field. Mr. Rehberg asked that the committee go into this study with an open mind, but certainly represent the interests that you are here to represent, but at the same time help us to try to design a better system, because it may be out there.

Jack Salmond asked if there were any other comments at this time.

Mr. George Paul, Montana Farmers Union, stated that their organization appreciated the two departments taking a look at this re-organization. But expressed his concerns with merger, and asked who present in the room supported the concept of a merger. Asked if anyone present had a good idea on how money could be saved by the merger. Mr. Paul stated that being a former employee of the Department of Agriculture and also with some knowledge of the Department of Livestock, it was hard for him to see where there is any duplicative processes. Mr. Rehberg responded that that was one of the reasons for visiting this issue, because it isn't necessarily between the Department of Livestock and Department of Agriculture. As an example, we created an inter-agency task force on economic development, as that was done the fact was identified that there are seven agencies in state government that have economic development components. There is no need for seven. Mr. Rehberg stated that we should not get hung up on general government

or general funding, because it's the whole structure of government that we're having a difficult time affording in this state. So we need to look beyond just general funds. Mr. Paul stated that before the committee goes further with this study, he wanted the group's feeling on how deeply they wanted to participate in this study. Mr. Paul's question is, can we identify for ourselves - duplication in services.

Jim Peterson, Montana Stockgrowers Association, stated that he felt it was premature for anybody at the meeting to respond to these questions. He felt that the reason for the meeting on this day was pretty much at the request of the legislature. Jim noted that the Department of Livestock had agreed to do the study within the industry rather than under the umbrella of some legislative mandate, and that agreement was struck at the last special session - that is the reason that the participants were here on this day. It is an opportunity for the industry to take a look at the two departments in an objective manner.

Nancy Espy, Vice-Chairman, Board of Livestock, agreed with Jim Peterson's statement. Nancy stated that she hoped that the people who were willing to serve on this committee would go into it with a very open mind, with the idea that there are new and better ways, but if it ain't broke don't fix it. We need to keep this balance. Nancy stressed the importance of doing our very best from our organizations and our industry, to prepare a paper that will be

satisfying to the legislature and satisfying to our industry.

Charles Rust, Montana Rural Areas Development, Montana State University, stated that one of the things that he thinks needs to be looked at, in addition to these two questions, is what makes you stronger now - what is the strength of having it the way it is, you both are getting a lot of other funding, other than general fund money, is it easier to tap these resources being separate, or would it be stronger together.

Jake Cummins, Executive Vice President, Montana Farm Bureau, referred to Bill's statement of the two justifications being that of saving money or provide more efficient services. He stated that he hoped we were qualifying the first one, that if we're saving money that we'll provide at least the same level of services. Because to do otherwise would result in exclusion of services and save money. And he hoped that was not what the goal is.

Les Graham, representing Montana Livestock Auction Markets and Montana Game Farmers, advised the committee to be aware of dealing with perception and realism in the legislature. But Les stated, that so many things are perceived there, and acted on, based on perception rather than what is realistic. And many of the people making the decisions about this agency as opposed to other things, are not the folks that deal with us on a daily basis. So without this kind of study, they're not going to understand fully, because



a lot of people like you don't understand fully. And until we look at these documents, that were very well prepared, we're not going to know that. Les stated that the groups that he represents are very much in favor of this committee looking into it.

Randy Johnson, Grain Growers Association, stated that his organization is completely open to either a merger or leaving things as they are. Mr. Johnson felt that since it has been suggested that we look at this merger, let's do it right, let's look at it from the industries point of view and how the two departments can best serve our industry, rather than putting together a study that just appeases the legislature. Take a long look at how it can best serve the industries needs.

Bill Fraser reminded the group that in doing the study we must remember we're representing the number one and number two industries in the State of Montana. The results of this study have the potential to impact the agriculture industry more than any other recent legislative action. And may set the mood for agriculture for many years to come.

The group recessed at 2:55 p.m. and reconvened at 3:05 p.m.

Representative Jane DeBruycker and Representative Barnett gave their views on the merger, looking at it from the legislative standpoint. Mrs. DeBruycker stressed that we should be open-minded

to the merger and Representative Barnett felt it is best looked at from the grass roots level, as we are doing.

Jack Salmond stated that an executive committee had been appointed, after talking with some of the ag organizations, laying some ground work, knowing that we had to pull these various groups together into some kind of a working committee. The committee members are:

Chase Hibbard, Chairman - representing Woolgrowers - 442-1803

Ed Lord - representing Stockgrowers - 859-3364

Ken Mesaros - representing Stockgrowers - 866-3318

Keith Nye - representing dairy industry - 586-5425

Sam Rose - representing Farm Bureau - 466-2865

Randy Johnson - representing Grain Growers - 761-4596

Bud Daniels - representing Farmers Union - 452-6406

Mary Schuler - representing W.I.F.E. - 476-3255

Pam Langley - representing Ag Business - 443-1522

Chase Hibbard reported that he had agreed to take the job as Chairman of the Executive Committee under one condition, that being - that we go into this process with an open mind - we do not want to go in there with a preconceived notion that we were against consolidation or that we were for consolidation. Chase felt, there was some value to be gained in a real thorough and honest in-depth study of the operations of both departments, and if in fact there's some savings that can be made without cutting service, or if the public can be served better by a consolidation, then that's what

the group should recommend. If on the other hand we do not feel that money can be saved or services can be better provided, then we should recommend the status-quo. However, we could find in this process, some areas that we hadn't thought of, that no one had recognized, we might find some areas to make some suggestions for greater efficiencies and I would hope we could make some suggestions along those lines. Mr. Hibbard stated that he hoped his committee would produce a final report by the legislature, and would probably need a minimum of three meetings to accomplish this. First meeting, to learn exactly what the Department of Livestock does, how it's funded, what the Department of Agriculture does, and how it's funded. Second meeting, to accomplish something and possibly come out with a rough draft of what we think should or shouldn't be done. A third meeting might be necessary, if a draft is put together at the second meeting, the committee might need some time to get back to the various organizations, and hopefully finalize it in the third meeting. It's important to do a very thorough job, if it can't be done in three meetings, then there will be more meetings. At this point, Chase stated that he would like to shoot for three meetings and have the deadline be the legislative session.

Nancy Espy asked if the meetings would be open, if some of the other organizations wanted to send a representative to sit in, not to participate, but to sit in and listen. Mr. Hibbard felt that the committee should have open meetings and felt that at the first

meeting it might be helpful to invite some of the legislators, such as Mike Kadas and Mary Ellen Connelly, who have strong feelings about the merger of the two departments. Let them speak to the committee and give them the benefit of their thinking.

Jack Salmond offered the conference room and our staff to assist the committee with their study.

The general committee adjourned.

Those attending the executive committee meeting were:

Chase Hibbard

Ed Lord

Ken Mesaros

Sam Rose

Randy Johnson

George Paul

Pam Langley

Jane DeBruycker for Mary Schuler

Jake Cummins

Chase noted that there would be reimbursement available for expenses incurred by the committee such as - expenses, mileage, etc.

Mr. Hibbard suggested that probably the best thing the committee could do, would be that everybody involved get up to speed and on the same wave length in terms what agriculture does, how it's funded, what livestock does and how their funded. He didn't feel that they should come to any conclusions or solutions until the committee is satisfied that they thoroughly understand the current situation.

Pam Langley questioned Chase as to whether the scope of the committee would be to look at just the two departments involved or

some of the services which could be handled by other departments. Chase felt that the reason for the creation for this committee was to respond to the legislature to simply recommend consolidation or not consolidation, and have adequate documentation either way. But to be truly responsible if there's some things that are apparent or obvious, that would contribute to the general good, perhaps it shouldn't be outside the scope of this committee.

The question was brought up asking is our only choice to come out of this thing saying that each organization should remain exactly as it is or could we say, for an example, they should be separate, but with this modification or they should be together, but a certain branch do this -

Representative DeBruycker asked, as a legislator, what I would want to look at to educate myself, why can't you combine? If you can combine would there be a cost savings - would you become more efficient. The thing they hear out in the country is, too much bureaucracy in Helena. Would you serve the public better - would you not serve the public better. Those are the things if I were not in Agriculture that I would totally want to know. The goal should be to educate somebody that knows absolutely nothing about agriculture to think your way.

Chase felt the format for the first meeting should be to invite Representative Connelly and Kadas and give the committee the

benefit of their thinking. And then go into the informational session, scheduling time to visit with administrators from each department.

The question was brought up as to whether there had been a similar study done before?

George Paul noted that this had come up in the late 70's, until the well known fact was established that the agriculture department is founded in the law. The livestock department is not. So if there was going to be a merger, it's not going to be agriculture by livestock, it's going to be the other way around.

Jake Cummins noted that if there was a previous study, it should be identified and acknowledge that it exists. Chase said he would visit with Les Graham to see if he knows of any previous studies.

George Paul noted that the Department of Agriculture had been re-organized in 1976. The department at that time was ten divisions and re-organized to end up with three divisions.

The date for the next meeting is Tuesday, September 29th, in the Department of Livestock Conference Room - to begin at 9:00 a.m. A notice of the next scheduled executive committee meeting should be sent to all of the participants on the list.

Adjourned at 4:20 p.m.

1st organizational meeting - 8/25/92

PLEASE SIGN

- ✓ Sam Rose
- ✓ Les Graham
- ✓ Everett Swerland
- ✓ Ralph Peck

Chateau, MT  
 Manhattan  
 Montana Dept of Ag  
 Montana Dept of Ag.  
 Livestock

- ✓ ~~Walt Sweets~~
- ✓ ~~George Mosher~~
- ✓ ~~George Paul~~
- ✓ Nancy Eyer
- ✓ Jim Wagerhast
- ✓ Leonard Stone
- ✓ Charles Rust
- ✓ Don Weggers
- ✓ Jerry Leary
- ✓ Jack Schwind
- ✓ Chuck Johnson
- ✓ Larry Tashender
- ✓ Randy Johnson
- ✓ Ken [unclear]
- ✓ [unclear]
- ✓ [unclear]
- ✓ Dennis Rehberg
- ✓ Jake Cummings
- ✓ Sam Langley
- ✓ Chase Hibbard

ANSCOLA,  
 Farmers Union  
 Board Livestock  
 " "  
 " "  
 MT RAD  
 Bd Livestock  
 Bd Livestock  
 " "  
 Great Falls Tribune  
 St. Shaws, mt.  
 M66A  
 M5GA  
 M5GA  
 M5GA  
 Lt Gov.  
 MT FARM BUREAU  
 Montana AgriBusiness  
 MT WOODGROWERS  
 ✓ MT Cattlewomen  
 Rep Livestock

ad little Ed Little  
 Lon Mitchell



DR DON FERLICKA

JACK SEDGWICK

✓ Gene DeBruycker

✓ Joe Barnett

✓ Ron Barnett

Craig Rehn

Wm D Fraser

AM HERMANT DIV.

BRAND/ENFORCEMENT

Rep. Dutton, <sup>DIV.</sup> 594

Rep. Belgrade MT. HD76 <sup>388</sup> 45

President MT Beekeepers

Dept of Ag - Mtg Bureau

Identity Receiver

MERGER STUDY COMMITTEE

September 29, 1992

TENTATIVE AGENDA

- I. Discussion of committee functions.
  - Formal/informal
  - Operate by consensus on Robert's Rules of Order
- II. Question & Answer - Department of Livestock
- III. Question & Answer - Department of Agriculture

Suggested topics to cover.

- 1. Discussion of the mission of both departments.
  - 2. Discussion of funding of both departments.
  - 3. What are the implications of merging?
    - a. Save money.
    - b. Provide better service.
    - c. Is there duplication?
    - d. Could bureaucracy be reduced?
    - e. Public perception.
  - 4. Discussion of the large fund balance at the Department of Livestock.
- IV. What additional information/meetings are necessary?
  - V. What do we do next?

The merger study committee second meeting was held on September 29, 1992 in the Department of Livestock - Conference Room (318).

Chase Hibbard called the meeting to order at 9:10 a.m.

Please see attached list for those in attendance. Committee members attending were: Chase Hibbard, Sam Rose, Pam Langley, Keith Nye, Randy Johnson, Mary Schuler, Ken Mesaros, Ed Lord, and Bud Daniels.

Chase Hibbard reviewed the tentative agenda and asked the committee what format should be followed for their meetings. After discussion, the committee agreed to use an informal approach to the meetings. The committee felt the meetings should not be too well defined and this approach would give it some flexibility.

Letters had been sent to Representatives Kadas, Connelly and McCaffree inviting them to attend this meeting, to allow them to present their views to the committee on merger of the two departments. Chase received letters from Representatives Kadas and McCaffree, stating that they would not be able to attend. No response from Representative Connelly.

It was discussed whether if through their study of the two departments - there were better ways to run a program or division - should this be pursued. The consensus was yes, but the overall

study of the two departments and whether merger would be feasible or not would be the main issue.

Senator Larry Tveit and Representative Jane DeBruycker entered the meeting. Senator Tveit expressed some concern over the selection of the head of the department, if merger was approved. He felt this individual should be someone that would be effective for both agriculture and livestock.

Representative DeBruycker felt both departments could improve their working relationships with the people and producers.

Bill Fraser reviewed with the committee the Department of Livestock's mission statement, the department's funding and sources of revenue. Chase Hibbard questioned Bill on his Executive Secretary position to the Board of Livestock and his representation at the Governor's cabinet meetings. Bill stated that he represented the Board and Department at the Governor's cabinet meetings. His position is a quasi cabinet position.

Bill also noted that the livestock department deals with issues involving bison and game farm animals in addition to the cattle, sheep, etc. issues.

The Milk & Egg Program is being looked at by the dairy producers to be self funded by user fees, which would take away the need for

general fund monies.

The committee questioned Bill on the services that are covered by Centralized Services, and personnel involved in maintaining this division. Also questioned was whether there were fees charged for meat inspection - there are no fees for inspection, only for grading. The state meat inspection program covers all areas of inspection that the federal inspectors do, but state cannot approve meat for out-of-state shipment.

The committee discussed the collection of per capita fees, that the Department of Livestock uses as their source of funding for the department. Per capita fees for the Department of Livestock are authorized under M.C.A. 15-24-921, 922 & 925. These fees are prescribed by the Board of Livestock and used to assist in the payment of operational expenses incurred by the department, 2% of the money is retained by the County Treasurer's as reimbursement for the collection of the levy. These fees are transmitted to the State Treasurer monthly to be deposited in the department's State Special Revenue funds. Per capita fees are collected on all livestock as defined in M.C.A. 15-24-921, 9 months of age and older except that for swine the age is 3 months and older. Annually the Board sets the fee per head, per type of livestock and allocates the projected revenue to the various funds (programs) within the department. Per capita fees are used to support functions in the following department programs: Centralized Services, Diagnostic

Laboratory, Disease Control, Inspection & Control, & Predator Control. There is a cap on the amount of per capita fees that can be levied by the department and that is 110% of the average annual revenue that was generated in the 3 previous years.

Another area of the Department of Livestock discussed was the renovation of the Diagnostic Laboratory for which a proposal has been prepared for the long range building committee pending budget office approval. This renovation project had been approved by the Board of Livestock at their June meeting.

A handout was given to the committee on the importance of an emergency disease fund prepared by Dr. Ferlicka, State Veterinarian, Animal Health Division. An emergency disease is considered to be a disease capable of causing catastrophic animal loss and/or severe human health compromise (zoonotic disease). In responding to an emergency outbreak, early prompt recognition and diagnosis is vital followed by prompt, decisive action to neutralize risks. One ingredient money, is essential here. For a State level emergency, which might preclude a National emergency, if adequate response were made, no identified source of funding has been made, except for the Animal Health Division's emergency disease fund totaling somewhere around \$450,000.

Also discussed were the beef check-off monies collected for the Montana Beef Council; the agreement with the Department and Beef

Council is that the Beef Council pays the department 5% or approximately \$75,000 per year for their collection, by brand inspectors, and re-record money received every ten years for the recording of brands. The fees received pay for the administrative costs involved with the re-record and then 10% per year of the net may be used to pay operational expenses of the Brand Enforcement Division.

Cork Mortensen, Administrator, Meat-Milk & Egg Inspection Division, met with the committee to give them background and answer questions about the meat inspection program.

After a break for lunch, the meeting reconvened at 1:25 p.m.

Everett Snortland reviewed with the committee the Department of Agriculture's mission statement and organizational chart. Everett noted that he is appointed by the Governor as Director of the Department of Agriculture. Also that he attends the National Association of Agriculture, and that Dr. Ferlicka has also attended some of these meetings to address livestock issues.

Everett discussed the deputy director position and it's importance to an agency and the director. The Deputy Director is in charge in the Director's absence, and this individual usually has more background in the operations of state government, since the director is usually appointed from outside state government.

The attorney position was discussed, and noted that the attorney had no other staff. The attorney is needed on inter-government policies and their expertise is needed in their respective fields, such as agriculture.

Central Management Division was discussed. Some of the areas discussed were the combining of functions of each department and it was felt that there would be a need for a personnel manager, if both Centralized Services and Central Management were merged. Also addressed was the combining of the data processing of the two departments, and didn't feel that would be an area where personnel could be decreased, some in the data processing field felt it may require an additional F.T.E.

The question was asked if maybe another department, such as administration, could pick up payroll, etc. Ralph Peck stated that the Department of Administration wants agencies to pick up more of the load on payroll, etc.

It was noted that the Department of Agriculture does have employees that belong to a union (collective bargaining unit), and Department of Livestock does not.

The committee discussed whether there was a more scientific way to approach this study, previous studies to refer to, and to request



information from other states that have merged.

Mike Murphy reviewed the Agricultural Development Division, it's various bureaus and committees attached to it. The committee questioned whether the rural development assistance programs could be of benefit to livestock producers. Mike stated that a percentage of their loans are to individuals involved with livestock.

~~Will Kissinger reviewed the Plant Industry Division with the committee. Will outlined the twelve programs involved with this division. The question was raised as to whether the milk & egg program could be combined in some way with this division.~~ The committee will meet with Hal Sheets, Bureau Chief, Milk & Egg Program and Will Kissinger, Administrator, Plant Industry Division, at their next meeting.

After a short break, Gary Gingery, Agricultural & Biological Sciences Division, reviewed his division - the programs and councils involved with it. Gary noted that this division does work with the Animal Health Division of the Department of Livestock.

It was noted that more of the costs are being shifted away from general state government and to maintain services, the producers must bear more of the costs.

At this point it is difficult to realize any savings by merging the two departments, and also that the livestock industry is very supportive of the Board of Livestock. But it may be possible to cross utilize staff if the departments were merged, and that it may increase bureaucracy, but not savings.

The committee discussed the next steps that needed to be taken - to take a look at other states, where similar studies have been done, how this was developed, how they feel about the program (pros and cons) and maybe to find a similar study to substantiate their findings. Also, if available, the committee would like a copy of the last study done by Les Graham and Keith Kelly.

Discussed was - what degree of merger - more PR work in reduction of general funds in both departments - look at combining Milk & Egg and produce - need a flow chart & brain storming session. At the next meeting each person is to bring a written idea, that could provide better service and save money.

Question was raised as to where the results of the committee report should be sent - it was decided that the committee should present it's report to the Montana House and Senate Legislative Ag committees.

The administrators from both departments should be available when the committee has their next meeting.

The next committee meeting is scheduled for Thursday, November 12th  
- to begin at 9:00 a.m. in the Department of Agriculture's  
Conference Room (225).

The meeting adjourned at 5:05 p.m.

PLEASE SIGN —

Jan [unclear] - MSHA  
 Kim Enkerud MSHA  
 Gary [unclear] MOA  
 Eudith [unclear] ~~MOA~~ Mt Dept of Ag  
 Ed Lord  
 Mike Murphy Dept of Ag  
 Sandra Hochstetler " "  
 Will Kissinger " "  
 Ralph Peck Dept of Ag  
 Keith Aye Committee Member  
 Jake Cummins MT Farm Bureau  
 Bill Fraser D.O.L.  
 Ken [unclear] MSHA  
 Sam Rose MT Farm Bureau  
 Randy Johnson MSHA  
 Sue Huls Mt Park Council  
 Mary Schuler WIFE  
 Jan Langley MABA  
 Jack [unclear] D.O.L.  
 Jane DiSturckey Rep Multistate  
 E.E. Mortenson Dept of Lushk  
 Bud [unclear] MFAU

MERGER STUDY COMMITTEE

November 12, 1992

Tentative Agenda

- I. Introductions  
Jack Salmond, Chairman-Montana Board of Livestock  
Cork Mortensen, Acting Executive Secretary-Montana Board of Livestock
- II. Opportunity for further questions of Division Administrators Livestock and Agriculture
  - A. Further detail from John Skufca, Centralized Services, Department of Livestock
- III. Explore the possibility of merging of the Milk and Egg Inspection Bureau with the Plant Industry Division  
Dr. Hal Sheets, Milk and Egg Bureau  
Will Kissinger, Plant Industry Division
- IV. Discussion of written "Ideas to Save Money and/or Provide Better Services"
- V. Brainstorm any other new ideas
- VI. To Merge or not to Merge, that is the question
- VII. Discussion of final product of committee
  - A. Specific recommendations
  - B. Present the facts short of recommendations
- VIII. Where do we go from here?
  - A. Report prepared and circulated
  - B. Meet or conference call
  - C. Present to legislature

Chase Hibbard introduced Jack Salmond, Chairman of the Montana Board of Livestock to the committee. Jack noted that since the last merger meeting there had been a change in the Executive Secretary position at the Department of Livestock. Bill Fraser had resigned from that position and Jack introduced the new Acting Executive Secretary, Cork Mortensen.

Cork Mortensen introduced his administrative staff to the committee and stated that they would be available for questions from the committee.

George Paul questioned the administrators, as to whether there is a question that should be asked. That the administrators would be aware of, and committee had not touched on or should be aware of.

The committee at the last meeting had requested that Dr. Hal Sheets and Will Kissinger be available for discussion of their respective divisions and the possibility of merging the Milk and Egg Bureau with the Plant Industry Division.

Dr. Hal Sheets, Administrator, Meat-Milk & Egg Inspection Division, stated that there are four sanitarians that function as milk & egg inspectors.

The milk program in Montana is based on a cooperative agreement with the National Conference of Interstate Milk Shippers. Every

two years there is a NCIMS meeting, Dr. Sheets is the delegate from Montana and all states, the F.D.A., other state regulatory people, and industry all participate in this meeting. What they do at these meetings, is essentially make milk policy. We, at the meeting, will institute changes in the Pasteurized Milk Ordinance, which is the bible of the grade A milk industry. Also involved is sanitation ratings, single server containers standards, evaluation of milk laboratories and grade A condensed and dry milk products and dry whey.

The four Milk & Egg Sanitarians are all college graduates, at the present time they're all from MSU, they are all micro-biology majors (and must be either a microbiology major or an allied science, such as zoology, biology, etc.). And they must be a registered sanitarian. What these people do is - they inspect the grade A milk industry - 99% of their work is inspecting, and supervising the grade A milk industry. And they have certain basic minimum requirements of work that they do on an annual basis - for example, milk samples are collected from producers, each and every grade A producer, four times every six months - and every finished product produced by every grade A plant - is collected four times in every six month period. They have plant inspections, a minimum requirement - two times a year. Equipment tests - two times every six months, but generally they are done quarterly (every three months) - they go in and time check the seals, check the equipment, make sure it's functioning properly in a milk plant.

They also collect water samples and sample the single service container industry (milk cartons). Grade B or cheese plants are inspected once every six months and the samples - twice in six months and the water samples - once every six months. Producers are inspected twice a year - these are minimum inspections - if they have a problem with a producer - the inspector will be out there trying to help them solve their problem and get them back to where they should be. If there's an antibiotic problem - they are required at the present time, the industry samples and tests every bulk tank load of milk for antibiotics. Two of the four inspectors are federal survey officers, if you're involved in the inter-state milk shippers program, every two years, every milk shed in Montana has to undergo a survey and a score, they must score 90 to remain on the inter-state milk shippers list. If you're not on the list you can not ship milk out-of-state. One survey officer is in Great Falls and the other is in Bozeman.

There is a twelve day sell-buy rule in Montana - example there is a dairy in North Dakota that ships into the Eastern part of the state - and North Dakota has a 15 to 18 day dating - and Montana does not recognize this - if there are complaints the inspector, for instance from Billings would travel to Glendive, Miles City, Sidney, Plentywood to keep an eye on this - Plentywood from Billings round trip would be 700 miles.

One of the biggest problems with the four sanitarians is - time -



how do they get all their work done - comp time - one individual is right up against the limit of comp time. The sanitarians are also required to inspect each egg source - each egg producer that's licensed. The sanitarians do not do destination egg inspections anymore, because of the time - the comp time constraints. They did do this inspection in the grocery stores, but it's not required by law, and because of budgetary and time constraints - it was stopped about one year ago. Dr. Sheets stated that they do follow-ups at the destination (at the store) on those producers that we are having some inspection or grading problems with.

At the present time there are six dairy plants and approximately 196 dairy producers in state. Staff for milk and egg - four sanitarians - bureau chief and administrative duties (who split their time between milk & egg and meat inspection). Sanitarians are located in Whitefish, Bozeman, Great Falls and Billings. They all work out of their homes. The only regularly scheduled program the sanitarians have is picking up the milk samples because the Diagnostic Laboratory needs to know when these samples are coming in - the samples have to be to the Lab no later than Wednesday. The other inspections cannot be scheduled if the producer knows when the inspection is expected it would defeat the purpose of the inspections.

Dr. Sheets noted that if the milk program were merged - all the constraints and requirements of the F.D.A. go with it. The F.D.A.

is a partner in this program, whether we like it or not. The same thing would apply in meat inspection.

Keith Nye stated that for them to have access to the markets of selling to the federal government (like Malmstrom Air Force Base) - they have to comply with those federal regulations - in the interstate milk shippers program. Currently there are two dairies that bid on that in Montana - if we would lose that type of a rating service - they couldn't sell to the federal government - that is one of their requirements.

Ted Doney, who represents the Montana Dairymen's Association, stated that at their annual convention last week they adopted a resolution supporting industry funding of the milk & egg division. They will be introducing legislation to do that - this will come off the current system that is in place - the processors, the milk plants will pay in to the Milk Control Board a check-off for this program, and the Milk Board would send it over to the Department of Livestock for their program. The check-off that the distributors or plants would send in - would in turn be passed on to the retail level, so ultimately the consumer would pay for it.

Everett Snortland, Director, Department of Agriculture, reviewed the Plant Industry Division with the committee, as Will Kissinger, Administrator, of the Plant Industry Division had another commitment.

Everett noted that the laws that motivate or mandate this division become outdated after while. If the industry agrees that something should be changed - the industry will get sponsors from the legislature for the changes - the department does not do this. Page 45 of the booklet handed out by the Department of Agriculture at the first meeting - spells out how many F.T.E.'s are in this division - 16.96 - they are not all full time, because that includes potato inspectors, cherry inspectors and all the other things that they are mandated to do in that department. The total general fund dollars is \$482,895 - \$360,000 of that is actually fees that are collected by that division and put into the general fund and is appropriated back. So actual general fund is about \$160,000 - \$170,000. This is also getting to the point where they need to look at earmarking that - what monies are generated to the general fund - so that it's tied back to what the funds are collected for.

Plant Industry Division is commodity inspection programs - general fund dollars go for apiculture, nursery produce, public warehouse, quarantine of seeds, leaf cutting bees, commercial feed, fertilizer regulations and licensing, ground water protection as it relates to fertilizer, etc. There's about 135 grain elevators that are licensed and monitored by this division and there's no way of knowing how to project how the activity is going to be in those various areas of responsibility at the time they go before the legislature - they can only go by history of the previous couple of

years. You collect fees from this process - but you can't spend it - it goes back to the general fund and you can't get it for another couple of years - what happens is you rob from other funds, to do the job that is required at the time.

Everett noted that neither Plant Industry or Milk & Egg have any fat in them - in fact, they're operating at a point of disaster on a continuous basis, because you never know what's going to happen out there - so if you look for combinations because you think there's some trade-offs - there really isn't. There would not be a savings in personnel - in fact, there would probably be some personnel added to cover those things that are mandated by law.

Every function in Milk & Egg takes a certain level of expertise and experience - and the same would apply when you're dealing with grain elevators, or dealing with nurseries, inspecting vegetables - it takes a certain level of expertise to do these functions.

A part of the function of the Diagnostic Laboratory in Bozeman is support of the milk & egg bureau - so there is a full time person assigned to this. The agriculture lab is attached to the Biological and Science Division. Everett stated that there are functions that can't be ignored - that have to be done and you need to have timely service. And both departments are at the point right now they cannot do this. The two divisions, if they were combined, you might save the price of an administrator - in other

words, none of the milk & egg inspectors would have the time to do the work that the plant industry people do - or vice versa.

The question was asked about the amount of time spent on travel - there is a certain amount of travel as you would have to go from the office to where the work is to be done - but the employees are strategically located so that the travel and time cost is at a minimum. It would be possible to inspect milk, eggs and produce - Everett thinks one person could learn to do this - however, you could combine the functions and re-write the job descriptions, but you wouldn't reduce the number of personnel. Ralph Peck stated that most of their field people are now grade 12's and 13's. John Skufca noted that sanitarians are grade 14's, so you wouldn't save any money, because of the fact that if you take agriculture's field people to do milk & egg work they would have to be upgraded - and would in fact end up costing more money.

Would cross training provide better service to the industry - it could be that one person could do more than one or two functions that they're doing now - they would all have to be specially trained - they all have to be licensed - they all have to meet certain standards, either federal or state - it can be done - but it probably would cost more money.

Is there a problem with service now - Everett stated that the problem with service now is that Montana is such a huge state - it

takes time to get to all locations. Ralph noted that there are some half time employees in this division located throughout the state. If you combine, you are asking these people to pick up another level of expertise and how many times can you ask people to change the hat and be good at what they do. What level of expertise do we demand for industry versus an overall generalness. Keith Nye noted that three out of the four areas mentioned by agriculture - don't have dairy farmers in them.

Do any of the personnel around the state in the plant industry division have microbiology degrees - Their's would be more in the agricultural and biological sciences fields - generally they would have more of a horticultural background.

What type of support staff is there - how do the field people handle their paperwork and scheduling. It's handled through Helena for the milk & egg people.

Are they their own secretarial support staff - Hal agreed - yes. Ralph agreed, since they work out of their homes - they're required to provide all of their own support and secretarial type of thing.

Is there any possibility for an office function - like in private industry - where you get three or four small business operators using the single secretarial function - is there any possibility for that? It was determined there was no savings - since there

really is no office expense to begin with. The concept might provide more efficiency, but it would cost more money.

Does either the industry or consumers out there have any complaints right now in regards to level of service? Industry does not have a problem with this.

Keith Nye questioned Dr. Sheets - whether he thought egg inspections would be required at the grocery store level in the future - Dr. Sheets stated that there is a new regulation out just received this week proposing federal regulation on temperature control on transportation and storage of eggs - some place down the line somebodies going to have to be the policeman that addresses that problem. That's where the savings of one F.T.E. was made when the cut was made a year or two ago.

Question was brought up, as to where the Department of Health enters into this thing. Dr. Sheets responded that the only place in his division would be that they address the labeling - they have an individual in Billings that the department hands him the labeling questions when there's a new dairy product - send him the proposed labels and cartons and he will evaluate this.

The organic law is implemented at the Department of Health right now, but because of recent legislation Everett stated that he was unsure of where that would come down. So that the Department of

Livestock could have an additional responsibility handed to them. Cork stated that the organic law would impact meat inspection.

Chase Hibbard asked the participants to assume that we're going to do partial merger and that we look at these areas, as an area to do so - what in your opinion would work the best. Everett felt that taking the functions that are now in livestock and putting them in agriculture and vice versa. The consensus was that there would be nothing accomplished by doing that - agriculture deals with the grain or horticulture side - livestock deals with the livestock side, it doesn't appear that you would accomplish anything other than upsetting some folks. Hal concurred with this and felt that the last cut in the milk and egg bureau may have helped with the budget, but have increased the time constraints - comp time, etc. On the surface maybe these things can be done, but how do you make qualified milk inspectors, milk sanitarians, out of people who have no familiarity with this. How do I take a tomato or potato inspector, even though the education fits all those parameters, and make him into a milk inspector.

Would we lose certification if you did that? If they are not qualified sanitarians, yes we could flirt with that.

Our mission here is to either save money or increase services, but would there be a savings or better services? Would the services be diminished or increased? Everett felt that it was not that



significant to worry about checking lettuce and tomatoes, He didn't feel that that was necessarily a proper function of government, but they're doing it - But in the case of milk, that's a whole different issue. Hal noted that these are highly significant areas of public health concern - meat, milk & egg, egg less than the other two. Milk in particular. It's a very fragile product and it has to be handled correctly. The milk industry is built on the public health premise.

In summary, Chase felt that what Everett and Hal were telling the committee was, that a merger of the two functions would not save money, although some cross training could occur, and there could, in some instances, be better services to constituents - there's also some problems involved with it - there would not be monetary savings - it doesn't make a lot of sense, unless the two departments are merged - then there's a way to make it work. You could make it work, if you had to, but it's not as if there's going to be any great difference in service that is available. If a merger occurs, there might be some increase in service, but that is unlikely - it depends on what function it is. Because a lot of these functions are so highly specialized - and there's a limited number.

Everett Snortland stated that he was asked by Lt. Gov. Rehberg what he thought the merger would accomplish. Everett said the only thing that he thought would be accomplished is to save \$40,000 -

for an overall merger. The other question asked by Lt. Governor Rehberg was that of computer technology - Everett felt that the departments were already interlocked with everybody, so didn't know where there was going to be a savings with this. But felt the committee should be aware of this - automation - because they may ask the committee what about automation.

George Paul felt that possibly the cross training may cost even more money, without a significant increase in service. Or maybe even a deterioration. Where you're going to take grade 14 inspectors and cross train them into something that will require more licensing - you'll end up paying grades 12, 13 & 14 level people and paying them grades 15 & 16. We could cross train ourselves into paying more money and threaten the service level.

Hal felt that we could end up diluting our expertise. You can become an expert in ten different fields - when you get done, you're not an expert in any of them.

The committee recessed at 10:20 a.m. and reconvened at 10:35 a.m.

Keith Nye reviewed his merger study information sheets with the committee (see attached). Keith Nye's proposed idea is for the general fund budget allocations for the Diagnostic Laboratory at

MSU (the milk portion), and general fund budget allocations for the milk inspections under the Department of Livestock and a Dairy Extension position at MSU need to be earmarked and internally funded by the dairy industry.

Ted Doney from the Montana Dairymen's Association, visited with the committee and advised them of the two resolutions adopted by their association at their annual convention on November 6, 1992. (See attached). The first one was to oppose the merger of the Departments of Livestock and Agriculture. The second one was to support legislation to provide for milk industry funding. The funding would be achieved by 1.4 cents increase on each gallon of milk, that would be paid by the consumers at the retail level. This would bring in, under the current milk production levels, \$350,000 a year. The money would be collected from the milk plants, who would in turn pass it on to the milk control bureau at the retail level, they would pay it into the Milk Control Board and they would send the money to the Department of Livestock and Montana State University for the programs mentioned. The dairy industry is interested in taking a pro-active approach, initiating their own proposal and hopefully head off any attempt in the future by the legislature to raid these funds.

Keith Nye stated in summary, that they wanted to see the dairy industry flourish rather than being restricted in the State of Montana. When you look at the dairy industry in the United

States, there's less and less plants - they predict by the year 2000 that there will be 1/3 less food and milk plants than we have today. In the State of Montana, when you look at the states around us of Idaho, Wyoming, South Dakota & North Dakota, we have the largest bottling plant - packaging milk - of any of those five states - in Bozeman, Montana.

Randy Johnson stated that he agreed with the dairy industry's position and that they would have to utilize more user fees - but in essence what the dairy industry is doing, is volunteering to reduce the Department of Livestock's budget and general fund by \$250,000, aren't you - Randy felt that we need to think this through carefully before we volunteer to shift the responsibility of protecting human health from the general public, the taxpayer, to our industries.

Keith responded that the public, consumers of dairy products, are demanding further scrutiny. When Keith talked with Mr. Bill Ross, the administrator of the Milk Control Bureau, there are a lot of license entities that sell packaged dairy products inside the State of Montana, that aren't using Montana produced milk or aren't paying funds in Montana, like the plants in Montana do. If the user fee was enacted the milk coming in from North Dakota would have those fees applied. Every package of milk sold in the State of Montana, and bought by the Montana consumer would have the user fee on it. Right now there is approximately 18% of the incoming

milk that doesn't contribute anything into the Montana coffer to support these programs. So it would be a more fair way of collecting funds from those out-of-state entities that are using Montana as a market place.

Randy stated that the Grain Growers Board just recently voted to take a look at increasing the wheat check-off to fund research in small grain production.

George Paul stated that his organization has been reacting to much more since the last committee meeting, when it became apparent through the presentations by the departments of livestock and agriculture, how many things that industry is asked to pay for that doesn't benefit industry. They feel that if agriculture is going to do things to benefit the consumer, then there is a responsibility on the part of those who control the general fund to ante up. There has got to be a substantial shift at some point, general fund and those who protect it have really gotten away, one might suggest, with murder, by throwing more and more things on the backs of other entities. When really there is a strong responsibility on the part of the public - and general fund, therefore, should share in that responsibility. The one thing that their organization wanted to bring to the committee, in the overall discussion about the agriculture-livestock merger, really rests with that concept - they think the agriculture department and the livestock department already both do an outstanding job. Producers

and industry are digging into their own pockets, to pay for things at the request of the general public. Out of the whole discussion of merging the two departments, we think one of the real things that has to be listed in bold print somewhere is, so nobody misses it, is look - the industry and the producers represented by these departments are really digging into their pockets to pay for things that benefit somebody else. And in that there's the responsibility of general fund.

Randy Johnson stated the only thing that they're afraid of, and we need in many cases to fund, a large percentage of the direct benefits that we get - but the down side of that is that there are going to be a lot of guys in this next legislative session, and a lot of guys in congress that pass a lot of laws that nickel and dime us every day. Somebody is going to pass a bill that says not only do you have to inspect milk for the current things that you're inspecting for, but you've also got to inspect it for x - y and z, that we've also discovered that may harm one or two people per million, every twentieth full moon, or something and because you were willing to pay for these other things - you are also going to be asked to pay for this new deal - Randy stated that their Board also proposed legislation, that in addition to a fiscal impact statement, they also request an economic impact statement to accompany every piece of legislation, so that if additional costs are imposed upon society, we know that before we pass a piece of legislation, and that might slow some of that down, and then those

of us in the industry might be more willing to fund our industry through user fees.

Ted Doney responded to the comments and said they were very well taken and that in their association they had discussed this at length. Ted agreed that the general public is benefiting from these programs and it ought to be picking up the tab. What the dairy industry is trying to do, realistically - the state is facing a \$300 million deficit - with that deficit facing the legislature, the dairy industry would get nowhere proposing to the legislature to fund an ag extension dairy specialist at MSU. They're cutting those programs - they're not going to increase them. And they're going to be looking at the Department of Livestock to take that general fund away from them for milk inspection. The dairy industry has to have these inspections to survive. And the same with the Diagnostic Laboratory. They want to be pro-active and initiate their own proposal, rather than try to get funding from the legislature. Keep in mind, that what we're proposing here is to pass this on to the consumer of milk. In the end, the public ends up paying for this. And the dairy association will insist that it be set up that way.

Bill Quinn noted that in 1980 the Diagnostic Laboratory was funded about 50% general fund and 50% earmarked revenue money. It became apparent over a period of time that 50% of the work was in brucellosis, milk, rabies, plague, and in other areas that

benefitted public health - more than industry, and it wasn't right for industry to pay that portion. Right now the Lab is down to - closer to 30% general fund. Starting in 1982 the Lab has instituted laboratory fees - fees total approximately 30%, for services rendered. What do we do when the next thing comes down the road - the F.D.A. is already looking at the testing of various antibiotics in milk - and will require more stringent testing requirements on milk for antibiotic residue. And Bill estimates this will cost the Lab another \$20,000 next year. How do you ask legislature for \$20,000 more when they've already taken \$20,000 away right now. It needs to be funded for the industry to function, but it is not very fair.

Sam Rose asked what would be the public perception - by the industry of a regulatory agency such as milk testing.

Keith Nye responded that the other regulatory function in Montana is Milk Control Bureau, it's funded internally - half by the commodity producers (the farmer himself) and half by the other industry participants. When there are adequate funds to take care of the Department of Commerce functions, which regulates the dairy industry - regulates the pricing, how they pay the farmers - when that function is paid for they chop off the assessment for the funding process for that. And Keith stated that he agrees with Dr. Quinn, that when they look down the road, rather than locking themselves into specific amounts that legislature designates to



them, the industry has to say this is what we need and this is what we're willing to fund. The producers have a milk tax taken out (federal milk tax) - a mandated federal promotion fund (\$1.00 to beef check-off) and they pay the per capita tax. They don't see any other way to fund their future, other than take it into their own hands.

Nancy Espy advised the committee that the Board of Livestock had gone to user fees - in particular at the Lab - when the legislature began to erode the general fund money. The Legislature will continue to look at general fund money and their not going to look at Department of Livestock or Department of Agriculture and say, we're going to cut your general fund - they're going to continue and take 4% across the board. What that does to the Department, it narrows down the department's ability to give service - so then you see vacancy savings offered, etc. - we still have the same volume of work, but will get to the point that we will not be able to give the service. Nancy supports the concept of a user fee, and as a consumer has no problem with paying for healthy dairy products - the consumer has the same concerns as the producer - But if we have a users fee, then you're going to continue to have to service the dairy industry that you have come to expect as consumers, and state government would not be able to whittle away at that. Yes, the general fund should support this type of regulation and control, but reality has to take precedence. They're not able to do it, they're not going to do it.

Everett Snortland stated that the committee ought to consider the indirect costs, because that's how they get to you on your fees. Ralph Peck noted that they hit Department of Agriculture somewhere between 17% to 20% of personal services (the bodies you have out there - your payroll costs) - they take that out and put it back into the administrative side of the department - and take the general fund out there. So anything that's working in the Department of Agriculture, when they earmark it, they have built in a 20% indirect assessment that the budget office and the legislature has attached - that they will reduce operations in the director's office and central management - they will just take that general fund out too. Everett stated that that's how they get to you after you raise the fees.

George Paul stated that at some time, we are going to have to stand up and spend some time talking to other people about what's right - not what's going to work because of the reality of the budget situation - but what's right. If we don't start doing that and make that stand at some point and put some justification into doing things right. We'll never get the legislature, the funding mechanisms, any of it straightened out - The indirect cost thing was built in years ago for probably the wrong reason - it wasn't right in the first place and now we're all slaves to it. The reality of it is to keep your program the way that you want to do it - then there should be substantial support for this proposal - but on the other hand, you got to start talking about this or we're

never going to get it straightened out, if we don't take a stand. George stated that he'd like to see this used as an example, all the time when industry we have self-fed ourselves, we should have been telling the public that. Explaining to the general public that this food safety issue is brought to you through the efforts of the industry.

Randy Johnson felt that we should look at the positive side. Because if you yourself are funding a program, we ought to have more responsibility in writing the programs that we are funding. That ought to be made very clear to everybody, including the legislature. That as we move to user fees - they deserve less input on how those rules are written.

John Skufca felt that the reason for Ted's proposal - to his knowledge in the two departments, they're the only programs that have been put on the block the last two regular sessions. They were more or less forced into this situation, because their program - 5% reduction according to Cobb's amendment. That's one thing other areas of the industry haven't had to face. At the present time, the Department of Livestock's proposed budget for the next biennium cuts the milk & egg program at the current level, adds it back in at the modified level - at this point, the budget office is recommending that that modification that brings the milk & egg program back into being, so to speak, or continues it on in the future - be included in the government budget proposal and that it

also be funded with general fund, with exception of the federal money for milk & egg.

Chase stated that their mission here is to look at the merger of the two departments, and felt this issue is an important one, but not sure it is a central issue to our mission. Both sides of the argument have merit, but will not be resolved at this meeting. Chase felt we should have some narrative in their report outlining the argument here and not making a recommendation one way or the other on this particular issue. Trying to frame the argument, short of making a final recommendation.

Randy Johnson questioned why we would do that - except for pointing out how small a portion of the two budgets the general fund actually funds - I'm not sure why we connect this whole argument of user fees versus general funds to our report.

Pam Langley stated that we should get some kind of a history of where the user fees have gone the last ten years - that will get the message out. There is a perception out there, in the urban areas (inaudible) -

Chase Hibbard noted that one advantage maybe would be to - maybe voice the comment that George had earlier - about the fact that we're giving up more and more general funds and replacing it with user fees and that probably isn't right, although it's a reality -

we should have squawked about it years ago. But this might be an opportunity to put it down in writing - that we've given and given and given - and this is the situation we're in now.

George Paul stated that when this whole merger thing came up - the cloud that did exist - was we apparently have legislators and maybe others across Montana - who think these two departments are really cutting a fat deal here somehow and that's not the case. And George felt that the general public is really getting a bargain and felt this report should state that in no uncertain terms.

Ed Lord felt the committee should put this discussion on hold - get on to other things - and if it fits bring it back. In other words, if we decide to pursue a certain route then it might be more appropriate at that time. The merit can be argued one way or another for a long time - let's see where we're going with other things. Pam Langley agreed, felt the committee should move along - cover this when they get to the agenda item of what they want in the report.

John Skufca discussed with the committee spending authority versus funds available. John explained that you can have all the spending authority from the legislative body in the world - but if you don't have the cash it doesn't do you any good. Vice versa you can have all the cash in your accounts and if you don't get the spending authority from the legislature it doesn't do you any good. John

noted that one of the things that happens with the livestock-agriculture industry in the state - in these two departments is - they're cyclical in nature therefore our funding can also be cyclical in either department - that's what came about when they started talking about fund balances or reserves. John reviewed the breakdown of reserve balances for the Department of Livestock and the fund balance analysis thru F.Y. 95 (see attached).

Chase Hibbard stated that he's not sure if Representative Kadas is against the reserve balances or against the interest that's derived on those balances. Right now under state law the interest is going into the respective accounts - state law allows that to occur - the law could be changed by the legislature, signed by the Governor to allow the interest on those to go to the general fund. So it's a little unclear if he's after the interest or after the balances or both.

Nancy Espy felt that Representative Kadas was looking at all the departments and when he saw the reserve balances - he was concerned with those - plus the interest - he didn't believe the interest should be going back into the department. Nancy had talked to Rep. Kadas explaining that these were not necessarily reserve funds - they were operating funds and he didn't understand the structure of the department.

Chase asked - he is after both the balance and interest. Nancy

stated that was her understanding.

John stated that Rep. Kadas does not have a problem with the department, per se - he says there's money in here - why don't we take this and put it in the general fund and then you can go float a bond for whatever you want to renovate your Lab instead of paying for it -

Chase stated that these are monies that belong to the livestock producers - it's a self imposed levy/tax/fee that livestock producers impose upon themselves thru their representatives on the Board of Livestock for their own good and their own protection. Why does the general good of the state have a right to come and get these funds that livestock producers have levied on themselves.

George Paul noted that there is an A.G.'s opinion out there - the question asked of the A.G. was what about these check-off type monies - or producer generated monies that are supposed to be used for producer programs - the answer as George understands it is - once a dollar regardless of it's origin is paid into any kind of a state fund - it's the states. You have to go back in and ask for it.

John Skufca noted that one of the problems that the legislature faces is that about 1/3 of the budget is general fund - 1/3 is state special revenue and 1/3 is federal money. We do not really

have control over state finances - because the only ones that we control is that 1/3 of general fund - because, George is right, once that money gets there it's not yours to do with. What they're saying is - it all ought to be general fund other than the federal money and then we'll allocate it out.

The committee recessed at 11:50 a.m. and reconvened at 1:00 p.m.

Chase Hibbard noted that at the last meeting some of the committee members were going to check with Arizona, Idaho and Wyoming for their experience in merging the Departments of Livestock and Agriculture.

Chase reviewed his report from Arizona (see attached copy).

Keith Nye reviewed his report from Idaho (see attached copy). Keith reported that he had heard some stories about the Department of Law Enforcement in Idaho providing services for brand enforcement and it has been fairly sparse. It seems the weigh masters (the people that man the scales for trucking) especially at the border stations, have had some training on brand enforcement and 9 times out of 10, when they have trucks lined up, it's just go on thru if you're not over weight. And there really isn't any enforcement done at the particular incoming point. They feel that when it was given to law enforcement that they don't have the same handle on it that they used to have when it was with the Animal



Department. So they thought their services had declined.

Chase Hibbard reviewed the Arizona Farm Bureau report on the consolidation of Department of Agriculture & Livestock in Arizona. (See attached report).

Randy Johnson stated that he had visited with some people in Wyoming - their situation is very similar to that in Montana. Their legislature four years ago mandated that they look at reorganizing all state departments. There is a push today, to merge their agriculture and livestock departments. There is some consensus down there that should the two departments merge they would gain a cabinet level post. Neither department has a cabinet level post at this time. There doesn't seem to be a whole lot of resistance down there to merger, although they're no closer today than they were four years ago - there's some political things going on. Woolgrowers are opposing a merger at all costs. Randy believes that their livestock department in Wyoming is much smaller than the one in Montana and that the brands enforcement is handled by the Stockgrowers. They can't really find any economic reasons for merger.

Nancy Espy reported that at the International Livestock Brand & Theft Conference - the Board members from different states meet. They discussed merger of states that we mentioned earlier - Arizona, Wyoming - Colorado had tried merger and they said it

doesn't work. Nancy felt it would be helpful to get information from them for the committee's report.

The committee reviewed the report from the Farm Bureau Federation from the Illinois Farm Bureau regarding the merging of state agricultural agencies (see attached).

At the last meeting Ed Lord had suggested that the committee members bring their written ideas to this meeting with their idea for a merger.

Sam Rose brought up the idea of user fees - we don't want to overdo it. Somebody has to accept responsibility other than livestock-agriculture. Questioned the appropriateness of the livestock people basically self-funding all the regulatory and inspection functions that are being mandated by the public. (See attached).

Randy Johnson stated that they really couldn't come up with any concrete reasons to make a change. Or concrete partial consolidations that they feel comfortable with. Randy felt that the user fees can help in showing the public that agriculture-livestock is funding more of our own departments, and didn't mind user fees if they could be passed on directly to the consumer. In grains, for example, it's really hard to tack on a user fee - who do you go to - the baker, the miller, - if you're not careful you can put a region or a state out of it's competitive business thru

the user fees. When one state takes on the responsibility of funding itself and the other one doesn't - all of a sudden you're not competitive if you tack on another 10-15 cents for a bushel of wheat.

Keith Nye's proposed idea was that general fund budget allocations for the Diagnostic Laboratory at MSU and the General Fund budget allocations for milk inspection program along with new funds to recreate a dairy extension position at MSU, need to be earmarked and internally funded by the Montana dairy industry. The other comment made by Keith was whether you call producer assessments, plant licenses or assessment of fees, or taxes, or user fees - the consumer that buys the finished product that cost is all inclusive. Included in that cost whether it be extra tax on a gallon of gas, user fee on a bushel of wheat, or making a loaf of bread, etc. - the end product user is going to end up, in reality, paying that fee.

Mary Schuler stated that their organization does not think the merger is necessary. It is working the way it is. Mary felt that the thing that has come up at this meeting, is they have been surprised at the amount of user fees that are being paid and how much we (livestock & agriculture) are contributing to the budget. Mary felt that agriculture-livestock has been neglect in telling the public - need to get our message out. As far as improving services, it would cost more, it isn't a cost savings thing. Mary

felt the two departments could both be served by a switchboard or receptionist that knows how to direct calls, so when somebody calls in for services or questions, they can be directed in a better manner.

George Paul felt the strongest way to increase service - probably the only place to seriously do some cross training - just within the current departments, employees should not work in their own little cells, they should be cross trained to understand better what the rest of the people in the department do. So when these phone calls are made, they can be answered better. George stated that their feelings on the merger - it will not increase services and it will not save any money. It may even increase the cost. The positive thing it would do - it could provide agriculture industry with a stronger voice - instead of having two departments with 100 employees - you have one department of 200 employees. The public and legislature need to be educated, as to what the current situation is - showing everyone that producers pay for programs that benefit the public. Really the ratio to general fund versus user fees, industry generated funds, is really out of whack at this time. It's not unreasonable to consider, as things develop over the next few years, that there's actually going to be a call for more services from the departments, and the question would be services to benefit the industry or most likely services that will benefit the public. With free trade agreements, if they continue to become a reality, and more imported foods enter this country,

George feels there will be a big call by consumers for more inspection - and that will require more inspections, etc. on the state-wide basis. The question comes up, how many things does the health department do that really should be done within these departments. Another point on cross training is - there's only so many hours in the day and so many days in the week - we can't cross train people into many more jobs than they're already doing. People are just going to have to figure out - that we're not going to have to do more and more with fewer and fewer people and fewer and fewer dollars. Their position is that the merger will not increase service and will not decrease costs, and therefore there's really no strong justification to do it.

Pam Langley said she had contacted several different organizations for their ideas on the merger. Pam said she didn't get any feedback. Pam questioned what was their mission to begin with - was it to come out with a recommendation - merge or not merge. If the committee were to come out with a recommendation to not merge the two departments - then would the conception be that it was just a put up committee anyway. If they recommend merge, there will be agriculture groups that are unhappy. Pam felt the committee should tell the legislature what they found and say it's a policy decision, it's your decision.

Ed Lord stated that the committee should consider the possibility of combining centralized services. The Board of Livestock handle

those services funded by the per capita tax on livestock and allow the Department of Agriculture to perform those functions funded by general fund. The Department of Livestock is providing a lot more services to it's members, i.e. brand inspection - and would really hate to see those services thrown into a Department of Agriculture, where the producers didn't have the control they do now. And right now we have two people represented on the Governor's cabinet, and we ought not to lose that. Ed felt we should consider where they could do some streamlining. Everyone is guilty when in talking to your neighbor, you start talking about government costs - they're wasting too much money or they ought to combine some of those departments, and we need to take a look at our shop and see if we're doing the very best job possible, before we're critical of all the other departments in the state. If there's some possibilities to save a man or two - save a few bucks and still offer the service that we can or better - we've got to take a look at it - we ought not just say merge or not merge, but there should be some middle ground.

Randy Johnson asked what all would you put into the Department of Agriculture?

Ed Lord - there's a lot of health things that we're funding for ourselves - animal health, predator control. The Board of Livestock would continue to - I'm not prepared to say what I would do or not do - just that those types of things should be

considered.

General Fund in Livestock now funds a portion of centralized services - portion of the diagnostic lab - most of milk & egg is general fund - about 50% of meat & poultry inspection is general fund shared with federal funds. If the dairy association proposal goes through the legislature, that's about \$250,000 which would come out of the general fund and reduce the general fund participation in the funding of the Department of Livestock. It seems that most of the animal functions are in the department of livestock and most of everything else is in agriculture.

Sam Rose questioned that if these function were taken out of the Department of Livestock, would there be any reason to have a full Board?

Ed stated he had just been asked for ideas, and didn't have the answer on how to solve them.

Nancy Espy pointed out that all of the dairy cows are taxed by per capita tax and the dairymen feel very much that they belong to the Department of Livestock. Also the relationship of the Diagnostic Lab to the Department of Livestock in servicing the testing that's done, and the Diagnostic Lab being connected to the Department of Livestock.

Ed Lord stated that the reason for exploring some of these things is the fact that they're going to keep cutting the general fund -

Randy Johnson stated that we're looking at departments that are comparatively small - if you take the regulatory functions away from livestock you're one step away from death. We've already determined that it does not appear that taking any inspection functions and merging them can save any money or improve service. Randy felt Ed's idea would politically weaken Department of Livestock, without strengthening Department of Agriculture.

Discussed was the viability of combining centralized services. Could eliminate one centralized service manager, but then would have to hire back a personnel officer. Would be no monetary savings. Chase asked how effective would a partial merger be?

Keith Nye questioned the costs involved since Department of Agriculture had bargaining unit employees and Department of Livestock did not. What would be the cost of the benefit package to the state.

Ken Mesaros agreed with Sam's point, that from a distant view it looks like combining centralized services would be the obvious place to start. Ken stated that he's not convinced that that is necessarily true. So far, he does not see any places where we can improve services or save money.



Chase Hibbard reviewed his idea on the merging of the two departments. (See attached copy).

George Paul, from the legislators point of view, would submit two bills - one would provide for expansion of the Department of Agriculture to include a fourth division called the Division of Livestock. And the other bill would abolish the Department of Livestock. We can get rid of a department head, one administrator of centralized services, one attorney - might even be able to get more efficient with some secretarial support type staff. How do we handle this well-intentioned urban legislator?

That's why it's so important for this committee to thoroughly and objectively pursue this idea. We need thorough documentation, hard facts, hard numbers, to justify - When the idea of consolidation is floating around, you automatically infer that you're increasing efficiency.

George Paul stated that, the reason he asks the question is, because all the defenses I can come up with are still reasonably weak, in my own opinion. What are the overall savings -

John Skufca reviewed organizational charts.

George Paul asked John, (from legislator's point of view) what is the cost of maintaining a Board of Livestock? How many people are

involved, what's the per diem, etc.

Seven people, \$18,000 a year approximately - Total.

What's the difference between pay levels for executive secretary versus division administrator? - 3 to 4 grades - about \$10,000 to \$15,000.

\$60,000 for the director, some of the savings would be lost if you maintained a Board.

When you look at the Board, you say seven people - versus a director. The Board members are not paid employees. All the expenses involved for the Board - the per diem, the travel, etc. - \$20,000 is more than it takes. The Board gets \$50.00 a day.

Chase Hibbard asked what if you were to leave separate identities for each department, in other words, still have the department of livestock - still have the department of agriculture - still have a board of livestock - still have the same structure basically - how about consolidating just the other centralized service functions - rather than having two separate ones - having one -

George Paul felt that what you would end up with is a deputy on each side - and then you would have a centralized services division manager that runs the joint division for both

And then you get into the problem of who pays for what - who pays for centralized services -

Are the federal funds received contingent on any special set up in the administration?

John stated that at the department of livestock - if the meat inspection program does not spend enough money - For example - we get an appropriation for \$30,000 for centralized services to spend indirects and that's based on what's spent in meat inspection - if meat inspection doesn't spend enough money - then centralized services, for example, only gets \$28,000 - then centralized services would have to cut back that \$2,000.

Chase asked what kind of a report does the committee want to put forth? A strong educational advocacy report - or something more neutral - We are the #1 industry in the state - we have specific constituencies that we serve and it seems that both departments serve those constituencies very well. And the industry is not complaining.

The merger can be done - but you're probably not going to have better services and probably not going to save any money.

Jack Salmond expressed his concerns - you hear the areas of attack that we're under - the one Jack has looked at is attorneys and a

para legal - Jack feels that the para legal will never stand up - the problems of the day dictate that you're going to have to have more professional people - The other problem being - you just don't up and fire any state people - you have to sunset them - you get rid of F.T.E.'s - then who prevails and how do you shift these people around -

Where do we go from here?

The report should include: history of the two departments, run down of functions of each department (each division), organizational charts, finances in each department, summaries of the many relevant discussions, come up with a conclusion and recommendations.

Two of the arguments - general fund and fees - whether we just lay things out with no recommendations.

Chase would then sit down with Everett Snortland and Cork Mortensen - come up with a specific outline - and then circulate it to the committee - either handling it by conference call or perhaps another meeting.

Sam Rose stated that he would like to see a visual graph or pie chart in the financial area. Also any previous studies done in this area - Chase stated that, as far as he was aware, there were

no (official) previous studies done.

Randy Johnson would like to see some sort of a statement by this group, that would compel those pushing for consolidation to put the burden of proof on them. Why if someone puts in a bill to consolidate, should the burden of proof be on us to prove that it is not efficient. It seems like the burden of proof should be on them to show exactly what the savings are and the improved efficiency. What is the cost of - who's going to be fired - who's going to be saved - how do you soothe the feelings of the livestock board - and the grain folks - what is the cost of making that change? Somehow we have to point out that the reason for consolidating has to be very compelling or it's not worth doing?

Chase noted that whatever the committee comes up with - if we have to do some number crunching - it will probably be reviewed by the state auditor or the legislative fiscal analyst.

Ed Lord stated that he agreed with Ken, and felt that the committee should not come out neutral, we could have done that before we ever started.

The committee can either recommend consolidating - or that the committee has not found any reasons to consolidate.

Maintain the status quo because it is very good the way it is - 95%

self funded - the smallest agencies doing the job for the largest industry - have great industry support - direct constituencies not asking for any change - they're very satisfied - services are adequate - we have model programs (that have been used in other states). One example would be the beef check-off collections - Montana has finest in the United States.

Maybe compare the size of agriculture in other states and the size of the agricultural departments.

Mention Colorado - the fact that they're trying to get out of their merger. In other words it's not been a cure all.

The draft should stress that this was as full a review as was possible, by a number of divergent individuals, and this was a full and honest academic exercise.

What position should the committee take on excess fund balances - that that's the board of livestock's responsibility and not sure if it's appropriate for the committee to tread on that - it was the motivation behind asking for this study in the first place.

Didn't believe it was in the committee's parameters to address.

Maybe include in the report the fact that the committee was given a presentation by the Board of Livestock on their fund balances,

and it shows that over the period of the next biennium those will, in fact, be spent or expended for livestock related purposes. Then you wouldn't have to make a statement.

Just because there is a large fund balance doesn't mean that any of those funds are excessive. They are going to be spent - somewhere along the line someone will have to stand up and say this concept of raiding every fund that's around is wrong. First of all, nobody should be punished for doing a good job and being able to cover themselves by getting some reserves built up.

Chase will try to get a draft to the committee - try a conference call and if have problems with that - then will schedule another meeting. Would like to have the report done by the 21st of December. The final to be done by mid-January.

# PLEASE SIGN

Dan T. Davis Pres Lewis & Clark Farm Bureau  
William J. Quinn LAB Admin - Bozeman, MT  
Ved Dault, Dal, Helena  
Ken Trueman MSGA -  
Keith Nye Committee Bozeman  
Ted Doney Montana Dairyman's Assn.  
Nancy Epp MT Board of Livestock Breeders  
Gork Mortensen Dept. Livestock Helena  
Everett McAnastland Dept of Ag "  
Ralph Peck Mt Dept of Ag Helena  
Georgiyul Farmers Union Great Falls  
Jack Selward DOL Helena  
Ed Lord MSGA P'burg  
John Sampson MFarm Bureau Choteau  
Chas. Hillard Merger Comm. Ch Helena  
Randy Johnson M66A Great Falls  
Mary Schulz WIFE Dutton  
DR DON FERLICKA STATE VETERINARIAN HELENA  
CLINT PECK MT FARMER-STOCKMAN BILLINGS  
JACK SEDGWICK BRAND/ENFORCEMENT DIVISION HELENA  
John Skufca DOL - Centralized Services "  
Cam Langer Montana Agricultural Business Assn. Helena  
JIM PETERSON " Stockgrowers.





28 October, 1992

Mr. Chase Hibbard, Chairman  
Ag/Livestock Merger Study Committee  
P.O. Box 835  
Helena, Montana 59624

COPY

Dear Mr. Hibbard:

The pages included with this short letter are my remarks and findings on matters pertinent to the "Merger Study Committee" which represent the viewpoints of the dairy industry as best I could accumulate timely information.

As oftentimes occurs with many projects, one realizes that in-depth studies aren't practical to pursue while also fulfilling normal employment duties. However, the make up of the committee should reflect a lot of merit and common sense as all committee members are Ag/Livestock industry participants and I'm hopeful my comments possess both common sense and merit.

The most perplexing task which is at hand is "how to provide better service and save money". Services and money go hand in hand. It is difficult to cut or increase one without impacting the other. My viewpoints are more slanted towards services that can pass scrutiny as necessary. Can those necessary services be funded without the constant danger of legislative budget cuts?

Montana certainly needs to safeguard a healthy atmosphere for the industries compatible with our geography, mainly the animal and grain commodities. Participating in this committee study has certainly focused my attention on the importance of allowing Montana's food producers to flourish.

Be careful about wearing cowboy boots.

Sincerely,

Keith Nye, CEO  
Country Classic Dairies, Inc.  
dba DARIGOLD Farms of Montana  
and Merger Study Committee Member

**COUNTRY CLASSIC DAIRIES, INC.**

1001 N. 7th Ave. • P.O. Box 968 • Bozeman, Montana 59771-0968 • 406-586-5125 • 800-321-1563 • Fax 406-586-5110



## MERGER STUDY COMMITTEE INFORMATION

Author: Keith Nye

### Question:

Can the Milk and Egg Bureau program be combined in some way with the Plant Industry Division?

### Remarks:

I have interviewed Dr. Hal Sheets, Bureau Chief, Milk and Egg Division, Montana Department of Livestock on 20 October, 1992, and believe the answer to this question is no.

Two years ago a reduction of one F.T.E. was made in the Milk and Egg program and now stands at five F.T.E.s total which includes Dr. Sheets. Necessary with the work force reduction was a reduction in services. This service reduction discontinued egg inspections at their destinations or consumer purchasing points, mostly grocery store outlets. Egg inspections now take place in Montana only at the place of origin or the licensed producing farm. Funding is simply not currently available to support the inspection of eggs at egg retailers.

The four field inspectors working under Dr. Sheets aren't physically visiting grocery outlets where other services connected with the Plant Industry Division may take place.

Dr. Sheets further exclaimed that the sanitarians (field inspectors) are now up against a comp time problem to carry out the present service needs of the division. These four inspectors have specialized qualifications to meet the standards necessary for Montana's dairy industry to receive continued certification from F.D.A. in complying with the "Pasteurized Milk Ordinance". Milk is unique in that this commodity is the only one produced for human consumption that requires inspections on the premise before the product is produced or transported to a market or processor.

Budgetary considerations have not allowed for anything other than bare bones services to the Milk and Egg industries in Montana.

There currently is further hardship on this division as Dr. Sheets has acquired the Meat and Poultry Inspection Bureau full time job duties which were performed by Cork Mortensen. This change was due to the recent resignation of Bill Fraser, Department of Livestock Executive Secretary. Cork Mortensen has been temporarily assigned the duties of Executive Secretary.

The situation of discontinuing egg inspections at the grocery store level doesn't lend itself feasible to have milk inspection sanitarians perform plant or produce inspections at the same grocery store. If the egg inspection program were expanded to include grocery store inspections, more personnel would be required.

I just don't see any "free lunch" in the department entitled the "Milk and Egg Bureau".

END

## MERGER STUDY COMMITTEE INFORMATION

Author: Keith Nye

### SUBJECT:

"Written Idea" as requested on page 9 of the Merger Study Committee minutes of 29 September, 1992.

### PROPOSED IDEA:

General Fund budget allocations for the Diagnostic Laboratory at M.S.U. and the General Fund budget allocations for Milk Inspections program along with new funds to recreate a Dairy Extension position at M.S.U., need to be earmarked and internally funded by the Montana dairy industry.

The Diagnostic Laboratory at M.S.U. isn't currently adequately funded to perform the services needed by the dairy industry and still be able to update necessary testing equipment. Dr. Bill Quinn advises that \$127,000 is needed to fund the services of the dairy industry which now are coming out of the General Fund at a budget value of \$116,123 (small minuscule portion used for rabies testing).

The Milk Inspections program has a 1993 fiscal allocation of \$163,564. The apportionment is a no fat dollar amount that shouldn't be under constant scrutiny by the legislature because the money source is General Fund.

There is a need for new revenues within the dairy industry for funding a budget of \$70,000 to accommodate a Dairy Extension position at M.S.U. and continue the Montana Dairy Herd Improvement Association (D.H.I.A.) at a satisfactory level.

These thoughts are being pursued to initiate legislative action sponsored by the Montana Dairymen's Association and supported by the Montana dairy industry participants of which DARIGOLD now represents over 42% of the raw milk produced in Montana.

If the General Fund monies allocated towards the dairy industry through the Montana Department of Livestock can be terminated, this reduction in the usage of General Fund revenues would be \$277,687 or 53% of the General Funds in the FY 1993 budget for the Department of Livestock. Consequently, the \$5 million annual budget would be left with only \$250,094 or 5% of the total revenues for the Department of Livestock coming from the source called "General Fund".

The audited collection of per hundredweight milk fees to accomplish this payment of funds by the licensed Montana entities that sell packaged fluid milk, can be documented by the Montana Milk Control Bureau. The function of collection can also be done by the Milk Bureau without adding operating expenses to that department, according to Bill Ross, Montana Milk Control Bureau Chief. The rate to fund the annual package of approximately \$350,000, would be \$.16 per hundredweight of milk.

Another sideline to mention, should this internal dairy industry funding become a reality, it goes without saying that Montana's dairy industry doesn't want our affiliated state employees to become dairy industry funded tomato inspectors on a part time basis.

This proposed idea would greatly reduce the use of General Fund monies (legislative pet dollars), improve services and provide for the future of an important Montana farm industry.

END

COPY

Resolutions adopted by the Montana Dairymen's Association (M.D.A.) 6 November, 1992, at the M.D.A. Annual Convention and subsequent general membership meeting.

1. BE IT RESOLVED, that M.D.A. opposes the merger of the Montana Department of Livestock and the Montana Department of Agriculture unless substantial cost savings and benefits can be shown to agriculture in Montana, without a reduction in services and functions.
  
2. BE IT RESOLVED, that the Montana Dairymen's Association (M.D.A.) supports legislation to provide for milk industry funding of the agriculture extension dairy services, Dairy Herd Improvement Association program, and the milk inspection and diagnostic laboratory milk programs in the Montana Department of Livestock.

END

11/12/92

FUND BALANCE ANALYSIS THRU F.Y. 95

	<u>02425</u>	<u>02427</u>
*F.Y.E. 92 Bal.	3,244,049	894,440
Est. Rev. F.Y. 93	2,833,800	1,283,200
Expend F.Y. 93	(2,740,138)	(1,409,169)
*Est. Bal. F.Y.E. 93	3,337,711	768,471
Est. Rev. F.Y. 94	2,790,300	1,105,400
Est. Exp. F.Y. 94	(2,950,539)	(1,529,706)
*Est. Bal. F.Y.E. 94	3,177,472	344,165
Est. Rev. F.Y. 95	2,790,300	1,105,400
Est. Exp. F.Y. 95	(2,941,179)	(1,600,694)
*Est. Bal. F.Y.E. 95	3,026,593	( 151,129)

\* Fiscal year end balances

Assumptions F.Y. 94 & 95 biennium budget is approved as submitted and General Fund allocations stays the same as requested.

Calculations on page 1 do not include:

- 1.) \$465,000 in emergency Disease Control Funds.
- 2.) \$1,309,836 balance of re-record funds at F.Y.E. 1995.
- 3.) \$1,200,000 expense for laboratory enhancement project.

Estimated balance at F.Y.E. 95 combined 02xxx funds.

\$2,875,464	
<u>1,200,000</u>	Less Lab project
\$1,675,464	

Estimated fund balance needed to begin F.Y. 96 at F.Y. 95 spending level. (02xxx only).

\$2,941,179
<u>1,600,694</u>
\$4,541,873
<u>    x.5</u>
\$2,270,937

Department SSR funds will be short \$595,473 to begin F.Y. 96 if there are no appropriations reverted at F.Y.E. 93, 94, and 95 and the reserve level of 50% of appropriated authority to begin a fiscal year is to be maintained. If the \$465,000 of Emergency Disease Control money is considered, then the funds would only be short \$130,473 of the 50% reserve target.

MERGER STUDY COMMITTEE INFORMATION

IDAHO DEPARTMENT OF AGRICULTURE  
Comparative Remarks

Author: Keith Nye

FACTS:

Montana and Idaho both list cattle/calves as number one in their farm incomes.

Montana's cattle/calves industry is 16% greater in farm income volume as compared to neighboring Idaho.

Idaho "Brands" enforcement is assigned to the Idaho Department of Law Enforcement.

Montana's "Brands" enforcement is assigned to the Montana Department of Livestock and that division employs 64.21 F.T.E.s or 52.76% of the total employees in the Montana Department of Livestock.

Idaho Department of Agriculture has an annual budget of \$13.1 million.

Montana Department of Livestock and Department of Agriculture combined budgets, which includes brands enforcement, totals \$11.8 million.

Note: The "Idaho State Department of Agriculture 19th Annual Report" documents many differences between the organizational structures of the agricultural functions in the two states of Montana and Idaho. It would be extremely difficult to adequately compare the F.T.E.s and the precise duties performed by the personnel to analyze the complete contrasts and likenesses of the two state organizations. The largest variation noted is brand enforcement which is large in both budget allocations and personnel (F.T.E.s).

Source of information:

Idaho Department of Agriculture  
2270 Old Penitentiary Road  
Boise, Idaho 83712

Booklet Attached

END



Content-Length: 1331

MTFB  
ZFB 001 IL

\*\*\*\*\*

PLEASE DELIVER THE ATTACHED MESSAGE TO JAKE CUMMINS, JR, EXECUTIVE V.P.  
FROM ANDY KURTZ, EXECUTIVE SECRETARY, ARIZONA FARM BUREAU.

\*\*\*\*\*

----- Begin Forwarded Message -----

Message-Version: 2  
Date: Wed Nov 4 08:56:36 1992  
End-of-Header:  
Email-Version: 2  
X-Message-ID: <PMXSTAR-2.04-1slater-0000000000-4727>  
Subject: department of ag  
To: !slater (Lori Slater)  
End-of-Protocol:  
Content-Type: Text  
Content-Length: 631

Dear jake

we put 21 separate ag agencies into a single department of  
agriculture two years ago

it did not work out as planned

the legislature continues to cut its budget under the guise of efficiency

this year they cut about \$1.5 million more

of course, the department cuts the basic services--border stations and  
livestock inspections--rather than taking administrative cuts

everyone is upset...the farm bureau, our commodity groups, the department and  
certain legislators

we would think twice about doing it again IF WE HAD THE CHOICE

maybe government just can't get more efficient

akurtz  
arizona

MTFB 0010  
11/04/92-10:20 IN  
11/04/92 10:21 OUT

From: Spain (Speedline Mail)  
Date: Fri Nov 6 13:19 CST 92  
Subject: d06s0008.m11  
To: !mtmail  
Content-Length: 1007

T. ILFB  
ILFB 001 GM

November 6, 1992

TO: Jake Cummins, Montana Farm Bureau Federation

FROM: Rich Clemmons, Illinois Farm Bureau

RE: Merging State Agricultural Agencies

Illinois most recently discussed the merging of certain state agencies as part of the 1990 Gubernatorial campaign. The Republican candidate (now Governor) considered some reorganizing and combining of agencies as did the Democratic challenger. Both candidates ultimately dropped the issue after having concerns from the ag community.

Although some discussion "on the street" still exists placing smaller agency entities related to agriculture into the Department of Agriculture, I do not think it is serious discussion at this point in time. It may continue to come up as an efficiency issue as long as our state budget remains tight.

If you should have any questions, please feel free to contact me at 509-557-3151. Thank you.

ILFB 0008

11/06/92-13:14 IN

11/06/92 13:18 OUT



**MONTANA FARM BUREAU FEDERATION**

502 South 19th • Bozeman, Montana 59715

Phone: (406) 587-3153

November 4, 1992

Representative Sam Rose, Member  
Committee to Study Possible Merger of State Livestock & Ag Departments  
Box 604  
Choteau, MT 59422

Dear Sam:

Congratulations on your well deserved victory in House District 11. Savor it now, the task ahead is formidable. I wish you well. I am providing some thoughts that might assist you in your capacity on the merger study committee.

After reviewing the organization of the Department of Agriculture and the Department of Livestock, I do not find sufficient commonality of function to justify a merger of the two. Nor do I believe that such a merger would be in the interest of agriculture in the State of Montana. After again reviewing comments by Senator Steve Doherty, I am further convinced that this issue is a political football that we will be accused of fumbling no matter how we play it.

Doherty is quoted in the Tribune that the legislature is "going to treat their account (the Livestock Department) like every other account." At issue are user fees, and the desire on some legislator's parts to spend those fees in any way they desire. I believe the challenge for the committee is to protect us against this desire unbridled.

The cure for poor perception is a sharper focus on the facts. Under the title of Introduction the first part of the report should be a short historical review of any past merger studies in Montana and any similar activity in other states. That should lead into a brief consideration of the applicability of their conclusions to this group and then an introduction of this group and an explanation of how they came to be looking at this subject.

Following the introduction would be Part I, Background which should be a short historical summary of each Department to include legislative authority, similar to the material the Departments provided.

Under Part II, Organization, the wire diagram organizational charts should be included. Here is where some discussion of common titles should be included, amplifying for the reader the detail of those functional areas. A few are obvious such as Centralized Management, Plant and Animal Residue Analysis, Inspection & Enforcement,

under Agriculture compared with Centralized Services, Meat, Milk & Egg Inspection, and Inspection, Diagnosis & Control under Livestock. We know that although the names are similar, the functions are very different. This needs to be explained to the reader.

The meat (excuse the pun) of the report begins to show under Budget, Part III. Here an overview of the two budgets should focus on general fund and user fee distinctions. A short section one introduction that provides definitions might help here. Also a little more history, such as that provided by Cork Mortenson and Gary Gingrey could start to develop your theme for your conclusion. Both stressed the legislative pressure that has occurred in recent years to shift from general funds to user fee funding for programs originally designed to benefit the general public to some degree. These include egg and milk, ground water, noxious weed, pesticide and even fertilizer programs. The dichotomy here is that as special interest groups are demanding even greater expenditures to protect the public interest, their elected representatives are demanding that producers pay for that protection. The benefit to many is borne as a disproportionate cost share to a few in the form of a hidden tax called user fees. If this is a predictable cost of doing business in Montana, then a producer may try to adjust his prices accordingly and hope that he can remain competitive. But if user fees are not used for their intended purposes, then the producer is paying for a service that may not now be available depending on legislative whim. Severed from its intended application, the user fee becomes simply an increased, and I believe unlawful, tax on a narrow segment of our population.

Sam, I believe such a discussion would allow a smooth transition into a Part IV, Conclusions, providing recommendations which would address the above problem.

We should first say that in studying the two departments, we did not conclude that a merger would save money if we are to provide, as I believe we must, at least the same level of service currently provided. As a corollary, neither can we conclude that a merger would provide more efficient services at the same or lesser cost.

The next question to address is whether the level of service provided by the departments is sufficient for Montana's agriculture and livestock industries to remain competitive into the next century. As a preface, we should also answer the obvious question, why should anyone care. This would allow a strong emphasis on our position of number one in the economy, the importance of that to derivative industries and local communities, and our overall impact on the tax base of the state.

The thrust of our principal conclusion is that the shift from general fund to user fee has unfairly burdened the agriculture and livestock industry in the public interest. To take the user fees for unlimited application to general fund expenses will not only increase that burden, but will probably do so illegally.


Our recommendations then, in Part V, would be:

- 1) Provide more services by and a greater portion of general fund levies to each department.
- 2) Provide the same level of services and a greater level of general funds.
- 3) Shift to fully user fee funded but only with legislative assurance that these funds would not be used for other purposes.

Sam, I hope this is useful to you.

If I can be of any further assistance, please don't hesitate to call on me.

Sincerely,



Jake Cummins  
Executive Vice President

cc: State Board

MEMO TO: The Merger Study Committee  
FROM: Chase T. Hibbard  
SUBJECT: "Written Idea" random thoughts  
DATE: November 10, 1992

My feeling on merging the two departments is that it could work if we want it to work. One must ask the question however, "Why would we want to merge?" I do not feel that much money could be saved nor do I feel that better or more efficient service could be provided to constituents. In fact, one could make a very good argument that the respective constituencies may be served not as well with a bigger and more cumbersome bureaucracy. In addition the Board of Livestock functions very well for the livestock industry. It is representative of the industry and responsive to the industry and it has the power through its organizational structure to implement change and implement programs in a quick and effective manner.

There are functions within the Department of Agriculture such as Inspection of Grain and Commodities which have some similarity to the inspection functions in Livestock. One could ostensibly combine all of these functions into one master inspection division, reporting to the Department Head, however I see little to be gained since it does not appear there would be much, if any, personnel savings and each would go about its appointed duty. Most of the savings in an overall merge would be at the top end in saving one director, possibly one lawyer, possibly centralized service director however additions would need to be made to compensate for the losses in most cases. Not much personnel savings would be realized.

I do not feel that merging the two departments, particularly where they are approximately 90% self funded, would serve their constituencies better than they are currently being served and it is doubtful much money could be saved. The only advantage that I could see would require a change in emphasis to include more proactive marketing, nationally or internationally and/or if it would be necessary to pull together a fragmented agricultural voice to better represent all of agricultural to an increasingly urban legislature. Until there is a change in policy or vision for the future of these departments then I see little advantage for merging.

**APPENDIX II**



STAN STEPHENS  
GOVERNOR

STATE OF MONTANA  
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR  
AGRICULTURE/LIVESTOCK BLDG.  
CAPITOL STATION  
HELENA, MONTANA 59620-0201

TELEPHONE:  
AREA CODE 406  
444-3144

FAX 406-444-5409

EVERETT M. SNORTLAND  
DIRECTOR

December 15, 1992

Chase Hibbard  
725 Madison Avenue  
Helena, MT 59601

Dear Chase:

As per your request, we have summarized the information on the Department of Agriculture that was presented to the Committee considering the merger of the Departments of Livestock and Agriculture.

We have tried to make the summary as concise as possible while providing the information you requested. If you have questions or if we can be of any assistance, please call.

Sincerely,

A handwritten signature in cursive script that reads "Everett".

E. M. Snortland  
Director

RP/pb/merger.15b





STAN STEPHENS  
GOVERNOR

# STATE OF MONTANA DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR  
AGRICULTURE/LIVESTOCK BLDG.  
CAPITOL STATION  
HELENA, MONTANA 59620-0201

TELEPHONE:  
AREA CODE 406  
444-3144

FAX 406-444-5409

EVERETT M. SNORTLAND  
DIRECTOR

## INTRODUCTION

The Department of Agriculture is one of two (the other is the Department of Labor) constitutionally mandated departments of state government. The budget information of the Department of Agriculture does not include actions of the last special legislative session action. The following updates that action.

The last (second) special session reduced the Department of Agriculture's funding by \$41,231 (reductions in the counseling and mediation program) and now consists of \$989,554 (14.4% general fund, and \$5,813,005 (85.5%) other funds. Other funds include earmarked user fees (Mint, Pesticides, Wheat & Barley, Feed, Fertilizer, etc.), Federal (USDA, EPA, etc.), Alfalfa Leafcutting Bee, and Trust Funds (Rural Development Loans). The Governor's Budget Office shows that the Department of Agriculture has received a 15.43% reduction in general fund.

Some fees, about \$360,000 a year, are not earmarked and are deposited into the general fund (seed, apiary, horticulture, potatoes, cherries, nursery, grain, etc.). These fees are appropriated back for the operation of the programs paying the fees. If the general fund appropriation is reduced by these fees collected, the Department of Agriculture is actually funded by 9.25% general fund. Industry groups (grain, seed, apiary, nursery, horticulture) have been approached and asked to consider raising their fees and becoming more self supporting and even less reliant on general funds. We anticipate the 9.5% will be reduced even further next legislative session.

The following is summarized from information submitted to the 1993 Biennium Budget that the department submitted to the legislature. The agency and division budget summaries in the narrative have been updated to include information from the first special legislative session. The 2nd (last) special session update is provided by this introduction.

Detailed budget information for the next legislative session is available from the Governor's Budget Office or the Department.

A handwritten signature in cursive script that reads "Everett".

E. M. Snortland  
Director

DEPARTMENT OF AGRICULTURE

SUMMARY

Division	General Fund	Earmark	Fed	TOTAL
Central Management	\$190,456	\$237,637	\$26,270	\$454,363
State Grain Lab		546,248		546,248
Ag & Bio Sciences	128,023	2,339,819	344,299	2,812,141
Plant Industry	482,895	167,255	9,189	659,339
Ag. Development	188,180	2,055,881	86,407	2,330,468
<b>TOTAL</b>	<b>\$989,554</b>	<b>\$5,346,840</b>	<b>\$466,165</b>	<b>6,802,559</b>
	14.55%	78.6%	6.85%	100%

Employees By Division

Central Management	10.00	State Grain Lab	15.50
Ag & Bio Sciences	33.92	Plant Industry	16.96
Ag. Development	22.71		

TOTAL 99.09

Note: This report summarizes detailed program information that was submitted to the committee for their consideration and review.

## DEPARTMENT OF AGRICULTURE

Budget Item	HB 2		HB 2		Revised		HB 2		Pay		Revised	
	Regular Fiscal 1992	Special Fiscal 1992	Regular Fiscal 1992	Special Fiscal 1992	Total Fiscal 1992	Regular Fiscal 1993	Special Fiscal 1993	Plan Fiscal 1993	Plan Fiscal 1993	Total Fiscal 1993	Total Fiscal 1993	
FTE	99.04	99.04	99.04	99.04	99.04	99.09	99.09	99.09	99.09	99.09	99.09	
Personal Services	2,680,424	2,660,668	2,848,735	2,682,388	2,848,735	2,682,388	2,662,439	301,679	301,679	2,964,118		
Operating Expenses	1,536,799	1,456,625	1,456,625	1,564,787	1,456,625	1,564,787	1,495,102	0	0	1,495,102		
Equipment	217,035	217,035	217,035	0	217,035	137,058	137,058	0	0	137,058		
Grants	2,244,630	2,244,630	2,244,630	0	2,244,630	2,247,512	2,247,512	0	0	2,247,512		
Total Costs	\$6,678,888	\$6,578,958	\$6,767,025	\$188,067	\$6,767,025	\$6,631,745	\$6,542,111	\$301,679	\$301,679	\$6,843,790		
<u>Fund Sources</u>												
General Fund	1,191,796	1,091,866	1,149,187	57,321	1,149,187	1,033,252	943,618	87,167	87,167	1,030,785		
State Revenue Fund	4,748,216	4,748,216	4,849,181	100,965	4,849,181	4,857,878	4,857,878	166,539	166,539	5,024,417		
Federal Revenue Fund	442,633	442,633	456,519	13,886	456,519	443,341	443,341	22,824	22,824	466,165		
Proprietary Fund	11,198	11,198	11,198	0	11,198	11,251	11,251	0	0	11,251		
Expendable Trust Fund	285,045	285,045	300,940	15,895	300,940	286,023	286,023	25,149	25,149	311,172		
Total Funds	\$6,678,888	\$6,578,958	\$6,767,025	\$188,067	\$6,767,025	\$6,631,745	\$6,542,111	\$301,679	\$301,679	\$6,843,790		

**MISSION**

The Department of Agriculture, established by Montana's Constitution, protects, enhances, and develops all agriculture in Montana. The Department encourages and promotes production and marketing for agriculture and allied industries, and provides protection for producers and consumers through administration and enforcement of statutes established by Montana's legislature.

**GENERAL DESCRIPTION**

The Department of Agriculture is responsible for administration of a \$6.3 million annual budget, with 81.59 full-time employees (FTE) and 10 FTE used to staff seasonal employment needs. The Director oversees the Department's one unit, four divisions and nine bureaus.

## AGENCY ORGANIZATION

The programs and functions of the Department of Agriculture are performed through the following major organizational components:

The Central Management Division performs technical, fiscal, and administrative support functions for the department. Responsibilities of the division include activities for internal operations of the Department. For operational purposes the Director's Office is budgeted as part of the Central Management Division. The Grain Laboratory Unit is attached to the Director's office for administration and operational purposes.

The State Grain Laboratory Unit (Title 80, Chapter 4, MCA) provides official USDA-FGIS (Federal Grain Inspection Service) and state grain inspection and grading for the State of Montana. The lab is responsible for providing unbiased grain grading and protein analytical services to the grain industry, producers and dealers in Montana.

The Agricultural and Biological Sciences Division (Title 80, Chapter 8, MCA) is responsible for the registration of 4,700 pesticide products; the training, certification and licensing of 1,392 commercial and government applicators, 1,078 operators, 500 pesticide dealers, and 8,000 private applicators. The division is also responsible for enforcement of the pesticide act and rules; providing technical environmental services to agriculture; providing an evaluation of pest management problems and programs; and providing analytical laboratory services to other agencies and the public.

The Vertebrate Pest Management program (80-7-1101 -1108, MCA) provides on-site demonstrations, educational materials and technical bulletins to assist producers in reducing damage caused by field rodents, birds and other larger mammals.

The Noxious Weed Management program (80-7-801 - 821, MCA) is responsible for administering statewide efforts aimed at control and/or eradication of noxious and other weeds.

The Montana Agricultural Chemical Ground Water Protection Program (80-15-101 - 414, MCA), enacted last session

Department of Agriculture

directed the Department to establish a program of education and prevention to protect the state's ground water from agricultural pesticides and fertilizers.

The Plant Industry Division (Title 80, Chapter 3 - 7, MCA) is responsible for the administration and enforcement of regulatory laws controlling the production, manufacturing, and marketing of agricultural commodities exported from, or distributed within, Montana. The division investigates consumer complaints; performs technical inspections and surveys; issues federal-state grade certificates; and provides regulatory technical expertise and licenses for 4,900 bee yards, 618 nurseries, 500 feed dealers, 235 fertilizer dealers, 340 seed dealers, and 325 grain merchandisers. The division also registers some 3,750 commercial feed products and 1,250 fertilizers.

The 51st Legislature created the Montana Mint Committee (80-15-402 - 419, MCA) to implement pest management programs and collect assessments on mint oil and license dealers who purchase mint oil. The Plant Industry Division provides administrative support to the committee.

The Agricultural Development Division is responsible for administering programs directed at promoting and enhancing Montana agriculture.

The Marketing Program (80-11-101 - 104, MCA) is responsible for market enhancement and development through direct market development activities.

The Alfalfa Seed Program (80-11-301 - 313 and 2-15-3004, MCA) develops and promotes alfalfa seed. The committee contracts for research and marketing studies.

The Agricultural Finance Program (80-2-101 - 106, MCA) is responsible for making grants and lower interest-rate loans available to rural youth, rural youth organizations, and other qualified farmers and ranchers.

The State Hail Insurance Program (80-2-201 - 245 and 2-15-3003, MCA), insures any type of crop growing in Montana against losses caused by hail damage.

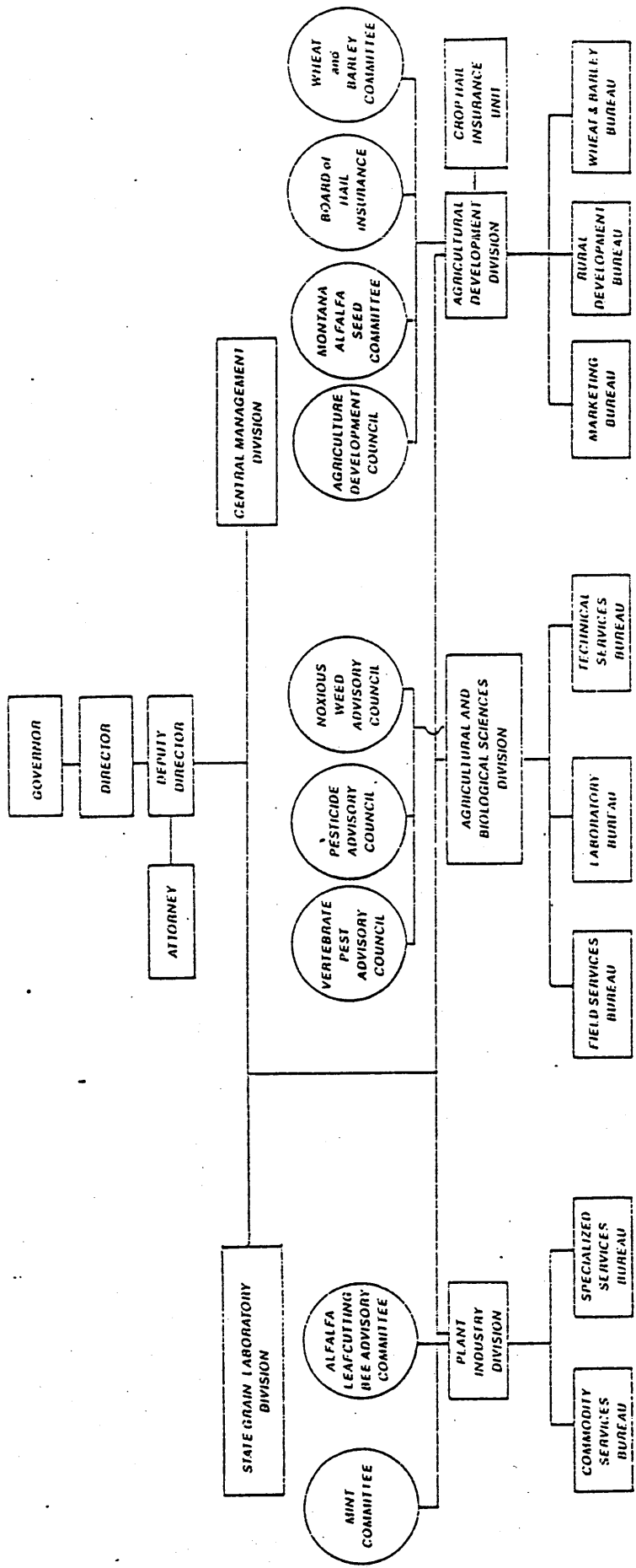
Statewide agricultural statistics and projections (80-11-102, MCA) are developed through a federal/state cooperative

agreement administered through the division, which are made available through a comprehensive agricultural statistics bulletin and grain movement summary along with other production, price, and income reports.

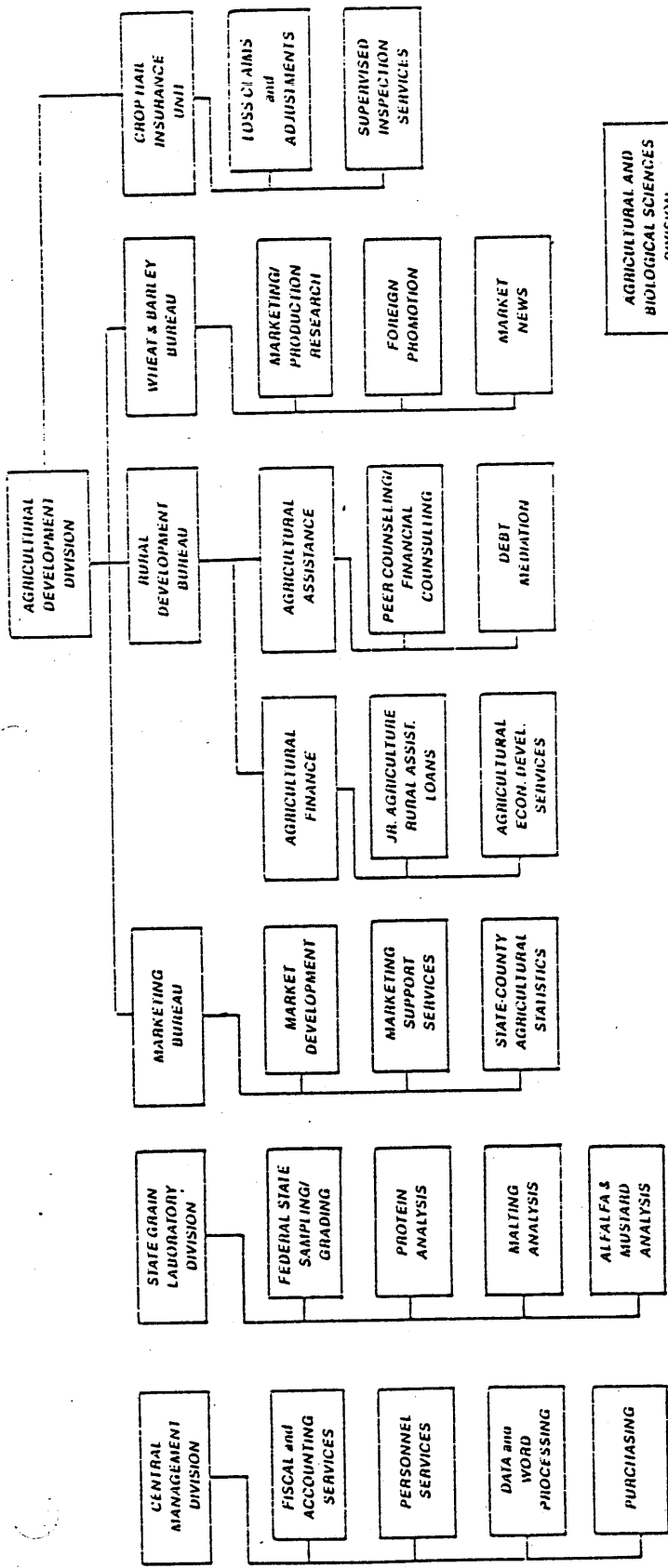
The Agriculture Development Council (90-9-101 - 402, MCA) was established through the Montana Growth Through Agriculture Act (MGTA) to improve the agricultural business climate in Montana and enhance the economy of the state through investments in innovations in agricultural production, processing, marketing, and trade development.

The division is also responsible for promoting and encouraging intensive scientific and practical research in all phases of wheat culture, production, and marketing under the guidelines and policies developed by the Montana Wheat and Barley Committee (80-11-201 - 224, 2-15-3002, MCA).

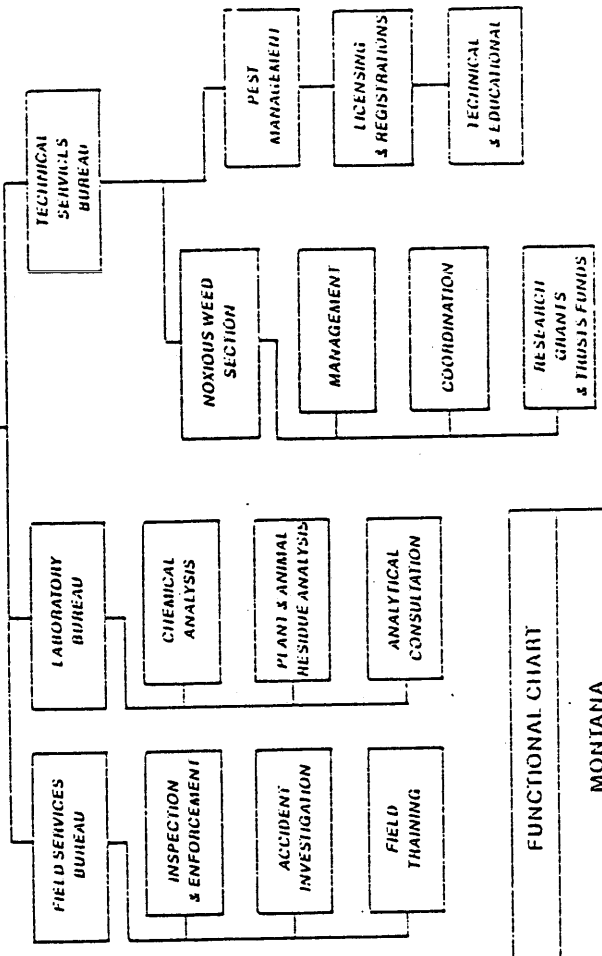
The Agricultural Assistance and Counseling program (80-13-102 - 214, MCA) is responsible for providing peer counseling, financial consulting, and voluntary debt mediation assistance. This program sunsets July 1, 1991.



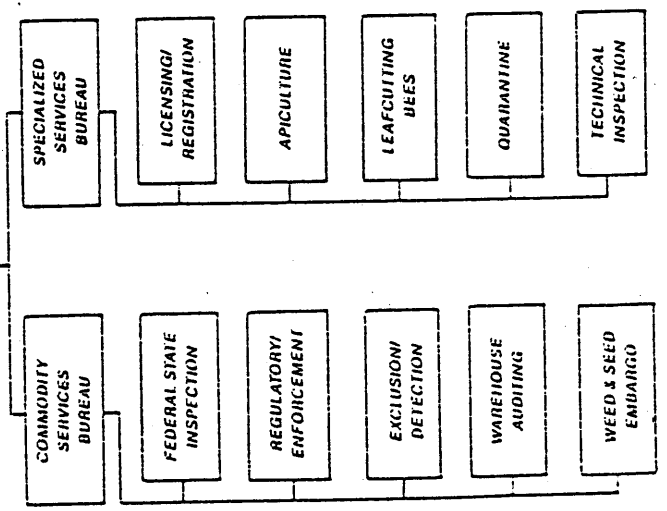
ORGANIZATIONAL CHART  
 MONTANA  
 DEPARTMENT OF AGRICULTURE  
 Submitted by *E. M. Scotland*  
 E. M. Scotland, Director  
 Approved by *Stu Ritz*  
 Stan Stephens, Governor



AGRICULTURAL AND BIOLOGICAL SCIENCES DIVISION



PLANT INDUSTRY DIVISION



FUNCTIONAL CHART  
MONTANA  
DEPARTMENT OF AGRICULTURE  
JULY 1, 1991

CENTRALIZED SERVICES DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	10.00	10.00		10.00	10.00	10.00		10.00
Personal Services	\$340,219	\$340,219	\$19,282	\$359,501	\$340,349	\$340,349	\$31,171	371,520
Operating Expenses	103,589	103,589	0	103,589	77,368	77,368	0	77,368
Equipment	4,940	4,940	0	4,940	5,475	5,475	0	5,475
Total Costs	\$448,748	\$448,748	\$19,282	\$468,030	\$423,192	\$423,192	\$31,171	\$454,363
<u>Fund Sources</u>								
General Fund	202,644	202,644	8,126	210,770	177,241	177,241	13,215	190,456
State Revenue Fund	188,091	188,091	8,472	196,563	188,060	188,060	13,642	201,702
Federal Revenue Fund	24,504	24,504	1,134	25,638	24,448	24,448	1,822	26,270
Expendable Trust Fund	33,509	33,509	1,550	35,059	33,443	33,443	2,492	35,935
Total Funds	\$448,748	\$448,748	\$19,282	\$468,030	\$423,192	\$423,192	\$31,171	\$454,363

**OVERVIEW**

The Central Management Division provides overall administration, management, support services and coordination of the Department's internal operations and related programs. The division budget includes the Director's office which consists of the Director, Deputy Director, Attorney, and Director's Secretary.

Central Management Division performs technical, fiscal, and administrative support functions in budgeting, accounting, purchasing, personnel, payroll, policy maintenance, system analysis, and computer support.

**BASE FUNDING**

The division's funding is based on a formula calculating the indirect assessment charged various state special, federal, and expendable trust funds. The general fund is required to fund the portion of the budget not covered by these indirect cost assessments.



# STATE GRAIN LABORATORY

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	15.50	15.50		15.50	15.50	15.50		15.50
Personal Services	394,793	394,793	28,099	422,892	394,985	394,985	44,267	439,252
Operating Expenses	86,187	86,187	0	86,187	90,996	90,996	0	90,996
Equipment	39,500	39,500	0	39,500	16,000	16,000	0	16,000
Total Costs	\$520,480	\$520,480	\$28,099	\$548,579	\$501,981	\$501,981	\$44,267	\$546,248
<u>Fund Sources</u>								
State Revenue Fund	520,480	520,480	28,099	548,579	501,981	501,981	44,267	546,248
Total Funds	\$520,480	\$520,480	\$28,099	\$548,579	\$501,981	\$501,981	\$44,267	\$546,248

## OVERVIEW

State Grain Inspection Laboratory, located in Great Falls, operates the only official USDA-FGIS state grain grading laboratory in the state of Montana. The laboratory unit is attached to the Director's Office, reporting to the Deputy Director, for administrative and operational supervision. The lab provides unbiased grain grading and analytical services to the state's grain industry.

## ACTIVITY

This activity has been divided into three categories:

- 1) Grain inspection
- 2) Commodity inspection
- 3) Specialty crop inspection

## BASE FUNDING

The State Grain Laboratory Unit is self funded with fees for grain grading and inspection deposited into the state special revenue fund. The fees are based on costs to perform the grade and related tests requested by the producer.

# AGRICULTURAL AND BIOLOGICAL SCIENCES DIVISION

Budget Item	HB 2	Pay	Revised	HB 2	Pay	Revised	HB 2	Pay	Revised
	Regular Fiscal 1992	Plan Fiscal 1992	Total Fiscal 1992	Special Fiscal 1992	Plan Fiscal 1992	Total Fiscal 1992	Regular Fiscal 1993	Plan Fiscal 1993	Total Fiscal 1993
FTE	33.54		33.54	33.54		33.54	33.92		33.92
Personal Services	916,945	66,300	983,245	916,945	66,300	983,245	924,970	107,986	1,032,956
Operating Expenses	464,192	0	384,018	384,018	0	384,018	508,266	0	438,581
Equipment	152,000	0	152,000	152,000	0	152,000	95,028	0	95,028
Grants	1,242,694	0	1,242,694	1,242,694	0	1,242,694	1,245,576	0	1,245,576
Total Costs	\$2,775,831	\$66,300	\$2,761,957	\$2,695,657	\$66,300	\$2,761,957	\$2,773,840	\$107,986	\$2,812,141
<b>Fund Sources</b>									
General Fund	304,796	224,622	237,203	224,622	12,581	237,203	181,644	16,064	128,023
State Revenue Fund	2,144,746	42,768	2,187,514	2,144,746	42,768	2,187,514	2,265,983	73,836	2,339,819
Federal Revenue Fund	326,289	10,951	337,240	326,289	10,951	337,240	326,213	18,086	344,299
Total Funds	\$2,775,831	\$66,300	\$2,761,957	\$2,695,657	\$66,300	\$2,761,957	\$2,773,840	\$107,986	\$2,812,141

## OVERVIEW

The Environmental Management Program administers, manages, coordinates and evaluates the major activities of: (1) Pesticide and Pest Management, (2) Laboratory Services (analytical), (3) Weed Management, (4) Ground Water Management (Agricultural Chemical) and (5) Vertebrate Pest Management. These programs incorporate the following elements: licensing pesticide products and pesticide users and sellers; providing technical and educational information on pesticides and pest management; issuing noxious weed grants; prevention or remediation of agricultural chemicals that may effect ground water; providing laboratory analytical services; recommending vertebrate pest management techniques; and enforcing compliance with the pesticide and agricultural chemical ground water act requirements and related program functions.

Last legislative session several major modifications to the Agricultural and Biological Sciences Division (ABSD) budgets occurred. These modifications include: reducing the general fund support for the pesticide and ground water programs; increasing registration fees and supporting these

two programs with special revenue funds; and assigning the noxious weed program to ABSD from the Agricultural Development Division.

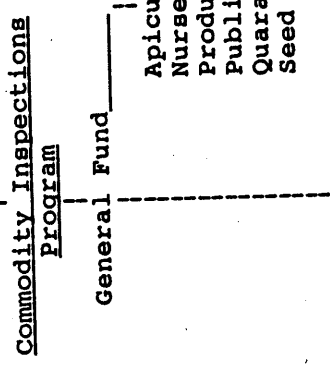
# PLANT INDUSTRY DIVISION

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	17.29	17.29		17.29	16.96	16.96		16.96
Personal Services	458,336	458,336	31,279	489,615	453,118	453,118	49,272	502,390
Operating Expenses	140,528	140,528	0	140,528	142,694	142,694	0	142,694
Equipment	14,255	14,255	0	14,255	14,255	14,255	0	14,255
Total Costs	\$613,119	\$613,119	\$31,279	\$644,398	\$610,067	\$610,067	\$49,272	\$659,339
<b>Fund Sources</b>								
General Fund	448,926	448,926	25,098	474,024	443,564	443,564	39,331	482,895
State Revenue Fund	143,851	143,851	6,181	150,032	146,063	146,063	9,941	156,004
Federal Revenue Fund	9,144	9,144	0	9,144	9,189	9,189	0	9,189
Proprietary Fund	11,198	11,198	0	11,198	11,251	11,251	0	11,251
Total Funds	\$613,119	\$613,119	\$31,279	\$644,398	\$610,067	\$610,067	\$49,272	\$659,339

## OVERVIEW

The Plant Industry Division's responsibilities have been divided into two basic programs and their respective activities. These are as shown:

### PLANT INDUSTRY DIVISION



## BASE FUNDING

Those areas which receive funding from the general fund include: apiculture; nurseries; licensing and inspection; produce standards, storage, and merchandising; public warehousing/ commodity dealer; quarantines, pest survey and detection; and seed.

Other areas of commodity inspection receive funds from special revenue accounts. These include alfalfa leafcutting bee registration and certification; anhydrous ammonia; commercial feed; fertilizer registration and fertilizer dealer licensing; ground water (fertilizer); medicated feeds; and mint. The medicated feeds program is funded by a contract with the USDA-FDA.

## OVERVIEW

All work areas of Commodity Inspection are regulatory services which are mandated by statute. Some services provide disease and pest inspections which are required for inter and intrastate merchandising of Montana products. Other services prevent the introduction and spread of exotic diseases or pests in Montana; ensure truth in labeling of products sold to Montana farmers; and promote a financially stable grain merchandising environment.

# AGRICULTURAL DEVELOPMENT

Budget Item	HB 2 Regular Fiscal 1992	HB 2 Special Fiscal 1992	Pay Plan Fiscal 1992	Revised Total Fiscal 1992	HB 2 Regular Fiscal 1993	HB 2 Special Fiscal 1993	Pay Plan Fiscal 1993	Revised Total Fiscal 1993
FTE	22.71	22.71		22.71	22.71	22.71		22.71
Personal Services	570,131	550,375	43,107	593,482	568,966	549,017	68,983	618,000
Operating Expenses	742,303	742,303	0	742,303	745,463	745,463	0	745,463
Equipment	6,340	6,340	0	6,340	6,300	6,300	0	6,300
Grants	1,001,936	1,001,936	0	1,001,936	1,001,936	1,001,936	0	1,001,936
Total Costs	\$2,320,710	\$2,300,954	\$43,107	\$2,344,061	\$2,322,665	\$2,302,716	\$68,983	\$2,371,699
<b>Fund Sources</b>								
General Fund	235,430	215,674	11,516	227,190	230,803	210,854	18,557	229,411
State Revenue Fund	1,751,048	1,751,048	15,445	1,766,493	1,755,791	1,755,791	24,853	1,780,644
Federal Revenue Fund	82,696	82,696	1,801	84,497	83,491	83,491	2,916	86,407
Expendable Trust Fund	251,536	251,536	14,345	265,881	252,580	252,580	22,657	275,237
Total Funds	\$2,320,710	\$2,300,954	\$43,107	\$2,344,061	\$2,322,665	\$2,302,716	\$68,983	\$2,371,699

## OVERVIEW

The Agricultural Development Division is comprised of three bureaus: Marketing, Rural Development and Wheat and Barley. Division program functions provide for promotion and enhancement of Montana's agricultural industry and overall economic development for the state of Montana.

## BASE PROGRAM

Marketing Program responsibilities correlate very closely with division directives to facilitate the enhancement and promotion of Montana agriculture through the development of markets or Montana agricultural products.

The Alfalfa Seed Committee is a seven member committee appointed by the Governor to promote the culture and market development of the alfalfa seed industry.

The Agricultural Finance Program provides for direct loans to rural youth and others initiating investments in agricultural activities.

The State Board of Hail Insurance was created in 1917 to provide a farmer supported hail insurance program. Three of the five member board are appointed by the Governor. The director of the department and the state auditor are also members of the board.

The Agricultural Statistics Program provides for collection and dissemination of county and statewide agricultural statistics. The program is facilitated through a Federal-State cooperative agreement.

The Agriculture Development Council is a seven member board appointed by the Governor to administer the Montana Growth Through Agriculture Act. The program purpose includes domestic and foreign market development, seed capital loan investments, and other activities intended to promote and enhance Montana agriculture through economic development.

The Wheat and Barley Committee is a seven member committee appointed by the Governor and attached to the department for the purpose of promoting research and market development activities intended to improve the culture and markets for Montana wheat and barley.

### **BASE FUNDING**

The Marketing, Administration and Agricultural Statistics Programs are funded by a combination of general funds and state special revenue funds. The Agricultural Finance and Hail Programs are funded through expendable trust funds. Alfalfa Seed and the Wheat and Barley Committee are funded through state special revenue derived from assessments on the respective commodities. Finally, the Agriculture Development Council is funded by state special revenue funds derived from coal severance tax proceeds.

DEPARTMENT OF LIVESTOCK

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	123.71	119.71
Personal Services	3,701,407.22	3,671,192
Operating Expenses	1,249,946.97	1,272,011
Equipment	128,426.52	147,241
Capital Outlay	0.00	0
Benefits and Claims	<u>4,500.00</u>	<u>0</u>
Total Agency Costs	5,084,280.71	5,090,444
General Fund	763,343.64	531,361
State Special Revenue Fund	3,996,755.48	4,239,350
Federal Special Revenue Fund	<u>324,181.59</u>	<u>319,733</u>
Total Funding	5,084,280.71	5,090,444
Centralized Services Program	520,768.01	482,171
Diagnostic Laboratory Program	796,025.40	789,631
Disease Control Program	490,809.39	567,678
Milk & Egg Program	202,827.64	197,225
Inspection & Control Program	2,204,132.12	2,250,151
Predatory Animal Control Pgm	349,117.44	296,305
Rabies Control	14,279.53	15,000
Meat Inspection Program	<u>506,321.18</u>	<u>492,283</u>
Total Program Costs	5,084,280.71	5,090,444

**MISSION STATEMENT:** To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

## CENTRALIZED SERVICES PROGRAM

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	9.00	9.00
Personal Services	355,290.77	327,052
Operating Expenses	163,456.21	151,619
Equipment	<u>2,021.03</u>	<u>3,500</u>
Total Agency Costs	\$520,768.01	\$482,171
General Fund	62,344.01	6,252
State Special Revenue Fund	419,582.00	436,708
Federal Special Revenue Fund	<u>38,842.00</u>	<u>39,211</u>
Total Funding Costs	\$520,768.01	\$482,171

### Centralized Services Authorizations:

The Centralized Services Division, operates under the statutes for accounting, budgeting, payroll, personnel administration, property management, and revenue collection functions by a state agency.

### Goals and Objectives:

The responsibilities of the Centralized Services Division are accounting, budgeting, payroll, personnel, legal services, purchasing, data processing, general services, and administrative functions for the department. The overall goals of this division are to provide fiscal and budgeting support; guidance and direction; policy development and implementation; and interpretation of rules, regulations, and statutes for the overall benefit of the department. In addition, administrative and support services are provided that allow all programs within the department to operate efficiently and effectively in delivering services to livestock and related industries in Montana.

The Board of Livestock establishes policy; approves budget



requests; provides information to and at request of the Governor; prescribes rules; establishes the department's organizational structures; appoints certain positions within the department; and approves agreements between the department and other state, federal or local agencies. All the functions are done with the objective to promote, foster and protect the Montana livestock industry.

The executive secretary is appointed by the board to ensure that the department functions in a manner consistent with the directives, policies, and rules as established by the board and laws of Montana. The executive secretary monitors the daily functions of the department, cooperates with the Governor, other state and federal agencies, and the legislature in providing technical assistance as necessary.

The Livestock Crimestoppers Commission and the Beef Research and Marketing Committee are administratively attached.

Agency legal services are provided by the staff attorney. This staff member participates in all litigation directly impacting the department, advises staff regarding proper and/or legal procedures, drafts rule and rule changes, and legislation.

Provides accounting, budgeting, payroll, purchasing, data processing, personnel, and general supportive services to the department.

## DIAGNOSTIC LABORATORY PROGRAM

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	18.00	18.00
Personal Services	577,418.68	549,601
Operating Expenses	212,022.61	215,530
Equipment	6,584.11	24,500
Capital Outlay	<u>0.00</u>	<u>0</u>
Total Agency Costs	\$796,025.40	\$789,631
General Fund	277,190.40	116,123
State Special Revenue Fund	<u>518,835.00</u>	<u>673,508</u>
Total Funding Costs	\$796,025.40	\$789,631

### Goals and Objectives:

The goals of the Diagnostic Laboratory are:

- \* to provide accurate, timely test results which help to minimize economic losses to livestock producers;
- \* to provide timely and accurate test results to regulatory officials to assist in contagious livestock diseases control;
- \* to respond in a timely manner to test requirement changes for livestock and livestock products which enable Montana producers to participate in interstate and international commerce;
- \* to be knowledgeable of animal diseases and the technology to identify them;
- \* to share information on animal health problems with producers, animal owners, and veterinarians;
- \* to provide continuing education to veterinary professions and animal owners through local meetings, education programs, consultations, and diagnostic investigations;

- \* to provide laboratory data on animal rabies and other zoonotic diseases to help protect the public health; and
- \* to provide services in a fiscally responsible manner
- \* to perform immunology, bacteriology, virology tests required for interstate and international livestock shipments.
- \* to investigate and diagnose animal disease reports through pathology investigations; clinical pathology, bacteriology, virology, and serology testing.
- \* to perform regulatory required testing on game farm animals and migrating bison out of Yellowstone National Park.
- \* to perform laboratory tests that will measure production efficiency for the Montana Dairy Herd Improvement Association.
- \* to perform diagnostic investigations and testing that are public health related - rabies, dairy products, salmonellosis, tularemia.
- \* to perform diagnostic services and medical research involving both game and non-game species.

## DISEASE CONTROL PROGRAM

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	10.50	10.50
Personal Services	375,404.43	380,681
Operating Expenses	96,050.42	166,810
Equipment	14,854.54	20,187
Benefits and Claims	<u>4,500.00</u>	<u>0</u>
Total Agency Costs	\$490,809.39	\$567,678
State Special Revenue Fund	<u>490,809.39</u>	<u>567,678</u>
Total Funding Costs	\$490,809.39	\$567,678

### Goals and Objectives

The goals of the Disease Control Program, Animal Health Division, are to protect the Montana livestock industry from disease loss by providing for the diagnosis, prevention, control, and eradication of animal disease; and, in cooperation with the Department of Health and Environmental Sciences, protect human health against animal transmissible diseases.

- \* Supervise the livestock and animal import permit system as provided for in Montana statutes, and document all export activities of livestock.
- \* An after hours answering service is available to importers for issuance of import permits to comply with Montana codes and administrative rules.
- \* Three field veterinary positions conduct supervision over livestock markets, rendering plants, import activities, and disease investigations. All reports of any non-routine disease occurrences are investigated. Quarantine enforcement, disease investigations, herd tests, and animal examinations are done as needed.

- \* To control infectious diseases of game farm animals; comprehensive rules regulating containment, testing, identification, and transportation of game farm cervine have been implemented. The rules were developed in cooperation with the Department of Fish, Wildlife and Parks.
- \* Control brucellosis infected bison migrating into Park and Gallatin counties from Yellowstone National Park. State and federal agencies are working cooperatively to develop a bison management environmental impact statement.
- \* Compile and summarize animal disease reports in order to assess disease prevalence and experiences, and determine trends and anticipate control needs for Montana producers.
- \* Reviewed and compile disease serology reports. These surveillance reports help identify trends and needs for control measures.
- \* Management of live animal hunting of predators. Thirty hunting permits for aerial hunting of fox and coyotes were issued in FY92.

## MILK & EGG PROGRAM

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	4.75	4.75
Personal Services	153,992.67	148,214
Operating Expenses	35,056.97	33,276
Equipment	<u>13,778.00</u>	<u>15,735</u>
Total Agency Costs	\$202,827.64	\$197,225
General Fund	170,650.64	163,564
Federal Special Revenue Fund	<u>32,177.00</u>	<u>33,661</u>
Total Funding Costs	\$202,827.64	\$197,225

### Goals and Objectives:

The goal of the Milk & Egg Program within the Meat, Milk & Egg Inspection Division, is to ensure that eggs, milk and milk products sold or manufactured in Montana are fit for human consumption.

- \* Meet National Conference of Interstate Milk Shippers standards through inspection and sampling requirements performed by four field sanitarians.
- \* Quarterly shell egg surveillance, inspect each licensed retail wholesale outlet twice a year, and license egg graders.
- \* Inspect each shipment of frozen chickens and turkeys shipped to Helena warehouse facilities under U.S.D.A.-A.M.S. supervision. The commodities are distributed throughout Montana for use in school lunch programs.
- \* Participation in the National Conference of Interstate Milk Shippers (NCIMS). The NCIMS meets every two years and is a blend of federal (PHS/FDA) regulatory, state regulatory, and industry representatives. All fifty (50) states participate.

**INSPECTION & CONTROL PROGRAM**

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	63.21	63.21
Personal Services	1,779,331.02	1,833,283
Operating Expenses	337,716.25	333,549
Equipment	<u>87,084.85</u>	<u>83,319</u>
Total Agency Costs	\$2,204,132.12	\$2,250,151
State Special Revenue Fund	<u>2,204,132.12</u>	<u>2,250,151</u>
Total Funding Costs	\$2,204,132.12	\$2,250,151

**Goals and Objectives:**

Perform professional law enforcement and investigative work in the tracking of livestock ownership and in the deterrence and/or solution of related criminal activities.

- \* POST certified law enforcement officers with full arrest authority.
- \* Work cooperatively with local, state, and federal law enforcement agencies - FBI, BIA, U.S. Forest Service, P & S Administration, U.S. Attorney, Department of Justice criminal investigators, the Montana attorney general, county attorneys, sheriff departments, and other state livestock regulatory agencies and personnel.
- \* Inspect the brands of all livestock crossing county and state lines and/or changing ownership. This includes all livestock coming into and going out of the 15 Montana livestock markets.
- \* Collection of the Federal Farm Bill mandated \$1.00 per head beef check-off fee for the Montana Beef Council on all change of ownership cattle inspections.
- \* Record all livestock brands and transfers.

- \* Maintain the livestock lien program.
- \* License the 15 livestock auctions and the 750 livestock dealers; regulate livestock markets on all matters affecting the relationship between the livestock market and owners of livestock and between the livestock market and the purchasers of livestock. Monitor the financial condition of the livestock markets; livestock dealers; and where the department is trustee the trust fund agreements, certificates of deposit, and letters of credit.
- \* Respond to all inquiries and complaints from the public, private producers, and governmental officials on all aspects of the Brand Enforcement Division.
- \* Coordinate and cooperate with the stockgrowers; woolgrowers; Farm Bureau; Farmers Union; Livestock Market's Associations; local and state law enforcement groups such as the Montana Sheriffs and Peace Officers Association, Law Enforcement Coordinating Committee, Montana Law Enforcement Academy; and other groups including the State-wide Emergency and Disaster Control, Montana County Attorneys Association, International Livestock Identification and Theft Investigators Association, and Western States Livestock Investigators Association.



**PREDATORY ANIMAL CONTROL PGM**

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	1.25	1.25
Personal Services	67,493.67	61,094
Operating Expenses	281,273.77	235,211
Equipment	<u>350.00</u>	<u>0</u>
Total Agency Costs	\$349,117.44	\$296,305
State Special Revenue Fund	<u>349,117.44</u>	<u>296,305</u>
Total Funding Costs	\$349,117.44	\$296,305

**Goals and Objectives:**

The goal of the Predator Control Program, which is supervised by the Inspection and Control Division, is to provide livestock producers with protection from certain types of predators that kill or injure domestic livestock, and to alleviate problems caused by species that may endanger human health or safety.

- \* Cooperative agreements with Powder River, Carter, and McCone counties and the U.S.D.A./A.P.H.I.S., Animal Damage Control.
- \* Contract license aerial hunting pilots.

## RABIES CONTROL

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	.00	.00
Operating Expenses	<u>14,279.53</u>	<u>15,000</u>
Total Agency Costs	\$14,279.53	\$15,000
State Special Revenue Fund	<u>14,279.53</u>	<u>15,000</u>
Total Funding Costs	\$14,279.53	\$15,000

### Goals and Objectives:

The Rabies Control Program within the Animal Health Division, has as its primary goal the protection of human health from rabies by controlling domestic animal and wildlife rabies.

- \* Maintain surveillance for incidence and prevalence of animal rabies and human rabies exposures.
- \* Follow up on all laboratory positive reports of animal rabies.
- \* Coordinate with the Department of Health and Environmental Sciences on pre and post exposure consultation to evaluate level of exposure.
- \* Maintain statistics and records of temporal and geographical occurrences of rabies and make epidemiological analysis of the data.
- \* Offer sylvatic rabies species suppression programs on an as needed basis at strategic locations.
- \* Manage imposition and release of county area rabies quarantines.
- \* Follow up bitten and biting animals by impoundment of animals, examination, inspection, and testing.

## MEAT INSPECTION PROGRAM

	FY1992 Actual	FY1993 Appropriated
Full Time Equivalent Employees	17.00	13.00
Personal Services	392,475.98	371,267
Operating Expenses	110,091.21	121,016
Equipment	<u>3,753.99</u>	<u>0</u>
Total Agency Costs	\$506,321.18	\$492,283
General Fund	253,158.59	245,422
Federal Special Revenue Fund	<u>253,162.59</u>	<u>246,861</u>
Total Funding Costs	\$506,321.18	\$492,283

### Goals and Objectives:

The Meat and Poultry Inspection Program, within the Meat, Milk and Egg Inspection Division, has as its primary function and goal to ensure clean, wholesome, properly labeled meat and poultry products for the consumer.

- \* Regularly scheduled slaughter inspections at establishments approved for state inspections.
- \* Irregular processing inspections of establishments approved for state inspection.
- \* Unannounced quarterly inspections of custom exempt establishments. These establishments may slaughter and process products for use by the owner, members of his household, and non-paying guests. These products cannot be resold and must be plainly marked "Not for Sale".
- \* Monitoring sanitary conditions and procedures on a regular and on-going basis. Strict sanitation standards of all establishments, facilities, equipment, procedures, and

personnel are required; especially during the wild game processing season.

- \* Findings of inspectors, in accordance with the Inspection System Work Plan, are documented in regularly submitted reports. The plan provides guidance, direction, and information necessary to accomplish the objectives of the inspection program.
- \* Regularly scheduled systematic reviews are conducted by supervisory personnel to evaluate the manner in which in-plant inspection program personnel carry out assigned job responsibilities.
- \* Regularly scheduled systematic reviews by inspectors and supervisory personnel, are conducted to evaluate compliance with state law, regulations, and requirements.
- \* Contact retail outlets, hotels, restaurants, and institutions to assure only properly labeled and inspected meat/poultry products are prepared and offered for use or resale.
- \* Prior approval by the department of all proposed labels with formulation and product ingredients.
- \* Annual establishment licensing. Any person, firm, or corporation that engages in the business of slaughtering and/or processing of livestock and/or poultry, storing and/or wholesaling the meat products must be licensed by the department.

**APPENDIX III**

# DEPARTMENT OF LIVESTOCK



STAN STEPHENS, GOVERNOR

CAPITOL STATION

## STATE OF MONTANA

BRANDS ENFORCEMENT DIV. 406-444-2045  
ANIMAL HEALTH DIV. 406-444-2043  
BOARD OF LIVESTOCK - CENTRALIZED SERVICES 406-444-2023  
MEAT, MILK & EGG INSPECTION DIV. 406-444-5202

HELENA, MONTANA 59620

### THE IMPORTANCE OF AN EMERGENCY DISEASE FUND

D.P. Ferlicka, D.V.M.

*D.P. Ferlicka*  
9-28-92

An emergency disease is considered to be a disease capable of causing catastrophic animal loss and/or severe human health compromise (zoonotic disease). There are over fifty exotic animal diseases that fit this definition. As the major importer of food animals and animal products of the world, the United States could experience an introduction and outbreak of such a disease at any time. It is more a matter of when than if. In addition there are nearly a dozen native animal diseases that could impact Montana within the definition of an emergency. We are currently involved with a game farm tuberculosis problem and a bison brucellosis problem, both of which threaten emergency proportions.

In responding to an emergency outbreak, early prompt recognition and diagnosis is vital followed by prompt, decisive action to neutralize risks. One ingredient, money, is essential here. Until a national emergency is declared by the United States Secretary of Agriculture, each state must maintain its own emergency response capability. Professional diagnostic and investigational personnel are costly and are not maintained in large numbers on a regular basis. Additional help in these areas must be procured and paid for when needed. Animals will need to be bought and paid for and sometimes destroyed as a means of combating spread. Equipment, personnel, subsistence and travel demands must be met. Consultants must be engaged. On the National scene and for a National emergency, the Commodity Credit Corporation is identified as the source of funds and unlimited financial resources are available there to combat a National emergency. For a State level emergency, which might preclude a National emergency, if adequate response were made, no identified source of funding has been made, except for the Animal Health Division's emergency disease fund totaling somewhere around \$450,000. If promptly and properly deployed, this sum could make all the difference, especially when declaration of a National emergency would be delayed or perhaps not called during the time Montana was devastated by animal disease.

7/28/92

es

Call Montana Livestock Crimestoppers 800-647-7464

# DEPARTMENT OF LIVESTOCK



STAN STEPHENS, GOVERNOR

CAPITOL STATION

## STATE OF MONTANA

BRANDS ENFORCEMENT DIV. 406-444-2045  
ANIMAL HEALTH DIV. 406-444-2043  
BOARD OF LIVESTOCK - CENTRALIZED SERVICES 406-444-2023  
MEAT, MILK & EGG INSPECTION DIV. 406-444-5202

HELENA, MONTANA 59620

### ADDITIONAL THOUGHTS ON EMERGENCY DISEASE FUNDING

D.P. Ferlicka, D.V.M. *[Signature]*

An emergency outbreak of a dangerous disease can be anticipated but not foreseen. The resources to minimize risks and damages from such an occurrence must therefore be available before the outbreak occurs. Two major resources, authority and money, must be available on short notice, otherwise the responsibility of anticipating a major disaster is not met. An adequate State response not only mitigates the State's losses but also satisfies a State's obligation to the National interest. The Federal Government could, if a State fails to be prepared, accept responsibility to protect the National interest by declaring an "extraordinary emergency" and take charge of a State's disease control affairs. This response would not be directed toward the best interest of Montana livestock owners, but primarily toward protecting other States at risk. Providing a State has the authority and funding to act responsibly, a partnership between State and Federal resources can be directed to suppression of the emergency disease risk.

A recent outbreak of Newcastle Disease in North Dakota turkeys required the Governor of that State to provide \$80,000 to compensate owners for the destruction of 27,000 birds. The problem was detected August 3, 1992 and confirmed August 6, 1992 with the needed funding request directed to the Governor that same day. The USDA (APHIS) matched the \$80,000 for payment to the owner for a fair market compensation of 34¢ per pound for birds destroyed. Suppression of the outbreak was consummated August 20, 1992. The total cost of the disease exercise was \$228,000 for personnel, equipment, supplies, support, and compensation to owner. Compared to other possible disease scenarios, this outbreak is a minor foot note, but it serves to make the point using a recent real world occurrence.

9/28/92

es

Call Montana Livestock Crimestoppers 800-647-7464

**APPENDIX IV**





**MONTANA FARM BUREAU FEDERATION**

502 South 19th • Bozeman, Montana 59715  
Phone: (406) 587-3153

January 20, 1993


To: Chase T. Hibbard  
Chairman, Special Committee Studying the Feasibility of  
Merging the Departments of Agriculture and Livestock

Dear Chase:

I have reviewed the December 31, 1992, Report of the Special Committee Studying the Feasibility of Merging the Departments of Agriculture and Livestock. The Montana Farm Bureau Federation fully concurs in the Report's conclusion that the Department of Agriculture and the Department of Livestock should not be merged, partially or completely. We strongly agree with the reasoning in the report that shows that such a merger would result in no significant savings to the taxpayer nor more efficient services to the agricultural industry. To the contrary, it is apparent from the report that in fact, if a merger occurred, agriculture, the state's number one industry, would receive less efficient service and would be required to bear a greater share of the burden of costs for health and safety inspections that benefit the entire population.

The Report was fair and objective and reflects the commitment of the committee to determine if savings could be found or efficiency improved. I know I speak for our entire Farm Bureau membership when I commend you and all of your committee members on a job well done.

Sincerely,



Jake Cummins  
Executive Vice President

cc: Governor Racicot  
Department of Agriculture  
Department of Livestock  
State Board  
Rep. Sam Rose

**MONTANA STOCKGROWERS ASSN.  
RESOLUTIONS  
CATTLE HEALTH/BRAND and THEFT**

**FOREIGN MEAT LABELING - 1978; (Renewal 1991)**

WHEREAS, the Montana Stockgrowers Association has in the past supported a resolution that foreign beef be subjected to the same standards as American beef, and

WHEREAS, the Montana Stockgrowers Association supports the concept of awareness of the type of product the American consumer buys.

NOW, THEREFORE BE IT RESOLVED, that all foreign beef whether it be fresh, frozen, chipped, cubed or other imported form be labeled as such and stamped with the country of its origin.

**BRUCELLOSIS - 1982; (Renewal 1991)**

NOW, THEREFORE BE IT RESOLVED, that the Montana Stockgrowers Association supports the National Cattlemen's Association's Brucellosis Regulatory Program and its other activities concerning Brucellosis control and eradication.

**OPPOSITION TO NATIONAL LIVESTOCK IDENTIFICATION SYSTEM - 1986; (Renewed 1991)**

WHEREAS, the MSGA recognizes a need for a National Livestock Identification System for better livestock control.  
NOW, THEREFORE BE IT RESOLVED, that the MSGA support the Livestock Industry in the development of an economically feasible national identification system, with continuing recognition of the hot iron brand as a method of identification for individual states as they see fit.

BE IT FURTHER RESOLVED, that MSGA opposes to a national mandatory animal identification system.

**LIVESTOCK DEPARTMENT FUND DEDICATION - 1986; (Renewed 1991)**

WHEREAS, the Department of Livestock provides for its operation wholly on funds "ear-marked" for livestock use, i.e., livestock taxes, predatory taxes, etc., and

WHEREAS, it has been proposed to help balance the State Budget by taking "ear-marked" funds from the Department of Livestock and placing them in the General Fund;

NOW, THEREFORE BE IT RESOLVED, by the Montana Stockgrowers Association that necessary measures be taken to prevent using "ear-marked" funds for any purpose other than those budgeted by the Department of Livestock.

**\* MAINTAINING THE DEPARTMENT OF LIVESTOCK AS SEPARATE ENTITY - 1988; (Renewed 1991)**

WHEREAS, Montana's livestock industry is efficiently and effectively served by the Department of Livestock due to its close association with the industry through the Board of Livestock; and

WHEREAS, there has been some discussion regarding the elimination of the Department of Livestock;

NOW, THEREFORE BE IT RESOLVED, that the Montana Stockgrowers Association support the continuation of a separate Department of Livestock, governed by a producer board that has the power to hire and fire staff.

**ANIMAL HUSBANDRY - 1989; (Renewal 1991)**

WHEREAS, farmers and ranchers have long been committed to the humane treatment and welfare of livestock; and  
WHEREAS, the entire livestock industry often must bear the brunt of regulatory action resulting from public misconceptions of a few;

NOW, THEREFORE BE IT RESOLVED, that MSGA calls upon its members to continue to follow safe and humane animal husbandry practices.

**POLICY STATEMENT REGARDING CANADIAN INSPECTION SITUATION - 1991**

WHEREAS, Canadian beef and U.S. beef is blended and loses its identity and;

WHEREAS, it is imperative to the cattle industry that consumers continue to have complete confidence in the quality and safety of our product and;

WHEREAS both the Montana Department of Livestock and the G.A.O. findings indicate that numerous lots of unfit meat have been presented for inspection to enter the U.S. from Canada.

NOW, THEREFORE BE IT RESOLVED, that the Montana Stockgrowers Association strongly recommends that the U.S.D.A. retain the present inspection system and work toward returning control of the computer chosen lots back to the U.S. rather than leaving it in Canada;

BE IT FURTHER RESOLVED, that this system continue until we are confident that the Canadian meat inspection system is equal to that of the U.S.

**YELLOWSTONE PARK BISON - 1992**

WHEREAS, all Yellowstone Park bison are presumed to be exposed to or infected with brucellosis, a disease dangerous to humans and livestock, and

WHEREAS, the ability of brucellosis to transmit from bison to livestock has been adequately demonstrated by scientific studies, and

WHEREAS, the range within Yellowstone Park is deteriorating because of overgrazing by too many bison and elk within the Park, which leads to bison migration outside the Park in search of food, and

WHEREAS, any of these bison that leave the Park pose a threat to Montana's brucellosis-free status, as well as threat of damage to the property of neighbors and communities around the park, and



September 26, 1992

John Rose, Member of the Livestock  
Agriculture Committee  
Choteau, Montana 59422

Dear John,

It was brought to our attention through the news media that you were appointed to the committee considering the possible consolidation of the Department of Livestock and the Department of Agriculture. It is our understanding that the objectives of the Department of Livestock and the Department of Agriculture's objectives are totally different. Therefore, it would seem more reasonable to us to consider consolidating the Department of Commerce with the Department of Agriculture because there is interaction between these two departments especially in the areas of trade. It is also our understanding that the Department of Livestock was created almost solely through the collection of fees from those in the livestock industry. As a result, it is not reasonable to expect these fees to be absorbed into the general fund, and still expect the livestock industry to pay the fees.

The Teton County Cattlewomen would like to call to your attention the fact that the Department of Livestock is one of the oldest and most efficient departments in State Government. We do not feel bigger is better; efficiency is often lost in greater numbers. Since the Department of Livestock has been in existence much longer, consolidation between the departments of Agriculture and the Department of Commerce would be more in keeping with the duties of the three departments. Thank you for any consideration in this matter.

Sincerely,

Anne Dellwo, President  
Teton County Cattlewomen  
Box 798  
Bynum, Montana 59419

Resolutions adopted by the Montana Dairymen's Association (M.D.A.) 6 November, 1992, at the M.D.A. Annual Convention and subsequent general membership meeting.

1. BE IT RESOLVED, that M.D.A. opposes the merger of the Montana Department of Livestock and the Montana Department of Agriculture unless substantial cost savings and benefits can be shown to agriculture in Montana, without a reduction in services and functions.
  
2. BE IT RESOLVED, that the Montana Dairymen's Association (M.D.A.) supports legislation to provide for milk industry funding of the agriculture extension dairy services, Dairy Herd Improvement Association program, and the milk inspection and diagnostic laboratory milk programs in the Montana Department of Livestock.

END

Resolutions Adopted at the 109th MWGA Convention (First annual joint MWGA, MSGA and Montana Public Lands), held at the Holiday Inn, Billings, Dec. 9-12, 1992

### PRODUCTION, MARKETING & ANIMAL HEALTH

#### Dues Increase

1. The current financial situation of the MWGA necessitates the following:
  - a) An increase in dues from two to three cents per pound of wool.
  - b) A \$15 minimum dues to receive the Woolgrower's magazine.

#### Buyers/Firms Dues Collection

2. The MWGA would like to express our sincere appreciation to the following wool buyers/firms for their efforts in collecting dues:
  - Center of the Nation Wool, Inc.
  - North Central Wool Marketing Corp.
  - Salina Traders
  - Tri-State Wool MarketingWe further encourage all other wool handlers to help the industry by doing likewise.

#### Sheep Permit

3. We support renewal of the sheep permit system as written with the removal of the sunset clause.

#### Encourage Membership

4. The MWGA asks a vigorous effort on behalf of both the organization and the individual member to encourage all Montana sheep producers to become active dues paying association members.

#### Legislative Report Card

5. The MWGA supports continuing the practice of publishing a "legislative report card" by the MWGA and MSGA to provide valuable information to producers.

#### ~~Livestock/Agriculture Merger~~

6. The consolidation of the Montana Department of Agriculture and the Montana Department of Livestock is not in the benefit of the sheep industry; therefore the MWGA is totally against any consideration of this consolidation.

#### ANIMAL DAMAGE CONTROL

1. The MWGA urges Congress to maintain sufficient funding for ADC.

#### Montana ADC

2. The MWGA would like to recognize the personnel of Montana ADC for doing a commendable job with limited resources. In addition, the MWGA does not condone irresponsible or illegal predator control activities on public or private property.

# 1992-1993 MONTANA GRAIN GROWERS ASSOCIATION ADOPTED RESOLUTIONS

of further significant and unreasonable water quality degradation if no action is taken.

-An effective and cost-efficient response to water quality problems requires accurate and reliable information. Reauthorization must include a strong financial commitment to further research, monitoring and assessment projects so that we can make scientific decisions on the source, extent, and impact of NPS pollution, as well as the effectiveness, utility and economic feasibility of various solutions.

-The CWA should not directly or indirectly create a federal water quality law or program which supersedes, abrogates or impairs state water allocation systems and water rights.

-It is inappropriate for a reauthorization of the CWA to provide the authority for citizens suits against individuals participating in NPS management programs.

## Research and Education

1. MGGGA strongly supports ag research and development and urges the Montana Legislature to continue investing in Montana's number one industry. MGGGA also emphasizes that branch research centers must be adequately staffed, funded and located in key ag production areas throughout the state.

2. MGGGA supports integrated research programs and shared information with neighboring states and provinces and greater cooperation between counties and the Extension Service.

3. MGGGA supports efforts to establish Maximum Economic Yield Clubs in Montana.

4. The MGGGA strongly supports Vocational Agriculture Education and the funding to make this program effective enough to strengthen the now faltering economy in the State of Montana.

5. MGGGA will only consider legislation addressing food safety and environmental concerns that utilizes scientific risk-benefit analysis.

## Wheat and Barley Utilization

1. MGGGA supports introduction and market development of a hard white wheat in Montana.

2. MGGGA recommends that the Montana Wheat and Barley Committee, the Montana State University and the industry, continue to pursue wheat and barley utilization research and encourage increased wheat and barley market development.

3. MGGGA recommends that the industrial use of wheat and barley be pursued by the Council of Science and Technology.

## Agricultural Product Enhancement

1. The economic health of farmers, ranchers and the State of Montana, could be greatly enhanced by discovering new or alternate uses for Montana agricultural products. Therefore, MGGGA endorses the research emphasis that the Montana Agricultural Experiment Station is placing on the "value-added" concept in the utilization of Montana agricultural products.

## Energy

1. MGGGA recommends continued research and development of alternative energy sources derived from agricultural products.

## Weed and Pest Control

1. MGGGA asks that a proper proportion of the Montana State Weed Control trust fund be used in crop and weed control research.

2. MGGGA supports aggressive research and education on irradiation and control of the Russian Wheat Aphid.

3. MGGGA supports the research, education and licensing of economically viable chemicals and biological controls of the Russian Wheat Aphid.

4. MGGGA supports research and education on biological control of noxious weeds.

5. MGGGA encourages research on natural predators of the sawfly.

6. MGGGA supports a \$1.00 fee on Montana Fish Wildlife and Parks conservation licenses to be used by the Montana Agricultural Experiment Station for weed control research on both noxious and non-noxious weeds

## ECONOMICS

The Economics Committee deals with issues that have significant economic impact on production agriculture, such as taxation, farm credit and insurance. The Committee also tries to examine the long-term economic effects on producers which result from action taken on issues which are handled by other committees, such as farm programs, international trade issues, conservation, etc...

1. MGGGA supports an evaluation of the tax structure of Montana. This evaluation should be aimed at establishing a more equitable and broadly based system providing property tax reduction, which could, but would not have to, include a sales tax.

2. MGGGA supports limits on punitive damages and any tort reform that would reasonably restrict liability exposure of individuals and businesses.

3. MGGGA encourages legislative reform of the workers compensation system and recommends that special attention be paid to excessive lawsuits and fraudulent claims.

4. MGGGA supports allowing 100% deductibility of health insurance premiums paid by self-employed farmers.

5. MGGGA supports changes in taxes on capital gains to provide that the tax be applied only to an increase in value indexed to inflation.

6. MGGGA supports the concept of private property rights. The economic impact of legislation which affects private property rights and uses must be evaluated and compensated for.

7. MGGGA strongly recommends that the reauthorization of the Endangered Species Act address the following issues:

1. That the economic burden of listing and compliance be addressed;

2. That all claims of the threat or endangerment of a particular species be scientifically verifiable;

3. That any recovery plan for a particular species should have well-defined goals and include the cost and verification of such goals.

8. MGGGA would support the consolidation of the Montana Department of Agriculture with the Montana Department of Livestock if studies indicate that economic benefit to Montana's agricultural industries, and cost-saving to Montana State Government, would result from such consolidation.

9. MGGGA supports the recommendations of the Montana Ag Land Advisory Committee, regarding the taxable valuation of agricultural land and recommends further study of the valuation of irrigated cropland.

10. MGGGA supports legislation which would require an "economic impact statement" to be generated for each new piece of legislation introduced in the Montana Legislative Assembly.

11. MGGGA opposes any reduction in the current \$600,000 Federal estate tax exemption.

12. MGGGA supports amending the Aerial Applicator's lien law to include all commercial applicators.

13. MGGGA encourages the establishment of Financial Management Associations to provide Montana Producers with comparative financial data.

## EDUCATION

1. MGGGA will establish a system of communication to keep members abreast of ever changing technology, methods, and ideas, keeping in mind the goal of profitability and better life through knowledge.

2. MGGGA supports and encourages MSU Ag Extension Service to provide educational programs in the areas of agricultural production, marketing and farm safety.



# WIFE Women Involved In Farm Economics

Box 367  
Dutton, MT 59433  
December 20, 1992

Mr. Chase Hibbard, Chairman  
Ag/Livestock Merger Study Committee  
P.O. Box 835  
Helena, MT 59624

Mr. Hibbard:

Montana Women Involved in Farm Economics, at our December Board of Directors meeting passed the following resolution:

Whereas: there appears to be not cost savings in merging the Department of Agriculture and the Department of Livestock and

Whereas: we now have 2 voices on the the governors "cabinet".

Therefore be it resolved: WIFE supports the continuation of the Departments of Agriculture and Department of Livestock as separate entities. We urge the to work together to provide the best possible service to Agriculture.

I am also enclosing a position paper prepared for our lobbyist and for our members to use when discussing this issue which is one of our priorities for this year.

Sincerely,

Mary Schuler  
President

## Department of Agriculture/Department of Livestock Merger

Wife Supports the continuation of the Department of Agriculture and the Department of Livestock as separate entities. We urge them to work together to provide the best possible service to Agriculture.

During the Special Session of the Legislature in 1992, it was suggested that the merger of the Department of Agriculture and the Department of Livestock would result in savings to the State of Montana. A committee was appointed to review the two departments and see if their merger would result in savings of money or increases in efficiency.

There appears to be little savings of money in merging the two departments or increases in efficiency. Under the present system, Agriculture has a stronger voice with the present two cabinet-level people with access to the governor.

Facts to support our policy:

1. Nine and a quarter percent of the Agriculture Departments budget is from the general fund. Total budget \$6.8 million.
2. And 5.3 million of the budget is earmarked for specific uses such as paying for grain inspection.
3. Only 19% of the \$5 million dollar Livestock Department budget is from the general fund. ( This will be even less if legislation proposed by dairymen to have the industry pick up the cost of milk and dairy inspections)
4. Everyone benefits from state inspections of milk, meat and eggs so many livestock and agriculture department functions logically should rely more--not less--on the general fund.
5. Both departments have been operating on a conservative basis for a long time.

Members of Montana WIFE should support the report of the Committee to Review the Merger. They should contact their legislators, make sure they received a copy of the report, that they have read and understand it. They should ask their legislators to support the continuation of the two departments. They should also be prepared to explain to others through radio shows, newspaper articles and coffee shop conversations that these departments are primarily supported by the Agriculture industry.





# MONTANA FARMERS UNION

Frank "Bud" Daniels, President

300 River Drive North  
P.O. Box 2447  
Great Falls, MT 59403-2447 -  
Phone 406 • 452-6406  
Fax 406 • 727-8216

January 21, 1993

To Whom It May Concern:

Having participated as a member on the Agriculture/Livestock Merger Committee and having reviewed extensive related information, this organization supports the conclusion to not pursue a merger of the two state departments.

Neither decreased costs nor increased services will result in amounts which justify a merger. We support the final report of the committee which studied the feasibility of merging the departments of Agriculture and Livestock

Sincerely,

Bud Daniels  
President