

# DEPARTMENT OF LIVESTOCK

## Section C

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### JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

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-----Agencies-----

Dept. of Fish, Wildlife, & Parks  
Dept. of Environmental Quality  
Dept. of Transportation

Dept. of Livestock  
Dept. of Natural Resources & Conservation  
Dept. of Agriculture

-----Committee Members-----

House

Representative Jerry Schillinger (Chair)  
Representative Eric Albus  
Representative Debo Powers

Senate

Senator Mike Cuffe (Vice Chair)  
Senator Kenneth Bogner  
Senator Jane Ellis

-----Fiscal Division Staff-----

Rob Miller  
Alice Hecht  
Barb Wagner

**Agency Base Budget Comparison**

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	4.75	4.75	4.75	0.00	0.0%	
Proprietary Funds	1,484,700	1,704,989	1,704,806	440,395	14.8%	
<b>Total Funds</b>	<b>1,484,700</b>	<b>1,704,989</b>	<b>1,704,806</b>	<b>440,395</b>	<b>14.8%</b>	
Personal Services	365,429	369,695	370,122	8,959	1.2%	
Operating Expenses	992,529	1,208,552	1,207,942	431,436	21.7%	
Equipment & Intangible Assets	126,742	126,742	126,742		0.0%	
<b>Total Expenditures</b>	<b>1,484,700</b>	<b>1,704,989</b>	<b>1,704,806</b>	<b>440,395</b>	<b>14.8%</b>	
<b>Total Ongoing</b>	<b>1,484,700</b>	<b>1,704,989</b>	<b>1,704,806</b>	<b>440,395</b>	<b>14.8%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

**Agency Highlights**

<b>Department of Livestock Major Budget Highlights</b>
<p>The executive proposes an increase of 14.8% or 440,400 in non-budgeted proprietary authority including:</p> <ul style="list-style-type: none"> <li>• Statewide present law adjustments: \$20,400</li> <li>• Laboratory operations augment: \$420,000</li> </ul>

**Executive Request**

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Livestock 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,484,700</b>	<b>87.1%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,484,700</b>	<b>87.1%</b>
Statewide PL										
Personal Services	0	0	0	4,266	0.3%	0	0	0	4,693	0.3%
Fixed Costs	0	0	0	6,023	0.4%	0	0	0	5,413	0.3%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total Statewide PL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,289</b>	<b>0.6%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,106</b>	<b>0.6%</b>
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	210,000	12.3%	0	0	0	210,000	12.3%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>220,289</b>	<b>12.9%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>220,106</b>	<b>12.9%</b>
<b>Total Requested Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,704,989</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>1,704,806</b>	

Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Livestock Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
<b>01100 General Fund</b>	<b>9,971,263</b>	<b>200,400</b>			<b>10,171,663</b>	<b>24.4%</b>
02426 Lvstck Per Capita	11,544,449	863,048			12,407,497	29.8%
02425 Inspection and Control	7,089,093				7,089,093	17.0%
02117 Predatory Animal SSR				1,150,000	1,150,000	2.8%
02262 Egg Shielded Grading Program	760,450				760,450	1.8%
02124 LLB Restricted Special Revenue				600,000	600,000	1.4%
Other State Special Revenue	1,082,411			420,000	1,502,411	3.6%
<b>State Special Revenue Total</b>	<b>20,476,403</b>	<b>863,048</b>	<b>-</b>	<b>2,170,000</b>	<b>23,509,451</b>	<b>56.4%</b>
03209 Meat/Poultry Inspection Sp Rev	2,946,432				2,946,432	7.1%
03427 AH FEDERAL UMBRELLA	1,564,365				1,564,365	3.8%
03673 Small Federal Grants	43,458				43,458	0.1%
03032 Animal Health Sp. Rev	35,904				35,904	0.1%
<b>Federal Special Revenue Total</b>	<b>4,590,159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,590,159</b>	<b>11.0%</b>
06026 MT Veterinary Diagnostic Lab			3,409,795		3,409,795	8.2%
<b>Proprietary Fund Total</b>	<b>-</b>	<b>-</b>	<b>3,409,795</b>	<b>-</b>	<b>3,409,795</b>	<b>8.2%</b>
<b>Total of All Funds</b>	<b>35,037,825</b>	<b>1,063,448</b>	<b>3,409,795</b>	<b>2,170,000</b>	<b>41,681,068</b>	
<b>Percent of All Sources of Authority</b>	<b>84.1%</b>	<b>2.6%</b>	<b>8.2%</b>	<b>5.2%</b>		

Non-budgeted proprietary funds are generated from fees for service at the Montana Veterinary Diagnostic Laboratory. For descriptions of other funds shown in the table, refer to the 2027 Biennium HB 2 budget analysis.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	4.75	4.75	4.75	4.75
Personal Services	339,751	346,172	365,429	369,695	370,122
Operating Expenses	956,739	957,845	992,529	1,208,552	1,207,942
Equipment & Intangible Assets	22,163	126,742	126,742	126,742	126,742
<b>Total Expenditures</b>	<b>\$1,318,653</b>	<b>\$1,430,759</b>	<b>\$1,484,700</b>	<b>\$1,704,989</b>	<b>\$1,704,806</b>
Proprietary Funds	1,318,653	1,430,759	1,484,700	1,704,989	1,704,806
<b>Total Funds</b>	<b>\$1,318,653</b>	<b>\$1,430,759</b>	<b>\$1,484,700</b>	<b>\$1,704,989</b>	<b>\$1,704,806</b>
<b>Total Ongoing</b>	<b>\$1,318,653</b>	<b>\$1,430,759</b>	<b>\$1,484,700</b>	<b>\$1,704,989</b>	<b>\$1,704,806</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Program Description

The Montana Veterinary Diagnostic Laboratory (MVDL) is the only accredited, full-service veterinary laboratory in Montana. The division provides disease diagnostic support to veterinarians, livestock producers, companion animal owners, and the Department of Fish, Wildlife, & Parks as well as other state and federal agencies. The division provides laboratory support to the department's Animal Health and Food Safety Division and helps protect public health by testing dairy products and testing for zoonotic diseases. The laboratory is a member and participant of the National Animal Health Laboratory Network established to provide laboratory diagnostic support in the event of a local, regional, or national animal disease emergency.

Revenues and Expenses

Lab testing fees and charges for services collected from veterinarians and other users/customers of the lab make up the total proprietary fund revenue for the MVDL program. Proprietary funds from lab operations support about forty percent of all lab operations including 4.75 staff positions (\$370,000) and \$1,200,000 in related testing expenses. The balance of revenue and expenses are budgeted in general fund and state special revenue funds. The lab in FY 2024 generated \$1,528,468 in proprietary revenue. Outside of inflationary adjustments, there are no major expected changes in services or fees from lab operations.

Rate(s) and Rate Explanation

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Lab fee rates are predominately set by the industry across the nation. The current MVDL fee schedule can be found at: <https://liv.mt.gov/Diagnostic-Lab/Guidance-Documents-and-Test-Fees>

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 56030	Agency Name: Department of Livestock		Program Name: Animal Health Division				
	Fund	Fund Name					
	06026	MT Veterinary Diagnostic Lab					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
<b>Operating Revenues:</b>							
Fee and Charges							
Fee Revenue A		1,528,396	1,551,505	1,525,353	1,700,000	1,700,000	1,700,000
Fee Revenue B		2,139	4,216	3,115	4,000	4,000	4,000
<b>Total Operating Revenues</b>		<b>1,530,535</b>	<b>1,555,721</b>	<b>1,528,468</b>	<b>1,704,000</b>	<b>1,704,000</b>	<b>1,704,000</b>
<b>Expenses:</b>							
Personal Services							
Other Operating Expenses		(1,232,831)	(1,198,483)	(990,819)	(992,529)	(1,203,961)	(1,203,539)
Expense B		-	-	-	(126,742)	(126,742)	(126,742)
<b>Total Operating Expenses</b>		<b>(1,470,391)</b>	<b>(1,536,558)</b>	<b>(1,342,656)</b>	<b>(1,484,700)</b>	<b>(1,700,399)</b>	<b>(1,700,403)</b>
<b>Operating Income (Loss)</b>		<b>3,000,926</b>	<b>3,092,279</b>	<b>2,871,124</b>	<b>3,188,700</b>	<b>3,404,399</b>	<b>3,404,403</b>
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A		(21,380)	-	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>		<b>(21,380)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Contributions and Transfers</b>		<b>2,979,546</b>	<b>3,092,279</b>	<b>2,871,124</b>	<b>3,188,700</b>	<b>3,404,399</b>	<b>3,404,403</b>
<b>Change in Net Position</b>		<b>2,979,546</b>	<b>3,092,279</b>	<b>2,871,124</b>	<b>3,188,700</b>	<b>3,404,399</b>	<b>3,404,403</b>
<b>Beginning Net Position - July 1</b>		<b>324,362</b>	<b>3,303,908</b>	<b>6,396,187</b>	<b>9,288,691</b>	<b>12,477,391</b>	<b>15,881,790</b>
Prior Period Adjustments		-	-	21,380	-	-	-
Change in Net Position		2,979,546	3,092,279	2,871,124	3,188,700	3,404,399	3,404,403
<b>Ending Net Position - June 30</b>		<b>3,303,908</b>	<b>6,396,187</b>	<b>9,288,691</b>	<b>12,477,391</b>	<b>15,881,790</b>	<b>19,286,193</b>
<b>Net Position (Fund Balance) Analysis</b>							
Restricted Net Pos(Enterprise Fund Only)		363,127	382,291	589,482	808,782	812,384	815,981

*FY 2024 Appropriations Compared to FY 2024 expenditures.*

The agency expended 92.2% for the FY 2024 budget.

*FY 2024 Appropriations Compared to FY 2025 Appropriations*

Non-budgeted authority increased by 3.8% or \$53,900 between FY 2025 and FY 2024. Authority for operations increased by 3.6% or about \$34,700 and personal services increased by 5.6% or about \$19,300.

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	4,266	0.00	0	0	0	4,693
DP 2 - Fixed Costs	0.00	0	0	0	6,023	0.00	0	0	0	5,413
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,289</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,106</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

DP 1 - Personal Services -

The executive proposes adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

DP 2 - Fixed Costs -

The executive proposes adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive proposes adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 47 - Laboratory Operations Augment	0.00	0	0	0	210,000	0.00	0	0	0	210,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$210,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$210,000</b>

DP 47 - Laboratory Operations Augment -

The executive proposes an increase for Animal Health Laboratory operations.