

# FY2000 BISON FISCAL REPORT

Montana Department of Livestock  
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**Prepared by:**

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**October 25, 2000**

## Background

The 56th Legislature placed language in the Appropriations Bill, HB 2 that requires the Department of Livestock to submit a yearly fiscal report of the cost of managing the bison brucellosis disease control program. Specifically, the language states:

The Department shall record separately all operating expenses, equipment, and capital expenditures related to bison control for all programs in which any resources are expended for that purpose on the statewide budgeting and accounting system in a manner so that those expenditures can be readily derived and shall create a summary report. The department shall provide an annual report, by program, to the legislative fiscal analyst and the office of budget and program planning of all direct expenditures related to bison control.

## SABHRS Reporting

The fiscal activity of the diseased bison control program is recorded in the Animal Health Division of the department. During Fiscal Year 2000 (FY00) bison fiscal activity was recorded in organizational centers (org) 401 and 402. Org 401 records bison operational costs funded with state special revenue derived from livestock producers. These expenditures are recorded in account 02426, per capita fee. Org 402 accounts for FY00 fiscal activity for federal sources of revenue that are recorded in the 03427 account.

## FY2000 Bison Appropriation Authority

The 56<sup>th</sup> Legislature appropriated \$225,000 in federal funds and \$177,823 in state special funds from the livestock industry for bison control and brucellosis prevention activity. This is a total of \$402,823 in combined appropriation authority in FY00. The Legislature restricted this spending authority as a one-time-only appropriation (OTO).

## Increased Federal Funds

After the legislative session, the Department of Livestock received \$428,850 of federal funds in addition to the \$225,000 originally appropriated. Thus, the total amount of federal funds authorized to the department in FY00 was \$653,850. Originally, Congress appropriated \$750,000 to Montana; however, the federal government retained \$66,150 for administrative costs. These funds were received from USDA/APHIS Veterinary Services, as per cooperative agreement for federal fiscal year 2000 that ran from October 1, 1999 through September 30, 2000. The Board of Livestock authorized the cooperative agreement and the expenditure of these funds in an effort to maintain Montana's brucellosis-free status. The department submitted appropriate budget control documents to the Governor's Office of Budget and Program Planning. Spending authority for state FY00 was approved. This report details the expenditure of these funds for bison brucellosis disease control. Direct and indirect expenditures are discussed.

Direct Expenditures

**State Special - Org 401**

The Department expended \$20,281 in state special revenue for bison related activity.

Expenditure Detail-Org. 401 – State Special:

Budget Item	Budget Amount	Expenditure	Balance
1000 Personal Services	\$40,217	\$(84)	\$40,301
2000 Operations			
2100 Contracted Services	\$23,313	\$6,226	\$17,087
2200 Supplies	\$13,277	\$402	\$12,875
2300 Communications	\$4,000	\$239	\$3,761
2400 Travel	\$40,000	\$1,080	\$38,920
2500 Rent	\$23,000	\$2,268	\$20,732
2700 Repair and Maintenance	\$9,016	\$8,701	\$315
2800 Other Expenses	<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>
Total Operations	<b>\$117,606</b>	<b>\$ 18,916</b>	<b>\$98,690</b>
3000 Equipment			
3100 Equipment	<u>\$20,000</u>	<u>\$1,450</u>	<u>\$18,550</u>
<b>TOTAL ORG 401</b>	<b>\$177,823</b>	<b>\$20,281</b>	<b>\$157,542</b>
Funding Per Capita Account 02426			
State Special Revenue	<b>\$177,823</b>	<b>\$20,281</b>	<b>\$157,542</b>

The direct operational expenses in org 401 are detailed as follows:

**Personal Services:**

There were no personal services expenses recorded in org 401 except a correction of \$84 for workers compensation premium that should have been recorded in animal health org 403.

**Operations:**

Org 401 details the operational costs from state special revenue in each category. For purposes of this report the major items in each category were identified and small miscellaneous items were combined as one item.

Contracted Services

The following shows the services provided in this category:

Consulting and professional services	\$5,786	
Security	\$ 440	\$6,226

A total of \$6,226 was expended in FY00 for contracted services. Consulting and professional services includes expenditures of \$3,945 for legal services, \$1,841 for grounds crew work, \$440 for security and a minor adjustment.

Supplies

The supply items expended in state special revenue for bison operations are as follows:

Minor tools and equipment	\$ 120	
Gasoline	\$ 205	
Munitions (cracker shells)	\$ 72	
Other miscellaneous supplies	\$ 5	\$ 402

Most of the supplies spent were for minor tools and fuel. Munitions were primarily for cracker shells used in hazing bison back into the park.

Communications

Cellular phones and calls	\$238
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Travel

The travel expenses include mileage, lodging, food, for ground crew and other individuals traveling to bison related activity. Out-of-state travel to bison related meetings were also recorded in this category. In FY00 \$1,080 was expended as detailed:

In-state other	\$103	
In-state meals	\$ 24	
In-state meals overnight	\$535	
In-state lodging	\$ 79	
Out-of state meal	\$153	
Out-of state lodging	\$186	\$1,080

Rentals and Leases

Rent and lease costs for leased equipment and workers housing rental are detailed as follows:

Heavy equipment	\$228	
Leased equipment	\$790	
Rent Non-state D of A Buildings	\$1,250	\$2,268



The federal expenditures recorded in org 402 are detailed as follows:

**Personal Services:**

Throughout most of FY00 the bison grounds crew was on contracted services. However, late in the fiscal year it was decided that the ground crew would become short-term workers. The following reflects the beginning of recording these costs as personal services:

Wages, WC, UI, FICA for short-term workers	\$ 1,028
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**Operations:**

Contracted Services

Contracted services were primarily for grounds crew contract workers, snow removal and legal services. This category also includes contract security services and the cost of lab tests and insurance on the vehicles operated in the area.

Consulting and professional services	\$ 34,237	
Legal fees and court costs	\$ 21,996	
Security Protection	720	
Lab tests, insurance & bonds & miscellaneous	<u>\$ 264</u>	\$57,217

Supplies and Materials

The Board of Livestock approved the purchase of supplies and materials from federal funds. The major expenditures in the category minor tools and equipment include metal stock panels for the capture facility, hi band radios, and bedding. The computer hardware expenditures include lap top computers to generate reports and communicate with the central office, printers, and computers at the diagnostic lab for confirmatory brucellosis testing. The law enforcement equipment for persons includes clothing and uniforms, hand-held radios, firearms, spotting scopes and binoculars for monitoring bison. The lab equipment includes a biosafety cabinet for handling brucellosis clinical specimens as required by U.S. Department of Health and Human Services.

Minor tools and equipment	\$47,106	
Minor equipment-computer hardware	\$22,482	
Law enforcement equipment for persons	\$11,083	
Laboratory equipment & supplies	\$ 6,380	
Munitions (cracker shells for hazing)	\$ 3,360	
Fuel	\$ 1,397	
Office supplies & minor equipment	\$ 1,117	
Photo & reproduction	\$ 806	
Radio supplies and equipment	\$ 726	
Law enforcement vehicle supplies	\$ 316	
Miscellaneous	<u>\$ 109</u>	\$94,882

Communications

Cell phones are used for communications with grounds crews and other department staff working with bison.

Cellular phones	\$ 901	
Miscellaneous	<u>\$ 97</u>	\$998

Travel

Travel is for bison grounds crews and other department employees traveling to Gardiner and West Yellowstone to perform bison control duties. It also includes travel to out-of-state meetings on bison and brucellosis issues attended by officials of the department.

In-state personal car mileage	\$ 566	
In-state other	\$ 515	
In-state meals	\$ 319	
In-state lodging	\$ 408	
In-state meals overnight	\$1,754	
Out-of-state other	\$ 10	
Out-of-state meals	\$ 186	
Out-of-state lodging	\$ 274	\$4,031

Rent

The rent category includes such equipment items as snowmobiles, loaders, rental of aircraft to count bison and other specialized equipment. It also includes rent for the housing of bison ground crew workers.

Vehicles-non-travel	\$6,050	
Small equipment	\$3,975	
Heavy equipment	\$1,612	
Meeting rooms	\$ 376	
Leased equipment	\$1,284	
Private aircraft rental	\$1,563	
Rent/non-state Building	\$3,600	
Miscellaneous	\$ 4	\$18,464

**Equipment:**

The Board of Livestock also approved equipment purchases for items utilized in bison control operations. The major items purchased include a ¾ ton truck, an ultra multidetection microplate reader used to test serologic samples from bison for brucellosis, a test trailer used to test bison serologic samples in an environmentally controlled setting, snowmobiles and 4-wheel ATV's used for surveillance and hazing of bison, and a hydraulic chute used to brucellosis test captured bison.

Autos & trucks	\$30,202	
Laboratory	\$98,500	
Trailers & campers	\$40,130	
Field monitoring equipment	\$38,033	\$206,865
<b>Grand Total Costs Org 402-Federal</b>		<b>\$383,485</b>

Combined Total Direct Expenditures – Org 401, & 402

In FY00 a total of \$403,766 was expended for the diseased bison control program. Of this amount \$383,485 were federal funds and \$20,281 were in state special revenue derived from the livestock industry.

**Combined Total Direct FY00 Expenditures for Bison Operations All Funds: \$403,766**

## **INDIRECT BISON EXPENSES**

### Indirect Expenditures:

The indirect bison expenses were costs to the Department of Livestock that were recorded in departmental organization centers other than direct bison orgs 401 or 402. This includes the costs of regular full-time employees who may be called from their work locations, such as Brand Division employees, and sent to the West Yellowstone and Gardiner area to work with bison.

Indirect costs also include the administrative time of the executive officer, state veterinarian, assistant state veterinarian, administrators, public information officer, diagnostic laboratory veterinarians and other lab employees, and central office accounting and administrative support staff spent working on bison matters. These hours were expressed in actual time or a best estimate of time spent performing such work. These indirect costs were absorbed from each program's regular appropriated budget.

A total of 30 employees working 6,310 hours have been identified as bison related indirect costs. The indirect costs also included the operational expense of vehicles utilized in bison work. We have determined that a total of 36,895 miles were driven in department vehicles and recorded in budget orgs other than 401 and 402. The vehicle operation cost is computed using \$.325 per mile. The benefits were computed from total departmental expenditures and budgeted personal services for fiscal year end 2000. The wages and operational costs for these employees were budgeted and paid in their respective divisions. These indirect costs have been computed as follows:

In FY00 the department continued to emphasize hazing bison back into the park and humanely testing and treating them. During FY00 415 bison were hazed back into the park. Also during FY00 extensive efforts were made to obtain and process federal funds through cooperative agreements and grants. Detailed efforts were also made in cooperative efforts with other entities in developing bison management plans and resolving environmental concerns. The FY00 indirect costs are summarized as follows:

Salaries	<b>\$111,576</b>
Benefits (28%)	<b>\$ 31,241</b>
Vehicle Operational Cost	<b><u>\$ 11,991</u></b>
<b>TOTAL INDIRECT COST</b>	<b>\$154,808</b>
<b>COMBINED TOTAL DIRECT AND INDIRECT BISON COST FY00 ALL OPERATIONS:</b>	
<b>Direct Costs</b>	<b>\$403,766</b>
<b>Indirect Costs</b>	<b><u>\$154,808</u></b>
<b>GRAND TOTAL COSTS</b>	<b>\$558,574</b>

The Department will continue to record direct costs and related indirect costs in Fiscal 2001.

# GRAPHIC ILLUSTRATIONS



The Department of Livestock experienced a significant increase in federal funding in FY2000. Table One summarizes the direct and indirect cost of the bison/brucellosis disease control program from FY96 through FY00. In FY96 and FY97 direct costs to the department were tracked. The Legislature asked to also track indirect costs in FY98. The table also shows that bison disease control costs prior to FY00 were shouldered primarily by the Montana livestock industry.

**Table One**

MONTANA DEPARTMENT OF LIVESTOCK SUMMARY OF BISON EXPENDITURES FY96-00											
EXPENSES	FY96	FY97	FY98			FY99			FY00		
	DIRECT COST	DIRECT COST	DIRECT COST	INDIRECT COST	DIR&IND COST	DIRECT COST	INDIRECT COST	DIR&IND COST	DIRECT COST	INDIRECT COST	DIR&IND COST
PER. SER.	\$40,996	\$41,189	\$6,709	\$17,875	\$24,584	\$22,205	\$64,118	\$86,323	\$1,028	\$142,817	\$143,845
OPERATE	\$82,842	\$204,621	\$147,514	\$934	\$148,448	\$233,649	\$9,980	\$243,629	\$402,738	\$11,991	\$414,729
<b>TOTAL</b>	<b>\$123,838</b>	<b>\$245,810</b>	<b>\$154,223</b>	<b>\$18,809</b>	<b>\$173,032</b>	<b>\$255,854</b>	<b>\$74,098</b>	<b>\$329,952</b>	<b>\$403,766</b>	<b>\$154,808</b>	<b>\$558,574</b>
<b>FUNDING:</b>											
ST. SPEC.	\$123,838	\$245,810	\$154,223	\$18,809	\$173,032	\$224,700	\$74,098	\$298,798	\$20,281	\$154,808	\$175,089
FEDERAL			\$0	\$0	\$0	\$31,154	\$0	\$31,154	\$383,485	\$0	\$383,485
<b>TOTAL</b>	<b>\$123,838</b>	<b>\$245,810</b>	<b>\$154,223</b>	<b>\$18,809</b>	<b>\$173,032</b>	<b>\$255,854</b>	<b>\$74,098</b>	<b>\$329,952</b>	<b>\$403,766</b>	<b>\$154,808</b>	<b>\$558,574</b>

Table One shows that the direct expenditures in state special revenue, funded primarily through per capita fee assessments, were \$123,838 in FY96, \$245,810 in FY97, \$154,223 in FY98, \$224,700 in FY99 and \$20,281 in FY00. It is significant that the department entered into a cooperative agreement with USDA Veterinary Services late in FY99 and throughout all of FY00. The direct expenditures from federal funds were \$31,154 in FY99 and \$383,485 in FY00. This cooperative agreement continues into FY01. Congress considers this funding each federal fiscal year and if approved allocates it to the Veterinary Services. The department then renews its cooperative agreement. Federal funding greatly reduces direct costs in state special revenue.

Table One also shows that the indirect costs to the department are significant. These were costs borne by the state for the administrative and support work of department staff not directly on site at the Gardiner/West Yellowstone area. The department's indirect cost were \$18,809 in FY98, \$74,098 in FY99 and \$154,808 in FY00. The indirect cost rise with increased hazing operations and the time consuming administrative work in setting policy, continuing MEPA analysis, negotiating agreements, establishing cooperative management plans, budgeting, accounting,

personal services work and legal processes. Table One also illustrates that total direct and indirect bison disease control costs from FY96 through FY98 were paid by state special revenue or livestock industry funds. In FY99, the industry paid all costs except the \$31,154 received and expended in federal funds.

Finally, Table One combines the total of all state and federal direct and indirect costs. These bottom line totals were \$123,838 in FY96, \$245,810 in FY97, \$173,032 in FY98, \$329,952 in FY99 and \$556,914 in FY00.

### **Chart One**

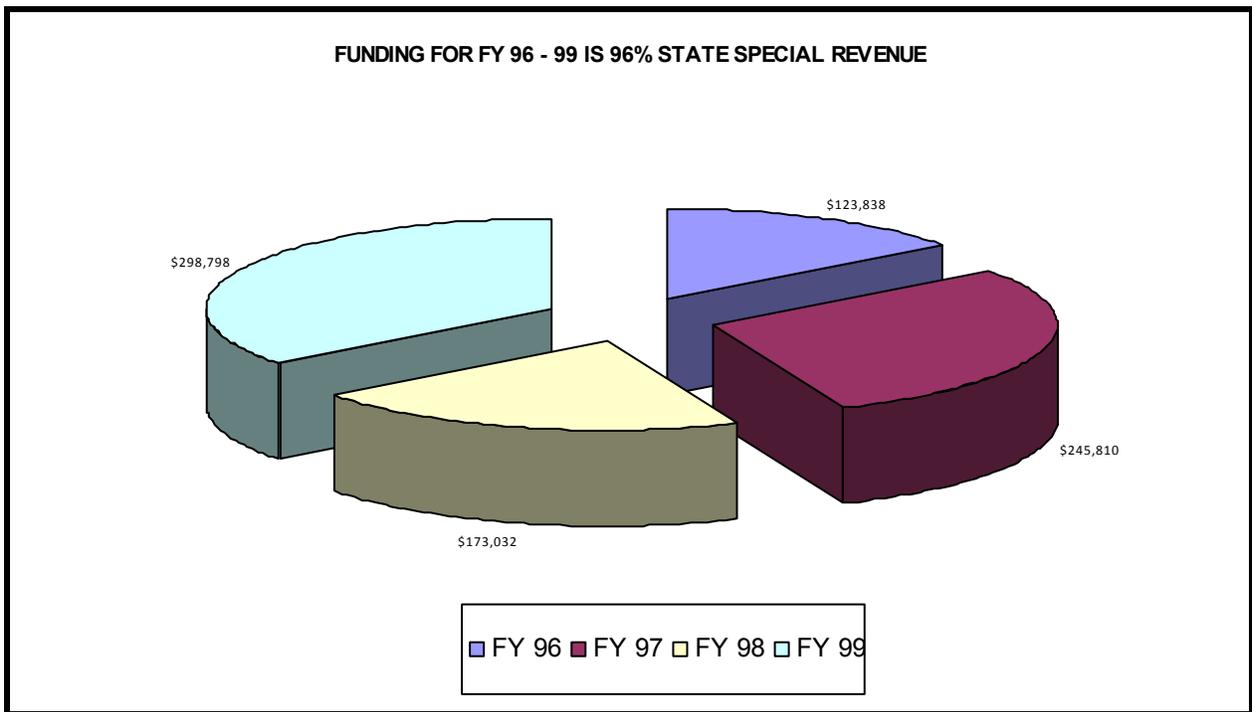


Chart One shows that from FY96 through FY99, the livestock industry's state special revenue paid 96% of all direct and indirect costs for managing the bison brucellosis issue in Montana. The chart breaks each of the fiscal years into dollar amounts to demonstrate these costs borne by livestock industry.

**Chart Two**

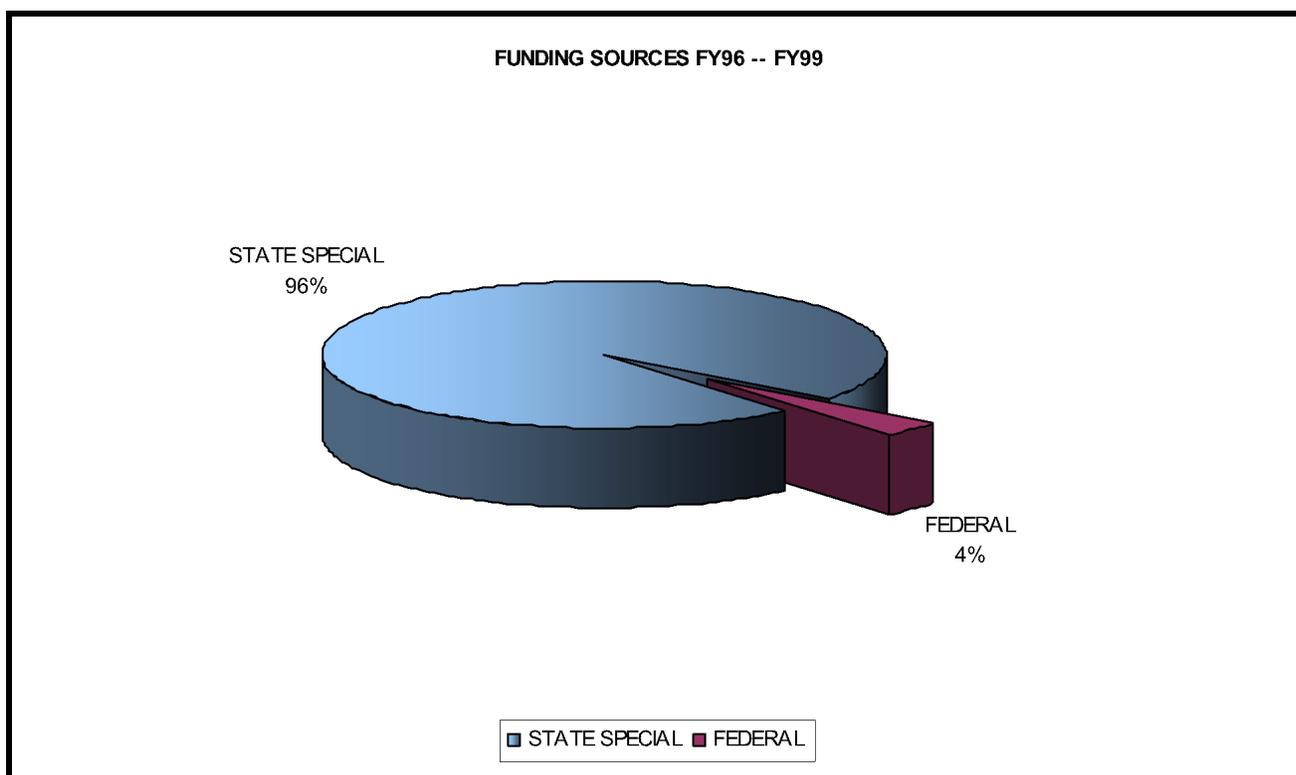


Chart Two illustrates that 4% of all costs were paid by the federal government from FY96 through FY99. During FY99 efforts were being made to obtain federal assistance in addressing the brucellosis issue. All of the federal expenditures illustrated were in FY99. The department continued its effort to obtain federal funds in FY00 to assist with these expenses.

**Table Two**

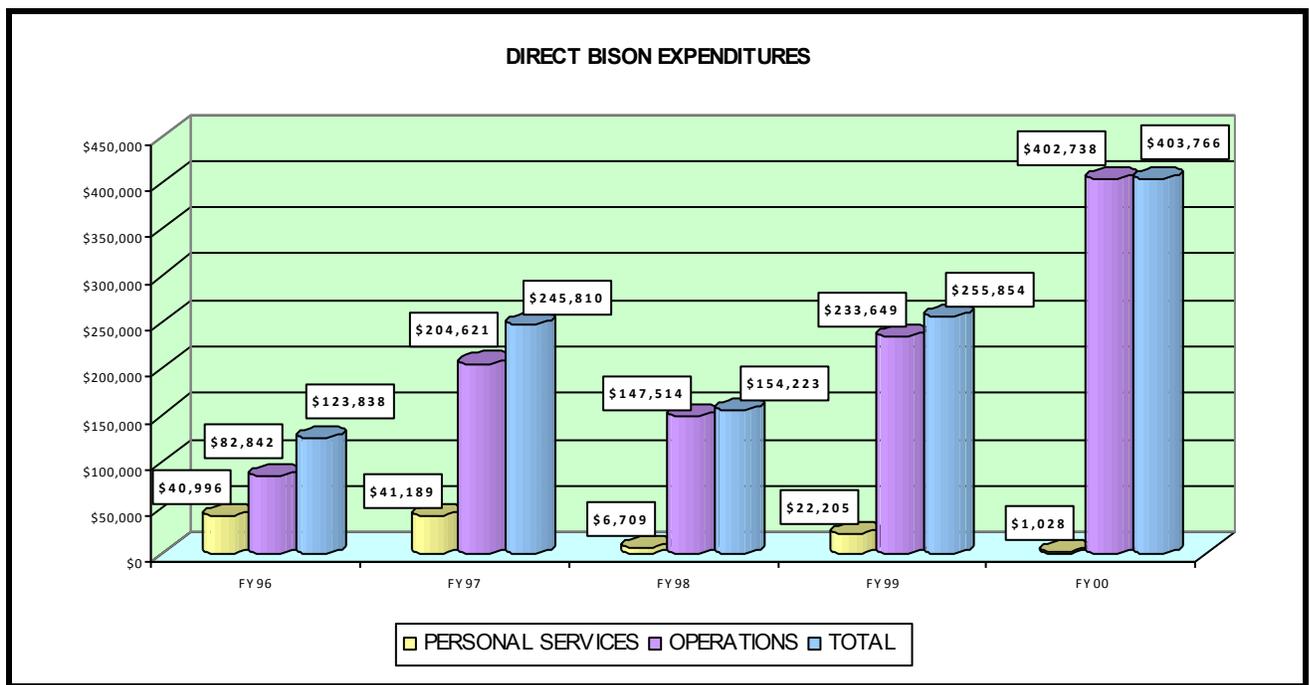


Table Two illustrates the direct cost to the Department of Livestock for controlling brucellosis in bison migrating from the Yellowstone National Park area. The table shows the personal services, operational and total direct costs by fiscal year for the period FY96-FY00. For purposes of demonstration, equipment costs are included in operations. The table includes both state special and federal sources of revenue directly expended. As the table indicates, the total direct costs of the program have increased steadily from FY96 through FY00. The total direct costs have increased from \$123,838 in FY96 to \$403,766 in FY00.

**Table Three**

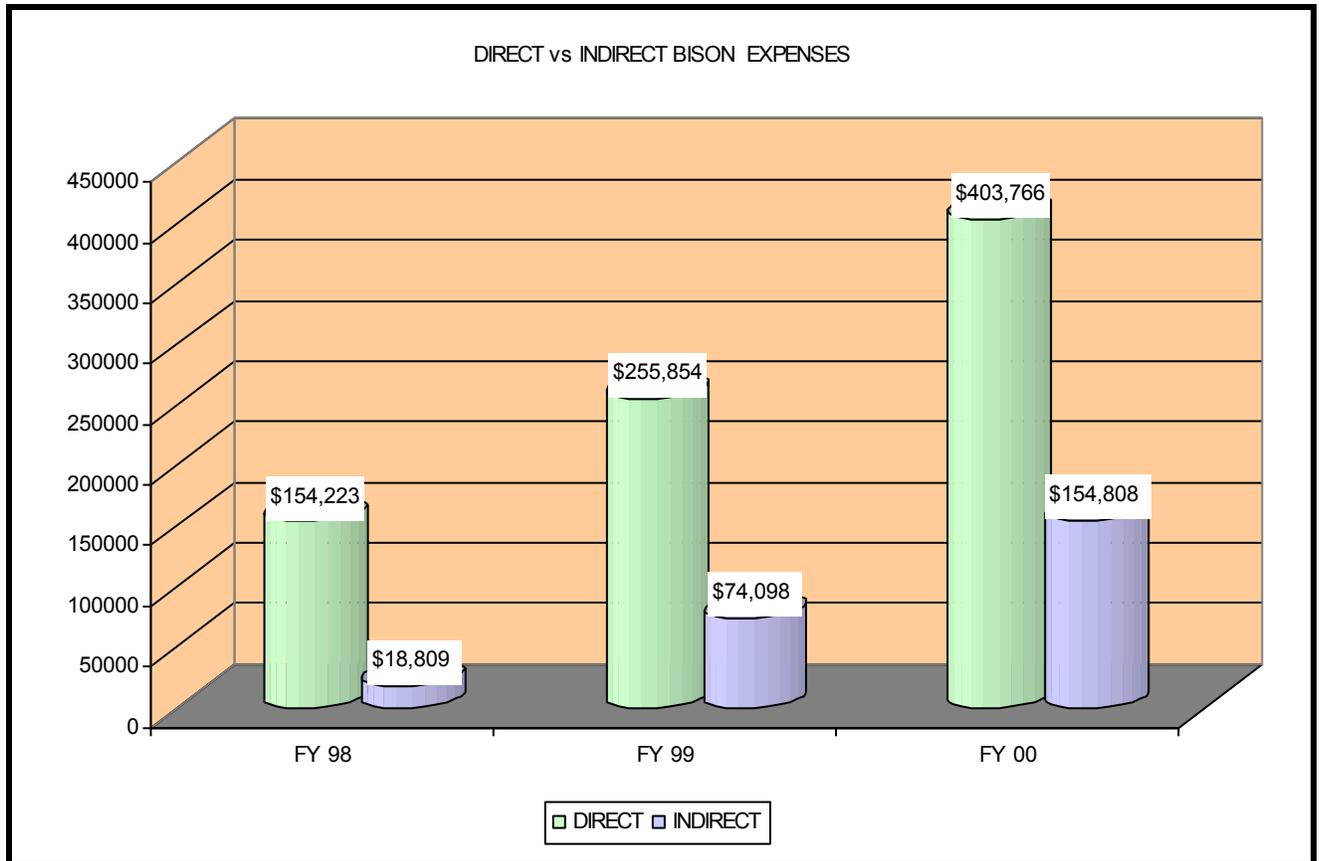


Table Three compares the department’s direct costs for bison brucellosis control to its indirect costs. Both state special and federal special revenues are included in this comparison. The expenditure of federal funds was for direct costs.

The direct costs increased from \$154,223 in FY98 to \$255,854 in FY99 and to \$403,766 in FY00. This is a 62% increase from FY98 to FY00 in direct costs.

The indirect costs increased from \$18,809 in FY98 to \$74,098 in FY99 and \$154,808 in FY00. This is an increase of 88% from FY98 to FY00 in indirect costs.

**Table Four**

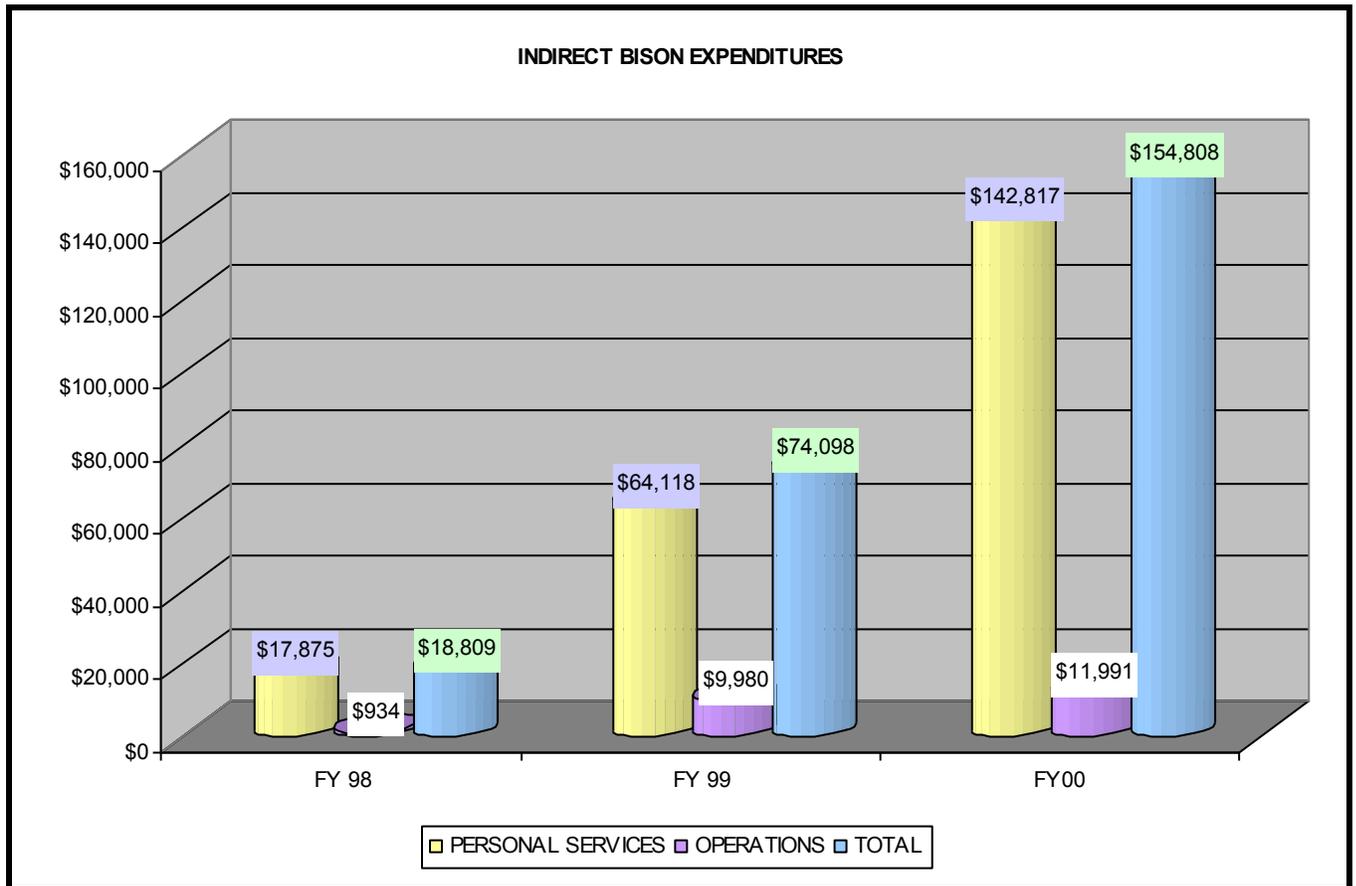


Table Four illustrates the Department of Livestock’s indirect cost associated with the bison disease control project. Indirect costs are included for employees and related expenses not directly assigned to the bison program. These employees assist in such efforts as hazing and other work in the area. Central office staff incur indirect costs when performing such duties as research and analysis, ongoing MEPA analysis, accounting, administrative support and interagency cooperation.

The recognized indirect costs totaled \$18,809 in FY98, \$74,098 in FY99 and \$154,808 in FY00. The table then demonstrates the personal services and operational portions of these costs. The expenses associated with the administrative and support costs of the department are placed in the categories of personal services, operations, and then are totaled. The operational indirect costs are primarily for vehicle operations. These expenditures have been tracked since FY98.

### Chart Three

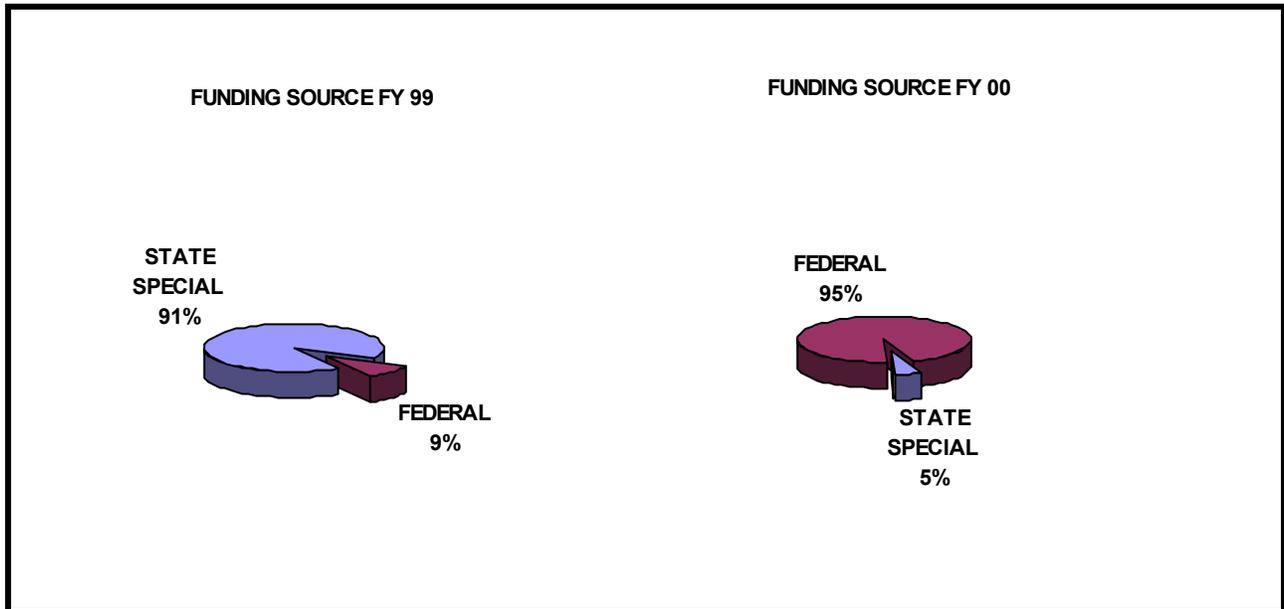


Chart Three shows the impact of receiving federal funds to address the direct costs of the bison brucellosis issue. As presented earlier in this report, the Montana livestock industry paid for all of the bison brucellosis disease control costs from FY96-FY98.

This chart illustrates that in FY99 the Montana livestock industry paid 91% of these direct costs. In FY00, 95% of the expenditures for direct costs of controlling brucellosis from bison were from federal funds. This dramatically reduced the direct cost of state special revenue being used for direct bison operations. In FY00 state special revenue only paid 5% of direct bison expenses.

Conversely, the federal expenditures for these costs increased from 9% in FY99 to 95% in FY00. Although bison operations are increasing overall, the advent of federal funding is providing significant relief to the Montana livestock industry in funding bison direct operations.

Table Five

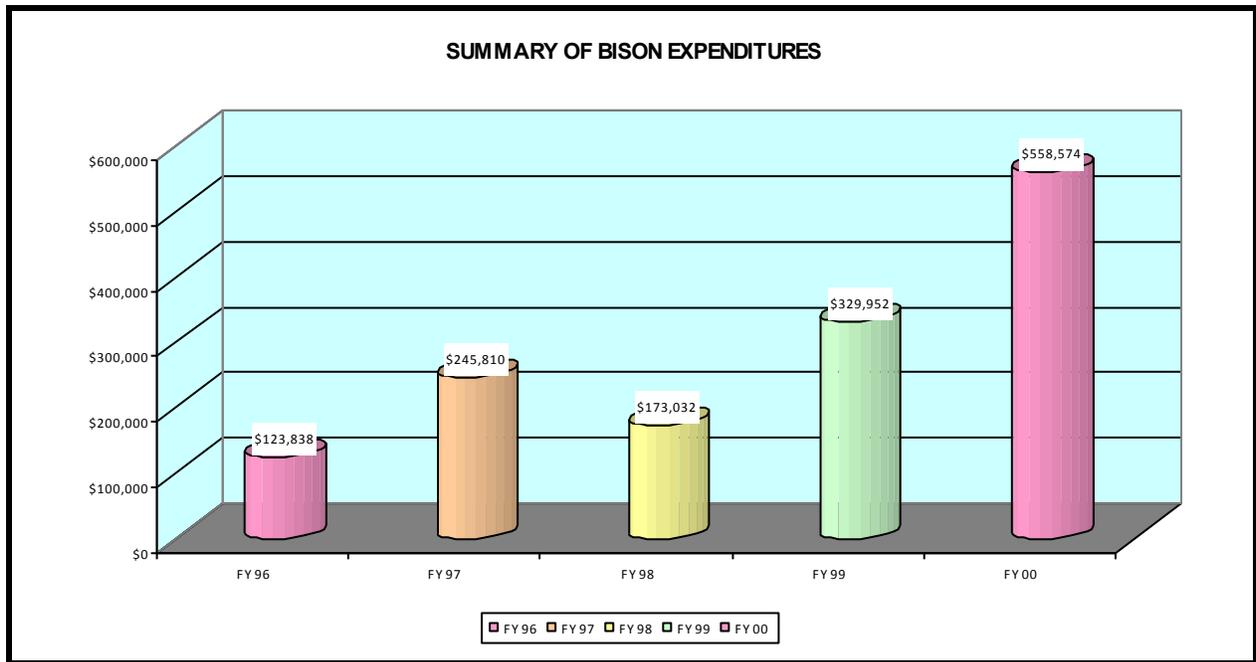


Table Five is a summary of all bison operation costs. This table illustrates that the total cost for managing the bison/brucellosis issue increased from \$123,838 in FY96 to \$558,574 in FY00. Table Five includes both direct and indirect costs that have both steadily increased.

**Conclusive Analysis:**

This report has shown that from FY96 through most of FY99 the livestock industry financed all but \$31,154 of the cost of preventing the spread of brucellosis from Yellowstone National Park diseased bison to Montana. The \$31,154 of federal funds received in FY99 represented the beginning of outside fiscal assistance in managing the diseased bison problem.

The Department of Livestock continued to pursue federal funds in FY00 and was successful. Thus, FY2000 is an important year fiscally to the department because of the increased use of federal funds rather than industry funds to address the direct costs of this critical issue. Chart Three of the report illustrates the dramatic shift in the funding of the direct costs of the bison brucellosis control issue. In FY99 the industry funded 91% of the direct costs of the program and the federal government funded only 9%. However, in FY00, the federal government financed 95% of the program and the industry only financed 5% of the direct costs.

However, it is highly significant to recognize the substantial increase in indirect costs to the department from FY96 to FY00. The report points out that the focus of the department's bison brucellosis program is to control the disease in the most environmentally sound and humane method possible. This objective requires more hazing, capturing, testing, research and analysis, environmental review, cooperative efforts between parties, and more legal analysis and interpretation of the problem.

The department is making an effort to account for the time of personnel and the cost of vehicle operation for persons working on the administrative and support side of this issue. These indirect costs are a drain on industry resources that are budgeted for other departmental objectives in other divisions and bureaus.

The department started tracking these indirect costs in FY98. These costs were at a minimum \$18,809 in FY98, \$74,098 in FY99 and \$154,808 in FY00. The indirect costs clearly increased significantly in FY00. The overall costs for bison disease control efforts are steadily increasing.

This fact is confirmed by the fact that the combined total of direct and indirect cost increased from \$123,838 in FY96 to \$558,574 in FY00. This is a 78% increase in overall costs. Federal funds paid for \$383,485 or 69% of all bison disease control costs in FY00. However, none of this amount expended from federal sources was for the Department of Livestock's indirect costs.

The combined direct and indirect cost to the Montana livestock industry's state special revenue was \$123,838 in FY96, \$245,810 in FY97, \$173,032 in FY98, \$298,798 in FY99 and \$175,089 in FY00. The five-year average of combined costs to manage the diseased bison to the Montana livestock industry is \$203,313. The FY00 cost of \$175,089 is only \$28,224 less than the five-year average cost to the industry's state special revenue expended for bison disease control efforts.

The obvious conclusion is that although the advent of federal funds has been very helpful in reducing the direct costs of managing the bison disease control program, the steady increase in indirect costs has impacted the industry's state special revenue. The Department of Livestock's industry revenue is still financing 31% of total bison brucellosis disease control efforts. A total \$175,089 was paid from industry funds in FY00 for these purposes. Only \$20,281 of this amount was for direct costs. The remaining \$154,808 of these indirect costs represents 88% of all industry funds expended on this program in FY00. The future approach to managing the bison disease control program is dependant not only upon the ability of the livestock industry to reduce or to continue to finance the associated indirect costs, but also upon the continuation of federal assistance for this challenging problem.

Please do not hesitate to give me a call at 444-4994 if you have any questions. Thank you.

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