

Table of Contents

2016-17 Governor's Budget - Animal Health, Board of

Agency Profile – Animal Health, Board of.....	1
Expenditures Overview (REVISED April 2015).....	3
Financing by Fund (REVISED April 2015).....	4
Change Item: Operating Adjustment.....	6
Change Item: Avian Influenza (NEW April 2015).....	7
Federal Funds Summary	8

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AT A GLANCE

Our activities help to keep these animals disease-free:

- 20,000 cattle herds
- 12,000 swine herds
- 11,800 poultry flocks
- Dogs and cats in 60 percent of homes
- 500 deer and elk herds
- Horses on 15,000 farms

135,000 sheep and 39,000 goats

PURPOSE

The mission of the Board of Animal Health is to protect the health of the state's domestic animals. Our partners in this mission include:

- Veterinarians
- Livestock farmers
- Small animal enthusiasts
- Numerous state and federal agencies

Together that team serves Minnesota by:

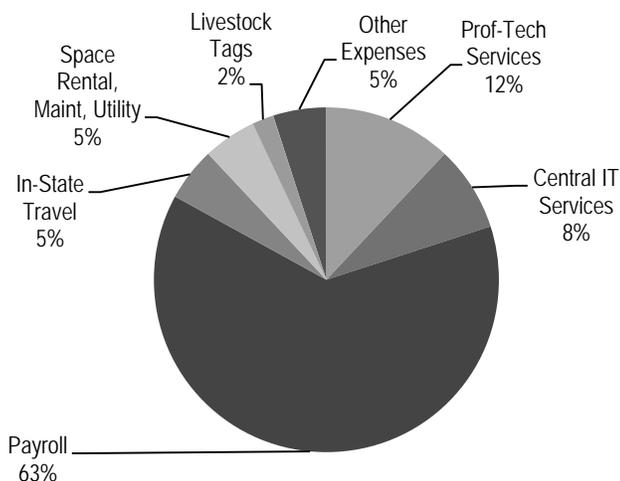
- Assuring an abundant and wholesome food supply
- Supporting the business of animal agriculture
- Protecting public health

Through those activities we support the following statewide outcomes:

- **All Minnesotans have optimal health**
- **A thriving economy that encourages business growth and employment opportunities**
- **People in Minnesota are safe**

BUDGET

Spending by Category FY 14 Actual

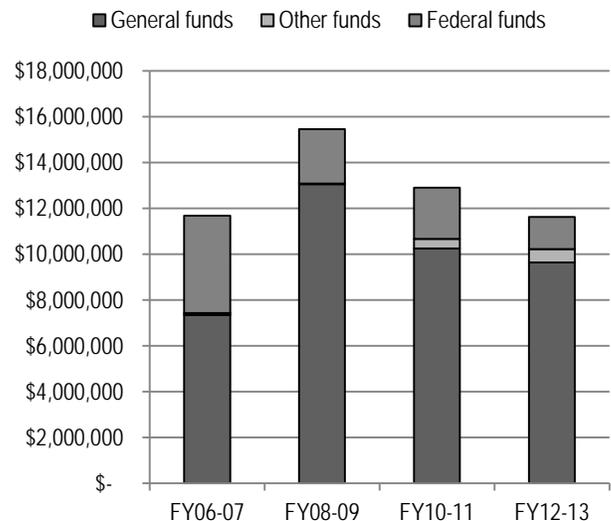


Total expenditures for FY14 = \$5.361 million.

We use our funding for three main activities:

1. Disease surveillance, control and eradication
2. Inspections
3. Education and outreach

Historical Spending



We have three funding sources:

1. General funds appropriation
2. Federal cooperative agreements
3. Other sources, e.g. licensing and inspection fees

STRATEGIES AND SERVICES

A lot of animals move into and out of Minnesota. One of our biggest tasks is to make sure those animals are disease-free. We also work to make sure that if an outbreak does occur, our animals can be traced and the diseases contained. We have a system in place to detect, control and in some cases eliminate domestic animal diseases.

Along with detection and containment of diseases, another important role we play is in enforcement. Our staff makes regular visits to farms, livestock sales, livestock exhibitions and kennels to assure that all rules and laws governing animal health and safety are being followed.

Finally, we put an emphasis on ensuring Minnesota's livestock maintain freedom from certain diseases of national and international importance to allow for free trade of animals and animal products with other states and countries.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Livestock producers, livestock auction markets and other stakeholders visits and education	6700+	8600+	2013, 2014
Quality	Ability to track animals based on length of reporting period to USDA*	Limited Data	12 Hours	2014
Results	Freedom of movement of livestock across state and international borders due to continuing disease free status	Cattle restriction prior to 2011	Disease free	2010, 2014

*The United States Department of Agriculture (USDA) wanted to test each state's ability to trace animals. It is very important that we are able to do so quickly - every minute counts when it comes to containing contagious diseases of livestock and poultry.

To test our ability to trace animals:

- The USDA sent us numbers from official ear tags that were applied to Minnesota livestock
- Each state was required to report back on whether the tag was applied to an animal and where it was applied

The results:

Minnesota reported the information back to USDA within 12 hours. The national average was 112 hours.

[M.S. 35](https://www.revisor.mn.gov/statutes/?id=35) (https://www.revisor.mn.gov/statutes/?id=35) provides the legal authority for the Board of Animal Health.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	4,752	4,910	4,615	5,755	5,268	5,278	5,323	5,390
2000 - Restricted Misc Special Rev	584	0	131	76	47	142	47	142
3000 - Federal	798	608	615	704	704	704	704	704
Total	6,134	5,518	5,361	6,535	6,019	6,123	6,074	6,235
<i>Biennial Change</i>				244		246		413
<i>Biennial % Change</i>				2		2		3
<i>Governor's Change from Base</i>								167
<i>Governor's % Change from Base</i>								1

Expenditures by Program

Program: Livestock And Poultry Health	6,134	5,518	5,361	6,535	6,019	6,123	6,074	6,235
Total	6,134	5,518	5,361	6,535	6,019	6,123	6,074	6,235

Expenditures by Category

Compensation	3,746	3,728	3,364	3,902	3,704	3,798	3,759	3,910
Operating Expenses	1,824	1,719	1,976	2,595	2,277	2,288	2,277	2,288
Other Financial Transactions	60	72	21	37	37	37	37	37
Grants, Aids and Subsidies	503							
Total	6,134	5,518	5,361	6,535	6,019	6,123	6,074	6,235
Full-Time Equivalents	47.4	45.4	38.3	39.2	41.3	42.4	41.3	42.4

(Dollars in Thousands)

1000 - General

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	46	134	46	268	39	33	39	33
Direct Appropriation	4,841	4,837	4,837	5,526	5,263	5,272	5,318	5,384
Net Transfers		0						
Cancellations		16						
Expenditures	4,752	4,910	4,615	5,755	5,268	5,278	5,323	5,390
Balance Forward Out	134	46	268	39	33	27	33	27
<i>Biennial Change in Expenditures</i>				708		176		343
<i>Biennial % Change in Expenditures</i>				7		2		3
<i>Gov's Exp Change from Base</i>								167
<i>Gov's Exp % Change from Base</i>								2
FTEs	40.9	41.9	33.5	34.0	36.4	36.4	36.4	36.4

2000 - Restricted Misc Special Rev

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	812	266	302	242	244	275	244	275
Receipts	38	36	71	78	78	78	78	78
Expenditures	584	0	131	76	47	142	47	142
Balance Forward Out	266	302	242	244	275	211	275	211
<i>Biennial Change in Expenditures</i>				(377)		(18)		(18)
<i>Biennial % Change in Expenditures</i>				(64)		(9)		(9)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	0.9	0	0.0	0.3	0	1.1	0	1.1

3000 - Federal

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In		0						
Receipts	798	609	615	704	704	704	704	704
Expenditures	798	608	615	704	704	704	704	704
<i>Biennial Change in Expenditures</i>				(88)		89		89
<i>Biennial % Change in Expenditures</i>				(6)		7		7
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

(Dollars in Thousands)

3000 - Federal

FTEs	5.6	3.4	4.8	4.9	4.9	4.9	4.9
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Board of Animal Health

FY16-17 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	55	112	112	112
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	55	112	112	112
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding for compensation related costs associated with the delivery of agency services. This amount represents an annual increase of 1.8% for General Fund compensation costs.

Rationale/Background:

Each year, compensation costs rise due to labor contract settlements, and changes in employer-paid contributions for insurance, FICA, Medicare, retirement, and other factors. Absorbing this increase in compensation costs within existing agency base appropriations results in reduced staffing and/or reduced non-compensation spending.

Proposal:

The Governor recommends increasing agencies' general fund budgets for employee wage and benefit costs by 1.8% per year for FY 2016-17. Agencies were instructed to include a 1.8% increase to total compensation each year in their base budgets, based upon the compound annual compensation spending rate increase per FTE over the last ten years for executive branch employees. This recommendation is intended to allow agencies to maintain their current level of agency operations.

For non-General Fund direct appropriated funds, the Governor's budget recommendations also include an adjustment of 1.8% per year, where the amount can be supported by the source of revenue.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

N.A.

Board of Animal Health

FY16-17 Biennial Budget Change Item

Change Item Title: Avian Influenza Emergency

Fiscal Impact (\$000s)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
General Fund					
Expenditures	379	0	0	0	0
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	379	0	0	0	0
FTEs	0	0	0	0	0

Request:

The Governor recommends \$379,000 in FY 2015 to pay for unanticipated costs of avian influenza emergency response activities not covered by the Federal government.

Rationale/Background:

The avian influenza outbreak is an unanticipated event and the costs of response activities are beyond what existing state budgets can cover. Federal financial assistance is being sought and it is anticipated that this assistance will cover much of the costs of response activities. There are certain costs of response which will not be reimbursable through the Federal government, such as staff overtime. Efforts are being made to minimize non-reimbursable costs but it is currently estimated that some costs will remain that will not be within existing State or Federal budgets. This request is to cover only those costs.

Proposal:

This proposal is for an emergency appropriation of \$379,000 to be available immediately upon enactment to cover the costs of certain emergency response activities that cannot be covered by existing State budgets and are not anticipated to be covered by Federal sources. This would be a one-time appropriation available into the following fiscal year.

Results:

By reacting quickly, the outbreak of avian influenza should be brought under control quickly.

FY16-17 Federal Funds Summary

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
United States Department of Agriculture, Animal and Plant Health Inspection Service, Veterinary Services 10.025	Animal Disease Traceability. Funds are used to assist with the Boards' efforts to develop and administer a livestock traceability system in the state. During a disease event, this system allows animals to be readily traced so that strategies to prevent the spread of disease can be quickly implemented.	No	\$176	\$149	\$149	\$149	NO	1.6
United States Department of Agriculture, Animal and Plant Health Inspection Service, Veterinary Services 10.025	Animal Health Surveillance. Funds are used to assist with the Boards' efforts to conduct livestock disease surveillance and to implement disease prevention and control activities.	No	\$438	\$463	\$463	\$463	No	2.4
United States Department of Agriculture, Animal and Plant Health Inspection Service, Veterinary Services 10.025	Swine Enteric Coronavirus Disease (SECD). Funds are used to assist with USDA's efforts to detect and control the spread of SECD in the U.S.	No	\$0	\$92	\$92	\$92	No	0.9
	Budget Activity Total B140101		\$614	\$704	\$704	\$704		4.9
	Program Total		\$614	\$704	\$704	\$704		4.9
	Federal Fund – Agency Total		\$614	\$704	\$704	\$704		4.9

Narrative:

The Board of Animal Health receives funding from the United States Department of Agriculture-Animal Plant Health Inspection Services-Veterinary Services to assist with various disease control programs in Minnesota. In FY14 federal funding made up 13% of the Board's total budget. Over the past couple of years this funding has been relatively stable. Estimates for the next few years are based on past funding and current trends, in addition to information from Veterinary Services staff regarding their goals. At this time we are unsure whether federal funds will continue for Swine Enteric Coronavirus Disease beyond FY15. If federal funds were unavailable, the Board would have to reduce program activities and possibly staffing levels.