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Board of Animal Health

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<https://www.mn.gov/bah>

AT A GLANCE

In FY2022,

- 44 employees across the state.
- Conducted 35 foreign animal disease investigations.
- Permitted 84 county fairs and the Minnesota State Fair.
- Responded to two poultry disease events. A Low Pathogenic Avian Influenza (LPAI) H5N3 infected two commercial turkey flocks. A nationwide outbreak of Highly Pathogenic Avian Influenza (HPAI) also impacted Minnesota with 80 sites in 28 counties confirmed with Eurasian lineage goose/Guangdong H5 clade 2.3.4.4b HPAI.
- Processed 22,057 Certificates of Veterinary Inspection issued by Minnesota veterinarians, for animals exported out of and moved within the state.

PURPOSE

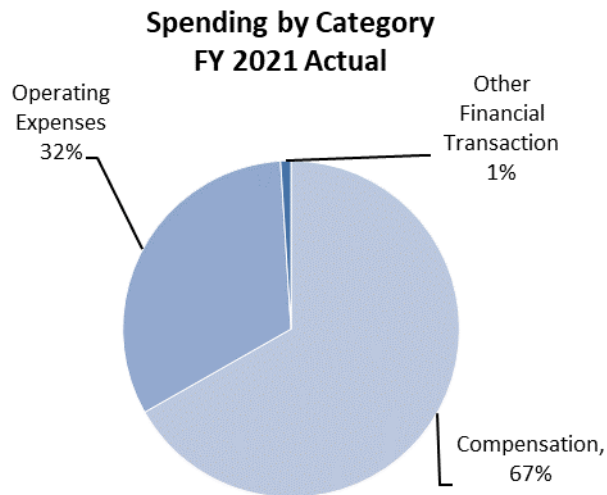
The mission of the Minnesota Board of Animal Health (Board) is to protect the health of the state's domestic animals through education and cooperation with veterinarians, producers, owners and communities. As part of its work, the Board provides many services to Minnesota's veterinarians, livestock owners, and the public. The Board will continue to:

- Partner with veterinarians and farmers to promote proactive animal health through measures including vaccination and biosecurity plans.
- Inspect livestock auction markets and sales permitted by the Board to make sure animals are officially identified when required and have no signs of disease when they are bought and sold.
- Permit exhibitions so community members can safely show their animals at fairs and events throughout Minnesota.
- Train livestock producers to collect and submit samples to help identify illness and disease.
- Educate stakeholders about biosecurity and minimizing risks of diseases spreading to farms through people, equipment, feed, and wild animals.
- Work with the Department of Health to protect the health of Minnesotans by monitoring and investigating cases of diseases like rabies and Salmonella which can spread from animals to people.
- Distribute reportable disease newsletters to remind veterinarians about different diseases that appear in livestock and domestic animals and must be reported to the Board.

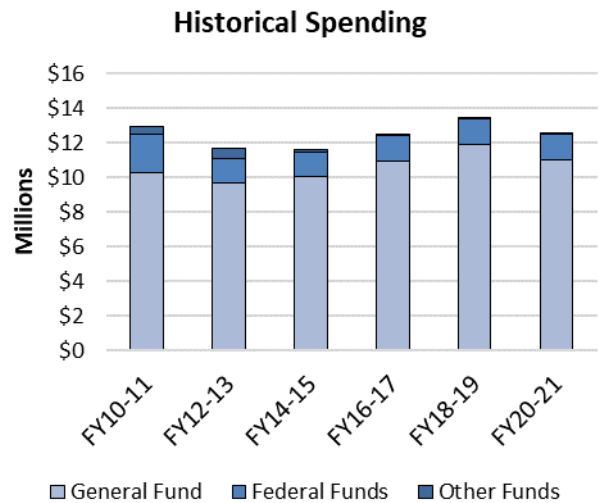
The following is a breakdown of the number of animal herds the Board helped to keep disease-free in Minnesota during FY22:

- 38,916 cattle herds
- 8,870 swine herds
- 14,650 poultry premises
- 115 commercial dog or cat breeders
- 87 kennels
- 227 deer and elk herds
- 16,567 premises with horses
- 3,944 sheep flocks
- 3,636 goat herds

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

Total expenditures for FY21= \$6.429 million.

The Board uses its funding for three main activities:

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

The Board has three funding sources:

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

STRATEGIES

Many animals move into, out of, and within Minnesota every day. One of the Board's biggest tasks is to maximize the probability that those animals are disease-free. To accomplish this, the Board:

- Ensures that if a disease outbreak occurs, animals can be traced and diseases contained. The Board has a system in place to detect, control, and eradicate domestic animal diseases. This strategy is economically impactful, because it allows for free trade of animals and animal products with other states and countries.
- Employs staff members who verify rules and laws governing animal health and safety are being followed during routine visits to farms, livestock sales, livestock exhibitions, and kennels. An example of strategy implementation is the constant vigilance and response of the Foreign Animal Disease Diagnostician (FADD) team. This team conducted a total of 35 Foreign Animal Disease investigations in Minnesota FY22. These investigations routinely take place with little to no interruption in Minnesota's livestock industry.
- Focuses on improvement through exercises. In February of 2021 the Board conducted two cold weather depopulation/ disposal exercises to evaluate how well equipment functions during subfreezing temperatures and develop standard operating procedures relative to temperature extremes. Additionally, composting during frigid temperatures was evaluated for viability as well as differences between carbon sources used in the process.

RESULTS

The Board's most noticeable work is during an animal disease emergency, such as the response to the avian influenza outbreak in 2022. In this outbreak, the Board worked with producers and agency partners, both state and federal, in joint efforts to stop the spread of disease and eradicate it from both backyard and commercial flocks. An effective response ensures animals and people alike stay healthy, and producers can restock their barns and sustain Minnesota's \$7.1 Billion livestock industry.

The following table represents additional efforts by the Board in FY21 and FY22.

Table 1: Board of Animal Health Additional Efforts, FY21 and FY22

| Type of Measure | Name of Measure | FY21 | FY22 |
|------------------------|---|-------------|-------------|
| Quantity | Number of permitted county fairs and exhibitions. | 126 | 110 |
| Quantity | Number of bovine tuberculosis traces performed. | 46 | 0 |
| Quantity | Number of foreign animal disease investigations | 66 | 35 |
| Quality | Number of cervid farms inspected. | 259 | 227 |
| Quality | Number of inspections in livestock markets. | 292 | 267 |
| Quality | Number of commercial dog or cat breeder inspections. | 128 | 131 |
| Quality | Number of kennel inspections. | 83 | 37 |
| Quality | Number of inspected county fairs and exhibitions. | 88 | 88 |
| Quality | Number of poultry inspections. | 479 | 371 |
| Results | Number of animals discovered in Minnesota with tuberculosis. | 0 | 0 |
| Results | Number of disease outbreaks at a fair or exhibition. | 0 | 0 |
| Results | Number of Avian Influenza surveillance tests in poultry conducted | 67,614 | 77,398 |
| Results | Number of Mycoplasma surveillance tests in poultry conducted | 129,464 | 132,641 |
| Results | Number of Salmonella surveillance tests in poultry conducted | 6,120 | 4,846 |

Minnesota Chapter 35 (<https://www.revisor.mn.gov/statutes/?id=35>) provides the legal authority for the Board of Animal Health.

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|--------------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 5,541 | 5,752 | 5,500 | 7,130 | 6,081 | 6,081 | 6,780 | 6,946 |
| 2000 - Restrict Misc Special Revenue | 275 | 32 | 288 | 133 | 146 | 146 | 146 | 146 |
| 3000 - Federal | 704 | 673 | 1,141 | 2,201 | 539 | 539 | 539 | 539 |
| Total | 6,520 | 6,457 | 6,929 | 9,464 | 6,766 | 6,766 | 7,465 | 7,631 |
| Biennial Change | | | | 3,416 | | (2,861) | | (1,297) |
| Biennial % Change | | | | 26 | | (17) | | (8) |
| Governor's Change from Base | | | | | | | | 1,564 |
| Governor's % Change from Base | | | | | | | | 12 |

Expenditures by Program

| | | | | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Livestock and Poultry Health | 6,520 | 6,457 | 6,929 | 9,464 | 6,766 | 6,766 | 7,465 | 7,631 |
| Total | 6,520 | 6,457 | 6,929 | 9,464 | 6,766 | 6,766 | 7,465 | 7,631 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Compensation | 4,336 | 4,314 | 4,572 | 5,641 | 4,464 | 4,527 | 5,163 | 5,392 |
| Operating Expenses | 2,035 | 2,082 | 2,351 | 3,818 | 2,295 | 2,232 | 2,295 | 2,232 |
| Capital Outlay-Real Property | 141 | | | | | | | |
| Other Financial Transaction | 8 | 61 | 7 | 5 | 7 | 7 | 7 | 7 |
| Total | 6,520 | 6,457 | 6,929 | 9,464 | 6,766 | 6,766 | 7,465 | 7,631 |

| | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Agency Expenditures | 6,520 | 6,457 | 6,929 | 9,464 | 6,766 | 6,766 | 7,465 | 7,631 |
| Internal Billing Expenditures | 0 | | | | | | | |
| Expenditures Less Internal Billing | 6,520 | 6,457 | 6,929 | 9,464 | 6,766 | 6,766 | 7,465 | 7,631 |

Full-Time Equivalent

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 42.30 | 40.59 | 41.74 | 46.92 | 42.26 | 43.26 | 48.26 | 49.26 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|

Animal Health, Board of

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Balance Forward In | 36 | 292 | 36 | 516 | | | | |
| Direct Appropriation | 5,797 | 5,877 | 5,980 | 6,614 | 6,081 | 6,081 | 6,780 | 6,946 |
| Cancellations | | 381 | | | | | | |
| Balance Forward Out | 292 | 36 | 516 | | | | | |
| Expenditures | 5,541 | 5,752 | 5,500 | 7,130 | 6,081 | 6,081 | 6,780 | 6,946 |
| Biennial Change in Expenditures | | | | 1,337 | | (468) | | 1,096 |
| Biennial % Change in Expenditures | | | | 12 | | (4) | | 9 |
| Governor's Change from Base | | | | | | | | 1,564 |
| Governor's % Change from Base | | | | | | | | 13 |
| Full-Time Equivalents | 35.91 | 36.82 | 36.52 | 41.52 | 38.52 | 39.52 | 44.52 | 45.52 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|------------|-----------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 301 | 170 | 274 | 106 | 120 | 121 | 120 | 121 |
| Receipts | 145 | 136 | 120 | 147 | 147 | 147 | 147 | 147 |
| Balance Forward Out | 170 | 274 | 106 | 120 | 121 | 122 | 121 | 122 |
| Expenditures | 275 | 32 | 288 | 133 | 146 | 146 | 146 | 146 |
| Biennial Change in Expenditures | | | | 114 | | (129) | | (129) |
| Biennial % Change in Expenditures | | | | 37 | | (31) | | (31) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.35 | 1.16 | 1.73 | 1.73 | 1.73 | 1.73 | 1.73 | 1.73 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|------------|------------|--------------|--------------|------------|------------|------------|------------|
| Balance Forward In | | | 11 | | | | | |
| Receipts | 704 | 673 | 1,130 | 2,201 | 539 | 539 | 539 | 539 |
| Expenditures | 704 | 673 | 1,141 | 2,201 | 539 | 539 | 539 | 539 |
| Biennial Change in Expenditures | | | | 1,965 | | (2,264) | | (2,264) |
| Biennial % Change in Expenditures | | | | 143 | | (68) | | (68) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 4.04 | 2.61 | 3.49 | 3.67 | 2.01 | 2.01 | 2.01 | 2.01 |

(Dollars in Thousands)

| | FY23 | FY24 | FY25 | Biennium 2024-25 |
|---|--------------|--------------|--------------|---------------------|
| Direct | | | | |
| Fund: 1000 - General | | | | |
| FY2023 Appropriations | 6,081 | 6,081 | 6,081 | 12,162 |
| Forecast Base | 6,081 | 6,081 | 6,081 | 12,162 |
| Change Items | | | | |
| Maintain Current Service Levels | | 166 | 332 | 498 |
| Emergency Response Increase | 360 | 360 | 360 | 720 |
| Companion Animal Import Quarantine | 173 | 173 | 173 | 346 |
| Total Governor's Recommendations | 6,614 | 6,780 | 6,946 | 13,726 |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Planned Spending | 133 | 146 | 146 | 292 |
| Forecast Base | 133 | 146 | 146 | 292 |
| Total Governor's Recommendations | 133 | 146 | 146 | 292 |
| Fund: 3000 - Federal | | | | |
| Planned Spending | 2,201 | 539 | 539 | 1,078 |
| Forecast Base | 2,201 | 539 | 539 | 1,078 |
| Total Governor's Recommendations | 2,201 | 539 | 539 | 1,078 |
| Revenue Change Summary | | | | |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Forecast Revenues | 147 | 147 | 147 | 294 |
| Total Governor's Recommendations | 147 | 147 | 147 | 294 |
| Fund: 3000 - Federal | | | | |
| Forecast Revenues | 2,201 | 539 | 539 | 1,078 |
| Total Governor's Recommendations | 2,201 | 539 | 539 | 1,078 |

Board of Animal Health

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 166 | 332 | 332 | 332 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 166 | 332 | 332 | 332 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends additional funding of \$166,000 in FY 2024 and \$332,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Board of Animal Health.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the Board of Animal Health, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff complement in a challenging labor market, and increasing IT costs. If an operational increase is not provided, the services the Board of Animal Health delivers to Minnesotans will be impacted.

Proposal:

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For the Board of Animal Health, this funding will cover expected and anticipated employee compensation growth, known cost increases in rent, and IT services.

Results:

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

Board of Animal Health

FY 2024-25 Biennial Budget Change Item

Change Item Title: Emergency Response Increase

| Fiscal Impact (\$000s) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|----------|
| General Fund | | | | | |
| Expenditures | 360 | 360 | 360 | 360 | 360 |
| 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) | 360 | 360 | 360 | 360 | 360 |
| FTEs | 2 | 2 | 2 | 2 | 2 |

Recommendation:

The Governor recommends additional funding of \$360,000 in FY 2023 and in each subsequent year from the general fund to shore up the Board of Animal Health’s Emergency Preparedness and Response fund.

Rationale/Background:

As Highly Pathogenic Avian Influenza has hit Minnesota (99 infected sites as of October 2022), the Board of Animal Health (BAH) has worked across federal and state agencies to respond and protect as much of Minnesota’s poultry and domestic waterfowl as possible. BAH currently must also prepare for and respond to other animal diseases that threaten to risk the domestic animal population.

Proposal:

Pseudorabies, African swine fever (ASF), rabbit hemorrhagic disease (RHD), and low pathogenic avian influenza (LPAI) all elicit a response from the board when there is a suspected case. An increase of \$360,000 annually to the already allocated \$200,000 annual emergency funds would help cover costs incurred by attending trainings, maintaining equipment, conducting dry runs, and educating Minnesotans on the risk of these diseases.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Board of Animal Health

FY 2024-25 Biennial Budget Change Item

Change Item Title: Companion Animal Import Quarantine

| Fiscal Impact (\$000s) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|---------|
| General Fund | | | | | |
| Expenditures | 173 | 173 | 173 | 173 | 173 |
| 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) | 173 | 173 | 173 | 173 | 173 |
| FTEs | 1 | 1 | 1 | 1 | 1 |

Recommendation:

The Governor recommends additional funding of \$173,000 in FY 2023 and in each subsequent year from the general fund to the Board of Animal Health to process animal import quarantines.

Rationale/Background:

As countries across the world experience animal diseases such as rabies and African Swine Fever (ASF), the Board of Animal Health (BAH) has had to adjust the process for accepting companion animal imports to protect the health of Minnesota’s domestic and wild animal populations. When someone enquires about bringing an animal from one of the countries with large outbreaks of rabies and ASF, as listed on the World Organization for Animal Health’s website, there is extra documentation required ahead of the import. This process often requires a quarantine upon arrival to Minnesota.

Proposal:

BAH is requesting \$173,000 annually to offset costs incurred from the increase in these cases. This funding would assist in covering the increased expenditures that have developed over the years, including staff time, communications to the public, and allow field staff to inspect quarantines.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

Board of Animal Health

Federal Funds Summary

(Dollars in Thousands)

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | FY 2022 Actual | FY 2023 Budget | FY 2024 Base | FY 2025 Base | Required State Match or MOE? | FTEs |
|--|--|----------------|----------------|--------------|--------------|------------------------------|------|
| United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services CFDA 10.025 | Animal Health Technical Services (AHTS) - Traceability Purpose: Animal Disease Traceability Program | \$ 140 | \$ 113 | \$ 134 | \$ 134 | MOE | 1.80 |
| United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services CFDA 10.025 | Managing National Surveillance and Response for Animal Health Activities Umbrella Purpose: Animal Health Surveillance and Response | \$ 400 | \$ 405 | \$ 405 | \$ 405 | MOE | 1.29 |
| United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services CFDA 10.025 | Chronic Wasting Disease Management 2020 | \$ 61 | \$ - | \$ - | \$ - | MOE | 0.03 |
| United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services CFDA 10.025 | Chronic Wasting Disease Management 2021 | \$ 323 | \$ - | \$ - | \$ - | MOE | - |
| United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services CFDA 10.025 | Chronic Wasting Disease Management 2022 A | \$ - | \$ 924 | \$ - | \$ - | MOE | - |
| United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services CFDA 10.025 | Chronic Wasting Disease Management 2022 B | \$ - | \$ 241 | \$ - | \$ - | MOE | - |

Board of Animal Health

Federal Funds Summary

(Dollars in Thousands)

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | FY 2022 Actual | FY 2023 Budget | FY 2024 Base | FY 2025 Base | Required State Match or MOE? | FTEs |
|--|--|-----------------|-----------------|---------------|---------------|------------------------------|-------------|
| United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services 10.025 | Chronic Wasting Disease Management 2022 C | \$ - | \$ 227 | \$ - | \$ - | MOE | - |
| United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services CFDA 10.025 | Highly Pathogenic Avian Influzena Emergency Response | \$ 217 | \$ 291 | \$ - | \$ - | MOE | - |
| Federal Fund – Agency Total | | \$ 1,141 | \$ 2,201 | \$ 539 | \$ 539 | | 3.12 |

Narrative

Funding received from United States Department of Agriculture – Animal and Plant Health Inspection Service- Veterinary Services will/has been used to:

- Maintain continuity of the Board’s surveillance, testing and education programs for our livestock disease programs. These programs include avian influenza, scrapie, as well as other sheep, swine, and cattle disease prevention, control, and preparedness programs.
- Maintain continuity of the Board’s animal disease traceability program. This funding will help support key elements of traceability, including breeding cattle identification and capturing both interstate and intrastate animal movement in a searchable database.
- Participate in a research project around managing Chronic Wasting Disease in farmed cervidae without long-term commitments.

The Board of Animal Health manages the Managing National Surveillance and Response for Animal Health Activities program and the Animal Disease Traceability program funded by Federal money in accordance with Title 2 Code of Federal Regulations Part 200 and the associated Office of Management and Budget (OMB) Circular governing costs allowed, and all other applicable laws, regulations and guidelines.

The Board is basing all forecasts off existing funding levels and does not anticipate any trends that may impact future awards.