

Fiscal Estimate Narratives

DATCP 2/16/2004

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|---------------------------------------|-----------|---------------------|--------|---------------|----------|
| LRB Number | 03-3171/5 | Introduction Number | AB-812 | Estimate Type | Original |
| Subject | | | | | |
| Animal premises identification system | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

The bill requires the administration of livestock premises registration. It requires persons who keep livestock in this state to register with DATCP. Livestock is defined as bovine animals, equine animals, goats, sheep, poultry, swine, farm raised deer, and any other kind of animal the department identifies by rule.

The bill requires the department to assign a unique premise code to each location registered. The department shall use a uniform numbering system that is reasonably designed to facilitate animal health and disease control, interstate consistency and interstate commerce. The numbering system shall comply with applicable standards established by animal and plant health inspection service of the federal department of agriculture. The department shall use premise codes that are federally allocated for premises in this state.

The bill requires the department to establish and maintain an electronic database related to livestock premises in this state. The database is to include the premise code assigned to each premise and the registration information associated with that premise.

The bill specifies that, for dairy farms, deer farms, and livestock markets, registration is combined with the registration/licensing process for those licenses.

The law would take effect on the first day of the 16th month beginning after publication, or on November 1, 2005, whichever date is later.

The department does not have the infrastructure and resources to administer this new program. For effective administration of the program, the department expects to contract with another organization or agency to administer the assignment process as well as management and maintenance of the premises registration database.

While the department will contract for maintenance of the premises registration database, staff will need access to the premises registration system through a link to the department's integrated information system (Amanda). Access to the data is needed to help control animal disease and prevent animal disease from impacting the safety of food and agricultural products. Funds will be required to develop this link (or interface) between the two systems.

The department will require additional funding for design, implementation and administration of this new program. The bill provides no funding for the program.

The bill directs the department to seek federal funding for the program. The department is already seeking federal funding but there is no certainty that federal funding will be available. The assumption behind this fiscal estimate is that there will be no federal funding, and the department will need to request funds. Although the Department has not determined the funding source, for the purpose of this fiscal estimate it is identified as GPR.

The bill directs the department to include in its 2005-2007 biennial budget request a funding proposal. The department plans to request funding, source to be determined, for the one time and continuing costs of this program.

The department can absorb within its current budget the costs of the following activities: application for federal funds, and preparation of the biennial budget request.

There will be one time costs, and continuing annual costs, that the department cannot absorb within its current budget. Those costs are described below.

Major one time costs will include Amanda modification costs of around \$65,800, and administrative rule promulgation costs of around \$49,100, for an estimated total of \$114,900 in one time costs.

Promulgation of administrative rules will require significant effort and cost. The rules will need to be prepared to be consistent with business and IT processes, and with the contractor agency's processes and procedures. This may involve extensive discussions with the IT bureau, the program division experts, and the contractor agency. Promulgation of administrative rules will require a 0.50 FTE Program and Planning Analyst for a period of one year. The estimated cost is \$49,100.

Additional major one time costs can be avoided by contracting with another organization that already has some of the IT infrastructure needed to administer the program. Those cost savings are described at the end of this narrative.

Continuing annual costs will include costs incurred by the contracting agency (for which DATCP will provide reimbursement), and costs incurred directly by DATCP.

Continuing contracting agency costs will include data entry, help desk services to registrants, database administration, general IT technical support, communications/outreach, web hosting, database hosting, server maintenance, and software upgrades. Contracting agency continuing costs are estimated at \$725,000 annually. This is the total estimated cost to DATCP for contractor services to administer the program.

Continuing costs to be incurred directly by DATCP include Amanda maintenance, and compliance and investigation activity. Because of the very large number of livestock premises in the state, blanket investigatory coverage over the entire state would not be possible without an enormous increase in staffing resources. Instead the department plans to take a more targeted and sample-based approach to investigation and compliance activity. DATCP annual continuing cost needs are estimated at \$381,300 and 5.00 FTE. (This includes 2.00 compliance officers and 3.00 animal health inspectors.)

Total continuing annual costs are estimated at \$1,106,300.

By contracting with another organization for major program administration, one time costs and continuing costs will be lower than if the department were to directly administer the entire program. If DATCP were to directly administer the program, total one time costs would be approximately \$364,900, and total continuing costs would be approximately \$1,353,900. This compares with costs of \$114,900 (one time) and \$1,106,300 (continuing) by using a contractor. If a contractor is not used, additional one time costs include approximately \$250,000 for database hardware. If a contractor is not used, additional continuing costs include approximately \$30,000 for database software maintenance, \$30,000 for premises software, \$72,000 for database maintenance, and \$235,600 for additional network administrator and database administrator services. Those savings are partly offset by \$120,000 in database hosting costs to the contractor. The net annual savings, by using a contractor, are approximately \$247,600 and 10 FTE. By using a contractor, fewer new agency positions will be needed for program administration. Instead, the contractor will fill and maintain in its organization the new positions needed data entry, network administration, help desk support, database administration, general IT technical support, communications/outreach, and web hosting.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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| LRB Number 03-3171/5 | Introduction Number AB-812 |
| Subject | |
| Animal premises identification system | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | |
| The department's new integrated information system (Amanda 4.1) will require substantial modification. Promulgation of administrative rules will require significant effort and cost. Total one time costs are estimated at \$114,900. | |
| II. Annualized Costs: | Annualized Fiscal Impact on funds from: |
| | Increased Costs Decreased Costs |
| A. State Costs by Category | |
| State Operations - Salaries and Fringes | \$295,500 |
| (FTE Position Changes) | (5.0 FTE) |
| State Operations - Other Costs | 810,800 |
| Local Assistance | |
| Aids to Individuals or Organizations | |
| TOTAL State Costs by Category | \$1,106,300 \$ |
| B. State Costs by Source of Funds | |
| GPR | 1,106,300 |
| FED | |
| PRO/PRS | |
| SEG/SEG-S | |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.) | |
| | Increased Rev Decreased Rev |
| GPR Taxes | \$ \$ |
| GPR Earned | |
| FED | |
| PRO/PRS | |
| SEG/SEG-S | |
| TOTAL State Revenues | \$ \$ |
| NET ANNUALIZED FISCAL IMPACT | |
| | State Local |
| NET CHANGE IN COSTS | \$1,106,300 \$ |
| NET CHANGE IN REVENUE | \$ \$ |
| Agency/Prepared By | Authorized Signature |
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| | Date |
| | 2/13/2004 |