

**Schedule 13
Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12 Base Reduction Item FY 2011-12 Supplemental FY 2010-11 Budget Amendment FY 2011-12

Request Title: Brand Assessment
 Department: Agriculture
 Priority Number: DI - 1
 Dept. Approval by: *[Signature]* Date: 10-12-10
 OSPB Approval: *[Signature]* Date: 10-25-10

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	3,661,294	3,785,750	0	3,785,750	3,859,310	61,197	3,920,507	0	3,920,507	52,960
	FTE	54.2	66.3	0.0	66.3	66.3	0.0	66.3	0.0	66.3	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	3,661,294	3,785,750	0	3,785,750	3,859,310	61,197	3,920,507	0	3,920,507	52,960
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(4) Brand Board, Brand Inspection	Total	3,661,294	3,785,750	0	3,785,750	3,859,310	61,197	3,920,507	0	3,920,507	52,960
	FTE	54.2	66.3	0.0	66.3	66.3	0.0	66.3	0.0	66.3	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	3,661,294	3,785,750	0	3,785,750	3,859,310	61,197	3,920,507	0	3,920,507	52,960
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: N/A
 Letternote Revised Text for FY 2010-11: N/A
 Letternote Text Requested for FY 2011-12: "This amount shall be from the Brand Inspection Fund created in Section 35-41-102 (1), C.R.S."
 Cash or Federal Fund Name and COFRS Fund Number: #108 Brand Inspection Fund
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments: Department of Personnel and Administration

CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Agriculture
Priority Number:	DI-1
Change Request Title:	Brand Assessment

SELECT ONE (click on box):

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-112

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Brand Board is requesting one time spending authority of **\$61,197 Cash Funds** to accommodate the postage, operating, and temporary staffing costs associated with the FY 2011-12 brand assessment. The additional spending authority will provide the Brand Board the means to eventually publish an up-to-date brand book, thereby enabling more reliable brand and livestock identification. Additional spending authority of **\$52,960 Cash Funds** will also be required in FY 2012-13 to accommodate the printing and distribution of the Brand Books.

General Description of Request:

The Brand Inspection Division is administered by the Brand Board and has six principal regulatory functions:

- Records and administers livestock brands
- Inspects livestock and verifies ownership before sale, transportation, or slaughter

- Inspects and licenses livestock sale-rings and inspects all consignments before sale to verify valid ownership
- Facilitates the return of strayed or stolen livestock; investigates reports of lost or stolen livestock
- Licenses and inspects alternative livestock facilities
- Licenses slaughter houses

Per 35-43-115(1)(b), C.R.S., the Brand Board is obligated to make an assessment on each recorded brand every five years, and is required to mail assessment notices via the United States Postal Service. The owner of the brand has 90 days after January 1, to pay the assessment. If the owner fails to pay within the 90 day period, then a second notice must be mailed. The Board will mail a third notice, if necessary, in an attempt to contact and notify brand owners.

Because this is a one-time event occurring every five years (the last assessment was in 2007), the additional spending authority needed for postage, operating costs, temporary staff and publication is not included in the base operating budget of the Brand Board.

The Brand Board, in order to revise and disencumber the brand records of unused brands, thereby publishing an accurate list of all current Colorado Brands, must conduct an assessment of all brands per 35-43-115, C.R.S. With adequate spending authority to accommodate the postage and operating expenses incurred in mailing and processing assessments, the Brand Board will be able to gather all relevant information for inclusion in the new Brand Book in FY 2012-13. The assessments and Brand Book will provide an updated record of all brands which will better enable brand inspectors and the public to identify stray animals for return to their rightful owner, as well as helping to minimize livestock theft.

Consequences if Not Funded:

Without additional spending authority, the program would be forced to reduce the number of brand inspectors it has in the field, thereby diminishing the Department's ability to ensure livestock inspections and ultimately increasing the potential spread of disease.

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$61,197	\$0	\$61,197	\$0	\$0	0.0
(4) Brand Board, Brand Inspection	\$61,197	\$0	\$61,197	\$0	\$0	0.0
<i>Personal Services</i>	\$14,175	\$0	\$14,175	\$0	\$0	0.0
<i>Operating Expenses</i>	\$47,022	\$0	\$47,022	\$0	\$0	0.0

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$52,960	\$0	\$52,960	\$0	\$0	0.0
(4) Brand Board, Brand Inspection	\$52,960	\$0	\$52,960	\$0	\$0	0.0

Projected Number of Brand Notices for FY 2011-12 Assessments	
2007 brand notices mailed	36,839
New brands registered in 2007	539
New brands registered in 2008	418
New brands registered in 2009	400
New brands registered in 2010 (through June 30)	193
Number of brands cancelled	(4,643)
Current brands as of June 30, 2010	33,746
Average number of new brands per year	
Average number of new brands per year	452
Projected new brands for rest of 2010	259
Projected new brands in 2011	452
Projected brands as of January 1, 2012	34,910
Overage for printing jams, folding errors and address changes	5.0%
Projected number of notices needed	36,656

Cost Associated with FY 2011-12 Assessment Notices and Receipts	# of Printed Notices	# of Window-Envelopes Needed	Self-Addressed Envelopes Needed
First Round Noticing	36,656	36,656	36,656
Second Round Noticing (50% of Round 1)	18,328	18,328	0
Third Round Noticing (10% of Round 2)	1,833	1,833	0
Receipts (50% of All Notices)	28,408	28,408	0
Total Notice and Envelopes	85,224	85,224	36,656
Printing Costs			
Printing Rate (DCS for FY 2010-11) - Single Side	\$0.028		
Number of Sides per Noticing/Receipt Document	2		
Copying Costs	\$4,773		
Cost for Paper (20# for notices, 110# for receipts)	\$940		
Cost for Printing	\$5,713		
Postage Costs			
Postage Rate (USPS effective 1/2/2011)		\$0.46	N/A
Cost For Postage		\$39,203	\$0
Envelope Costs			
Cost Per Envelope (Vendor Pricing)		\$0.01816	\$0.01521
Cost For Envelopes		\$1,548	\$558
Total Operating Cost for Assessment Noticing	\$5,713	\$40,751	\$558
		Sum:	\$47,022

Fiscal Year(s) of Request		FY 10-11	FY 11-12	FY 12-13
PERSONAL SERVICES	Title:	Temporary Administrative Assistant I		
Number of PERSONS / class title		0	1	0
Number of months working in FY 09-10, 10-11, & 11-12		0	6	0
Number months paid in FY 09-10, 10-11, & 11-12		0	6	0
Calculated FTE per classification		0.0	0.5	0.0
Annual base salary			\$25,404	
Salary		\$0	\$12,702	\$0
PERA	10.15%	\$0	\$1,289	\$0
Medicare	1.45%	\$0	\$184	\$0
Subtotal Personal Services		\$0	\$14,175	\$0

Estimated Publication / Distribution Costs	FY 2012-13
2007 actual per book publishing cost	\$9.14
2007 postage cost per book	\$3.16
2007 envelope (padded) cost	\$0.52
Total 2007 cost per publication / distribution	\$12.82
<i>Change in Denver-Boulder-Greeley CPI (2007-2008)</i>	3.90%
<i>Change in Denver-Boulder-Greeley CPI (2008-2009)</i>	-0.60%
Total cost per book inflated to 2009 dollars (current estimate)	\$13.24
Estimated number of books (based on publisher minimum order and need)	4,000
Total projected FY 2012-13 cost for publication and distribution	\$52,960

Cash Fund Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
Brand Inspection	108	\$3,962,948	\$1,907,801	\$1,932,894	\$1,227,976	\$1,058,542

Assumptions for Calculations:

- 36,656 first round notices are estimated based on FY 2007 brand notices being mailed, plus the additional number of new brands added each year (roughly 400 annually), less known brands that have been cancelled since that time.
- The Department assumes that it will have to send second notices to 50% of brand assessments based on past experience, and estimates an additional 10% of round two will require third round notices. Due to issues with printing, folding, and recipient address changes, an additional 5% buffer has been included in the estimate.

- Department assumes that it will mail receipts to roughly 50% of all notices sent based on past experience.
- \$0.028 per copy is based on Central Service FY 2010-11 single-sided copy rate. Notices and receipts are both double-sided, single page documents. Paper costs were provided by the Department of Personnel and Administration.
- Envelopes are based on previous costs with Meadwestvaco, the department's current envelope supplier.
- Return envelopes are sent to every assessment in first notice mailing. (36,656)
- Due to the significant volume associated with in-house folding, stuffing, mailing, and opening of returned mail, and additional, temporary 0.5 Administrative Assistant I is requested. Operating expenses associated with this staff person can be absorbed within existing resources.
- Cost estimates for FY 2012-13 publication and distribution are based on actual 2007 publication/distribution costs, inflated to 2009 using Denver-Boulder-Greeley consumer price index fluctuations. 4,000 copies is roughly equal to the 2007 publication volume (4,046 copies). Both 2002 and 2007 publications are still being sold.

Impact on Other Government Agencies:

Department of Personnel and Administration (DPA) will need spending authority for printing associated with notices and receipts. The total fiscal impact is projected to equal \$5,713 reappropriated funds within the DPA budget.

Cost Benefit Analysis:

Cost	Benefit
FY 2011-12: \$61,197 FY 2012-13: \$52,960	Updated brand records help identify livestock and horses for proper ownership. Such records are used when verifying origin prior to change of ownership or movement and updating records is required per Colorado statute.

Implementation Schedule:

Task	Month/Year
First assessment mailed	December 2011
Follow up notices and receipts mailed	As needed based on results of first notice mailing, completed within FY 2011-12
Publication and distribution of brand books	Completed within FY 2012-13

Statutory and Federal Authority: 35-43-115 (1) C.R.S.

(a) To revise and disencumber the brand records of unused brands and to provide revenues with which to publish new brand books and otherwise assist in the operational cost of the division of brand inspection, the state board of stock inspection commissioners has the authority to impose an assessment and, when applicable, a late fee in an amount determined by the board by rule on every brand recorded in the office of the board on or before January 1, 2002, to cover the five-year period beginning on January 1, 2002, and ending on December 31, 2006, and like assessments covering every five years thereafter; except that, notwithstanding any other requirement of this section:

- (I) The board may temporarily change the period of a brand's assessment to one, two, three, or four years so that approximately equal numbers of brands are subsequently assessed for five-year periods in each successive five-year period; and*
- (II) If the period of an assessment is changed pursuant to subparagraph (I) of this paragraph (a):*
 - (A) The fee for the shortened assessment period shall be proportionately decreased; and*
 - (B) The subsequent assessment period shall revert to five years.*

(b) It is the duty of the board to notify every owner of a recorded brand of the assessment authorized by paragraph (a) of this subsection (1) through the United States mail by

letter addressed to the owner at the owner's post-office address as given in the brand records. The assessment shall be due and payable within ninety days after January 1 of the assessment year. If any owner of a recorded brand fails or refuses to pay the assessment within the ninety days, the board may mail a second notice by certified mail and impose a late fee. If, within ninety days after the second mailing, any owner of a recorded brand fails or refuses to pay such assessment and late fee, the brand shall be cancelled from the valid registry of livestock brands in the office of the board and may be reissued and recorded as a new brand after the expiration of three years from the date of such cancellation. The board shall give a receipt for any such payment.

Performance Measures:

Program	Performance Measure	Outcome	FY 09	FY 10	FY 11	FY 12
Brands	To inspect 100% of livestock for change of ownership or intrastate/interstate travel	Bench Mark	100%	100%	100%	100%
		Actual	100%	100%	NA	NA