

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF BUDGET BRIEFING
DEPARTMENT OF AGRICULTURE**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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DEPARTMENT OF AGRICULTURE

Department Overview

The Department of Agriculture has six divisions. A brief description of each division and its associated responsibilities is provided below.

The **Commissioner's and Administrative Services Division** provides administrative and technical support for department divisions and programs, including accounting budgeting, and human resources functions.

The **Agricultural Services Division** consists of the following program areas:

- **Animal Industry** oversees: the prevention and control of livestock diseases, operation of the Rocky Mountain Regional Animal Health Laboratory, implementation of pest control, licensing and inspection of pet care facilities, and investigations animal cruelty claims.
- **Inspection and Consumer Services (ICS)** provides metrology and regulatory laboratory services including content analysis of feeds, fertilizers, groundwater, and pesticides. Additionally, ICS inspects: anhydrous ammonia tanks, eggs, grain warehouses, agricultural commodity handlers and dealers, door-to-door sales companies, custom meat processors, and small and large weighing and measuring devices.
- **Plant Industry** is responsible for organic certification, nursery stock inspection, produce inspection, certification of plant and seed exports, seed inspection and certification, commercial and private pesticide applicator testing and licensing, and inspection of pesticide product records and labels.
- **Conservation Services** operates: the biological pest control program, noxious weed and weed free forage programs, a groundwater protection program, the chemigation permitting and inspection program, and encourages development of agricultural-based renewable energy projects through grants.

The **Agricultural Markets Division** promotes Colorado's agricultural products and services to domestic and international markets, provides export assistance, and develops value-added business ventures. The Markets Division is also responsible for promoting Colorado's wine industry, administering the Colorado Proud brand, and operating the agricultural products inspection program (including potato inspection).

The **Brand Board** inspects and verifies the ownership of livestock at sale barns, slaughterhouses and export sites to protect producers and buyers from fraud and theft of livestock. The Brand Board also investigates reported livestock theft, maintains brand records, and licenses livestock sale barns, processing plants and alternative livestock farms.

The **Colorado State Fair** is responsible for planning and operating of the 11-day state fair in August, as well as various events that occur on the fairgrounds through the year.

The **Conservation Board** provides administrative and financial assistance and competitive grants to the 76 state conservation districts. The Conservation Board also works with districts on noxious weed management, groundwater protection, biological pest control, and erosion prevention projects.

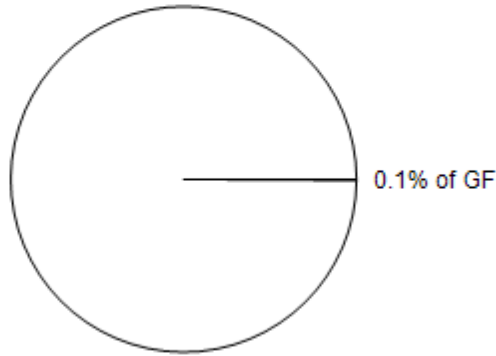
Department Budget: Recent Appropriations

Funding Source	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 *
General Fund	\$4,924,114	\$5,164,362	\$6,860,032	\$7,238,712
Cash Funds	28,568,372	28,782,323	27,819,174	29,142,534
Reappropriated Funds	1,126,997	1,042,342	1,090,001	1,659,122
Federal Funds	<u>4,019,345</u>	<u>3,977,614</u>	<u>3,887,150</u>	<u>4,117,142</u>
Total Funds	\$38,638,828	\$38,966,641	\$39,656,357	\$42,157,510
Full Time Equiv. Staff	287.1	284.1	282.4	282.4

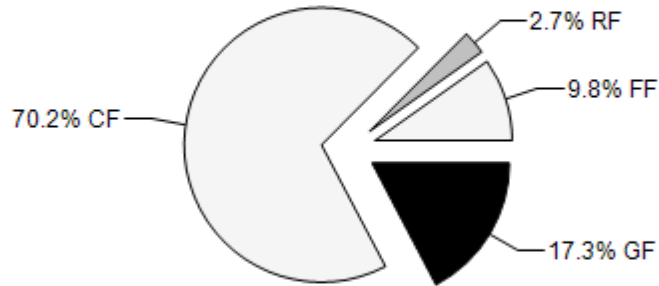
*Requested appropriation.

Department Budget: Graphic Overview

Department's Share of Statewide General Fund

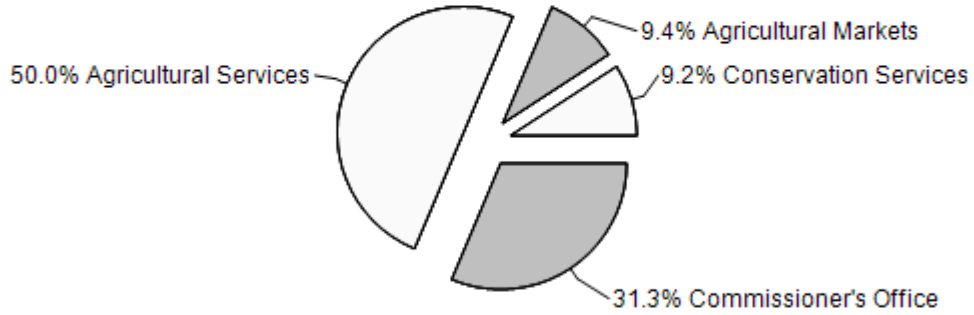


Department Funding Sources

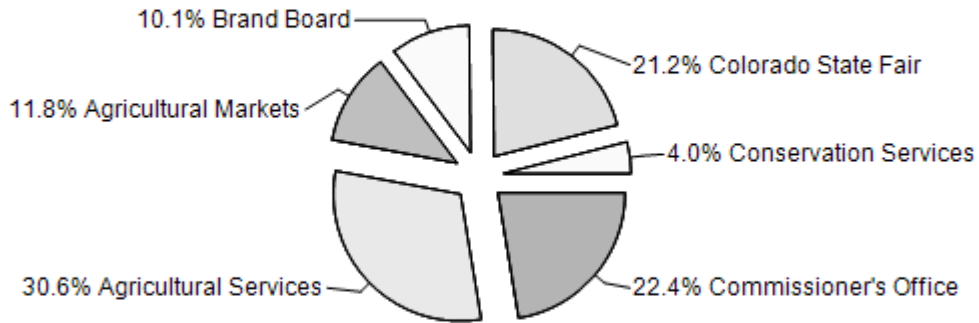


All charts are based on the FY 2012-13 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2012-13 appropriation.

General Factors Driving the Budget

Funding for the Department in FY 2012-13 consists of 17.3 percent General Fund, 70.2 percent cash funds, 2.7 percent reappropriated funds, and 9.8 percent federal funds.

Agricultural Services Division

The Agricultural Services Division (ASD) expends appropriations on four program areas: animal industry, plant industry, inspection and consumer services, and conservation services. The ASD accounts for 31.0 percent of the Department's total appropriation in FY 2012-13, including 50.0 percent of the Department's total General Fund appropriation. The following table outlines the Agricultural Services Division's share of the Department's total appropriation from FY 2009-10 through the 2013-14 request. The majority of the increase in FY 2012-13 represents a change in how federal funds are shown in the Long Bill, not an overall increase in funds.

Agricultural Services Division Appropriations Since FY 2009-10					
	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Appropriation	FY 2013-14 Request
ASD	\$13,047,646	\$12,712,431	\$10,534,569	\$12,116,054	\$12,515,470
Department Appropriation	\$37,429,248	\$37,070,748	\$38,960,831	\$38,960,831	\$42,157,510
Percent of Department	34.9%	34.3%	27.0%	31.0%	29.6%

Agriculture Management Fund

The Agriculture Management Fund was created by House Bill 08-1399 (Buescher/Isgar) and allows for the transfer of 65.0 percent of the interest earned on the sale of unclaimed securities from the Colorado Travel and Tourism Promotion Fund to the Agriculture Management Fund for agricultural efforts approved by the commissioner. These moneys are spent in various divisions in the Department.

The following table outlines estimated use of moneys in the Agriculture Management Fund in FY 2013-14:

Agriculture Management Fund Estimated Spending	
	FY 2013-14
Conservation Grants	\$337,000
Outreach	309,000
State Fair	300,000
Colorado Proud Advertising	247,000
Noxious Weeds	247,000
FTE and POTS	220,000
Rocky Ford Cantaloupe Branding	192,200
Contract Service for US Herds Software	150,000
Misc. Marketing	125,000
Contract Service Predator/Animal Traceability	108,000
Indirect Cost Assessment	18,300
Total Estimated Projects	\$2,353,500

State Economy and Department Workload

The Department received reduced General Fund appropriations during the recent economic downturn, and the current appropriation remains lower than the FY 2007-08 appropriation. The FY 2012-13 General Fund increase reflects adjustments made to Inspection and Consumer Service program fees, changes in State contributions to employee benefits, and the reversal of temporary refinancing of the Agricultural Markets Division. The following table shows the Department's General Fund appropriation from FY 2009-10 through the FY 2013-14 budget request.

Department of Agricultural GF Appropriations Since FY 2009-10					
	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation	FY 2012-13 Appropriation	FY 2013-14 Request
General Fund Appropriation	\$6,055,836	\$4,924,114	\$5,164,362	\$6,860,032	\$7,238,712
Increase/(Decrease) from Previous Year	(16.2)%	(18.7)%	4.9%	32.8%	5.5%

The Department's total appropriation is 70.2 percent cash funds. The cash funds appropriations respond to increases and decreases in workload for products or services associated with specific cash funds within the Department. The three largest cash funds appropriations are the State Fair Cash Fund, Brand Inspection Cash Fund, and the Plant Health, Pest Control, and Environmental Protection Cash Fund. Together these appropriations account for 54.8 percent of the Department's total cash funds appropriation in FY 2012-13.

Summary: FY 2012-13 Appropriation & FY 2013-14 Request

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation:						
HB 12-1335 (Long Bill)	\$39,146,901	\$6,850,576	\$27,319,174	\$1,090,001	\$3,887,150	282.4
Other Legislation	509,456	9,456	500,000	0	0	0.0
TOTAL	\$39,656,357	\$6,860,032	\$27,819,174	\$1,090,001	\$3,887,150	282.4
FY 2013-14 Requested Appropriation:						
FY 2012-13 Appropriation	\$39,656,357	\$6,860,032	\$27,819,174	\$1,090,001	\$3,887,150	282.4
R-1 Office Consolidation Indirect Cost Adjustment	973,418	(156,367)	428,318	592,526	108,941	0.0
NPI-1 Capitol Complex Building Upgrades	12,466	8,727	3,739	0	0	0.0
NPI-2 Employee Engagement Survey Adjustment	1,971	0	1,971	0	0	0.0
NPI-3 OIT Enterprise Management	5,552	1,666	3,886	0	0	0.0
Centrally Appropriated Line Items	1,419,001	424,324	897,031	(23,405)	121,051	0.0
Statewide IT Common Policy Adjustments	<u>88,745</u>	<u>100,330</u>	<u>(11,585)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$42,157,510	\$7,238,712	\$29,142,534	\$1,659,122	\$4,117,142	282.4
Increase/(Decrease)	\$2,501,153	\$378,680	\$1,323,360	\$569,121	\$229,992	0.0
Percentage Change	6.3%	5.5%	4.8%	52.2%	5.9%	0.0%

Issue Descriptions

R-1 Office Consolidation Indirect Cost Adjustment: This decision item requests a new indirect cost methodology within the Department and is contingent upon approval of a related capital construction request for office space consolidation. *Please see Appendix D for an overview of this request.*

NPI-1 Capitol Complex Building Upgrades: The request includes an increase of total funds for FY 2013-14 to fund the Department’s share of building maintenance and upgrades in the State’s Capitol Complex. *This request item will be addressed in a separate staff briefing for the Department of Personnel and Administration scheduled for December 10, 2012.*

NPI-2 Employee Engagement Survey Adjustment: The request includes an increase of total funds for FY 2013-14 to fund the Department’s share of a survey to gauge employees’ attitudes towards their work, their work environment, overall satisfaction, and trends developing within the workforce. *This request item will be addressed in a separate staff briefing for the Department of Personnel and Administration scheduled for December 10, 2012.*

NPI-3 OIT Enterprise Management: The request includes an increase of total funds for FY 2013-14 to fund the Department’s share of an executive branch information technology asset management program and corresponding data system. *This request item will be addressed in a separate staff briefing for the Governor’s Office of Information Technology scheduled for December 10, 2012.*

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; vehicle lease payments; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; and Capitol complex leased space. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Statewide IT common policy adjustments: The request includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments. *This request item will be addressed in a separate staff briefing for the Governor's Office of Information Technology scheduled for December 10, 2012.*

Issue: Colorado State Fair Operations and Revenue

This issue brief provides a summary of significant legislation affecting Colorado State Fair operations, as well as an overview of revenue sources and associated operating expenses.

SUMMARY:

- The Department of Agriculture has oversight of the Colorado State Fair (Fair) which has struggled to generate a profit since it was transferred to the Department, as a type 1 agency pursuant to H.B. 97-1342 (Grampas/Lacy).
- The Fair does not receive a General Fund appropriation, yet the State Fair Cash Fund receives an annual transfer of 25.0 percent of the interest from state sales of unclaimed securities, approximately \$900,000 per year.
- During FY 2011-12 the Fair reported an operating profit of \$128,000 before capital asset depreciation.
- Colorado State Fair staff is exploring ways to reduce operating loss through: increased availability of ticket bundle sales, introducing cashless vendor operations, and raising moneys through the Colorado State Fair Foundation.

RECOMMENDATION:

Staff recommends the Department provide responses to the following, during the Department hearing with the JBC:

1. An update of the profitability of the 2012 Fair;
2. An update on ticket vendor contract options; and
3. A potential timeline for converting to a cashless system for vendors.

DISCUSSION:

History of the Colorado State Fair

The Colorado State Fair has been in operation since 1872, before Colorado was a state. The Fair's statutory charge was added to the Colorado Revised Statutes in 1917, and currently reads:

There is hereby established the Colorado state fair and industrial exposition which shall be held annually at Pueblo, Colorado, for the display of livestock and agricultural, horticultural, industrial, mining, water conservation, tourist industry, recreational, educational, and scientific facilities, processes, and products of the state of Colorado. 35-65-105, C.R.S.

The Fair has operated every year except 1917 when the grounds were used as a training facility for the National Guard during World War I. From 1983 to 1997, the Colorado State Fair Authority was designated as a corporate body and political subdivision of Colorado and was not subject to administrative direction by the State. In 1997, State Fair authority was abolished, recreated, and transferred to the Department of Agriculture.

Currently, the Fair operates for 11 days each summer, and provides the equivalent of 374 jobs per year. This equates to 800 temporary jobs during Fair operations and 27.0 year-round FTE. In 2011, an independent economic impact study concluded that Colorado's economic benefit from the Fair is \$33 million annually.

Statutory Funding of the Colorado State Fair

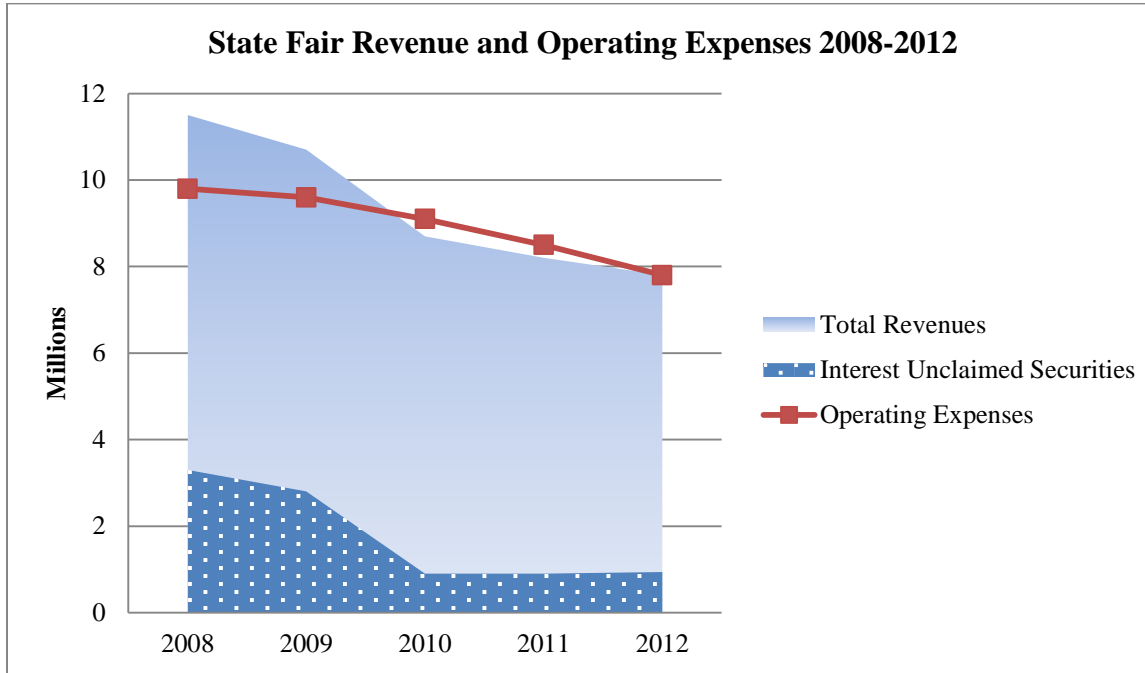
The following bills have made substantive changes to State funding for Colorado State Fair operations, beginning with the transfer of the Colorado State Fair Authority to the Department of Agriculture:

- House Bill 97-1342 (Grampsas/Lacy) transferred the Colorado State Fair Authority and its functions to the Department of Agriculture as a Type 1 agency, it also did the following:
 - Restructured and created a new Colorado State Fair Authority to include ten Governor appointed members and the Commissioner of Agriculture;
 - Allowed the Colorado State Fair Authority to hire a Fair manager to oversee all activities of the Fair;
 - Established the State Fair Authority as an enterprise pursuant to Article X, Section 20 of the Colorado Constitution; and
 - Appropriated \$3.1 million to repay outstanding Fair debts.
- Senate Bill 04-256 (Taylor/White) appropriated 10.0 percent of the interest on sales of unclaimed securities from the travel and tourism fund to the Fair. Subsequently, H.B. 06-1384 (Buescher/Tapia) authorized travel and tourism trust fund transfers to repay state treasury loans, event center debt, and finally a \$550,000 operating transfer annually.
- House Bill 08-1399 (Buescher/Isgar) increased the transfer from interest on sales of unclaimed securities from 10.0 to 25.0 percent and directed it to the State Fair Cash Fund, after the Fair's debt was repaid.

Recent Revenue Trends

In addition to the transfer pursuant to H.B. 08-1399, the Fair generates revenue from Fair operations and rentals of fairground facilities. These revenues are credited to the State Fair Cash Fund. The Department of Agriculture provides funding to support Fair operations from the Agriculture Management Fund. It is estimated that the Department will provide \$375,000 in FY 2011-12 and \$225,000 in FY 2012-13. Other states support their respective fairs with a variety of funds including: gaming revenue, controlled maintenance moneys, lottery funds, and revenue from professional sports teams.

The following graph shows trends of total revenue, operating expenses, and the amount of unclaimed security interest received from 2008 through 2012:



The total revenue increase shown in the graph for 2008 and 2009 reflects the funding provisions of H.B. 08-1399 which transferred \$3.2 million in 2008 and \$2.8 million in 2009 to repay the outstanding Fair debt. The annual interest transfer to the State Fair Cash Fund, from the sales of unclaimed securities, is approximately \$900,000. Additionally, operating expenses for the Fair have decreased 19.3 percent from 2008 through 2012 while revenues have decreased 16.3 percent, indicating more efficient use of Fair resources.

The largest revenue source during the fair is proceeds from commercial exhibitors, followed by sponsorship in kind. Together these two sources account for approximately 40.0 percent of Fair revenue. Gate admission is the third largest contributor and account for approximately 16.3 percent of fair revenue per year. Attendance is also critical for vendor sales, carnival sales, and grandstand sales which indirectly increase revenues for the Fair through sales commissions.

Possible ways to reduce operating losses

Ticket Sales

Currently, the Fair can only sell tickets for gate admission on the fairgrounds. The contract with the current ticket vendor will expire during FY 2012-13 which allows the Fair to explore other vendors. The Fair's five-year plan includes a goal to transition to a new vendor and allow ticket sales for all events at gates, as well as bundle options. Offering a ticket bundle at the point of sale could increase overall ticket sales and provide Fair attendees the advantage of discounts when purchasing a bundle.

For example, an attendee could purchase gate admission, rodeo admission, and a midway pass together then receive a package discount of \$10. Rodeo Austin, an event with the same midway vendor, implemented this change to ticket bundle options and reported a 33.0 percent increase in overall ticket sales in one year. If the Fair saw a similar increase of 30.0 percent in sales for gate admissions, carnival sales, and concerts it would generate an additional \$788,000 in revenue per year.

Cashless Food and Beverage Vending

Three fairs in Texas use a cashless system with food and beverage vendors as their respective events. The cashless system's biggest advantage is centralization of cash flow. Cash transactions are replaced with tokens or tickets, which are sold at booths and machines. Tokens are then remitted at the end of the evening by the vendor in exchange for checks for total sales. This provides an additional check for vendor sales, allowing for verification of token counts against the register sales.

Fairs that have implemented a cashless system have reported a revenue increase. Crabtree Amusements, the midway vendor for The Heart of Texas Fair and Rodeo manages a token system for this event. In two years, the Heart of Texas Fair recorded an \$80,000 increase in revenue from vendors that pay a standard 20.0 percent of sales to the event. The Heart of Texas Fair and Rodeo is a valid comparison event to the Colorado State Fair; it uses the same midway vendor, reports slightly less annual revenue, and is located in Waco, TX which has a similar population to Pueblo, Colorado.

Colorado's food vendors pay 25.0 percent of sales to the Fair, and beverage vendors pay 30.0 percent of sales. This may produce an opportunity for vendors to make a sale and accept the cash without ringing the sale into the register, resulting in lower payments to the fair and higher profits for the individual vendor. Secret shoppers are employed to identify vendors that may be taking cash sales without ringing them in the register. Piloting or implementing a cashless system could reduce these risks, and potentially increase profits.

Colorado State Fair Foundation

Formed in 2012, the Colorado State Fair Foundation is a non-profit organization tasked with raising funds to support 4H and FFA programs at the Fair. These programs are extremely valuable but account for revenue losses of approximately \$350,000 each year. The foundation hopes to raise funds to repair 4H dorms used during the Fair, and eventually be able to offer prizes to livestock competition winners. Since May 2012, the foundation has raised \$40,000.

The foundation provides an additional way for local governments to provide funding for the Fair. The Colorado State Fair Authority is recognized as an enterprise pursuant to 35-65-405, C.R.S. This limits the fair to accepting no more than 10.0 percent of annual revenues from grants from the state or local governments. Local governments can now provide grants to support the Fair through the foundation, which would not count toward the 10.0 percent limit of annual revenues.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Department included an objective in the strategic plan to raise moneys through the Colorado State Fair Foundation to fully fund the cost of annual 4H and FFA programs. The Department reports a fundraising goal of \$200,000 for FY 2012-13, and \$350,000 by FY 2016-17 which would help reduce the operating loss of these programs.

Issue: Conservation Program Funding

This issue brief discusses the history of conservation programs in Colorado, funding changes and associated economic benefits of certain conservation programs, and comparisons to conservation program funding in four other states.

SUMMARY:

- A state-wide approach to conservation practices in Colorado began in 1937. Presently, 76 conservation districts and approximately 400 volunteers represent the interest of individual land owners within the conservation districts.
- Colorado's investment in conservation practices through competitive grants yields a 110% match on funds as reported by the Department. These moneys also support 28 jobs for each \$1.0 million invested based on an independent economic impact analysis.
- State funding for conservation districts has decreased by 40.0 percent over the last five years from \$1.1 million to \$640,000.

DISCUSSION:

History of the Colorado State Conservation Board

Following the Dust Bowl in the 1930s, Congress enacted legislation to create the Soil Conservation Service. This legislation marked the beginning of a coordinated grassroots approach to conservation in the country. The Soil Conservation Service exists today as the Natural Resources Conservation Service and conservation practices have expanded to include natural resources, clean air, clean energy, clean water, climate change and expanding technologies.

In 1937, President Roosevelt recommended that state governors enact state legislation to form conservation districts. Colorado followed the recommendation and passed the Soil Conservation Act of 1937, which also created the Colorado State Conservation Board (Title 35, Section 70 C.R.S.). The Conservation Board and its associated duties were housed in the Department of Natural Resources until 2000 when H.B. 00-1460 (Hoppe/Hillman) transferred the duties to the Department of Agriculture.

Colorado is divided into 76 conservation districts organized around the 9 major watershed areas. Each conservation district elects district supervisors to represent the interests of individual landowners, and the district as a whole. In addition to the district supervisors, watershed area officials are elected. Approximately 400 elected supervisors and officials represent the needs of the conservation districts across the state.

The Colorado State Conservation Board is responsible for following major duties: providing technical and financial assistance to the districts, providing education resources, overseeing

district elections and operations, accepting petitions from districts, holding public hearings and managing the Conservation Matching Grants and Distributions to Soil Conservation Districts programs.

Funding History

The Distribution to Soil Conservation Districts line item was added to the Long Bill in 1977 with an appropriation of \$89,000 General Fund. The appropriation reached its highest level of \$391,714 General Fund in FY 1998-99 and remained at that level until FY 2008-09 when a supplemental appropriation reduced the line item by \$200,000 General Fund. This action resulted in a continuation level of appropriation of \$191,714 since FY 2008-09.

The Matching Grants to Districts appropriation has varied from \$0 to \$500,000 since it was added to the Long Bill in FY 1997-98. This program received no funding from FY 2003-04 to FY 2005-06. Cash funds (\$450,000) are from the Operational Account of the Severance Tax Trust Fund pursuant to H.B. 11-1156 (Becker/Hodge); this transfer is set to sunset in FY 2021-22.

In total, General Fund appropriations for these two line items were reduced by 40.0 percent from FY 2008-09 through FY 2012-13 as evidenced by the table below:

Conservation Board Appropriations FY 2008-09 and FY 2012-13				
Line Item	Fiscal Year	Total	GF	CF
Distribution to Soil Conservation Districts				
	FY 2008-09	\$391,714	\$391,714	\$0
	FY 2012-13	191,714	191,714	0
Matching Grants to Districts				
	FY 2008-09	675,000	225,000	450,000
	FY 2012-13	450,000	0	450,000
Totals (above)	FY 2008-09	\$1,066,714	\$616,714	\$450,000
	FY 2012-13	\$641,714	\$191,714	\$450,000/a
Increase/(Decrease) /b		(\$425,000)	(\$425,000)	\$0
Percent Change /b		(40.0%)	(40.0%)	0.0%

a/ Operational Account of Severance Tax Trust Fund estimated allocation (average) for FY 2012-13 is \$245,387 which would result in a total funding decrease of (59.0) percent from FY 2008-09 through FY 2012-13.

b/ Increase/(Decrease) and Percent Change FY 2008-09 and FY 2012-13.

Conservation Program Functions and Benefits

The Conservation Board distributes direct assistance funds to the 76 Conservation Districts through the Distribution to Soil Conservation Districts line item. Annual awards are made based on evaluations of each district's program which examine a district's long range plans, annual workload, participation in conservation activities, plan to implement education programs, and success in serving district landowners. An individual district can receive up to \$8,000 a year, yet

the appropriation for this line item is not sufficient for every district to receive the maximum amount.

Districts receiving distribution awards are to use the funds for travel, clerical and technical assistance, operating expenses of the district, and elections. The difference between a district's State distribution and its actual administration costs may be covered by the sale of conservation products, as well as the authority to increase levies up to one-half of one mill to fund the full amount of the district budget.

The Matching Grants to Districts line item supports two programs a competitive grant program, and a conservation district technician program. The competitive grant program awards funding ranging from \$2,000 to \$25,000 annually for conservation practices. To ensure state-wide benefit of these dollars any single district can receive a maximum of \$25,000 each year, which may consist of multiple awards. Grant recipients must provide a dollar-for-dollar match of the award amount, half must be provided as cash. The other portion of the match can be provided through in-kind donation which includes equipment, materials, or labor.

From the 2007 through 2011 Matching Grants to Districts application years, Colorado has provided \$3.2 million in appropriations. These appropriations have provided an average match of 110%, leveraging the investment to approximately \$6.7 million. The Department reports a shortfall of \$472,000 to fund grant and technician applications in 2013.

The District Conservation Technician program requires Colorado to provide 27.5 percent of the funding for conservation technician jobs. The remainder of the funding is split between federal and private moneys. On average 22-24 districts take advantage of this program annually, and are required to use technicians for conservation practice planning and implementation or technical assistance such as grant writing. The Department has provided between \$20,000 and \$90,000 per year in supplemental cash funds to help mitigate the effects of budget reductions and to provide support for jobs created by this program.

The National Resources Conservation Services (NRCS) awards federal moneys for conservation practices and evaluates the federal investment with an economic impact model called IMPLAN. An NRCS economist modeled Colorado's investment in conservation practices through the Matching Grants to Districts program. Results indicate this economic sector in Colorado supports 28 jobs per \$1.0 million invested and 80.0 percent of the total investment is realized as labor income, or wages. Using these assumptions, Colorado's investment in Matching Grants to Districts has supported \$2.6 million in wages from 2007 through 2012. Investment in wages traditionally results in local household spending, and income tax revenue for the State.

State Comparison of Funding

Funding for conservation districts in peer states showed a large variance. Comparison states report a variety of funding mechanisms for conservation programs including: tobacco tax, dedicated cash funds from tax revenues, license plate revenues, and General Fund. The table below shows four states identified as most similar to Colorado in population and annual gross domestic product. The states included in the table below fell both above and below Colorado in both population and annual gross domestic product. As evidenced by the table below, Colorado is below average in General Fund funding support, and total support for districts:

Conservation Spending by State			
State	Total	CF and GF	Percent GF
Minnesota			
District Administration		\$7,779,600	
Grants		5,084,155	
Total	12,863,755		21.3%
Indiana			
District Administration/Grants		1,781,521	
Total	1,781,521		0.0%
Wisconsin			
District Administration		1,765,000	
Grants		2,911,000	
Total	4,676,000		100.0%
Arizona			
District Administration/Grants		390,000	72.9%
Grants		145,000	
Total	535,000		
Average	\$4,964,069		48.6%
Colorado	\$641,714		29.9%

Conservation in the White River Conservation District

Staff requested highlights of conservation practices from individual conservation districts that have been awarded state dollars. The following example was provided by the White River Conservation District (WRCD), located near Meeker, Colorado, and provides an example of district utilization of funds from the Matching Grants to Districts program:

In response to the Mountain Pine Beetle Epidemic that has plagued Colorado’s lodgepole pine forests the WRCD wanted to identify high value uses for the standing dead trees. In consultation with researchers from Colorado State University we determined that this was something that had not been studied in the past and could provide information as to potential high value uses for the standing dead lodgepole as well as possibly encourage the revitalization of the timber industry in Colorado.

Thirty-five trees were harvested for use in the study and ranged from standing live (green) to 7+ years dead. We were curious to see how the yields of useable material decreased over time. Preliminary results suggests that the amount of useable product from the trees does not decrease significantly over time, no matter how long they have been dead and that approximately 30% of the living and infected trees are free of defect and could be used for high value products.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The FY 2013-14 Strategic Plan identified the following strategies and outputs which relate to this briefing issue:

1. **Strategy** - Assist conservation district boards and employees to appropriately function as local governing boards.
Outputs - Conservation districts receiving assistance are able to effectively aid landowners with local conservation needs.
2. **Strategy** - Assist conservation districts in building local capacity through grant programs such as the District Technician and Matching Grants.
Outputs - Grant funds are allocated to conservation districts enabling conservation districts to implement projects and retain the technical support needed to implement the projects.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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DEPARTMENT OF AGRICULTURE
John Salazar, Commissioner

(1) COMMISSIONER'S OFFICE AND ADMINISTRATIVE SERVICES

This division provides administrative and technical support for department divisions and programs, including accounting budgeting, and human resources. Cash funds are from various fees and the reappropriated funds are from departmental and statewide indirect cost recoveries. Federal funds are from federal grants for agricultural purposes.

Personal Services	<u>1,245,291</u>	<u>1,264,109</u>	<u>1,417,428</u>	<u>1,394,023</u>
FTE	14.1	16.1	15.7	15.7
General Fund	40,909	266,767	243,042	243,042
Cash Funds	0	0	18,031	18,031
Reappropriated Funds	1,204,382	997,342	1,045,001	1,021,596
Federal Funds	0	0	111,354	111,354
Health, Life, and Dental	<u>1,388,816</u>	<u>1,083,810</u>	<u>1,875,940</u>	<u>2,071,444</u>
General Fund	253,085	285,788	428,370	519,908
Cash Funds	1,135,731	798,022	1,368,250	1,454,540
Federal Funds	0	0	79,320	96,996
Short-term Disability	<u>18,960</u>	<u>18,689</u>	<u>23,396</u>	<u>29,027</u>
General Fund	3,525	5,387	5,387	7,779
Cash Funds	15,435	13,302	16,307	18,918
Federal Funds	0	0	1,702	2,330
S.B. 04-257 Amortization Equalization Disbursement	<u>272,642</u>	<u>223,117</u>	<u>457,209</u>	<u>629,727</u>
General Fund	52,959	69,745	131,582	170,132
Cash Funds	219,683	153,372	294,819	409,401
Federal Funds	0	0	30,808	50,194

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>212,065</u>	<u>238,729</u>	<u>392,374</u>	<u>568,504</u>	
General Fund	41,525	69,745	112,538	153,592	
Cash Funds	170,540	168,984	253,360	369,598	
Federal Funds	0	0	26,476	45,314	
Salary Survey	<u>0</u>	<u>0</u>	<u>0</u>	<u>470,251</u>	
General Fund	0	0	0	155,694	
Cash Funds	0	0	0	284,891	
Federal Funds	0	0	0	29,666	
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>233,410</u>	
General Fund	0	0	0	74,200	
Cash Funds	0	0	0	143,141	
Federal Funds	0	0	0	16,069	
Workers' Compensation	<u>178,095</u>	<u>176,054</u>	<u>165,703</u>	<u>160,113</u>	
General Fund	41,877	28,153	3,135	3,135	
Cash Funds	134,639	147,901	162,568	156,978	
Federal Funds	1,579	0	0	0	
Administrative Law Judge Services	<u>0</u>	<u>0</u>	<u>3,468</u>	<u>4,398</u>	
Cash Funds	0	0	3,468	4,398	
Operating Expenses	<u>112,622</u>	<u>113,932</u>	<u>122,084</u>	<u>247,432</u>	*
General Fund	112,622	112,619	116,634	0	
Cash Funds	0	1,313	4,500	4,500	
Reappropriated Funds	0	0	0	241,982	
Federal Funds	0	0	950	950	

*This line item includes a decision item.

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Legal Services	<u>270,422</u>	<u>331,783</u>	<u>359,444</u>	<u>359,444</u>	
General Fund	81,196	105,770	114,912	114,912	
Cash Funds	184,976	226,013	229,532	229,532	
Federal Funds	4,250	0	15,000	15,000	
Purchase of Services from Computer Center	<u>384,926</u>	<u>520,488</u>	<u>623,116</u>	<u>829,009</u>	*
General Fund	283,890	382,810	458,292	611,024	
Cash Funds	101,036	137,678	164,824	217,985	
Multiuse Network Payments	<u>129,317</u>	<u>182,691</u>	<u>208,016</u>	<u>112,058</u>	
General Fund	50,735	71,404	81,302	43,797	
Cash Funds	78,582	111,287	126,714	68,261	
Management and Administration of OIT	<u>132,976</u>	<u>134,856</u>	<u>17,784</u>	<u>0</u>	
General Fund	103,229	104,395	13,767	0	
Cash Funds	29,747	30,461	4,017	0	
Payment to Risk Management and Property Funds	<u>46,910</u>	<u>108,062</u>	<u>139,215</u>	<u>146,986</u>	*
General Fund	15,347	29,403	24,853	24,853	
Cash Funds	31,197	78,659	114,362	122,133	
Federal Funds	366	0	0	0	
Vehicle Lease Payments	<u>212,237</u>	<u>194,856</u>	<u>246,519</u>	<u>246,519</u>	
General Fund	54,283	52,906	113,005	113,005	
Cash Funds	130,706	116,083	129,721	129,721	
Federal Funds	27,248	25,867	3,793	3,793	

*This line item includes a decision item.

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Information Technology Asset Maintenance	<u>153,031</u>	<u>153,031</u>	<u>153,031</u>	<u>153,031</u>	
General Fund	34,705	34,705	42,041	42,041	
Cash Funds	118,326	118,326	110,990	110,990	
Leased Space	<u>105,478</u>	<u>110,078</u>	<u>121,864</u>	<u>121,864</u>	
General Fund	48,142	43,026	39,214	39,214	
Cash Funds	57,336	67,052	82,650	82,650	
Capitol Complex Leased Space	<u>166,973</u>	<u>171,143</u>	<u>169,713</u>	<u>210,882</u>	*
General Fund	136,205	139,606	117,995	147,618	
Cash Funds	30,768	31,537	51,718	63,264	
Communication Services Payments	<u>13,550</u>	<u>14,542</u>	<u>12,505</u>	<u>14,651</u>	
General Fund	8,684	9,283	3,127	3,663	
Cash Funds	4,866	5,259	9,378	10,988	
COFRS Modernization	<u>0</u>	<u>0</u>	<u>73,806</u>	<u>73,806</u>	
General Fund	0	0	9,783	9,783	
Cash Funds	0	0	56,487	56,487	
Federal Funds	0	0	7,536	7,536	
Utilities	<u>136,404</u>	<u>136,718</u>	<u>146,318</u>	<u>161,939</u>	*
General Fund	61,027	58,983	91,051	51,318	
Cash Funds	75,377	77,735	55,267	0	
Reappropriated Funds	0	0	0	110,621	
Agricultural Statistics	<u>6,857</u>	<u>3,000</u>	<u>15,000</u>	<u>15,000</u>	
Cash Funds	6,857	3,000	15,000	15,000	

*This line item includes a decision item.

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Grants	<u>3,778,381</u>	<u>3,406,200</u>	<u>0</u>	<u>0</u>	
FTE	15.4	10.1	0.0	0.0	
Federal Funds	3,778,381	3,406,200	0	0	
Agriculture Management Fund	<u>1,164,091</u>	<u>1,567,134</u>	<u>2,111,842</u>	<u>2,111,842</u>	
FTE	0.0	2.0	3.0	3.0	
Cash Funds	1,164,091	1,567,134	2,111,842	2,111,842	
Certificate of Participation	<u>0</u>	<u>0</u>	<u>0</u>	<u>239,923</u>	*
Reappropriated Funds	0	0	0	239,923	
Indirect Cost Assessment	<u>150,885</u>	<u>133,843</u>	<u>24,400</u>	<u>236,452</u>	*
Cash Funds	0	16,942	18,300	230,352	
Federal Funds	150,885	116,901	6,100	6,100	
TOTAL - (1) Commissioner's Office and Administrative Services	10,280,929	10,286,865	8,880,175	10,841,735	22.1%
FTE	<u>29.5</u>	<u>28.2</u>	<u>18.7</u>	<u>18.7</u>	<u>0.0%</u>
General Fund	1,423,945	1,870,495	2,150,030	2,528,710	17.6%
Cash Funds	3,689,893	3,870,060	5,402,105	6,313,601	16.9%
Reappropriated Funds	1,204,382	997,342	1,045,001	1,614,122	54.5%
Federal Funds	3,962,709	3,548,968	283,039	385,302	36.1%

*This line item includes a decision item.

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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(2) AGRICULTURAL SERVICES DIVISION

The division is divided into four distinct programs: (1) Inspection and Consumer Services; (2) Plant Industry; (3) Animal Industry; and (4) Fruit and Vegetable Inspections.

Animal Industry	<u>0</u>	<u>1,862,098</u>	<u>2,207,252</u>	<u>2,207,252</u>
FTE	0.0	27.1	25.5	25.5
General Fund	0	1,406,355	1,427,902	1,426,428
Cash Funds	0	455,743	526,383	529,890
Federal Funds	0	0	252,967	250,934
Vaccine and Service Fund	<u>318,495</u>	<u>351,520</u>	<u>324,320</u>	<u>324,320</u>
FTE	0.0	0.8	1.0	1.0
Cash Funds	318,495	351,520	324,320	324,320
Plant Industry	<u>0</u>	<u>3,049,103</u>	<u>3,844,781</u>	<u>3,844,781</u>
FTE	0.0	34.4	36.5	36.5
General Fund	0	315,455	347,328	345,460
Cash Funds	0	2,291,475	2,290,056	2,282,714
Federal Funds	0	442,173	1,207,397	1,216,607
Inspection and Consumer Services	<u>0</u>	<u>3,137,211</u>	<u>3,441,602</u>	<u>3,441,602</u>
FTE	0.0	40.3	45.6	45.6
General Fund	0	0	970,581	972,425
Cash Funds	0	3,137,211	2,217,154	2,217,444
Federal Funds	0	0	253,867	251,733

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Conservation Services	<u>0</u>	<u>1,320,486</u>	<u>1,709,757</u>	<u>1,709,757</u>	
FTE	0.0	14.7	15.3	15.3	
General Fund	0	676,936	686,634	688,132	
Cash Funds	0	606,501	613,123	616,668	
Federal Funds	0	37,049	410,000	404,957	
Lease Purchase Lab Equipment	<u>63,136</u>	<u>63,136</u>	<u>99,360</u>	<u>99,360</u>	
General Fund	0	0	0	0	
Cash Funds	63,136	63,136	99,360	99,360	
Indirect Cost Assessment	<u>730,538</u>	<u>535,029</u>	<u>488,982</u>	<u>888,398</u> *	
Cash Funds	656,468	474,867	427,372	699,059	
Federal Funds	74,070	60,162	61,610	189,339	
Program Costs	<u>10,667,441</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	140.4	0.0	0.0	0.0	
General Fund	2,687,052	0	0	0	
Cash Funds	7,546,817	0	0	0	
Federal Funds	433,572	0	0	0	
Noxious Weed Management Grant Program	<u>184</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	184	0	0	0	
Cervidae Disease Revolving Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	0	0	
Operating Expenses for Aquaculture	<u>26,425</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	26,425	0	0	0	

*This line item includes a decision item.

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TOTAL - (2) Agricultural Services Division	11,806,219	10,318,583	12,116,054	12,515,470	3.3%
<i>FTE</i>	<u>140.4</u>	<u>117.3</u>	<u>123.9</u>	<u>123.9</u>	<u>(0.0%)</u>
General Fund	2,687,052	2,398,746	3,432,445	3,432,445	0.0%
Cash Funds	8,611,525	7,380,453	6,497,768	6,769,455	4.2%
Federal Funds	507,642	539,384	2,185,841	2,313,570	5.8%

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(3) AGRICULTURAL MARKETS DIVISION

This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. The reappropriated funds are from a transfer from the Economic Development Commission, in the Office of the Governor.

(A) Agricultural Markets

Program Costs	<u>473,399</u>	<u>452,241</u>	<u>1,411,286</u>	<u>1,411,286</u>	
FTE	4.4	4.3	5.4	5.4	
General Fund	0	0	446,832	446,832	
Cash Funds	473,399	452,241	50,454	50,454	
Federal Funds	0	0	914,000	914,000	
Economic Development Grants	<u>30,762</u>	<u>37,663</u>	<u>45,000</u>	<u>45,000</u>	
Reappropriated Funds	30,762	37,663	45,000	45,000	
Agricultural Development Board	<u>543,529</u>	<u>386,080</u>	<u>500,000</u>	<u>500,000</u>	
FTE	0.3	0.3	0.0	0.0	
Cash Funds	543,529	386,080	500,000	500,000	
Wine Promotion Board	<u>557,935</u>	<u>564,012</u>	<u>569,613</u>	<u>569,613</u>	
FTE	1.5	1.5	1.5	1.5	
Cash Funds	557,935	564,012	569,613	569,613	
Indirect Cost Assessment	<u>3,127</u>	<u>11,295</u>	<u>13,420</u>	<u>128,226</u>	*
Cash Funds	3,127	11,295	9,150	123,956	
Federal Funds	0	0	4,270	4,270	

*This line item includes a decision item.

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
SUBTOTAL - (A) Agricultural Markets	1,608,752	1,451,291	2,539,319	2,654,125	4.5%
<i>FTE</i>	<u>6.2</u>	<u>6.1</u>	<u>6.9</u>	<u>6.9</u>	<u>0.0%</u>
General Fund	0	0	446,832	446,832	0.0%
Cash Funds	1,577,990	1,413,628	1,129,217	1,244,023	10.2%
Reappropriated Funds	30,762	37,663	45,000	45,000	0.0%
Federal Funds	0	0	918,270	918,270	0.0%
(B) Agricultural Products Inspection					
Program Costs	<u>0</u>	<u>1,998,826</u>	<u>2,020,242</u>	<u>2,020,242</u>	
FTE	0.0	26.6	34.5	34.5	
General Fund	0	200,000	200,000	200,000	
Cash Funds	0	1,798,826	1,820,242	1,820,242	
Indirect Cost Assessment	<u>0</u>	<u>105,435</u>	<u>111,000</u>	<u>93,895</u> *	
Cash Funds	0	105,435	111,000	93,895	
SUBTOTAL - (B) Agricultural Products Inspection	0	2,104,261	2,131,242	2,114,137	(0.8%)
<i>FTE</i>	<u>0.0</u>	<u>26.6</u>	<u>34.5</u>	<u>34.5</u>	<u>0.0%</u>
General Fund	0	200,000	200,000	200,000	0.0%
Cash Funds	0	1,904,261	1,931,242	1,914,137	(0.9%)
TOTAL - (3) Agricultural Markets Division	1,608,752	3,555,552	4,670,561	4,768,262	2.1%
<i>FTE</i>	<u>6.2</u>	<u>32.7</u>	<u>41.4</u>	<u>41.4</u>	<u>(0.0%)</u>
General Fund	0	200,000	646,832	646,832	0.0%
Cash Funds	1,577,990	3,317,889	3,060,459	3,158,160	3.2%
Reappropriated Funds	30,762	37,663	45,000	45,000	0.0%
Federal Funds	0	0	918,270	918,270	0.0%

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(4) BRAND BOARD

The Brand Board is responsible for inspecting cattle, horse, and alternative livestock brands to verify ownership at the time of sale, transport, or slaughter, and constitutes an enterprise for the purposes of Section 20 of Article X of the Colorado Constitution.

Brand Inspection	<u>3,986,489</u>	<u>3,632,300</u>	<u>3,820,214</u>	<u>3,820,214</u>	
FTE	<u>57.9</u>	<u>53.5</u>	<u>66.3</u>	<u>66.3</u>	
Cash Funds	<u>3,986,489</u>	<u>3,632,300</u>	<u>3,820,214</u>	<u>3,820,214</u>	
Alternative Livestock	<u>12,248</u>	<u>14,161</u>	<u>15,000</u>	<u>15,000</u>	
Cash Funds	<u>12,248</u>	<u>14,161</u>	<u>15,000</u>	<u>15,000</u>	
Brand Estray Fund	<u>25,477</u>	<u>64,383</u>	<u>40,000</u>	<u>40,000</u>	
Cash Funds	<u>25,477</u>	<u>64,383</u>	<u>40,000</u>	<u>40,000</u>	
Indirect Cost Assessment	<u>142,379</u>	<u>129,066</u>	<u>136,838</u>	<u>153,882</u> *	
Cash Funds	<u>142,379</u>	<u>129,066</u>	<u>136,838</u>	<u>153,882</u>	
TOTAL - (4) Brand Board	<u>4,166,593</u>	<u>3,839,910</u>	<u>4,012,052</u>	<u>4,029,096</u>	<u>0.4%</u>
FTE	<u>57.9</u>	<u>53.5</u>	<u>66.3</u>	<u>66.3</u>	<u>0.0%</u>
Cash Funds	<u>4,166,593</u>	<u>3,839,910</u>	<u>4,012,052</u>	<u>4,029,096</u>	<u>0.4%</u>

*This line item includes a decision item.

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(5) COLORADO STATE FAIR

This division administers the State Fair under the guidance of the State Fair Authority. Cash funds are from the fees collected by the State Fair during its 11-day event, and from non-fair events held at the State Fairgrounds in Pueblo, Colorado.

Program Costs	<u>7,313,284</u>	<u>7,562,577</u>	<u>8,308,953</u>	<u>8,308,953</u>	
FTE	23.3	25.6	26.9	26.9	
Cash Funds	7,313,284	7,562,577	8,308,953	8,308,953	
Indirect Cost Assessment	<u>143,055</u>	<u>82,673</u>	<u>87,837</u>	<u>113,269</u> *	
Cash Funds	143,055	82,673	87,837	113,269	
TOTAL - (5) Colorado State Fair	<u>7,456,339</u>	<u>7,645,250</u>	<u>8,396,790</u>	<u>8,422,222</u>	0.3%
FTE	<u>23.3</u>	<u>25.6</u>	<u>26.9</u>	<u>26.9</u>	0.0%
Cash Funds	7,456,339	7,645,250	8,396,790	8,422,222	0.3%

*This line item includes a decision item.

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(6) CONSERVATION BOARD

This division works to preserve Colorado's natural resources including reducing soil erosion and flood damage, as well as protecting underground water reserves.

Program Costs	<u>372,811</u>	<u>431,503</u>	<u>439,011</u>	<u>439,011</u>	
FTE	4.2	4.2	5.2	5.2	
General Fund	372,811	431,503	439,011	439,011	
Distribution to Soil Conservation Districts	<u>191,714</u>	<u>191,714</u>	<u>191,714</u>	<u>191,714</u>	
General Fund	191,714	191,714	191,714	191,714	
Matching Grants to Districts	<u>476,383</u>	<u>418,382</u>	<u>450,000</u>	<u>450,000</u>	
Cash Funds	476,383	418,382	450,000	450,000	
Salinity Control Grants	<u>1,188,272</u>	<u>1,070,424</u>	<u>500,000</u>	<u>500,000</u>	
FTE	1.3	1.5	0.0	0.0	
Federal Funds	1,188,272	1,070,424	500,000	500,000	
TOTAL - (6) Conservation Board	2,229,180	2,112,023	1,580,725	1,580,725	0.0%
FTE	<u>5.5</u>	<u>5.7</u>	<u>5.2</u>	<u>5.2</u>	<u>0.0%</u>
General Fund	564,525	623,217	630,725	630,725	0.0%
Cash Funds	476,383	418,382	450,000	450,000	0.0%
Federal Funds	1,188,272	1,070,424	500,000	500,000	0.0%
TOTAL - Department of Agriculture	37,548,012	37,758,183	39,656,357	42,157,510	6.3%
FTE	<u>262.8</u>	<u>263.0</u>	<u>282.4</u>	<u>282.4</u>	<u>0.0%</u>
General Fund	4,675,522	5,092,458	6,860,032	7,238,712	5.5%
Cash Funds	25,978,723	26,471,944	27,819,174	29,142,534	4.8%
Reappropriated Funds	1,235,144	1,035,005	1,090,001	1,659,122	52.2%
Federal Funds	5,658,623	5,158,776	3,887,150	4,117,142	5.9%

Appendix B: Recent Legislation Affecting Department Budget

2011 Session Bills

S.B. 11-076: (PERA Contribution Adjustment) For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$325,677 total funds, of which \$72,686 is General Fund, \$227,545 is cash funds, and \$25,446 is federal funds.

S.B. 11-209: (Long Bill) General appropriations act for FY 2011-12.

H.B. 11-1156: (Conservation Grant Program Funding) Extends the repeal date of the Conservation District Grant Fund in the Department of Agriculture from July 1, 2011, to December 31, 2022. Appropriates \$450,000 cash funds to the Department of Agriculture, Conservation Board for FY 2011-12.

2012 Session Bills

H.B. 12-1125: (Animal Impoundment Procedures) Modifies animal impoundment procedures related to animal cruelty to include a hearing to determine probable cause of animal impoundment, and shifts the costs of impoundment in accordance with the determination.

H.B. 12-1180: (Supplemental Appropriation) Makes mid-year adjustments to the Department's FY 2011-12 appropriations.

H.B. 12-1246: (Pay Day Shift) Reverses the June pay-day shift for bi-weekly employees.

H.B. 12-1334: (Energy Grant Program Funding) Extends the repeal date of the transfer of \$500,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Agriculture Value-Added Cash Fund from FY 2012-13 through FY 2016-17.

H.B. 12-1335: (Long Bill) General appropriations act for FY 2012-13.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

None.

RFIs

4. All Departments, Totals -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2012, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2011-12. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2012-13.

Comment: The Department included this information in the FY 2013-14 budget request. The Department does not anticipate receiving any additional federal or private grants during FY 2012-13.

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Agriculture indirect cost assessment methodology is calculated based on three components: an “*Indirect Cost Pool*”, an “*Indirect Cost Base*”, and an “*Indirect Cost Rate*”.

The *Indirect Cost Pool* is based on the estimated personal services, operating, utility, and certificate of participation line items, for the requested budget year in the Commissioner’s and Administrative Services Office. For FY 2013-14 the Department’s Indirect Cost Pool as requested is \$1,614,413. **Table 1** outlines which line items are included in the department’s Indirect Cost Pool.

Table 1 Department of Agriculture Indirect Cost Pool		
Division	Line Item	FY 2013-14 Request
Executive Director’s Office	Personal Services	\$1,021,596
	Operating	241,982
	Utilities	239,923
	Certificate of Participation	110,621
FY 2013 -14 Indirect Cost Pool		\$1,614,413

The *Indirect Cost Base* is 90.0 percent of each cash fund’s total spending authority for FY 2011-12 in each division. The *Indirect Cost Rate* is generally set at 11.0 percent. The *Indirect Cost Rate* is applied the *Indirect Cost Base*. Additionally, in the Department’s plan includes \$220,000 collected from federal sources, yet the FY 2013-14 request included \$199,709 federal funds. **Table 2** summarizes the Department’s cash funds *Indirect Cost Base*, *Indirect Cost Rate*, and *Indirect Cost Assessment* by division. Note that the Brand Board, Alternative Livestock, Chemigation, and Agricultural Products Inspection are not subject to a full assessment based on statutory indirect cost caps. *Indirect Cost Rates* have been adjusted to accommodate these restrictions.

Table 2					
Division	Cash Fund	Total Approp.	90% of Approp.	Rate	Assessment
Commissioner	Agriculture Management	\$2,304,260	\$2,073,834	11%	\$228,120
Commissioner	Food Systems Advisory Council	22,531	20,278	11%	2,231
Division Total		\$2,326,791	\$2,094,112		\$230,351
Ag Services	Vet, Vaccine and Service	\$347,098	\$312,388	11%	\$34,363
Ag Services	Diseased Livestock	25,000	22,500	11%	2,475
Ag Services	Cervidae Disease	26,174	23,557	11%	2,591
Ag Services	Animal Protection	25,000	22,500	11%	2,475
Ag Services	Colorado Aquaculture	45,437	40,893	11%	4,498
Ag Services	Pet Animal Care and Facility	564,375	507,938	11%	55,873
Ag Services	Plant Hlth, Pest, Enviro Protection	3,658,580	3,292,722	11%	362,199

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Ag Services	Seed Potato	2,054	1,849	11%	203
Ag Services	ICS	2,350,000	2,115,000	11%	232,650
Ag Services	Noxious Weed Management	17,487	15,738	11%	1,731
Division Total		\$7,061,205	\$6,355,085		\$699,059
Brand Board	Brand Inspection	4,547,938	4,093,144	3.6%	147,353
Brand Board	Alt Livestock	107,462	96,716	3.6%	3,482
Brand Board	Brand Estray	94,050	84,645	3.6%	3,047
Division Total		\$4,749,450	\$4,274,505		\$153,882
Ag Markets	Ag Products Inspection	2,086,553	1,877,898	5%	93,895
Ag Markets	Wine Development	571,635	514,472	5%	25,724
Ag Markets	Seal of Quality	500	450	11%	50
Ag Markets	Agriculture Value Added	991,749	892,574	11%	98,183
Division Total		\$3,650,437	\$3,285,393		\$217,851
State Fair	State Fair Authority	8,390,329	7,551,296	1.5%	113,269
Division Total		8,390,329	\$7,551,296		\$113,269
TOTAL FY 2013-14 Cash Assessment					\$1,414,413

FY 2013-14 Indirect Cost Assessment Request

For FY 2013-14 the Department has requested \$1,634,413 (Grand Total above plus \$220,000 federal funds) for indirect cost assessments. This amount is more than the Indirect Cost Pool of \$1,614,122 to accommodate for the utilities estimate and a pending Capital Development Committee request. *Table 3* shows the FY 2013-14 Department indirect cost assessment based on the November 1 request for each division.

Division	Total	CF	FF
Commissioner's Office	236,452	230,352	6,100
Agricultural Services	888,398	699,059	189,339
Agricultural Markets	222,121	217,851	4,270
Brand Board	153,882	153,882	0
State Fair	113,269	113,269	0
Total FY 2013-14 Request	\$1,614,122	\$1,414,413	\$199,709
FY 2012-13 Indirect Cost Assessment	862,477	790,497	71,980
Difference (FY 14 - FY 13)	\$751,645	623,916	127,729

Appendix E: Change Requests' Relationship to Performance Measures

This appendix will show how the Department of Agriculture indicates each change request ranks in relation to the Department's top priorities and what performance measures the Department is using to measure success of the request.

Change Requests' Relationship to Performance Measures			
R	Change Request Description	Goals / Objectives	Performance Measures
R-1	Office Consolidation Indirect Cost Adjustment	Relationship to objective not provided.	Performance measures are not provided.
NPI-1	Capitol Complex Building Upgrades	N/A	N/A
NPI-2	Employee Engagement Survey Adjustment	N/A	N/A
NPI-3	OIT Enterprise Management	N/A	N/A