

This Adobe Acrobat file contains the following three figure setting packets that were presented to the Joint Budget Committee for the Department of Agriculture:

Figure Setting Packet	Adobe Acrobat Page Numbers
1. March 15, 2007 – Figure Setting Staff Technical Comeback	Page 2
2. February 13, 2007 – Figure Setting Staff Technical Comeback	Pages 3 through 6
3. February 8, 2007 – Regular Figure Setting Document	Pages 7 through 44

M E M O R A N D U M

TO: Members of the Joint Budget Committee

FROM: Bernie Gallagher, JBC Staff (866-4957)

SUBJECT: Department of Agriculture – Figure Setting Staff Technical Comeback

DATE: March 15, 2007

Subsequent to figure setting recommendations for the Department of Agriculture on February 13, 2007, it has been brought to staff's attention that technical errors are included in staff's recommendation. The following table provides a summary of staff's recommended technical corrections.

TABLE A. Recommended Corrections			
Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
(1) COMMISSIONER'S OFFICE AND ADMINISTRATIVE SERVICES			
<i>Personal Services</i>			
<u>Description of Technical Correction:</u> A funding mix adjustment was required in order to properly account for department indirect cost recoveries.			
Total	\$1,438,449	\$1,438,449	\$0
General Fund	987,583	978,218	(9,365)
Cash Funds Exempt	450,866	460,231	9,365
<i>Health, Life, and Dental</i>			
<u>Description of Technical Correction:</u> Staff did not figure set pursuant to Common Policy. This makes the proper adjustments to reflect the Committee's Common Policy for this line item.			
Total	\$1,154,596	\$1,233,295	\$78,699
General Fund	422,913	443,971	21,058
Cash Funds	359,211	430,520	71,309
Cash Funds Exempt	333,860	326,491	(7,369)
Federal Funds	38,612	32,313	(6,299)
<i>Legal Services</i>			
<u>Description of Technical Correction:</u> Staff did not reduce the Legal Services Hours Equivalent appropriation, pursuant to H.B. 06-1274 (Pesticide Applicators). This makes the proper adjustments.			
Hours Equivalent	4,430	4,250	(180)

STATE OF COLORADO

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STAFF DIRECTOR

John Ziegler

JOINT BUDGET COMMITTEE

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MEMORANDUM

TO: JBC Members

CC: John Ziegler

FROM: Bernie Gallagher, JBC Staff

SUBJECT: Technical Figure Setting Staff Comeback for the Department of Agriculture

DATE: February 13, 2007

Staff figure setting recommendations for the Department of Agriculture, on February 8, 2007, were thought to be set to current law, however, based on subsequent conversations with the Department, it has been brought to staff's attention that figure setting for the department was inadvertently set based on proposed legislation by the Department.

Staff has revised the recommendation for the Department of Agriculture in order to set the Department's budget to current law.

For the divisions affected, an overview of the revised recommendation by funding source is provided in **Table A**. A detailed review of the the recommended changes by line item is provided in **Table B**.

Please note that with the approval of these changes, the merits of H.B. 07-1198 will be unaffected, however if the JBC opts to not approve these changes, the fiscal impact of H.B. 07-1198 will require an increase in fees in order to recoup the necessary funding to pay for the seven programs' direct and indirect costs.

TABLE A. Revised Recommendation Overview			
Adjustments to FY 2007-08 the Department of Agriculture Appropriation by Fund Source			
Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
General Fund	\$6,104,956	\$9,054,089	\$2,949,133
FTE	71.2	107.4	36.2
Cash Funds	18,962,047	15,952,052	(3,009,995)
FTE	135.0	98.8	(36.2)
Cash Funds Exempt	5,799,792	5,519,568	(280,224)
FTE	66.8	66.8	0.0
Federal Funds	3,872,765	3,872,688	(77)
FTE	11.0	11.0	0.0
Total Funds	\$34,739,560	\$34,398,397	(\$341,163)
FTE	284.0	284.0	0.0

Please note that the decrease of \$341,163 in funding represents lost indirect cost recoveries furnished by the affected divisions to the Commissioner's Office and Administrative Services Division, as a result of the ICS Cash Fund sunset.

TABLE B. Revised Recommendation Line Item Detail			
Adjustments to FY 2007-08 the Department of Agriculture Appropriation by Affected Division			
Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
(1) Commissioner's Office and Administrative Services			
Personal Services			
Total	<u>\$1,572,971</u>	<u>\$1,572,971</u>	<u>\$0</u>
General Fund	\$707,941	\$987,583	\$279,642
Cash Funds	133,940	134,522	582
Cash Funds Exempt	731,090	450,866	(280,224)
Health, Life, and Dental			
General Fund	289,619	422,913	133,294
Cash Funds	492,505	359,211	(133,294)
Short-Term Disability			
General Fund	4,665	6,861	2,196
Cash Funds	8,346	6,150	(2,196)

Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
Amortization Equalization Distribution^a			
Total	119,121	118,348	(773)
General Fund	42,075	61,570	19,495
Cash Funds	77,046	56,778	(20,268)
Salary Survey and Senior Executive Service			
General Fund	Pending	Pending	n/a
Cash Funds	Pending	Pending	n/a
Workers' Compensation			
General Fund	Pending	Pending	n/a
Cash Funds	Pending	Pending	n/a
Legal Services			
General Fund	Pending	Pending	n/a
Cash Funds	Pending	Pending	n/a
Payment to Risk Management Fund			
General Fund	Pending	Pending	n/a
Cash Funds	Pending	Pending	n/a
Vehicle Lease Payments			
General Fund	Pending	Pending	n/a
Cash Funds	Pending	Pending	n/a
Information Technology Asset Maintenance			
General Fund	34,293	45,239	10,946
Cash Funds	71,486	60,540	(10,946)
Utilities			
General Fund	83,142	137,639	54,497
Cash Funds	60,863	6,366	(54,497)
(2) Agricultural Services Division			
Personal Services			
General Fund	2,900,168	5,152,871	2,252,703
FTE	41.3	77.5	36.2
Cash Funds	6,343,350	4,090,647	(2,252,703)
FTE	107.1	70.9	(36.2)

Division/Line Item/Fund Source	Previous Committee Action	REVISED Staff Recommendation	Difference
Operating Expenses			
General Fund	370,070	612,750	242,680
Cash Funds	935,333	692,653	(242,680)
Lease Purchase Lab Equipment			
General Fund	85,992	39,672	(46,320)
Cash Funds	0	46,320	46,320
Indirect Cost Assessments^b			
Total	<u>725,301</u>	<u>384,131</u>	<u>(341,170)</u>
General Fund	699,907	358,814	(341,093)
Cash Funds	25,394	25,317	(77)
(5) Special Purpose			
Indirect Cost Assessment - CF	7,808	8,588	780
Total Funds	\$14,105,033	\$13,763,870	(\$341,163)
FTE	148.4	148.4	0.0

^a The \$773 difference between General Fund and cash funds is a result of General Fund being calculated differently than cash funds, in accordance with the pay date shift, pursuant to S.B. 03-197.

^b The \$341,170 difference reflects lost indirect cost assessments made to the Commissioner's Office as a result of seven ICS programs being refinanced from cash funds to General Fund, pursuant to S.B. 05-176.

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2007-08 STAFF FIGURE SETTING:
DEPARTMENT OF AGRICULTURE**

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

Prepared By:

Bernie Gallagher, JBC Staff

February 8, 2007

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**FY 2007-08 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:
DEPARTMENT OF AGRICULTURE**

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DEPARTMENT OF AGRICULTURE
John Stulp, Commissioner

(1) COMMISSIONER'S OFFICE AND ADMINISTRATIVE SERVICES

Primary Function: Working with agricultural leaders and the public to develop and promote agricultural policies and programs and manage state agricultural resources to achieve successful solutions. The source of cash funds is fees collected by cash funded agencies within the Department. The sources of cash funds exempt are indirect cost recoveries and cash fund reserves.

Personal Services	1,507,791	1,438,500	1,543,876 S	1,577,713	1,572,971	
FTE	<u>18.4</u>	<u>17.6</u>	<u>19.7</u>	<u>19.7</u>	<u>19.7</u>	
General Fund	189,188	0	594,294	744,550	707,941	DI #1
FTE	18.4	17.6	19.7	19.7	19.7	
Cash Funds	420,686	437,672	134,613	134,877	133,940	
Cash Funds Exempt	897,917	1,000,828	814,969	698,286	731,090	DI #1
Health, Life, and Dental	<u>563,606</u>	<u>20,500</u>	<u>1,007,304</u>	<u>1,154,596</u>	<u>1,154,596</u>	
General Fund	39,000	17,000	224,796	289,619	289,619	DI #1
Cash Funds	524,606	0	470,209	492,505	492,505	DI #1
Cash Funds Exempt	0	3,500	286,560	333,860	333,860	
Federal Funds	0	0	25,739	38,612	38,612	
Short-Term Disability	<u>5,161</u>	<u>0</u>	<u>14,969</u>	<u>18,741</u>	<u>18,244</u>	
General Fund	5,161	0	1,614	6,095	4,665	DI #1
Cash Funds	0	0	3,744	8,297	8,346	DI #1
Cash Funds Exempt	0	0	9,018	3,600	4,725	
Federal Funds	0	0	593	749	508	
Amortization Equalization Distribution	<u>0</u>	<u>0</u>	<u>98,755</u>	<u>174,646</u>	<u>167,423</u>	
General Fund	0	0	10,119	56,728	42,075	DI #1
Cash Funds	0	0	24,848	77,383	77,046	DI #1
Cash Funds Exempt	0	0	59,851	33,554	43,611	
Federal Funds	0	0	3,937	6,981	4,691	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Supplemental Amortization Equalization						
Distribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,853</u>	
General Fund	0	0	0	0	6,162	
Cash Funds	0	0	0	0	17,628	
Cash Funds Exempt	0	0	0	0	9,086	
Federal Funds	0	0	0	0	977	
Salary Survey and Senior Executive Service	<u>136,864</u>	<u>48,007</u>	<u>408,507</u>	<u>609,092</u>	Pending	
General Fund	16,618	48,007	118,454	200,818		DI #1
Cash Funds	10,140	0	189,220	265,776		DI #1
Cash Funds Exempt	110,106	0	80,251	118,100		
Federal Funds	0	0	20,582	24,398		
Performance-based Pay Awards	<u>123,606</u>	<u>0</u>	<u>0</u>	<u>132,632</u>	Pending	
General Fund	10,000	0	0	37,332		
Cash Funds	3,500	0	0	64,520		
Cash Funds Exempt	110,106	0	0	25,477		
Federal Funds	0	0	0	5,303		
Workers' Compensation	<u>214,851</u>	<u>203,775</u>	<u>247,904</u> S	<u>309,193</u>	Pending	
General Fund	76,474	75,989	88,247	118,606		DI #1, BA
Cash Funds	136,456	62,986	103,521	127,256		DI #1, BA
Cash Funds Exempt	0	62,984	53,941	60,569		BA
Federal Funds	1,921	1,816	2,195	2,762		BA
Operating Expenses - GF	96,807	97,800	103,552	103,552	103,552	
Legal Services	201,866	183,584	296,304	300,221	Pending	
Hours Equivalent	<u>3,132</u>	<u>4,430</u>	<u>3,250</u>	<u>4,430</u>		
General Fund	43,837	45,888	48,252	51,869		DI #1
Cash Funds	135,890	126,525	233,209 a/	233,313		DI #1
Cash Funds Exempt	0	1,171	3,321	3,365		
Federal Funds	22,139	10,000	11,522	11,674		

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Purchase of Services from Computer Center - GF	2,432	2,100	0 S	963	Pending	
Multiuse Network Payments - GF	27,068	19,547	14,580 S	16,650	Pending	
Payment to Risk Management Fund	<u>155,108</u>	<u>102,035</u>	<u>257,628</u> S	<u>213,172</u>	Pending	
General Fund	53,984	14,283	89,666	80,171		DI #1, BA
Cash Funds	99,917	54,091	103,465	88,772		DI #1, BA
Cash Funds Exempt	0	32,865	62,492	42,570		BA
Federal Funds	1,207	796	2,005	1,659		BA
Vehicle Lease Payments	<u>130,905</u>	<u>126,467</u>	<u>156,731</u> S	<u>188,981</u>	Pending	
General Fund	31,405	32,344	49,150	73,582		DI #1, #3
Cash Funds	85,389	74,758	104,334	112,151		DI #1
Federal Funds	14,111	19,365	3,247	3,247		
Information Technology Asset Maintenance	<u>105,338</u>	<u>95,421</u>	<u>111,405</u>	<u>111,405</u>	<u>111,405</u>	
General Fund	31,038	31,038	31,038	34,293	34,293	DI #1
Cash Funds	74,300	64,383	74,741	71,486	71,486	DI #1
Cash Funds Exempt	0	0	5,626	5,626	5,626	
Leased Space	<u>104,195</u>	<u>104,032</u>	<u>112,667</u>	<u>122,183</u>	<u>122,183</u>	
General Fund	45,827	45,378	48,377	54,824	54,824	
Cash Funds	20,210	19,795	21,395	23,006	23,006	
Cash Funds Exempt	38,158	38,859	42,895	44,353	44,353	
Capital Complex Leased Space	<u>145,878</u>	<u>143,183</u>	<u>147,960</u>	<u>167,734</u>	Pending	
General Fund	113,784	111,682	120,695	136,826		BA
Cash Funds	32,094	31,501	27,265	30,908		BA
Communications Services Payments	<u>6,242</u>	<u>15,671</u>	<u>14,389</u> S	<u>18,720</u>	Pending	
General Fund	2,123	6,183	5,678	11,997		
Cash Funds	4,119	9,488	0	0		
Cash Funds Exempt	0	0	8,711	6,723		
Federal Funds	0	0	0	0		

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Recommendation	Change Requests
Utilities	<u>126,294</u>	<u>156,127</u>	<u>146,318</u>	<u>146,318</u>	<u>146,318</u>	
General Fund	44,443	41,479	66,939	83,142	83,142	DI #1
Cash Funds	65,968	89,810	77,066	60,863	60,863	DI #1
Cash Funds Exempt	1,904	2,043	2,313	2,313	2,313	
Federal Funds	13,979	22,795	0	0	0	
Agriculture Statistics	<u>66,395</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	
General Fund	60,000	60,000	60,000	60,000	60,000	
Cash Funds	6,395	15,000	15,000	15,000	15,000	
Grants - FF	2,746,681	4,523,397	702,975	2,707,089	2,707,089	
FTE	8.9	10.2	8.0	8.0	8.0	
Indirect Cost Assessment - FF	0	137,803	74,882	64,818	67,717	
TOTAL - (1) COMMISSIONER'S OFFICE	6,467,088	7,492,949	5,535,706	8,213,419	6,280,351	
FTE	<u>27.3</u>	<u>27.8</u>	<u>27.7</u>	<u>27.7</u>	<u>27.7</u>	
General Fund	889,189	648,718	1,675,451	2,161,617	1,386,273	
FTE	18.4	17.6	19.7	19.7	19.7	
Cash Funds	1,619,670	986,009	1,582,630	1,806,113	899,820	
Cash Funds Exempt	1,158,191	1,142,250	1,429,948	1,378,396	1,174,664	
Federal Funds	2,800,038	4,715,972	847,677	2,867,292	2,819,594	
FTE	8.9	10.2	8.0	8.0	8.0	

a/ Reflects a cash funds increase of \$76,051 pursuant to H.B. 06-1274.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation	Change Requests
(2) AGRICULTURAL SERVICES DIVISION						
Primary Function: Regulating and inspecting animals in agricultural and the plant industry. Cash Funds are primarily from fees collected for services provided and those relating to the Aquaculture program. The Cash Fund Exempt source is primarily cash fund reserves.						
Personal Services	8,054,810	8,613,628	9,510,055	9,744,870	9,715,577	
FTE	<u>129.7</u>	<u>135.3</u>	<u>151.4</u>	<u>151.4</u>	<u>151.4</u>	
General Fund	1,977,298	2,104,247	2,157,364	2,910,143	2,900,168	DI #1
FTE	26.8	26.9	30.5	41.3	41.3	
Cash Funds	5,814,972	6,167,526	6,898,842	6,361,029	6,343,350	DI #1
FTE	100.9	105.4	117.9	107.1	107.1	
Cash Funds Exempt	0	38,413	0	0	0	
Federal Funds	262,540	303,442	453,849	473,698	472,059	
FTE	2.0	3.0	3.0	3.0	3.0	
Operating Expenses	<u>998,412</u>	<u>976,153</u>	<u>1,210,253</u>	<u>1,386,121</u>	<u>1,361,121</u>	
General Fund	135,881	151,924	157,983	219,202	370,070	DI #1, #4, #5
Cash Funds	823,873	779,770	996,552	1,111,201	935,333	DI #1, #4, #5, #8
Federal Funds	38,658	44,459	55,718	55,718	55,718	
Noxious Weed Management Grants - CFE	1,000	7,150	15,000	15,000	15,000	
Diseased Livestock Fund - CFE	6,344	125	25,000	25,000	25,000	
Cervidae Disease Revolving Fund - CF	0	1,400	25,000	25,000	25,000	
Operating Expenses for Aquaculture - CF	<i>Reference Agricultural Markets Division</i>		0	0	25,000	DI #8
Lease Purchase Lab Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,992</u>	<u>85,992</u>	DI #2
General Fund	0	0	0	15,869	85,992	DI #2
Cash Funds	0	0	0	70,123	0	DI #2

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change
	Actual	Actual	Appropriation	Request	Recommendation	Requests
Indirect Cost Assessments	<u>827,737</u>	<u>883,461</u>	<u>731,954</u>	<u>626,022</u>	<u>725,301</u>	
Cash Funds	785,453	824,787	703,873	601,715	699,907	DI #1
Federal Funds	42,284	58,674	28,081	24,307	25,394	
TOTAL - (2) AGRICULTURAL SERVICES	9,888,303	10,481,917	11,517,262	11,908,005	11,977,991	
FTE	<u>129.7</u>	<u>135.3</u>	<u>151.4</u>	<u>151.4</u>	<u>151.4</u>	
General Fund	2,113,179	2,256,171	2,315,347	3,145,214	3,356,230	
FTE	26.8	26.9	30.5	41.3	41.3	
Cash Funds	7,424,298	7,773,483	8,624,267	8,169,068	8,028,590	
FTE	100.9	105.4	117.9	107.1	107.1	
Cash Funds Exempt	7,344	45,688	40,000	40,000	40,000	
Federal Funds	343,482	406,575	537,648	553,723	553,171	
FTE	2.0	3.0	3.0	3.0	3.0	
					11,977,991	

a/ Pursuant to H.B. 06-1274, Personal Services increases of \$239,554 and 5.8 FTE cash funds; \$106,211 federal funds; and Operating \$106,211 cash funds

b/ Reflects an \$8,000 increase pursuant to H.B. 06-1132.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation	Change Requests
					11,977,991	
(3) AGRICULTURAL MARKETS DIVISION						
Primary Function: Increasing domestic and international agricultural food marketing and processing options. The cash funds exempt sources are Economic Development transfers from the Governor's Office and the Agriculture Value-Added Cash Fund.						
Personal Services - GF	358,373	388,096	372,395	380,159	379,759	
FTE	4.7	4.7	4.7	4.7	4.7	
Operating Expenses	<u>44,070</u>	<u>65,552</u>	<u>80,198</u>	<u>80,198</u>	<u>80,198</u>	
General Fund	29,624	29,624	29,861	29,861	29,861	
Cash Funds	14,446	35,928	50,337	50,337	50,337	
Cash Funds Exempt	0	0		0	0	
Operating Expenses for Aquaculture - CF	20,331	22,867	25,000	<i>Reference Agricultural Services Division</i>		DI #8
Economic Development Grants - CFE	11,643	39,400	45,000	45,000	45,000	
Ag Value Added Development Board - CFE	43,176	53,960	574,837	574,837	574,837	
FTE	0.5	0.5	0.5	0.5	0.5	
TOTAL - (3) AGRICULTURAL MARKETS	477,593	569,875	1,097,430	1,080,194	1,079,794	
FTE	<u>5.2</u>	<u>5.2</u>	<u>5.2</u>	<u>5.2</u>	<u>5.2</u>	
General Fund	387,997	417,720	402,256	410,020	409,620	
FTE	4.7	4.7	4.7	4.7	4.7	
Cash Funds	34,777	58,795	75,337	50,337	50,337	
Cash Funds Exempt	54,819	93,360	619,837	619,837	619,837	
FTE	0.5	0.5	0.5	0.5	0.5	

a/ Reflects a \$500,000 increase pursuant to H.B. 06-1322.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation	Change Requests
(4) BRAND BOARD						
Primary Function: Conducting livestock inspections and regulating the sale of livestock. The Cash Fund source is from fees for service. Cash Funds Exempt are due to the Brand Board's enterprise status.						
Brand Inspections - CFE	2,958,845	3,459,547	3,511,339	3,650,933	3,641,057	DI #6, #7
FTE	61.2	58.5	66.3	66.3	66.3	
Alternative Livestock	<u>27,266</u>	<u>25,535</u>	<u>95,662</u> S	<u>95,662</u>	<u>95,662</u>	
Cash Funds	27,266	0	0 a/	0	0	
Cash Funds Exempt	0	25,535	95,662	95,662	95,662	
Indirect Cost Assessments - CFE	420,686	437,672	134,613 S	134,877	134,522	
Cash Funds	0	0	0 a/	0	0	
Cash Funds Exempt	420,686	437,672	134,613	134,877	134,522	
TOTAL - (4) BRAND BOARD	3,406,797	3,922,754	3,741,614	3,881,472	3,871,241	
FTE	<u>61.2</u>	<u>58.5</u>	<u>66.3</u>	<u>66.3</u>	<u>66.3</u>	
Cash Funds	27,266	0	0	0	0	
Cash Funds Exempt	3,379,531	3,922,754	3,741,614	3,881,472	3,871,241	
FTE	61.2	58.5	66.3	66.3	66.3	

a/ The Brand Board is an enterprise and as such applicable funds should have been entered as cash funds exempt during figure setting but was errantly left in as cash funds.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation	Change Requests
(5) SPECIAL PURPOSE						
Primary Function: Promoting of wines produced in Colorado and other specialized programs. Cash Funds are from the Colorado Wine, Industry Development Fund, the Brand Estray Fund, and the Veterinary Vaccine and Service Fund. The Cash Funds Exempt source is the Brand Estray Fund.						
Wine Promotion Board - CF	445,156	699,898	444,613	446,598	447,345	
FTE	1.0	1.0	1.0	1.0	1.0	
Vaccine and Service Fund -CF	166,607	232,184	162,631	162,631	162,631	
Brand Estray Fund	<u>45,172</u>	<u>27,834</u>	<u>94,050</u> S	<u>94,050</u>	<u>94,050</u>	
Cash Funds	34,604	0	0	0	0	
Cash Funds Exempt	10,568	27,834	94,050	94,050	94,050	
Indirect Cost Assessment - CF	0	0	8,133	7,446	7,808	
TOTAL - (5) SPECIAL PURPOSE	656,935	959,916	709,427	710,725	711,834	
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds	646,367	932,082	615,377	616,675	617,784	
FTE	1.0	1.0	1.0	1.0	1.0	
Cash Funds Exempt	10,568	27,834	94,050	94,050	94,050	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation	Change Requests
(6) COLORADO STATE FAIR						
Primary Function: Administrating the Colorado State Fair. Cash Funds Exempt are from fees collected by the Colorado State Fair under enterprise status. Pursuant to H.B. 06-1384, the State Fair lost its enterprise status upon receiving more than 10 percent of its annual revenues in grants.						
Program Costs	7,530,126	7,365,518	11,294,170	9,377,250	9,365,516	
FTE	<u>20.1</u>	<u>19.4</u>	<u>26.9</u>	<u>26.9</u>	<u>26.9</u>	
Cash Funds	0	0	3,163,978 a/	9,377,250	9,365,516	
FTE	0.0	0.0	0.0	26.9	26.9	
Cash Funds Exempt	7,530,126	7,365,518	8,130,192	0	0	
FTE	20.1	19.4	26.9	0.0	0.0	
TOTAL - (6) Colorado State Fair	7,530,126	7,365,518	11,294,170	9,377,250	9,365,516	
FTE	<u>20.1</u>	<u>19.4</u>	<u>26.9</u>	<u>26.9</u>	<u>26.9</u>	
Cash Funds	0	0	3,163,978	9,377,250	9,365,516	
FTE	0.0	0.0	0.0	26.9	26.9	
Cash Funds Exempt	7,530,126	7,365,518	8,130,192	0	0	
FTE	20.1	19.4	26.9	0.0	0.0	

a/ Reflects a \$3,163,978 increase pursuant to H.B. 06-1384.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation	Change Requests
(7) CONSERVATION BOARD						
Primary Function: Preserving Colorado's natural resources including reducing soil erosion and flood damage, as well as protecting underground water reserves.						
Personal Services - GF	239,519	242,111	254,353	306,204	305,424	DI #3
FTE	3.0	3.4	3.5	4.5	4.5	DI #3
Operating Expenses - GF	33,199	33,200	33,673	46,448	46,448	DI #3
Distributions to Soil Conservation Districts - GF	391,714	391,714	391,714	391,714	391,714	
Irrigation/Conservation Program - CF	110,279	0	0	0	0	
FTE	3.0	0.0	0.0	0.0	0.0	
Matching Grants to Districts - GF	0	0	150,000 a/	150,000	150,000	
Salinity Control Grants - FF	862,673	1,484,669	500,000	500,000	500,000	
TOTAL - (7) CONSERVATION BOARD	1,637,384	2,151,694	1,329,740	1,394,366	1,393,586	
FTE	<u>6.0</u>	<u>3.4</u>	<u>3.5</u>	<u>4.5</u>	<u>4.5</u>	
General Fund	664,432	667,025	829,740 a/	894,366	893,586	
FTE	3.0	3.4	3.5	4.5	4.5	
Cash Funds	110,279	0	0	0	0	
FTE	3.0	0.0	0.0	0.0	0.0	
Federal Funds	862,673	1,484,669	500,000	500,000	500,000	

a/ This does not include \$450,000 continuously appropriated to the Department from the Conservation District Grant Fund, pursuant to section 35-1-106.7 (1)(a), C.R.S..

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Recommendation	Change Requests
DEPARTMENT OF AGRICULTURE						
TOTALS	30,064,226	32,944,623	35,225,349	36,565,431	34,680,313	
FTE	<u>250.5</u>	<u>250.6</u>	<u>282.0</u>	<u>283.0</u>	<u>283.0</u>	
General Fund	4,054,797	3,989,634	5,222,794	6,611,217	6,045,709	
FTE	52.9	52.6	58.4	70.2	70.2	
Cash Funds	9,862,657	9,750,369	14,061,589	20,019,443	18,962,047	
FTE	104.9	106.4	118.9	135.0	135.0	
Cash Funds Exempt	12,140,579	12,597,404	14,055,641	6,013,755	5,799,792	
FTE	81.8	78.4	93.7	66.8	66.8	
Federal Funds	4,006,193	6,607,216	1,885,325	3,921,015	3,872,765	
FTE	10.9	13.2	11.0	11.0	11.0	

DEPARTMENT OF AGRICULTURE FIGURE SETTING FOR FY 2007-08

JBC WORKING PAPERS - DECISIONS SUBJECT TO CHANGE
Staff Recommendation Does Not Represent Committee Decision

FUNDING RAMIFICATIONS OF LEGISLATIVE SUNSETS

On June 30, 2007, S.B. 05-176 will sunset the Inspection and Consumer Services (ICS) Cash Fund which finances seven ICS programs, and will remove the Department's ability to set fees, fines, and penalties to cover the direct and indirect costs of the programs the ICS Cash Fund supports. After this date, the fees established by statute will be collected by the Department and transmitted to the General Fund, which will then be the source of funding for the seven ICS programs. The Commissioner's Office and Administrative Services, as well as the Agricultural Services Division are impacted by the sunset of the ICS Cash Fund.

The Department submitted in their FY 2007-08 budget request, as **Decision Item #1**, that legislation be sponsored by the JBC that will eliminate the sunset date of the ICS Cash Fund and which articulates various percentage financing. **Staff recommends against the Department's request as the JBC has sponsored H.B. 07-1198** which also eliminates the sunset date of the ICS Cash Fund, but which finances the seven ICS programs with a mix of cash funds and General Fund differently than what was proposed by the Department in their budget request. The details of H.B. 07-1198 are presented within the Agricultural Services Division subsection of this figure setting document.

Please note that in preparing figure setting documents, staff must figure set to current law. Therefore, figure setting numbers will presume that Senate Bill 05-176 will sunset the Inspection and Consumer Services (ICS) Cash Fund on June 30, 2007.

COMMISSIONER'S OFFICE AND ADMINISTRATIVE SERVICES

In conjunction with the Colorado Agricultural Commission, the Commissioner's Office manages the Department of Agriculture and is responsible for developing and disseminating agricultural policies for the State. Pursuant to Section 35-1-105, C.R.S., the Colorado Agricultural Commission is a nine-member body appointed by the Governor and approved by the Senate. The Administrative Services section fulfills various functions for the entire Department including budgeting, accounting, purchasing, data processing, and records management.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Commissioner's Office	5.3	5.7	5.7	5.7
Administrative Services	12.3	14.0	14.0	14.0
Total	17.6	19.7	19.7	19.7

Personal Services (Decision Item #1)

Staff recommends \$1,572,971 and 19.7 FTE, which is comprised of \$707,941 General Fund, \$133,940 cash funds, and \$731,090 cash funds exempt. The calculation is made pursuant to Committee common policy, which includes distributions for salary survey awarded in FY 2006-07, as well as a base reduction of 0.5 percent. The cash funds portion represents indirect costs 'earned' from the Brand Board, which is designated as an enterprise, pursuant to H.B. 04-1351. Since this is the first time these moneys have been recognized as revenue to the State, they are reflected as cash funds rather than cash funds exempt. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$80,205 and a like decrease cash funds exempt spending authority is made.

Personal Services - Commissioner's Office and Administrative Services						
	Total	GF	CF	CFE	FF	FTE
FY 2006-07 Long Bill	1,543,876	594,294	126,480	823,102	0	19.7
Special Bills	0	0	8,133	(8,133)	0	0.0
FY 2006-07 SUBTOTAL	1,543,876	594,294	134,613	814,969	0	19.7
Salary Survey	36,999	36,999	0	0	0	0.0
Sunset of S.B. 05-176	0	80,205	0	(80,205)	0	0.0
0.5 Percent Base Reduction	(7,904)	(3,557)	(673)	(3,674)	0	0.0
TOTAL for FY 2007-08	1,572,971	707,941	133,940	731,090	0	19.7

Health, Life, and Dental (Decision Item #1)

Staff recommends total funding of \$1,154,596 pursuant to common policy as approved by the Committee, which is comprised of \$289,619 General Fund, \$492,505 cash funds, \$333,860 cash funds exempt, and \$38,612 federal funds. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$39,632 and a like decrease cash funds spending authority is made.

Short-term Disability (Decision Item #1)

Staff recommends total funding of \$18,244, based on the Committee policy of applying a rate of .13 percent to base salaries. This appropriation is comprised of \$4,665 General Fund, \$8,346 cash funds, \$4,725 cash funds exempt, and \$508 federal funds. In accordance with the sunset of the

ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$820 and a like decrease cash funds spending authority is made.

Amortization Equalization Disbursement (Decision Item #1)

Staff recommends total funding of \$167,423 pursuant to common policy as approved by the Committee for this line item related to implementation of S.B. 04-257, which is comprised of \$42,075 General Fund, \$77,046 cash funds, \$43,611 cash funds exempt, and \$4,691 federal funds. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$7,567 and a like decrease cash funds spending authority is made.

Supplemental Amortization Equalization Disbursement

Staff recommends total funding of \$33,853 pursuant to common policy as approved by the Committee for this line item related to implementation of S.B. 06-235, which is comprised of \$6,162 General Fund, \$17,628 cash funds, \$9,086 cash funds exempt, and \$977 federal funds.

Salary Survey and Senior Executive Service (Decision Item #1)

This line item is pending as departmental recalculations are gathered to reflect the Committee's common policy decisions. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$26,374 and a like decrease cash funds spending authority is made

Performance-based Pay Awards

This line item is pending as departmental recalculations are gathered to reflect the Committee's common policy decisions.

Workers' Compensation (Decision Item #1)

Staff recommendation is pending the approval of a common policy by the Committee related to Workers' Compensation. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$6,419 and a like decrease cash funds spending authority is made

Operating Expenses

Staff recommends the Department's request of \$103,552 General Fund for this line item.

Legal Services (Decision Item #1)

Staff recommends approval of this line item to 4,430 legal services hours; however, the funding splits for this line item are pending the approval of a 'per-hour' legal rate by the Committee. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$2,979 and a like decrease cash funds spending authority is made

Purchase of Services from Computer Center (GGCC)

Staff recommendation is pending the approval of a common policy by the Committee related to Purchase of Services from Computer Center.

Multiuse Network Payments (MNT)

Staff recommendation is pending the approval of a common policy by the Committee related to Multiuse Network Payments.

Risk Management and Property Funds (Decision Item #1)

Staff recommendation is pending the approval of a common policy by the Committee related to the Payment to Risk Management and Property Funds line item. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$7,588 and a like decrease cash funds spending authority is made

Vehicle Lease (Decision Items #1 and #3)

Staff recommendation of funding splits is pending the approval of a common policy by the Committee related to Vehicle Lease Payments. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$6,646 and a like decrease cash funds spending authority is made. In addition, the recommendation will include expenses associated with the approval of **Decision Item #3**.

Information Technology Asset Maintenance (Decision Item #1)

Staff recommends the Department's request of \$111,405, which is comprised of \$34,293 General Fund, \$71,486 cash funds, and \$5,626 cash funds exempt. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$3,255 and a like decrease cash funds spending authority is made.

Leased Space

Staff recommends the Department's request of \$122,183, which is comprised of \$54,824 General Fund, \$23,006 cash funds, and \$44,353 cash funds exempt. Cash funds are derived from fee-based programs within the Department, while cash funds exempt are provided by the Brand Board.

DEPARTMENT OF AGRICULTURE - Leased Space									
	FY 2006-07 Appropriation			FY 2007-08 Request			FY 2007-08 Recommendation		
	Sq. Ft.	Rate	Total	Sq. Ft.	Rate	Total	Sq. Ft.	Rate	Total
Denver	5,844	var.	\$94,731	5,844	var.	\$104,482	5,844	var.	\$104,482
Greeley	696	var.	6,900	696	var.	6,900	696	var.	6,900
Brush	330	\$7.27	2,400	330	\$8.18	2,700	330	\$8.18	2,700
La Junta	442	\$4.07	1,800	442	\$4.75	2,100	442	\$4.75	2,100
Monte Vista	913	\$6.57	6,000	913	\$6.57	6,000	913	\$6.57	6,000
TOTAL	8,225		\$111,832	8,225		\$122,182	8,225		\$122,182
General Fund			48,377			54,824			54,824
Cash Funds			21,395			23,006			23,006
Cash Exempt			42,895			44,353			44,353

Capitol Complex-Leased Space

The dollar amount of staff recommendation is pending the approval of a Capitol Complex Leased Space rate. The Department's space within Capitol Complex Facilities is comprised of 13,554 square feet at its main offices on Kipling Avenue.

DEPARTMENT OF AGRICULTURE - Capitol Complex Leased Space									
	FY 2005-06 Appropriation			FY 2007-08 Request			FY 2007-08 Recommendation		
	Sq. Ft.	Rate	Total	Sq. Ft.	Rate	Total	Sq. Ft.	Rate	Total
Capitol Complex	13,554	\$10.92	\$147,960	13,554	\$11.17	\$151,335	13,554	TBD	TBD
TOTAL	13,554		\$147,960	13,554		\$151,335	13,554		Pending
General Fund			120,695			118,041			Pending
Cash Funds			27,265			33,294			Pending

Communications Services Payments

Staff recommendation is pending the approval of a common policy by the Committee related to Communications Services Payments.

Utilities (Decision Item #1)

Staff recommends total funding of \$146,318 for this line item, which is comprised of \$83,142 General Fund, \$60,863 cash funds, and \$2,313 cash funds exempt. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$16,203 and a like decrease cash funds spending authority is made.

Agricultural Statistics Bulletin

Staff recommends the Department's total request of \$75,000, which is comprised of \$60,000 General Fund and \$15,000 cash funds. The Department contracts with the Colorado Statistical Service to publish an annual bulletin entitled 'Colorado Agricultural Statistics.' This report is used by agricultural trade associations and county assessors as well as lending institutions.

Grants

Staff recommends the Department's request of \$2,707,089 in federal funds and 8.0 FTE for this line item, which reflects spending authority related to estimated grant receipts.

In FY 2007-08, the Department will receive funding from the USDA's Natural Resources Conservation Service to implement provisions of the most recent Farm Bill. A substantial portion of these moneys are appropriated to local conservation districts. The Department is also receiving federal moneys under a Homeland Security Grant related to the detection of animal diseases and the creation of national standards for emergency preparedness. The Department has also secured moneys under the Microbiological Data and Pesticide Data programs to collect and analyze fruit, vegetable, and water samples for the purpose of better federal policy objectives. Further, the Department is managing funds received under the Cooperative Agriculture Pest Survey (CAPS) in the USDA, which is used to track and quarantine biological pests. Lastly, the Department is managing funds received under the National Animal Identification System (NAIS) in the USDA for animal identification.

Indirect Cost Assessment

Staff recommends \$67,717 federal funds for the purpose of indirect cost recoveries, which is an estimate that will fluctuate depending on final Committee action regarding the Department's budget.

AGRICULTURAL SERVICES DIVISION

The Agricultural Services Division is divided among three distinct programs:

Inspection and Consumer Services. This section ensures compliance with product quality standards through licensing and inspection; certifies commercial weights and measurement devices; and analyzes fertilizer and animal feed for chemical contaminants.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	2.9	3.0	3.0	3.0
Facilities	1.0	1.0	1.0	1.0
Technical Services	8.7	10.0	10.0	10.0
Field Program Inspector	10.7	12.0	12.0	12.0
Laboratory Services	7.2	8.0	8.0	8.0
Farm Products Inspection	2.5	2.0	2.0	2.0

Measurement Standards	10.7	11.0	11.0	11.0
Fruit/Vegetable Inspection	31.4	34.5	34.5	34.5
Subtotal	75.1	81.5	81.5	81.5

Animal Industry. This section is responsible for monitoring the health of livestock and other animals used in various fields of agriculture, and for the implementation of pest control.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	2.7	3.0	3.0	3.0
Animal Protection	1.0	1.0	1.0	1.0
Rodent/Predator Control	0.6	1.0	1.0	1.0
Veterinary/Animal Care	15.9	17.0	17.0	17.0
Subtotal	20.2	22.0	22.0	22.0

Plant Industry. This section manages statewide pest control programs, registers pesticides and pesticide applicators, and inspects both plants and plant byproducts intended for domestic and international export.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Administration	10.8	13.1	13.1	13.1
Field Inspectors	12.1	15.4	15.4	15.4
Professional Grades	8.1	9.4	9.4	9.4
Insectary	6.0	7.0	7.0	7.0
Lab	2.0	2.0	2.0	2.0
Noxious Weed	1.0	1.0	1.0	1.0
Subtotal	40.0	47.9	47.9	47.9
Grand Total - All Sections	135.3	151.4	151.4	151.4

Sunset of the Inspection and Consumer Services (ICS) Cash Fund

On June 30, 2007, S.B. 05-176 will sunset the Inspection and Consumer Services (ICS) Cash Fund, which finances seven ICS cash funded programs. After this date, the fees established by statute will be collected by the Department of Agriculture and transmitted to the General Fund. This action will significantly reduce revenue generated from the program's current fee structures as the fees and

finest set in statute are less than the fees and fines currently set by the Commissioner.

As part of its budget balancing package in FY 2003-04 to address Colorado's budget crisis, the General Assembly enacted legislation to refinance several programs across state government. Senate Bill 03-297 directed the Commissioner of Agriculture, in conjunction with the members of the Colorado Agricultural Commission, to increase fees related to Inspection and Consumer Services programs to a level high enough to cover all administrative expenses. The legislation also created the Inspection and Consumer Services Cash Fund with a sunset date of June 30, 2005, which stipulated that upon its sunset, that all unexpended and unencumbered moneys in the fund shall be transferred to the General Fund.

Due to continued state financial distress, S.B. 05-176 was enacted which re-authorized the Commissioner of Agriculture, in conjunction with the Colorado Agricultural Commission, to adjust licensing and testing fees for seven programs related to Inspection and Consumer Services (ICS) in the Agricultural Services Division. Sunsets applicable program fees and the Inspection and Consumer Services Cash Fund on July 1, 2007, and resumes the previous fee structure and corresponding subsidy from the General Fund, extending the sunset on S.B. 03-297.

As a reminder to the JBC, at the time of the Department's figure setting presentation, the JBC is sponsoring legislation through **H.B. 07-1198** which removes the sunset provision of the ICS Cash Fund, extends the Department's ability to set fees to pay for the seven affected programs' direct and indirect costs, and modifies existing statute by financing the seven affected programs with a mix of cash funds and General fund. The bill will partially subsidize ICS programs with General Fund in relation to how much the services provided by each program benefits the common good. This legislation will require appropriations of \$1.3 million General Fund and \$2.8 million cash funds. If the bill is enacted, this will relieve approximately \$2.8 million General Fund in program expenses within the Inspection and Consumer Services Division and in indirect costs to the Commissioner's Office.

Personal Services (Decision Item #1)

Staff recommends \$9,715,577 and 151.4 FTE, which is comprised of \$2,900,168 General Fund, \$6,343,350 cash funds, and \$472,059 federal funds. This calculation is made pursuant to Committee common policy, which includes a distribution for salary survey awarded in FY 2006-07, as well as a 0.5 percent base reduction. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$690,349 and a like decrease cash funds spending authority. Table 1 summarizes the staff recommendation for this line item.

Table 1. Personal Services - Agricultural Services Division						
	Total	GF	CF	CFE	FF	FTE
FY 2006-07 Long Bill	9,160,501	2,157,364	6,659,288	0	343,849	145.6
H.B. 06-1274 Pesticide Appl. Lic.	349,554	0	239,554	0	110,000	5.8
FY 2006-07 SUBTOTAL	9,510,055	2,157,364	6,898,842	0	453,849	151.4
Salary Survey	254,344	67,029	166,733	0	20,582	n/a
0.5 Percent Base Reduction	(48,822)	(14,574)	(31,876)	0	(2,372)	0.0
Sunset of S.B. 05-176	0	690,349	(690,349)	0	0	0.0
TOTAL for FY 2007-08	9,715,577	2,900,168	6,343,350	0	472,059	151.4

Operating Expenses (Decision Items #1, #4, #5, #8)

This line includes a requests for **Decision Items #4** related to the measurement standards lab precision equipment replacement, **Decision Item #5** related to the purchase of measurement standards test truck equipment, and a request for **Decision Item #8** related to moving cash funds spending authority for the Aquaculture program to the Agricultural Services Division.

The Department's request for replacement precision laboratory equipment (**Decision Item #4**) is as a result of the Inspection and Consumer Services Division, Metrology Lab's statutory custody of the state's primary standards of weights and measures in such calibration as prescribed by the National Institutes of Standards and Technology (NIST) as well as the Measurement Standards Act (MSA). Each year the Metrology Lab must send documentation to the NIST proving that standards, equipment, and facilities are adequate. If the facilities meet NIST's guidelines, NIST grants a *Certificate of Traceability* to the laboratory which ensures compliance with statute.

The laboratory relies on scientific instrumentation for accurate and precise measurements as well as to ensure the traceability of all calibrations. The Measurement Standards Laboratory has identified several analyses that need improvements to their calibration abilities. Apparently, due to the laboratory's outdated and marginally acceptable measurement standards equipment, the laboratory has been operating under a "conditional" NIST Certificate of Traceability. This conditional approval will not be continued next year without a facility upgrade.

The equipment requested and its application is provided in the following table

Decision Item #4. Measurement Standards Lab Precision Measurement Equipment Replacement		
Item	Application	Amount Requested
Lab Environment Monitoring System	Small Mass Lab	\$7,885
Universal Counter	Law Enforcement	6,532
Moisture Meter	Grain Moisture Analysis	8,771
Weights	Primary Mass Check Standards	3,920

Weights	Secondary Mass Check Standards	720
100 Gallon Standard	Volume Standards	1,000
Thermometers (2 count)	Temperature Standards	2,000
Environmental Measuring Equipment	Lab Calibration	6,320
Total Request for Decision Item #4. Measurement Standards Lab Equipment		\$37,148

Pursuant to Section 35-14-107 (1) (a), the Metrology subdivision of the Inspection and Consumer Services Division must, "maintain traceability of this state's standards to the national institute of standards and technology;" Provided that the lab is on a conditional status with the NIST, and that the entity is required to uphold its traceability standards according to the Measurement Standards Act. In keeping with meeting statutory requirements, **staff recommends approval of a one-time increase to the Agricultural Services Division's, General Fund spending authority of \$37,148.**

Decision Item #5 reflects the Measurement Standards Division's role of providing customer protection and equity and integrity in the marketplace through statutory enforcement and inspection programs dealing with a wide range of agricultural and consumer products and services. The Large Scale Device program, has experienced a large backlog in regulatory coverage as a result of aging equipment requiring significant number of days of repair each year. The test truck and hoist are scheduled for usage for approximately 200 days per year, however due to major repairs and overhauls over the last two years, the hoists have experienced nearly 250 days of downtime. Nearly 63 percent of the time the test trucks are available to uphold their regulatory large scale testing requirements, they are unable to do so as the hoists are in disrepair.

The request is for one large hoist (7,000 lbs. fully extended), one small hoist (4,000 lbs. fully extended), and truck beds to haul the test weights utilized. The hoists requested are rated to handle the prescribed amount of weight typically utilized when testing large scale devices which measure from 2,000 lbs. to 80,000 lbs. and up. The hoists being replaced are more prone to disrepair as they are rated at only half the weight threshold as are those they are requesting.

Further, the Department is requesting thirty one thousand pound weights used for inspections of large scales. The weights currently in use are chipped and or are breaking apart. The weights are of such significant age that records of their purchase have been lost through the passage of time, but based on markings on the weights are estimated to be greater than fifty years of age. The weights are designed for longevity and use as each have adjustment cavities as over time the weights will be used and may chip off weight. The cavities can be filled with molten lead in order to recalibrate the weight. Many of the existing weights' cavities have been filled to capacity and as such can not be recalibrated and as such have been rendered obsolete.

The following table outlines the Department's request.

Decision Item #5. Measurement Standards Test Truck Equipment		
Item	Application	Amount Requested
Large Hoist	Test Truck: Large Scale Device	\$36,096
Small Hoist	Test Truck: Large Scale Device	26,738
Weights, 1000 lbs. (30 count, 2 sets)	Test Truck: Large Scale Device	42,540
Truck Bed Reconfiguration (2 count)	Test Truck: Large Scale Device	8,346
Total Request for Decision Item #5. Measurement Standards Test Truck Equipment		\$113,720

Based on the state of disrepair that the Large Scale Device Program's test equipment is in, and the near obsolescence of the program's test weights, **staff recommends approval of a one-time increase to the Agricultural Services Division's, General Fund spending authority of \$113,720.**

Decision Item #8 is related to the Department's request to transfer \$25,000 cash funds spending authority from the Agricultural Markets Division, Aquaculture line item to the Agricultural Services Division operating line item. Due to personnel changes within the Market Division, and due to the dual regulatory and market-enhancement responsibilities of the program, the Commission is seeking to align the Aquaculture program with the personnel situated in the Animal's Division, which is housed within the Agricultural Services Division. In order align program costs with source funding and to maintain a current level of transparency of program expenditures in the Long Bill, **staff recommends that \$25,000 cash funds spending authority be transferred from the Agricultural Markets Division Aquaculture line item to the Agricultural Services Division, however staff recommends that the Aquaculture line item also be transferred and be maintained within the Agricultural Services Division within the Long Bill.**

Staff recommends \$1,361,121 for the Agricultural Services, Operating Expenses line item, which is comprised of \$370,070 General Fund, \$935,333 cash funds, and \$55,718 federal funds. In accordance with the sunset of the ICS Cash Fund on June 30, 2007, the spending authority for General Fund is increased by \$61,219 and a like decrease cash funds spending authority.

Noxious Weed Management Grant Program

Staff recommends that the Joint Budget Committee approve the Department's request of \$15,000 cash funds exempt. These moneys are being used to help manage a cooperative effort with local governments and private landowners to eradicate newly emerging species. This amount represents a continuation level of funding, consistent with Committee policy.

Diseased Livestock Indemnity Fund

Staff recommends the Department's request of \$25,000 cash funds exempt spending authority for this line item. As designated under Section 35-50-140.5, C.R.S., these moneys are continuously appropriated and represent an indemnity fund for livestock owners whose animals are destroyed to prevent the spread of infectious disease. The requested amount represents the Department's estimate of potential claims against this fund by applicable parties in FY 2006-07. This amount represents a continuation level of funding, consistent with Committee policy.

Operating Expenses for Aquaculture

As given in the Agricultural Services Division, Operating Expenses line item section of this figure setting narrative document, and referenced in the Agricultural Markets Division, Operating Expenses for Aquaculture line item section also in this figure setting narrative document, **staff recommends the approval of Decision Item #8 that \$25,000 cash funds spending authority be transferred from the Agricultural Markets Division Aquaculture line item to the Agricultural Services Division, however staff recommends that the Aquaculture line item also be transferred and be maintained within the Agricultural Services Division within the Long Bill.**

Cervidae Disease Revolving Fund

Staff recommends the Department's request of \$25,000 cash funds spending authority for this line item. Pursuant to Section 35-50-114.5, C.R.S., this is an indemnity fund for elk ranchers who suffer losses when animals are destroyed to prevent the spread of infectious disease. The source of funds is a 'per-head' inspection fee set by the members of the Captive Wildlife and Alternative Livestock Board. Potential fees are capped at \$8 per head and the fund balance may not exceed \$200,000. This amount represents a continuation level of funding, consistent with Committee policy.

Lease Purchase Lab Equipment (Decision Item #2)

The Department's biochemistry laboratory performs sample analyses that support the regulatory compliance activities of a number of programs within three Divisions: Inspection and Consumer Services (ICS), Plant Industry, and Conservation Services. Within the ICS Division, the lab provides analyses for animal feed, feed drugs, and fertilizer programs to guard against crop and livestock contamination. Within the Plant Industry Division, the lab provides analyses for the pesticide registrations division and the pesticide enforcement investigations. The lab also provides groundwater analysis for the Conservation Services Division groundwater protection program.

The biochemistry lab is currently utilizing several obsolete analytical instruments that are no longer serviceable. As lab equipment age, they become obsolete and manufacturers no longer provide service and repair or remedy software issues related to the instrument. The current equipment does remain operational, however the maintenance requires additional laboratory staff time to service, repair, locate parts, and solve software related issues without the benefit of manufacturer support, which equate to approximately \$16,000 per annum (400 hours of scientist time at \$40 per hour). This in efficiency impacts the timeliness of data collection and impacts data reliability, replication, and decreases staff productivity as a result of needing to regularly troubleshoot equipment failure.

The biochemistry lab is requesting five laboratory instruments. The following table outlines the costs of leasing the equipment as well as the costs with purchasing the equipment outright:

Decision Item #2. Lease Laboratory Equipment					
Item	Application	Lease Cost per Year	Lease Cost Over 5 Yr Lease	Purchase Cost	Lease (5 Yrs.) vs. Purchase
High Performance Liquid Chromatograph System (HPLC)	Provides accurate, quantitative analysis for drugs/medications and vitamins in animal feed samples collected by ICS inspectors.	\$10,440	\$52,200	\$45,000	\$7,200
Atomic Absorption Spectrophotometer	Provides accurate quantitative analyses for metals/trace minerals in feed and fertilizer samples collected by the ICS multiple inspectors	7,656	38,280	33,000	5,280
Inductively Coupled Plasma Spectrophotometer	The equipment targets specific elemental electrons which produce photons unique to each element to isolate trace materials for use related to enforcement investigations	21,576	107,880	85,000	22,880
Gas Chromatograph / Mass Selective Detector (GC/MSD) (2 count)	Utilized for the analysis and confirmation of pesticide residues. The Division of Plant Industry, ICS, and Conservation Services require this instrumentation for the collection of data in relation to investigations.	46,320	231,600	199,880	31,720
Total		\$85,992	\$429,960	\$362,880	\$67,080

The cost to lease the equipment over five years is approximately \$429,960 and the cost to purchase the equipment outright is approximately \$362,880. While the overall cost of the equipment is lower if the equipment is purchased, issues concerning eventual obsolescence will have to be addressed in five to seven years, which will occur after the expiration of the suspension of the provisions of TABOR in July 2010. The leasing of the equipment will also permit the Department to quickly obtain this equipment to immediately address the issues pertaining to timeliness, replicability, and reliability of the data obtained that the biochemistry laboratory is facing.

It should be noted that according to Article V, Section 38 of the state constitution prohibits the postponement of a liability (i.e. a lease). However, pursuant to Section 24-82-702, C.R.S., a lease purchase agreement with the state is permissible under the guidelines of the state constitution if the contractual language in a lease purchase agreement specifically states that future-year payments will be subject to appropriation by the General Assembly. Other like lease purchase agreements have been secured in other state agencies as the Department of Public Safety's Colorado Crime Information Center (CCIC) and in same department's Laboratory Services Division.

Given the obsolescence of current laboratory equipment and the eventual obsolescence of any laboratory equipment which may be procured, **staff recommends the inclusion of a "Lease Purchase Lab Equipment" line item in the Long Bill with a recommendation of \$85,992 spending authority, which includes \$39,672 General Fund and \$46,320 cash funds.**

Indirect Cost Assessment

Staff recommends \$725,301 spending authority for the purpose of indirect cost recoveries, which is comprised of \$699,907 cash funds and \$25,394 federal funds. This calculation is an estimate that will fluctuate depending on final Committee action regarding the Department's budget.

AGRICULTURAL MARKETS DIVISION

The Agricultural Markets Division strives to increase export sales of Colorado agricultural products within domestic and international markets. The Division is also responsible for management of the Aquaculture program which is comprised of the Aquaculture Board in the Department of Agriculture, and the Fish Health Board in the Department of Natural Resources. It has been a division within the Department of Agriculture since FY 1990-91. Please note that staff has recommended the approval of **Decision Item #8**, the transfer of cash funds spending authority and the line item for Aquaculture from the Agricultural Markets Division to the Agricultural Services Division, Inspection and Consumer Services Division.

As part of the Governor's ten-percent reduction plan in FY 2002-03, the Department laid off the market order administrator and a business development professional. In addition to these reductions, the following positions were eliminated by the General Assembly during passage of the Long Bill for FY 2003-04: Livestock Market News Professional, Produce Market News Professional, Administrative Assistants.

The elimination of these positions has impacted the Division's ability to provide the same level and range of services to the agricultural community; however, the core function of helping producers make their products known to domestic and international markets still remains.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Marketing Supervisor	1.0	1.0	1.0	1.0
Senior Ag Market Specialist	1.0	1.0	1.0	1.0
Ag Market Specialist	1.7	1.7	1.7	1.7
Administrative Support	1.0	1.0	1.0	1.0
Agricultural Development Board	0.5	0.5	0.5	0.5
Total	5.2	5.2	5.2	5.2

Personal Services

Staff recommends \$379,759 General Fund and 4.7 FTE for this line item. This calculation is made pursuant to Committee common policy, which includes a 0.5 percent base reduction. The following table summarizes the staff recommendation.

Personal Services - Agricultural Markets Division						
	Total	GF	CF	CFE	FF	FTE
FY 2006-07 Long Bill	373,141	373,141	0	0	0	4.7
Special Bills	0	0	0	0	0	0.0
FY 2006-07 SUBTOTAL	373,141	373,141	0	0	0	4.7
Salary Survey	8,526	8,526	0	0	0	0.0
0.5 Percent Base Reduction	(1,908)	(1,908)	0	0	0	0.0
TOTAL for FY 2007-08	379,759	379,759	0	0	0	4.7

Operating Expenses

Staff recommends a total funding request of \$80,198 for this line item, which is comprised of \$29,861 General Fund, and \$50,337 cash funds.

Operating Expenses for Aquaculture (Decision Item #8)

Staff recommends the Department's appropriation request of \$25,000 cash funds be transferred to the Agricultural Services Division, in a new line item. These moneys are raised through permit fees. Expenses under this line item include printing/reproduction, inspection contractors, and travel necessary to inspect sites that have applied for permits.

Economic Development Grants

Staff recommends the Department's request of \$45,000 cash fund exempt spending authority for this line item. Economic Development Grants are General Fund dollars the Division may receive from the Economic Development Commission within the Office of the Governor. This amount represents a continuation level of funding, consistent with Committee policy.

Agricultural Development Board

Staff recommends a continuing appropriation of \$574,837 cash funds exempt and 0.5 FTE for this line item. House Bill 01-1086 created the Agriculture Value-Added Development Fund Program and the corresponding Colorado Agricultural Value-Added Development Board. The primary source of funding for this program is the sale of tax credits that are triggered when state revenues exceed TABOR limitations in a given fiscal year.

As of December 31, 2006, the Agriculture Value-Added Development Fund had a balance of \$91,901 and is continuously appropriated. Due to the passage of Referendum C, this program is not anticipated to receive any tax credits prior to FY 2010-11.

Pursuant to H.B. 06-1322, \$500,000 from the Operational Account of the Severance Tax Trust Fund was transferred into the Value-added Cash Fund which was then transferred to the Department of Natural Resources to promote agricultural energy-related projects and research.

BRAND BOARD

The Brand Board administrates livestock brands; inspects alternative livestock facilities; verifies ownership prior to the sale, transport, or slaughter of livestock; and facilitates the return of stray or stolen livestock.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Program Director	1.0	1.0	1.0	1.0
Administrative Staff	8.4	8.5	8.5	8.5
Inspection Agents	49.1	56.8	56.8	56.8
Total	58.5	66.3	66.3	66.3

Brand Inspection (Decision Items #6 and #7)

This line item represents program funding for both personal services and operating expenses. The latter includes the Department's request for **Decision Item #6** related to vehicle replacement for Brand Board's field inspectors and **Decision Item #7** related to postage and operating costs for brand board assessments.

According to Section 24-30-1102 (5), C.R.S., the State Board of Stock Commissioners is exempt from the State's Fleet Program because the Brand Board demonstrated an ability to manage its vehicles at a lower cost. The Department is requesting \$148,993 cash funds exempt to replace 13 vehicles at an estimated cost of approximately \$11,461 per vehicle (**Decision Item #6**).

The vehicles designated for replacement will be four to ten years old and will have projected average mileage of 138,302. Based on the age and mileage of the requested replacement vehicles, **staff recommends approval of a one-time increase to the Brand Board's cash funds exempt spending authority of \$148,993.**

Decision Item #7 reflects the requirements of 35-43-115, C.R.S., in which 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. With adequate spending authority to accommodate the postage and operating expenses incurred in mailing and processing assessments, the Brand Board will have relevant information to be included in the new Brand Book in FY 2007-08. **Staff recommends approval of a one-time increase to the Brand Board's cash funds exempt spending authority of \$42,141.**

Staff recommends \$3,641,057 cash funds exempt and 66.3 FTE pursuant to Committee common policy, which includes a distribution for salary survey awarded in FY 2006-07, as well as a 0.5 percent base reduction. The following table reflects how staff calculated the recommendation for this line item.

Brand Board - Brand Inspections Line Item						
	Total	GF	CF	CFE	FF	FTE
FY 2006-07 Long Bill	3,212,012	0	0	3,212,012	0	66.3
Salary Survey	80,251	0	0	80,251	0	n/a
0.5 Percent Base Reduction	(16,461)	0	0	(16,461)	0	0.0
Operating	299,327	0	0	299,327	0	n/a
Less: FY 2006-07 DI Brand Books	(48,143)	0	0	(48,143)	0	n/a
Less: FY 2006-07 DI Trucks	(77,063)	0	0	(77,063)	0	n/a
Add: Decision Item #6 Trucks	148,993	0	0	148,993	0	n/a
Add: Decision Item #7 Brand Books	42,141	0	0	42,141	0	n/a
TOTAL for FY 2007-08	3,641,057	0	0	3,641,057	0	66.3

Discussion of Program Funding. Under Section 35-41-101 (5) (a), C.R.S., the Brand Board constitutes an enterprise for the purposes of Section 20 of Article X of the state constitution (TABOR).

Alternative Livestock

Staff recommends the Department's request of \$95,662 cash funds exempt, which are raised from brand inspection and permit fees deposited into the Alternative Livestock Farm Cash Fund as prescribed in Section 35-41.5-116, C.R.S. Beginning in FY 2001-02, the appropriation for this line item was increased from \$30,403 to the present level of \$95,662. This adjustment reflects the approval of a decision item to reflect growth of the alternative livestock industry from 50 businesses in 1994 to almost 150 businesses by 2000. The recent effects of chronic wasting disease (CWD) has reduced program workload to approximately 100 facilities. This amount represents a continuation level of funding, consistent with Committee policy.

Indirect Cost Assessments

Staff recommends \$134,522 cash funds exempt for the purpose of indirect cost recoveries, which is an estimate that will fluctuate depending on final Committee action regarding the Department's budget and reflects the re-institution of the 3.6 percent indirect cost recovery cap pursuant to the sunset of S.B. 03-169 on July 1, 2006.

SPECIAL PURPOSE

Wine Promotion Board

The Colorado Wine Promotion Board is responsible for promoting Colorado wines. The Board funds research, development, promotion and marketing. Board members receive travel and other expenses incurred in the performance of their official duties. The Board is continuously appropriated under Section 35-29.5-105, C.R.S., which states that at least one-third of the revenue in the fund shall go toward research and development, and at least one-third shall go toward promotion and marketing which includes administrative costs.

Staff recommends \$447,345 cash funds and 1.0 FTE for this line item. This amount includes moneys for personal and contractual services, for operating expenses, as well as a 0.5 percent base reduction.. This amount represents a continuation level of funding, consistent with Committee policy. The following table reflects how staff calculated the recommendation for this line item.

Special Purpose - Wine Promotion Board Line Item						
	Total	GF	CF	CFE	FF	FTE
FY 2006-07 Long Bill	278,337	0	278,337	0	0	1.0
Special Bills	0	0	0	0	0	0.0
FY 2006-07 SUBTOTAL	278,337	0	278,337	0	0	1.0
Salary Survey	2,149	0	2,149	0	0	0.0
0.5 Percent Base Reduction	(1,402)	0	(1,402)	0	0	0.0
Operating	168,261	0	168,261	0	0	0.0
TOTAL for FY 2007-08	447,345	0	447,345	0	0	1.0

Discussion of Program Funding. Under Section 12-47-503 (1) (b) and (c), C.R.S., there are three taxes related to the funding of the Wine Promotion Board: (1) a wine development fee of one penny per liter charged on all vinous liquors sold in Colorado; (2) a graduated tax charged on all vinous liquor produced in Colorado; and (3) ten dollars charged on each ton of grapes used to produce vinous liquor in Colorado. The Office of Legal Services states that since the source of these moneys is a tax, the Wine Promotion Board cannot qualify for enterprise status under TABOR.

Staff also recommends the inclusion of a footnote which requests a report summarizing the program's efficacy in "promoting all wines produced or finished by a licensed Colorado winery," pursuant to Section 35-29.5-104 (2), C.R.S. and which summarizes the program's effectiveness in enhancing the market share of Colorado wine.

Vaccine and Service Fund

Staff recommends the Department's appropriation request of \$162,631 cash funds, which is an estimate of anticipated expenditures for FY 2007-08. The Vaccine and Service Fund provides money for the vaccination of heifer calves against brucellosis, the testing of livestock for brucellosis, and the identification and disposal of reactor livestock. The source of revenue is cash proceeds from the sale of vaccines and services. These moneys are continuously appropriated for vaccine purchases and other laboratory expenses under Section 35-50-146, C.R.S. This amount represents a continuation level of funding, consistent with Committee policy.

Brand Estray Fund

Staff recommends the Department's request of \$94,050 cash funds exempt for this line item. Pursuant to Section 35-44-106, C.R.S., any cash proceeds received from the sale of estrays through the state board of stock inspection commissioners are placed in the Brand Estray Fund, created in Section 35-41-102, C.R.S. Estray animals are defined as livestock found on public or private lands within the state of Colorado whose owner is either unknown or are outside the limits of their usual range or pasture. Moneys from this fund are spent on the upkeep of these animals and are exempt

from the TABOR spending limit as they are managed by the Section 35-41-101 (5) (a), C.R.S., the Brand Board, which is an enterprise pursuant to Section 20 of Article X of the state constitution. This amount represents a continuation level of funding, consistent with Committee policy.

Indirect Cost Assessments

Staff recommends \$7,808 cash funds for the purpose of indirect cost recoveries, which is based on the number of program FTE. This is an estimate that will fluctuate depending on final Committee action regarding the Department's budget.

COLORADO STATE FAIR

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Fair Manager	1.0	1.0	1.0	1.0
Professional Grades	5.1	5.3	5.3	5.3
Program Administration	8.3	9.0	9.0	9.0
Maintenance	5.0	11.6	11.6	11.6
Total	19.4	26.9	26.9	26.9

Program Costs

The Colorado State Fair is an agricultural and industrial exposition held each summer on the State Fairgrounds in Pueblo, Colorado, and administered by the eleven members of the State Fair Authority Board, which is designated as a Type 1 agency under the provisions of Section 24-1-105, C.R.S.

Pursuant to H.B. 06-1384, the State Fair Authority was provided moneys through the Colorado Travel and Tourism Promotion Cash Fund to (1) pay down remaining state Treasury loans; (2) upon repayment of the state Treasury loans, pay-off outstanding debt incurred to build the events center in Pueblo; (3) and provide an annual appropriation of \$550,000 for administrative expenses, operating costs, and event promotion. **As a result of this legislation, the State Fair Authority lost its enterprise status** upon receiving more than 10 percent of its annual revenue in grants, pursuant to Section 20 of Article X of the Colorado Constitution (TABOR).

Staff recommends \$9,365,516 cash funds and 26.9 FTE for this line item. This amount includes moneys for personal and contractual services, for operating expenses, as well as a 0.5 percent base reduction. The following table reflects how staff calculated the recommendation for this line item.

State Fair - Program Costs Line Item						
	Total	GF	CF	CFE	FF	FTE
FY 2006-07 Long Bill	3,877,677	0	0	3,877,677	0	26.9
Operating	4,252,515	0	0	4,252,515	0	0.0
H.B. 06-1384	3,163,978	0	0	3,163,978	0	0.0
FY 2006-07 SUBTOTAL	11,294,170	0	0	11,294,170	0	26.9
Salary Survey	20,338	0	0	20,338	0	0.0
0.5 Percent Base Reduction	(19,490)	0	0	(19,490)	0	0.0
Reduction in the amount appropriated to pay-off state treasury loans and the Events Center in Pueblo, pursuant to H.B. 06-1384	(1,929,502)	0	0	(1,929,502)	0	0.0
Funding Mix Adjustment Due to Loss of Enterprise Status	0	0	9,365,516	(9,365,516)	0	0.0
TOTAL for FY 2007-08	9,365,516	0	9,365,516	0	0	26.9

Staff also recommends the inclusion of a footnote which requests a report summarizing the State Fair's year-to-date and future contracted revenue-generating events, itemized by the event's association to the State Fair's statutory purposes as outlined in Section 36-65-105 (1), "*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.*" Data obtained from said report would permit staff to analyze the State Fair's operational efficiency in light of its statutory obligations.

CONSERVATION BOARD

The Conservation Board oversees programs to conserve Colorado's soil and natural resources in conjunction with 77 local districts. The State Conservation Board is comprised of eight members from the 77 district boards, plus one appointee of the Governor. The eight elected members represent each of the major watershed systems in Colorado. Board staff provide technical assistance to the local districts and help coordinate regional and statewide efforts to address conservation issues. Issues addressed by this division include soil erosion, agricultural runoff, forest/rangeland management, noxious weed control, salinity, and energy conservation. The Board is also responsible for maintaining the official maps and legal descriptions of the 77 districts as well as monitoring local board elections.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Program Administrator	0.9	1.0	1.0	1.0
Administrative Staff	1.5	1.5	1.5	1.5

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommendation
Conservation Specialist	1.0	1.0	2.0	2.0
Total	3.4	3.5	4.5	4.5

Personal Services (Decision Item #3)

Staff recommends the Department's request of \$305,424 General Fund and 4.5 FTE, which was calculated pursuant to Committee common policy. This amount includes a distribution for salary survey of \$5,900 awarded in FY 2006-07, as well as a 0.5 percent base reduction of \$1,301.

This recommendation includes approval of **Decision Item #3**, one Conservation Field FTE. Staff agrees with the Department on the merits of hiring this conservation specialist to serve approximately 22 conservation districts at an annual salary of \$46,472.

Staff approves of this decision item in light of trends pointing to rapid population growth and urbanization along the I-25 corridor, which has brought about many issues that the conservation districts must address brought on by land use changes. In addition, the state has experienced severe drought over the last five years, which manifests numerous issues which must be addressed by conservation staff. Finally, it should be noted that due to the state's recent General Fund budget reductions, the Conservation Board lost 2.0 FTE who provided field support to the conservation districts along the I-25 corridor and other program duties.

Operating Expenses (Decision Item #3)

Staff recommends \$46,448 General Fund for this line item. These moneys are used to pay for the expenses of elected Board members, for phone and mail correspondence with local districts, and for the production of various educational and informational materials. This recommendation includes approval of operational expenses associated with **Decision Item #3**, Conservation Field FTE.

Distributions to Conservation Districts

Staff recommends \$391,714 General Fund for this line item. These distributions are the primary component of the Conservation District program and are essential to maintaining the network of the 77 local districts. This amount represents a continuation level of funding, consistent with Committee policy.

The Conservation Board distributes direct assistance funds to the 77 conservation districts based on annual evaluations of each district's program. Districts are required to use these funds for travel, clerical, technical assistance and other operating expenses. Annual budgets range from \$4,000 to \$46,000. Distributions are made according to evaluation criteria, which examine a district's long range plans, annual workload, number of district meetings held each year, participation in conservation activities, and the district's plan to implement education programs.

The difference between a given district's State distribution and its actual administration costs is covered by the sale of conservation products in the various districts as well as the authority to increase levies up to one-half of one mill to fund the full amount of the district budget. It should be

noted that some districts depend on these moneys to fund most of their budget and some rely on these moneys to only a small degree.

For future years, the Colorado State Conservation Board is exploring the possibility of transitioning this program from a subsistence venture to a reward program. This would entail a three-tiered disbursement plan whereby districts would be rewarded for truly demonstrating productivity beyond financial limitations.

Irrigation/Conservation Program

Staff recommends no funding and FTE for the Irrigation/Conservation Program line item in FY 2007-08. This line item was eliminated from the Long Bill in FY 2005-06. The Yuma and Washington conservation districts continue to fund these FTE from local moneys.

Matching Grants to Districts

Staff recommends \$150,000 General Fund for this line item. This amount represents a continuation level of funding, consistent with Committee policy.

Salinity Control Grants

Staff recommends a continuation appropriation of \$500,000 federal funds. The salinity control grants are distributed to the four soil conservation districts in the Colorado River Basin through the Department of Natural Resources. These moneys fund projects to line irrigation canals, install water pipes, and implement other irrigation management practices, which minimize exposure of water to salt bearing soils. This amount represents a continuation level of funding, consistent with Committee policy.

FOOTNOTES

Staff recommends the **inclusion** of the following footnotes to the Department's section of the FY 2007-08 Long Bill.

NNN **Department of Agriculture, Special Purpose, Wine Promotion Board** -- The Department is requested to submit a report to the Joint Budget Committee by November 1, 2007, which summarizes the program's efficacy in "promoting all wines produced or finished by a licensed Colorado winery," pursuant to Section 35-29.5-104 (2), C.R.S. and which summarizes the program's effectiveness in enhancing the market share of Colorado wine.

Comment: According to Section 35-29.5-101.5, C.R.S., "*that the state should aid Colorado's wine industry through research and promotion to allow the industry to realize its full potential in this state.*" This footnote report would assist staff in analyzing the program's effectiveness in achieving its statutory obligation to realize its full potential.

NNN **Department of Agriculture, State Fair** -- The Department is requested to submit a report to the Joint Budget Committee by November 1, 2007, which summarizes the State Fair's year-to-date and future contracted revenue-generating events and the revenue associated with each event, itemized by the event's association to the State Fair's statutory purposes as outlined in Section 36-65-105 (1), "*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.*" .

Comment: This footnote report would assist staff in analyzing the State Fair's operational efficacy in achieving its statutory obligations.

Staff recommends the **amendment** of the following footnote to the Department's section of the FY 2006-07 Long Bill.

NNN **Department of Agriculture, Agricultural Services Division, Inspection and Consumer Services** -- The Department is requested to submit a report to the Joint Budget Committee by November 1, ~~2006~~ 2007, which summarizes options for reducing personal services and operating expenses related to programs administered by Inspection and Consumer Services. This report should include strategies for extending risk-based time frames, comparisons to programs in other states, statutory changes necessary to implement potential cost savings, and possible consequences of reduced funding and FTE.

Comment: Senate Bill 05-176 will sunset the Inspection and Consumer Services Cash Fund on June 30, 2007 and will make changes to the manner in which fees are set for the Inspection and Consumer Services division. This footnote report will assist staff in analyzing the impacts on the Inspection and

Consumer Services division.