

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



SUPPLEMENTAL REQUESTS FOR FY 2008-09

DEPARTMENT OF AGRICULTURE

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

**Prepared By:
Bernie Gallagher, JBC Staff
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For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

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Prioritized Supplementals

Supplemental Request, Department Priority #1

General Fund refinancing of personal services associated with the Phytosanitary Cash Fund

	Request	Recommendation
Total	\$0	\$0
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	(14,366)	(14,366)
FTE	0.0	(0.3)
Cash Funds - Seed Cash Fund	14,366	14,366
FTE	0.0	0.3

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency]	YES
JBC Staff and the Department agree that this request is the result of an <i>unforeseen contingency</i> .	

Department Request: The Department requests a one time refinancing of the personal services line item in the Agricultural Services Division. The request is proposing to shift \$14,366 in personal services from the General Fund to the Phytosanitary Cash Fund. The request does not reflect any reductions or increases in FTE authority associated with the requested personal services appropriation funding mix adjustment.

Staff Analysis: Personal services expenses associated with nursery and seed inspections are reflected in the Agricultural Services Division, Personal Services line item. The inspection of nurseries are entirely funded with fees, however the inspections of seed are funded with two-thirds General Fund and one-third with fees collected from the issuance of certificates. The total FY 2008-09 personal services related expenses associated with the position that performs these functions is \$43,140. The Department proposes that one-third (\$14,366) of the personal services costs be shifted from General Fund to the Phytosanitary Cash Fund, based on the rationale that the administrative support staff for the Nursery and Seed programs also provides administrative support to the Phytosanitary program, as needed.

Pursuant to Section 35-4-111 (2), C.R.S., the Phytosanitary Inspection Fund was created to be the repository of fees collected for the inspection of crops, plant material, or other articles or premises for pests for the purpose of covering the direct and indirect costs of administering the program.

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Inspections are to ensure plant and crop product being shipped meets the importing requirements of other states and countries. Because the purpose of the fund is not to support the direct and indirect costs of the Nursery and Seed programs, staff does not recognize the Phytosanitary Inspection Fund as a proper funding mechanism to offset the General Fund costs of Seed Program.

The Seed Cash fund, created in Section 35-27-124, C.R.S., was created to *supplement any* General Fund appropriation for the purpose of covering the costs of inspecting the labeling of seeds. Statute does not restrict the Seed Cash Fund from *supplanting* General Fund appropriated for the purposes of inspecting seed labels. The Department reports that it anticipates that the Seed Cash Fund will have an uncommitted fund balance of \$27,874 at the end of FY 2008-09. Thus, the supplemental funding reduction could instead be funded with fund balance from the applicable Seed Cash Fund rather than the less suitable Phytosanitary Cash Fund.

Staff Recommendation: Staff recommends that the Committee reduce the Department's General Fund appropriation to the Personal Services line item in the Agricultural Services division by \$14,366 and 0.3 FTE and commensurately increase the cash funds appropriation from the Seed Cash Fund by \$14,366 and 0.3 FTE for FY 2008-09.

**Supplemental Request, Department Priority #2
 General Fund refinancing of the CSU seed analysis contract**

	Request	Recommendation
Total	\$0	\$0
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	(20,000)	(20,000)
FTE	0.0	(0.3)
Cash Funds - Seed Cash Fund	20,000	20,000
FTE	0.0	0.3

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency]	YES
JBC Staff and the Department agree that this request is the result of an <i>unforeseen contingency</i> .	

Department Request: The Department requests a one time refinancing of the personal services line item in the Agricultural Services Division. The request is proposing to shift \$20,000 in personal

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services from the General Fund to the Seed Cash Fund. The request does not reflect any reductions or increases in FTE authority associated with the requested personal services appropriation funding mix adjustment.

Staff Analysis: The Colorado Seed Act regulates the distribution and subsequent use of poor quality seed caused by inaccurate or misleading labeling to prevent economic hardship due to low crop yields, poor crop quality, and the spread of noxious weed seed. The bill created the Seed Cash Fund, which is intended to supplement any General Fund appropriation, pursuant to Section 35-27-124, C.R.S. (as discussed in the previous supplemental request).

The Department currently contracts with Colorado State University (CSU) to analyze seeds for viability, purity, germination, as well as other prescribed aspects. The contract is approximately \$56,000 total funds, of which \$20,000 is General Fund and is financed through the Agricultural Services Division, Personal Services line item. The remainder is financed through the Seed Cash Fund (\$36,000).

Staff Recommendation: Staff recommends that the Committee approve the Department's supplemental request and reduce the General Fund appropriation to the Personal Services line item in the Agricultural Services division by \$20,000 and 0.3 FTE and commensurately increase the cash funds appropriation from the Seed Cash Fund by \$20,000 and 0.3 FTE for FY 2008-09.

**Supplemental Request, Department Priority #3
 General Fund refinancing of conservation districts matching grants**

	Request	Recommendation
Total	(\$150,000)	(\$200,000)
General Fund	(150,000)	(200,000)
Cash Funds - Agriculture Management Fund ¹	0	0

¹ Upon repayment of all outstanding debt on the State Fair, the Agriculture Mangement Fund will be created and will receive 65 percent of all interest earned on the proceeds of unclaimed securities and will also be provided an appropriation of \$1,348,763 for FY 2008-09, pursuant to H.B. 08-1399.

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency]	YES
JBC Staff and the Department agree that this request is the result of an <i>unforeseen contingency</i> .	

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Department Request: The Department requests a one time refinancing of the Matching Grants to Districts line item in the Conservation Board division. The request is proposing to reduce the General Fund appropriation by \$150,000 and then backfilling this reduction with moneys from the Agriculture Management Fund.

Staff Analysis: The Department is appropriated \$225,000 General Fund and is allocated \$450,000 cash funds from the Operational Account of the Severance Tax Trust Fund to fund conservation projects. Local conservation districts apply for grant awards through the Colorado State Conservation Board to fund conservation projects or programs in their communities. Local conservation districts must provide a matching contribution from local, private, or federal sources.

The Department is requesting a reduction of \$150,000 General Fund and a requisite backfill of moneys allocated from the Agriculture Management Fund. The Agriculture Management Fund will be created upon the enactment of H.B. 08-1399. **However, the effective clause in S.B. 08-1399 stipulates that the bill shall not take effect until all outstanding debt on the State Fair has been repaid in full.** To date, the Department has not yet fully met the requirements necessary to enact H.B. 08-1399. Thus, the Agriculture Management Fund is not yet created and is not in possession of said funds. The Department assures staff that the debt on the Events Center will be fully repaid at the end of January, and that the Department will have met the requirements necessary to enact H.B. 08-1399.

Upon enactment of H.B. 08-1399, the Department is authorized to use moneys in the Agriculture Management Fund to finance agricultural efforts approved by the Commissioner, including, but not limited to, funding additional Department employees necessary to implement and manage approved programs.

As of January 16, 2009, the Department had expended \$22,790 General Fund to Conservation Districts for projects from its \$225,000 FY 2008-09 appropriation, leaving approximately \$202,000 unexpended. The supplemental request is for a reduction of \$150,000 General Fund. Thus, approximately \$50,000 of additional General Fund could be reduced.

Staff Recommendation: Staff recommends that the Committee reduce the Department's General Fund appropriation to the Matching Grants to Districts line item in the Conservation Board division by \$200,000 for FY 2008-09. Staff's recommendation reduces the appropriation to this line item by \$50,000 more than what was requested by the Department.

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**Supplemental Request, Department Priority #4
 Reduction of General Fund associated with federal feed program personal services**

	Request	Recommendation
General Fund	(\$10,000)	(\$10,000)
FTE	0.0	(0.1)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency]	YES
JBC Staff and the Department agree that this request is the result of an <i>unforeseen contingency</i> .	

Department Request: The Department requests a one time reduction of \$10,000 associated with an agreement with the U.S. Food and Drug Administration (FDA) related to the safety of animal feed. The reduction will be taken from the personal services line item in the Agricultural Services Division. The request does not reflect any reductions in FTE authority associated with the requested personal services appropriation reduction.

Staff Analysis: The Colorado Feed Program is a part of a nationwide effort by state and federal agencies to ensure the food safety. The Colorado Commercial Feed Law assures the safety of meat, milk, and eggs produced for human consumption by regulating the products fed to food production animals. The program works cooperatively with the FDA to prevent the establishment and amplification of bovine spongiform encephalopathy (BSE) and to prevent contamination of human food by regulation of drugs fed to food producing animals. The Colorado Feed Program is currently funded with 44 percent General Fund (\$431,000), 51 percent cash funds from registration and distribution fees (\$507,000), and 5 percent from federal grants (\$50,000).

The Department is recommending that \$10,000 of General Fund be supplanted with operational cost avoidance measures and where applicable, moneys from its federal grant from the FDA.

Staff Recommendation: Staff recommends that the Committee reduce the General Fund appropriation to the Personal Services line item in the Agricultural Services division by \$10,000 and 0.1 FTE for FY 2008-09.

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Supplemental Request, Department Priority #5

Department reduction of personal services as a result of the state hiring freeze

	Request	Recommendation
Total	(\$137,992)	(\$152,899)
FTE	<u>0.0</u>	<u>(2.4)</u>
General Fund	(82,011)	(82,011)
FTE	0.0	(1.3)
Cash Funds - Seed Cash Fund	(55,981)	(70,888)
FTE	0.0	(1.1)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency]	YES
JBC Staff and the Department agree that this request is the result of an <i>unforeseen contingency</i> .	

Department Request: The Department requests a one time reduction of \$137,992 in personal services appropriations for FY 2008-09 related to positions and contracts frozen by the Department. Of the amount being reduced, \$82,011 is General Fund and \$55,981 is from cash fund sources. The request does not reflect any reductions in FTE authority associated with the requested personal services appropriation reduction.

Staff Analysis: The Department implemented the hiring freeze in October 2008 as directed by the Governor and has identified five positions affected by this action. The Department has identified savings associated with the funding for the following vacant positions: Deputy Commissioner, Fruit and Vegetable Program Supervisor, Assistant State Veterinarian, Administrative Assistant III (part-time), and a Laboratory Technician.

The OSPB's hiring freeze savings calculation makes two key assumptions: (1) the calculation is based on the date on which the Department would have expected a new hire to start in each position in the absence of the hiring freeze, *rather than the first day of the freeze or the date that such a position became vacant*; and (2) assumes that a pay date shift applies to all fund sources, and not just General Fund. Because the hiring freeze calculation applies a pay date shift to cash fund sources, additional savings are not recognized.

When the pay date shift is removed from the affected cash-funded positions, an additional \$14,907 in savings is recognized. Because the supplemental request does not include a requisite reduction

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in FTE for the requested amount in personal services to be reduced, staff has calculated that a 2.4 FTE reduction in FTE is commensurate for the amount of personal services that are being reduced as a result of the state hiring freeze. Of this FTE reduction, 1.3 FTE is from General Fund personal services and 1.1 FTE is from cash-funded personal services.

Staff Recommendation: Staff recommends a total department wide reduction of \$152,899 and 2.4 FTE in personal services in FY 2008-09. Of this amount, staff recommends that the Committee reduce the Department's General Fund appropriation to the Personal Services line item in the Commissioner's Office by \$82,011 and 1.3 FTE for FY 2008-09. Staff also recommends that the Committee reduce the Department's cash funds appropriation to the Personal Services line item in the Agricultural Services division by \$70,888 and 1.1 FTE for FY 2008-09.

Non-Prioritized Supplementals

**JBC Staff-initiated Supplemental
 Department Indirect Cost Recovery Adjustments**

	Recommendation
Total	<u>\$150,971</u>
General Fund	(150,971)
Cash Funds	177,017
Reappropriated Funds	150,971
Federal Funds	(26,046)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency]	YES
JBC Staff believes that this request is the result of a <i>technical error</i> in calculating the original appropriation.	

Staff-initiated Request: Staff requests that the indirect cost assessments applied to several divisions be adjusted due to a technical error made when calculating the Department's indirect cost recoveries when drafting the 2008 Long Bill.

Staff Analysis: The indirect cost recovery methodology employed by the Department of Agriculture in recent years has subsidized the indirect costs incurred by the State Fair with General Fund and

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other fund sources. With moneys made available from the passage of H.B. 08-1399, the State Fair is better positioned to fund its associated indirect costs.

Indirect Costs: Indirect costs are the overhead costs associated with the operation of departmental administrative duties. Indirect cost recoveries are intended to offset these overhead costs, that otherwise would have been supported by the General Fund, from cash- and federally-funded programs. Recoveries from cash and federally-funded programs are calculated for statewide and departmental overhead costs. The Department of Agriculture allocates recovery of its indirect costs through a formula based on a 'per FTE' basis, or each FTE's share of recoverable expenses and then multiplies that amount by the total FTE within a specific program or division. Historically, the Department has not applied an indirect cost assessment to the State Fair due to its poor operational performance, thus requiring the Department's other divisions and the General Fund to backfill the State Fair's associated indirect costs.

State Fair Revenue: Between fiscal years 2002-03 and 2006-07 (5 years), the State Fair has had on average expenditures that are \$989,000 greater than their revenues, losing \$4.95 million over that time period. The State Fair requires substantial state support to maintain its solubility and to keep it operational. To the best of staff's understanding, the Department ceased to assess the State Fair an indirect cost payment as it recognized that it was incapable of doing so.

Pending Legislation: House Bill 08-1399 changed the allocation of moneys credited to the Colorado Travel and Tourism Promotion Fund from being fully allocated to the State Fair to pay off debt to a new allocation including 65 percent to various agriculture programs, 25 percent to the State Fair, and 10 percent to agritourism efforts. The allocation of said moneys are contingent upon full repayment of the outstanding debt on the Events Center is fully repaid. The Department anticipates the full repayment of debt in January 2009. However, once H.B. 08-1399 is enacted, the Department will have a steady stream of funding to pay the indirect costs of the State Fair and should do so. In addition, as a result of the full repayment on the State Fair's Events Center, the bill reduced 3.6 federally-funded FTE and increased 6.0 cash-funded FTE. Thus, the total indirect cost recoveries owed from federally-funded sources is reduced and the amount owed from cash-funded sources is increased.

Staff Recommendation: Staff recommends the JBC approve the supplemental change to reduce the Department's General Fund appropriation by \$150,971, increase the cash funds appropriation by \$177,017, and reduce the federal funds appropriation by \$26,046.

Calculations: The following table provides the recommended adjustments to the Department's indirect cost recoveries, by fund source. The Department's total indirect cost responsibility is \$1,746,249, which includes \$1,389,585 in recoverable Department overhead and \$334,782 in

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statewide overhead¹. Additional detail, by Department Program, is provided in Table B, found within Appendix A-1, found at the end of this document.

Recommended Corrections: TOTAL Indirect Cost Responsibility, by Fund Source			
Fund Source	Current	REVISED	Difference
Total Indirect Cost Responsibility	<u>\$1,746,249</u>	<u>\$1,746,249</u>	<u>\$0</u>
General Fund Backfill	876,913	725,942	(150,971)
Cash Funds	744,936	921,953	177,017
Federal Funds	124,400	98,354	(26,046)

Statewide Common Policy Supplemental Requests

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

Department's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Management and Administration of OIT	\$4,604	\$4,604	\$0	\$0	\$0	0.0
Worker's Compensation	0	n/a	n/a	n/a	n/a	0.0
Administrative Law Judge Services	0	n/a	n/a	n/a	n/a	0.0
Purchase of Services from Computer Center	0	n/a	n/a	n/a	n/a	0.0
Multiuse Network Payments	0	n/a	n/a	n/a	n/a	0.0
Payment to Risk Management and Property Funds	0	n/a	n/a	n/a	n/a	0.0
Vehicle Lease Payments	0	n/a	n/a	n/a	n/a	0.0
Capitol Complex Leased Space	0	n/a	n/a	n/a	n/a	0.0
Communication Services Payments	0	n/a	n/a	n/a	n/a	0.0
Department's Total Statewide Supplemental Requests	\$4,604	\$4,604	\$0	\$0	\$0	0.0

¹ The statewide indirect cost recovery plan prepared by the State Controller's Office for FY 2008-09 was approved by the JBC on January 30, 2008.

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Staff Recommendation: The staff recommendation for these requests is pending Committee approval of common policy supplementals. **Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee approves this common policy supplemental.** If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

Cash Fund Transfers

**Department Requested Transfer, OSPB #6
Transfer from Brand Inspection Fund
Statutory Change Required**

FY 2008-09	Request	Recommendation
Transfer from Brand Inspection Fund to General Fund	\$500,000	\$500,000

Staff Analysis: All revenues recieved by the Brand Board, including fees collected for the inspection of cattle, shall constitute and be known as the brand inspection fund, pursuant to Section 35-41-102 (1), C.R.S. The purpose of the Brand Inspection Fund is to serve as a repository for fees from various inspections of cattle, as well as for the sale of abandoned brands and sale of brand books. Of note, the Brand Board constitutes an enterprise for the purposes of Section 20 of Article X of the State Constitution (TABOR), pursuant to Section 35-41-101 (5) (a), C.R.S. Due to the Brand Board's enterprise status, the Brand Inspection Cash Fund is exempt from the limit on uncommitted reserves.

The Department's supplemental transfer request is for \$500,000, which will leave an estimated fund balance of \$667,527. The Department does not assume any increases in revenue collected despite increasing program expenditures. This assumption is based on the fact that the fees that are deposited in the Brand Inspection Fund are set by the board, but the maximum fee levels are capped in statute. Further, fees are set on a five-year cycle, pursuant to Section 35-43-115 (1) (a), C.R.S., with the current cycle ending December, 2012. In discussions with the Department, the \$500,000 reduction would enable the Brand Board to cover its expenses until the five-year brand fee cycle elapses, enabling the Board to increase fees in accordance with programmatic expenditures without straining service delivery.

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Brand Inspection Fund #108 Department Request and Staff Recommendation				
	FY 2007-08 Actual	FY 2008-09 Estimate	FY 2009-10 Estimate	FY 2010-11 Estimate
Beginning FY Balance	\$544,224	\$1,329,719	\$667,527	\$320,225
Revenues	4,748,047	4,448,047	4,448,047	4,448,047
Expenditures	<u>(3,962,552)</u>	<u>(4,610,239)</u>	<u>(4,795,349)</u>	<u>(4,795,349)</u>
Ending FY Balance without transfer	\$1,329,719	\$1,167,527	\$320,225	(\$27,077)
Proposed Transfer	<u>0</u>	<u>(500,000)</u>	<u>0</u>	<u>0</u>
Ending Balance after transfer	\$1,329,719	\$667,527	\$320,225	(\$27,077)

Other Balancing Options

These options are presented without staff recommendation in order to maximize the Committee's choices. The Committee may wish to consider these options now or in the future.

Numbering does not indicate priority.

Options with <i>Appropriation</i> Impacts	GF	CF	RF	FF	Total	FTE
1					0	
Inspection and Consumer Services programs funded with a mix of General Fund and cash funds						
<p>There are six programs in the Inspection and Consumer Services (ICS) sub-division of the Agricultural Services Division that are funded with a mix of General Fund and cash funds. Prior to 2004, Inspection and Consumer Services (ICS) programs received 100 percent General Funding. However in response to the state's last budget crisis, legislation in 2003 refinanced these programs away from General Fund to 100 percent cash funding. In 2007, the JBC sponsored H.B. 07-1198 which partially subsidized ICS programs with General Fund in relation to how much the services provided by each program benefits the common good. In order to offset General Fund expenditures as a result of the budgetary shortfall in the current fiscal year, increasing the ICS program fees for programs receiving a General Fund appropriation may be explored. This option would require a statutory change. If the legislation is enacted, then an increase in the Department's cash funds and reappropriated funds spending authority would be required.</p>						

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Options with <i>Appropriation</i> Impacts	GF	CF	RF	FF	Total	FTE
2					0	
<p>Eliminate Indirect Cost Caps</p> <p>Four programs in the Department of Agriculture have statutory caps on the amount the Department can collect for department and statewide overhead costs. During the last economic downturn, legislation was passed making it possible for the Department to collect the fullest amount of indirect costs applicable to a given division (S.B. 03-169). It is estimated that this would reduce the Department's General Fund expenditures by \$580,000 per year. Requires a statutory change. If the legislation is enacted, then an increase in the Department's cash funds and reappropriated funds spending authority would be required and the General Fund appropriation would be reduced by a like amount.</p>						
3	(200,000)	200,000	TBD	0	0	0.0
<p>Eliminate Potato Inspection Subsidy</p> <p>The state presently pays \$200,000 of the Mandatory Fruit & Vegetable Inspection program's operational costs, with the remainder paid with fund balance and through certificate fees assessed by the Department, pursuant to Section 35-23-114 (3) (a), C.R.S. Inspectors check the condition and storage of potatoes prior to shipment and will grade the potatoes accordingly. This option would require a statutory change. If the legislation is enacted, then an increase in the Department's cash funds and reappropriated funds spending authority would be required and the General Fund appropriation would be reduced by a like amount.</p>						
4	(436,884)	0	0	0	(436,884)	(2.3)
<p>Eliminate Conservation Board</p> <p>The Conservation Board is responsible for providing administrative and fiscal oversight to Colorado's 77 conservation districts. The Board also coordinates various federal programs related to natural resource issues, provides guidance on stream bank erosion, and assists farmers and ranchers in implementing a variety of water and energy practices. No statutory change is required. This would eliminate an estimated \$436,884 General Fund and 2.3 FTE, for the remainder of FY 2008-09 (5 months).</p>						

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Options with <i>Appropriation</i> Impacts	GF	CF	RF	FF	Total	FTE
5	(177,281)	0	0	0	(177,281)	(2.0)
<p>Eliminate Agricultural Markets Division</p> <p>This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. The Agricultural Markets Division also coordinates various market orders, promotes Colorado agricultural products, and works to assist start-up or expanding food processing companies within the state. No statutory change is required. This would eliminate an estimated \$177,281 General Fund and 2.0 FTE, for the remainder of FY 2008-09 (5 months). Other reductions in cash- and federal funds is anticipated.</p>						
<p>6</p> <p>Eliminate General Fund Support for Various Programs</p> <p>There are several programs in the Agricultural Services Division that receive General Fund support. These programs include the Bureau of Animal Protection, Predator and Rodent Control, the State Veterinarian, the Insectary, programs related to Noxious Weeds, Seed Inspections, Greenhouse and Insect Damage, and the Agricultural Statistics Bulletin. In some instances, statutory change is required. This would eliminate an estimated \$2.3 million General Fund and an undetermined number of FTE, for the remainder of FY 2008-09 (5 months).</p>						

Options with <i>Revenue</i> Impacts	GF	CF	RF	FF	Total	FTE
1					0	0.0
<p>Inspection and Consumer Services programs funded with a mix of General Fund and cash funds</p> <p>Please reference Options with Appropriation Impacts Item #1a, above. If the legislation described is enacted, then an increase in the Department's cash revenues will be increased and the General Fund will be decreased by a like amount.</p>						
2					0	0.0
<p>Eliminate Indirect Cost Caps</p> <p>Please reference Options with Appropriation Impacts Item #2a, above. If the legislation described is enacted, then an increase in the Department's cash revenues and reappropriated funds will be increased and General Fund will be decreased by a like amount.</p>						

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Options with <i>Revenue Impacts</i>	GF	CF	RF	FF	Total	FTE
3					0	0.0
<p>Potato Inspection Subsidy</p> <p>Please reference Options with Appropriation Impacts Item #3a, above. If the legislation described is enacted, then an increase in the Department's cash revenues and reappropriated funds will be increased and General Fund will be decreased by a like amount.</p>						
4					0	0.0
<p>Eliminate Statutory Fee Caps</p> <p>There are programs in the Department of Agriculture that have fees capped in statute. Capped fees restrict the Department's ability to set fees to adequately collect a commensurate level of revenue to cover direct and indirect operating costs of the programs it regulates. The shortfall of revenue is then backfilled with General Fund. The following programs have capped fees in statute: (1) seed labeling inspection; (2) the issuance, tracking, and inspection of brands on livestock; (3) regulating the proper storage and handling of pesticides and fertilizers to not compromise groundwater quality; and (4) the inspection and licensing of aquaculture facilities. This option would require a statutory change.</p>						
5	(200,000)	200,000	TBD	0	0	0.0
<p>Eliminate General Fund Support for Various Programs</p> <p>Please reference Options with Appropriation Impacts Item #6, above. If the legislation described is enacted, then an increase in the Department's cash revenues and reappropriated funds will be increased and General Fund will be decreased by a like amount.</p>						

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF AGRICULTURE
Commissioner - John Stulp

Supplemental #1 - General Fund refinancing of personal services associated with the Phytosanitary Cash Fund

(2) Agricultural Services Division

Personal Services	9,455,221	10,105,072	0	0	10,105,072
FTE	<u>143.2</u>	<u>152.4</u>	<u>0.0</u>	<u>(0.0)</u>	<u>152.4</u>
General Fund	3,148,690	3,413,075	(14,366)	(14,366)	3,398,709
FTE	44.1	45.6	0.0	(0.3)	45.3
Cash Funds	5,971,506	6,202,408	14,366	14,366	6,216,774
FTE	96.1	103.8	0.0	0.3	104.1
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	0
Federal Funds	335,025	489,589	0	0	489,589
FTE	3.0	3.0	0.0	0.0	3.0

Supplemental #2 - General Fund refinancing of the CSU seed analysis contract

(2) Agricultural Services Division

Personal Services	9,455,221	10,105,072	0	0	10,105,072
FTE	<u>143.2</u>	<u>152.4</u>	<u>0.0</u>	<u>(0.3)</u>	<u>152.1</u>
General Fund	3,148,690	3,413,075	(20,000)	(20,000)	3,393,075
FTE	44.1	45.6	0.0	(0.3)	45.3
Cash Funds	5,971,506	6,202,408	20,000	20,000	6,222,408
FTE	96.1	103.8	0.0	0.0	103.8

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	0
Federal Funds	335,025	489,589	0	0	489,589
FTE	3.0	3.0	0.0	0.0	3.0
Supplemental #3 - General Fund refinancing of conservation districts matching grants					
<i>(1) Conservation Board</i>					
Matching Grants to Districts	<u>622,065</u>	<u>675,000</u>	<u>(150,000)</u>	<u>(200,000)</u>	<u>475,000</u>
General Fund	150,000	225,000	(150,000)	(200,000)	25,000
Cash Funds - Severance Tax Trust Fund	472,065	450,000	0	0	450,000
Supplemental #4 - Reduction of General Fund associated with federal feed program personal services					
<i>(2) Agricultural Services Division</i>					
Personal Services	9,455,221	10,105,072	(10,000)	(10,000)	10,095,072
FTE	<u>143.2</u>	<u>152.4</u>	<u>0.0</u>	<u>(0.1)</u>	<u>152.3</u>
General Fund	3,148,690	3,413,075	(10,000)	(10,000)	3,403,075
FTE	44.1	45.6	0.0	(0.1)	45.5
Cash Funds	5,971,506	6,202,408	0	0	6,202,408
FTE	96.1	103.8	0.0	0.0	103.8
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	0
Federal Funds	335,025	489,589	0	0	489,589
FTE	3.0	3.0	0.0	0.0	3.0

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #5 - Department reduction of personal services as a result of the state hiring freeze					
<i>(1) Commissioner's Office and Administrative Services</i>					
Personal Services	1,572,327	1,572,327	(82,011)	(82,011)	1,490,316
FTE	<u>19.2</u>	<u>19.2</u>	<u>0.0</u>	<u>(1.3)</u>	<u>17.9</u>
General Fund	734,680	734,680	(82,011)	(82,011)	652,669
FTE	19.2	19.2	0.0	(1.3)	18
Cash Funds	134,522	134,522	0	0	134,522
Cash Funds Exempt / Reappropriated Funds	703,125	703,125	0	0	703,125
 <i>(2) Agricultural Services Division</i>					
Personal Services	9,455,221	10,105,072	(55,981)	(70,888)	10,034,184
FTE	<u>143.2</u>	<u>152.4</u>	<u>0.0</u>	<u>(1.1)</u>	<u>151.3</u>
General Fund	3,148,690	3,413,075	0	0	3,413,075
FTE	44.1	45.6	0.0	0.0	45.6
Cash Funds	5,971,506	6,202,408	(55,981)	(70,888)	6,131,520
FTE	96.1	103.8	0.0	(1.1)	102.7
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	0
Federal Funds	335,025	489,589	0	0	489,589
FTE	3.0	3.0	0.0	0.0	3.0

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Total for Supplemental #5	11,027,548	11,677,399	(137,992)	(152,899)	11,524,500
FTE	<u>162.4</u>	<u>171.6</u>	<u>0.0</u>	<u>(2.4)</u>	<u>169.2</u>
General Fund	3,883,370	4,147,755	(82,011)	(82,011)	4,065,744
FTE	63.3	64.8	0.0	(1.3)	63.5
Cash Funds	6,106,028	6,336,930	(55,981)	(70,888)	6,266,042
FTE	96.1	103.8	0.0	(1.1)	102.7
Cash Funds Exempt / Reappropriated Funds	703,125	703,125	0	0	703,125
Federal Funds	335,025	489,589	0	0	489,589
FTE	3.0	3.0	0.0	0.0	3.0
Staff-Initiated Supplemental - Indirect Cost Recovery Adjustments					
<i>(1) Commissioner's Office and Administrative Services</i>					
Personal Services	<u>1,437,805</u>	<u>1,629,112</u>	<u>0</u>	<u>0</u>	<u>1,629,112</u>
General Fund	734,680	759,777	0	(150,971)	608,806
Cash Funds Exempt / Reappropriated Fund	703,125	869,335	0	150,971	1,020,306
Indirect Cost Assessment - FF	154,827	101,075	0	(26,516)	74,559
<i>(2) Agricultural Services Division</i>					
Indirect Cost Assessments	<u>539,710</u>	<u>615,468</u>	<u>0</u>	<u>22,897</u>	<u>638,365</u>
Cash Funds	478,166	592,143		22,427	614,570
Federal Funds	61,544	23,325		470	23,795
<i>(3) Agricultural Markets</i>					
Indirect Cost Assessment - CF	0	3,888	0	78	3,966

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(5) Special Purpose</i>					
Indirect Cost Assessment - CF	8,588	11,663	0	47,827	59,490
<i>(6) Colorado State Fair</i>					
Indirect Cost Assessment - CF	0	0	0	106,685	106,685
Total for Staff-Initiated Supplemental	<u>2,140,930</u>	<u>2,361,206</u>	<u>0</u>	<u>150,971</u>	<u>2,512,177</u>
General Fund	734,680	759,777	0	(150,971)	608,806
Cash Funds	486,754	607,694	0	177,017	784,711
Cash Funds Exempt / Reappropriated Fund	703,125	869,335	0	150,971	1,020,306
Federal Funds	216,371	124,400	0	(26,046)	98,354
Totals Excluding Pending Items					
DEPARTMENT OF AGRICULTURE					
TOTALS for ALL Departmental line items	37,600,332	39,258,254	(297,992)	(211,928)	39,046,326
FTE	<u>267.6</u>	<u>291.9</u>	<u>0.0</u>	<u>0.0</u>	<u>291.9</u>
General Fund	6,891,291	7,695,912	(276,377)	(477,348)	7,218,564
Cash Funds	22,493,248	26,655,992	(21,615)	140,495	26,796,487
Cash Funds Exempt / Reappropriated Funds	961,343	914,335	0	150,971	1,065,306
Federal Funds	7,254,450	3,992,015	0	(26,046)	3,965,969

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Statewide Common Policy Supplementals (see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	4,604	<u>Pending</u>	<u>N.A.</u>
General Fund			4,604		
Other			0		
Totals Including Pending Items in Request					
DEPARTMENT OF AGRICULTURE					
TOTALS for ALL Departmental line items	42,000,000	52,000,000	(293,388)	(211,928)	51,788,072
FTE	<u>1,000.0</u>	<u>1,050.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1,050.0</u>
General Fund	20,000,000	30,000,000	(276,377)	(477,348)	29,522,652
Cash Funds	20,000,000	20,000,000	(17,011)	140,495	20,140,495
Cash Funds Exempt / Reappropriated Funds	1,000,000	1,000,000	0	150,971	1,150,971
Federal Funds	1,000,000	1,000,000	0	(26,046)	973,954

Key:

"N.A." = Not Applicable or Not Available

**DEPARTMENT OF AGRICULTURE
FY 2008-09 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

APPENDIX A-1: INDIRECT COST RECOVERY RECALCULATIONS

TABLE A. Recommended Corrections: TOTAL Indirect Cost Responsibility, by Fund Source			
Fund Source	Current	REVISED	Difference
Total Indirect Cost Responsibility ¹	<u>\$1,746,249</u>	<u>\$1,746,249</u>	<u>\$0</u>
Cash Funds & Federal Funds	869,336	1,020,307	150,971
General Fund Backfill	876,913	725,942	(150,971)

¹ Includes statewide and department-wide indirect assessments.

TABLE B. Recommended Corrections: Indirect Cost Responsibility, by Program			
Program	Current Indirect Cost Assessment	REVISED Staff Recommendation	Difference
State Fair	\$0	\$106,685	\$106,685
Special Purpose	11,663	59,490	47,827
Non-Mandatory Fruit & Vegetable	3,815	15,864	12,049
Inspection and Consumer Services	255,798	260,963	5,165
Pesticide Applicator	144,615	147,535	2,920
Pet Care Facility	38,875	39,660	785
Groundwater Protection	31,100	31,728	628
Agricultural Services (Federal Only)	23,325	23,795	470
Nursery	17,105	17,450	345
Organic	15,550	15,864	314
Phytosanitary	7,775	7,932	157
Agricultural Markets	3,888	3,966	78
Weed Free	3,110	3,173	63
Chemigation ¹	86	87	1
Mandatory Fruit & Vegetable ¹	74,315	74,315	0
Brand Inspection ¹	133,797	133,797	0
Alternative Livestock ¹	3,444	3,444	0
Commissioner's Office (Federal Only)	101,075	74,559	(26,516)
Total Indirect Cost Assessment	<u>\$869,336</u>	<u>\$1,020,307</u>	<u>\$150,971</u>
Cash Funds	744,936	921,953	177,017
Federal Funds	124,400	98,354	(26,046)

¹ Reflects programs which have indirect cost recovery caps in statute, thus the revised assessment is either unchanged or adjusted slightly.