

DEPARTMENT OF AGRICULTURE
FY 2019-20 JOINT BUDGET COMMITTEE HEARING AGENDA

Thursday November 29, 2018
9:30 am – 11:00 am

9:30-9:45 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Don Brown, Commissioner

9:45-10:15 INTERNATIONAL MARKETING FOR COLORADO AGRICULTURE

Main Presenters:

- Don Brown, Commissioner
- Tom Lipetzky, Markets Division Director

Topics:

- R2 International Marketing for Colorado Agriculture: Page 1-3, Questions 1-5 in the packet, Slides 5-11
- Local and Domestic Markets: Page 3-4, Questions 6-7 in the packet, Slides 12-13

10:15-11:00 HEMP PROGRAM

Main Presenters:

- Don Brown, Commissioner
- Duane Sinning, Plant Industry Division Director

Topics:

- Industrial Hemp Program: Page 5, Questions 8 in the packet, Slides 14-15

DEPARTMENT OF AGRICULTURE
FY 2019-20 JOINT BUDGET COMMITTEE HEARING AGENDA

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INTERNATIONAL MARKETING FOR COLORADO AGRICULTURE

1. Discuss any studies or other knowledge the Department may have gained on the Return on Investment for the Colorado Proud Program and the International Markets Program.

The Department regularly conducts post-activity surveys of producers and companies participating in international projects. Analysis of sales reports provided by these producers and companies for ten projects coordinated by the Department dating back to March 2016 show the projects generated nearly \$76 million in sales – or an average return on investment of 17:1. This ROI largely represents sales made during and/or immediately following the project so does not include repeat sales or sales that might take longer time periods to bring to fruition. There are also benefits beyond the ROI that include establishing a market presence and positioning Colorado as a supplier of a wide array of products, which can lead to additional sales opportunities for other products in the future.

For the Colorado Proud program, in addition to tracking consumer awareness and reported purchases as highlighted in the Budget Briefing, the Department also analyzes the leveraging of media dollars and findings from member surveys to evaluate the impact of its investments in the program. For example, the Department's \$175,000 media investment in 2016 resulted in a total media and digital campaign valued at \$647,350 when combined with in-kind and partner contributions. In 2017, the \$112,500 investment in the Colorado Proud "Faces of Colorado Agriculture" and "Seasons Eatings" public relations campaigns was leveraged to generate an estimated advertising value of \$290,855. Beyond this leveraging of investments, 74% of members responding to surveys believe the program has helped to increase sales. Of those indicating Colorado Proud had helped to increase sales, 43% said sales increased 10% or less; 41% by 11-25%; and 16% by more than 25%.

INTERNATIONAL MARKETS

2. Does the Department have legal authority to make grants to groups of producers or organizations that emphasize trade?

The Department would use the following statutory authority if the General Assembly wished to create a grant program.

Section 35-1-104 (g) To extend in every practicable way the distribution and sale of Colorado agricultural products throughout the markets of the world.

Section 35-1-104 (w) To take charge of the exhibition of Colorado agricultural products at international or national exhibitions.

3. Discuss constraints the Department would encounter if it were to target a portion of the General Fund request to make grants to those organizations.

The most significant constraints would be: making such grants would increase staff time required for administration of such grants, further eroding time available to plan and implement projects; and our experience suggests promotions that showcase targeted categories of Colorado food and agricultural products would be more effective than supporting a multitude of divergent projects that would likely lack in synergy and do little to foster the “Colorado” brand among international customers.

4. Discuss the interplay between the Department facilitating market growth and individual trade groups investing in their industries growth. How does the magnitude of budgets for market growth compare between individual private actors and activities undertaken by the Department?

Colorado has numerous industry and producer-funded organizations to assist in research and promotion of their respective products. These include such organizations as the Colorado Beef Council, Colorado Dry Bean Administrative Committee, Colorado Wine Industry Development Board, Colorado Wheat Administrative Committee, Colorado Sunflower Administrative Committee, Colorado Potato Administrative Committee, and Colorado Brewers Guild. However, these organizations are primarily focused on production research and in-state promotions. To the degree they do focus on international, it is typically achieved through allocation of relatively small portions of their funding to their national-level organizations to promote broader awareness and utilization or to participate in projects organized by the Department where our focus is to bring buyers and sellers together to create new markets for Colorado food and agricultural products. When considering private companies, as noted above, only the largest have sales staff and budget dedicated to developing international trade. Our approach has been to help do for our companies and industry that which they cannot do for themselves or by themselves.

5. Discuss what Colorado crops, livestock, or products, if any, are being affected by tariffs imposed by foreign countries including the size of the Colorado market for such.

Food and agricultural product exports from Colorado are reported at \$1.49 billion for January through September, 2018 – a level about 2% less than for the same period in 2017. Colorado products have been exported to more than 110 countries in 2018 but for the most part, retaliatory tariffs imposed by Canada, China, and Mexico are having the most significant impact to Colorado.

China – The primary direct food and agricultural export from Colorado to China is cattle hides and skins, used for making leather goods. January through September 2018 exports are reported at \$50 million, about 40% less than for the same period of 2017. There has also been some impact to Colorado wheat producers as China, the 5th largest importer of U.S. wheat in 2017, has not imported any wheat from the U.S. since June, 2018. Additionally, China had banned imports of U.S. beef from 2003 until mid-2017 and tariffs imposed on U.S. beef have slowed reintroduction of beef to the Chinese market. More indirectly, because of high import tariffs imposed on U.S. soybeans, China has imported significantly less soybeans.

A greater supply of soybeans in the U.S. domestic market is keeping downward pressure on prices received by Colorado corn producers. Although Colorado has no significant pork processing, decreases in U.S. pork exports resulting from retaliatory tariffs affect prices received by Colorado hog producers.

Canada and Mexico – Under the NAFTA Agreement, the vast majority of food and agricultural products were already traded between the U.S., Canada, and Mexico without import tariffs or other constraints. The new U.S., Mexico, Canada Agreement (USMCA) made improvements to enhance market access for U.S. wheat and dairy producers, as well as provide for new procedures for resolving sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) issues. However, tariffs levied by the U.S. on aluminum and steel imports from Canada and Mexico prompted these major trading partners to impose retaliatory tariffs on a broad range of U.S. food and agricultural products. In general, Canada imposed a 20% across-the-board tariff on food and agricultural imports from the U.S. This has certainly contributed to the nearly 40% year-to-date decrease in non-alcoholic beverage exports to Canada (from \$58 million to \$36 million) and the 12% decline in processed food products (from \$12 million to \$10.5 million). Tariffs imposed by Mexico have mostly impacted Colorado pork and dairy producers. Year-to-date dairy exports have decreased from \$39 million to \$28 million (a 29% decrease). Until such time the U.S. removes tariffs on imported aluminum and steel from Canada and Mexico, they will continue these retaliatory tariffs, negating any positive impact of the new USMCA.

The Department’s international marketing staff is aware of Colorado companies that have lost sales and prospective longer-term deals in these countries because of the uncertainty brought about by these ongoing trade disputes. Staff also heard directly from larger retail distributors in Canada during a market visit earlier this year that the 20% import tariffs would effectively keep them from booking new U.S. business. It is also important to consider that the U.S. withdrawal from the Trans-Pacific Partnership (TPP) agreement is increasingly leaving U.S. and Colorado companies at a competitive disadvantage to competitors of the remaining TPP countries that have moved forward without the U.S. and signed the TPP-11 agreement.

FUNDING FOR LOCAL AND DOMESTIC MARKETS

6. If funding for local and domestic programs also received an additional \$300,000 General Fund, what activities would the Department undertake?

If \$600,000 General Fund were appropriated to the Department, the funds would be broadly allocated as follows between Local & Statewide Programs, International Programs, and Business Development.

Local & Statewide Programs	
Media	\$100,000
Public Relations	\$100,000
Events Sponsorships/Partnering with other ag organizations	\$50,000

International Programs	
In-Bound trade Teams	\$50,000
Out-Bound Trade Missions	\$50,000
International Trade Shows	\$200,000
Business Development	
“Marketing Your Food Product” Workshops (statewide)	\$25,000
Advanced Subject Matter Workshops (i.e., branding, finance, exporting, etc.)	\$20,000
Statewide One-To-One Business Consultations	\$5,000
TOTAL	\$600,000

7. How does the Department intend to maintain the momentum the Colorado Proud gained in the last decade for the next decade?

With a General Fund allocation for the program, we would have the certainty to meet consumer demand for information by sharing stories of the farmers, ranchers and food manufacturers, educating the public about where their food comes from and the journey it takes from field to fork. We have adapted to changes in marketing tools to better utilize social media such as Facebook and Instagram as well as videos. Funding certainty would allow Colorado Proud to develop a long-term plan for the program.

If we don't receive a General Fund allocation for the Colorado Proud program, we will continue the program as we have, assembling funding from a variety of sources, dealing with uncertainty each year, but doing our best to leverage the consumer's desire for local products and use of the logo to identify Colorado food and agricultural products in grocery stores, farmers' markets, restaurants, schools and institutions.

Colorado Proud will celebrate its 20th anniversary in 2019. When the Department started the program in 1999, there were 65 members, and currently there are more than 2,500 members from every corner of the state.

Colorado Proud, working in collaboration with key partners such as Safeway and King Soopers, is currently conducting consumer and member research to determine if the logo should be refreshed before the anniversary celebration. We are evaluating consumer demand for local products and images that best resonate with consumer needs. This process, and potential new logo, will help us better communicate with consumers in telling the story of Colorado agriculture.

HEMP PROGRAM

8. Provide an overview of the Department of Agriculture's Industrial Hemp Program and Hemp Seed Certification Program, including but not limited to what and how it regulates related to hemp, its procedures, industry trends, cultivation volume, comparison to other hemp producing states, and the economics behind the product.

Since 2014, Colorado has led the nation in the number of farmers producing industrial hemp and the number of acres registered to cultivate industrial hemp. The program has grown from 1,811 acres of outdoor products in 2014 to more than 30,000 acres registered in 2018. As one of the first states to establish an industrial hemp program, Colorado has served as a model for other states.

Colorado's industrial hemp program regulates the cultivation of Cannabis with a THC concentration at or below 0.3%. The program registers land areas for Commercial or Research & Development cultivation of industrial hemp. Applications for registration include all persons or entities who have at least 10% ownership or managerial control over the registered land area, the legal description of the land area and GPS coordinates and a map of the area where cultivation will take place. Registrations are valid for 365 days from issuance. Registrants are required to submit a pre-planting report, a planting report within 10 days of planting and a harvest report at least 30 days prior to harvest.

The program enforces THC compliance through an inspection and sampling system based on risk and random selection of registrations. Inspections and sampling occur in 30 day window prior to harvest when THC is at its highest level. Fields that exceed the THC limit are subject to civil disciplinary action. A registrant who voluntarily destroys their non-compliant field can mitigate penalties.

The program administers the first certified seed program for industrial hemp in the United States, in conjunction with Colorado State University and the Colorado Seed Growers Association. The purpose of the program is to assist growers in identifying varieties of industrial hemp that will not exceed the THC limit. Participants who enter varieties into the program must be able to demonstrate legal ownership of the genetics. Varieties are tested in multiple locations across Colorado to insure ability to stay under the THC threshold. Varieties that pass must be produced under weed and disease free conditions and in isolation to protect purity. The seed variety can then be labeled and sold by the registrant as CDA Approved Certified Seed.

DEPARTMENT OF AGRICULTURE
FY 2019-20 JOINT BUDGET COMMITTEE HEARING AGENDA PART 2
ANSWERS TO QUESTIONS POSED TO MULTIPLE DEPARTMENTS

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED. PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.

- 1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

The Department does not have any legislation to report.

- 2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2018 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? [Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.](#)

<http://leg.colorado.gov/audits/annual-report-status-outstanding-audit-recommendations-june-30-2018>

The Department has one high priority recommendation that is outstanding. The recommendation included a five-year plan business plan for the Colorado State Fair. The plan continues through FY 2020-21. CDA anticipates this item will be reported as implemented at the end of FY 2020-21.

- 3 If the Department receives federal funds of any type, please respond to the following:
 - a. Are you expecting any changes in federal funding with the passage of the FFY 2018-19 or 2019-20 federal budget? If yes, in which programs, and what is the match requirement for each program? **No.**
 - b. Does the Department have a contingency plan if federal funds are eliminated? **No.**
 - c. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2018-19 or 2019-20. **The Department is not aware of any sanctions.**

- 4 Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

Agricultural Financial Crisis

The Colorado Department of Agriculture, along with several industry organizations, have developed a plan to proactively provide mental health information to rural communities in the hope of preventing tragedies and suicides related to a dip in the ag economy. This effort has now turned into a national movement with Commissioner Brown discussing it on a federal level, other states reaching out to Colorado in an effort to start their own program, and additional agricultural organizations joining the conversation. What was once considered a taboo topic has now turned into a contingent of farmers and ranchers who openly discuss the topic and how to prevent tragedies in their organizations and communities.

During this process, CDA staff worked closely with the Colorado Department of Human Services to develop outreach material for the Colorado Crisis Hotline. Our outreach efforts include:

- CDA has submitted an application to participate in the American Association of Suicidology (AAS) conference in 2019, which will be held in Denver.
- Banners have been printed (3’x5”) and are available for all organizations interested in utilizing them during an event. These banners were hung in livestock buildings during the Colorado State Fair.
- The banners and business cards are also being offered, for free, to Colorado’s livestock markets. If a rancher is struggling financially, the auction would be a primary location for them to sell their herds so we believe making resources available at those locations would be helpful.
- Rural mental health agencies are reaching out for ag-specific material and have even said that this is the first time they have ever seen material directed toward their communities.
- The Department publishes an annual magazine at no cost, Cultivating Colorado. The 2019 edition will include an article on the Hotline and the business card artwork.
- This campaign also includes the printing and distribution of approximately 30,000 business cards with the Colorado Crisis Hotline contact information. These cards are distributed or will be distributed during events, to extension offices, conservation districts, industry organizations, etc.
- An anonymous donation has allowed us to purchase ads in rural papers and most of those papers have donated additional space: AG Journal, La Junta Tribune, Bent County Democrat, Fowler Tribune, Ranchland News, Chaffee County Times, Mountain Mail, Plainsman Herald, Eastern Colorado Plainsman, Limon Leader, Huerfano World, and the Sterling Advocate.

It will be difficult to ever really know the success of our efforts but we believe it’s an important project. In March, the hotline reported, “I am pleased to see increases in Yuma, Mesa, Moffat, Morgan, Park, Chaffee, Delta, El Paso, Fremont and Garfield Counties! For the smallest counties in the state that are using the crisis line more consistently, their combined total is 2,058 in 12 months, which is significant.”

Colorado Proud

Colorado Proud was developed by the Colorado Department of Agriculture in 1999 to promote food and agricultural products that are grown, raised or processed in Colorado. Currently there are more than 2,500 members including farmers, ranchers, food manufacturers, associations, restaurants, retailers, distributors, schools and other institutions. Members utilize the common logo that the Department then promotes to consumers, encouraging them to look for the label and buy local. The goals of Colorado Proud are to promote local food and agricultural products, increase the awareness of Colorado Proud, educate the public about Colorado agriculture and encourage consumers to buy local products labeled with the Colorado Proud logo. www.coloradoproud.org

The 2018 Colorado Proud public awareness campaign included television advertising on CBS4-KCNCTV and a public relations campaign.

Television Advertising:

Budget: \$100,000

Colorado Proud contracted with CBS4-KCNCTV in Denver to produce television ads promoting Colorado farmers, ranchers and food producers and encouraging consumers to buy Colorado products. The station aired 669 television and bonus messages, July-September 2018.

The television ads reached 78.2% of households 10.9 times for a total of 14.3 million impressions and 25.2% of adults 25-54 9.9 times for a total of 3.8 million impressions. Digital components including Facebook posts, homepage and news takeovers and in-article video delivered an additional 1,855,197 impressions. [Click here to view the ads.](#)

Public Relations:

Budget: \$50,000

Colorado Proud contracted with Philosophy Communication for public relations efforts. Colorado Proud participated in a variety of events including Colorado Day at the History Colorado Center, the Dillon Farmers' Market and Union Station Farmers' Market. Colorado Proud "home meal box" press kits were given to media to promote local products. Recent media can be found at <https://www.colorado.gov/pacific/agmarkets/newsroom>.

Colorado Proud will celebrate its 20th anniversary in 2019. We are currently in the process of developing a promotion plan which will include events, social media, media outreach and other public relations and advertising efforts. Colorado Proud is also seeking feedback from customers and members regarding the potential to re-fresh the current logo to meet consumer demand.

In 1999, Colorado Proud started with 65 companies, and now the program has over 2,500 members including farmers, ranchers, processors, restaurants, retailers, schools and associations statewide. According to a 2018 survey:

- 70% of respondents are very or somewhat familiar with the Colorado Proud logo, up from 59% in 2008.
- 83% purchase at least some Colorado food products.

- 64% are looking for the Colorado Proud logo more often when shopping now than they used to.
- 87% are more likely to buy produce that is labeled with the Colorado Proud logo.
- More than 90% of Coloradans are more likely to buy Colorado grown and produced products if they were available and identified as being from Colorado.

Colorado Wine

The Colorado Wine Industry Development Board (CWIDB) is part of the Colorado Department of Agriculture dedicated to promoting and furthering the development of Colorado’s grape growers and vintners. The CWIDB supports the efforts of more than 150 wineries throughout the state, producing an increasing array of premium-quality wines, as well as 200 grape growers tending about 1000 acres of grape vines.

According to C.R.S. 35-29.5-105 “(2) In any fiscal year, the board shall budget from moneys in the fund at least one-third toward research and development and at least one-third toward promotion and marketing of the Colorado wine industry, including any administrative costs associated therewith.”

[emphasis added] Paragraph (1) of that same statute, creates the Colorado Wine Industry Development Fund, which is “continuously appropriated to the [CWIDB] for the expenses of the board in implementing the provisions of this article” and is the sole source of CWIDB spending.

The CWIDB is in the fifth and final renewal period of a contract awarded through an RFP process to Cultivator Ad and Design in Denver. Over the past five years, Cultivator has worked to expand the public’s awareness of Colorado wines, primarily using outdoor billboards in the Denver metro area as well as train-station domination installation in the concourse trains at Denver International Airport during a four-week period mid-November through mid-December to target the heavy traffic during the Thanksgiving holiday.

Marketing contracts, pursuant to the statutory mandate above, and includes:

FY2018: \$264,000 total budget for Cultivator (this figure revised the number submitted last year in light of transitioning the contract period to correspond with State fiscal year)

- Design and supervise for reprint of Colorado Wine brochure
 - Printing and distribution costs approximately \$18,000 with IDS (print and fulfillment costs with IDS outside the scope of the marketing contract with Cultivator)
- Digital advertising plus billboards in Denver metro area in spring-summer and in DIA Nov-Dec
 - Total impressions estimated for 2017-18 media plan=24.5 million).
 - Cost for 2018 contract period (adjusted to coincide with State FY, through June 2018)=\$76,000.
- Rebranding of Colorado wine brand and imagery plus retooling web site
- Creation of Governor’s Cup Wine Tasting event held in August 3, 2017

- PR activities and placements, \$52,000 of the total marketing contract, resulted in 139.5 million impressions during FY18 \$1.3 million in ad equivalency.

FY2019: \$172,000 total budget for Cultivator (reduction in budget due to CWIDB efforts to build up cash reserve to alleviate spending authority issues)

- Update of the design and layout of the Colorado wine brochure incorporated into the contract for printing in early 2019
- Digital advertising, billboards and the current train station installations in DEN concourses A and C included again in 2019
 - Total spend budgeted at \$75,000
 - Anticipated impressions for FY19 media buys: 25.6 million
- Colorado Uncorked tasting of the Governor's Collection of wines selected in the Governor's Cup competition, held at History Colorado Center on Nov. 8, 2018
 - Ticket revenue = \$16,710, \$2000 of which was a donation to History Colorado
 - Attendance was 507, including VIPs and media sponsor plus Colorado Lottery giveaways, more than triple attendance for 2017 event
 - This event alone generated 4.6 million PR impressions, with equivalency value of \$43,394
- PR budget for FY19 again at \$52,000

Metrics, based on consumer survey conducted by Focus Research and Strategy in May 2018, and DOR reports:

- awareness of Colorado wine, among those who consumed wine within the past month, rose from 73% in 2016 and 76% in 2017 to 77% in 2018
- awareness of CO wine increases to 84% among 51-70 year old consumers
- future purchase interest for Colorado wine dropped in 2018 to 64%, down from 66% in 2016 to 68% in 2017
- however, future purchase interest much stronger among those who have already tried CO wine and 21-35 year olds
- consumers that reported purchasing Colorado wine, went up 3% in 2018
- The volume of wine reported by Colorado wineries to the DOR in excise tax reports essentially remained flat 2018 over 2017, showing a 0.9% stronger increase than the consumption of all wine in Colorado.
- Five year average still shows a 27% annual increase in reporting to DOR, 10% more than statewide consumption.
 - Note: although hard cider is included in the marketing activities of the CWIDB per statute for the time being, hard cider producers are proposing legislation for the 2019 Session to exempt hard cider from the produce fee that funds a portion of the CWIDB activities (CRS 44-3-503 (1)(d)) and exempt the CWIDB from the requirement to promote hard cider. Due to the current exemption of hard cider from paying the wine development fees (CRS 44-3-503(1)(c), hard cider is not included in the production figures reported to the CWIDB by the DOR.

Other

The Colorado Department of Agriculture also participates in a number of “public awareness” efforts that do not include advertising buys in order to communicate with the public including

booths, brochures, videos, outreach to schools, Facebook, newsletters, email blasts, news releases, etc. These efforts were not included in the above information since little to no funding is used.

- 5 Based on the Department’s most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy? Do the statewide compensation policies administered by the Department of Personnel help or hinder in addressing vacancy or turnover issues?

The Department submits FTE data annually with the Schedule 03. In addition, DPA published the following data for FY 2016-17.

FY 2016-17 Separations By Department			
Department	Separations	Avg Employees	Turnover Rate
Agriculture	31	294	10.6%

Separation Type		
Voluntary	Involuntary	Retire
22	3	6

Employees in Quartile of Class Salary Range			
1st	2nd	3rd	4th
24	2	4	1

The Department attributes our turnover/vacancy to:

1. Unemployment rates being so low that applicants are expecting higher entry level pay. As a smaller agency we are not able to compete (especially in our positions that have to maintain a CDL) with private businesses and sometimes even other larger state agencies.
2. Retention in some of our harder to fill positions is almost impossible because we are not able to move employees through the ranges. This is demonstrated by 77.4% of CDA’s turnover occurring in the 1st Quartile.

To address some of these issues, DPA implemented a competency-based increase policy. However, the guidelines for using that policy hinder the process to the point of making it very complex, difficult, and time consuming to use. While an introductory training was held, agency HR professionals need formal training on how to create the corresponding department policies, and how to apply individualized development plans that adhere to the guidelines of this Statewide policy.

- 6 Please identify how many rules you have promulgated in the past two years (FYs 2016-17 and 2017-18). With respect to these rules, have you done any cost-benefit analyses pursuant to Section

24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

2016-17: 15 rules

2017-18: 19 rules

We have not conducted any cost-benefit analysis or regulatory analysis in FYs 2016-17 or 2017-18.

- 7 What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations.

The Department analyzed the cost increases from FY 2015-FY 2018. The most notable increases related for operating expenses are reported in the below. This does not include the increases for personnel and salary related costs.

Building Maintenance: 60% Increase

Equipment Maintenance: 38% Increase

Water and Sewer Charges: 31% Increase

Communication Charges: 26% Increase

Grounds Maintenance: 26% Increase

- 8 How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes or service needs (e.g. aging population) that are different from general population growth?

As reported in the Department of Regulatory Affairs Sunset Report (2018), the Pet Animal Care Facilities Act has experienced the following caseload growth:

The number of active licensee increased 60.7%

The number consumer complaints increased by 470%

The number of investigations increased by 177%

CDA looks forward to the General Assembly taking action on the report recommendations.

In addition, the Department has added new programs related to marijuana and hemp, these programs have grown at a rate higher than population growth.

- 9 Please provide an overview of the Department's current and future strategies for the use of outward facing technology (e.g. websites, apps) and the role of these technologies in the Department's interactions with the public.

The Colorado Department of Agriculture has made progress over the past 5 years in the use of outward facing technology. Transitioning from mostly internally developed legacy applications that revolve around the shuffling of paper, and little outward facing interface

with the public, to a digital enterprise licensing and registration system, mobile apps, and an aggressive social media platform.

AgLicense: The Colorado Department of Agriculture implemented an electronic licensing and registration solution in 2015. This application provided the public with the option to renew their licenses or registrations with the department, online and pay with a credit card. This system called USA Plants has an outward facing website that allows CDA customers to renew themselves. The system also provides inspection and enforcement modules. Soon, this enterprise application will allow for new licenses and registrations.

Mobile Apps: The Colorado Department of Agriculture engaged with a vendor to create three mobile apps in 2014, Colorado proud, wine and noxious weeds. These apps push information to the users mobile devices about Colorado wineries, outdoor markets and different noxious weeds in Colorado. Technology has moved quickly in this area and the Governor's Office of Information Technology has initiated a new platform for mobile apps for the state called MyColorado. CDA is engaging with that project now to upgrade and modernize onto the Colorado platform that will house all departments mobile apps.

Social Networking: CDA has a number of social networking sites including www.facebook.com/coloradoag. The purpose of our main Facebook page is to entertain our followers while providing positive, educational information about the world of agriculture. We have over 6,600 followers and have had posts reach well over that amount. In November, we posted an article on a bindweed tuber that reached nearly 67,500 people. This page also provides valuable information to the public regarding important agricultural issues such as livestock diseases. We have a budget of \$20 a month to boost posts we would like to receive more attention. The Department also has social networking pages for the Colorado State Fair, Colorado Proud, and Colorado Wine. **Website:** CDA's website, www.colorado.gov/ag, is often the first interaction people may have with our agency. The website team, which includes at least one person from each division, provides regular updates to their sections to keep the information fresh and timely. In 2018, Colorado Interactive will upgrade our platform from Drupal 7 to Drupal 8. At this time, we do not have much information as to how this will affect our website, its design, and its functionality.

Video Production: The video production arm of CDA proactively promotes Colorado agriculture. We want to help raise the agriculture literacy of Colorado constituents. We do this by telling the story of Colorado farmers and ranchers and introducing the public to modern food, fuel and fiber production practices. While our Colorado constituents may be unfamiliar with what it takes to have food available at the grocery store, clothes on their backs, food for their pets or fertilizer for their lawn, there is evidence Coloradans are interested and eager to learn. For example, over the last three years, our videos have been viewed almost 400,000 times.

- 10 What is the Department's process for engaging in (or disputing) federal land, environmental, jurisdictional, and/or water policy issues? How do you coordinate with other departments, the Governor's Office, local governments, and/or citizens?

CDA's involvement in federal land and regulatory issues is based on multiple factors. It can be reactionary to a request from agency or industry for mediation services particular to a specific grazing allotment or to a request from a local government to become involved in a planning process. CDA may proactively engage in a planning or regulatory process particularly when the issue at hand impacts a large area or is likely to set a precedent for future decisions.

When regulatory or planning issues involve other departments, CDA staff participate in multi-agency work groups to comprehensively discuss and analyze the issue. Communication regarding issues is maintained with the Governor's Rural Policy and Outreach Director. CDA staff works directly with individual producers and agriculture industry groups to address concerns.

**COLORADO
DEPARTMENT OF
AGRICULTURE**



Joint Budget Committee Hearing

November 29, 2018



Mission and Vision

Vision: That Colorado agriculture be strong and vibrant, a key driver of the state's economy, and recognized worldwide for its safe, affordable, and abundant supply of high quality food and agricultural products.

Mission: To strengthen and advance Colorado agriculture; promote a safe and high quality food supply; protect consumers; and foster responsible stewardship of the environment and natural resources.

CDA Priorities:

- Enhance Coloradan's understanding of agriculture.
- Increase marketing and sales opportunities, as well as profitability, throughout Colorado's food and agriculture value chain.
- Improve the customer service experience for the Department's stakeholders.



Agricultural Financial Crisis

- The Colorado Department of Agriculture has met with a number of Colorado agricultural organizations to develop a plan to proactively provide mental health information to rural communities in the hope of preventing tragedies and suicides related to a dip in the ag economy.
- During this process, CDA staff worked closely with the Colorado Department of Human Services to develop outreach material for the Colorado Crisis Hotline.





Agricultural Financial Crisis

KIOWA COUNTY
INDEPENDENT HOME NEWS SPORTS LIFESTYLES BUSINESS NOTICI

NEWS Coping with Suicide

Coping with Suicide

Written by Priscilla Waggoner on 22 August 2018. Posted in News

Lanterns in the window



A number of years ago, a good friend of mine took her life. Although she'd suffered some serious depressive episodes over the years, her death still came as a shock. When her husband spoke at her funeral, he described the tragedy in a way that still resonates. "Amy didn't kill herself," he said. "She may have picked up the gun, but it was the depression that made her pull the trigger. It was depression that killed my wife."

Of all the medical conditions that exist, depression is, perhaps, one of the more difficult ones to tie to a specific cause. Some researchers believe it's mainly related to the biochemistry of the brain; others believe it's more related to factors in a person's life, like prolonged stress or grief or is the result of some devastating event. A growing number of researchers believe that it may actually be a combination of the two—a biochemical tendency toward depression coupled with events that trigger its occurrence.

However, there are certain things that are known, and

Depression is not "made up" or "all in someone's head." It is not a choice or an attitude or a sign of weakness. It is not something you can get over if they try hard enough or if they just ignore it. It is not something you can "cheer someone up".

Depression involves very specific symptoms that are present at one time, continue to be present for at least several weeks and interfere with a person's ability to function.

"I first heard about it from loan officers."

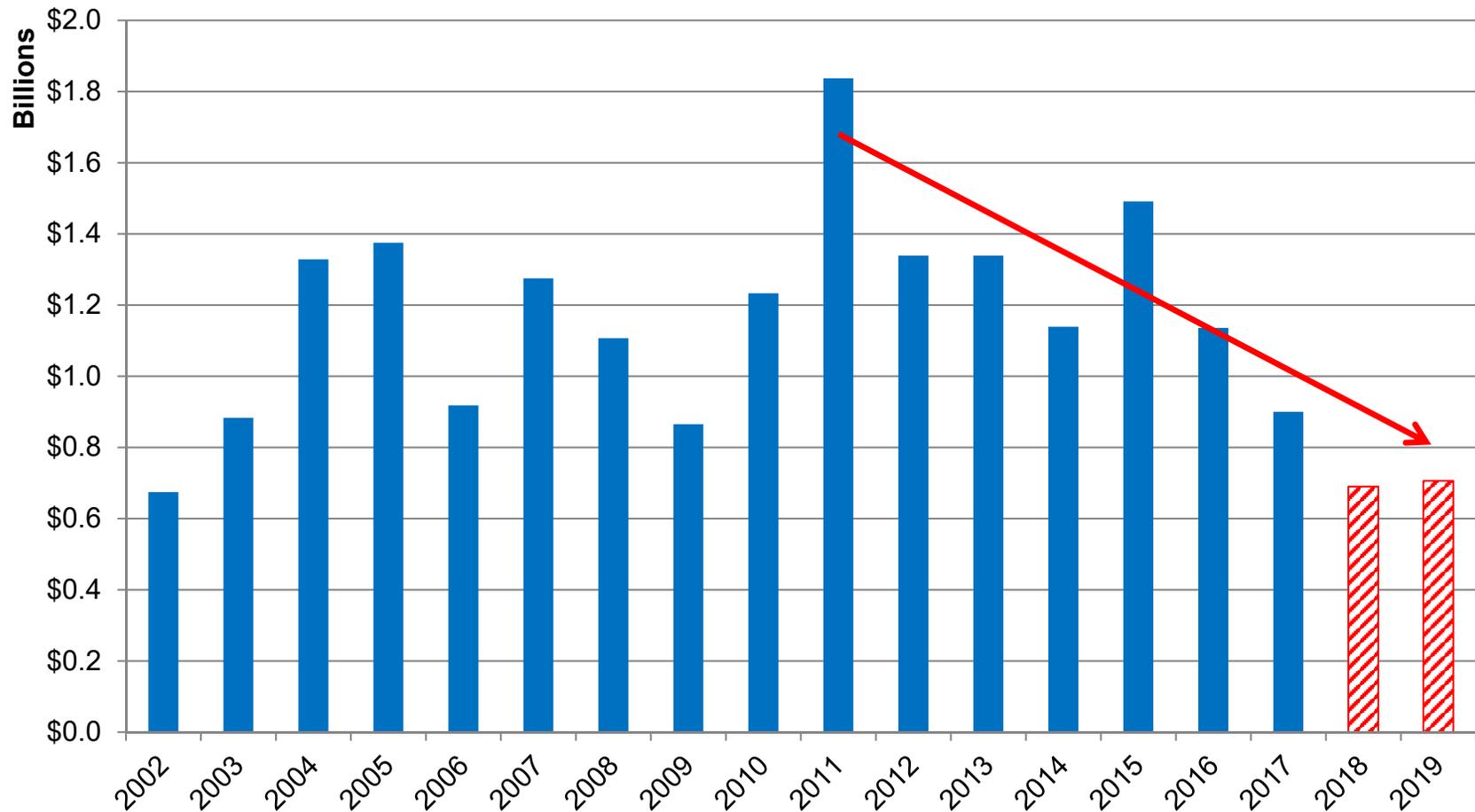
Farm Country Newspaper

Kiowa County, CO, has 1,400 people
4 male suicides in 4 weeks





COLORADO NET FARM INCOME



Source: 2002 -2017 from USDA/ERS Farm Income & Wealth Statistics.
2018 and 2019 Estimates from 2019 Colorado Business Economic Outlook.



INTERNATIONAL MARKETING CO AGRICULTURE

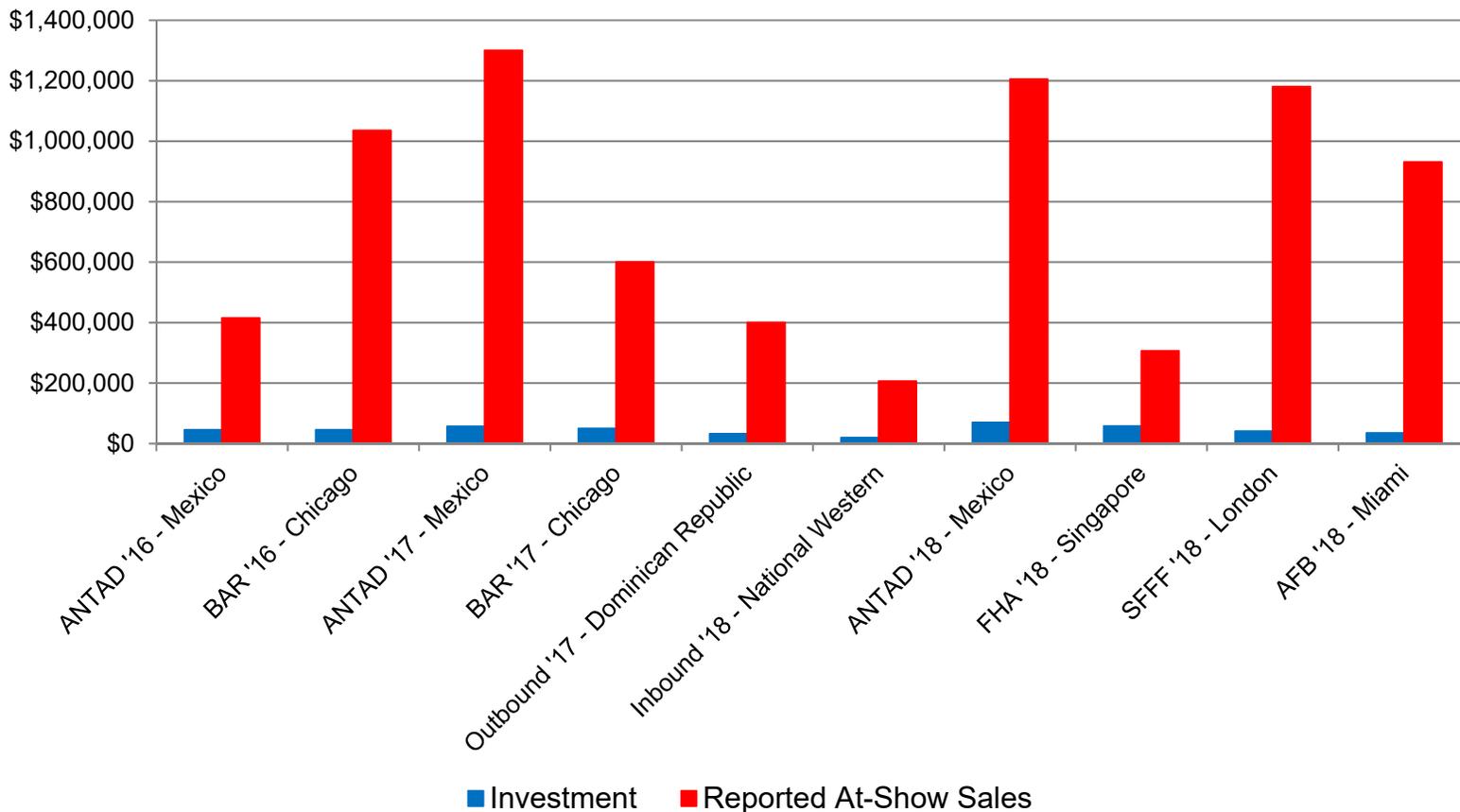
- Creates opportunities to connect suppliers of Colorado food and agricultural products with international buyers, distributors, and brokers.
 - Inbound buyer teams
 - Trade shows
 - Outbound trade missions
 - Trade leads
 - Trade policy





INTERNATIONAL MARKETING CO AGRICULTURE

CDA International Trade Shows and Missions Result in an Average ROI of 17:1





INTERNATIONAL MARKETING CO AGRICULTURE -GRANTS

- CDA could provide grants for producer organizations.
 - *Making such grants would increase staff time required for administration, further eroding time available to plan and implement projects;*
 - *The majority of organizations we work with lack the resources to effectively plan and implement international activities, which is why they turn to the Department for support and assistance; and*
 - *Our experience suggests promotions that showcase targeted categories of Colorado food and agricultural products would be more effective than supporting a multitude of divergent projects.*

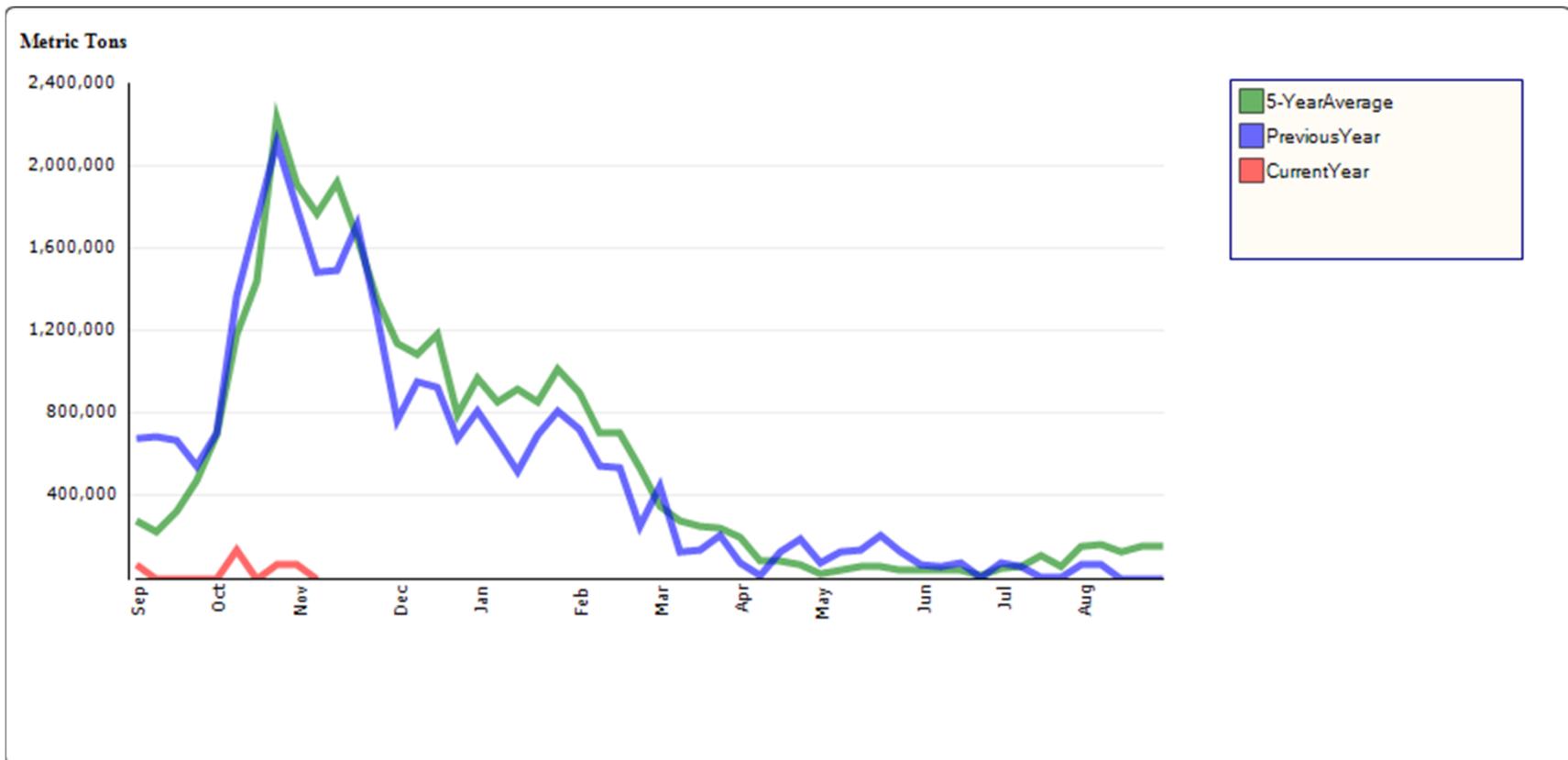


INTERNATIONAL MARKETS

- *Colorado has numerous industry and producer-funded organizations to assist in research and promotion of their respective products.*
- *These organizations are primarily focused on production research and in-state promotions.*
- *International promotions are typically achieved through allocation of relatively small portions of their funding to their national-level organizations.*
- *Our approach has been to help do for our companies and industry that which they cannot do for themselves or by themselves.*



INTERNATIONAL MARKETS - U.S. SOYBEAN EXPORTS TO CHINA





INTERNATIONAL MARKETS -SOYBEANS PRICE PER BUSHEL

21% Decline – 110 days

ZSF19 - Soybeans - Daily Line Chart





INTERNATIONAL MARKETS - CORN PRICE PER BUSHEL

18% Decline – 110 days

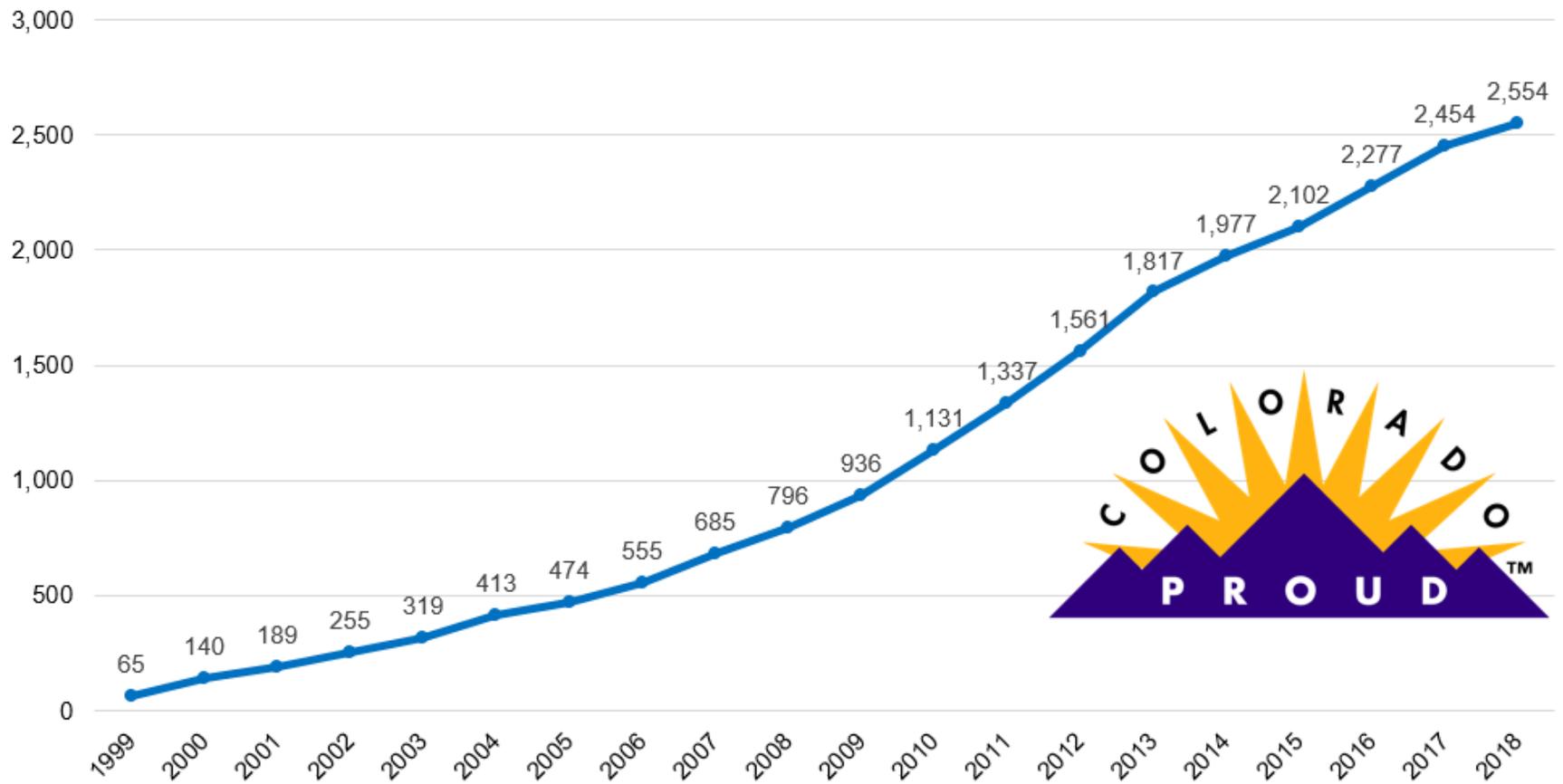
ZCZ18 - Corn - Daily Line Chart





LOCAL AND DOMESTIC MARKETS

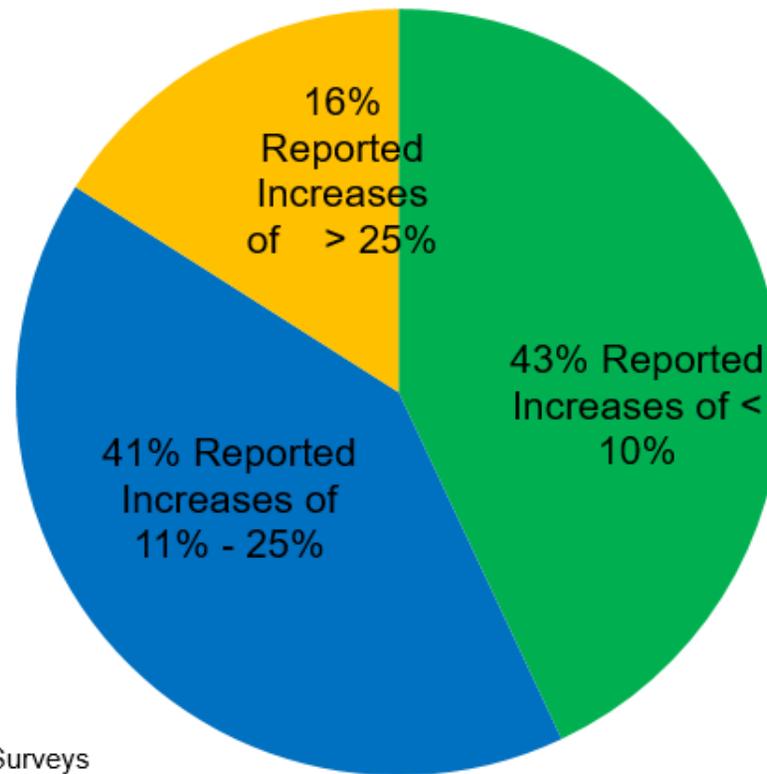
Colorado Proud Licensed Members





LOCAL AND DOMESTIC MARKETS

Reported Increase in Sales by Colorado Proud Members



Source: CDA Colorado Proud Member Surveys



HEMP PROGRAM

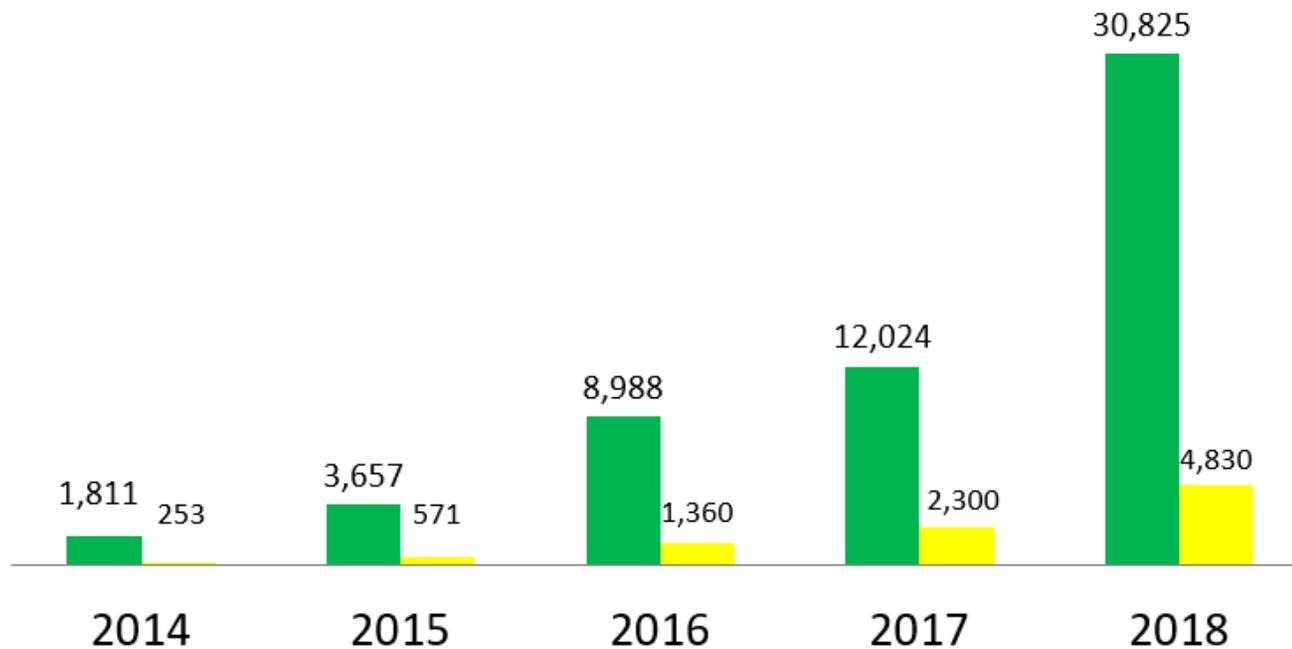
- *Colorado's industrial hemp program regulates the cultivation of Cannabis with a THC concentration at or below 0.3%.*
- *The program registers land areas for Commercial or Research & Development cultivation of industrial hemp.*
- *The program enforces THC compliance through an inspection and sampling system.*
- *The program administers the first certified seed program for industrial hemp in the United States, in conjunction with Colorado State University and the Colorado Seed Growers Association.*



HEMP PROGRAM

Industrial Hemp Program Registered Acres and Sq.Ft.

■ Acres ■ Sq.Ft. (thousands)





BIOLOGICAL PEST CONTROL

- *The Department requests \$77,429 General Fund and 0.9 FTE to manage and distribute biological control agents.*
- *If approved, this FTE will work to eliminate the 400+ backlog of requests for the Canada Thistle agent.*
- *Grant funding for this program was available for research and development and has been discontinued.*
- *The elimination of the program would have an impact for farmers, ranchers, and weed managers by reducing the ability to control Canada Thistle without the use of pesticides and other chemicals.*



Conclusion

- ***With less than one-tenth of one percent of the State's General Fund appropriations, the Department of Agriculture works to sustain and enhance Colorado's \$40 billion agricultural industry, supports approximately 170,000 jobs, and helps feed the world each day.***
- *Questions/Discussion*