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**Department of Agriculture
SMART Act Briefing for the
House & Senate Agriculture Committees**

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Commissioner of Agriculture**

January 10, 2017



Today's Topics

- ✓ About CDA
- ✓ Current State of Colorado's Food and Agriculture Industry
- ✓ Performance Plan Update
- ✓ Legislative Agenda
- ✓ Budget Request Overview
- ✓ Regulatory Agenda
- ✓ Discussion



Courtesy of Travis Harvey & 2016 AgInsights Photo Contest



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About CDA



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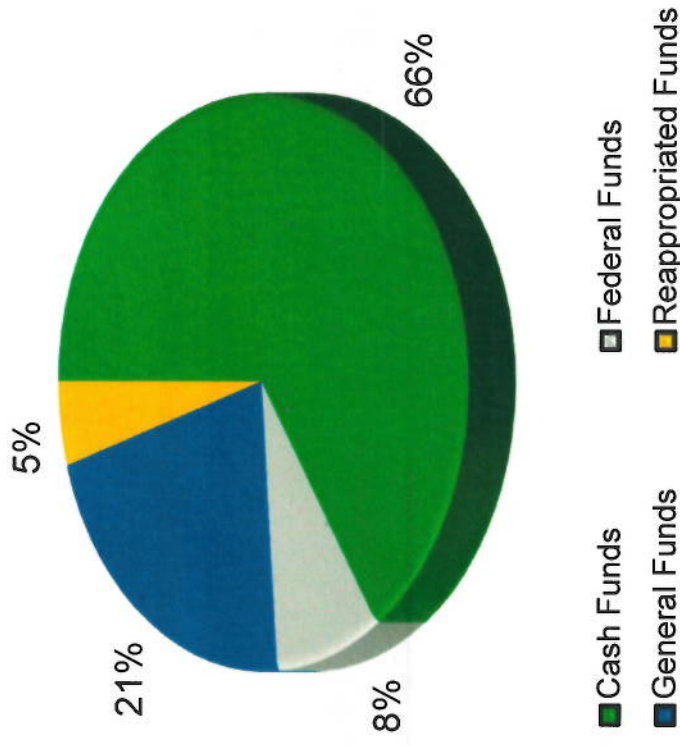
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A Snapshot of CDA

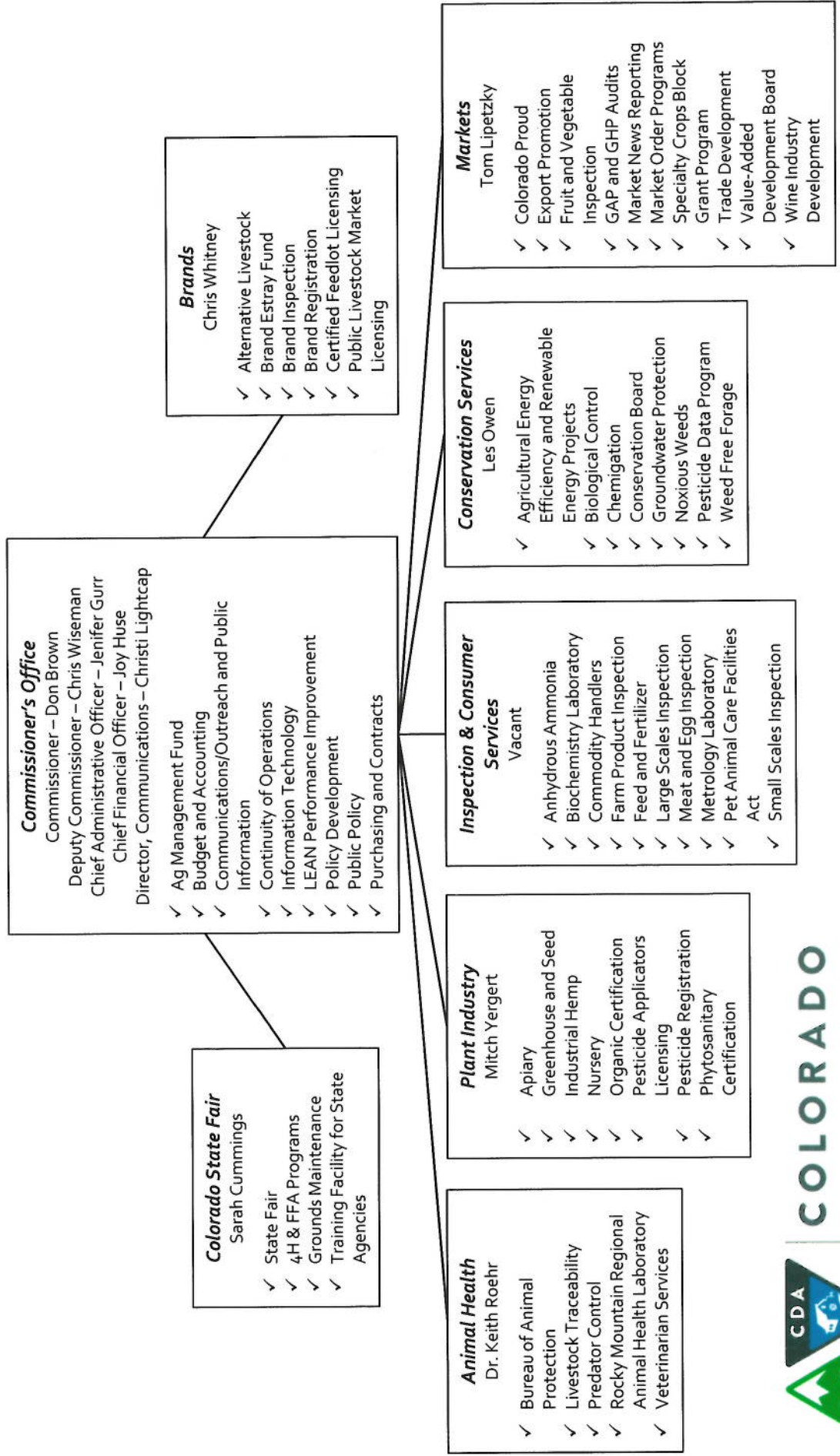
- ✓ Total FY16-17 appropriation of \$50 million.
- ✓ 291.4 FTE allocated across the Commissioner's Office and seven operating divisions.
 - Animal Health
 - Brand Inspection
 - Colorado State Fair
 - Conservation Services
 - Inspection & Consumer Services
 - Markets
 - Plant Industry

- ✓ CDA assists an industry generating \$40 billion in economic activity annually and supporting more than 170,000 jobs.

FY16-17 Budget Appropriation



CDA Organization Chart



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Snapshot of Colorado's Food & Ag Industry



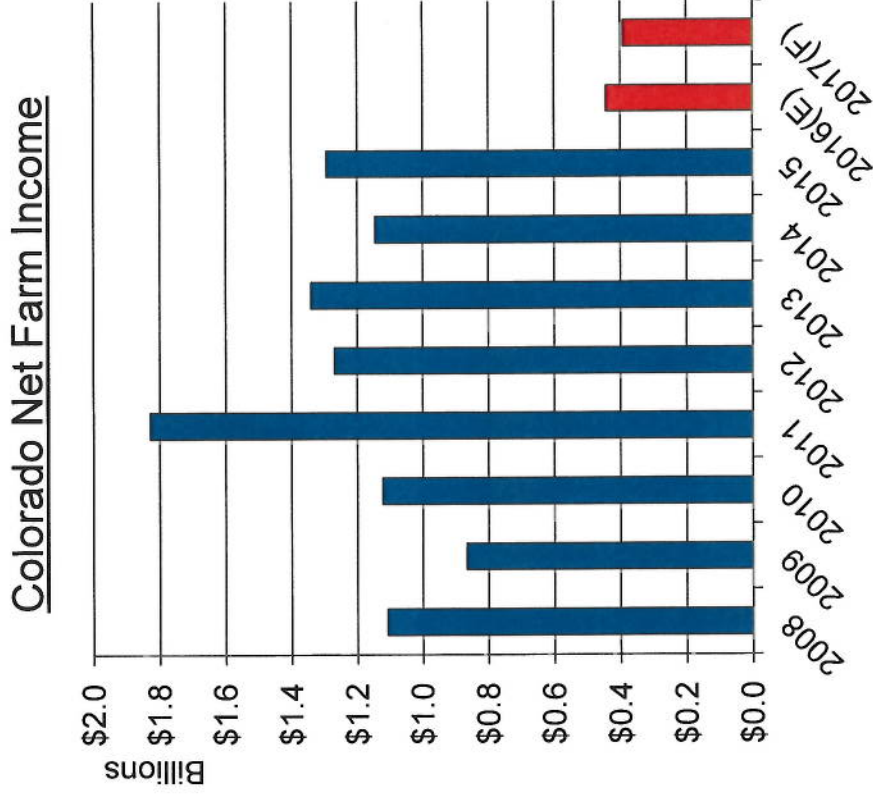
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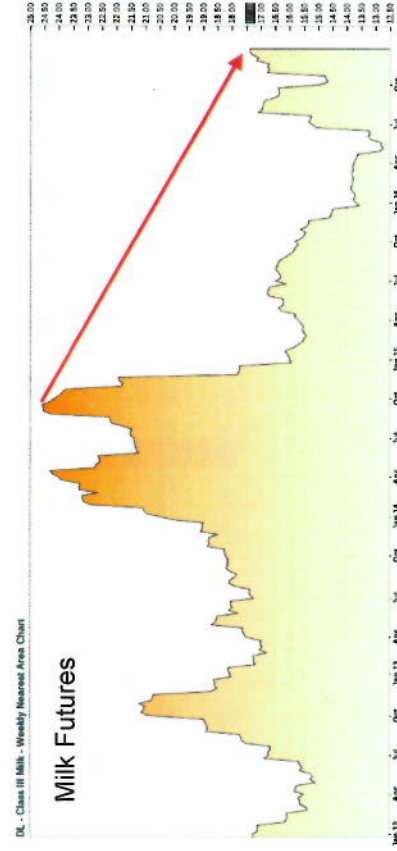
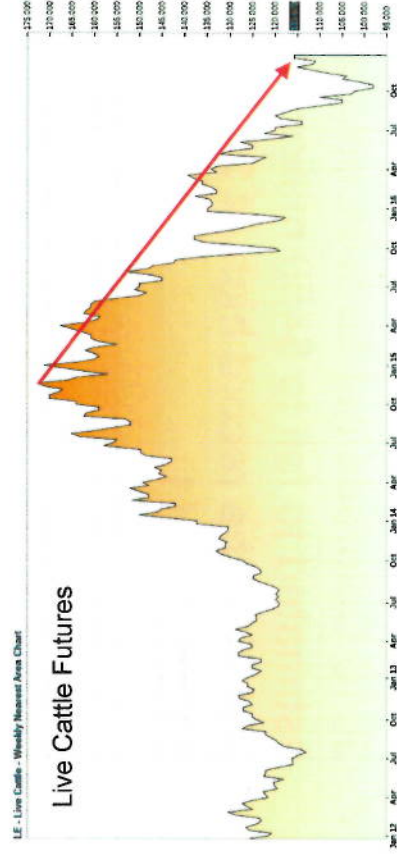
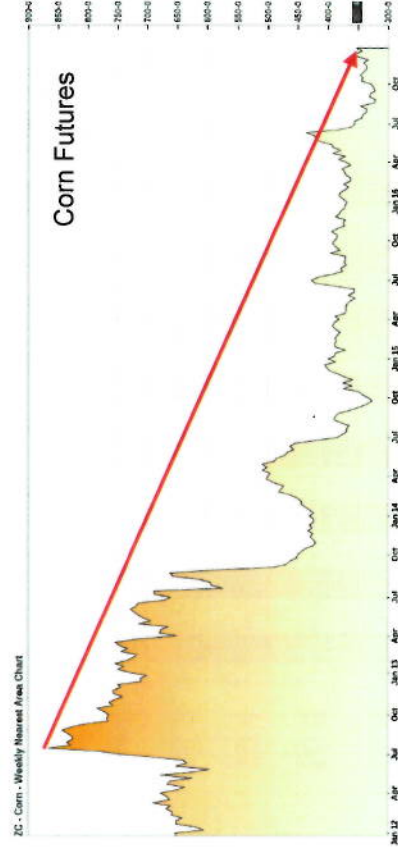
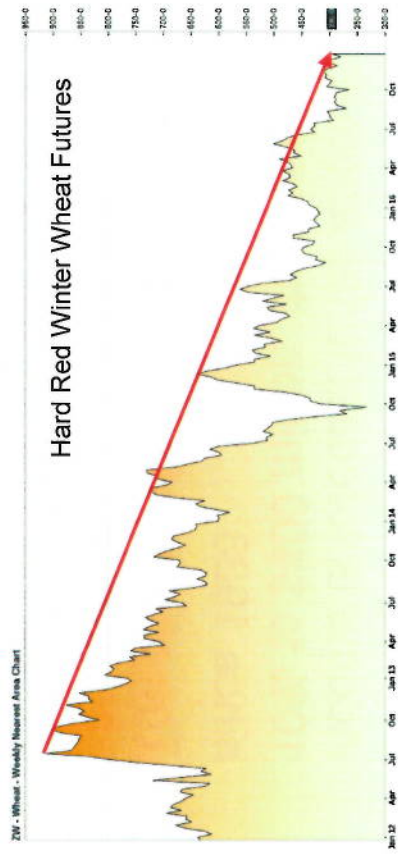
Farm and Ranch Income

- ✓ 2016 Colorado net farm income is estimated to fall to \$450 million, just $\frac{1}{4}$ of the record high of \$1.8 billion in 2011.
- ✓ Livestock and grain prices have fallen to new, lower price levels across the board.
- ✓ Looking ahead to 2017, net income is forecast to fall another 10% to \$400 million, the lowest since 1986.
- ✓ The effects of today's low cattle and grain prices will be felt throughout Colorado's economy, especially the rural communities.



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5-Year Snapshot of Commodity Prices



Public Attitudes about Colorado Agriculture

- ✓ Survey has been conducted every five years since 1996 with the 2016 survey just recently concluded.
- ✓ Key takeaways include:
 - 90% believe agriculture contributes to the quality of life in Colorado.
 - 95% consider it important to maintain land and water in agricultural production.
 - A majority believe Colorado's agriculture industry is environmentally responsible, is effective in using agricultural practices that conserve water and soil, that our ranchers with grazing permits are treating public lands appropriately, and that the foods we produce are safe.
 - 85% agreed that developing and supporting local food systems is important.
 - CDA ranked second only to universities and research organizations as the most likely source to be trusted on agricultural, food quality, nutrition, and safety issues.
 - Agriculture needs to do better in communicating with the public about production practices, particularly about the use of GMO technologies, pesticides and fertilizers, and antibiotics.



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Vision 2018

- ✓ The Department contributes to the Vision 2018 Plan in several ways.
- ✓ Environmental Sustainability and Balanced Energy Development
 - The State Conservation Board, Groundwater Protection and Noxious Weeds programs all focus on enhancing air and water quality, as well as sustaining Colorado's land resources.
 - The ACRE3 program promotes the development of renewable energy and energy efficiency projects.
 - The Conservation Services Division was restructured to increase focus on Federal lands/issues.
- ✓ Community Focused Economic and Infrastructure Development
 - More than a dozen programs across the Department promote entrepreneurship and business growth through inspections, verifications, and resources that help food and ag suppliers enhance marketing opportunities such as wine industry promotion and the specialty crop block grant program.
- ✓ Quality Government Services
 - Improving customer service processes and creating system efficiencies through increased utilization of LEAN analyses and the deployment of technology (i.e., AgLicense).
 - Drawing on findings from the statewide Employee Engagement Survey to develop an Action Plan for investing in employees to improve morale and increase retention.



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Performance Plan Update

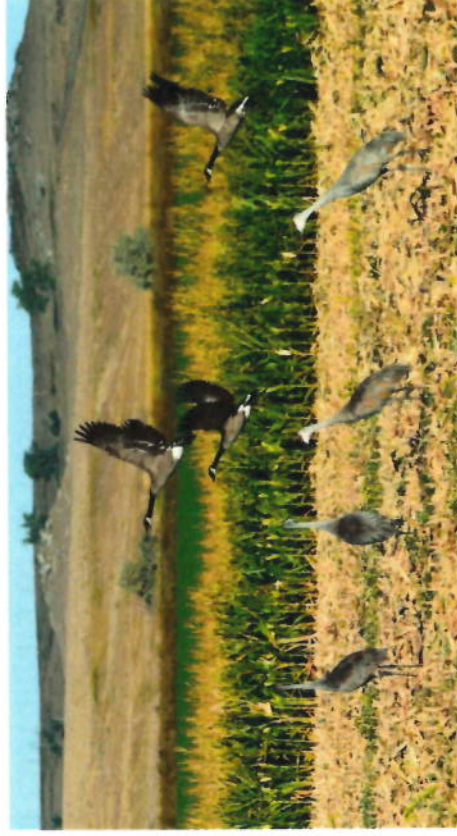


Photo courtesy of Toni Pauling and 2016 AgInsights Photo Contest



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CDA Strategic Overview

1 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.

1 Mission

To strengthen and advance Colorado agriculture; promote a safe, high quality, and sustainable food supply; and protect consumers, the environment, and natural resources.

3 Priorities

- ✓ Enhance public understanding of Colorado agriculture.
- ✓ Increase marketing and sales opportunities throughout Colorado's food and agriculture value chain.
- ✓ Make it easier for our customers to do business with us.



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-- Strategic Policy Initiative #1 --
Enhance Public Understanding of Colorado Agriculture

Desired Outcome – That public attitudes, as measured by the Department’s survey of Public Attitudes about Agriculture in Colorado, remain supportive of Colorado agriculture.

Result -- Findings from the 2016 Public Attitudes about Agriculture in Colorado survey suggests the public remains highly supportive of Colorado agriculture.

Key Strategies & Major Program Area	Leading Indicators						
	Measure	FY15 Actual	FY16 Actual	Q1 FY17	1-Year Goal	3-Year Goal	
Public outreach and communications (Commissioner’s Office)	# (million) of media impressions	NA	117.1	61.4	123	135	
	# (million) of website page views	NA	2.5	1.5	2.6	2.9	
	# of Facebook followers	3,115	3,953	4,487	4,326	4,759	
State and local marketing programs (Markets Division)	% of targeted consumers aware of the Colorado Proud logo	85	86	83	85	90	
	% of targeted consumers reporting the purchase of Colorado food and agricultural products	89	86	83	85	85	
Educational exhibits and youth programs (State Fair)	% of attendees who learned something new about agriculture	NA	41	--	--	45	

-- Strategic Policy Initiative #2 --

Increase Marketing and Sales Opportunities throughout Colorado's Food and Agriculture Value Chain

Desired Outcome – To affect annual cash receipts to Colorado farmers and ranchers from agricultural production such that Colorado outperforms the broader U.S. benchmark.

Result -- Data from USDA's Economic Research Service shows Colorado farm and ranch cash receipts outperformed the broader U.S. benchmark for both 2014 and 2015.

Key Strategies & Major Program Area	Measure	Leading Indicators				
		FY15 Actual	FY16 Actual	Q1 FY17	FY17 Goal	FY19 Goal
Export promotions (Markets Division)	% of suppliers reporting an increase in existing business or believe they will develop new business as a result of participating in the promotion(s)	NA	81	--	>80	>80
Disease surveillance and traceability and Livestock disease testing (Animal Health Division)	Colorado's regulatory status relating to animal health	Disease-free	Disease-free	Disease-free	Disease-free	Disease-free
Inspection, promotion, verification, and other programs that help food and agricultural suppliers to enhance marketing opportunities and support marketing claims	% of operational processes that are meeting performance targets	2/2 100%	5/6 83%	11/12 92%	>90	>90



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**-- Strategic Policy Initiative #3 --
Make it Easier for our Customers to do Business with Us**

Desired Outcome - The Department's customer satisfaction rating, as measured by a survey of stakeholders, to improve to 88% by 2019.

Result - The most recent stakeholder survey, conducted in January 2016, reported a satisfaction rating of 86% which was an increase from the 84% registered in February 2014.

Key Strategies & Major Program Area	Leading Indicators					
	Measure	FY15 Actual	FY16 Actual	Q1 FY17	FY17 Goal	FY19 Goal
AgLicense (Commissioner's Office)	Cumulative # of programs successfully completing renewal applications and/or inspections online using AgLicense	9	15	15	22	24
Office consolidation (Commissioner's Office)	Phase of two-phase office consolidation project completed	1	1	1	1	2
LEAN analysis of processes (Commissioner's Office and all Major Program Areas)	Cumulative # of LEAN analyses implemented resulting in process improvements	1	4	5	6	10

The Operational Component

- ✓ Major Program Areas were defined as the Department's seven operating Divisions.
- ✓ Divisions have, with only a few exceptions, completed mapping of all distinct processes with the FY17 Performance Plan. Remaining processes will be mapped for the FY18 Plan.
- ✓ Process maps define the customer, the inputs, the steps to implement the process, and evaluative metrics in terms of outputs and performance measures.



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Performance Plan Summary

- ✓ The Department is making positive progress toward our longer-term strategic policy initiatives.
- ✓ Progress toward the SPIs and all the operational processes is reviewed quarterly and reported to OSPB. Quarterly and Annual reports are available on the OSPB website.
- ✓ Looking ahead to our FY18 Performance Plan, executive leadership and senior staff will evaluate the current SPIs to determine if still applicable, taking into account new opportunities and/or challenges.
- ✓ The FY18 Plan to be finalized by July 1, 2017.



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Legislative Agenda



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FY17-18 Budget Request



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FY 2018 Request vs FY 2017 Appropriation

	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2017-18 Governor's Budget Request						
01. Commissioner's Office and Administrative Services	\$12,824,404	18.7	\$3,070,138	\$8,037,201	\$1,527,548	\$189,517
02. Agriculture Services Division	\$16,349,097	140.2	\$4,537,885	\$8,671,922	\$799,000	\$2,340,290
03. Agriculture Markets Division	\$4,869,403	41.4	\$699,841	\$3,196,392	\$45,000	\$928,170
04. Brand Board	\$4,299,958	59.0	\$0	\$4,299,958	\$0	\$0
05. Colorado State Fair	\$9,961,848	26.9	\$1,000,000	\$8,961,848	\$0	\$0
06. Conservation Board	\$2,152,936	5.2	\$1,196,155	\$450,000	\$0	\$506,781
FY 2017-18 Total Governor's Budget Request	\$50,457,646	291.4	\$10,504,019	\$33,617,321	\$2,371,548	\$3,964,758

FY 2016-17 Initial Appropriation						
01. Commissioner's Office and Administrative Services	\$12,377,230	18.7	\$3,319,198	\$7,265,272	\$1,527,548	\$265,212
02. Agriculture Services Division	\$16,349,097	140.2	\$4,537,885	\$8,601,922	\$799,000	\$2,410,290
03. Agriculture Markets Division	\$4,867,228	41.4	\$699,841	\$3,194,217	\$45,000	\$928,170
04. Brand Board	\$4,298,871	59.0	\$0	\$4,298,871	\$0	\$0
05. Colorado State Fair	\$9,961,848	26.9	\$1,000,000	\$8,961,848	\$0	\$0
06. Conservation Board	\$2,152,936	5.2	\$1,196,155	\$450,000	\$0	\$506,781
FY 2016-17 Total Initial Appropriation	\$50,007,210	291.4	\$10,753,079	\$32,772,130	\$2,371,548	\$4,110,453



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FY 2017-18 Budget Request

- ✓ Office Consolidation Phase Two
 - The Department of Agriculture (CDA) requested \$16.7 million cash funds and \$10.0 million reappropriated funds to complete Phase Two of office consolidation, originally authorized in H.B. 13-1234.
 - Phase Two milestones already in progress include: the disposition of the Department's warehouse near the National Western Stock Show and a land parcel purchase authorized by S.B. 16-1460.
 - This request is for the final steps of Phase Two: the construction of a 25,166 square ft. lab and warehouse facility and the final renovation of the Department's office building.
- ✓ AgLicense, Inspection and Enforcement
 - The Department of Agriculture (CDA) requested \$285,000 cash funds spending authority for the configuration and deployment of Phase Four of the AgLicense license consolidation project.
 - The AgLicense system, when fully implemented, will automate the annual processing of approximately 40,000 permits, license applications and inspections for 23 of the Department's programs.



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Regulatory Agenda



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2016 Rulemaking Activities

- ✓ In 2016 the Department conducted 21 rulemaking hearings.
 - 9 rules included a regulatory efficiency review.
- ✓ 2 additional regulatory efficiency reviews were conducted with no changes.
- ✓ 3 rules were repealed.
- ✓ 1 new rule was adopted.



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Variations from the 2016 Regulatory Agenda as Published

- ✓ We added 10 rulemaking hearings.
 - 9 were for revisions to existing rules.
 - 1 was an emergency rule change.
 - 1 was due to statutory changes.
 - 1 was the repeal of a rule.
- ✓ 1 rulemaking was postponed until February 2017.
- ✓ 4 regulatory efficiency reviews were postponed until 2017.



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2017 Regulatory Agenda

- ✓ 7 rulemaking hearings to revise existing rules.
- ✓ 16 regulatory efficiency reviews.
- ✓ No new rules are anticipated
- ✓ No rules are scheduled for repeal.



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