

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2014-15 STAFF BUDGET BRIEFING
DEPARTMENT OF AGRICULTURE**

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

**Prepared By:
Carly Jacobs, 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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DEPARTMENT OF AGRICULTURE

Department Overview

The **Commissioner's Office and Administrative Services Division** provides administrative oversight and technical support for the operating divisions in the Department of Agriculture. This includes accounting, budgeting, and human resources services. A brief description of each operating division and its associated responsibilities is provided below.

The **Agricultural Services Division** encompasses the following four operating divisions:

- **Animal Industry** oversees: the prevention, traceability, and control of livestock diseases; the operation of the Rocky Mountain Regional Animal Health Laboratory; the implementation of pest control measures; licensing and inspection of pet care facilities; and investigations animal cruelty claims.
- **Inspection and Consumer Services (ICS)** provides metrology and regulatory laboratory services including content analysis of feeds, fertilizers, groundwater, and pesticides. Additionally, ICS inspects: anhydrous ammonia tanks, eggs, grain warehouses, agricultural commodity handlers and dealers, door-to-door sales companies, custom meat processors, and small and large weighing and measuring devices.
- **Plant Industry** is responsible for organic certification, nursery stock inspection, produce inspection, certification of plant and seed exports, seed inspection and certification, commercial and private pesticide applicator testing and licensing, and inspection of pesticide product records and labels. It has also been tasked with developing and administering the new Industrial Hemp Regulatory Program (SB 13-241).
- **Conservation Services** operates: the biological pest control, noxious weeds, and weed free forage programs; a groundwater protection program; and the chemigation permitting and inspection program. It also encourages development of agricultural-based renewable energy projects through the provision of grants.

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

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

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

The **Conservation Board** provides administrative oversight and financial assistance for the 76 state conservation districts in support of conservation initiatives like noxious weed management, salinity control, groundwater protection, biological pest control, and erosion prevention.

Department Budget: Recent Appropriations

Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 *
General Fund	\$5,164,362	\$6,863,921	\$7,723,805	\$8,524,950
Cash Funds	28,782,323	27,838,161	29,176,366	29,125,178
Reappropriated Funds	1,042,342	1,090,001	1,632,203	1,629,526
Federal Funds	<u>3,977,614</u>	<u>3,887,150</u>	<u>4,137,870</u>	<u>4,090,167</u>
Total Funds	\$38,966,641	\$39,679,233	\$42,670,244	\$43,369,821
Full Time Equiv. Staff	284.1	282.4	274.1	274.1

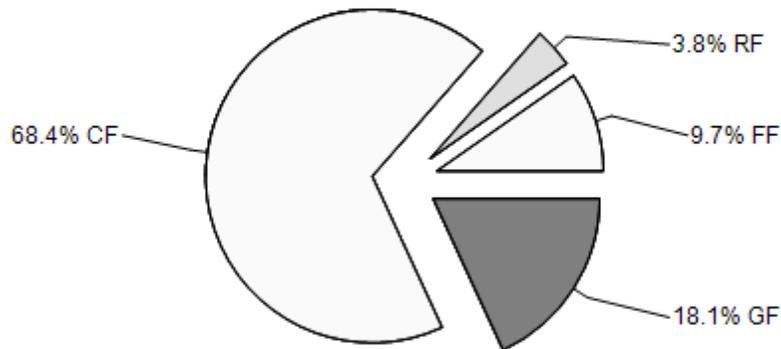
*Requested appropriation.

Department Budget: Graphic Overview

Department's Share of Statewide General Fund

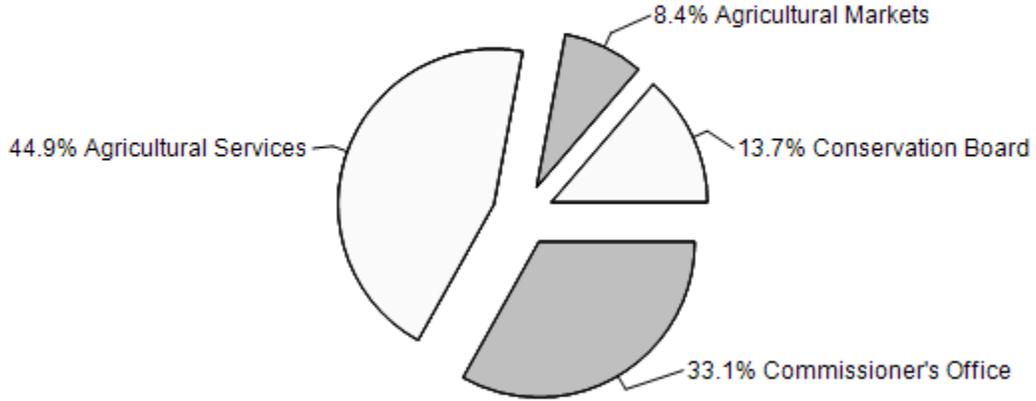


Department Funding Sources

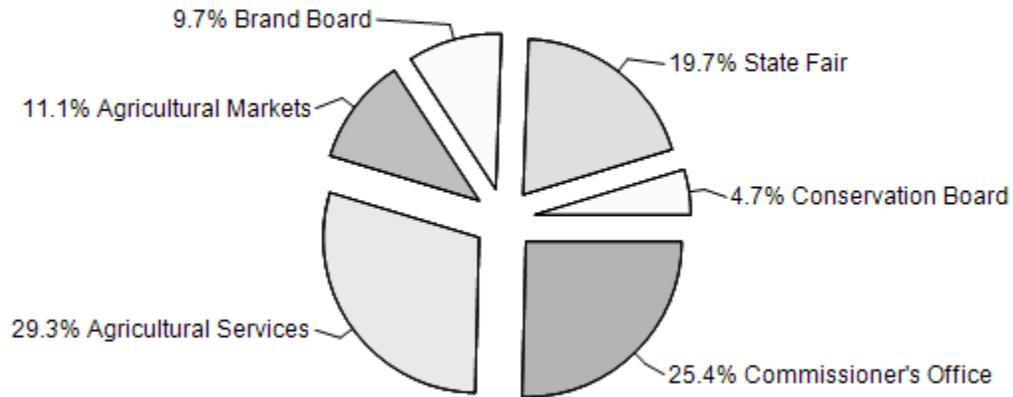


All charts are based on the FY 2013-14 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2013-14 appropriation.

General Factors Driving the Budget

Funding for the Department in FY 2013-14 consists of 18.1 percent General Fund, 68.4 percent cash funds, 3.8 percent reappropriated funds, and 9.7 percent federal funds.

Agricultural Services

The Agricultural Services Division combines appropriations for four of the Department's operating divisions: Animal Industry, Plant Industry, Inspection and Consumer Services, and Conservation Services. It accounts for 44.9 percent of the Department's General Fund appropriation and 29.3 percent of the Department's total appropriation in FY 2013-14. The following table outlines the Agricultural Services Division's share of the Department's total appropriation from FY 2010-11 through the FY 2014-15 request.

Agricultural Services Division Appropriations Since FY 2010-11					
	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Appropriation	FY 2014-15 Request
ASD	\$12,712,431	\$10,534,569	\$12,116,054	\$12,493,350	\$12,910,946
Department Appropriation	\$37,070,748	\$38,960,831	\$38,960,831	\$42,670,244	\$43,369,821
Percent of Department	34.3%	27.0%	31.0%	29.3%	29.8%

Agriculture Management Fund

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

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The following table outlines estimated use of moneys in the Agriculture Management Fund in FY 2014-15:

Agriculture Management Fund Estimated Spending FY 2014-15		
Division	Description	Total
Commissioner’s Office	Outreach Coordinator (1.0 FTE)	\$50,000
	Misc. Administrative Expenses	15,000
Animal Industry	USA HERDS and CORRAL Systems	94,500
	Predator Control and Traceability	85,000
	Equine Investigation Course	25,000
ICS	Custom Meat Processing	50,000
Agricultural Markets	Market Specialist (1.0 FTE)	105,000
	Misc. Marketing Programs	265,000
	Colorado Proud	80,000
Conservation Services	Insectary Irrigation Project	12,000
State Fair	Colorado State Fair	400,000
	State Fair Foundation	<u>75,000</u>
Total Estimated Projects		\$1,256,500

Additionally, the Department will use the AMF to help fund the upcoming consolidation of all non-fair divisions into a new office and lab facility. The amount required will be determined as the costs of the consolidation are finalized.

State Economy and Department Workload

The Department received reduced General Fund appropriations during the past economic downturn, but the current appropriation has now exceeded the FY 2007-08 appropriation. The FY 2013-14 General Fund increase reflects an adjustment made to the noxious weeds grant program in the Agricultural Services Division, the restoration of funding for conservation grant programs administered by the Conservation Board, support for the establishment of the Industrial Hemp Regulatory Program, and adjustments to centrally appropriated and IT common policy line items. The following table shows the Department's General Fund appropriation from FY 2010-11 through the FY 2014-15 budget request.

Department of Agricultural GF Appropriations Since FY 2010-11					
	FY 2010-11 Appropriation	FY 2011-12 Appropriation	FY 2012-13 Appropriation	FY 2013-14 Appropriation	FY 2014-2015 Request
General Fund Appropriation	\$4,924,114	\$5,164,362	\$6,860,032	\$7,723,805	\$8,524,950
Increase/(Decrease) from Previous Year	(18.7)%	4.9%	32.8%	12.6%	10.4%

The Department's total appropriation for FY 2013-14 is 68.4 percent cash funds. The cash funds appropriations respond to increases and decreases in workload for products or services associated with specific cash funds within the Department. The three largest cash funds appropriations are the State Fair Cash Fund; the Brand Inspection Cash Fund; and the Plant Health, Pest Control, and Environmental Protection Cash Fund. Together these appropriations account for 52.3 percent of the Department's total cash funds appropriation in FY 2013-14.

Summary: FY 2013-14 Appropriation & FY 2014-15 Request

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$42,649,039	\$7,702,600	\$29,176,366	\$1,632,203	\$4,137,870	274.1
Other legislation	<u>21,205</u>	<u>21,205</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$42,670,244	\$7,723,805	\$29,176,366	\$1,632,203	\$4,137,870	274.1
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$42,670,244	7,723,805	\$29,176,366	\$1,632,203	\$4,137,870	274.1
R1 FFA and 4-H program funding	250,000	250,000	0	0	0	0.0
Non-prioritized requested changes	119,215	104,241	14,974	0	0	0.0
Centrally appropriated line items	527,071	520,428	57,023	(2,677)	(47,703)	0.0
Annualize SB 13-241 (Industrial Hemp)	(21,205)	(21,205)	0	0	0	0.0
Statewide IT common policy adjustments	(67,554)	(13,105)	(54,449)	0	0	0.0
Base reduction for office consolidation	<u>(107,950)</u>	<u>(39,214)</u>	<u>(68,736)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$43,369,821	\$8,524,950	\$29,125,178	\$1,629,526	\$4,090,167	274.1
Increase/(Decrease)	\$699,577	\$801,145	(\$51,188)	(\$2,677)	(\$47,703)	0.0
Percentage Change	1.6%	10.4%	(0.2%)	(0.2%)	(1.2%)	0.0%

Issue Descriptions

R1 FFA and 4-H program funding: This decision item includes a request for a new Long Bill line item and \$250,000 General Fund for FY 2014-15 dedicated to the maintenance and support of 4-H and FFA programs currently funded by the Fair at an average annual loss of \$340,000. *Please see the first briefing issue for an overview and analysis of this request.*

Non-prioritized requested changes: The request includes the annual fleet vehicle change from the Department of Personnel, and the following changes from the Office of Information Technology: secure Colorado phase II, eliminate redundant applications, Capitol Complex network resiliency, IT service management ecosystem, DTRS operations increase, and IT technical development.

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; administrative law judges; payment to risk management and property funds; Capitol complex leased space; and

indirect cost assessments. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Annualize SB 13-241 (Industrial Hemp): The request includes adjustments related to prior year legislation and budget actions.

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

Base adjustment for office consolidation: The request includes a \$107,950 base reduction (including a \$39,214 reduction in General Fund) to leased space due to the Department's consolidation of five office locations in the Denver metro area.

Issue: General Fund Support for 4-H and FFA Programs at the Colorado State Fair

This issue brief discusses the financial status of the Colorado State Fair (Fair) and the Department's R1 request for \$250,000 General Fund dedicated to 4-H and Future Farmers of America (FFA) programs at the annual fair event.

SUMMARY:

- The Department of Agriculture has oversight of the Colorado State Fair, which has struggled to generate a profit since it was transferred to the Department as a type 1 agency in 1997 (HB 97-1342, Grampas/Lacy). The Fair reports a running average budget deficit of \$300,000.
- 4-H and FFA youth programs do not generate revenue, requiring the Fair to absorb an average of \$340,000 per year in costs for fair-time activities like animal showmanship, and the upkeep of dormitory facilities for participants.
- The Colorado State Fair Foundation (Foundation) was established in 2011 to help cover 4-H and FFA program costs and contribute to dormitory renovations. The Foundation has a fundraising goal of \$100,000 in FY 2013-14 for fair-time 4-H and FFA program costs.
- The Department is requesting \$250,000 General Fund to support 4-H and FFA programs at the Fair and reduce or eliminate the annual budget deficit.
- An economic impact analysis estimates that the Fair generates approximately \$1.7 million in General Fund for the state but does not presently receive a General Fund appropriation.

RECOMMENDATION:

Staff recommends the Department provide the following during the Department hearing with the JBC:

1. An update on the profitability of the 2013 Fair event including the final results of the conversion to cashless vending and change in ticket vendors.
2. An update on the impact of the failure of ballot measure Question 1A and the associated funding cuts from Pueblo City and County.
3. A clarification of future fundraising expectations for the Colorado State Fair Foundation as they pertain to the Department's request for General Fund.

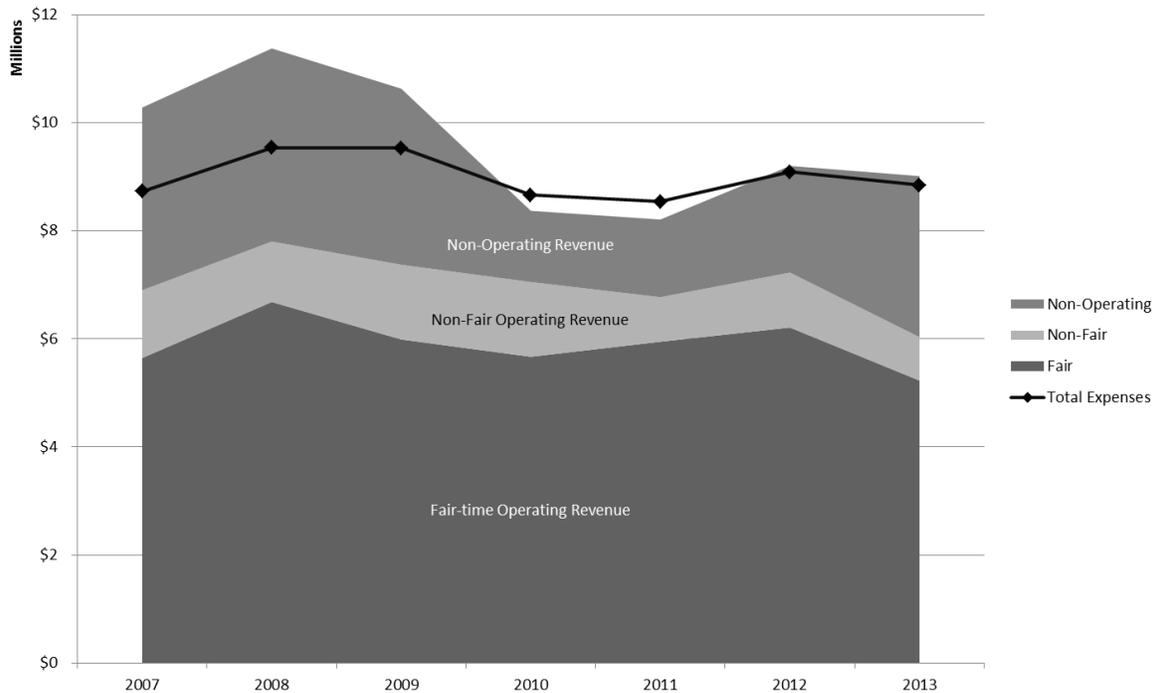
DISCUSSION:

The Colorado State Fair has a lengthy history of financial difficulty and has struggled to generate a profit since it was incorporated into the Department of Agriculture as a Type 1 organization to avoid insolvency in 1997 (HB 97-1342). As detailed below, annual operating losses continue to be substantial but are offset to some extent by outside grants and contributions, interest from the

unclaimed property tourism promotion trust fund (HB 08-1399), and cash funds from the Department’s Agriculture Management Fund. The Fair reports a running budget deficit of approximately \$300,000 per year after taking these sources of non-operating revenue into account. Most of this loss is attributed to expenditures on 4-H and FFA programs that are absorbed by the Fair each year.

Recent Revenue Trends

The following figure summarizes recent trends in total operating expenses and total revenue by source for the Fair from 2007 through 2013:



Operating Revenue

Fair-Time Revenue: The Fair continues to rely heavily on the revenue generated from the annual 11-day expo which accounts for over 80% of the Fair’s total operating revenue. Almost all fair-time revenue sources are influenced by attendance at the event. Total attendance for the 2013 fair was relatively stable at 477,966, a 0.4 percent increase from 2012.

In an effort to increase revenue, the Fair implemented two significant operational changes during the 2013 event: a conversion to an electronic cashless system and changing ticket vendors. The cashless system allowed fair-goers to load cash onto cards using kiosks, and then swipe the cards at the point of sale to pay for food and beverages. Transactions were centrally monitored and vendors received their share of the revenues at the end of each day.

Converting to a cashless system did not generate the anticipated increase in revenue for the 2013 fair. Food vendors saw a negligible increase in revenue (.04%) under the new system as

compared to the previous year. However, potentially fraudulent behavior was identified on the part of a few vendors, so the new system did fulfill expectations in that respect. As an added benefit, the electronic system collects sales data in real time. For example, the Fair reported that the top three food items sold at the 2013 event were funnel cakes, turkey legs, and corn dogs. This kind of detailed information should benefit the Fair in future decision-making.

Additionally, the Fair made a transition to a new ticket vendor, Ticket Horse. Under the old contract, the Fair could only sell tickets for admission at the gate while tickets to concerts and other events had to be purchased separately at the box office. At the 2013 fair, tickets to multiple events were available at the initial point of sale and the Fair had the flexibility to offer package discounts. Data on the impact of the new ticketing process is still being finalized.

Annual Operating Losses

Annual audits of the Fair regularly report operating losses of around \$2.0 million. The 11-day fair event itself is regularly profitable, making \$315,000 on average each year. However, the Fair must continue to operate the grounds year-round. Expenses incurred outside of the fair event ultimately exceed the revenue generated by the expo and other non-fair events combined.

Non-Operating Revenue

While the operating losses are considerable, net losses are less stark due to infusions of non-operating funds from a number of sources:

- Unclaimed Property Tourism Promotion Trust Fund Transfer: Pursuant to HB 08-1399, the State Fair Cash Fund now receives 25.0 percent of the interest on the sale of unclaimed securities. This amounts to approximately \$900,000 annually.
- Department of Agriculture Contributions: The Department of Agriculture has provided roughly \$400,000 or more in funding from the Agriculture Management Fund to the Fair since 2008.
- City and County of Pueblo: Approximately \$440,000 of revenue is contributed by the community of Pueblo each year. This funding was discontinued for FY 2014-15 and beyond due to local ballot measure 1A, discussed below.
- Other: Non-operating revenue also includes private contributions, grant funds, and investment income.

Annual Budget Deficits

The Fair estimates an average budget deficit of approximately \$300,000 per year after taking non-operating revenue into account. Most of this annual loss is currently attributed to expenditures on 4-H and FFA programs run by the Fair each year, but recent changes in funding from Pueblo City and County will contribute to an increase in annual losses over the next several years.

2013 Pueblo County Ballot Measure: Question 1A

The Pueblo County ballot for the November 5 election included Question 1A, a measure to raise sales taxes in the county by a half cent to provide funding for six local non-profit organizations including the Colorado State Fair. Voters rejected the measure with 42.7 percent in favor and 57.3 percent opposed.

In prior years, Pueblo City and County have made a combined annual contribution of approximately \$440,000 to help offset a portion of the Fair's operating losses. Revenue from Question 1A was intended to replace this funding, so money for the Fair was cut from both the city and county budgets in advance of the election. Had the measure passed, the Fair would have received a total of \$1.35 million per year which would have covered the running budget deficit, including losses on 4-H and FFA, and provided additional revenue for improving programs and facilities.

If the city and county budget cuts remain in place, the Fair estimates that revenue will decrease by \$187,500 in FY 2013-14 and \$375,000 in FY 2014-15. Currently local funds are used for a number of projects and programs: enhancing non-Fair business, encouraging tourism in Pueblo, and covering some of the costs of events like the National Little Britches Rodeo and RV camper rallies. The Fair does plan to make reductions to the programs supported by these local funds but still expects an overall increase in the running budget deficit as a consequence of the failure of the ballot measure. No cuts will be made to the 4-H and FFA programs for the annual fair event due to budget cuts related to the failure of Question 1A.

Colorado 4-H and FFA Programs

Both 4-H and FFA are national organizations that have been active in Colorado for nearly a century. The 4-H program was operational as early as 1914 and has been administered by the Colorado State University Extension since that time. At present, the program has 14,000 enrolled members between the ages of five and nineteen and serves approximately 94,000 youth across the state through outreach efforts including day camps, special interest activities, and school enrichment programs.

The Colorado FFA Association was chartered in 1929 and now has 96 local chapters with just under 6,000 members. FFA is more closely tied to public schools than 4-H as local chapters must be chartered in a school with an agricultural education program. Project-based learning is linked to class material and there is a heavy emphasis on the development of leadership skills. Students may join FFA as high school freshman and continue until three years post high school graduation.

At a national level, both organizations emphasize that their impact goes beyond rural areas and this appears to be true in Colorado as well. For example, membership reports for Colorado 4-H show that 46.3 percent of all youth participants live in central cities of over 50,000 or their suburbs.

State Fair Participation

The Fair has a central place for both Colorado 4-H and FFA programs. There are approximately 8,000 4-H entries each year from across the state. Members participate in a wide variety of activities, from showing animals and livestock to entering exhibits on fine arts, canning, quilts, crops, and cooking.

To support these programs the Fair provides lodging for youth participants in the dormitories located on the fairgrounds, free stall spaces for show livestock, event MCs, judges and awards for competitions, and other operating and personal services. The dormitories on the fairgrounds housed over 450 exhibitors at last year's fair event, though the Fair has indicated that the poor condition of the dorms has contributed to a decline in the number of 4-H exhibitors staying on the fairgrounds.

Annual expenditures on 4-H and FFA programs average \$340,000. These youth programs do not generate revenue so the costs are absorbed by the Fair, contributing to the consistent and ongoing financial losses.

R1 4H and FFA Program Funding

The Department is requesting a \$250,000 General Fund appropriation to help offset some the annual costs of 4-H and FFA programs at the fair. This amount will be combined with \$100,000 in private donations from the Colorado State Fair Foundation to fully fund youth programs, eliminate the Fair's ongoing cash deficit, and allow any additional future revenue to be directed toward the maintenance of the fairgrounds.

Colorado State Fair Foundation

The Colorado State Fair Foundation was formed in 2011 to raise money to help fund the cost of annual of 4-H and FFA programs conducted by the Fair. Specifically, the stated goals of the Foundation are to: 1) renovate and rebuild 4-H and FFA dormitories, and 2) expand and enhance youth programs at the Fair. According to the Department's workload measures, the Foundation has raised \$74,000 over the past two years and has already funded renovations of the girls' bathrooms in the dorm. The Foundation's fundraising projection in the Strategic Plan for FY 2013-14 is \$250,000, but the Department's decision item indicates that it only expects a \$100,000 contribution to the Fair's youth programs going forward.

4-H and FFA Fundraising Foundations

Both the Colorado 4-H and FFA programs have active and well-established non-profit foundations that were set up to raise resources to support youth programs and agricultural education year-round. As of FY 2011-12, the Colorado 4-H Foundation was managing over \$1.0 million in income and assets and had set a goal of increasing new revenue by 10 percent per year. The Colorado FFA Foundation has raised and invested over \$500,000 in the past five years.

Both the 4-H and FFA Foundations have representatives on the State Fair Foundation and the Fair has indicated that the relationship between the three is currently collaborative, not

competitive. At present, they have different goals and target different groups of donors. As mentioned, the State Fair Foundation primarily interested in covering fair-time program costs and fairground facility upgrades. It works with a relatively small group of donors associated with the Junior Livestock Sale. The 4-H and FFA Foundations focus on providing year-round support for programs across the state and concentrate on program alumni for donations. In the future, however, it is possible that the three foundations will begin competing for donors which may affect whether the State Fair Foundation can achieve its long-term fundraising objectives.

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

The Department included an objective in the strategic plan to increase the number of 4H and FFA exhibitors by providing modern dormitory facilities for use for the annual Colorado State Fair and for year-round utilization. A second Department objective is to raise moneys through the Colorado State Fair Foundation to fully fund the cost of annual 4H and FFA programs. The Department reports a fundraising goal of \$250,000 for FY 2013-14, and \$3.0 million by FY 2015-16 which would help reduce the operating loss attributable to 4-H and FFA programs.

Issue: Noxious Weed Management Program Funding

This issue brief discusses the Noxious Weed Management Program (Program) including: statutory and funding history, program functions and benefits, and impending cuts in cash and federal funding over the next three years.

SUMMARY:

- The Noxious Weed Management Program in the Conservation Services Division coordinates and assists the efforts of private landowners and local, state, and federal agencies to prevent, contain, and eradicate noxious weed infestations in the state.
- Beginning in FY 2011-12, the Program has experienced a decrease in both federal and cash funding. Federal funding is expected to be exhausted within the next two years. This has affected the Program's ability to provide technical assistance and grant funding to local governing entities responsible for managing noxious weed infestations.
- Preliminary results from a new economic impact study show that noxious weeds are responsible for estimated annual losses of at least \$10 million for agriculture, recreation, and wildlife habitat in the state of Colorado.

RECOMMENDATION:

Staff recommends the Committee discuss the long-term funding challenges for the Noxious Weed Management Program with the Department, including their response to the following funding alternatives:

Option 1: Restore original General Fund support to the Noxious Weed Management Program.

Option 2: Expand the capacity of the Noxious Weed Program by increasing General Fund support beyond the original appropriation.

Option 3: Take no action, leave program funding at \$25,000 General Fund.

DISCUSSION:

Statutory History of Noxious Weed Management in Colorado

House Bill 90-1175 established the Colorado Weed Management Act (Act) which gave authority to local governing bodies to use integrated management practices to manage plants designated as undesirable. Counties and municipalities were required to develop management plans and comply with the statute but no state funding was provided.

The Act was substantively amended by the following bills:

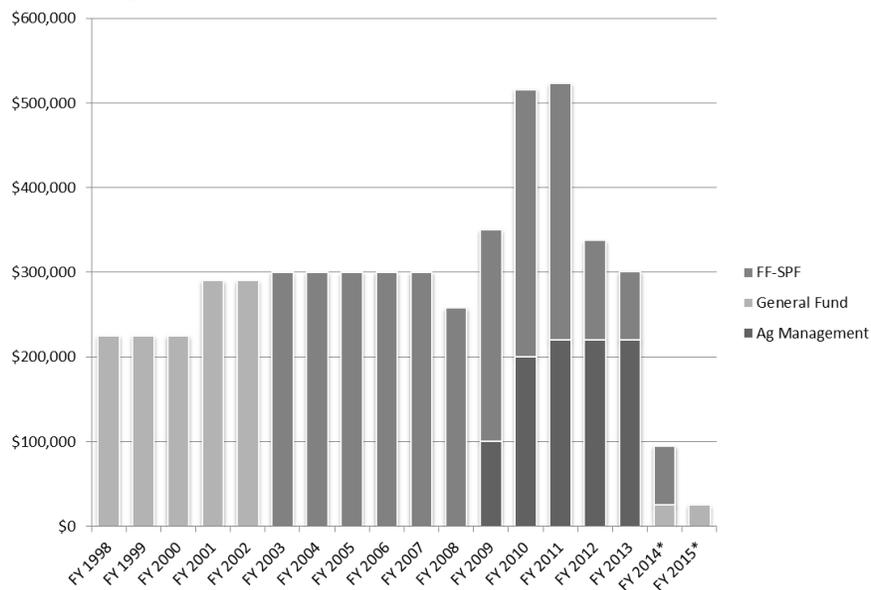
- House Bill 96-1008 (Entz/Ament) changed the name to the Colorado Noxious Weed Act, set up the Noxious Weed Management Fund to provide financial support for weed management projects across the state, and created the State Weed Coordinator position.
- House Bill 03-1140 (Larson/Entz) instituted the following list-based classification system for noxious weeds in the state:
 - List A: rare non-native weed species with limited distribution in the state. There are currently 22 weed species on this list and eradication is required by law.
 - List B: noxious weed species with discrete or limited distribution throughout the state. A total of 37 weeds are currently classified as List B species and are subject to eradication, containment, or suppression to avoid further spread.
 - List C: well-established and widespread non-native weed species for which control is recommended but not required. Fifteen species have a List C designation.

The bill also established the Colorado Noxious Weed Advisory Committee to make recommendations on the designation and classification of noxious weeds in the state; the development and implementation of management programs; and techniques for eradication, containment, or suppression for weed species.

At present, the Noxious Weed Management Program is part of the Conservation Services Division in the Department of Agriculture and continues to serve as the point agency for noxious weed management efforts in the state of Colorado.

Funding History and Future Projections

The following figure shows funding for Noxious Weeds Management Grant Program by source from FY 1997-98 through estimates for FY 2015-16:



*Estimated funding.

For the first three years after the establishment of the Noxious Weed Grant Management Fund, the program received an appropriation of \$225,000 General Fund. This appropriation was increased to \$290,000 two years later to allow the program to provide enough matching funds to maximize available resources. Between 1998 and 2002, almost \$1.2 million in competitive grant money was disbursed for weed management, education, and mapping projects.

As part of the effort to balance the state budget, the General Assembly eliminated all General Fund support for the program in FY 2002-03, but left the relevant statutes requiring local weed management plans and practices in place. The program was able to secure an average of \$300,000 per year in federal funds from the U.S. Forest Service State and Private Forestry (SPF) program. Additionally, the Department began providing an annual infusion of \$220,000 from the newly created Agriculture Management Fund (HB 08-1399) in FY 2008-09. With the combination federal and Department support, available funding peaked in FY 2010-11 at \$522,800.

Starting in FY 2011-12, however, Forest Service funds decreased sharply with a 61.2 percent reduction followed by another 31.3 percent cut in FY 2012-13. The Forest Service has indicated that it plans to discontinue all SPF funding in the immediate future. As a result, the program expects \$70,000 or less from the Forest Service in FY 2013-14 and little to no funding in future years. Support from the Agriculture Management Fund has also been discontinued for FY 2014-15 and the foreseeable future because of upcoming expenditures related to the Department's office consolidation.

An amendment to the 2013 Long Bill (SB 13-230) restored \$25,000 General Fund to the Program. Between the remaining federal funds and the new General Fund appropriation, the Program estimates a 68.4 percent decrease in funding for FY 2013-14 and will experience another 73.7 percent cut in FY 2014-15 assuming no changes to Department or General Fund appropriations.

Noxious Weed Management Program Functions and Benefits

The Noxious Weed Management Program is tasked with coordinating and assisting the efforts of private landowners and local, state, and federal agencies to prevent, contain, and eradicate noxious weed infestations in the state. This includes providing technical assistance and educational resources to public and private landowners, keeping databases for inventory and mapping of weed infestations, and distributing financial resources to incentivize and support weed management efforts.

Noxious Weed Management Grants

Prior to the establishment of the Noxious Weed Management Fund, the Colorado Noxious Weed Act imposed a significant burden on local governing entities to meet weed management requirements but did not offer funding to implement those requirements. Noxious weed management grant requests have exceeded program capacity since funding first became available in 1997.

The following table shows the number and amount of funded requests from FY 1997-98 through FY 2012-13:

Weed Management Grant Requests				
Fiscal Year	Number of Requests	Total Amount Requested	Requests Funded	Total Amount Funded
1997-98	40	\$610,549	17	\$224,999
1998-99	42	615,082	21	225,000
1999-00	44	624,951	18	220,700
2000-01	42	484,567	25	258,550
2001-02	46	615,948	28	239,692
2002-03	17	73,000	17	60,000
2003-04	n/d	n/d	24	197,120
2004-05	n/d	n/d	38	285,930
2005-06	37	332,585	35	241,900
2006-07	31	285,999	23	268,782
2007-08	39	319,319	38	238,391
2008-09	33	322,880	27	216,636
2009-10	68	798,458	57	438,130
2010-11	32	471,668	28	430,065
2011-12	42	425,378	37	337,115
2012-13	33	472,202	<u>27</u>	<u>266,056</u>
Total			460	\$4,146,006

*n/d = no available data.

For years that full data is available, requested funding for weed management grants have exceeded available funds by an average of \$200,000.

Monitoring and managing List A weeds are a top priority for the program. For the past four years (FY 2010-2013), nearly all available grant resources are allocated to projects that address the eradication of these rare but potentially damaging species. The Department has indicated that a significant increase in the number, variety, and geographic distribution of new grant applications is expected, should funding become available to allow additional grants for List B species. List B species are more widely dispersed and therefore affect many more local governing entities than List A species.

Economic Impacts of Noxious Weeds in Colorado

A new comprehensive study on the economic impacts of noxious weeds in Colorado is currently being conducted by researchers in the Department of Agriculture and Economics at Colorado State University. The project is funded by the Colorado Parks and Wildlife Division (DNR), the Department of Agriculture, Colorado State University, and the Colorado Weed Management Association. At the time of this briefing, only a preliminary progress report has been issued. The available findings are detailed below. Full publication of final results is expected in early December.

The study uses data on the presence and infestation of ten weed species to estimate the cost of noxious weed impairment on three distinct, economically important dimensions: agricultural production, wildlife habitat, and recreational activities.

- Noxious Weed Infestation

The Department of Agriculture tracks a total of 90 noxious weed species. In total, these weeds occupy just over 1.5 million acres of land, roughly 5.6 times the land area of Rocky Mountain National Park. The 10 species of focus in the study account for one third of this area and are present in 46 percent of the quarterquads (9,000 acre blocks) in the state.

- Agriculture

A total of 87.0 percent of weed invasion in the state is on extensively managed rangeland, forestland, and pasture. The total value of diminished agricultural production due to the ten weed species is estimated at \$4.5 million annually.

- Wildlife Habitat

According to the study methodology, critical wildlife habitat yields an annual value of \$17.36 per acre. Noxious weed infestations are estimated to diminish the value of wildlife habitat by \$5.1 million annually.

- Recreation

Estimates of the impact of noxious weeds on recreation are the most tentative. Preliminary results place the value of diminished recreation due to noxious weeds at \$441,000 for every dollar-per-acre of recreation land. A total annual loss for of value for recreation has not been provided.

In sum, these early findings suggest that 10 noxious weed species are responsible for a minimum of \$10.0 million in lost value per year across the three economic dimensions. Assuming no change in funding, by FY 2014-15 the noxious weeds program will have 0.2 percent of that amount to grant to local governing entities for noxious weed mitigation projects.

Effects of Fire and Floods

Invasive grasses can pose a significant fire hazard because several species dry out early in the summer. Cheatgrass is one such weed species that is present already in Colorado. Other species are contributing to wildfires in other western states and are being closely monitored by program staff and partners.

Staff received the following information from the State Weed Coordinator in response to a question about the expected impact of recent fires and floods on the Noxious Weeds Management Program:

- Many weed species respond very quickly to fire and a number of noxious weeds have flourished in recent burn areas, making it difficult for native plant communities to re-establish.

- The workloads of both the noxious weed and insectary/biocontrol programs have increased due to their involvement in noxious weed control and restoration in fire-damaged areas.
- At present, the program can provide grant funding for burn areas with List A species populations (Waldo), but has limited ability to respond to burn areas with List B species (High Park, Hewlett Gulch).

Additionally, the Coordinator indicated that the program faces long-term uncertainty regarding the resilience and spread of noxious weeds following the severe flooding in September:

- Flood waters have both carried away and deposited a considerable amount of soil, changing both watercourses and riparian areas' soil and vegetative composition.
- Both seeds and vegetative matter from noxious weed species have been flushed downstream. It will likely be next spring before new weed populations can be identified and it will take more than one or two field seasons to determine the location and extent of new noxious weed populations caused by flooding.

Provision of on-the-ground assistance and grant funds for counties affected by fires and floods would require additional funding.

Alternatives for Future Program Funding

Option 1: Restore original General Fund support to the Noxious Weed Management Program.

This action would allow the Noxious Weed Management program to continue to target List A species in the state and prevent significant cuts in services and available resources due to declining federal and cash funds. Counties and municipalities would continue to receive financial support for meeting their statutory obligations under the Colorado Noxious Weed Act.

Option 2: Expand the capacity of the Noxious Weed Program by increasing General Fund support beyond the original appropriation.

Should additional funds become available, program priorities will expand to include List B species which are more common but still responsive to management efforts. This includes providing assistance for fire- and flood-damaged areas and expanding support for important partner programs like the insectary/biocontrol program located in Palisade, CO. The program expects a much higher level of interest in grants if or when List B projects funding become available.

Option 3: Take no action, leave program funding at \$25,000 General Fund with progressively declining federal and cash fund support.

The Department has indicated that a continued decrease in funding will reduce the ability to control and eradicate List A species in the state. As federal and cash fund sources continue to decline, the program is having difficulty hiring seasonal employees to support counties and

municipalities in eradication efforts during field season. Additionally, the decreasing availability of program grant funds for counties and municipalities make it more difficult for those entities to meet the statutory requirements of the Colorado Noxious Weed Act. Economic impacts of noxious weeds will continue unmitigated and could potentially increase if List A species are allowed to become established in the state.

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

The Department included an objective in the strategic plan to work with landowners and local governments to ensure sufficient resources exist to eradicate List A populations, allocate grant resources, and monitor all List A sites to determine success. The funding cuts reviewed in this issue would significantly impede progress on achieving these objectives.

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Appendix A: Numbers Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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DEPARTMENT OF AGRICULTURE
John Salazar, Commissioner

(1) COMMISSIONER'S OFFICE AND ADMINISTRATIVE SERVICES

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

Personal Services	<u>1,264,109</u>	<u>1,259,167</u>	<u>1,439,377</u>	<u>1,506,222</u>
FTE	16.1	15.3	16.7	16.7
General Fund	266,767	233,586	178,741	240,404
Cash Funds	0	0	0	7,859
Reappropriated Funds	997,342	955,219	1,149,282	1,146,605
Federal Funds	0	70,362	111,354	111,354
 Health, Life, and Dental	 <u>1,083,810</u>	 <u>1,402,366</u>	 <u>2,054,944</u>	 <u>2,120,697</u>
General Fund	285,788	428,370	518,245	764,913
Cash Funds	798,022	973,996	1,441,357	1,304,296
Federal Funds	0	0	95,342	51,488
 Short-term Disability	 <u>18,689</u>	 <u>16,995</u>	 <u>29,150</u>	 <u>34,366</u>
General Fund	5,387	5,387	7,785	13,286
Cash Funds	13,302	11,608	19,022	19,268
Federal Funds	0	0	2,343	1,812
 S.B. 04-257 Amortization Equalization Disbursement	 <u>223,117</u>	 <u>341,451</u>	 <u>630,509</u>	 <u>686,580</u>
General Fund	69,745	131,582	168,695	265,855
Cash Funds	153,372	209,869	411,377	384,583
Federal Funds	0	0	50,437	36,142

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>238,729</u>	<u>292,894</u>	<u>568,674</u>	<u>643,668</u>	
General Fund	69,745	112,538	151,758	249,239	
Cash Funds	168,984	180,356	371,382	360,546	
Federal Funds	0	0	45,534	33,883	
Salary Survey	<u>0</u>	<u>0</u>	<u>549,150</u>	<u>256,987</u>	
General Fund	0	0	165,804	102,655	
Cash Funds	0	0	346,136	140,263	
Federal Funds	0	0	37,210	14,069	
Merit Pay	<u>0</u>	<u>0</u>	<u>249,959</u>	<u>266,467</u>	
General Fund	0	0	74,821	115,501	
Cash Funds	0	0	157,462	138,582	
Federal Funds	0	0	17,676	12,384	
Workers' Compensation	<u>176,054</u>	<u>165,703</u>	<u>161,359</u>	<u>200,862</u>	
General Fund	28,153	3,135	3,135	3,135	
Cash Funds	147,901	162,568	158,224	197,727	
Operating Expenses	<u>113,932</u>	<u>116,902</u>	<u>242,932</u>	<u>242,932</u>	
General Fund	112,619	116,634	0	0	
Cash Funds	1,313	268	0	0	
Reappropriated Funds	0	0	241,982	241,982	
Federal Funds	0	0	950	950	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Legal Services	<u>331,783</u>	<u>311,817</u>	<u>437,700</u>	<u>423,795</u>	
General Fund	105,770	114,912	150,030	136,125	
Cash Funds	226,013	192,655	272,670	272,670	
Federal Funds	0	4,250	15,000	15,000	
Administrative Law Judge Services	<u>0</u>	<u>3,468</u>	<u>4,446</u>	<u>1,237</u>	
Cash Funds	0	3,468	4,446	1,237	
Purchase of Services from Computer Center	<u>520,488</u>	<u>623,116</u>	<u>921,093</u>	<u>0</u> *	
General Fund	382,810	458,292	632,600	0	
Cash Funds	137,678	164,824	288,493	0	
Colorado State Network	<u>182,691</u>	<u>208,016</u>	<u>157,528</u>	<u>0</u> *	
General Fund	71,404	81,302	61,569	0	
Cash Funds	111,287	126,714	95,959	0	
Management and Administration of OIT	<u>134,856</u>	<u>17,784</u>	<u>0</u>	<u>0</u> *	
General Fund	104,395	13,767	0	0	
Cash Funds	30,461	4,017	0	0	
Payment to Risk Management and Property Funds	<u>108,062</u>	<u>162,091</u>	<u>147,063</u>	<u>154,948</u>	
General Fund	29,403	28,742	24,870	24,870	
Cash Funds	78,659	133,349	122,193	130,078	
Vehicle Lease Payments	<u>194,856</u>	<u>192,990</u>	<u>229,741</u>	<u>244,715</u> *	
General Fund	52,906	54,257	116,494	116,494	
Cash Funds	116,083	112,262	109,454	124,428	
Federal Funds	25,867	26,471	3,793	3,793	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Information Technology Asset Maintenance	<u>153,031</u>	<u>151,780</u>	<u>153,031</u>	<u>153,031</u>	
General Fund	34,705	42,041	42,041	42,041	
Cash Funds	118,326	109,739	110,990	110,990	
Leased Space	<u>110,078</u>	<u>119,281</u>	<u>121,864</u>	<u>13,914</u>	
General Fund	43,026	39,214	39,214	0	
Cash Funds	67,052	80,067	82,650	13,914	
Capitol Complex Leased Space	<u>171,143</u>	<u>169,713</u>	<u>213,608</u>	<u>0</u>	
General Fund	139,606	117,995	149,603	0	
Cash Funds	31,537	51,718	64,005	0	
Communication Services Payments	<u>14,542</u>	<u>12,505</u>	<u>16,049</u>	<u>0</u>	*
General Fund	9,283	3,127	4,009	0	
Cash Funds	5,259	9,378	12,040	0	
COFRS Modernization	<u>0</u>	<u>57,758</u>	<u>66,270</u>	<u>66,270</u>	
General Fund	0	8,526	9,783	9,783	
Cash Funds	0	49,232	56,487	56,487	
Federal Funds	0	0	0	0	
Information Technology Security	<u>0</u>	<u>0</u>	<u>10,721</u>	<u>0</u>	*
General Fund	0	0	7,306	0	
Cash Funds	0	0	3,415	0	
Utilities	<u>136,718</u>	<u>138,752</u>	<u>161,939</u>	<u>161,939</u>	
General Fund	58,983	91,050	50,000	50,000	
Cash Funds	77,735	47,702	0	0	
Reappropriated Funds	0	0	111,939	111,939	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Agricultural Statistics	<u>3,000</u>	<u>11,317</u>	<u>15,000</u>	<u>15,000</u>	
Cash Funds	3,000	11,317	15,000	15,000	
Grants	<u>3,406,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	10.1	0.0	0.0	0.0	
Federal Funds	3,406,200	0	0	0	
Agriculture Management Fund	<u>1,567,134</u>	<u>2,525,898</u>	<u>2,048,914</u>	<u>2,048,914</u>	
FTE	2.0	2.3	2.0	2.0	
Cash Funds	1,567,134	2,525,898	2,048,914	2,048,914	
Certificate of Participation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	0	0	0	0	
Indirect Cost Assessment	<u>133,843</u>	<u>18,300</u>	<u>203,114</u>	<u>203,114</u>	
Cash Funds	16,942	18,300	197,014	197,014	
Federal Funds	116,901	0	6,100	6,100	
Payments to OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,142,078</u> *	
General Fund	0	0	0	796,620	
Cash Funds	0	0	0	345,458	
TOTAL - (1) Commissioner's Office and Administrative Services	10,286,865	8,320,064	10,834,135	10,587,736	(2.3%)
FTE	<u>28.2</u>	<u>17.6</u>	<u>18.7</u>	<u>18.7</u>	0.0%
General Fund	1,870,495	2,084,457	2,556,503	2,930,921	14.6%
Cash Funds	3,870,060	5,179,305	6,388,690	5,869,314	(8.1%)
Reappropriated Funds	997,342	955,219	1,503,203	1,500,526	(0.2%)
Federal Funds	3,548,968	101,083	385,739	286,975	(25.6%)

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(2) AGRICULTURAL SERVICES DIVISION

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

Animal Industry	<u>1,862,098</u>	<u>2,338,813</u>	<u>2,207,252</u>	<u>2,283,450</u>
FTE	27.1	27.1	25.5	25.5
General Fund	1,406,355	1,426,428	1,427,902	1,489,648
Cash Funds	455,743	527,511	526,383	540,835
Federal Funds	0	384,874	252,967	252,967
 Vaccine and Service Fund	 <u>351,520</u>	 <u>374,757</u>	 <u>324,320</u>	 <u>324,320</u>
FTE	0.8	1.3	1.0	1.0
Cash Funds	351,520	374,757	324,320	324,320
 Plant Industry	 <u>3,049,103</u>	 <u>3,469,963</u>	 <u>3,852,081</u>	 <u>3,938,664</u>
FTE	34.4	39.1	36.5	36.5
General Fund	315,455	345,460	354,628	362,689
Cash Funds	2,291,475	2,280,659	2,290,056	2,346,532
Federal Funds	442,173	843,844	1,207,397	1,229,443
 Inspection and Consumer Services	 <u>3,137,211</u>	 <u>3,736,205</u>	 <u>3,462,217</u>	 <u>3,551,482</u>
FTE	40.3	41.1	44.6	44.6
General Fund	0	972,110	970,581	1,009,582
Cash Funds	3,137,211	2,217,443	2,153,769	2,204,033
Reappropriated Funds	0	0	84,000	84,000
Federal Funds	0	546,652	253,867	253,867

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Conservation Services	<u>1,320,486</u>	<u>3,122,298</u>	<u>1,734,757</u>	<u>1,802,423</u>	
FTE	14.7	16.3	15.3	15.3	
General Fund	676,936	686,767	711,634	740,180	
Cash Funds	606,501	593,029	613,123	631,425	
Federal Funds	37,049	1,842,502	410,000	430,818	
Lease Purchase Lab Equipment	<u>63,136</u>	<u>1,196</u>	<u>99,360</u>	<u>99,360</u>	
General Fund	0	0	0	0	
Cash Funds	63,136	1,196	99,360	99,360	
Indirect Cost Assessment	<u>535,029</u>	<u>578,597</u>	<u>813,363</u>	<u>911,247</u>	
Cash Funds	474,867	427,372	603,733	701,617	
Federal Funds	60,162	151,225	209,630	209,630	
Program Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Noxious Weed Management Grant Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	0	0	0	
TOTAL - (2) Agricultural Services Division	10,318,583	13,621,829	12,493,350	12,910,946	3.3%
FTE	<u>117.3</u>	<u>124.9</u>	<u>122.9</u>	<u>122.9</u>	<u>(0.0%)</u>
General Fund	2,398,746	3,430,765	3,464,745	3,602,099	4.0%
Cash Funds	7,380,453	6,421,967	6,610,744	6,848,122	3.6%
Reappropriated Funds	0	0	84,000	84,000	0.0%
Federal Funds	539,384	3,769,097	2,333,861	2,376,725	1.8%

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(3) AGRICULTURAL MARKETS DIVISION

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

(A) Agricultural Markets

Program Costs	<u>452,241</u>	<u>1,191,167</u>	<u>1,411,286</u>	<u>1,438,944</u>
FTE	4.3	6.5	5.4	5.4
General Fund	0	446,217	446,832	469,152
Cash Funds	452,241	21,449	50,454	50,454
Federal Funds	0	723,501	914,000	919,338
Economic Development Grants	<u>37,663</u>	<u>30,811</u>	<u>45,000</u>	<u>45,000</u>
Reappropriated Funds	37,663	0	45,000	45,000
Federal Funds	0	30,811	0	0
Agricultural Development Board	<u>386,080</u>	<u>124,182</u>	<u>500,000</u>	<u>500,000</u>
FTE	0.3	0.0	0.0	0.0
Cash Funds	386,080	124,182	500,000	500,000
Wine Promotion Board	<u>564,012</u>	<u>609,110</u>	<u>569,613</u>	<u>569,613</u>
FTE	1.5	1.1	1.5	1.5
Cash Funds	564,012	609,110	569,613	569,613
Indirect Cost Assessment	<u>11,295</u>	<u>12,842</u>	<u>114,831</u>	<u>14,270</u>
Cash Funds	11,295	9,150	110,561	10,000
Federal Funds	0	3,692	4,270	4,270

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
SUBTOTAL - (A) Agricultural Markets	1,451,291	1,968,112	2,640,730	2,567,827	(2.8%)
<i>FTE</i>	<u>6.1</u>	<u>7.6</u>	<u>6.9</u>	<u>6.9</u>	<u>0.0%</u>
General Fund	0	446,217	446,832	469,152	5.0%
Cash Funds	1,413,628	763,891	1,230,628	1,130,067	(8.2%)
Reappropriated Funds	37,663	0	45,000	45,000	0.0%
Federal Funds	0	758,004	918,270	923,608	0.6%

(B) Agricultural Products Inspection

Program Costs	<u>1,998,826</u>	<u>2,020,241</u>	<u>2,020,242</u>	<u>2,095,927</u>	
<i>FTE</i>	<u>26.6</u>	<u>37.1</u>	<u>34.5</u>	<u>34.5</u>	
General Fund	200,000	200,000	200,000	200,000	
Cash Funds	1,798,826	1,820,241	1,820,242	1,895,927	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Indirect Cost Assessment	<u>105,435</u>	<u>111,000</u>	<u>93,895</u>	<u>93,895</u>	
Cash Funds	105,435	111,000	93,895	93,895	
SUBTOTAL - (B) Agricultural Products Inspection	2,104,261	2,131,241	2,114,137	2,189,822	3.6%
<i>FTE</i>	<u>26.6</u>	<u>37.1</u>	<u>34.5</u>	<u>34.5</u>	<u>0.0%</u>
General Fund	200,000	200,000	200,000	200,000	0.0%
Cash Funds	1,904,261	1,931,241	1,914,137	1,989,822	4.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
TOTAL - (3) Agricultural Markets Division	3,555,552	4,099,353	4,754,867	4,757,649	0.1%
<i>FTE</i>	<u>32.7</u>	<u>44.7</u>	<u>41.4</u>	<u>41.4</u>	<u>(0.0%)</u>
General Fund	200,000	646,217	646,832	669,152	3.5%
Cash Funds	3,317,889	2,695,132	3,144,765	3,119,889	(0.8%)
Reappropriated Funds	37,663	0	45,000	45,000	0.0%
Federal Funds	0	758,004	918,270	923,608	0.6%

JBC Staff Budget Briefing: FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(4) BRAND BOARD

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

Brand Inspection	<u>3,632,300</u>	<u>3,807,662</u>	<u>3,940,214</u>	<u>4,061,546</u>	
FTE	53.5	57.9	59.0	59.0	
General Fund	0	0	0	0	
Cash Funds	3,632,300	3,807,662	3,940,214	4,061,546	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Alternative Livestock	<u>14,161</u>	<u>8,769</u>	<u>15,000</u>	<u>15,000</u>	
Cash Funds	14,161	8,769	15,000	15,000	
Brand Estray Fund	<u>64,383</u>	<u>30,432</u>	<u>40,000</u>	<u>40,000</u>	
Cash Funds	64,383	30,432	40,000	40,000	
Indirect Cost Assessment	<u>129,066</u>	<u>136,838</u>	<u>164,731</u>	<u>164,731</u>	
Cash Funds	129,066	136,838	164,731	164,731	

TOTAL - (4) Brand Board	3,839,910	3,983,701	4,159,945	4,281,277	2.9%
FTE	<u>53.5</u>	<u>57.9</u>	<u>59.0</u>	<u>59.0</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	3,839,910	3,983,701	4,159,945	4,281,277	2.9%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

JBC Staff Budget Briefing: FY 2014-15
Staff Working Document - Does Not Represent Committee Decision

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(5) COLORADO STATE FAIR

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

Program Costs	<u>7,562,577</u>	<u>7,519,741</u>	<u>8,308,953</u>	<u>8,443,307</u>	
FTE	25.6	25.2	26.9	26.9	
General Fund	0	0	0	0	
Cash Funds	7,562,577	7,519,741	8,308,953	8,443,307	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
FFA and 4H Funding	<u>0</u>	<u>0</u>	<u>0</u>	<u>250,000</u>	*
General Fund	0	0	0	250,000	
Indirect Cost Assessment	<u>82,673</u>	<u>87,837</u>	<u>113,269</u>	<u>113,269</u>	
Cash Funds	82,673	87,837	113,269	113,269	

TOTAL - (5) Colorado State Fair	7,645,250	7,607,578	8,422,222	8,806,576	4.6%
FTE	<u>25.6</u>	<u>25.2</u>	<u>26.9</u>	<u>26.9</u>	0.0%
General Fund	0	0	0	250,000	0.0%
Cash Funds	7,645,250	7,607,578	8,422,222	8,556,576	1.6%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(6) CONSERVATION BOARD

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

Program Costs	<u>431,503</u>	<u>438,820</u>	<u>439,011</u>	<u>456,064</u>	
FTE	4.2	5.4	5.2	5.2	
General Fund	431,503	438,820	439,011	456,064	
Reappropriated Funds	0	0	0	0	
Distribution to Soil Conservation Districts	<u>191,714</u>	<u>191,714</u>	<u>391,714</u>	<u>391,714</u>	
General Fund	191,714	191,714	391,714	391,714	
Matching Grants to Districts	<u>418,382</u>	<u>318,996</u>	<u>675,000</u>	<u>675,000</u>	
General Fund	0	0	225,000	225,000	
Cash Funds	418,382	318,996	450,000	450,000	
Salinity Control Grants	<u>1,070,424</u>	<u>817,655</u>	<u>500,000</u>	<u>502,859</u>	
FTE	1.5	0.0	0.0	0.0	
Federal Funds	1,070,424	817,655	500,000	502,859	

TOTAL - (6) Conservation Board	2,112,023	1,767,185	2,005,725	2,025,637	1.0%
FTE	<u>5.7</u>	<u>5.4</u>	<u>5.2</u>	<u>5.2</u>	<u>0.0%</u>
General Fund	623,217	630,534	1,055,725	1,072,778	1.6%
Cash Funds	418,382	318,996	450,000	450,000	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	1,070,424	817,655	500,000	502,859	0.6%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
TOTAL - Department of Agriculture	37,758,183	39,399,710	42,670,244	43,369,821	1.6%
<i>FTE</i>	<u>263.0</u>	<u>275.7</u>	<u>274.1</u>	<u>274.1</u>	<u>(0.0%)</u>
General Fund	5,092,458	6,791,973	7,723,805	8,524,950	10.4%
Cash Funds	26,471,944	26,206,679	29,176,366	29,125,178	(0.2%)
Reappropriated Funds	1,035,005	955,219	1,632,203	1,629,526	(0.2%)
Federal Funds	5,158,776	5,445,839	4,137,870	4,090,167	(1.2%)

Appendix B: Recent Legislation Affecting Department Budget

2012 Session Bills

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

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

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

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

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

2013 Session Bills

SB 13-085: (Supplemental Appropriation) Makes mid-year adjustments to the Department's FY 2012-13 appropriations.

SB 13-230: (Long Bill) General appropriations act for FY 2013-14.

SB 13-241: (Industrial Hemp Growers Registration) Repealed HB 12-1099, the Industrial Hemp Remediation Pilot Program in the DPHE, and established a registration program in the Department of Agriculture for people cultivating industrial hemp either commercially or for research and development purposes. Provided \$21,205 General Fund to the Department of Agriculture for FY 2013-14.

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

Long Bill Footnotes

None.

RFIs

None.

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

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

The *Indirect Cost Pool* is based on the estimated personal services, operating, and utilities line items, for the requested budget year in the Commissioner’s and Administrative Services Office. For the FY 2014-15 request, the Department’s Indirect Cost Pool is \$1,500,526. **Table 1** outlines which line items are included in the department’s Indirect Cost Pool.

Division	Line Item	FY 2014-15 Request
Executive Director’s Office	Personal Services	\$1,146,605
	Operating	241,982
	Utilities	<u>111,939</u>
FY 2014-15 Indirect Cost Pool		\$1,500,526

The *Indirect Cost Base* is set equal to the *Indirect Cost Pool*, or the amount of indirect costs the Department needs to collect. The *Indirect Cost Rate* is initially set at 11.0 percent for most cash funds in the department. Statutory caps on indirect cost rates are in place for the Brand Board (3.6 percent cap), Alternative Livestock, Chemigation, and Agricultural Products Inspection (5.0 percent cap) cash funds. Indirect costs for the State Fair are assessed at a lower rate (1.5 percent) because it uses very few Department resources. The Department’s plan also includes \$220,000 collected from federal sources.

The *Indirect Cost Rate* is applied the *Indirect Cost Base*. The Department adjusts the *Indirect Cost Rate* over time to ensure that collected indirect costs are exactly equal to the *Indirect Cost Base*. **Table 2** summarizes the Department’s *Indirect Cost Base* by division.

Division	Base
Commissioner	\$203,114
Agricultural Services	911,247
Agricultural Markets	108,165
Brand Board	164,731
State Fair	<u>113,269</u>
Total Indirect Cost Base	\$1,500,526

FY 2014-15 Indirect Cost Assessment Request

For FY 2014-15 the Department has requested a total \$1,500,526 for indirect cost assessments. *Table 3* shows the FY 2014-15 Department indirect cost assessment based on the November 1 request for each division.

Table 3			
Department Indirect Cost Assessment Request			
Division	Total	CF	FF
Commissioner's Office	203,114	197,014	6,100
Agricultural Services	911,247	701,617	209,630
Agricultural Markets	108,165	103,895	4,270
Brand Board	164,731	164,731	0
State Fair	<u>113,269</u>	<u>113,269</u>	<u>0</u>
Total FY 2014-15 Request	\$1,500,526	\$1,280,526	\$220,000
FY 2013-14 Indirect Cost Assessment	1,614,413	1,414,413	199,709
Difference (FY 15 - FY 14)	(\$113,887)	(\$133,887)	\$20,291

Appendix E: Change Requests' Relationship to Measures

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

Change Requests' Relationship to Measures			
R	Change Request Description	Goals / Objectives	Performance Measures
R-1	4-H and FFA Program Funding	Improving 4H and FFA Programs	# of 4H and FFA exhibitors using the Fair's dormitories
R-1	4-H and FFA Program Funding	Raise monies through the Colorado State Fair Foundation to fully fund the cost of annual 4H and FFA programs conducted by the State Fair.	Funds raised annually by the Colorado State Fair Foundation in support of 4H and FFA.