

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



SUPPLEMENTAL REQUESTS FOR FY 2009-10

DEPARTMENT OF AGRICULTURE

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

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**DEPARTMENT OF AGRICULTURE
FY 2009-10 SUPPLEMENTAL RECOMMENDATIONS
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Prioritized Supplementals

**Supplemental Request, Department Priority #1
 Refinancing of Department Programs with Agriculture Management Cash Funds**

	Request	Recommendation
Total	(\$679,867)	\$0
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	(679,867)	(679,867)
FTE	0.0	(7.8)
Reappropriated Funds	0	679,867
FTE	0.0	7.8

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

Department Request: The Department requests a one-time refinance in FY 2009-10 of \$679,867 General Fund with Agriculture Management Fund cash funds. Of these funds, \$579,867 funds Inspection and Consumer Services (ICS) personal services expenses, and \$100,000 funds ICS operating expenses.

Staff Analysis: Pursuant to Section 38-12-116.7 (3) (a) (II), C.R.S. the Agriculture Management Fund (Fund) receives 65.0 percent of interest earned on the sale of unclaimed securities. The Fund was created via H.B. 08-1399 (Buescher/Isgar) and began receiving revenue in 2009 upon repayment of the State Fair Events Center debt. The Fund can be used to fund agricultural efforts, additional department employees, and for direct assistance programs. Prior to the June 2009 forecast, the Department proposed expenditures for FY 2009-10 from the Fund, but revised these FY 2009-10 expenditures following the June revenue forecast. The following table outlines the proposed and revised expenditures for FY 2009-10.

Summary of Changes to Proposed Expenditures from Agricultural Management Fund for FY 2009-10			
Program	Proposed Expenditures	Revised Expenditures	Difference
CSU Contract for the Future of Agriculture Study	25,000	25,000	0
Contract for Analysis of Agriculture Census	25,000	25,000	0

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Summary of Changes to Proposed Expenditures from Agricultural Management Fund for FY 2009-10			
Program	Proposed Expenditures	Revised Expenditures	Difference
Mass Spectrometer	135,000	135,000	0
ACRE Grant	50,000	0	(50,000)
Predator Control Grants	0	50,000	50,000
AGR Pump	100,000	50,000	(50,000)
Colorado Proud	200,000	200,000	0
Conservation - Matching Grants for Direct Assistance	200,000	175,000	(25,000)
Direct Assistance Grants - Conservation	200,000	175,000	(25,000)
Matching Grants - Noxious Weeds	100,000	100,000	0
State Fair Contingency and Emerging Issues	500,000	400,000	(100,000)
Indirect Cost Assessment	23,166	23,166	0
Cash Reserves	300,000	0	(300,000)
Agricultural Services Division	0	679,867	679,867
Total Expenditures	1,858,166	2,038,033	179,867
Estimated Total Revenues	2,045,187	2,050,418	5,231
Unexpended Revenue	187,021	12,385	

Initial fund revenue estimates for FY 2009-10 were originally done in the Spring of 2009. As of December 2009 the revenue estimate for the Fund had increased \$5,231 dollars or 0.3 percent since the original estimate. Based on the projected revenues staff believes the Fund will be able to support all of the revised expenditures for FY 2009-10 including the General Fund refinance.

The Department's request included only the reduction of General Fund dollars because the spending authority for the Fund in the Long Bill (S.B. 09-259) is adequate for the revised expenditures for FY 2009-10. Spending authority for the Fund is in the Special Purpose Division, Agriculture Management Fund line item.

Agriculture Management Fund Spending Authority	
Spending Authority via S.B. 09-259	\$2,098,540
Required spending authority based on revised FY 2009-10 Fund expenditures	2,038,033
Difference	\$60,507

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Staff Recommendation: Staff recommends the Committee approve the reduction of \$679,875 General Fund in the Commissioner's Office and the Agricultural Services Division; a reduction of 7.8 General Fund FTE in the Agricultural Services Division personal services line item; increase the reappropriated funds to various line items in the Commissioner's Office and Agriculture Services Division by \$679,875; and add 7.8 reappropriated funds FTE to the Agricultural Services Division personal services line item. Staff requests permission to adjust affected letternotes accordingly. The following table provides line item details of staff's recommendation.

Summary of Staff Recommendation for Department FY 2009-10 Supplemental #1			
Line Item	General Fund	Reapprop. Funds	Total
Commissioner's Office and Administrative Services			
Health, Life and Dental	(\$42,917)	\$42,917	\$0
Short-Term Disability	(725)	725	0
S.B. 04-257 Amortization Equalization Disbursement	(9,360)	9,360	0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	(5,850)	5,850	0
Agricultural Services Division			
Personal Services	(521,015)	521,015	0
FTE	(7.8)	7.8	0.0
Operating Expenses	(100,000)	100,000	0
Total Funds	(\$679,875)	\$679,875	\$0
Total FTE	(7.8)	7.8	0.0

Staff recommends the Committee show reappropriated dollars in lines affected by this supplemental because the FTE and dollars are not being moved into the Fund line item, but will remain in the Agricultural Services Division. Staff also recommends the reduction of 7.8 General Fund FTE and an increase of 7.8 reappropriated FTE in the Agricultural Services Division personal services line item because the FTE are not being moved to the Agricultural Management Fund, but will remain in Agricultural Services Division personal services line item.

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Non-prioritized Supplementals

**Statewide Non-Prioritized Supplemental Request
Budget Adjustment to Reflect FY 2009-10 Furloughs**

	Request	Recommendation
Total	(\$204,490)	(\$204,490)
General Fund	(99,659)	(99,659)
Cash Funds	(83,567)	(83,567)
Federal Funds	(21,264)	(21,264)

Department Request: The General Assembly included a statewide personal services reduction equivalent to 1.82 percent of each agencies' appropriation in the FY 2009-10 Long Bill (S.B. 09-259). The net FY 2009-10 impact of the one-time reduction was \$26.5 million, of which \$16.1 million was General Fund. The executive branch was given the flexibility to develop and implement a plan to meet the mandated reduction. The Governor requests an adjustment to the personal services reductions within the FY 2009-10 Long Bill to reflect the actual staffing actions taken within each agency to achieve a decrease of 1.82 percent.

Staff Analysis: The following table details the Department's requested changes to affected line items in the Department. Since a number of the lines include cash or reappropriated funds, the letternotes for these lines funded with cash or reappropriated funds will also have to be amended.

Line Item Detail of Statewide Furlough Impact Supplemental					
Line Item	General Fund	Cash Funds	Federal Funds	Total	Letternote Affected
(1) Commissioner's Office					
Personal Services	(\$43,218)	\$0	\$0	(\$43,218)	Yes
Short-term Disability	(221)	(450)	(42)	(713)	Yes
S.B. 04-257 Amortization Equalization Disbursement	(2,854)	(5,809)	(536)	(9,199)	Yes
S.B. 06-235 Supplemental Amortization Equalization Disbursement	(1,784)	(3,630)	(335)	(5,749)	Yes
Grants	0	0	(22,642)	(22,642)	
(2) Agricultural Services Division - Personal Services	(27,547)	(67,662)	4,066	(91,143)	Yes

Line Item Detail of Statewide Furlough Impact Supplemental					
Line Item	General Fund	Cash Funds	Federal Funds	Total	Letternote Affected
(3) Agricultural Markets					
Personal Services	(12,502)	0	0	(12,502)	Yes
Agricultural Development Board	0	(791)	0	(791)	Yes
(4) Brand Board - Brand Inspection	0	(39,964)	0	(39,964)	Yes
(5) Special Purpose - Wine Promotion Board	0	(3,083)	0	(3,083)	Yes
(6) Colorado State Fair - Program Costs	0	37,822	0	37,822	Yes
(7) Conservation Board					
Personal Services	(11,533)	0	0	(11,533)	No
Salinity Control Grants	0	0	(1,765)	(1,765)	No
Agriculture Furlough Supplemental Total	(\$99,659)	(\$83,567)	(\$21,254)	(\$204,480)	

Staff Recommendation: Staff recommends the Committee approve the reduction of \$99,659 General Fund to various line items, \$83,567 cash funds to various line items, and \$21,264 federal funds. Staff requests permission to adjust affected letternotes accordingly.

Statewide Common Policy Supplemental Requests

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

Department's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Federal Funds	FTE
Annual Fleet Vehicle Replacement True-up	(\$25,434)	(\$10,470)	(\$14,964)	\$0	\$0
Risk Management Reduction of Liability, Property and Workers' Compensation Volatility	(19,519)	(6,725)	(12,633)	(161)	0.0
Mail Equipment Upgrade	(11,083)	(1,812)	(9,271)	0	0.0
State Fleet Rebates - One Time Refinance	(9,281)	(3,862)	(5,227)	(192)	0.0
Risk Management Contract Review and Reduction	(2,640)	(767)	(1,850)	(23)	0.0
Capitol Complex Building Maintenance Reductions	(2,320)	(1,892)	(428)	0	0.0
OIT Personal Services Reduction Initiative	(2,275)	(2,275)	0	0	0.0

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Department's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Federal Funds	FTE
FY 2009-10 OIT Management and Administration One-time Adjustment	(1,652)	(1,652)	0	0	0.0
Department's Total Statewide Supplemental Requests	(8,887)	(6,586)	(2,278)	(376)	0.0

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

Other Balancing Options

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

These options require separate legislation.

Options with Revenue Impacts	GF	CF	RF	FF	Total	FTE
1	200,000	0	0	0	200,000	0.0
Remove General Fund Subsidy to the Agricultural Products Inspection Program						
Currently the Agricultural Products Inspection Program receives a program subsidy of \$200,000 General Fund. The General Assembly has the option to amend statute and remove this program subsidy. This would increase General Fund revenue \$200,000 and require the Department to increase the fee on potato inspections by 10.0 percent, or \$0.01 per hundred weight of potatoes.						
2	535,732	0	0	0	535,732	0.0
Eliminate Program Indirect Cost Caps						
Current statute caps the amount of indirect costs the Brand Board, Alternative Livestock, Chemigation Program, and Agricultural Products Program can collect in fees. Each program, except for the Alternative Livestock, annually require additional General Fund dollars to meet the programs total indirect costs. For FY 2009-10, the statutory maximum amount of indirect costs for these programs is \$267,356 cash funds, but the actual indirect costs incurred by these programs are \$803,088 total funds, resulting in a General Fund backfill of \$535,732. The General Assembly could remove these caps from statute and enable \$535,732 to remain in the General Fund. The fee impact for the three programs impacted by removing the indirect cost caps ranges from an increase of 10.0 percent or \$0.01 per hundred weight of potatoes for the Agricultural Products Program to 20.0 percent or \$7 for annual permit fee for the Chemigation Program.						

	FY 2008-09	FY 2009-10	Fiscal Year 2009-10 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF AGRICULTURE
Executive Director - John R. Stulp

Supplemental #1 - Refinance of Department Programs from Agriculture Management Funds

(1) Commissioner's Office and Administrative Services

Health, Life and Dental	<u>823,266</u>	<u>1,609,102</u>	<u>(42,917)</u>	<u>0</u>	<u>1,609,102</u>
General Fund	150,400	431,350	(42,917)	(42,917)	388,433
Cash Funds	672,866	1,128,878	0	0	1,128,878
Reappropriated Funds	0	0	0	42,917	42,917
Federal Funds	0	48,874	0	0	48,874
Short-Term Disability	<u>13,585</u>	<u>20,847</u>	<u>(725)</u>	<u>0</u>	<u>20,847</u>
General Fund	0	5,988	(725)	(725)	5,263
Cash Funds	13,585	14,277	0	0	14,277
Reappropriated Funds	0	0	0	725	725
Federal Funds	0	582	0	0	582
S.B. 04-257 Amortization Equalization					
Disbursement	<u>210,205</u>	<u>281,829</u>	<u>(9,360)</u>	<u>0</u>	<u>281,829</u>
General Fund	43,000	81,502	(9,360)	(9,360)	72,142
Cash Funds	167,205	192,163	0	0	192,163
Reappropriated Funds	0	0	0	9,360	9,360
Federal Funds	0	8,164	0	0	8,164
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>78,377</u>	<u>175,279</u>	<u>(5,850)</u>	<u>0</u>	<u>175,279</u>
General Fund	0	50,076	(5,850)	(5,850)	44,226
Cash Funds	78,377	120,101	0	0	120,101
Reappropriated Funds	0	0	0	5,850	5,850
Federal Funds	0	5,102	0	0	5,102

	FY 2008-09	FY 2009-10	Fiscal Year 2009-10 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(2) Agricultural Services</i>					
Personal Services	11,040,227	10,351,242	(521,015)	0	10,351,242
FTE	<u>141.6</u>	<u>152.3</u>	<u>0.0</u>	<u>0.0</u>	<u>152.3</u>
General Fund	3,545,268	3,390,189	(521,015)	(521,015)	2,869,174
FTE	42.0	43.9	0.0	(7.8)	36.1
Cash Funds	7,174,287	6,444,215	0	0	6,444,215
FTE	96.6	105.4	0.0	0.0	105.4
Reappropriated Funds	0	0	0	521,015	521,015
FTE	0.0	0.0	0.0	7.8	7.8
Federal Funds	320,672	516,838	0	0	516,838
FTE	3.0	3.0	0.0	0.0	3.0
Operating Expenses	<u>1,314,402</u>	<u>1,523,475</u>	<u>(100,000)</u>	<u>0</u>	<u>1,523,475</u>
General Fund	333,780	352,830	(100,000)	(100,000)	252,830
Cash Funds	937,870	1,111,344	0	0	1,111,344
Reappropriated Funds	0	0	0	100,000	100,000
Federal Funds	42,752	59,301	0	0	59,301
Total for Supplemental #1	13,480,062	13,961,774	(679,867)	0	13,961,774
FTE	<u>141.6</u>	<u>152.3</u>	<u>0.0</u>	<u>0.0</u>	<u>152.3</u>
General Fund	4,072,448	4,311,935	(679,867)	(679,867)	3,632,068
FTE	42.0	43.9	0.0	(7.8)	36.1
Cash Funds	9,044,190	9,010,978	0	0	9,010,978
FTE	96.6	105.4	0.0	0.0	105.4
Reappropriated Funds	0	0	0	679,867	679,867
FTE	0.0	0.0	0.0	7.8	7.8
Federal Funds	363,424	638,861	0	0	638,861
FTE	3.0	3.0	0.0	0.0	3.0

	FY 2008-09	FY 2009-10	Fiscal Year 2009-10 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Non-prioritized Department Supplemental - Budget Adjustment to Reflect FY 2009-10 Furloughs					
Various line items	<u>N.A.</u>	<u>(324,465)</u>	<u>(204,490)</u>	<u>(204,490)</u>	(528,955)
General Fund		(64,456)	(99,659)	(99,659)	(164,115)
Cash Funds		(250,442)	(83,567)	(83,567)	(334,009)
Federal Funds		(9,567)	(21,264)	(21,264)	(30,831)
<hr/>					
Totals Excluding Pending Items					
Department of Agriculture					
Totals for ALL Departmental line items	37,948,063	39,112,901	(884,357)	(204,490)	38,908,411
FTE	<u>269.1</u>	<u>293.0</u>	<u>0.0</u>	<u>0.0</u>	<u>293.0</u>
General Fund	6,650,130	6,860,955	(779,526)	(779,526)	6,081,429
FTE	69.1	72.5	0.0	(7.8)	64.7
Cash Funds	23,024,594	27,141,156	(83,567)	(83,567)	27,057,589
FTE	179.3	204.5	0.0	0.0	204.5
Reappropriated Funds	1,330,373	1,120,606	0	679,867	1,800,473
FTE	0.0	0.0	0.0	7.8	7.8
Federal Funds	6,942,966	3,990,184	(21,264)	(21,264)	3,968,920
FTE	20.7	16.0	0.0	0.0	16.0
<hr/>					
Statewide Common Policy Supplementals					
(see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	<u>(74,204)</u>	<u>Pending</u>	<u>N.A.</u>
General Fund			(29,455)		
Cash Funds			(44,373)		
Federal Funds			(376)		

	FY 2008-09	FY 2009-10	Fiscal Year 2009-10 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals Including Pending Items					
Department of Agriculture					
Totals for ALL Departmental line items	37,948,063	39,112,901	(958,561)	(204,490)	38,908,411
FTE	<u>269.1</u>	<u>293.0</u>	<u>0.0</u>	<u>0.0</u>	<u>293.0</u>
General Fund	6,650,130	6,860,955	(808,981)	(779,526)	6,081,429
FTE	69.1	72.5	0.0	(7.8)	64.7
Cash Funds	23,024,594	27,141,156	(127,940)	(83,567)	27,057,589
FTE	179.3	204.5	0.0	0.0	204.5
Reappropriated Funds	1,330,373	1,120,606	0	679,867	1,800,473
FTE	0.0	0.0	0.0	7.8	7.8
Federal Funds	6,942,966	3,990,184	(21,640)	(21,264)	3,968,920
FTE	20.7	16.0	0.0	0.0	16.0

Key:

N.A. = Not Applicable or Not Available