



Colorado General Assembly  
Joint Budget Committee

# JOINT BUDGET COMMITTEE STAFF FY 2020-21 BUDGET BRIEFING SUMMARY *Department of Agriculture*

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Department personnel perform a wide range of services including: regulatory and inspection services relating to agriculture; investigations and hearings; standardizing, grading, inspecting, labeling, handling, storage, and marketing of agricultural products; and agriculture-related policy analysis. Funding for the Department in FY 2019-20 consists of 23.0 percent General Fund, 65.6 percent cash funds, 4.5 percent reappropriated funds, and 6.9 percent federal funds.

## FY 2019-20 APPROPRIATION AND FY 2020-21 REQUEST

DEPARTMENT OF AGRICULTURE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2019-20 APPROPRIATION:</b>						
SB 19-207 (Long Bill)	\$54,671,192	\$11,975,760	\$36,289,774	\$2,496,093	\$3,909,565	290.8
Other legislation	769,069	123,007	646,062	0	0	6.8
<b>TOTAL</b>	<b>\$55,440,261</b>	<b>\$12,098,767</b>	<b>\$36,935,836</b>	<b>\$2,496,093</b>	<b>\$3,909,565</b>	<b>297.6</b>
<b>FY 2020-21 REQUESTED APPROPRIATION:</b>						
FY 2019-20 Appropriation	\$55,440,261	12,098,767	\$36,935,836	\$2,496,093	\$3,909,565	297.6
R1 Ag renewable energy and energy efficiency (ACRE3)	110,163	110,163	0	0	0	1.0
R2 Organic program staff expansion	168,566	168,566	0	0	0	1.9
R3 Colorado soil health program	166,491	166,491	0	0	0	1.0
R4 Sustainable marijuana certification	94,655	0	94,655	0	0	1.0
R5 Pet animal care facilities licensing	171,741	94,691	77,050	0	0	1.0
R6 Lab equipment maintenance agreement	48,000	0	48,000	0	0	0.0
R7 Indirect cost recoveries	226,930	0	113,465	113,465	0	0.0
R8 Unused spending authority	(382,528)	0	(322,528)	(60,000)	0	0.0
R9 Implementing budget efficiencies	(214,143)	(89,300)	(124,843)	0	0	(1.0)
Centrally appropriated line items	1,348,278	647,621	641,702	19,290	39,665	0.0
Annualize prior year legislation	361,031	64,277	296,754	0	0	1.8
Annualize prior year budget action	0	0	0	0	0	0.0
Nonprioritized requests	(11,379)	(5,344)	(5,911)	0	(124)	0.0
<b>TOTAL</b>	<b>\$57,528,066</b>	<b>\$13,255,932</b>	<b>\$37,754,180</b>	<b>\$2,568,848</b>	<b>\$3,949,106</b>	<b>304.3</b>
<b>INCREASE/(DECREASE)</b>	<b>\$2,087,805</b>	<b>\$1,157,165</b>	<b>\$818,344</b>	<b>\$72,755</b>	<b>\$39,541</b>	<b>6.7</b>
Percentage Change	3.8%	9.6%	2.2%	2.9%	1.0%	2.3%

**R1 AG RENEWABLE ENERGY AND ENERGY EFFICIENCY (ACRE3):** The Department requests \$110,163 in ongoing General Fund and 1.0 FTE in FY 2020-21 and ongoing for the Department's Advancing Colorado's Renewable Energy and Energy Efficiency (ACRE3) program. This program provides energy efficiency and renewable energy solutions at no cost to qualifying agricultural producers. The request is dependent upon the Committee seeking legislation to reauthorize a statutory transfer of \$500,000 severance tax revenue that statutorily

repealed in FY 2016-17. The transfer would be added to the other Natural Resources and Environmental Grant Programs, those formerly discussed as the “tier 2” programs in severance tax.

**R2 ORGANIC PROGRAM STAFF EXPANSION:** The Department requests \$168,566 General Fund and 1.9 FTE in FY 2020-21 to expand the Organic Certification Program, which certifies agricultural operations according to federal National Organic Program (NOP) standards. Funding for additional FTE would enable the program to improve the functioning of the certification program, improve customer service, and conduct more outreach of services for existing and new operations interested in organic certification by the Department. This request aligns with the Department’s goal to scale up high value agriculture, and its strategy to expand organic operations in the state. This request annualizes to \$164,254 General Fund and 2.0 FTE in FY 2021-22 and ongoing.

**R3 COLORADO SOIL HEALTH PROGRAM:** The request includes \$166,491 General Fund and 1.0 FTE in FY 2020-21 to create a new, voluntary, incentive-based Soil Health Program. The program would provide grant funding to encourage farmers and ranchers to adopt voluntary practices to improve the health of their soil, with the goals to sequester carbon, reduce greenhouse gas emissions, conserve water and energy resources, increase agricultural productivity, and promote agriculture in Colorado. This program is aligned with the Department’s goal to implement new soil, water, and climate stewardship projects. Funding for this program would annualize to \$214,950 General Fund and 1.0 FTE in FY 2021-22 and ongoing. Based on a preliminary review by the Colorado Association of Conservation Districts, it supports the request.

**R4 SUSTAINABLE MARIJUANA CERTIFICATION:** The request includes an increase of \$94,655 from the Marijuana Tax Cash Fund and 1.0 FTE in FY 2020-21 to research and implement a marijuana certification program. This program would promote pesticide-free and/or organic-like cultivation and processing for marijuana, and would certify products that meet defined standards similar to other certification programs. The Department has received inquiries from marijuana producers about organic-like certification options, and would like to meet this demand by developing a certification program in consultation with relevant stakeholders. The request aligns with the Department’s goal to scale up high value agriculture. This request annualizes to \$93,150 cash funds and 1.0 FTE in FY 2021-22 and ongoing.

**R5 PET ANIMAL CARE FACILITIES LICENSING:** The Department requests and increase of \$171,741 total funds, including \$94,691 General Fund and \$77,050 in Cash Funds from the Pet Animal Care Facilities Fund and 1.0 FTE to implement a qualifying education course and continued competency requirement to qualify for a Pet Animal Care Facilities Act (PACFA) license. Currently, PACFA does not require demonstration of a license applicant’s knowledge of programmatic or statutory requirements. This FTE would administer a new examination that requires licensees to demonstrate competency before they can obtain and renew their licenses. The Department seeks General Fund because the PACFA fee schedule was just updated the summer of 2019 and licenses saw an average of \$100 increase over the previous fee. This request annualizes to \$93,150 General Fund, \$7,425 in Cash Funds, and 1.0 FTE in FY 2021-22 and ongoing.

**R6 LAB EQUIPMENT MAINTENANCE AGREEMENT:** The Department requests \$48,000 in ongoing cash funds from the Marijuana Tax Cash Fund to support the maintenance costs of critical marijuana pesticide testing instrumentation. This laboratory equipment has previously been serviced per a service agreement that expired in August 2019. The Department would like to enter into an annual service agreement for maintenance on the equipment to avoid considerable downtime and variable expenses associated with any necessary maintenance.

**R7 INDIRECT COST RECOVERIES:** The Department requests \$226,930 total funds comprised of \$113,465 from various cash funds and \$113,465 reappropriated funds in FY 2020-21 and ongoing to increase indirect cost recoveries from the Department’s cash funds. The Department will utilize these cash funds and reappropriated

funds to pay for a legislative liaison and other personal services and increased utilities costs across various Department locations, consistent with its utilization of those funds in the past.

**R8 UNUSED SPENDING AUTHORITY:** The Department requests a reduction of \$382,528 total funds comprised of \$322,528 from various cash funds and \$60,000 reappropriated funds in FY 2020-21 to remove unused spending authority within its budget. The funding would create reductions in the Department’s appropriations that are expected to be unused in FY 2020-21. Of the decrease requested, \$192,528 Cash Funds and \$60,000 reappropriated funds is ongoing while \$130,000 will return as annualized prior year budget action in the Department’s FY 2021-22 budget request.

**R9 IMPLEMENTING BUDGET EFFICIENCIES:** The Department requests a reduction of \$214,143 total funds comprised of \$89,300 General Fund and \$124,843 from various cash funds in FY 2020-21 to create three efficiencies in the Department’s budget. These reductions include (1) the renegotiation of laboratory equipment maintenance contracts, (2) a one-time reduction to equipment leasing, and (3) a one-time FTE funding reduction to the State Insectary. This request annualizes to a reduction of \$25,483 cash funds in FY 2021-22 and ongoing.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes adjustments to centrally appropriated line items for the following line items.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey	\$433,872	\$149,232	\$284,640	\$0	\$0	0.0
Health, life, and dental	399,534	123,702	275,832	0	0	0.0
Payments to OIT	312,300	224,575	87,725	0	0	0.0
Indirect cost assessment	246,943	0	207,278	0	39,665	0.0
Legal services	176,445	32,100	144,345	0	0	0.0
Paid family leave	85,111	56,476	28,635	0	0	0.0
CORE adjustment	36,679	4,947	26,927	4,805	0	0.0
Indirect cost allocation	14,485	0	0	14,485	0	0.0
ALJ adjustment	11,131	0	11,131	0	0	0.0
Short-term disability	2,008	2,404	(396)	0	0	0.0
AED	(129,365)	31,334	(160,699)	0	0	0.0
SAED	(129,365)	31,334	(160,699)	0	0	0.0
Payment to risk management / property funds	(43,674)	(25,720)	(17,954)	0	0	0.0
Workers’ compensation	(38,101)	(7,533)	(30,568)	0	0	0.0
PERA Direct Distribution	(29,725)	24,770	(54,495)	0	0	0.0
<b>TOTAL</b>	<b>\$1,348,278</b>	<b>\$647,621</b>	<b>\$641,702</b>	<b>\$19,290</b>	<b>\$39,665</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes adjustments that reflect the second- and third-year impact of prior year legislation. The following table summarizes those changes:

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB19-186 Expand Ag Chemical Reg.	\$328,484	\$0	\$328,484	\$0	\$0	1.4
SB18-200 PERA	105,044	34,408	70,636	0	0	0.0
SB19-158 PACFA Sunset	29,869	29,869	0	0	0	0.4
SB19-220 Regulate Hemp like Fed Govt	(102,366)	0	(102,366)	0	0	0.0
<b>TOTAL</b>	<b>\$361,031</b>	<b>\$64,277</b>	<b>\$296,754</b>	<b>\$0</b>	<b>\$0</b>	<b>1.8</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTION:** The request includes transfers from the Commissioner’s Office to each division to account for the Department’s allocation of the FY 2019-20 salary survey appropriation.

**NONPRIORITIZED REQUEST ITEMS:** The request includes a decrease of \$11,379 total funds, including \$5,344 General Fund, for adjustments related to budget requests from the Department of Personnel for its annual fleet vehicle request and the Governor’s Office of Information Technology package of request items for FY 2020-21.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**R1 RENEWABLE ENERGY AND ENERGY EFFICIENCY FUNDING (ACRE3):** This issue provides discussion of the ACRE3 program and the Department’s request to reauthorize transfers from the Severance Tax Operational Fund. It discusses the currently authorized transfers of Severance tax revenue to Natural Resources and Energy grant programs (formerly “tier 2 programs”) and the Legislative Council Revenue Forecast from September 2019, which predicts proportional reductions ranging from 55 to 78 percent will be required for those programs in each of the next three fiscal years.

**STATE FAIR PERFORMANCE AUDIT POTENTIAL ACTIONS:** Describes some of the recommendations or concerns highlighted by the State Fair Performance Audit published November 4, 2019, to encourage the Committee to ask questions and promote discussion with staff from the Department during the Committee’s hearing. It discusses whether to: (1) provide additional resources for facility condition audits; (2) provide additional resources for an annual report; (3) provide direction to the Authority on a contract quagmire; and (4) pursue legislation to operate the State Fair as a subdivision of the Department of Agriculture, instead of a type 1 transfer and enterprise.

## FOR MORE INFORMATION

**JBC STAFF ANALYST:** Scott Thompson  
(303) 866-4957  
scott.thompson@state.co.us

**TO READ THE ENTIRE BRIEFING:** [http://leg.colorado.gov/sites/default/files/fy2020-21\\_agrbrf.pdf](http://leg.colorado.gov/sites/default/files/fy2020-21_agrbrf.pdf)