

Agency of Agriculture Food and Markets FY 15 Budget Presentation

House Appropriation Committee

February 18, 2014



Agency of Agriculture Budget

- **The Mission of the Agency of Agriculture, Food and Markets is:**
 - Facilitate, support and encourage the growth and viability of agriculture while protecting the working landscape, human health, animal health, plant health, consumers and the environment.
- The Agency is comprised of the four divisions. The Agency budget maintains staffing and operations to ensure inspections, environmental protection, water quality, consumer protection services and agricultural development continue for Vermont residents. Internal service costs such as Fee for Space, insurances, VISION, etc., are spread throughout the Agency.

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- **Where we lead...**

- World Leading Artisanal Cheese Region – best of show!
- #1 Producer of Maple in US
- #1 in Direct marketing
 - Farmers markets, Farms Stands, CSAs
- #1 Farm to School
 - USDA recognize as model
- #1 Farm 2 Plate
 - Started with 1200 participants... now structured network
- Leader in Farm to Institution
 - Fletcher Allen Health Care; Sodexo – 34,000 meals per day
- Leading evolution in Food Hubs
- Leader in Biodigesters per capita cows and people – 16 operating
- Leader in Farmland Conservation – 550 easements with agency as a co-holder
- Top Dairy Producer – within the top 20 states in US for milk production

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- Overall Net Budget Increase from FY 14
 - \$553,213 – 3.05%
- Areas of **Increase**:
 - \$453,100: Federal Water Quality Grants
 - \$317,000: Annualized Pay Act – All Funds
 - \$250,000: Lab Information Management System – One time Special Funds
 - \$200,000: VT Dairy Promotion Council pass through
 - \$131,300: Positions –2 Food Safety Specialist (meat inspectors) – General and Federal Funds
 - \$124,787: Mosquito Control – General Fund
 - \$ 86,600: Internal Service Fund Costs & Misc Operating
 - \$ 75,000: Working Lands Program – General Funds

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- Areas of **Decrease**:

- \$(600,000): Conservation Easement funding –
VHCB pass through fewer projects
- \$(375,000): FY 14 database one time purchases –
Special Funds
- \$ (65,500): Limited Service Position – grant ended
- \$ (44,064): Cuts to meet General Fund Target –
2+2, F2P & Fair Stipend

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Important Budget Items

- Slight decrease (\$14,688 each) to Agency's General Fund grant programs:
 - Remaining Budgeted Amounts (after reduction):
 - 2+2 Ag Scholarship Program - \$144,742
 - With carry forward will have sufficient funding
 - Fair Stipends - \$160,312
 - Farm to Plate - \$85,312

Agency of Agriculture Budget Crosswalk Overview - Administration

	General \$\$	Transp \$\$	Special \$\$	Tobacco \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Administration FY 2014 Approp	1,126,129		963,797		150,249			2,240,175
GF Reductions as per Act 50 - vacancy savings & travel	(8,642)							(8,642)
Personal Services:								
1 Position transferred to Ag Resource Mngmnt			(60,322)					(60,322)
Salary & Benefit changes, Pay Act, etc.	(17,698)		20,666		15,186			18,154
Other Personal Services:								
Reduction to vacancy savings coupled with greater reliance on increased federal indirect earnings	(542)		(4,500)		11,667			6,625
Operating:								
FY 2014 funding for databases (grants & water quality)			(375,000)					(375,000)
Internal Service Fund changes	(17,505)		(51,154)		82,840			14,181
Various line adjustments and redistribution among funding sources	(2,239)		(27,088)		24,757			(4,570)
Grants:								
Eliminate miscellaneous grants	(10,000)							(10,000)
Grant Cuts to Meet Agency GF Target:								
Reduce Fair Stipend Grants - leaves \$160,312 in budget	(14,688)							(14,688)
Reduce 2+2 Program - leaves \$144,722 in budget	(14,688)							(14,688)
Subtotal of increases/decreases	(86,002)	0	(497,398)	0	134,450	0	0	(448,950)
FY 2015 Governor Recommend	1,040,127	0	466,399	0	284,699	0	0	1,791,225

FY 14 as passed \$2,240,175 – FY 15 proposed \$1,791,225

- Moved employee from Administration to ARM
- Salary, Benefits & Pay Act – Pay Act offset somewhat by employee turnover
- Removing FY 14 one time use of funds for Computer database purchase
- Reduction in General Fund grants to meet GF Target – Fair Stipend and 2+2
- Note: Federal Fund Column – increase in federal indirect rate and use due to calculation method

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Crosswalk overview – Food Safety Consumer Protection

	General \$\$	Transp \$\$	Special \$\$	Tobacco \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Food Safety/Consumer Protection FY 2014 Approp	2,142,097		3,142,064		682,544	6,292	34,006	6,007,003
GF Reductions as per Act 50 - vacancy savings & travel	(22,166)							(22,166)
Personal Services:								
Salary & Benefit changes, Pay Act, etc.	50,413		(5,440)		62,958			107,931
Two (2) new Food Safety Specialists (Meat Inspectors)	47,277				84,049			131,326
Other Personal Services:								
Maintenance agreement for USA Food Safety database (new module)	4,015		12,882		3,241			20,138
Operating:								
Part of Lab Information Management System (1 time purchase)			62,500					62,500
Internal Service Fund changes	1,534		8,712		8,236			18,482
Various line adjustments and redistribution among funding sources	66,000		(46,604)		(9,291)	630		10,735
Grants:								
Increase Vermont Dairy Promotion Board due to increased			200,000					200,000
Subtotal of increases/decreases	147,073	0	232,050	0	149,193	630	0	528,946
FY 2015 Governor Recommend	2,289,170	0	3,374,114	0	831,737	6,922	34,006	6,535,949

FY 14 as passed \$6,007,003 – FY 15 proposed \$6,535,949

- Two Food Safety Specialists (meat inspectors) – 36% General & 64% Federal Funds
- One time purchase Lab Information Management System – 75% ARM 25% FSCP
- More milk production more incoming funds – pass through

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Food Safety Specialist (Meat Inspectors)

- Tremendous growth in the industry
- Currently 7 inspectors and one trainee
- Slaughter facilities require inspector to be on site while any slaughter is taking place
- Inspector is at a plant for 7:00 AM and ends at 5:00 PM
- Inspector must be on site for the whole time of slaughter
- Processing only facilities – inspector must visit the sight to ensure proper procedures and record keeping are in place but does not remain on site for entire day

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Food Safety Specialist (Meat Inspectors)

- Documentation of Industry Growth
- January 2012

Slaughter/Processing Facilities	Processing Only facilities	Meat Retail Establishments	Custom & Approved Source Facilities
3	4	1,603	36

- December 2013/Proposed new for 2014

Slaughter/Processing Facilities	Processing Only Facilities	Meat Retail Establishments	Custom & Approved Source Facilities
7/5 total 12	9/1 total 10	1,621/0 total 1,621	36/2 total 38 ¹⁰

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Slaughter/Processing Facilities

- Brault's Market – Troy
- Adams' Turkey Farm – Westford
- Tangletown Farm – West Glover
- Maple Wind Farm – Richmond
- Hannaford Career Center – Middlebury
- Cavendish Game Birds – Springfield
- Green pastures Meats – New Haven

Processing Only Facilities

- Bryans' Custom Meat Cutting – Barnet
- Brown's Meat Processing – West Glover
- Daisy Hill Farm – Wolcott
- Grandma Millers – So. Londonderry
- Guild Commissary - Winooski
- New England Culinary Institute – Montpelier
- Smokin' Bones – Sharon
- Mad River Food Hub – Waitsfield
- Vermont Highland Meat Company – Orleans

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- **Performance Based Budgeting Pilot - Food Safety Consumer Protection**
- Objective/Performance Measure
 - *To advance a safe and secure food supply within a marketplace that provides fair and equal access to consumers and processors in order to enhance Vermont's working landscape, rural character and local economies.*

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- Performance Based Budgeting Pilot - Food Safety Consumer Protection**

Performance measure	FY 13 Target/ actual	FY 14 Target/estimate	FY 15 Estimate
Number of Licenses/ registrations /permits overseen by division	0/22,381	0/0	22,400
Number of inspections completed by division	0/0	0/0	23,147
Number of compliance activities completed by the division that go beyond the level of field staff (action taken by management)	0/0	0/0	25

Agency of Agriculture Budget Crosswalk Overview – Ag Development

	General \$\$	Transp \$\$	Special \$\$	Tobacco \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Agricultural Development FY 2014 Approp	871,062		2,988,352		444,844	110,251		4,414,509
GF Reductions as per Act 50 - vacancy savings & travel	(5,761)							(5,761)
Personal Services:								
Salary & Benefit changes, Pay Act, etc.	98,944		(37,516)		(3,231)	2,163		60,360
Limited Service Recovery Specialist Position Ended			(65,522)					(65,522)
Working Landscape Positions (2) moved to GF	122,182		(130,194)					(8,012)
Temporary Employee \$ moved to Salaries & Benefits for Act 250			35,446					35,446
Limited Service Position								
Other Personal Services:								
Working Landscape board per diem & consultants	32,400		(11,400)					21,000
Agritourism Consultant, Systems Development/Maintenance,	22,646		6,000					28,646
Vacancy Savings								

FY 14 as passed \$4,414,509 – FY 15 proposed \$3,943,970

- Less reliance on special funds
- Limited Service Position – Ag Recovery Specialist Ended
- Move Working Lands funding for employees from Special to General – lower because of benefit savings
- Received grant for full time limited service position for ACT 250 – JFO approved Aug 2013
- Working Lands per diems – move from Special Funds to General Funds

Agency of Agriculture Budget Crosswalk Overview – Ag Development – cont.

	General \$\$	Transp \$\$	Special \$\$	Tobacco \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Operating:								
Internal Service Fund changes	15,636		(5,463)					10,173
Working Landscape operating to GF (not including ISF's)	57,770		(62,729)	←				(4,959)
Organic Processor reimbursement program ended					(27,000)	←		(27,000)
Various line adjustments and redistribution among funding sources	27,248		14,067		974			42,289
Grants:								
Reduced Farm Conservations from 3 projects to 1 project			(600,000)	←				(600,000)
Increased WLEB funds and moving to GF	1,279,963		(1,215,195)	←				64,768
Other reductions due to reclassification & rounding	(7,500)					221		(7,279)
Grant Cuts to Meet Agency GF Target:								
Farm to Plate - leaves \$85,312 in budget	(14,688)	←						(14,688)
Subtotal of increases/decreases	1,628,840	0	(2,072,506)	0	(29,257)	2,384	0	(470,539)
FY 2015 Governor Recommend	2,499,902	0	915,846	0	415,587	112,635	0	3,943,970

- Move Working Lands funding from Special to General Fund
- USDA discontinued program for Organic Processor certification reimbursement
- Agency no longer originating conservation easements for farms – pass through from VHCB – reduced budgeted amount from 3 conservations to 1
- Move Working Lands funding from Special to General Fund
- Reduction in General Fund grant to meet GF target – Farm to Plate Program

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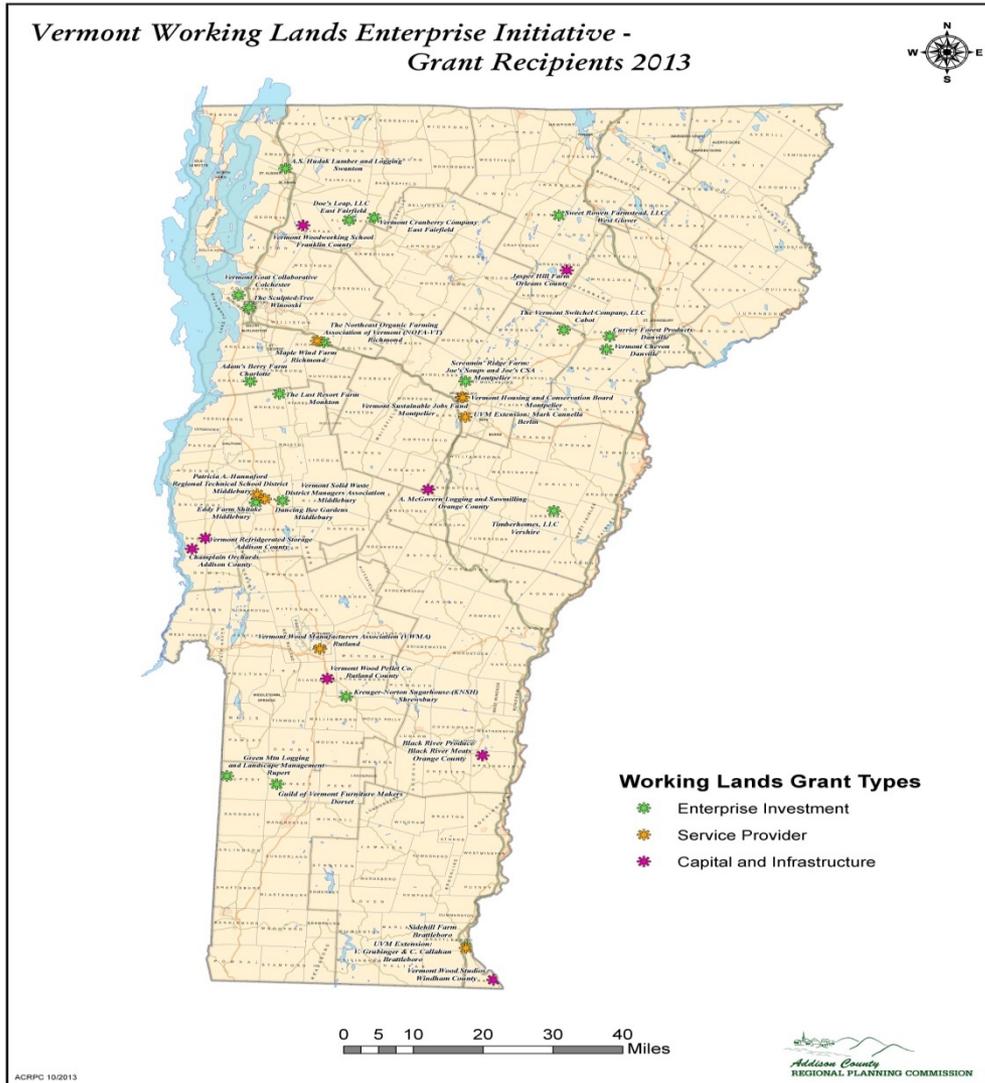
Working Lands Budget FY 14 versus FY 15

Working Landscape Enterprise Initiative FY 2014 to FY 2015 Appropriation

	FY 2014 As Passed	FY 2015 Requested	Increase /(Decrease) from '14 to '15
Personal Services:			
2 Working Lands Enterprise Initiative Positions	130,194	122,182	(8,012)
Per Diem - Working Lands Enterprise Board Members	11,400	11,400	0
Contractual/Consultants	0	21,000	21,000
Operating:			
Board Member Travel & Meals	26,860	26,860	0
Operating: Advertising, conference calling, meeting/conference registration, other operating	41,351	38,595	(2,756)
Grants:			
Working Lands Enterprise Fund	1,215,195	1,279,963	64,768
Total:	1,425,000	1,500,000	75,000

- Agency is supporting the Working Lands Initiative with a 3rd full time employee from base budget
- Positions cost lower due to benefit savings
- Contractual/Consultants assistance for grants management system development
- Operating funds reduced – Experience lower cost to operate
- Grants increased

Agency of Agriculture Budget Working Lands – Map and numbers



Enterprise Funding Totals

6 Forestry	\$58,535
14 Agriculture	\$145,871
20 Total Investments	\$219,406

Service Provider Funding Totals

2 Forestry	\$98,000
6 Agriculture	\$271,802
8 Total Investments	\$369,802

Capital and Infrastructure

Funding Totals

4 Forestry	\$208,153
4 Agriculture	\$203,369
8 Total Investments	\$411,522

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Performance Based Budgeting Pilot – Working Lands Initiative

- Objective/Performance Measure
 - ***Working lands: To advance entrepreneurship, develop business and increase the value of Vermont raw and value added products in order to develop Vermont Agricultural and Forest product economies***

Performance Measure	FY 13 Target/Actual	FY 14 Target/Estimate	FY 15 Estimate
Number of raw jobs created (normalized against regional economic data)	0/0	0/45	60
Increase in gross income over previous calendar year	0/0	0/\$146,871	\$183,588
Increase in Vermont sources value added products	0/0	0/\$34,441	\$51,662

Agency of Agriculture Budget Crosswalk Overview – Ag Resource Management

	General \$\$	Transp \$\$	Special \$\$	Tobacco \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Agricultural Resource Management Services FY 2014 Approp	2,383,659		1,911,422		794,341	296,624	56,272	5,442,318
GF Reductions as per Act 50 - vacancy savings, temps & travel	(16,864)							(16,864)
Personal Services:								
1 Position transferred from Administration			60,322					60,322
1 Small Farm Inspector - approved in '14 but classified in contractual			69,771					69,771
Salary & Benefit changes, Pay Act, etc.	30,408		119,941		(73,618)	9,142		85,873
<i>Mosquito Control</i> - Increase temporary employees & reduction in Vector Management Coordinator	82,024					(24,968)	5,272	62,328
Temporary Employees					(11,148)	28,500		17,352
Other Personal Services:								
<i>Mosquito Control</i> : Moved to Operating for purchase of adulticide	(25,000)							(25,000)
Moved from Grants to Other Personal Services:								
Nutrient Management Program	100,000							100,000
Ag Resource Specialist & Basin Planning	190,000							190,000
Water Quality	56,500							56,500
Database Maintenance Contracts & Vacancy Savings increase	(2,445)		9,400					6,955
DEC \$ for Conservation Innovation Grants less reduction in Radiological Emergency Response preparing contracts						34,850		34,850
Moved to Personnel for FY'14 Small Farm Inspector position			(69,771)					(69,771)
Increased water quality contract - Stone Environmental			80,000		10,520			90,520
Pesticide Disposal Contracts			17,000					17,000

FY as passed \$5,442,318 – FY 15 proposed \$6,386,074

- Position moved from Administration
- Water Quality Specialist (Small Farm Inspector) moved to personnel from contractual
- Less reliance on Federal Funds – moved funds to operating; coupled with a small reduction in federal grant program (2; EPA & CAPS)
- Vector Coordinator – all General Fund
- Moved WQ grants to contracts for tighter control
- Stone Environmental Contract for WQ engineering & design – JFO approved grants

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Crosswalk Overview – Ag Resource Management –cont.

	General \$\$	Transp \$\$	Special \$\$	Tobacco \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Operating:								
<i>Mosquito Control:</i>								
Advertising - PSA's	26,000						4,000	30,000
Other Purchased Services - Lab analysis, etc	56,728					10,000	(12,728)	54,000
Various Supplies	19,235					9,968	3,456	32,659
Microscope	3,500							3,500
Part of Lab Information Management System (1 time purchase)			187,500					187,500
Medical & Lab Supplies; Advertising and Equipment Revolving fund increases	(10,532)		52,388		9,000			50,856
Various line adjustments and redistribution among funding sources	(20,064)		(4,218)		19,445	12,486		7,649
Grants:								
<i>Mosquito Control - Return to level funding for mosquito control districts</i>	(30,000)							(30,000)
Moved from Grants to Other Personal Services:								
Nutrient Management Program	(100,000)							(100,000)
Ag Resource Specialist & Basin Planning	(190,000)							(190,000)
Water Quality	(56,500)							(56,500)
Certainty Enhancement & Conservation Innovation Grants (NRCS - Water Quality)					453,113			453,113
Grant programs completed	(24,230)		(75,000)		(58,775)	(20,852)		(178,857)
Subtotal of increases/decreases	88,760	0	447,333	0	348,537	59,126	0	943,756
FY 2015 Governor Recommend	2,472,419	0	2,358,755	0	1,142,878	355,750	56,272	6,386,074

- Mosquito Control – total general fund increases \$124,787
- One time purchase Lab Information Management System – 75% ARM 25% FSCP
- Mosquito Control Districts grants back to \$140,000
- Moved WQ grants to contracts for tighter control
- WQ programs completed & funding moved to operating/personal services

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- **Lab, Agricultural Resources Management**
- Mosquito Control – detailed budget for FY 14 and FY 15

Mosquito Control/West Nile Virus(WNV)/Eastern Equine Encephalitis (EEE)				
<i>Mosquito Control and WNV/EEE</i>	FY'14 As Passed	FY'15 Requested	Increase/(Decrease) from FY'14 to	Explanation for Change
Mosquito District Funding for larvacide	\$ 170,000	\$ 140,000	\$ (30,000)	Reduced back to FY'13 level
Aerial Spraying to kill adult mosquitoes	\$ 139,000	\$ 139,000	\$ -	
Vector Management Coordinator	\$ 89,500	\$ 74,397	\$ (15,103)	Staff turnover
2 Temporary Field Technicians for 4 months	\$ 27,000	\$ 84,375	\$ 57,375	Temporary field technicians up from 2 in FY'14 to 6 in FY'15
Mileage for Temporary Employees	\$ 13,500	\$ 50,515	\$ 37,015	More temporary field staff
Laboratory ID Technition for 5 Months	\$ -	\$ 18,000	\$ 18,000	New temporary lab position
Tick Survey & Analysis	\$ 10,000	\$ 10,000	\$ -	
Sample Analysis	\$ 37,500	\$ 75,000	\$ 37,500	Increased surveillance program
Education/Outreach	\$ 10,000	\$ 30,000	\$ 20,000	Increased outreach efforts
Total	\$ 496,500	\$ 621,287	\$ 124,787	
Revenues	FY'14 As	FY'15		
General Fund	\$ 391,500	\$ 516,287	\$ 124,787	
Global Commitment	\$ 56,272	\$ 56,272	\$ -	
Special Fund - Boat Registration	\$ 23,728	\$ 23,728	\$ -	
MOU w/VDH for WNV & EEE	\$ 25,000	\$ 25,000	\$ -	
Base Revenue	\$ 496,500	\$ 621,287	\$ 124,787	
Additional Funds needed in FY'15	\$ -	\$ 124,787		

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- Questions

