

Agency of Agriculture, Food and Markets FY 2018 Budget Presentation

House Appropriations Committee

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AGENCY OF AGRICULTURE, FOODS & MARKETS

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Agency of Agriculture FY'18 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 six appropriations
 - Administration
 - Agricultural Development
 - Agricultural Resource Management
 - Agricultural and Environmental Laboratory
 - Food Safety, Consumer Protection
 - Agricultural Clean Water Initiative
- The Agency budget maintains staffing and operations to ensure the main areas of focus for the Agency.
 - Water Quality
 - Jobs – Agricultural Development, New Businesses and Markets, Fair Marketplace
 - Laboratory – New construction
 - Food Safety and Public Health – Food Safety Modernization Act, Animal Health, Dairy and Meat
- Internal service costs such as Fee for Space, insurances, VISION, etc., are allocated throughout the Agency, generally based on number of positions.

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RESULTS BASED ACCOUNTABILITY – WORKING LANDS ENTERPRISE INITIATIVE

OBJECTIVE: 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'14 (1 st Year)	FY'15 Cumulative	FY'16 Cumulative	FY'17 Cumulative Estimates	FY'18 Targets Singular Year
Number of Jobs Created	12	82	367	433	68
Average % increase in output	46%	93%	77%	77%	77%
Total Cumulative Gross Increase	\$247,100	\$8.88 million	\$11.08 million	\$13.16 million	\$2.08 million

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The Working Lands Enterprise Board from legislature - 2012. Some statistics to date:

- Over \$3.8 million invested in Vermont ag & forestry businesses & service providers.
 - Increasing production & jobs
 - Expanding markets
 - Developing innovative technologies
 - Improving water quality
 - Training the workforce that Vermont's businesses need to succeed.
- 129 projects funded, impacting every county in Vermont
 - Leveraging an additional \$7.4 million in matching funds. 1:1 match required
 - Creating 428 jobs, and the numbers continue to grow.

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RESULTS BASED ACCOUNTABILITY – FOOD SAFETY CONSUMER PROTECTION

OBJECTIVE: 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.

Performance Measure	FY'14	FY'15	FY'16	FY'17 Estimates	FY'18 Targets
Number of Licenses/ registrations /permits overseen by division	18,876	18,677	18,345	21,914	22,462
Number of inspections completed by division		15,136	17,981	17,981	18,071
Number of compliance activities completed by the division that go beyond the level of field staff (action taken by management)		331	183	200	220

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- Food Safety Consumer Protection Division Sections
 - Meat Poultry Inspection
 - Dairy
 - Animal Health
 - Consumer Protection/Weights and Measures
- Each is a regulatory section protecting human and animal health as well as consumer protection.
 - Education of Vermonters on regulations
 - Technical Assistance to meet regulatory requirements
 - Compliance only if not meeting regulatory requirements after education and technical assistance.

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RESULTS BASED ACCOUNTABILITY – MOSQUITO (TICK) CONTROL

OBJECTIVE: Per 6 VSA Sections 1082-1085 the Mosquito Control Program exists to conduct statewide surveillance of biting arthropod habitat and provide financial and technical assistance to the Mosquito Control Districts (MCDs) with their nuisance mosquito control efforts.

Performance Measure	FY'15	FY'16	FY'17 Estimates	FY'18 Targets
Number of mosquito pools collected & tested	3,245	3,866	3,244	3,500
Percentage of collected mosquito pools with Eastern Equine Encephalitis or West Nile Virus detected	0.49%	2.52%	0.59%	1.00%
Number of mosquitoes collected & identified	67,335	146,238	92,193	100,000

*Note: Performance measure data are based on summer field season data rather than fiscal year. Example: FY'15 data represents survey and analytical results for the period May 1 through October 1, 2014.

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- FY'18 Total Budget - \$22,355,288
 - \$ 8,518,741 General Fund at 38%
 - \$10,251,244 Special Funds at 46%
 - \$ 3,273,245 Federal Funds at 15%
 - \$ 312,058 Interdepartmental Transfer at 1%
- \$271,218 Net Increase Over FY'17 (1.2% increase)
 - \$ 115,215 General Fund (1.4%)
 - \$ (171,718) Special Funds (-1.6%)
 - \$ 299,988 Federal Funds (10.1%)
 - \$ 118,010 Interdepartmental Transfer (60.8%)
 - \$ (90,278) Global Commitment (-100%)

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■ Areas of Increase:

- \$408,000: Annualized Pay Act – All Funds; \$206,000 = General Fund Portion
- \$750,000: FDA Food Safety Modernization Act Grant - \$3.625 million over 5 years
- \$125,000: USDA Tissue Residue Grant - \$250,000 over 2 years
- \$112,800: DEC pass-through of EPA funds for Water Quality - 2 Agricultural Engineers

■ Areas of Decrease:

- \$(25,000): Lease below estimate for space at Capital Plaza – General Funds
- \$(74,187): Fleet and Gasoline Costs – General, Special & Federal Funds
- \$(610,657): Completion of NRCS Federal Grants and Reduction in Farm Agronomic Practices Grant Program - \$157,544 General Funds & \$549,810 Federal Funds
- \$(643,000): Decrease in Grants Out - reduction in state Clean Water Fund

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Position Additions and Movement from FY'17 to FY'18

		Administration	Food Safety Consumer Protection	Agricultural Development	Ag Resource Management	VT Ag & Environmental Laboratory	Ag Clean Water Initiative	Total
* Limited Service Positions	Food Safety Modernization Act (FSMA) (JFO #2857)	2		3				5
	Direct to Consumer (JFO #2840)			1				1
	2 Engineers (JFO #2868)				2			2
Internal Position Movement	Field Agent moved from ARMS to FSCP for Consumer Protection (Apiary)		1		(1)			0
	Land Use Administrator moved from Ag Development to Clean Water Initiative			(1)			1	0
	Chief Policy Enforcement Officer moved from Clean Water Initiative to ARMS				1		(1)	0
Pool Positions	Pool Position - Policy Analyst				1			1
	Pool Position - Paralegal				1			1
	Pool Position - Microbiologist					1		1
		2	1	3	4	1	0	11

- Federal Grant: Food Safety Modernization Act 5 Year Grant – JFO Approved in 2016
 - Federal Law governing Food Safety – Vermont to enact the produce safety rule
 - First year – 5 limited service positions
 - Staff Attorney
 - Ag Development Coordinator
 - Sr. Ag Development Coordinator
 - IT Systems Developer
 - Program Technician




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High Profile Program Budget Items - Level funded

Program	GF Funding Level
Fair Stipend	\$95,000
2+2 Farm Scholarship	\$152,222
Farm to Plate	\$135,000
Natural Resource Conservation Council	\$112,000
Farm to School	\$56,250
Farm to School Universal Meals	\$75,000
Local Foods Grants	\$30,000
Working Lands	\$805,352
	Grants - \$594,000
	Operating - \$211,352

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Crosswalk Overview - Administration

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Administration: FY 2017 Approp	1,136,524	520,239	337,056		1,993,819
Personal Services:					
Annualization of Pay Act	32,616	1,244	3,899		37,759
FSMA (Food Safety Modernization Act) Positions JFO #2857 - Systems Developer & Legal		100,837	100,837		201,674
Reduction in Temporary Costs & Increased Vacancy Savings	(35,763)				(35,763)
Net Workers' Comp, Catamount & Unemployment	(2,836)		2,918		82
Increased Contractual Costs for GIS & Database agreements	(10,000)		27,063		17,063
Operating:					
Net Change in Internal Service Fund Charges			15,010		15,010
Miscellaneous Operating Adjustments	(11,846)	(3,004)	936		(13,914)
Capitol Plaza Lease	(25,000)				(25,000)
Grants:					
Farm Show 2+2 Annual Donation		10,750			10,750
Subtotal of increases/decreases	(52,829)	109,827	150,663	0	207,661
FY 2018 Governor Recommend	1,083,695	630,066	487,719	0	2,201,480

- FY'17 as passed \$1,993,819 – FY'18 \$2,201,480 with 16 positions
- Increase in Federal Funding: FSMA Grant - \$201,674 Administration portion of grant
- Operating Adjustments: Aligning budget and actuals – (\$13,914)
- Capital Plaza Lease: Aligning budget and actuals – (25,000)

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Crosswalk Overview – Food Safety Consumer Protection

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Food Safety Consumer Protection: FY 2017 Approp	2,593,189	3,553,332	933,097	7,000	34,006	7,120,624
Personal Services:						
Annualization of Pay Act	72,936	25,812	68,949			167,697
MOVED From Ag Resource Management to Consumer Protection - Primary Apiary	54,433	54,433				108,866
Overtime & Temporary (Apiary Program)		12,000	5,000			17,000
Net Workers' Comp, Catamount, Per Diem (VDPC) & Vacancy Savings	(69,376)	7,422				(61,954)
Increased Contractual Costs for GIS & Database agreements	6,233	33,060	10,965			50,258
Operating:						
Change in Internal Service Fund Charges	26,946	(18,564)	942			9,324
Backfill loss of Global Commitment Funding	34,006				(34,006)	0
Reduction in Fleet & Gasoline	(40,749)	(6,824)	(8,700)			(56,273)
Animal Health Grant - Tissue Residue (partial year)			63,449			63,449
IT Lifecycle Needs & Adjust Funding Structure	(16,286)	12,136	1,013			(3,137)
Subtotal of increases/decreases	68,143	119,475	141,618	0	(34,006)	295,230
FY 2018 Governor Recommend	2,661,332	3,672,807	1,074,715	7,000	0	7,415,854

- FY'17 as passed \$7,120,624 – FY'18 \$7,415,854 with 39 positions
- Position moves from ARM to FSCP for Apiary work: \$108,866
- Increase in contractual cost for GIS & Database agreements: \$50,258
- Ending use of Global Commitment Funds: (\$34,006)
- Reduction in Fleet and Gasoline: (\$56,273)

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Crosswalk Overview – Ag Development

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Agricultural Development: FY 2017 Approp	1,896,634	582,764	676,266	44,218	3,199,882
Personal Services:					
Annualization of Pay Act	49,299	12,878	3,868	1,698	67,744
NEW Direct to Consumer Position - JFO #2840			79,979		79,979
NEW Food Safety Modernization Act (FSMA) Positions (3) - JFO #2857; Ag Dev Coord, Sr. Ag Dev Coord & Program Tech		39,445	198,585		238,030
Ag Land Use Admin position transferred to Ag Clean Water Initiative to an Ag Water Quality Specialist	(49,526)	(49,526)			(99,052)
Adjusting Temp Position Funding - (Includes Section 248 temp) & Vacancy Savings	(1,898)	(6,000)	(12,000)		(19,898)
Increased Workers' Comp Premium	(2,740)	(332)	6,444	(1,451)	1,921
Contractual Services Increase - FSMA	6,130		83,400	792	90,322

- FY'17 as passed 43,199,882 – FY'18 \$3,777,240 with 15 positions
- Direct to Consumer grant: USDA Ag Marketing Services Limited service position \$79,979
- FSMA Grant: FDA 3 positions Ag Dev Coordinator, Sr. Ag Dev Coordinator & Program Tech. \$238,030
- Position moved from Ag Dev to Water Quality: (\$99,052)
- FSMA Grant: Contractual Services \$83,400

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Crosswalk Overview – Ag Development - continued

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Operating:					
Change in Internal Service Fund Charges	6,219	(2,054)	12,437		16,602
FSMA Operating			94,804		94,804
Moving sponsorships from Grants (below) to Operating	25,000				25,000
Energy MOU w/Public Service covers position only; no operating				(5,757)	(5,757)
Section 248 Operating Costs		34,682			34,682
Miscellaneous Operating Adjustments	12,220	(13,392)			(1,172)
IT Lifecycle Needs	1,476	(2,636)			(1,160)
Grants:					
Farm To School reduction for Admin (\$9,375); Sponsorships moved to Operating above (\$25,000); Increase in Specialty Crop Block Grant	(34,687)		90,000		55,313
Subtotal of increases/decreases	11,493	13,065	557,517	(4,718)	577,358
FY 2018 Governor Recommend	1,908,127	595,829	1,233,783	39,500	3,777,240

- FSMA Grant Operating: \$94,804
- Sponsorships: Moved from Grants to Operating to match expenditure & budget classifications \$25,000
- Specialty Crop Block Grant: Increased granting amount \$90,000

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WORKING LANDS ENTERPRISE INITIATIVE

- \$805,352: Proposed FY'18 Funding (Less than \$5,000 increase over FY'17)
 - \$594,000 of the proposed amount invested as competitive grants directly to Vermont farm, food, & forestry businesses, as well as the critical technical assistance to sustain & grow these businesses.
 - Remaining \$211,352 will be used for administrative expenses in order to continue to maintain the high level of accountability & stewardship for over \$4.4 million in investments made to over 150 grantees by the close of Fiscal Year 2017.
- Staff will continue to administer the Working Lands Enterprise Board with its newly increased membership, and its policy, marketing, and fund development roles.

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Working Lands Budget	FY2013 Actuals	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Actuals	FY 2017 as passed	FY 2018 Requested
Positions (2)	73,664	118,226	165,058	176,080	148,013	155,249
Board						
Per Diems	5,968	3,869	4,331	2,606	6,000	6,000
Travel	4,786	3,767	4,905	4,994	6,000	6,000
Meals/Food	5,648	4,235	8,478	1,866	6,000	6,000
Total	16,402	11,871	17,715	9,467	18,000	18,000
NonBoard						
Contractual		9,712	55,324	23,613	20,000	20,000
Travel	599	249	1,928	1,226	2,250	2,250
Communication	1,293	2,019	2,103	1,689	2,900	2,900
Meetings/Conferences/ Trade Shows	3,649	2,798	3,807	7,270	3,500	3,500
Supplies	477	2,608	6,504	3,153	1,900	1,900
Outreach	0	2,284	250	775		
Software/Hardware/IT	4,623	789	1,211	828	1,250	
Internal Services Charges – overhead	1,665	5,129	5,434	7,875	8,677	7,553
<i>sub total</i>	<i>12,306</i>	<i>25,588</i>	<i>76,561</i>	<i>46,429</i>	<i>40,477</i>	<i>38,103</i>
Total Administration	<u>102,372</u>	<u>155,685</u>	<u>259,334</u>	<u>231,976</u>	<u>206,490</u>	<u>211,352</u>
Grants	46,548	1,007,235	915,943	853,403	594,000	594,000
Total Expenditures	148,920	1,162,920	1,175,277	1,085,379	800,490	805,352

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Crosswalk Overview – Ag Resource Management

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Ag Resource Management: FY 2017 Approp	2,052,525	1,957,631	1,026,838	94,667	56,272	5,187,933
Personal Services:						
Annualization of Pay Act	85,464	98,151	16,920	(67,329)		133,206
MOVED From Ag Resource Management to Consumer Protection - Primary Apiary	(54,433)	(54,433)				(108,866)
MOVED To Ag Resource Management from Ag Clean Water Initiative - Chief Policy & Enforcement		94,015				94,015
NEW Engineer Positions - JFO #2868				159,958		159,958
NEW Policy Analyst & Paralegal - Pool Positions	165,348					165,348
Backfill loss of Global Commitment Funding	5,272	10,000			(15,272)	0
Change in Vacancy Savings	(14,608)					(14,608)
Increased Workers' Comp Premium	5,224	(4,608)				616
Completion of NRCS & NEIWPC Grants & New DEC MOU (NEWIPCC)		(80,000)	(80,000)	20,135		(139,865)
Incr Database Maintenance Contract	(38,997)	10,942	1,000			(27,055)

- FY'17 as passed \$5,187,933 – FY'18 \$4,660,310 with 32 positions
- Position moved from ARM to FSCP: (\$108,866)
- Position moved from Ag Dev to ARM: \$94,015
- 2 JFO Approved Agricultural Engineers: \$159,958
- Ending use of Global Commitment Funds: (\$15,272)
- Completion of NRCS & NEIWPC Grants: (\$80,000) each

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Crosswalk Overview – Ag Resource Management - continued

Operating:	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Williston office space lease moved to Clean Water Initiative	(96,500)					(96,500)
Change in Internal Service Fund Charges	18,418	1,094				19,512
Mosquito Control Program Reduced Operating Costs	(19,014)	27,358			(41,000)	(32,656)
Miscellaneous Operating Adjustments	35,502	(30,104)	(33,992)			(28,594)
IT Lifecycle Needs & ERF Loan Paid	9,859	(45,288)	(625)			(36,054)
Grants:						
Change in Mosquito Control grant funding	20,951	(26,374)				(5,423)
Completion of NRCS Federal Grants & Reduction in Farm Agronomic Practices Grant Program	(157,544)		(453,113)			(610,657)
Subtotal of increases/decreases	(35,058)	753	(549,810)	112,764	(56,272)	(527,623)
FY 2018 Governor Recommend	2,017,467	1,958,384	477,028	207,431	0	4,660,310

- Williston Office Space moved to Clean Water Initiative: (\$96,500)
- Mosquito Control Program reduced operating costs & ending use of Global Commitment: (\$32,656)
- Miscellaneous Operating Adjustments matching budget to actual: (\$28,594)
- IT Lifecycle needs and paying off loan: (\$36,054)
- Completion of Federal Grants and reduction in FAP grants: (\$610,657)

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Mosquito Control – Detailed Budget

	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 As Passed	FY2018 Proposed
Salaries & Benefits	81,734	191,030	164,621	249,290	169,630	170,348
Other Personal Services						21,078
Rentals	968			460		
Dues	130	394	274	759	340	800
Telephone	454	1,070	1,040	1,565	600	1,000
Advertising/Outreach		6,490	18,566	17,557	30,000	21,000
Travel	9,134	17,942	23,600	35,117	16,000	44,700
Misc Supplies, etc.	28,647	38,160	11,410	24,195	55,128	45,058
Software	1,000					
Other Purchased Services	26,550	21,959	948	754	97,000	25,272
Internal Service Fund Charges		3,444	454	651	3,964	3,777
Equipment		1,835	324		4,750	7,000
Grants	18,108	71,945	64,689	93,201	140,000	140,000
	166,724	354,270	285,925	423,549	517,745	480,033
GF	60,140	261,753	106,380	288,026	383,022	395,175
GC	56,272	56,272	56,272	54,410	56,272	
SF (Boat Registration)			123,273	81,112	78,451	84,858
IDT	50,312	36,245				
	166,724	354,270	285,925	423,549	517,745	480,033

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Crosswalk Overview – VT Ag & Environmental Lab

	General \$\$	Special \$\$	Interdept'l Transfer \$\$	Total \$\$
VT Agriculture & Environmental Lab: FY 2017 Approp	724,653	1,025,396	48,163	1,798,212
Personal Services:				
Annualization of Pay Act	15,195	(23,494)	9,964	1,665
NEW Microbiologist - Pool Position	78,521			78,521
Decreased Workers' Comp Premium	1,090	(1,909)		(819)
Increased contractual costs & vacancy savings	(5,600)			(5,600)
Operating:				
Change in Internal Service Fund Charges	3,596	(1,211)		2,385
Increases in Repair/Maintenance, Leased Space & Lab Supplies	25,064	59,279		84,343
IT Lifecycle Needs	10,600	(17,304)		(6,704)
Lab Equipment Lifecycle Needs	(5,000)	167,030		162,030
Subtotal of increases/decreases	123,466	182,391	9,964	315,821
FY 2018 Governor Recommend	848,119	1,207,787	58,127	2,114,033

- FY'17 as passed \$1,798,212 – FY'18 \$2,114,033 with 14 positions
- Microbiologist Position from Pool (for dairy): \$78,521
- Increase in Repair/Maintenance, leased space and lab supplies: \$84,343
- Lab Equipment Life Cycle needs: \$162,030

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Crosswalk Overview – Ag Clean Water Initiative

	Special \$\$	Total \$\$
Ag Clean Water Initiative: FY 2017 Approp	2,783,601	2,783,601
Personal Services:		
Creation and implementation of career ladder	(9,948)	(9,948)
MOVED To Ag Resource Management from Ag Clean Water Initiative - Chief Policy & Enforcement	(94,015)	➔ (94,015)
Ag Land Use Admin position transferred to Ag Clean Water Initiative to an Ag Water Quality Specialist	99,052	➔ 99,052
Increased Contractual Services - Database & training events	74,180	➔ 74,180
Increased Workers' Comp Premium	2,569	2,569
Operating:		
Lower Initial Operating Costs	(26,067)	(26,067)
Grants:		
Decrease Grants Out	(643,000)	➔ (643,000)
Subtotal of increases/decreases	(597,229)	(597,229)
FY 2018 Governor Recommend	2,186,372	2,186,372

- FY'17 as passed \$2,783,601 – FY'18 \$2,186,372 with 11 positions
- Position moved from Clean Water Initiative to ARM: (\$94,015)
- Position moved from Ag Dev to Clean Water Initiative: \$99,052
- Increase Database services: \$74,180
- Decrease in State Clean Water Fund grants: (\$643,000)

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Agriculture Clean Water Initiative

- Funding Sources
 - Statewide Clean Water Fund
 - ACT 64 Fees
 - Portion of other Agency Fees

Statewide Clean Water Fund Transfer for Agricultural Portion	Staff & Operating	Grants to Farmers	Total
FY 2016	\$450,000	\$225,000	\$675,000
FY 2017	\$450,000	\$1,493,000	\$1,943,000
FY 2018	\$375,000	\$850,000	\$1,225,000

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Agriculture Clean Water Initiative

Total Budget – FY'18		\$2,186,372
Income		
Statewide Clean Water Fund		\$1,225,000
Agency Clean Water Initiative		
Act 64 Fee - LFO Permit	27 X \$2,500	\$67,500
Act 64 Fee - MFO Permit	139 X \$1,500	\$208,500
Act 64 Fee - Pesticide Registration	11,000 X \$15	\$165,000
Act 64 Fee - Non – Ag Fertilizer	6,000 ton X \$30	\$180,000
Fee Bill 2016 – Certification of Custom Applicators	32 X \$30	\$960
Other Agency Fees Allocated to Clean Water Initiative		\$339,412
Total Fees		\$961,372
Total Income		\$2,186,372
Expenses		
Personal Services – 11 Staff		\$1,070,182
Operating		\$266,190
Grants		\$850,000
Total Expenses		\$2,186,372
Capital Bill		\$1,800,000

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- Questions

