

**L00A**  
**Department of Agriculture**

***Operating Budget Data***

---

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$29,446	\$29,749	\$30,092	\$646	\$30,840	\$747
Contractual Services	5,880	5,482	5,889	9	5,794	-95
Grants	11,183	10,749	10,122	-1,061	9,314	-808
FY 2004 Deficiencies	0	0	700	700		-700
Contingent & Back of Bill Reductions	0	0	0	0	-325	-325
<b>Adjusted Grand Total</b>	<b>\$46,509</b>	<b>\$45,980</b>	<b>\$46,804</b>	<b>\$295</b>	<b>\$45,623</b>	<b>-\$1,181</b>
General Funds	28,602	29,243	26,428	-\$2,175	26,123	-304
FY 2004 Deficiencies	0	0	700	700	0	-700
Contingent & Back of Bill Reductions	0	0	0	0	-277	-277
<b>Adjusted General Funds</b>	<b>\$28,602</b>	<b>\$29,243</b>	<b>\$27,128</b>	<b>-\$1,475</b>	<b>\$25,846</b>	<b>-\$1,281</b>
Special Funds	10,055	9,448	11,875	\$1,820	12,606	731
Contingent & Back of Bill Reductions	0	0	0	0	-41	-41
<b>Adjusted Special Funds</b>	<b>\$10,055</b>	<b>\$9,448</b>	<b>\$11,875</b>	<b>\$1,820</b>	<b>\$12,565</b>	<b>\$690</b>
Federal Funds	3,338	2,911	4,595	\$1,257	3,669	-926
Contingent & Back of Bill Reductions	0	0	0	0	-8	-8
<b>Adjusted Federal Funds</b>	<b>\$3,338</b>	<b>\$2,911</b>	<b>\$4,595</b>	<b>\$1,257</b>	<b>\$3,662</b>	<b>-\$933</b>
Reimbursable Funds	4,513	4,377	3,206	-1,307	3,549	343
<b>Adjusted Grand Total</b>	<b>\$46,509</b>	<b>\$45,980</b>	<b>\$46,804</b>	<b>\$295</b>	<b>\$45,623</b>	<b>-\$1,181</b>
<b>Annual % Change</b>		<b>-1.1%</b>	<b>1.8%</b>		<b>-2.5%</b>	

- The Maryland Department of Agriculture (MDA) has participated in cost containment for the past two years: \$1.4 million in fiscal 2003 and \$1.7 million in fiscal 2004. The areas that have felt the brunt of these actions include the Maryland Agricultural Cost Share capital program, vehicle replacement, the cover crop program, nutrient management plan development, and mosquito control.
- A \$700,000 fiscal 2004 deficiency appropriation is requested for MDA's mosquito control program to cover unanticipated costs associated with vigorous efforts to curb West Nile Virus.

Note: Numbers may not sum to total due to rounding.

For further information contact: Amanda Mock

Phone: (410) 946-5530

*L00A - Department of Agriculture*

- MDA’s \$25.8 million fiscal 2005 general fund allowance is \$1.3 million, or 4.7%, less than the fiscal 2004 working appropriation. The general fund allowance assumes \$276,860 in reductions contingent upon the passage of legislation: \$132,770 in matching employee deferred compensation funds and \$144,090 in pesticide, plant protection, and turf and seed program funds. The remaining change reflects approval of a one-time \$700,000 fiscal 2004 deficiency request, a \$388,781 decrease in resource conservation operations, and a \$214,440 increase for the cover crop program.
- MDA’s \$12.6 million fiscal 2005 special fund allowance is \$690,193, or 5.8%, more than the fiscal 2004 working appropriation. This increase can be attributed to additional pesticide registration fee revenue and local jurisdictions contributing more to mosquito control programs.
- MDA’s \$3.7 million fiscal 2005 federal fund allowance is \$933,203, or 20.3%, less than the fiscal 2004 working appropriation. This significant decrease reflects MDA’s efforts to develop more precise revenue estimates for the Senior Farmers Market, Specialty Crop, and Special Supplemental Food (Women, Infants, and Children) programs.

***Personnel Data***

---

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	480.0	439.0	431.0	-49	431.0	0.0
Contractual FTEs	35.7	44.5	50.7	15	40.8	-9.9
<b>Total Personnel</b>	<b>515.7</b>	<b>483.5</b>	<b>481.7</b>	<b>-34</b>	<b>471.8</b>	<b>-9.9</b>

***Vacancy Data: Regular Positions***

Turnover Expectancy	21.55	5.00%
Positions Vacant as of 12/31/03	19.00	4.41%

- MDA lost 41 regular positions between fiscal 2002 and 2003. A majority of these 41 positions were in the Office of Resource Conservation, Weights and Measures, Animal Health, and the State Chemist. Recent fiscal 2004 cost containment resulted in the loss of 11 regular and 6 contractual positions, all of which were vacant.
- MDA’s turnover rate of 5% is a slight increase from the fiscal 2004 working appropriation rate. To achieve this turnover rate in fiscal 2005, it will be necessary for MDA to maintain 21.55 vacancies.
- The fiscal 2005 allowance provides for 431 regular positions; level with the fiscal 2004 working appropriation. However, contractual positions decrease by 10: five in the Office of Marketing, Animal Industries, and Consumer Services; three in the Office of Plant Industries and Pest Management; and two in the Office of Resource Conservation.

## *Analysis in Brief*

---

### Issues

***Stymied Implementation and Enforcement of the Water Quality Improvement Act (WQIA):*** The WQIA of 1998, as amended by Chapter 485, Acts of 2000 provides for a variety of measures aimed at improving water quality throughout the State, including mandatory development and implementation of nutrient management plans by farmers. For a variety of reasons, including a dearth of certified consultants, many operations did not meet the 2002 deadline for plan implementation. **MDA should brief the committees on the status of WQIA compliance; whether it would be more cost effective for the State to focus its limited nutrient management plan development resources on the cost share program or cooperative extension agents; why timely enforcement has not occurred; intended enforcement strategies and timeline; and the anticipated impact of the December 2003 recommendations. Furthermore, the Department of Legislative Services (DLS) recommends budget bill language requiring submittal of a progress report.**

***Mosquito Control Efforts Swat Away:*** Wet conditions and growing public health concerns about West Nile Virus have prompted MDA to institute more vigorous mosquito control efforts throughout the State. To meet demand and ensure the same level of service, MDA has requested a \$700,000 deficiency appropriation and plans to increase local jurisdiction's program cost share responsibility and purchase a new airplane to conduct aerial spraying. **MDA should be prepared to provide cost-benefit information illustrating why a new mosquito control program airplane is necessary; discuss the potential impacts of changing the local jurisdiction cost share ratio; and explain the likelihood of another deficiency appropriation being required for this program next year if only \$500,000 of the \$700,000 fiscal 2004 deficiency request is provided.**

***The Governor's Poultry Industry Initiative:*** Governor Ehrlich established the Poultry Issues Action Team by executive order on June 23, 2003, and charged it with assessing the condition of the poultry industry in Maryland and recommending specific ways the State could help the industry grow. **MDA should be prepared to discuss the budget and programmatic implications of implementing the action team's recommendations.**

***The Human and Environmental Impacts of Arsenic in Chicken Litter:*** The levels of arsenic present in chicken feed have been identified as a potential threat to environmental and human health. **MDA should be prepared to discuss what is known about the human and environmental risks associated with the arsenic-based ingredients present in chicken feed. Furthermore, DLS recommends budget bill language directing MDA to submit a brief report by November 1, 2004, summarizing the latest research on the potential human and environmental**

*L00A - Department of Agriculture*

threats posed by the arsenic in chicken litter and whether and how MDA or other State programs will address these potential risks.

**Recommended Actions**

	<u><b>Funds</b></u>
1. Add budget bill language requiring submittal of a Water Quality Improvement Act implementation progress report.	
2. Add budget bill language to require a report on the threats posed by arsenic in chicken litter.	
3. Add budget bill language to delete funds for the State Board of Veterinary Medical Examiners contingent on enactment of legislation.	
4. Delete funds for the Maryland Agricultural Education and Rural Development Assistance Fund.	\$ 146,392
5. Reduce funding for the cover crop program.	214,440
6. Reduce Mosquito Control program fiscal 2004 deficiency request.	200,000
<b>Total Reductions to Fiscal 2004 Deficiency Appropriation</b>	<b>\$ 200,000</b>
<b>Total Reductions to Allowance</b>	<b>\$ 360,832</b>

**Updates**

***The Rural Maryland Council Joins MDA:*** In accordance with Chapter 266, Acts of 2003, the FORVM for Rural Maryland was renamed the Rural Maryland Council and moved into MDA's headquarters.

**L00A**  
**Department of Agriculture**

***Operating Budget Analysis***

---

**Program Description**

The Maryland Department of Agriculture (MDA) supervises, administers, and promotes agricultural activities throughout the State. Its mission is to provide leadership and support to agriculture and the citizens of Maryland by conducting regulatory, service, and educational activities that assure consumer confidence, protect the environment, and promote agriculture. MDA is organized into four administrative units: Office of the Secretary; Marketing, Animal Industries, and Consumer Services; Plant Industries and Pest Management; and Office of Resource Conservation. These units provide marketing services; agricultural land preservation; inspection, grading, monitoring, and testing of agricultural product quality; animal and plant disease control; pest management; and technical and financial assistance for encouraging management practices that minimize soil erosion and nutrient runoff.

MDA's primary goals are:

- to promote profitable production, use, and sale of Maryland agricultural products;
- to protect the health of the public, plant, and animal resources in Maryland;
- to preserve adequate amounts of productive agricultural land and woodland in Maryland;
- to provide and promote land stewardship, including conservation, environmental protection, preservation, and resource management; and
- to provide health, safety, and economic protection for Maryland consumers.

**Performance Analysis: Managing for Results**

MDA's fiscal 2005 Managing for Results (MFR) submission includes a number of departmental level goals, objectives, and performance measures. **Exhibit 1** presents data on a handful of performance measurements that summarize several of MDA's key program areas. The data provided in this chart indicates the following trends:

**Exhibit 1**  
**Program Measurement Data**  
**Maryland Department of Agriculture**  
**Fiscal 2001 – 2005**

	<u>Actual</u> <u>2001</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Ann.</u> <u>Chg.</u> <u>01-03</u>	<u>Ann.</u> <u>Chg.</u> <u>03-05</u>
Acres of farmland, woodland, and open space land preserved through Maryland Agricultural Land Preservation Program easements (total acres)	199,662	217,460	232,897	237,202	253,192	8.0%	4.3%
Increase sales of Maryland seafood products by 2% annually (\$ millions)	268	272	277	282	287	1.7%	1.8%
Increase opportunities for Maryland farmers to market agricultural products							
Federal Food Nutrition coupons redeemed at farmers markets	n/a	\$227,273	\$331,000	\$400,000	\$600,000	n/a	34.6%
Percent of companies reporting a sales transaction as a result of marketing activities	n/a	n/a	25%	25%	27%	n/a	3.9%
Percent of inspected licensees and permits in compliance with pesticide laws and regulations	76%	78%	79%	82%	85%	2.0%	3.7%
Nutrient reduction associated with Water Quality Improvement Act-required plans							
Nitrogen Load Reduction (lbs)	203,000	1,315,170	1,643,150	1,740,000	2,030,000	184.5%	11.1%
Phosphorus Load Reduction (lbs)	14,000	90,700	113,320	120,000	140,000	184.5%	11.2%

Source: Maryland Department of Agriculture and the fiscal 2003 and 2004 budget books

### *L00A – Department of Agriculture*

- 4.3% estimated growth in Maryland Agricultural Land Preservation Program conservation easement acreage between fiscal 2003 and 2005;
- fairly steady seafood product sales, in spite of poor, recent oyster and crab harvests;
- significantly increased opportunities for Maryland farmers to market agricultural products due to the availability of federal funds;
- increasing compliance with pesticide laws and regulations; and
- 11% reduction in nitrogen and phosphorus nutrient loading into vulnerable waters between fiscal 2003 and 2005 due to Water Quality Improvement Act-required plans.

**MDA should be prepared to discuss why the poor 2003 oyster and crab season has not significantly impacted the seafood sales performance measure, and whether the anticipated fiscal 2005 nitrogen and phosphorous reductions assume enforcement of the Water Quality Improvement Act.**

Among other units, the Office of Resource Conservation has made a solid attempt to measure program efficiency by determining the cost per outcome unit for several programs. **Exhibit 2** summarizes performance data provided for two programs that seek to reduce nutrient loading: cover crop and nutrient management plan development. According to the acreage and cost data provided, in fiscal 2003 the cover crop program received \$2.3 million to reduce nitrogen loads by nearly a million pounds, whereas the nutrient management plan program used just \$735,524 to reduce nitrogen loads by nearly 600,000 pounds. This data suggests that the nutrient management plan program is a less expensive method for reducing nitrogen loads. By determining the cost per acre, MDA has provided the information policy makers need to determine the most efficient strategies for realizing broad goals such as reducing the flow of nutrients into the Chesapeake Bay.

Data provided by the University of Maryland and MDA in 2001 showed that for each acre planted in cover crops, approximately 25 pounds of nitrogen are removed from the soil. This data was used as the basis for passage of joint resolutions (House Joint Resolution 7 and Senate Joint Resolution 12) in 2001 supporting the cover crop program. However, MDA's fiscal 2003 performance data suggests that only 8.5 pounds of nitrogen were removed per acre. **MDA should discuss this discrepancy.**

---

**Exhibit 2**  
**Conservation Grants Program Efficiency Measurements**

	<u>2002</u> <u>Actual</u>	<u>2003</u> <u>Actual</u>	<u>2004</u> <u>Estimated</u>	<u>2005</u> <u>Estimated</u>
Cover Crop Program				
Acres of cover crops	90,040	116,711	75,000	70,700
Nitrogen load reduction (lbs)	765,640	992,044	637,500	600,950
Phosphorous load reduction (lbs)	18,008	23,342	15,000	14,140
Cost per acre (\$)	\$25.00	\$20.00	\$20.00	\$20.00
Nutrient Management Plan Development Program				
Acres of nutrient mgmt developed with cost share	95,847	206,029	130,282	125,000
Nitrogen load reduction (lbs)	277,956	597,484	377,818	362,500
Phosphorous load reduction (lbs)	19,169	41,206	26,056	25,000
Cost per acre	\$4.10	\$3.57	\$4.00	\$4.00

Source: Maryland Department of Agriculture

---

Several MDA programs make significant contributions to improving the State's environment and have impacts that are similar to other State agency programs. As suggested last year, it would be quite valuable for MDA to collaborate with the Department of Natural Resources (DNR) and the Maryland Department of the Environment (MDE) and generate summary performance data that describes the specific and general impact these departments have had on the State's environment. **The Department of Legislative Services (DLS) recommends that MDA work with DNR, MDE, and the Department of Budget and Management to develop summary performance data that can be used to evaluate current and proposed progress in overlapping program areas.**

## **Fiscal 2004 Actions**

### **Proposed Deficiency**

A fiscal 2004 deficiency appropriation of \$700,000 in general funds is requested for MDA's mosquito control program, to ensure vigorous efforts to protect public health are continued. In response to the spread of West Nile Virus and record-setting rains, MDA increased insecticide application efforts during the 2003 season to control mosquito populations. This deficiency appropriation would help pay for the unexpected, additional personnel costs that were incurred during the season and allow MDA to restock its insecticide chemical inventory in preparation for the 2004 mosquito season.

If additional mosquito control program general funds are not made available for the spring of 2004, MDA advises that it will be required to cease aerial larvicide spraying, employ only 5 to 10 contractual employees as opposed to the typical 50 to 60 employees, and delay the community-based mosquito control program until July 1, 2004. If these program changes are required, MDA would

### *L00A - Department of Agriculture*

anticipate a significant surge in mosquito control complaints; increased probability of an early West Nile Virus disease outbreak; and an inability to respond to outbreaks since personnel and insecticide will not be available.

While MDA has requested \$700,000, a \$500,000 deficiency appropriation may be sufficient to cover the uncharacteristically high staffing and chemical needs during the 2003 mosquito season. If the 2004 mosquito season is extremely wet, more than \$500,000 may be necessary.

#### **Impact of Cost Containment**

MDA was required to reduce general fund operational expenses by \$1,692,000 for cost containment in fiscal 2004. This represents a 6.1% reduction in MDA's fiscal 2004 general fund legislative appropriation. To achieve this target, MDA implemented the following reductions in July:

- \$525,000 in cover crop program funds, eliminating the eligibility of soybean farmers;
- \$350,000 in nutrient management plan development funds, in light of low demand;
- \$215,000 in equipment funds, delaying replacement of an incinerator at Centreville and purchase of an airplane for the mosquito program;
- \$160,000 in Resource Conservation Engineering Services program funds, as federal funds have become available;
- \$152,000 in personnel funds, eliminating four contractual positions;
- \$130,000 in vehicle replacement funds; a 47% reduction in the program's general funds;
- \$60,000 in State Chemist and Integrated Pest Management Funds, as either special or federal funds have become available;
- \$60,000 soil mapping funds, reducing electronic distribution; and
- \$40,000 in Resource Conservation Operations, eliminating equipment and supply funds.

Furthermore, to comply with statewide position cap requirements, MDA lost 11 regular and 6 contractual positions in November.

## **Governor's Proposed Budget**

As shown in **Exhibit 3**, the Governor's allowance is 2.5% below MDA's 2004 working appropriation and totals \$45.6 million. In its allowance, MDA receives a \$1.3 million decrease in general funds, \$690,193 increase in special funds, \$933,203 decrease in federal funds, and a \$343,363 increase in reimbursable funds.

The 4.7% decrease in general funds is largely attributable to the elimination of \$700,000 in mosquito control program deficiency funds assumed in fiscal 2004. Other reductions include \$144,090 contingent on new special fund fee revenue in the pesticide, plant protection, and turf and seed programs, and \$388,781 in salary expenses in Resource Conservation Operations due to the availability of new federal funds for these costs. These decreases are offset by a \$214,440 increase for the cover crop program. The cover crop program provides up to \$20 per acre to help defray the costs of planting small grains, which help reduce nutrient runoff from soil erosion.

The 5.8% increase in special funds is largely the result of \$400,000 in additional pesticide registration fee revenue due to the enactment of legislation in 2003 (Chapter 296, Acts of 2003). Furthermore, the allowance assumes \$248,452 in new mosquito control program special funds, since local jurisdictions will be expected to pay 75% as opposed to 50% of associated program implementation expenses. These special fund increases are offset by a decrease in the Horse Industry Board, since significantly less revenue is being generated than anticipated by the commercial equine feed fee.

The 20.3% decrease in federal funds reflects MDA's efforts to develop more precise revenue estimates for the Senior Farmers Market, Specialty Crop, and Special Supplemental Food (Women, Infants, and Children) programs.

**Exhibit 3  
Governor's Proposed Budget  
Department of Agriculture  
(\$ in Thousands)**

	<u>FY 03 Actual</u>	<u>FY 04 Approp.</u>	<u>FY 05 Allowance</u>	<u>FY 04-05 Change</u>	<u>FY 04-05 % Change</u>
General Funds	\$29,243	\$26,428	\$26,123	-\$304	-1.2%
FY 2004 Deficiencies	0	700	0	-700	
Contingent & Back of Bill Reductions	0	0	-277	-277	
<b>Adjusted General Funds</b>	<b>\$29,243</b>	<b>\$27,128</b>	<b>\$25,846</b>	<b>-\$1,281</b>	<b>-4.7%</b>
Special Funds	\$9,448	\$11,875	\$12,606	\$731	6.2%
Contingent & Back of Bill Reductions	0	0	-41	-41	
<b>Adjusted Special Funds</b>	<b>\$9,448</b>	<b>\$11,875</b>	<b>\$12,565</b>	<b>\$690</b>	<b>5.8%</b>
Federal Funds	\$2,911	\$4,595	\$3,669	-\$926	-20.1%
Contingent & Back of Bill Reductions	0	0	-8	-8	
<b>Adjusted Federal Funds</b>	<b>\$2,911</b>	<b>\$4,595</b>	<b>\$3,662</b>	<b>-\$933</b>	<b>-20.3%</b>
Reimbursable Funds	\$4,377	\$3,206	\$3,549	\$343	10.7%
<b>Adjusted Grand Total</b>	<b>\$45,980</b>	<b>\$46,804</b>	<b>\$45,623</b>	<b>-\$1,181</b>	<b>-2.5%</b>

**Where It Goes:**

**Personnel Expenses**

Employee increments .....	311
Workers' compensation premium assessment .....	-37
Turnover adjustments .....	-107
Other adjustments.....	-117

**Other Changes**

<i>To provide health, safety, and economic protection for consumers</i>	
One-time, fiscal 2004 mosquito control program deficiency appropriation.....	-700
New airplane for the mosquito control program .....	140
Pesticide fee special fund revenue .....	400
<i>To provide and promote land stewardship</i>	
Cover crop grant program.....	214
<i>To promote profitable production, use, and sale of agricultural products</i>	
Federal senior farmers market nutrition program funds.....	-400
Federal specialty crop grant funds .....	-933
Other .....	48

**Total** **-\$1,181**

Note: Numbers may not sum to total due to rounding.

*L00A - Department of Agriculture*

**Impact of Cost Containment**

The fiscal 2005 allowance reflects the elimination of \$181,135 (subobject 0172), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

In addition, a \$144,090 reduction in general funds is assumed contingent upon the passage of legislation increasing pesticide, plant protection, and turf and seed fees.

## ***Issues***

---

### **1. Stymied Implementation and Enforcement of the Water Quality Improvement Act**

#### **Background**

The Water Quality Improvement Act (WQIA) of 1998, as amended, provides for a variety of measures aimed at improving water quality throughout the State, including mandatory development and implementation of nutrient management plans by farmers. Agricultural operations using chemical fertilizer were required to implement nitrogen- and phosphorous-based plans by December 31, 2002. Farmers using sludge or animal manure were required to implement nitrogen-based plans by December 31, 2002, and must implement nitrogen- and phosphorous-based plans by July 1, 2005. Farmers were able to have plans developed for free by a University of Maryland Cooperative Extension Service consultant, or they could share costs with the State to have a private consultant develop a plan. Farmers who were unable to obtain the services of a consultant were able to submit a Justification for Delay Form signed by a consultant indicating an approximate plan completion date.

For a variety of reasons, including a dearth of certified consultants, many operations did not meet the 2002 deadline for plan implementation. A number of bills were introduced during the 2002 and 2003 sessions to address WQIA implementation problems, all of which failed. The bills contained provisions that would have, among other things, exempted certain farmers from the plan requirements, extended the deadlines for farmers to develop plans, and temporarily suspended enforcement of the penalty provisions applicable to the nutrient management plan provisions of WQIA.

#### **Current Status of Compliance**

As shown in **Exhibit 4**, nutrient management cost share program activity by private consultants has leveled off considerably. While \$2.3 million, or 88%, of funds appropriated in fiscal 2001 through 2003 has been approved for projects, only \$1.3 million, or 52%, has been actually paid for completed projects. Furthermore, only \$151,357, or 29%, of the fiscal 2004 working appropriation has been dedicated to approved projects, even though the fiscal year is half over. This slow commitment of funding suggests that the fiscal 2005 allowance should be carefully scrutinized and potentially reduced.

**Exhibit 4**  
**Nutrient Management Planning Cost Share**  
**Program Activity**  
**(Fiscal 2001 – January 2004)**

Funding			Projects Approved			Projects Completed	
<u>Fiscal Year</u>	<u>Source</u>	<u>Adjusted Appropriation*</u>	<u>Number</u>	<u>Acres</u>	<u>Amount (\$) Approved**</u>	<u>Cost-Shared Acres</u>	<u>Amount (\$) Paid</u>
2001-2003	State	\$2,414,970	1,258	473,561	\$1,982,831	312,927	\$1,168,942
2001-2003	Federal	\$159,216	202	70,354	\$293,001	37,822	\$159,216
<b>Subtotal</b>		\$2,574,186	1,460	543,915	\$2,275,832	350,749	\$1,328,158
2004 Working***	State	\$521,127	118	63,236	\$151,357	0	\$0
2004 Working	Federal	\$60,000					
2005 Allowance	State	\$500,000					
<b>Total</b>		<b>\$3,655,313</b>	<b>1,578</b>	<b>607,151</b>	<b>\$2,427,189</b>	<b>350,749</b>	<b>\$1,328,158</b>

\* Reflects adjustments for cost containment, deficiency appropriations, and transfers from other programs.

\*\* Approval amount may exceed appropriation because funds are overcommitted due to anticipated cancellations and projects which may require less funds than originally expected.

\*\*\* The fiscal 2004 State Projects Approved include some federally funded projects.

Source: Maryland Department of Agriculture

**Exhibit 5** shows nutrient management plan compliance levels as of December 31, 2003. This data reflects plans developed by the private sector as well as cooperative extension staff. MDA estimates that plans are required for 8,985 farms covering approximately 1,578,356 acres. To date, MDA has received 5,211 plans for the management of 1,076,252 acres, and 1,492 Justification for Delay Forms covering 259,647 acres. As shown in **Exhibit 6**, while progress has been made, 42% of the farms and 32% of the regulated acreage still lack plans approximately one year after the deadline. Over the past year, compliance activity has increased. A year ago, 56% of the farms and 55% of the regulated acreage still lacked plans. MDA suspects this slow progress is the result of a broad belief that legislative changes to WQIA are forthcoming.

---

**Exhibit 5**  
**Nutrient Management Program Compliance (As of December 31, 2003)**

	<u>Final Plans</u>	<u>Delay Forms</u>	<u>Compliant/In Progress</u>	<u>Non-Compliant</u>	<u>Total</u>
Farms	5,211 (58%)	1,492 (17%)	6,703 (75%)	2,282 (25%)	8,985
Acres	1,076,252 (68%)	259,647 (17%)	1,335,899 (85%)	242,457 (15%)	1,578,356

Source: Maryland Department of Agriculture

---

---

**Exhibit 6**  
**Lacking Nutrient Management Plan**

	<u>December 2002</u>	<u>December 2003</u>
Farms	56%	42%
Acres	55%	32%

Source: Maryland Department of Agriculture

---

To date, MDA has not assessed any penalties for non-compliance. The penalties for non-compliance are generally progressive in nature and provide MDA with considerable enforcement latitude. Farmers that fail to have plans in place are subject to an administrative penalty not to exceed \$250. Since WQIA was enacted, MDA has sent a series of five statewide mailings to farming operations, with the most recent notices focused on those farmers who have failed to comply with the law. Through these mailings, MDA attempted to provide information about the law's requirements, encourage the development of plans, and educate the regulated community. It is unclear at this time whether penalties will be imposed for non-compliance.

**Program Changes**

MDA hosted two broad efforts in 2003 to garner information for improving the State's implementation of WQIA. In July, MDA hosted a one-day briefing on recent nutrient management research findings. In August, MDA's one-day nutrient summit involved more than 300 stakeholders brainstorming ways to make WQIA easier to implement and more effective at protecting the environment. Guided by the information generated at these meetings, the Administration proposed several program changes in early December 2003 that may make it easier for farmers to comply with

## *L00A - Department of Agriculture*

this law. These changes included requiring MDA to notify farmers 48 hours in advance of entering their property, reducing mandatory paperwork, and changing reporting requirements to a post season approach. Legislation to implement these changes is anticipated during the 2004 session.

**MDA should brief the committees on the status of WQIA compliance; whether it would be more cost effective for the State to focus its limited nutrient management plan development resources on the cost share program or cooperative extension agent, why timely enforcement has not occurred, intended enforcement strategies and timeline, and the anticipated impact of the December 2003 recommendations.**

**Since a significant portion of regulated farms are still not participating in the nutrient management program and MDA is not enforcing the law, DLS recommends budget bill language requiring that MDA submit a report by November 1, 2004, outlining the enforcement actions implemented to date and providing the program implementation data described below.**

- **List by local jurisdiction the number of nutrient management plans and the associated acreage completed by cooperative extension agents as of October 1, 2004.**
- **List by local jurisdiction the number of nutrient management plans and the associated acreage completed by private sector consultants as of October 1, 2004.**
- **List by fiscal year (fiscal 2000-2005) the funds appropriated, encumbered, and expended for nutrient management plan development by cooperative extension agents as of October 1, 2004.**
- **List by fiscal year (fiscal 2000-2005) the funds appropriated, encumbered, and expended for nutrient management plan development by private sector consultants October 1, 2004.**

## **2. Mosquito Control Efforts Swat Away**

MDA's Mosquito Control Program was established in 1957 and administers and implements a variety of efforts, including mosquito surveillance activities, source reduction, biological control initiatives, ground and aerial application of insecticides, and public education. The program's primary goal is to prevent the occurrence of mosquito-borne disease in humans and domestic animals. MDA has cooperative agreements with 22 counties and 10 municipalities for mosquito control services and conducts activities in about 2,095 communities. As illustrated in **Exhibit 7**, the program has an annual budget of nearly \$3.0 million and employs 21 MDA classified positions and seasonal technicians.

---

**Exhibit 7**  
**Mosquito Control Program**

	<b>Fiscal 2002</b> <b><u>Actual</u></b>	<b>Fiscal 2003</b> <b><u>Actual</u></b>	<b>Fiscal 2004</b> <b><u>Working</u></b>	<b>Fiscal 2005</b> <b><u>Allowance</u></b>
Regular Positions	23.0	21.0	21.0	21.0
Contractual Positions	14.5	13.1	14.4	14.4
<b>Personnel Subtotal</b>	<b>37.5</b>	<b>34.1</b>	<b>35.4</b>	<b>35.4</b>
Operating Funds	\$2,757,623	\$3,059,077	\$2,677,361	\$3,057,190

Note: This chart does not reflect the \$700,000 fiscal 2004 deficiency request.

Source: Fiscal 2005 Budget Book

---

Mosquito control in Maryland is conducted according to the concept of Integrated Pest Management; which integrates ecological, economic, and social criteria to develop pest management strategies that protect public health and the environment and improve the quality of life for Maryland residents. MDA's preferred mosquito control strategy is the reduction of mosquito larvae numbers by source reduction, biological control agents, or use of biological insecticides. Adult mosquito control, by low volume application of insecticide, is conducted using aircraft or truck-mounted application equipment in residential areas for nuisance abatement and to protect public health from mosquito-borne disease. Furthermore, MDA and the Maryland Department of Health and Mental Hygiene collaborate to conduct a surveillance program to detect mosquito-borne viruses of public health concern. The program monitors the occurrence of eastern equine encephalitis virus, West Nile Virus, and St. Louis encephalitis virus in mosquitoes, wild birds, domestic animals, and humans.

### **Current Conditions**

Extremely wet conditions last summer caused higher than normal populations of mosquitoes in Maryland. One MDA trap collected more than 5,000 mosquitoes. This prevalence of mosquitoes prompted heightened concern of mosquito-borne diseases that affect humans and wildlife, especially West Nile Virus. As a result, the number of communities MDA serves increased 23% over the last year. Also, MDA experienced an 8.5% increase in service calls from participating communities, plus several hundred calls from non-participating communities requesting assistance. While the number of people who died of West Nile Virus in the region dropped by almost 50% over the last year, Maryland had five of the region's six deaths in 2003 and experienced an increase in the number of people contracting the virus. MDA has implemented comprehensive surveillance programs to detect West Nile Virus as well as other mosquito-borne viruses such as encephalitis. Nevertheless, disease incidence is increasing, as shown in **Exhibit 8**.

---

**Exhibit 8**  
**Incidence of West Nile Virus in Humans**

	<u>Maryland</u>		<u>Virginia</u>		<u>District</u>		<u>U.S.</u>	
	<u>Cases</u>	<u>Deaths</u>	<u>Cases</u>	<u>Deaths</u>	<u>Cases</u>	<u>Deaths</u>	<u>Cases</u>	<u>Deaths</u>
2001	6	3	0	0	0	0	66	9
2002	36	7	29	2	34	2	4,156	284
2003	73	5	23	1	3	0	8,912	211

Source: Maryland Department of Agriculture and the U.S. Centers for Disease Control and Prevention

---

**Program Management Challenges**

There are several significant funding and programmatic issues within the mosquito control program that merit attention. These issues are summarized below:

- **New 75% Local/25% State Cost Share Framework.** The Mosquito Control Program has instituted several changes over the past year in hopes of better protecting public health. To reduce employee turnover and attract higher caliber applicants, MDA increased the program's seasonal employee hourly wages by approximately 20%. MDA has also adopted more aggressive criteria for aerial spraying. The final and most controversial change has been a decision to shift additional financial responsibility to local jurisdictions. MDA recently informed participants that communities will be required to cover 75%, as opposed to the current 50%, of program implementation costs on private lands if MDA is to provide the same level of service as in the past. MDA estimates that this shift will result in an estimated \$400,000 in additional special fund revenue for the program.
- **New Airplane Purchase.** The fiscal 2005 allowance includes \$140,000 for the first installment towards the purchase of a new mosquito control airplane. MDA estimates the total cost at between \$700,000 and \$900,000, over a 10-year period. MDA's existing airplane was built in the 1950s and has become unreliable; it was grounded with engine problems for three weeks last summer during the height of the mosquito season. MDA has researched the utility of contracting out its aerial spraying efforts but found the costs would be more than twice as much as purchasing a new, reliable airplane.
- **Fiscal 2004 Deficiency Request.** As described earlier, a \$700,000 deficiency appropriation is requested to cover the additional employee and insecticide costs prompted by wet weather and concerns about the occurrence of West Nile Virus. However, \$500,000 in additional funds may be adequate to meet the program's essential staffing and chemical inventory needs.

**MDA should be prepared to provide cost-benefit information illustrating why a new mosquito control program airplane is necessary; discuss the potential impacts of changing the local jurisdiction cost share ratio; and explain the likelihood of another deficiency appropriation being required for this program next year if only \$500,000 of the \$700,000 fiscal 2004 deficiency request is provided.**

### **3. The Governor's Poultry Industry Initiative**

Governor Robert L. Ehrlich, Jr. established the Poultry Issues Action Team by Executive Order 01.01.2003.17 on June 23, 2003. The action team was charged with assessing the condition of the poultry industry in Maryland and recommending specific ways the State could help the industry grow. The action team was composed of members affiliated with the following groups: poultry farmers, poultry industry, General Assembly, banking industry, and local government. The group met over half a dozen times with a variety of subject experts and submitted a report to the Governor in October 2003.

On December 22, 2003, the Administration announced its plans to adopt the action team's recommendations, which address environmental, economic, land use/transportation, and marketing/labor concerns. These recommendations are summarized below.

- structure land conservation programs to be more supportive of production agriculture and productive farmland, and not to compete with production agriculture for farmland;
- develop a system of tax credit incentives to support farmers with the construction and renovation of poultry houses;
- establish a revolving loan fund as well as a tax-free loan program for new or disadvantaged poultry farmers;
- modify current Department of Business and Economic Development programs to allow and promote poultry industry participation;
- encourage development of alternative uses for poultry manure and provide at least \$500,000 annually in State funds to MDA's Manure Transport Program;
- analyze the effectiveness of MDA's animal health programs; and
- improve Maryland's rail system by developing the infrastructure necessary to allow 100-unit trains to ship grain to the Eastern Shore.

MDA advises that most of these recommendations can be implemented via regulation and by changing agency practices, making legislation related to the report unnecessary.

**MDA should be prepared to discuss the budget and programmatic implications of implementing the action team's recommendations.**

#### **4. The Human and Environmental Impacts of Arsenic in Chicken Litter**

The levels of arsenic present in chicken litter have been identified as a potential threat to environmental and human health. The poultry industry often mixes federally approved arsenic known as "roxarsone" with chicken feed to control intestinal parasites and promote growth. The chickens that eat roxarsone retain very low levels of this arsenic, releasing much of it into the environment. Since arsenic has been linked to certain forms of cancer, the existence of roxarsone in chicken litter may be cause for concern. Agricultural workers who handle chicken litter and agricultural communities where litter is used as a fertilizer may be facing unknown health risks.

**MDA should be prepared to discuss what is known about the human and environmental risks associated with the arsenic-based ingredients present in chicken litter. Furthermore, DLS recommends budget bill language directing MDA to submit a brief report by November 1, 2004, summarizing the latest research on the potential human and environmental threats posed by the arsenic in chicken litter and whether and how MDA or other State programs will address these potential risks.**

## ***Recommended Actions***

---

1. Add the following language to the general fund appropriation:

Provided that the Maryland Department of Agriculture shall submit to the budget committees by November 1, 2004, a Water Quality Improvement Act report describing enforcement actions taken to date and providing the following program implementation information:

- a list by local jurisdiction of the number of nutrient management plans and the associated acreage completed by cooperative extension agents by October 1, 2004;
- a list by local jurisdiction of the number of nutrient management plans and the associated acreage completed by private sector consultants by October 1, 2004;
- a list by fiscal year (fiscal 2000-2005) of the funds appropriated, encumbered, and expended for nutrient management plan development by cooperative extension agents by October 1, 2004; and
- a list by fiscal year (fiscal 2000-2005) of the funds appropriated, encumbered, and expended for nutrient management plan development by private sector consultants by October 1, 2004.

**Explanation:** Among other things, the Water Quality Improvement Act (WQIA) mandates the development and implementation of nutrient management plans by farmers. To date, MDA has received 5,211 plans for the management of 1,076,252 acres, and 1,492 Justification for Delay forms covering 259,647 acres. While progress has been made, overall, 42% of the farms and 32% of the regulated acreage still lack plans approximately one year after the deadline.

Since a significant portion of regulated farms are still not participating in the nutrient management program and MDA is not enforcing the law, language is recommended requiring MDA to submit a report outlining the enforcement actions implemented to date and providing a program implementation update.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on nutrient management program activity	MDA	November 1, 2004

*L00A - Department of Agriculture*

2. Add the following language:

Provided that the Maryland Department of Agriculture (MDA) should submit a report by November 1, 2004, summarizing the latest research on the potential human and environmental threat posed by the arsenic in chicken litter and stating whether and how MDA or other State agencies will address these potential risks.

**Explanation:** The levels of arsenic present in chicken feed have been identified as a potential threat to environmental and human health. This budget bill language directs MDA to report on the potential human and environmental impacts of the arsenic present in chicken litter.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Arsenic in Chicken Litter Report	MDA	November 1, 2004

3. Add the following language to the general fund appropriation:

. provided that this appropriation shall be reduced by \$151,165 contingent on enactment of SB 51.

**Explanation:** This language reduces the general fund appropriation for the State Board of Veterinary Medical Examiners by \$151,165. This reduction would be implemented contingent upon enactment of SB 51, which establishes a continuous, non-lapsing special fund to support the board’s operations.

	<b><u>Amount Reduction</u></b>
4. Delete funds for the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF). MAERDAF was established to offer financial support to rural-serving nonprofit organizations that promote statewide and regional rural planning, economic and community development, and agricultural/forestry education. The program was borne out of rural nonprofits frustration with their ability to access funding. Fiscal 2003 and 2004 cost containment has reduced available program funds by over 60%, severely limiting the program’s ability to make a substantial impact. Furthermore, many MAERDAF grant	\$ 146,392 GF

*L00A - Department of Agriculture*

recipients receive other sources of State funding. Finally, since the State administers many planning, economic and community development, and agricultural/forestry education programs, MAERDAF is not supporting unique or core State services.

- |    |   |                   |           |
|----|---|-------------------|-----------|
| 5. | Reduce funding for the cover crop program. Data provided in MDA's performance plan indicates that programs other than cover crop, are significantly more cost effective for reducing nitrogen loading into the Chesapeake Bay. For example, fiscal 2003 performance data suggests that for every one million dollars spent on nutrient management plan development, the State achieved twice as much nutrient reduction than with the cover crop program. With this reduction, \$1.45 million would be provided, which is level with the fiscal 2004 working appropriation. | 214,440           | GF        |
| 6. | Reduce Mosquito Control program fiscal 2004 deficiency request. With this reduction, a total of \$500,000 in additional fiscal 2004 funding would be provided for the program. It is estimated that \$500,000 will be sufficient to cover the program's uncharacteristically high staffing and chemical inventory needs. If the 2004 mosquito season is unseasonably wet, it is possible that additional funds would be needed in fiscal 2005.  | 200,000           | GF        |
|    | <b>Total Reductions to Fiscal 2004 Deficiency</b>   | <b>\$ 200,000</b> | <b>GF</b> |
|    | <b>Total General Fund Reductions to Allowance</b>   | <b>\$ 360,832</b> |           |

## *Updates*

---

### **1. The Rural Maryland Council Joins MDA**

In accordance with Chapter 266, Acts of 2003, the FORVM for Rural Maryland was renamed the Rural Maryland Council and moved into MDA's headquarters. In addition to supporting the work of the five existing regional councils, the council's top priorities include expanding access to broadband, promoting micro-enterprise development, and strengthening resource-based industry. Furthermore, responsibility for the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF) was transferred to the Council from the Board of Public Works. MAERDAF is a grant fund created exclusively for rural-serving non-profit organizations that promote statewide and regional planning, economic and community development, and agricultural/forestry education. It is anticipated that sub-grants will be made to the Department of Business and Economic Development and the Department of Housing and Community Development in order to take advantage of the expertise of these agencies.

## *Current and Prior Year Budgets*

---

### Current and Prior Year Budget Department of Agriculture (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2003</b>					
Legislative Appropriation	\$29,243	\$9,350	\$2,406	\$6,675	\$47,674
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	760	1,404	144	2,308
Cost Containment	-449	0	0	0	-449
Reversions and Cancellations	-10	-662	-1,007	-2,442	-4,121
<b>Actual Expenditures</b>	<b>\$28,784</b>	<b>\$9,448</b>	<b>\$2,803</b>	<b>\$4,377</b>	<b>\$45,412</b>
DBM Adjustment*	\$460	\$0	\$108	\$0	\$568
<b>Adjusted Total</b>	<b>\$29,244</b>	<b>\$9,448</b>	<b>\$2,911</b>	<b>\$4,377</b>	<b>\$45,980</b>
<b>Fiscal 2004</b>					
Legislative Appropriation	\$27,862	\$11,857	\$4,479	\$3,102	\$47,300
Cost Containment	-1,692	0	0	0	-1,692
Budget Amendments	258	18	116	104	496
<b>Working Appropriation</b>	<b>\$26,428</b>	<b>\$11,875</b>	<b>\$4,595</b>	<b>\$3,206</b>	<b>\$46,104</b>

\*For budget presentation purposes, the Department of Budget and Management included funds for the Maryland Rural Council and the Maryland Agricultural Education and Rural Development Assistance Fund in MDA's fiscal 2003 actual expenditures.

Note: Numbers may not sum to total due to rounding.

---

## *L00A - Department of Agriculture*

### **Fiscal 2003 Budget Changes**

General funds dedicated to operating functions decreased by \$448,778 due to cost containment actions under the provisions of Section 7-213(a) of the State Finance and Procurement Article (Budget Amendment No. 165-03). However, this reduction is almost completely offset by funds for the Rural Maryland Council and MAERDAF, which were included in fiscal 2003 for budget presentation purposes.

Special funds dedicated to operating functions increased by \$98,256. The major changes included a:

- \$251,670 increase for the Manure Transportation Project, which provides cost-share assistance of up to \$20 per ton to help farmers cover transportation, loading, and handling costs associated with transporting excess manure off their farms. These funds represent the commercial poultry producers' 50% match to State funds for the project; and
- \$244,655 increase from the agricultural transfer tax, egg law fund, and registration and inspection fees for salary expenses and fuel costs at MDA's headquarters office building in Annapolis.

These special fund increases were off-set by cancellations in several programs, including: \$166,661 in marketing and agricultural development, \$113,515 in egg inspection, grading, and grain programs, and \$110,924 in the State Chemist Program.

Federal funds dedicated to operating functions increased by over half a million dollars. The major changes included a:

- \$333,000 increase from the U.S. Department of Agriculture to administer and implement a crop insurance grants program that provides a safety net to agricultural producers;
- \$150,000 increase from the U.S. Department of Commerce to participate in a program that brings managers and scientists from the New Independent States of the former Soviet Union to the United States for training and to learn about U.S. business opportunities;
- \$144,000 increase from the U.S. Department of Agriculture for contractual services and equipment to conduct foreign animal disease surveillance activities and for foreign and emerging disease control planning efforts; and
- an approximately \$108,000 increase for MAERDAF, which was added for budget presentation purposes.

These federal fund increases were offset by cancellations in several programs, including \$104,462 in pesticide regulation funds.

Reimbursable funds decrease by \$2.3 million, largely due to the cancellation of \$1.86 million in resource conservation grant funds for primarily Conservation Reserve Enhancement Program bonus payments.

*L00A - Department of Agriculture*

**Fiscal 2004 Budget Changes**

General funds dedicated to operating functions have decreased by \$1.4 million. This reduction is mainly due to cost containment actions under the provisions of Section 7-213(a) of the State Finance and Procurement Article (Budget Amendment No. 37-04). A description of these changes is provided earlier in this analysis.

In compliance with Chapter 266, Acts of 2003, \$112,246 in general funds and \$116,241 in federal funds associated with the Maryland Rural Council (formerly the FORVM for Rural Maryland) were consolidated into MDA. Furthermore, MAERDAF (\$146,392 in general funds) was transferred to MDA from the Board of Public Works.

**Object/Fund Difference Report  
Department of Agriculture**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY 04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	439.00	431.00	431.00	0	0%
02 Contractual	44.47	50.70	40.75	-9.95	-19.6%
<b>Total Positions</b>	<b>483.47</b>	<b>481.70</b>	<b>471.75</b>	<b>-9.95</b>	<b>-2.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 23,546,642	\$ 22,984,069	\$ 23,219,694	\$ 235,625	1.0%
02 Technical & Spec Fees	1,027,980	1,273,639	1,173,899	-99,740	-7.8%
03 Communication	698,542	830,247	827,307	-2,940	-0.4%
04 Travel	382,156	630,586	581,735	-48,851	-7.7%
06 Fuel & Utilities	817,907	873,359	879,571	6,212	0.7%
07 Motor Vehicles	855,030	878,771	963,999	85,228	9.7%
08 Contractual Services	5,482,148	5,888,994	5,794,230	-94,764	-1.6%
09 Supplies & Materials	1,501,411	1,488,544	1,550,145	61,601	4.1%
10 Equip - Replacement	39,791	337,706	595,845	258,139	76.4%
11 Equip - Additional	176,380	120,072	261,336	141,264	117.6%
12 Grants, Subsidies, Contr	10,748,564	10,122,099	9,313,832	-808,267	-8.0%
13 Fixed Charges	206,006	223,951	348,977	125,026	55.8%
14 Land & Structures	497,260	451,532	437,271	-14,261	-3.2%
<b>Total Objects</b>	<b>\$ 45,979,817</b>	<b>\$ 46,103,569</b>	<b>\$ 45,947,841</b>	<b>-\$ 155,728</b>	<b>-0.3%</b>
<b>Funds</b>					
01 General Fund	\$ 29,243,433	\$ 26,427,779	\$ 26,123,333	-\$ 304,446	-1.2%
03 Special Fund	9,448,288	11,874,935	12,605,793	730,858	6.2%
05 Federal Fund	2,910,886	4,594,757	3,669,254	-925,503	-20.1%
09 Reimbursable Fund	4,377,210	3,206,098	3,549,461	343,363	10.7%
<b>Total Funds</b>	<b>\$ 45,979,817</b>	<b>\$ 46,103,569</b>	<b>\$ 45,947,841</b>	<b>-\$ 155,728</b>	<b>-0.3%</b>

Note: Fiscal 2004 appropriations and fiscal 2005 allowance do not include deficiencies, cost containment, and contingent reductions.

**Fiscal Summary  
Department of Agriculture**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 Executive Direction	\$ 2,133,410	\$ 2,105,735	\$ 2,105,735	-1.3%	\$ 2,189,359	4.0%
02 Administrative Services	971,386	906,663	906,663	-6.7%	983,810	8.5%
03 Central Services	1,748,390	1,916,580	1,856,580	6.2%	1,896,716	2.2%
04 Maryland Agricultural Commission	160,622	137,844	137,844	-14.2%	146,158	6.0%
05 Maryland Agricultural Land Preservation Foundation	1,264,469	1,297,036	1,297,036	2.6%	1,300,000	0.2%
01 Office of the Assistant Secretary	103,246	98,084	98,084	-5.0%	97,415	-0.7%
02 Weights and Measures	1,782,684	1,819,349	1,819,349	2.1%	1,763,031	-3.1%
03 Egg Inspection, Grading and Grain	1,281,847	1,349,112	1,349,112	5.2%	1,305,710	-3.2%
04 Maryland Agricultural Statistics Services	104,480	115,394	115,394	10.4%	130,523	13.1%
05 Animal Health	3,031,069	3,175,192	3,184,156	5.1%	3,147,054	-1.2%
07 State Board of Veterinary Medical Examiners	163,844	186,096	186,096	13.6%	194,684	4.6%
08 Maryland Horse Industry Board	120,839	352,987	352,987	192.1%	142,919	-59.5%
09 Aquaculture Development and Seafood Marketing	575,602	610,232	610,232	6.0%	604,287	-1.0%
10 Marketing and Agriculture Development	2,451,324	5,023,548	4,992,110	103.6%	3,777,801	-24.3%
11 Maryland Agricultural Fair Board	1,459,079	1,459,731	1,459,731	0%	1,460,000	0%
12 State Tobacco Authority	16,878	5,927	12,800	-24.2%	12,800	0%
18 Rural Maryland Council	220,430	0	227,487	3.2%	231,560	1.8%
19 MD Agricultural Education & Rural Development Fund	347,000	0	146,392	-57.8%	146,392	0%
01 Office of the Assistant Secretary	178,550	163,094	163,094	-8.7%	166,114	1.9%
02 Forest Pest Management	1,723,422	1,885,540	1,885,540	9.4%	1,809,909	-4.0%
03 Mosquito Control	3,059,007	2,872,837	2,677,361	-12.5%	3,057,190	14.2%
04 Pesticide Regulation	1,009,234	1,121,241	1,099,759	9.0%	963,670	-12.4%
05 Plant Protection	1,895,719	1,933,775	1,892,199	-0.2%	1,965,748	3.9%
06 Turf and Seed	917,112	976,164	961,360	4.8%	985,259	2.5%
09 State Chemist	1,545,271	1,532,949	1,532,949	-0.8%	1,934,139	26.2%
01 Office of the Assistant Secretary	187,307	176,120	176,120	-6.0%	179,374	1.8%
02 Program Planning and Development	3,698,445	3,646,139	3,526,192	-4.7%	3,538,237	0.3%
03 Resource Conservation Operations	7,812,993	8,127,934	7,902,392	1.1%	7,855,791	-0.6%
04 Resource Conservation Grants	6,016,158	4,303,815	3,428,815	-43.0%	3,962,191	15.6%

**Fiscal Summary  
Department of Agriculture**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
<b>Total Expenditures</b>	<b>\$ 45,979,817</b>	<b>\$ 47,299,118</b>	<b>\$ 46,103,569</b>	<b>0.3%</b>	<b>\$ 45,947,841</b>	<b>-0.3%</b>
General Fund	\$ 29,243,433	\$ 27,862,140	\$ 26,427,779	-9.6%	\$ 26,123,333	-1.2%
Special Fund	9,448,288	11,856,561	11,874,935	25.7%	12,605,793	6.2%
Federal Fund	2,910,886	4,478,515	4,594,757	57.8%	3,669,254	-20.1%
<b>Total Appropriations</b>	<b>\$ 41,602,607</b>	<b>\$ 44,197,219</b>	<b>\$ 42,897,471</b>	<b>3.1%</b>	<b>\$ 42,398,380</b>	<b>-1.2%</b>
Reimbursable Fund	\$ 4,377,210	\$ 3,101,899	\$ 3,206,098	-26.8%	\$ 3,549,461	10.7%
<b>Total Funds</b>	<b>\$ 45,979,817</b>	<b>\$ 47,299,118</b>	<b>\$ 46,103,569</b>	<b>0.3%</b>	<b>\$ 45,947,841</b>	<b>-0.3%</b>

Note: Fiscal 2004 appropriations and fiscal 2005 allowance do not include deficiencies, cost containment, and contingent reductions.