

L00A
Department of Agriculture

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$30,021	\$32,071	\$35,356	\$3,285	10.2%
Special Fund	18,947	21,307	21,532	225	1.1%
Federal Fund	7,046	4,908	6,835	1,926	39.3%
Reimbursable Fund	<u>3,245</u>	<u>3,910</u>	<u>3,025</u>	<u>-884</u>	<u>-22.6%</u>
Total Funds	\$59,260	\$62,195	\$66,748	\$4,553	7.3%

- The Maryland Department of Agriculture (MDA) has submitted five fiscal 2008 budget deficiency requests totaling \$6.3 million. This includes \$3.5 million in general funds, \$0.8 million in special funds, and \$2.1 million in federal funds. To replace the loss of federal funds, the \$3.5 million general fund deficiency is for spraying 100,000 acres for gypsy moth larvae.
- MDA's fiscal 2009 allowance exceeds the fiscal 2008 working appropriation by \$4.6 million, or 7.3%. The majority of this increase is due to a \$3.3 million increase in general funds and a \$1.9 million increase in federal funds. However, the underlying fiscal 2009 budget change for MDA, absent regular health insurance and the future retiree health insurance funding liability which distorts year-to-year comparisons, is \$2.5 million, or 4.3%.
- MDA's \$35.4 million fiscal 2009 general fund allowance is \$3.3 million, or 10.2% more than the fiscal 2008 working appropriation. This significant change reflects the following funding increases: \$1.2 million for a gypsy moth suppression program to replace lost federal funds, \$1.0 million for the future retiree health insurance liability, \$500,000 for the statutorily mandated increase to the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), \$416,000 for a reclassification of Soil Conservation District (SCD) field staff positions, \$170,400 for software upgrades, and \$86,220 for the first of four years of capital lease payments for desktops and laptops.

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

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- The \$21.5 million fiscal 2009 special fund allowance is \$225,388, or 1.1% more than the fiscal 2008 working appropriation. The increase includes \$373,493 for the future retiree health insurance liability, \$189,600 for additional commodity cover crop funding, and \$100,000 for gypsy moth suppression. Decreases in the special fund appropriation include Bay Restoration Fund septic fee revenue for cover crops, appraisal costs for the Maryland Agricultural Land Preservation Foundation, and one-time agro-terrorism contamination analysis equipment purchases.
- Federal funds increase in the allowance by \$1.9 million, or 39.3% relative to the fiscal 2008 working appropriation. Increases include \$1.1 million for emerald ash borer eradication and for enforcement materials, \$500,000 due to the overbudgeting of funds for gypsy moth suppression, \$466,000 due to how the loss of federal funds for gypsy moth suppression was anticipated in the fiscal 2008 budget by increasing the turnover rate, \$190,000 for marketing specialty crops based on the most recent version of the Farm Bill, and \$110,000 for studies on refinement of agricultural best management practice efficiencies and nutrient trading. Decreases in the appropriation include \$539,605 in federal Environmental Quality Incentives Program funding.
- Reimbursable funds decrease in the allowance by \$884,406, or 22.6% relative to the fiscal 2008 working appropriation. The decrease includes \$226,341 for reduced funding from the Department of Health and Mental Hygiene for homeland security and other emergency preparedness grants, \$216,975 in operating funds for the Corsica targeted watershed and other watersheds using soil conservation planners, and \$200,000 for horse pasture best management practice funding.

Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	435.50	446.50	436.50	-10.00
Contractual FTEs	<u>38.93</u>	<u>42.39</u>	<u>49.33</u>	<u>6.94</u>
Total Personnel	474.43	488.89	485.83	-3.06

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	21.13	4.84%
Positions Vacant as of 1/1/08	64.90	14.54%

- The fiscal 2009 allowance provides for 436.5 regular positions, which is a decrease of 10 positions from the fiscal 2008 working appropriation. The decrease is due to 10 positions being abolished as part of the statewide 500 position reduction required in Chapter 2 of the 2007 special session. Five of the positions were vacant for longer than 12 months, and 4 positions were SCD field staff.

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- MDA reports that there are only 78 SCD general funded field staff instead of the 99.5 listed in the fiscal 2008 analysis. For fiscal 2009, MDA has decided to pursue a reclassification for its 86 SCD field staff instead of hiring 6 new positions in order to get closer to the statutorily mandated 110 field staff positions. MDA believes the reclassification will increase the prospects for hiring people to fill the positions that are vacant – 9 of the 12 SCD field staff positions in the fiscal 2008 legislative appropriation are still vacant.
- In fiscal 2008, 6 positions were transferred within the Office of Resource Conservation to the Office of the Assistant Secretary. These positions will perform functions related to BayStat (bay-related performance measure tracking) and other performance measure tracking.
- MDA's turnover rate of 4.84% is a 30.2% decrease from the fiscal 2008 working appropriation. To achieve this turnover rate in fiscal 2009, it will be necessary for MDA to maintain 21.13 vacancies.

Analysis in Brief

Major Trends

Drought Disaster Designation for Maryland: The U.S. Department of Agriculture issued a drought disaster declaration for the entire State in August 2007.

Invasive Species Consume Agriculture's Budget: Gypsy moth suppression and emerald ash borer eradication continue to require significant budget resources.

Issues

Chesapeake Bay 2010 Trust Fund Allocation: Chapter 6 of the 2007 special session, created a Chesapeake Bay 2010 Trust Fund. The fund is a special nonlapsing fund for the purpose of providing financial assistance to meet the Chesapeake 2000 Agreement goals for the restoration of the Chesapeake Bay and its tributaries. The fund is composed of a portion of existing revenues from the motor fuel tax and existing revenues from the sales and use tax on short-term vehicle rentals that would otherwise go to the general fund and is expected to allow for approximately \$50 million in assistance in fiscal 2009. **The Department of Legislative Services recommends that MDA discuss what strategies it would recommend for allocation of the Chesapeake Bay 2010 Trust Fund revenue for effective and efficient restoration of the bay.**

Transition Team and Maryland Agricultural Commission Recommendations Combined: MDA has merged the recommendations from two recent planning exercises, “A Statewide Plan for Agricultural Policy and Resource Management” completed by the Maryland Agricultural Commission and the Agricultural Transition Team report completed for Governor Martin J. O’Malley. **MDA should be prepared to brief the committees on how it has prioritized the recommendations, how the fiscal 2009 allowance compares to these recommendations, and how the Federal Farm bill may help with funding.**

Nonpoint to Point Source Nutrient Trading Explored: The Maryland Department of the Environment (MDE) and MDA have both initiated nutrient trading policy development. MDE’s implementation is considered phase I of the process and is focused on nonpoint source to point source (wastewater treatment plants, primarily) nutrient trading. MDA is focusing on phase II of nutrient trading and, to this end, submitted a 2007 Conservation Innovation Grant request for \$250,000 to the U.S. Department of Agriculture’s Natural Resources Conservation Service. **MDA should be prepared to discuss the status of and potential for nonpoint to point source nutrient trading as it relates to both Chesapeake Bay restoration and farm profitability.**

MARBIDCO Assistance Underway: The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) began business in fiscal 2007 and moved into its own office in May 2007. Committee narrative in the 2007 *Joint Chairmen’s Report* required MARBIDCO to submit a report on the number, amount, use, and economic benefits of financial assistance MARBIDCO provided during fiscal 2007. **MARBIDCO should be prepared to brief the committees on what level of risk it is willing to take on grant projects as opposed to loans and the results of the wireless payment technology pilot project and economic impact analysis study. MARBIDCO should also be prepared to discuss what lessons the economic impact analysis study might have for agriculture as a whole in Maryland and what it has to say about the relative value of value-added enterprises and agricultural commodity operations.**

Soil Conservation District Personnel Statute Unclear: Chapter 289 of 2006 (Agricultural Stewardship Act of 2006) required the Governor to include funding for 110 soil conservation district field personnel and to fund soil conservation districts at a certain graduated level from fiscal 2008 onward. However, questions of whether the funding stipulations apply to the positions or the districts or both, what the funding sources are, and what the definition of field personnel are have made it difficult to determine whether the mandates are being met. **DLS recommends to the committees that the statute be clarified and that MDA be required to submit an update on the status of the position and district funding.**

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Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete office secretary III position and funding because the position has been vacant since December 29, 2006 (over 12 months).	\$ 31,825	1.0
2. Reduce the increase in the appropriation for the Maryland Agricultural and Resource-Based Industry Development Corporation.	500,000	
3. Reduce the federal fund appropriation in Forest Pest Management due to overbudgeting of funds.	300,000	
4. Adopt committee narrative to require a status report on soil conservation district funding and field personnel requirements.		
5. Reduce the general fund appropriation for cover crops due to underbudgeting for special funds from the Bay Restoration Fund.	200,000	
Total Reductions	\$ 1,031,825	1.0

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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. In fiscal 2004, the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) was created as an independent agricultural development agency which is budgeted with MDA.

MDA's primary goals are:

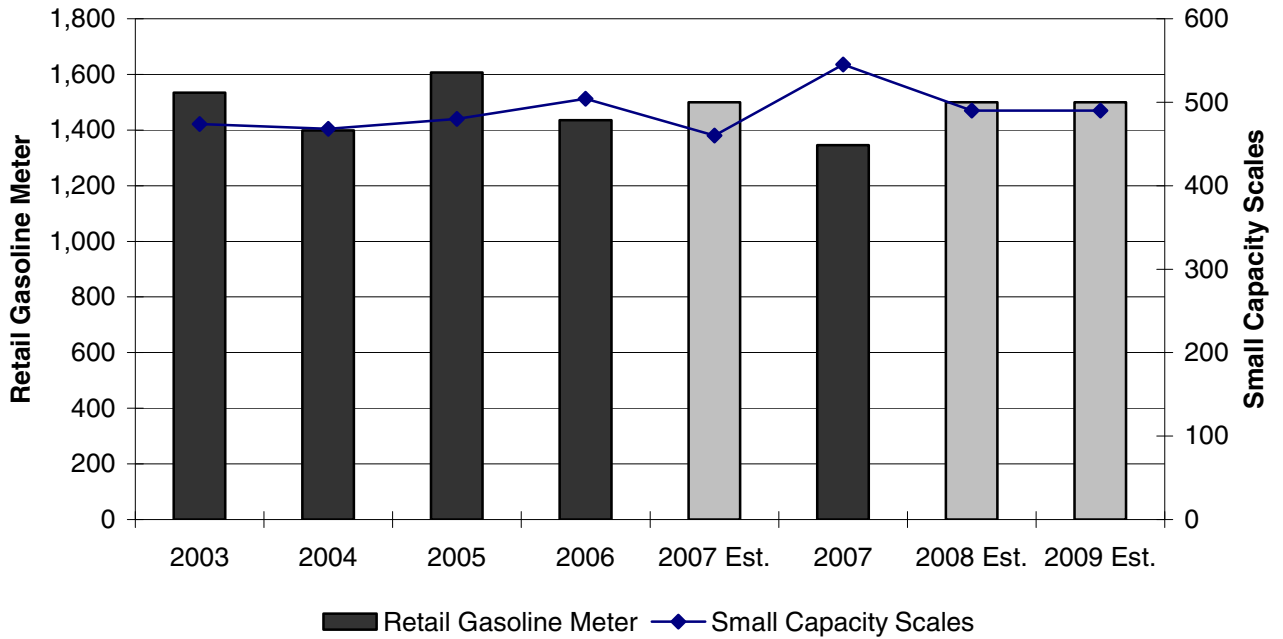
- to promote profitable production, use, and sale of Maryland agricultural products;
- to protect the health of the public, plant, and animal resources in Maryland;
- to preserve adequate amounts of productive agricultural land and woodland in Maryland;
- to provide and promote land stewardship, including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

Performance Analysis: Managing for Results

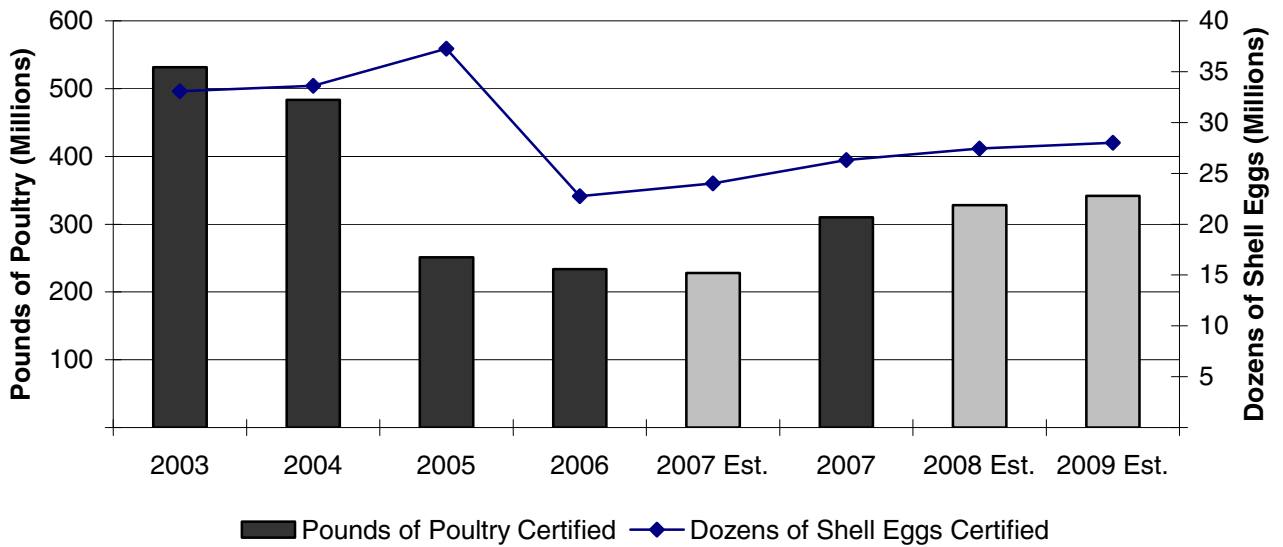
MDA's fiscal 2009 Managing for Results submission indicates staffing concerns in three programs. **Exhibit 1** presents data on three performance measurements that reflect the staffing concerns. The data provided in this exhibit indicate the following trends:

- the retail gasoline meter inspections per inspector have declined moderately between fiscal 2003 and 2007, which is partially explained in the shift by the inspectors to more small capacity scales inspections; however, MDA reports that it has had a number of inspectors on extended sick leave and that 75% of the inspection staff is eligible for retirement in the next five years;

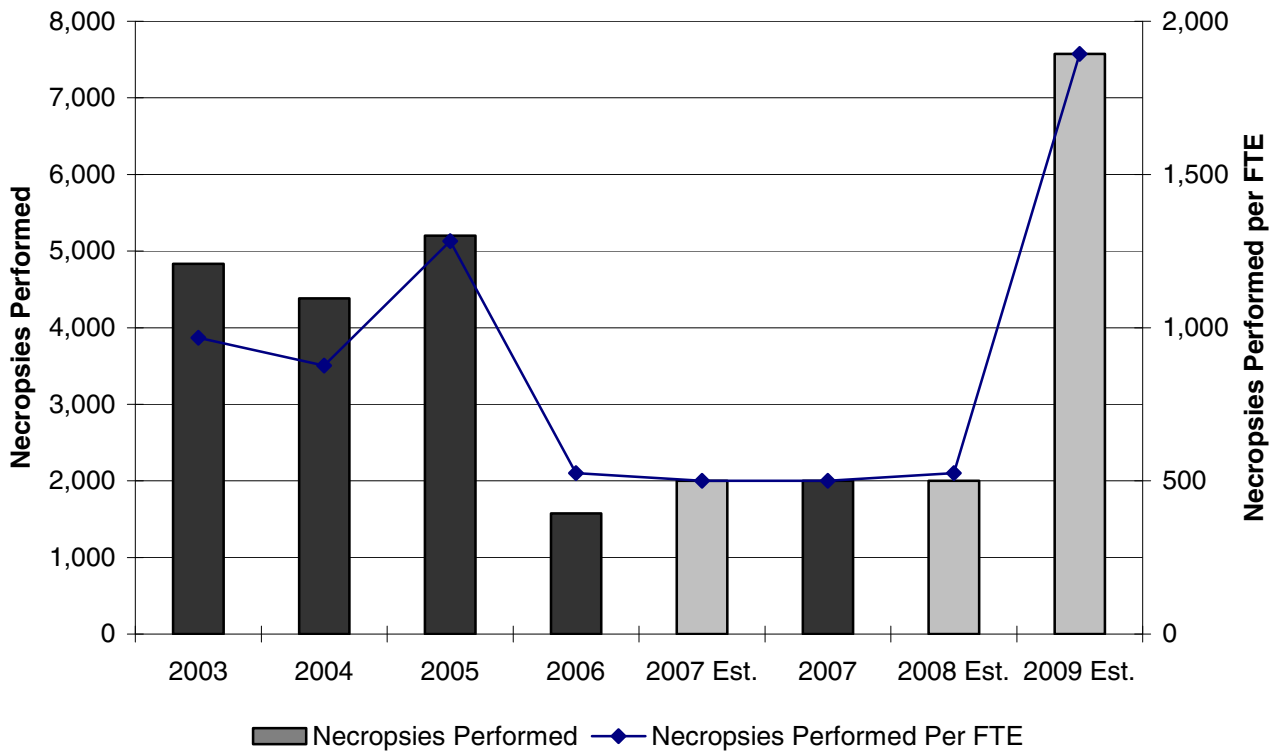
**Exhibit 1
Average Number of Small Capacity Scales and
Gasoline Meter Inspections Per Inspector
Fiscal 2003-2009**



Poultry and Eggs Certified



Number of Necropsies Performed Per FTE



Source: Governor’s Budget Books, Fiscal 2006-2009

- the number of pounds of poultry and dozens of shell eggs certified has increased since the decline between fiscal 2003 and 2006; however, MDA states that its shell egg inspectors have an increased amount of overtime (\$57,000 in special funds has been budgeted for the last two years) due to the closure of a Delaware processing plant and that MDA has not provided additional staff; and
- a significant increase is estimated for the number of necropsies performed in Animal Health in fiscal 2009, which more than triples the number of necropsies performed per full-time equivalent (FTE) employee; MDA reports that this is due to the increased surveillance for avian influenza.

MDA should be prepared to brief the committees on how it will handle the inspector retirement exodus in the Weights and Measures program; what the decision process is to determine whether to fund new Food Quality Assurance inspectors or provide for additional overtime, especially given the fluctuating need in this program; and whether there are enough FTEs to handle the expected increase in avian influenza necropsies.

Fiscal 2008 Actions

Proposed Deficiency

The Governor has submitted a deficiency appropriation for the fiscal 2008 operating budget, which would increase MDA's general fund appropriation by \$3.5 million, special fund appropriation by \$0.8 million, and federal fund appropriation by \$2.1 million.

The appropriations would increase in the Office of Plant Industries and Pest Management as follows:

- Forest Pest Management – increase by \$3,488,163 in general funds and \$360,000 in special funds from county participation to replace lost federal funds for gypsy moth suppression (the federal government has shifted its attention to containment to make sure that the gypsy moth does not move into the Midwest). The increase would allow for the use of 20 contractual field staff to spray up to 100,000 acres in spring 2008 (dependent upon the level of county match) and would include allocations for technical and special fees, communication, travel, motor vehicle operation and maintenance, contractual services, supplies, and materials;
- Plant Protection and Weed Management – increase by \$1,900,000 in federal funds to eradicate the emerald ash borer; and
- Pesticide Regulation – increase by \$73,000 in special funds from registration and inspection fees for replacing reduced general funds for the program manager position.

The appropriation would increase in the Office of Resource Conservation by \$315,000 in special funds from the National Fish and Wildlife Foundation and by \$200,000 in federal funds from the Environmental Quality Incentives Program. The funds would be used to implement and refine agricultural best management practices and would include allocations for salaries, wages and fringe benefits; technical and special fees; travel; motor vehicle operation and maintenance; contractual services; supplies and materials; equipment; and grants, subsidies, contributions.

The appropriation would increase in the Office of Marketing, Animal Industries, and Consumer Services as follows:

- Rural Maryland Council – increase by \$20,000 in special funds from racing revenue for grants to nonprofit organizations in rural areas; and
- Maryland Agricultural Education and Rural Development Assistance Fund – increase by \$20,000 in special funds from racing revenue for grants to nonprofit organizations in rural areas.

Impact of Cost Containment

The Board of Public Works actions taken on July 11, 2007, as part of statewide cost containment actions reduced the general fund appropriation by \$364,000. The cost containment actions included reductions to the Nutrient Management Cost Share Program (\$83,000), pesticide regulation (\$82,829), utilities (\$80,171), Manure Transport Program (\$65,000); reclassification of an assistant secretary position (\$50,000); and reductions in grants (\$3,000).

Governor’s Proposed Budget

MDA’s fiscal 2009 allowance exceeds the fiscal 2008 working appropriation by \$4.6 million, or 7.3%. This increase is primarily due to a 10.2% increase in general funds as shown in **Exhibit 2**.

Exhibit 2
Governor’s Proposed Budget
Department of Agriculture
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
2008 Working Appropriation	\$32,071	\$21,307	\$4,908	\$3,910	\$62,195
2009 Governor’s Allowance	<u>35,356</u>	<u>21,532</u>	<u>6,835</u>	<u>3,025</u>	<u>66,748</u>
Amount Change	\$3,285	\$225	\$1,926	-\$884	\$4,553
Percent Change	10.2%	1.1%	39.3%	-22.6%	7.3%

Where It Goes:

Personnel Expenses

Health insurance liability for future retirees	\$1,519
Health insurance for current employees and retirees	635
Increments and other compensation.....	494
Decrease turnover rate in existing positions	466
Reclassification of employees in Office of Resource Conservation.....	416
One-time hiring freeze savings	134
Other fringe benefit adjustments.....	15
Abolished positions (10).....	-474

Other Changes

<i>To protect the health of the public, plant, and animal resources</i>	
Emerald ash borer eradication and enforcement material costs.....	1,100
Gypsy moth suppression program contractual spraying services	900

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Federal gypsy moth suppression funds	500
Agricultural best management practice efficiency and nutrient trading studies	110
Grant reductions in Resource Conservation for nutrient reduction	-416
Reduction in federal Environmental Quality Incentives Program funding.....	-540
Decrease in cover crops	-395
DHMH grant reductions for homeland security and emergency preparedness	-226
One-time agro-terrorism contamination analysis equipment purchase.....	-170
<i>To promote profitable production, use, and sale of Maryland agricultural products</i>	
MARBIDCO’s mandated funding increase	500
Marketing funding for specialty crops.....	190
<i>To provide and promote land stewardship</i>	
Reduced appraisal costs for agricultural land preservation	-186
<i>Promote State Agriculture</i>	
Software upgrades for laptops and desktops.....	170
First of four years of capital lease payments for new desktops and laptops	86
Other adjustments	275
Total	\$4,553

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

Personnel Expenses

Overall, MDA’s personnel expenses increase \$3.2 million in the fiscal 2009 allowance. The budgeting of \$1.5 million for the future retiree health insurance liability accounts for approximately half of the personnel expense growth.

Other budget increases include \$635,000 for current employee and retiree health insurance, \$494,000 for increments and other fringe benefits, \$466,000 for the decreased turnover rate (\$400,000 of which is due to the shift of funding from federal to general funds for gypsy moth suppression because the fiscal 2008 budget anticipated the loss of federal funds by increasing the turnover rate), \$416,000 for the reclassification of Soil Conservation District field staff in the Office of Resource Conservation, and \$134,000 for one-time hiring freeze savings. Other fringe benefit adjustments account for \$15,000 of the personnel expenses increase. The largest reduction in personnel expenses is attributable to the 10 abolished positions in the fiscal 2009 allowance.

Programmatic Expenses

Programmatic changes in MDA’s fiscal 2009 allowance result in a \$1.3 million increase. A significant portion of the programmatic activity revolves around MDA’s goal to protect the health of the public, plant, and animal resources. Emerald ash borer eradication and enforcement costs increase \$1.1 million, contractual services to spray 25,000 acres for gypsy moth suppression increase

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\$900,000, federal gypsy moth suppression funds increase \$500,000, and costs for studies of agricultural best management practice efficiencies and nutrient trading increase \$110,000. These increases are partially offset by decreases of \$416,000 in grants for horse pasture best management practices and for soil conservation planners to do work in watersheds, \$540,000 in federal Environmental Quality Incentives Program funding, \$395,000 for cover crops, \$226,000 for Department of Health and Mental Hygiene homeland security, public health, and emergency preparedness grants, and \$170,000 due to a one-time agro-terrorism contamination analysis equipment purchase.

In terms of promoting profitable production, use, and sale of agricultural products, MDA has three significant funding increases in the fiscal 2009 allowance. The Maryland Agricultural and Resource-Based Industry Development Corporation receives the statutorily mandated \$500,000 increase. In addition, there is a \$190,000 increase in the allowance for specialty crop marketing per the current language in the federal Farm Bill.

Promotion of land stewardship and support functions for State agricultural in general are also budgeted in the fiscal 2009 allowance. A less expensive bid for appraisals reduces the cost for agricultural land preservation by \$186,000. The allowance increases by \$170,000 for a software upgrade to Office 2007 and by \$86,000 for the first of four years of capital lease payments for new laptops and desktops to replace aging technology. Other adjustments account for a \$47,000 decrease in the fiscal 2009 allowance.

Impact of Cost Containment

All 10 position abolitions in MDA's fiscal 2009 allowance are attributable to the cost containment actions codified in Chapter 2 of the 2007 special session. Chapter 2 required the Administration to reduce the State's complement of positions by 500. MDA reports that four soil conservation district field personnel positions were abolished, which will make it more difficult to reach the statutory requirement of 110 field personnel.

Cover Crop Funding

Cover crop funding in the fiscal 2009 allowance decreases by \$395,164 from the fiscal 2008 working appropriation as shown in **Exhibit 3**. In addition, \$600,000 of the fiscal 2009 allowance will be for planting a "Hulless Barley" commodity cover crop that is used as a biofuel feedstock and thus will not increase the overall cover crop acreage. In general, the difference between cover crops and commodity cover crops is that cover crops are plowed under at the end of the winter planting cycle while commodity cover crops are harvested and sold.

MDA's fiscal 2008 working appropriation for cover crops was \$8.8 million. Farmers requested 336,800 acres of cover crops, which MDA estimated would have cost \$13.2 million. Taking into account limited funding and attrition from the program, MDA approved contracts for 303,364 acres, or approximately 90% of the acres requested by farmers. MDA reports that acres of approved contracts are not available at this time.

**Exhibit 3
Cover Crop Funding
Fiscal 2007-2009**

<u>Type of Cover Crop</u>	<u>Fund (GF, SF, RF)</u>	<u>2007 Actual</u>	<u>2008 Working</u>	<u>2009 Allowance</u>
Cover crop	SF (BRF)	\$4,206,210	\$4,672,905	\$4,308,141
Cover crop	RF (EPA)	290,477	300,000	300,000
Cover crop	GF	1,019,468	710,000	710,000
Tributary strategy cover crop	GF	1,354,092	1,790,000	1,715,000
Tributary strategy commodity cover crop	GF	741,508	650,000	650,000
Tributary strategy commodity cover crop	SF (CBT & MGPA) ¹	0	512,400	702,000
Targeted watershed cover crop	RF (EPA and DNR)	43,112	160,000	15,000
Total – Cover Crop Funding		\$7,654,867	\$8,795,305	\$8,400,141
Funding by Fund Type	GF	\$3,115,068	\$3,150,000	\$3,075,000
	SF	4,206,210	5,185,305	5,010,141
	RF	333,589	460,000	315,000
Total – Funding by Fund Type		\$7,654,867	\$8,795,305	\$8,400,141

¹The tributary strategy commodity cover crop funding from the Maryland Grain Producers in fiscal 2008 (\$240,000) and 2009 (\$600,000) is for a “Hulless Barley” commodity cover crop and thus will not increase the overall cover crop acreage.

BRF: Bay Restoration Fund
 CBT: Chesapeake Bay Trust
 DNR: Department of Natural Resources
 EPA: Environmental Protection Agency

GF: General Fund
 MGPA: Maryland Grain Producers Association
 RF: Reimbursable Fund
 SF: Special Fund

Source: Maryland Department of Agriculture

If the pattern holds whereby approximately 80% of fall approved contracts are actually certified in the spring, then 80% of the approved fall 2007 contracts of 303,364 acres (approximately 240,000 acres) would be paid for in spring 2008. At approximately \$40 per acre, the cost would be \$9.6 million. This would be greater than the \$8.8 million fiscal 2008 working appropriation. However, it is possible that the cover crop contracts finally approved may be depressed due to higher

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than average winter wheat prices that would encourage farmers to sell their winter cover crop instead of plowing it under in the spring.

MDA should be prepared to brief the committees on how the volatility of the commodity markets impacts farmer enrollment in the cover crop program and what this means for long-term plans to reduce nutrient flow to the Chesapeake Bay using cover crops.

Issues

1. Chesapeake Bay 2010 Trust Fund Allocation

Chapter 6 of the 2007 special session, created a Chesapeake Bay 2010 Trust Fund. The fund is a special nonlapsing fund for the purpose of providing financial assistance to meet the Chesapeake 2000 Agreement goals for the restoration of the Chesapeake Bay and its tributaries. The fund is composed of a portion of existing revenues from the motor fuel tax and existing revenues from the sales and use tax on short-term vehicle rentals that would otherwise go to the general fund and is expected to allow for approximately \$50.0 million in assistance in fiscal 2009.

The fund is currently budgeted in the Department of Budget and Management (DBM) fiscal 2009 allowance pending the determination of how the monies are to be expended. It is anticipated that legislation or budget bill language will be considered this session relating to the allocation of the fund. If the funds are allocated for specific purposes or programs, they may be transferred from DBM by budget amendment.

The Department of Legislative Services recommends that the Maryland Department of Agriculture discuss what strategies it would recommend for allocation of the Chesapeake Bay 2010 Trust Fund revenue for effective and efficient restoration of the bay.

2. Transition Team and Maryland Agricultural Commission Recommendations Combined

MDA has merged the recommendations from two recent planning exercises, “A Statewide Plan for Agricultural Policy and Resource Management” completed by the Maryland Agricultural Commission and the Agricultural Transition Team report completed for Governor Martin J. O’Malley. The result is a list of 109 recommendations, broken down into a number of categories including completion status (accomplished or ongoing); issue addressed (profitability, land, or research); topic area; action type (funding or budgetary, agency regulation or rule, legislative action, programmatic action); and implementing partner. **Exhibit 4** shows the recommendations requiring funding or budgetary action.

**Exhibit 4
Agricultural Transition Team’s Implementation Committee
Combined Funding/Budgetary Recommendations**

Action	Issue/Topic Area	Description	Notes
Recommendations Accomplished			
MARBIDCO	Profitability/ Business Assistance	Increase funding for agricultural economic development initiatives.	MARBIDCO received statutorily required funding of \$3.0 million in fiscal 2008, and is budgeted \$3.5 million in fiscal 2009 allowance.
Rural Broadband	Profitability/ Business Assistance	Expand rural broadband.	Governor announced inclusion of \$2 million in funding to link Lower Eastern Shore and Western Shore.
Milk Hauling Permit	Profitability/ Business Assistance Costs	Review and adjust weight limit restrictions.	Chapter 404 of 2007, created an exceptional hauling permit pilot program.
Public Relations Campaign	Research/Promote Agriculture	Develop a public relations campaign.	Agricultural Awareness Campaign created.
Recommendations Ongoing			
Cover Crops	Land/BMPs Cover Crops	Provide sufficient funding for cover crop program.	Received applications for \$13.2 million in fiscal 2008 but only approved \$12.5 million due to \$8.8 million in funding.
Low Interest Loans	Land/BMPs Implement	Increase funding for linked deposit low interest loans for agricultural conservation.	Received \$3 million in fiscal 2007 and projected to receive \$4 million in MDE’s fiscal 2009 allowance but MDA recommends \$5 to \$8 million.
Soil Conservation Districts (SCD)	Land/BMPs Implement	Increase SCD field staffing to 110 positions.	12 SCD field staff positions were budgeted in fiscal 2008 in order to come closer to the 110 position requirement, but 4 SCD field positions were abolished in the fiscal 2009 allowance and currently there are only 78 general fund positions and 86 positions of all fund types.

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Action	Issue/Topic Area	Description	Notes
Nutrient Trading	Land/BMP Incentives	Increase ways to reward farmers who are using good stewardship practices.	MDE and MDA are both developing nutrient trading plans; MDA is focusing on nonpoint to point source trading.
Nutrient Management Planners	Land/BMPs Nutrient Management	Provide additional funding to encourage maximum compliance with nutrient management requirements.	MDA is funding the University of Maryland Cooperative Extension nutrient planners, but funding has not increased in recent years from approximately \$1.8 million, and overall staff levels are insufficient according to MDA.
Crop Insurance	Profitability/ Insurance	Increase crop insurance funding.	Chapter 427 of 2007, changed cost share from \$2/acre to 8% of premium.
State Marketing Programs	Profitability/ Local Marketing	Increase funding for State marketing programs.	No over the current service budget requests have been funded recently for marketing.
Salisbury Laboratory	Research/Plant and Animal Protection	Establish a laboratory in Salisbury.	MDA is developing a capital budget plan for a new poultry health diagnostic laboratory.

BMP: Best Management Practice

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation

MDA: Maryland Department of Agriculture

MDE: Maryland Department of the Environment

Source: Maryland Department of Agriculture; Department of Legislative Services

MDA should be prepared to brief the committees on how it has prioritized the recommendations above, how the fiscal 2009 allowance compares to these recommendations, and how the Federal Farm bill may help with funding.

3. Nonpoint to Point Source Nutrient Trading Explored

The Maryland Department of the Environment (MDE) and MDA have both initiated nutrient trading policy development. MDE's implementation is considered phase I of the process and is focused on point source to point source (wastewater treatment plants, primarily) nutrient trading. MDA is focusing on phase II of nutrient trading and to this end submitted a 2007 Conservation Innovation Grant request for \$250,000 to the U.S. Department of Agriculture's Natural Resources Conservation Service. The grant would be used to develop point source to nonpoint source

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(wastewater treatment plant to agriculture) nutrient trading policies with a final outcome of piloting point source to nonpoint source trading in the upper Chesapeake Bay. The upper Chesapeake Bay is defined as the Patapsco/Back River, Upper Western Shore, and Upper Eastern Shore tributary basins.

The possible advantage of nutrient trading is the market efficiency of trading wastewater treatment plant permit-restricted reductions for unregulated and relatively less expensive agricultural reductions. As an added bonus, the contract-backed trades would incorporate nonpoint source reductions into point source permits and thus would bring the nonpoint sources involved in the trading within the regulatory framework. This is one possible way to handle the fact that no provisions in the federal Clean Water Act allow for nonpoint source regulation (Combined Animal Feed Operations and Municipal Separate Storm Sewer Systems are exceptions to this general rule). If nonpoint sources are not somehow brought within the regulatory umbrella, as nutrient trading would allow for, then total maximum daily loads for nutrients entering the Chesapeake Bay may not be enforceable.

Before exploring nutrient trading further, it is instructive to look at the current state of farmer nutrient management program compliance. According to the federal Chesapeake Bay Program’s model, in 2005, agricultural practices were the largest source of nutrient and sediment pollution to the Chesapeake Bay, contributing 37% of the nitrogen, 42% of the phosphorus, and 70% of the sediment loads. Under the Water Quality Improvement Act (WQIA) of 1998, farmers that have more than \$2,500 in revenue or more than 8,000 pounds of live animal weight are required to have nutrient management plans developed and implemented by specific dates. **Exhibit 5** provides nutrient management plan submission compliance data for calendar 2007. Plan submission is the first step, which must be followed up by submission of an annual implementation report by March 1 of each year.

Exhibit 5
Nutrient Management Plan Submission Compliance
(As of December 31, 2007)

	<u>Total Eligible</u>	<u>In Compliance</u>	<u>Out of Compliance</u>
Farm Operations	6,078	5,899 (97%)	179 (3%)
Acres	1,318,088	1,295,338 (98%)	22,750 (2%)

Note: The total eligible farm operations have decreased from 6,691 to 6,100 over the last year.

Source: Maryland Department of Agriculture

Exhibit 6 depicts the history of nutrient plan submission compliance. Of note, the number of eligible farm operations have decreased significantly over the past year, but it is unclear whether this is due to eligibility validation efforts or to actual decreases in the number of farms.

Exhibit 6
Lacking Nutrient Management Plans

	<u>December</u> <u>2002*</u>	<u>December</u> <u>2003*</u>	<u>November</u> <u>2004*</u>	<u>December</u> <u>2005</u>	<u>December</u> <u>2006</u>	<u>December</u> <u>2007</u>
Farms	56%	42%	21%	21%	10%	3%
Acres	55%	32%	16%	20%	6%	2%

Note: The total eligible farm operations have decreased from 6,691 to 6,100 over the last year.

*Includes operations that submitted delay justification forms, and thus were compliant with statute.

Source: Maryland Department of Agriculture

For farmers in compliance with the nutrient management program, nutrient trading may offer remuneration for their efforts. However, two caveats must be considered in regard to nutrient trading.

First, there may be a limited number of best management practices available to trade once the Tributary Strategies (Maryland’s tributary-based plan for bay restoration) have been met because of the aggressive nature of the best management practice implementation schedule. For instance, the tributary strategies require 800,000 acres of cover crops, which is approximately 54% of the 1,480,000 cropland acres in Maryland. Currently the State is well short of the cover crop goal. Therefore, point to nonpoint source nutrient trading may falter due to inability to reach best management practice goals. Furthermore, there is some interest in viewing nutrient trading as a way to maintain the final nutrient level goal and not as a mechanism for reducing loading levels. Under this scenario, nutrient trading would come into play after the tributary strategies have been met. These concerns could be allayed by the creation of new or expanded use of existing underused best management practices such as enhanced nutrient management (paying farmers to use less fertilizer), precision agriculture (more targeted fertilizer application), and methane digesting in dairy operations.

Second, capital to capital trades (trading animal wastes management system reductions for wastewater treatment plant reductions) may be more reliable than capital to one-year best management practice trades (cover crop) because farmers probably do not want to be restricted by multiple year commitments (especially because of agricultural market volatility due to the weather) as would be required for long-term offsets of wastewater treatment plant nutrient loading increases.

One alternative to nutrient trading might be to combine a risk reduction mechanism (crop insurance) with a nutrient management technique (enhanced nutrient management). If the State were to provide higher levels of crop insurance subsidies, then perhaps farmers would view this as sufficient incentive to reduce their fertilizer application levels.

MDA should be prepared to discuss the status of and potential for nonpoint to point source nutrient trading as it relates to both Chesapeake Bay restoration and farm profitability.

4. MARBIDCO Assistance Underway

The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) began business in fiscal 2007 and moved into its own office in May 2007. Committee narrative in the 2007 *Joint Chairmen’s Report* required MARBIDCO to submit a report on the number, amount, use, and economic benefits of financial assistance MARBIDCO provided during fiscal 2007. MARBIDCO submitted the report on December 14, 2007. **Exhibit 7** shows that three MARBIDCO grant programs funded nine projects for a total of \$162,788 (\$140,278 encumbered and approximately \$22,000 expended as grants) with a range of assisted firms between 64 and 95 (two instances are indeterminate).

**Exhibit 7
MARBIDCO Fiscal 2007 Grant Allocation Summary**

Project Name/County Unit/Contractor	County/Industry/Region	Amount	# of Firms Assisted
Maryland Farm and Producer Viability Program – new enterprise business plan assistance			
Coves End Seafood	Dorchester	\$15,000	1
Goetz Goat Dairy	Frederick	\$15,000	1
Upper Shore Regional Council	Cecil, Queen Anne’s, Kent	\$15,000	Indeterminate
Southern Maryland Wine Growers Cooperative	St. Mary’s	\$15,000	12 to 24
Local Government Ag/RBI Cost Share Program – rural business development cost share			
Dorchester County Economic Development Office	Crab Meat Processors (Packers)	\$35,000	14
Montgomery County Department of Economic Development	Small Agricultural Producers	\$5,678	10

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Project Name/County Unit/Contractor	County/Industry/Region	Amount	# of Firms Assisted
Rural Business Development Assistance Grants – includes other grant programs such as the rural business energy efficiency program			
Chesapeake Bay Seafood Industries Association (commercial application research of two crab-picking technologies)	Anne Arundel, Baltimore, Caroline, Calvert, Cecil, Dorchester, Kent, Queen Anne’s, St. Mary’s, Somerset, Talbot, Wicomico, Worcester	\$10,000	1 directly (up to 20 indirectly)
EnSave and Western Maryland Resource Conservation and Development Council, Inc.	Western Maryland (Garrett, Allegany, Washington, Frederick, and Carroll)	\$12,500	25 farms
Business Economic and Community Outreach Network, Salisbury University	Statewide (all 24 jurisdictions)	\$39,600	Indeterminate

Source: Maryland Agricultural and Resource-Based Industry Development Corporation

Three projects highlight MARBIDCO’s first year. The \$10,000 grant to the Chesapeake Bay Seafood Industries Association for research into the commercial application of two crab-picking technologies ended up without a commercially viable process. MARBIDCO worked with the Montgomery County Department of Economic Development to pilot a project related to use of wireless payment technology at farmers’ markets with results expected in January 2008. MARBIDCO also commissioned the Business Economic and Community Outreach Network (BEACON) at Salisbury University to conduct an economic impact analysis study of Maryland’s rural industry sectors.

MARBIDCO should be prepared to brief the committees on its overall strategy for giving grants versus loans and the results of the wireless payment technology pilot project and economic impact analysis study. MARBIDCO should also be prepared to discuss what lessons the economic impact analysis study might have for agriculture as a whole in Maryland and what it has to say about the relative value of value-added enterprises and agricultural commodity operations.

5. Soil Conservation District Personnel Statute Requirement Unclear

Chapter 289 of 2006 (Agricultural Stewardship Act of 2006) stated the intent of the General Assembly to provide sufficient technical assistance and resources through the soil conservation

districts to assist farmers in pursuit of soil conservation and water quality plans. Specifically, Chapter 289 required the Governor to appropriate the following:

- an amount in the annual budget bill sufficient to employ not less than 110 field personnel in the soil conservation districts; and
- funding for soil conservation districts of \$8.8 million in fiscal 2008, \$9.2 million in fiscal 2009, \$9.6 million in fiscal 2010, and \$10.0 million in fiscal 2011 and thereafter.

The legislature's intent is clear that the Governor is required to include, in the fiscal 2009 allowance, funding for 110 soil conservation district field staff. However, this is not the case as the allowance only includes 86 positions for 2009.

Issues

1. **Funding for Positions vs. Districts:** The statute is not clear about whether the mandated funding amounts are needed as overall support for the soil conservation districts or are specific to funding only field personnel expenses;
2. **Funding Sources:** The mandated appropriations are not specified as to fund source so the statute is also unclear as to whether the Administration may appropriate general funds or a mix of funds; and
3. **Definition of Positions:** Finally it is unclear how field personnel are defined and counted.

DLS recommends to the committees that the question of funding source, the number of soil conservation district field personnel positions required, the definitions of soil conservation district field personnel and soil conservation district, and the relationship between the field personnel funding requirement and the soil conservation district funding requirement be addressed in either the Budget Reconciliation and Financing Act of 2008 or a separate piece of legislation. In addition, DLS recommends that the committees require MDA to submit at the time of the annual State budget submission the status of the following:

- **the number of authorized soil conservation district field personnel positions, the number of vacant authorized field personnel positions, the funding source and amount for each authorized position; and**
- **the source of funding and the amount as well as what subprograms and subobjects are covered under soil conservation district funding.**

Recommended Actions

	<u>Amount Reduction</u>	<u>Position Reduction</u>
1. Delete office secretary III position and funding because the position has been vacant since December 29, 2006 (over 12 months).	\$ 31,825	GF 1.0
2. Reduce the increase in the appropriation for the Maryland Agricultural and Resource-Based Industry Development Corporation. This action level funds the corporation at its fiscal 2008 appropriation of \$3.0 million.	500,000	GF
3. Reduce the federal fund appropriation in Forest Pest Management. The Maryland Department of Agriculture (MDA) overbudgeted the amount of federal funds it expects to receive. This reduction leaves MDA with a \$200,000 appropriation in Forest Pest Management, which MDA advises is sufficient for the anticipated non-gypsy moth grants.	300,000	FF
4. Adopt the following narrative:		

Soil Conservation District and Field Personnel Status: The committees are concerned that it is difficult to track the progress toward funding the mandated 110 soil conservation field personnel and the funding for soil conservation districts at \$9.2 million in fiscal 2009. Therefore, the committees request that the Maryland Department of Agriculture include with the submission for the annual State budget the status of the following:

- the number of authorized soil conservation district field personnel positions, the number of vacant authorized field personnel positions, the funding source, and amount for each authorized position; and
- the source of funding and the amount as well as what subprograms and subobjects are covered under soil conservation district funding.

Information Request	Author	Due Date
Status of soil conservation district funding and field personnel requirements	Maryland Department of Agriculture	Fiscal 2010 State budget submission and annually thereafter

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	<u>Amount Reduction</u>	<u>Position Reduction</u>
5. Reduce the general fund appropriation for cover crops due to underbudgeting for special funds from the Bay Restoration Fund. This action reduces the traditional cover crop program appropriation in the Office of Resource Conservation because the Maryland Department of Agriculture (MDA) appears to have underbudgeted the special funds from the Bay Restoration Fund by approximately \$200,000. MDA would be allowed to increase its special fund appropriation through a deficiency appropriation during the 2009 session in order to increase its special fund appropriation by the \$200,000 amount underbudgeted.	200,000	GF
Total Reductions	\$ 1,031,825	1.0
Total General Fund Reductions	\$ 731,825	
Total Federal Fund Reductions	\$ 300,000	

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Department of Agriculture (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$29,263	\$20,119	\$5,608	\$3,867	\$58,857
Deficiency Appropriation	1,100	0	0	0	1,100
Budget Amendments	-71	692	3,305	200	4,126
Reversions and Cancellations	-271	-1,864	-1,867	-822	-4,824
Actual Expenditures	\$30,021	\$18,947	\$7,046	\$3,245	\$59,259
Fiscal 2008					
Legislative Appropriation	\$32,127	\$21,377	\$4,908	\$3,910	\$62,322
Cost Containment	-364	-171	0	0	-535
Budget Amendments	307	100	0	0	407
Working Appropriation	\$32,070	\$21,306	\$4,908	\$3,910	\$62,194

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

Fiscal 2007

MDA's general fund appropriation increased by a net of \$758,163. The increase primarily was due to a \$1,100,000 deficiency appropriation for gypsy moth suppression in the Forest Pest Management program. In addition, the general fund appropriation increased due to allocation of the cost-of-living adjustment (COLA) general fund appropriation (\$262,697) as authorized in the fiscal 2007 budget bill (Budget Amendment 001-07). The general fund increase was offset by \$329,033 for cost containment actions taken by the Board of Public Works on February 28, 2007, and a \$4,558 reduction for the costs of a comprehensive salary study. Reversions totaled \$270,943 and were primarily in Central Services (\$122,854), Pesticide Regulation (\$41,322), and Animal Health (\$29,678).

Special funds dedicated to operating functions decreased by a net of \$1,171,456. Budget amendments brought in a net increase of \$692,386. The following special funds were brought in via budget amendment (totaling \$1,253,665):

- \$352,490 for first-year implementation of four multi-year grant awards from the Chesapeake Bay Trust and National Fish and Wildlife Federation that are intended to improve and augment water quality initiatives by managing nutrients on agricultural land;
- \$300,000 for higher revenue than expected from specialized lab testing and increased lab testing costs instituted in late fiscal 2006 in Animal Health;
- \$202,195 for Maryland Agricultural Education and Rural Development Assistance Fund rural economic development grants;
- \$181,092 for Rural Maryland Council office operations;
- \$102,888 for allocation of the COLA special fund appropriation as authorized in the fiscal 2007 budget bill (Budget Amendment 011-07);
- \$50,000 for lower turnover than anticipated in Weights and Measures;
- \$45,000 for increased gypsy moth spraying in Forest Pest Management; and
- \$20,000 for mosquito spraying activities in Mosquito Control.

These special fund increases partially were offset by \$561,279 in budget amendment reductions to the appropriation. Appropriations were reduced via the following budget amendments:

- \$254,000 for lower revenue than expected in the Grading Program due to lower personnel needs;

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- \$170,000 for reversion of funds that were not used for a census and economic impact study of the Maryland horse industry;
- \$97,279 for reversion of funds that were brought in via budget amendment for the Rural Maryland Council and were used to cover the spending of federal funds in fiscal 2007 that were never received; and
- \$40,000 for lower operating expenses due to a vacant investigator position in State Board of Veterinary Medical Examiners.

The special fund increases were also offset by \$1,863,842 in cancellations. The majority of the cancellations were in the following programs: Resource Conservation Grants (\$922,202) due to lower than anticipated revenues from the Bay Restoration Fund, poultry companies, and grain producers; Maryland Agricultural Land Preservation Foundation (\$236,221) due to lower operational costs for installment purchase agreement consulting and use of internal staff for computer services; Resource Conservation Operations (\$169,207) due to lower use than anticipated for Chesapeake Bay Trust funds for hulless barley; State Chemist (\$110,323) due to revenue transfers to Pesticide Regulation; and Marketing and Agricultural Development (\$79,436) due to lower revenues in International Marketing because the Southern U.S. Trade Association and U.S. Livestock Genetics Export, Inc. pay MDA's expenses directly rather than providing grants.

Federal funds dedicated to operating functions increased by a net of \$1,437,838. The majority of this increase was due to a net budget amendment increase of \$3,305,008. The following funds were brought in via budget amendment (totaling \$3,849,356):

- \$3,724,586 for surveying, identifying, and destroying ash trees within a quarantined area of Prince George's County to prevent the spread of the emerald ash borer;
- \$61,000 for new meat grading and country of origin labeling inspection agreements with the U.S. Department of Agriculture in Food Quality Assurance;
- \$30,000 for funding one inspector position and freight for samples in the State Chemist from higher revenue from inspection services;
- \$25,770 for higher utility costs which were funded by higher than anticipated revenue from indirect costs in Central Services; and
- \$8,000 for an increase over planned revenue and expenses from grants in Pesticide Regulation.

The following budget amendments (totaling \$544,348) decreased the federal fund appropriation:

- \$425,000 for shifting a \$750,000 grant from a one-year expenditure track to a three-year expenditure track in Program Planning and Development;

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- \$80,153 for decreased operating expenses in Rural Maryland Council; and
- \$39,195 for deferring hiring an accountant for federal grant accounting.

Federal fund cancellations totaled \$1,867,170 and were primarily in the following programs: Plant Protection and Weed Management (\$650,570) due to lower spending than anticipated on emerald ash borer eradication; Resource Conservation Operations (\$561,696) due to a reduction in Natural Resources Conservation Service grants for staffing and a slow start in disbursing Environmental Quality Incentives Program funding to Soil Conservation Districts; Marketing and Agriculture Development (\$238,912) due to no new funding for the Specialty Crop program and lower funds from the Women, Infants, and Children program; Forest Pest Management (\$141,910) due to lower gypsy moth suppression funding; and Animal Health (\$120,617) due to less grant opportunities from Animal and Plant Health Inspection Service and staff shortages causing work to go unfinished.

The reimbursable fund appropriation decreased by a net of \$622,241. The appropriation decreased due to cancellations totaling \$822,241 with the majority being in the following programs: Resource Conservation Grants (\$227,197) due to the loss of a cover crop grant from the Department of Natural Resources; Animal Health (\$179,050); and Maryland Agricultural Statistics Service (\$167,166) due to the Horse Industry Board not going through with an equine survey. The decrease partially was offset by a budget amendment for \$200,000 that transferred funds from the Department of Natural Resources' Watershed Services to the Maryland Department of Agriculture's (MDA) Office of Resource Conservation for maintaining staffing levels at the University of Maryland, supporting development of nutrient management planning, and providing education and data management support to farmers and MDA.

Fiscal 2008

The general fund appropriation decreases by a net of \$56,509. The decrease was due to \$364,000 in cost containment actions taken by the Board of Public Works on July 11, 2007. The cost containment actions included reductions to the Nutrient Management Cost Share Program (\$83,000), pesticide regulation (\$82,829), utilities (\$80,171), Manure Transport Program (\$65,000); reclassification of an assistant secretary position (\$50,000); and reductions in grants (\$3,000). This decrease was partially offset by the allocation of the COLA general fund appropriation (\$307,491) as authorized in the fiscal 2008 budget bill (Budget Amendment 001-08).

The special fund appropriation decreases by a net of \$70,734. This decrease reflects the cost containment actions affecting Marketing and Agriculture Development (\$171,000) approved by the Board of Public Works on July 11, 2007. The cost containment action is an 8% reduction of Cigarette Restitution Fund monies for infrastructure grants to Southern Maryland farmers transitioning from tobacco farming. This decrease is partially offset by the allocation of the COLA special fund appropriation (\$100,266) as authorized in the fiscal 2008 budget bill (Budget Amendment 002-08).

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	435.50	446.50	436.50	-10.00	-2.2%
02 Contractual	38.93	42.39	49.33	6.94	16.4%
Total Positions	474.43	488.89	485.83	-3.06	-0.6%
Objects					
01 Salaries and Wages	\$ 25,857,095	\$ 26,704,718	\$ 29,910,137	\$ 3,205,419	12.0%
02 Technical and Special Fees	1,166,266	1,296,232	1,341,253	45,021	3.5%
03 Communication	584,260	721,805	714,997	-6,808	-0.9%
04 Travel	512,363	585,291	590,566	5,275	0.9%
06 Fuel and Utilities	1,235,651	1,283,788	1,237,279	-46,509	-3.6%
07 Motor Vehicles	1,362,976	1,252,614	1,305,789	53,175	4.2%
08 Contractual Services	9,213,530	6,086,656	8,393,042	2,306,386	37.9%
09 Supplies and Materials	1,627,113	1,589,624	1,623,249	33,625	2.1%
10 Equipment - Replacement	183,527	205,737	309,545	103,808	50.5%
11 Equipment - Additional	270,565	449,030	275,794	-173,236	-38.6%
12 Grants, Subsidies, and Contributions	16,312,137	20,747,010	19,969,108	-777,902	-3.7%
13 Fixed Charges	263,744	302,231	293,377	-8,854	-2.9%
14 Land and Structures	670,366	970,600	784,000	-186,600	-19.2%
Total Objects	\$ 59,259,593	\$ 62,195,336	\$ 66,748,136	\$ 4,552,800	7.3%
Funds					
01 General Fund	\$ 30,021,326	\$ 32,070,606	\$ 35,355,947	\$ 3,285,341	10.2%
03 Special Fund	18,947,430	21,306,624	21,532,012	225,388	1.1%
05 Federal Fund	7,045,738	4,908,216	6,834,693	1,926,477	39.3%
09 Reimbursable Fund	3,245,099	3,909,890	3,025,484	-884,406	-22.6%
Total Funds	\$ 59,259,593	\$ 62,195,336	\$ 66,748,136	\$ 4,552,800	7.3%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
Department of Agriculture**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
11 Office of the Secretary	\$ 7,734,537	\$ 8,562,715	\$ 8,680,642	\$ 117,927	1.4%
12 Office of Marketing, Animal Industry's and Consumer Services	14,813,532	18,431,740	19,740,504	1,308,764	7.1%
14 Office of Plant Industries and Pest Management	14,976,149	10,445,691	13,958,332	3,512,641	33.6%
15 Office of Resource Conservation	21,735,375	24,755,190	24,368,658	-386,532	-1.6%
Total Expenditures	\$ 59,259,593	\$ 62,195,336	\$ 66,748,136	\$ 4,552,800	7.3%
General Fund	\$ 30,021,326	\$ 32,070,606	\$ 35,355,947	\$ 3,285,341	10.2%
Special Fund	18,947,430	21,306,624	21,532,012	225,388	1.1%
Federal Fund	7,045,738	4,908,216	6,834,693	1,926,477	39.3%
Total Appropriations	\$ 56,014,494	\$ 58,285,446	\$ 63,722,652	\$ 5,437,206	9.3%
Reimbursable Fund	\$ 3,245,099	\$ 3,909,890	\$ 3,025,484	-\$ 884,406	-22.6%
Total Funds	\$ 59,259,593	\$ 62,195,336	\$ 66,748,136	\$ 4,552,800	7.3%

Note: The fiscal 2008 appropriation does not include deficiencies.