



Agency of Agriculture, Food and Markets FY 2019 Budget Presentation

House and Senate Appropriations Committees

2018

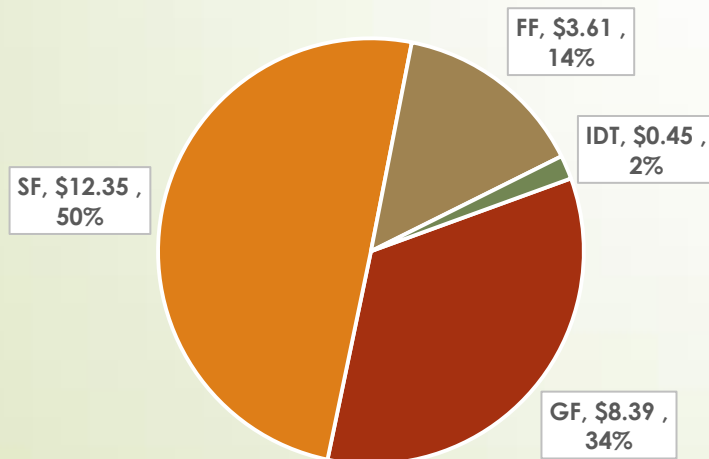
Agency of Agriculture, Food & Markets FY 2019 Governor's Recommend

Budget

MISSION: Facilitate, support and encourage the growth and viability of agriculture while protecting the working landscape, human health, animal health, plant health, consumers and the environment.

VISION: Help develop a safe, secure, ecologically responsive, profitable and fair local foods system for Vermont and Vermont customers which will enable Vermont to be a leader and participant in the global food system. The Agency will do this by assuming a leadership position important to the evolving food system, through access to and the application of resources (human, financial, social and environmental) and by supporting the creation of new opportunities.

Governor's Recommend Budget
FY 2019 (\$24.8 million)



FY 2019 SUMMARY & HIGHLIGHTS

- \$369 GF increase over FY 2018 appropriated;
- 5 Exempt, 121 Classified positions;
- Broke ground on VT Agriculture & Environmental Laboratory at VTC Campus;
- Release of RFP and deciding on vendor for Lab Information Management System Replacement;
- Moving forward with multi-year and on-line licensing & registration;
- As water quality regulatory oversight increases on farms the demand for third party technical assistance and on farm implementation efforts are increasing.

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➤ **The Agency is comprised of the six appropriations**

- Administration
- Agricultural Development
- Agricultural Resource Management
- Agricultural and Environmental Laboratory
- Food Safety, Consumer Protection
- Agricultural Clean Water Initiative

➤ **The Agency budget maintains staffing and operations to ensure the main areas of focus for the Agency.**

- Water Quality
- Jobs – Agricultural Development, New Businesses and Markets, Fair Marketplace
- Laboratory – New construction
- Food Safety and Public Health – Food Safety Modernization Act, Animal Health, Dairy and Meat

➤ **Internal service costs such as Fee for Space, insurances, VISION, etc., are allocated throughout the Agency, generally based on number of positions.**

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- FY' 19 Total Budget - \$24,832,942
- \$ 8,338,761 General Fund at 34%
- \$12,385,665 Special Funds at 50%
- \$ 3,610,367 Federal Funds at 15%
- \$ 448,149 Interdepartmental Transfer at 2%

- \$2,578,001 Net Increase Over FY' 18 (11.6% increase)
- \$ 369 General Fund (.004%)
- \$2,104,419 Special Funds (20.4%)
- \$ 337,122 Federal Funds (10.3%)
- \$ 136,091 Interdepartmental Transfer (43.6%)

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Areas of Increase:

- \$ 81,589: USDA NRCS funds for Water Quality - 1 Ag Engineer
- \$ 100,000: Environmental Scientist from DEC
- \$ 170,904: 2 Agricultural Product Specialists – FSMA Grant from FDA -\$3.625 million over 5 years began in FY 18
- \$ 306,602: Annualized Pay Act; \$179,403 = General Fund Portion
- \$ 438,265: One-time – Lab Info Management System – Special Funds
- \$ 445,000: Increase in Statewide Clean Water Fund Grants
- \$1,300,000: One-time – Move to new lab – Special & Federal/Indirect Funds

Areas of Decrease:

- \$(7,000): Moved out of leased space
- \$(35,000): Completion of RCCP Coordinator with DEC
- \$(185,700): Decrease in contractual services – All Funds

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Position Movement and Additions

		Administration	Food Safety Consumer Protection	Agricultural Development	Ag Resource Management	VT Ag & Environmental Laboratory	Ag Clean Water Initiative	Total
FY 2018 Total		16	39	15	30	14	11	125
* Limited Service Positions	Agriculture Production Specialist (FSMA) (JFO #2885)		2					2
	Engineer (NRCS) (JFO #2886)						1	1
Internal Position Movement	Water Quality Section to Clean Water Initiative Division				(14)		14	0
External Position Movement	IT Manager - To ADS	(1)						(1)
	Info Tech - To ADS	(1)						(1)
	IT Systems Developer - To ADS	(1)						(1)
	Environmental Scientist - From DEC				1			1
FY 2019 Total		13	41	15	17	14	26	126

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High Profile Budget Items

Program	GF Funding Level
Fair Stipend	\$110,000
2+2 Farm Scholarship	\$152,222
Farm to Plate	\$135,000
Natural Resource Conservation Council	\$112,000
Farm to School	\$56,250
Farm to School Universal Meals	\$115,625
Local Foods Grants	\$30,000
Working Lands	\$594,000

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Crosswalk Overview - Administration

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Administration: FY 2018 Approp	1,098,695	630,066	487,719		2,216,480
Management Savings & Rescission (From Base)	(43,000)				(43,000)
ISF Reductions (From Base)			(6,595)		(6,595)
Personal Services:					
Decrease Salary & Benefits for IT Positions to ADS	(75,157)	(147,484)	(38,292)		(260,933)
Annualization of Pay Act	(9,279)	68,358	(24,658)		34,421
Workers' Comp & Vacancy Savings	3,362		(4,705)		(1,343)
Contractual Services (IT maintenance contracts)	(700)		9,594		8,894
Operating:					
IT Services - ADS App Support		249,529			249,529
Moved out of Leased Space	(4,000)		(3,000)		(7,000)
Change in Internal Service Fund Charges			(1,708)		(1,708)
IT Lifecycle & ADS Service Level Agreement		9,004	(5,749)		3,255
Subtotal of increases/decreases	(128,774)	179,407	(75,113)	0	(24,480)
FY 2019 Governor Recommend	969,921	809,473	412,606	0	2,192,000

- Adjustments for ADS creation and resulting operating costs. Decrease Salary & Benefits for IT Positions to ADS offset by increase IT Services – ADS App Support & ADS Service Level Agreement agency wide
- Moved out of Capitol Plaza space

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Crosswalk Overview – Food Safety Consumer Protection

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Food Safety Consumer Protection: FY 2018 Approp	2,661,332	3,672,807	1,074,715	7,000	7,415,854
Management Savings & Rescission (From Base)	(10,000)				(10,000)
ISF Reductions (From Base)	(12,510)	(3,565)			(16,075)
Personal Services:					
Annualization of Pay Act	97,259	25,463	27,122		149,844
Ag Production Specialists - 2 FSMA Positions - JFO #2885			170,904		170,904
Workers' Comp & Vacancy Savings	(8,580)	152			(8,428)
Contractual Services (IT maintenance contracts)	42,742	(32,874)	(7,406)		2,462
Operating:					
Change in Internal Service Fund Charges	18	13,519	350		13,887
IT Lifecycle & ADS Service Level Agreement	14,483	7,414			21,897
Redistribution of Funding (Compliance is up so penalties are down)	44,506	(44,506)			0
Move - New Laboratory		105,000			105,000
Subtotal of increases/decreases	167,918	70,603	190,970	0	429,491
FY 2019 Governor Recommend	2,829,250	3,743,410	1,265,685	7,000	7,845,345

- Ag Production Specialists – 2 FSMA Positions – FDA Grant
- Move to New Laboratory – Weights & Measures and Animal Health portions

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Crosswalk Review - Agricultural Development

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Agricultural Development: FY 2018 Approp	1,928,127	625,830	1,233,783	39,500	3,827,240
Management Savings & Rescission (From Base)	(5,000)				(5,000)
ISF Reductions (From Base)	(5,857)	(847)	(2,062)		(8,766)
Personal Services:					
Annualization of Pay Act	14,951	(1,380)	624	3,329	17,524
Workers' Comp & Vacancy Savings	(1,827)	(317)	(773)		(2,917)
Contractual Services (IT maintenance contracts)	(14,855)		(99,900)	(792)	(115,547)
Operating:					
Change in Internal Service Fund Charges	3,994	1,094	751		5,839
IT Lifecycle & ADS Service Level Agreement	2,635				2,635
Expansion of Agriview		19,680			19,680
Miscellaneous Operating Changes	(2,100)	2,100	3,617		3,617
Grants:					
Farm To School Philanthropic 5 year commitment		20,000			20,000
Subtotal of increases/decreases	(8,059)	40,330	(97,743)	2,537	(62,935)
FY 2019 Governor Recommend	1,920,068	666,160	1,136,040	42,037	3,764,305

- Contractual Services Federal State Marketing Improvement Grant ended
- Expansion of Agriview
- Farm to School Philanthropic 5-year commitment

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Crosswalk Review – Ag Resource Management – Slide 1

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Ag Resource Management: FY 2018 Approp	1,852,119	1,958,384	477,028	207,431	4,494,962
Management Savings & Rescission (From Base)	(10,000)				(10,000)
ISF Reductions (From Base)	(6,563)	(6,629)			(13,192)
Personal Services:					
MOVED TO Ag Clean Water Initiative Appropriation	(695,383)	(440,478)	(46,527)	(207,431)	(1,389,819)
Annualization of Pay Act	19,317	28,021	(33,277)		14,061
Environmental Scientist (DEC Position)				95,344	95,344
Workers' Comp & Vacancy Savings	(1,339)	(2,060)			(3,399)
Contractual Services (IT maintenance contracts)	(7,714)	16,584			8,870

- Moving positions to Ag Clean Water Initiative – All water quality in 1 appropriation
- DEC position moved to eliminate nepotism issue

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Crosswalk Overview – Ag Resource Management – Slide 2

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Operating:					
MOVED TO Ag Clean Water Initiative Appropriation	(67,579)	(51,411)			(118,990)
Change in Internal Service Fund Charges	1,148	3,081			4,229
IT Lifecycle & ADS Service Level Agreement	(2,758)	169			2,589
Miscellaneous Operating Changes	(7,000)			5,071	1,929
Move - New Laboratory		45,000			(121,579)
Grants:					
MOVED TO Ag Clean Water Initiative Appropriation	(412,000)	(35,000)			(76,579)
Subtotal of increases/decreases	(1,189,871)	(442,723)	(79,804)	(107,016)	(1,819,414)
FY 2019 Governor Recommend	662,248	1,515,661	397,224	100,415	2,675,548

- Operating – Moved to Clean Water Initiative
- Move to New Laboratory – ARM/Plant Industry portion
- Grants – Moved to Clean Water Initiative

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Crosswalk Review VT Agriculture and Environmental Lab

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
VT Agriculture & Environmental Lab: FY 2018	848,119	1,207,787		58,127	2,114,033
Approp					
ISF Reductions (From Base)	(2,762)	(3,010)			(5,772)
Personal Services:					
Annualization of Pay Act	31,888	40,997		2,747	75,632
Workers' Comp & Vacancy Savings	(2,310)	(1,128)			(3,438)
Contractual Services (IT maintenance contracts)	(788)				(788)
Operating:					
Change in Internal Service Fund Charges	1,008	1,100			2,108
IT Lifecycle & ADS Service Level Agreement	925	2,134			3,059
Redistribution of Funding	(18,660)	18,910			250
Lab Information Management System Implementation		438,265			438,265
Move - New Laboratory		800,000	350,000		1,150,000
Subtotal of increases/decreases	9,301	1,297,268	350,000	2,747	1,659,316
FY 2019 Governor Recommend	857,420	2,505,055	350,000	60,874	3,773,349

- Lab Information Management System – 2nd half of new database
- Move to new Laboratory – One-time fit up

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Crosswalk Review – Ag Clean Water Initiative – Slide 1

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Ag Clean Water Initiative: FY 2018 Approp	0	2,186,372			2,186,372
ISF Reductions (From Base)		(4,534)			(4,534)
Personal Services:					
MOVED FROM Ag Resource Management Appropriation	695,383	440,478	46,527	207,431	1,389,819
Annualization of Pay Act	25,256	38,733	2,285	(51,197)	15,077
Agricultural Engineer - JFO #2886				81,589	81,589
Workers' Comp & Vacancy Savings	(7,095)	4,945			(2,150)
Contractual Services (IT maintenance contracts)	24,310	(114,161)			(89,851)

- From Ag Resource Management – All water quality in 1 appropriation
- Agricultural Engineer – JFO #2886 – thank you NRCS
- Contractual Services (IT maintenance contracts)

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Crosswalk Overview – Ag Clean Water Initiative – Slide 2

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Operating:					
MOVED FROM Ag Resource Management Appropriation	67,579	51,411			118,990
Change in Internal Service Fund Charges	(26,622)	29,033			2,411
IT Lifecycle & ADS Service Level Agreement	(1,786)	29,458			27,672
Redistribution of Funding	(39,171)	39,171			0
Grants:					
MOVED FROM Ag Resource Management Appropriation	412,000	35,000			447,000
Increased State Clean Water Fund Grants		445,000			445,000
Completed Agreement with DEC - RCPP Coordinator		(35,000)			(35,000)
Subtotal of increases/decreases	1,149,854	959,534	48,812	237,823	2,396,023
FY 2019 Governor Recommend	1,149,854	3,145,906	48,812	237,823	4,582,395

- From Ag Resource Management to Ag Clean Water Initiative – operating and grants
- Increased State Clean Water Funds Grants
- Completed Agreement with DEC RCPP Coordinator

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Results Based Accountability – Working Lands Enterprise Initiative

OBJECTIVE: To advance entrepreneurship, develop business and increase the value of Vermont raw and value added products in order to develop Vermont Agricultural and Forest product economies

Performance Measure	FY'15 Cumulative	FY'16 Cumulative	FY'17 Cumulative	FY'18 Cumulative Estimates	FY'19 Estimates
Number of Jobs Created	82	367	424	474	50
Average % increase in output	93%	77%	33%	50%	50%
Total Cumulative Gross Increase	\$8.88 million	\$11.08 million	\$19.73 million	\$23.5 million	\$27.28 million

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RESULTS BASED ACCOUNTABILITY – FOOD SAFETY CONSUMER PROTECTION

OBJECTIVE: To advance a safe and secure food supply within a marketplace that provides fair and equal access to consumers and processors in order to enhance Vermont's working landscape, rural character and local economies.

Performance Measure	FY'15	FY'16	FY'17	FY'18 Estimates	FY'19 Targets
Number of Licenses/ registrations /permits overseen by division	18,677	18,345	20,322	22,462	23,585
Number of inspections completed by division	15,136	17,981	16,725	18,071	18,975
Number of compliance activities completed by the division that go beyond the level of field staff (action taken by management)	331	183	153	220	231

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RESULTS BASED ACCOUNTABILITY – MOSQUITO (TICK) CONTROL

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

Performance Measure	FY'15	FY'16	FY'17	FY'18	FY'19 Targets
Number of mosquito pools collected & tested	3,245	3,866	3,244	4,306	3,500
Percentage of collected mosquito pools with Eastern Equine Encephalitis or West Nile Virus detected	0.49%	2.52%	0.59%	2.07%	1.00%
Number of mosquitoes collected & identified	67,335	146,238	92,193	108,288	100,000

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

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Results Based Accountability – Joint with ANR on MOU responsibilities on Water Quality

Measure	Value	Limitations
The number of complaints received each year	Provides a general measure of # of citizen complaints each year.	Represents only what the public knows to file a complaint on. Does not represent violations found via inspection, etc.
The number of complaints closed each year	Represents investigations of complaints & responsiveness. Represents resolution (mostly, compliance gained but often court orders or enforcement actions to do so) of violations.	Does not represent the actions taken by each agency to address violations identified by other measures, such as inspections, etc.
The number of joint referrals to the Attorney General's Office	Represents the agreement between the two agencies that a violation was identified. Represents agreement on next steps (i.e. prosecution).	Potential cases are driven by complaints & inspections, not by the agencies themselves; numbers may increase or decrease based on factors outside of the agencies control.
The number of staff hours specifically dedicated to process improvement and better communication	Demonstrates the commitment to increased cooperation required for successful implementation of the MOU.	Difficult to quantify the ancillary "relationship building" and knowledge building that occurs as meeting regularity increases.

Performance Measure (calendar year)	ANR 2016	AAFM 2016	ANR 2017	AAFM 2017
No. of agricultural water quality complaints received	40	107	68	122
No. of agricultural water quality complaints closed	49	134	50	141
No. of joint referrals to Attorney General's Office	Not tracked		4	
No. of staff hours dedicated to process and communication improvement	No data		Lean event: ANR: 88 AAFM: 48 NEEP training: ANR: 140 AAFM: 360	

¹¹ Because a complaint is closed when the investigation is resolved, complaints received during previous years may be closed in the current or a future year.

¹² These hours are driven by staffing levels dedicated to each activity and not necessarily a commitment from either agency to participate in the process.

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Continued Growth in Value Added Agriculture

► Dairy Processing Facilities

- FY 2015 – 100
- FY 16 - 126
- FY17143
- FY18 to date – 146
- Expansions – Maplebrook in Bennington, Ben & Jerry's in St. Albans and Commonwealth in Brattleboro

► Meat Slaughter and Processing Facilities

- Interest - FY18 to date
- Barnard – State inspected poultry
- Essex Center - State inspected Jerky processing
- Newport – Federal inspected Ready to Eat Pizza
- Bridport – Federal inspected pork processing
- Charlotte – State inspected red meat processing
- Pawlet – State inspected red meat slaughter
- Montpelier – State inspected red meat & poultry processing
- Vershire – State inspected Red meat slaughter and processing
- Working with several parties wishing to develop custom processing operations in several different areas of the state.
- Potential to establish a processing operation in the Westminster/So. VT area.
- 2 Retail operations reopening & existing businesses wanting to add meat to products pizza and bakeries.
- Also a request to add meat grading to services provided.

Meat Handler License Numbers	2016	2017	Change
4-D Handler	3	2	
Animal Food Manufacturer	7	7	
Broker, Meat or Poultry Products	5	2	
Custom Packing Plant	26	27	+1
Custom Poultry Slaughterhouse	1	1	
Custom Slaughterhouse	2	2	
Federal Commercial Packing Plant	23	25	+2
Federal Commercial Poultry Slaughterhouse	4	5	+1
Federal Commercial Slaughterhouse	9	7	
Public Warehousemen	3	7	+4
Renderer	4	4	
State Commercial Packing Plant	10	10	
State Commercial Poultry Slaughterhouse	5	3	
State Commercial Slaughterhouse	3	2	
Wholesalers	154	127	

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20 New Initiatives

- ▶ Food Safety Modernization Act – FDA Grant and Building a State Program
- ▶ Partner with UVM for Produce Farmer Education of the upcoming regulation
- ▶ Hiring and training of Staff at the Agency
- ▶ Develop inspection requirements – frequency, results and enforcement
- ▶ Preparation for on-farm readiness reviews – requirement of FDA
- ▶ Capital Grant – FY18 round underway
- ▶ PIVOT Initiatives
- ▶ On-Line Licensing and Registration w/Credit Card Payment Option – Obtaining scope of work and cost estimate from database vendor to implement on-line licensure
- ▶ Grants Management System – Improved timing of grants from
 - ▶ Average number of days it took to fully execute a grant agreement in 2016 was 101 days.
 - ▶ Average number of days it took to fully execute a grant agreement in 2017 was 77 days.
 - ▶ The baseline score for grant program manager satisfaction was 60.71%
- ▶ LFO Lean Process
 - ▶ Internal Staff mapped out the current LFO permitting business process.
 - ▶ Timelines were assigned to critical steps in the process that could expedite the permitting process

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- ▶ Challenges
 - ▶ Continued growth in dairy processing
 - ▶ Continued growth in meat slaughter and processing
 - ▶ Building a new produce regulatory program
 - ▶ Continued growth in water quality – working with a ever greater number of farmers
 - ▶ Greater inspection and reports
 - ▶ Greater enforcement
 - ▶ Greater need for technical assistance
 - ▶ Pleased to have 7 engineers to assist farmers with implementing practices to protect water quality

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➤ Questions

