

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY18-19 Executive Budget Review Department of Agriculture and Forestry

House Committee on Appropriations
by the House Fiscal Division

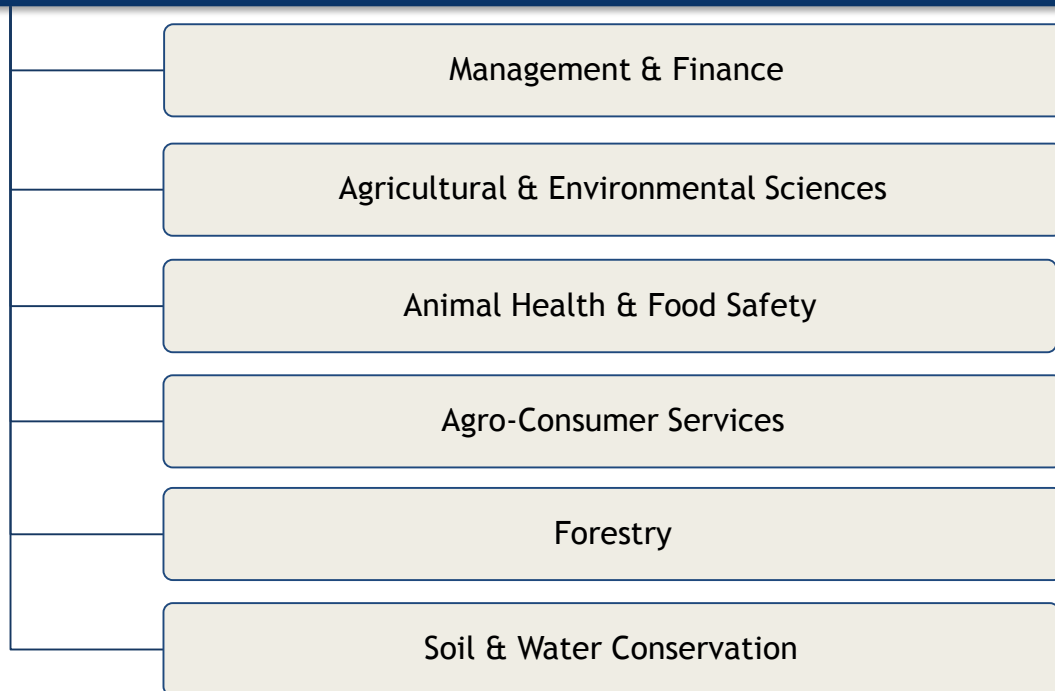
March 19, 2018

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DEPARTMENT ORGANIZATION

Department of Agriculture & Forestry



DEPARTMENT FUNCTIONS

Regulation

Maintain a safe and healthy food supply for the people of Louisiana while simultaneously protecting and safeguarding the producers.

Conservation

Protect the state's soil and water resources and ensure the state's forests are protected from harmful diseases and fires.

Marketing

Create and sustain markets and affect jobs through the development of value-added food, agriculture and forestry products industries by way of financial assistance, counsel, and promotion.

Technical Assistance

Create programs that assist producers in protecting their product from pest and disease.

DEPARTMENT FUNCTIONS

Management & Finance



- Fiscal Services- Directs, coordinates, prepares, and administers budget development, implementation, and control of the operational and capital outlay budget for LDAF.
- Human Resources- Recruits and employs qualified candidates for positions, administers the employee benefits program, and conducts policy training.
- Information Technology- Provides the department's network infrastructure, security/database administration, and application development to support department functions.
- Procurement- Assures that all purchase of supplies, equipment, and services are made in accordance with all Division of Administration policies and procedures.
- Fleet and Facility- Responsible for the repairs and maintenance of 106 properties and 253 buildings. Responsible for the maintenance and repairs for the department's fleet that consists of 889 road vehicles, 263 trailers, 167 tractors and other equipment.
- Audit- Perform audits on agricultural related entities as required by the various boards and commissions pertaining to licensing requirements or to insure the proper reporting and remittance of fees.
- Marketing- Operates financial, informational, promotional, and market development activities.

DEPARTMENT FUNCTIONS

Agriculture & Environmental Sciences



- Horticulture & Quarantine Program- Monitors and provides for the prevention, control, and eradication of regulated and exotic crop pests or diseases endangering Louisiana's food, fiber, forestry, horticultural, and apiary industries and the environment. Oversees the qualifications and practices of persons engaged in the green industry.
- Pesticide & Environmental Program- Inspects, enforces, and regulates the registration, distribution, sale, offering for sale, and application of pesticides.
- Agricultural Chemistry Program- Administers state laws and regulations which regulate the manufacturing and sale of animal feeds, pet foods, fertilizers, and agricultural liming materials. The Agricultural Chemistry Laboratory is responsible for analyzing agricultural chemicals and other farm input components as part of their regulatory enforcement.
- Seed Program- Ensures that seed sold for planting purposes meets seed label guarantees and quality standards. Enforces seed laws and regulations, manages the Seed Certification Program, and operates the state's official seed testing laboratory.

DEPARTMENT FUNCTIONS

Animal Health & Food Safety



- Grading & Certification- Assures that products purchased by institutions and schools meet the Institutional Meat Purchasing Specifications and general requirements for Fish and Fishery Products.
- Food Distribution Program- Ensures the USDA Commodities are distributed to eligible recipient agencies.
- Livestock Brand Commission- Investigates farm related crimes with the main focus on the identification of livestock through registered brands and markings.
- Food Quality Services (FQS) Program- Provides unbiased third party inspections, state inspections, and shipping point inspections for fresh fruits and vegetables grown in Louisiana.
- Poultry & Egg Division- Responsible for establishing grades for poultry and eggs sold in Louisiana and enforcing state laws, rules, and regulations for egg and poultry production, packing, and sales.
- Louisiana Egg Commission- Promotes eggs and egg products in Louisiana and issues licenses to all producers, packers, processors, wholesalers, brokers, or any other entity except retailers.
- Veterinary Health Division- Protects Louisiana livestock from infectious diseases by administering state and federal disease surveillance programs that include disease reporting, monitoring, investigation, diagnostics, containment, and eradication.
- Meat & Poultry Inspection Program- Cooperative state/federal program designed to provide consumers with safe, wholesome, properly labeled meat and poultry products.

DEPARTMENT FUNCTIONS

Agro-Consumer Services



- Licensing Program- Licenses warehouses, grain dealers and cotton merchants.
- Warehouse Program- The department performs physical inventories and inspections of all warehouses for suitability and storage.
- Grain Sampler/Grader Certification- Samplers and graders are certified on an annual basis.
- Grain Commodity Program- Inspectors compare quality or condition of agricultural commodities with official standards to determine the official grade of the commodity.
- Moisture Meter Certification Program- All moisture meters utilized in assessing grain moisture for discount purposes are checked by the Department to insure proper calibration.
- Weights & Measures- Inspect and test, on an annual basis, all weighing, measuring, metering, scanning, and packaging devices used commercially to ensure that equity prevails for buyers and sellers statewide. The Department inspects and tests all motor fuels sold in the state to ensure conformance to quality and quantity specifications.
- Dairy Stabilization Board- Addresses problems created in the marketplace and provides a regulatory program designed to stabilize the dairy industry in order to assure an adequate supply of dairy products to consumers at a fair price.
- Milk Testing Program- Works closely with other state-wide dairy groups to regulate and maintain volume measurement and butterfat testing of milk and cream.
- Commodity Promotion and Research- Administers promotion and research development programs that serve farmers and consumers through state trade shows, retail promotions, chef demonstrations, market research, development and implementation of promotion and research activities by commodity specific boards, a Senior Farmer's Market Nutrition Program, and WIC Farmer's Market Nutrition Program.

DEPARTMENT FUNCTIONS

Forestry



- Forestry Protection- Includes detection, suppression, and prevention of wildfires on the forest lands of Louisiana. Included in these objectives are community education, training, and outreach.
- Forestry Management- Provides landowner assistance to ensure proper forest management practices. These services include technical and practical assistance as well as administering landowner subsidy programs.



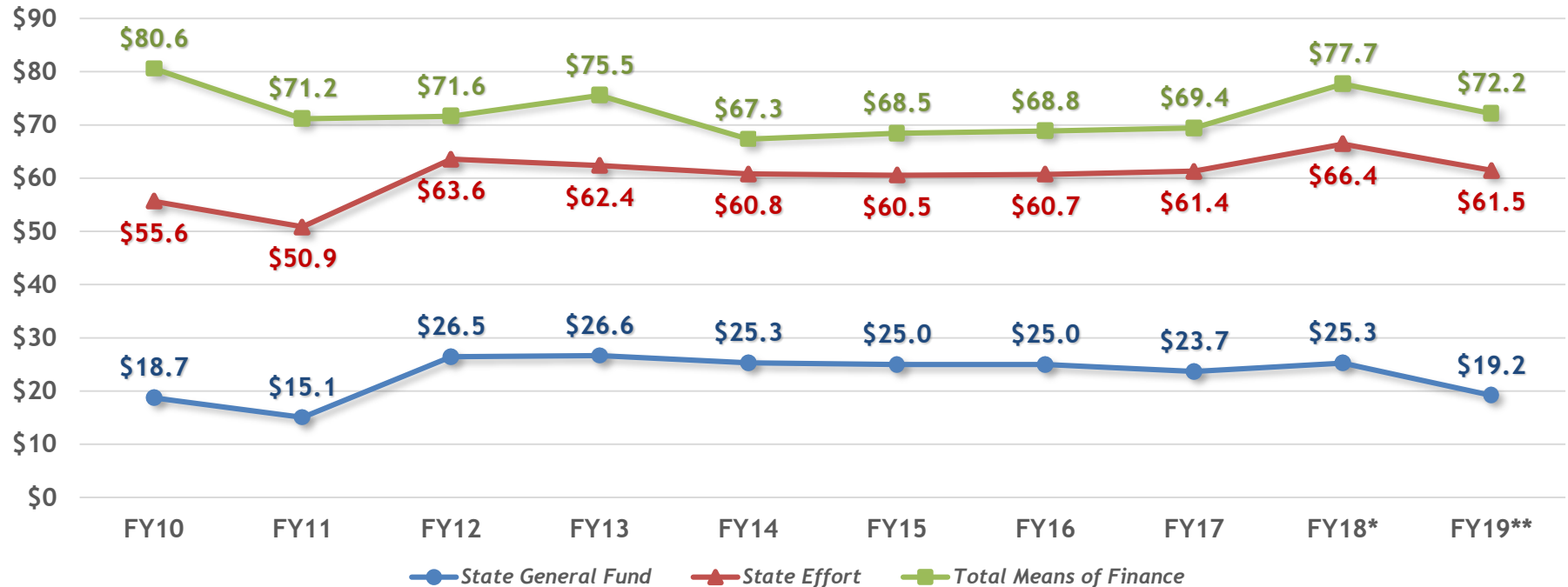
DEPARTMENT FUNCTIONS

Soil & Water Conservation



- Coastal Marsh Re-vegetation Planting Program- Plan and implement vegetative planting for erosion control and restoration on private and public-owned coastal marshes.
- USDA-State Cooperative Soil Survey Program- Ensures the availability of current scientific soils data and interpretive information for the development and application of effective conservation and environmental protection practices.
- Agricultural Nonpoint Source Pollution Control Program- Implements site specific conservation and environmental protection plans within priority watersheds.
- Agricultural Solid Waste Management Program- Reduces the costly disposal of agricultural waste at regulated solid waste sites, increases the beneficial use of most agricultural and forestry processing by-products for improving soil fertility and production and protects air and water quality.
- Information/Education Outreach Program- Delivers quality standards-based conservation education materials and resources to classroom educators and students, communities, individuals, and agricultural producers throughout the state.

BUDGET HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17

**Executive Budget Recommendation

MAJOR SOURCES OF FUNDING

Self Generated Revenue \$7 Million

- Indian Creek Recreation area fees.
- Market Bulletin subscriptions.
- Fees from various boards and commissions.
- Fees from various licensing programs.

Statutory Dedications \$35.3 Million

- There are 14 statutory dedications in the Department of Agriculture and Forestry including:
 - Louisiana Agriculture Finance Authority
 - Pesticide Fund
 - Petroleum Products Fund
 - Horticulture and Quarantine Fund

Interagency Transfers \$608,206

- Louisiana Department of Health for refrigerated storage.
- Office of the State Fire Marshall for wildfire prevention and suppression activities.
- Louisiana Military Department for prescribed burning on 3,000 acres.
- Coastal Protection & Restoration Authority for developing erosion control plans on the coast.

Federal Funding \$10 Million

- U.S. Department of Agriculture
- Environmental Protection Agency
- U.S. Department of Commerce
- Federal Drug Administration
- U.S Forest Service

FUNDING OVERVIEW

Means of Financing	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$23,662,794	\$25,275,042	\$19,165,693	(\$6,109,349)	(24.2%)
Interagency Transfers	\$1,595,571	\$686,125	\$680,206	(\$5,919)	(0.9%)
Fees and Self-Gen Rev	\$6,506,357	\$7,029,476	\$7,029,476	\$0	0.0%
Statutory Dedications	\$31,182,626	\$34,115,006	\$35,285,896	\$1,170,890	3.4%
Federal Funds	\$6,470,804	\$10,584,973	\$10,009,973	(\$575,000)	(5.4%)
Total Means of Finance	\$69,418,152	\$77,690,622	\$72,171,244	(\$5,519,378)	(7.1%)



\$1.2M Statutory Dedications

Fee increases used to supplant General Fund. Increase in regulatory compliance and the number of inspections.



\$6.1M General Fund

Final payment on a bond through the Louisiana Agricultural Finance Authority (LAFA) was made in FY 18. The funds used to pay the bond will now be spread through the department to supplant General fund.



\$575,000 Federal Funds

Due to a change in the indirect cost recovery rate on federal funds for the Office of Management and Finance.

SIGNIFICANT FUNDING CHANGES

AMOUNT	MOF	DESCRIPTION
(\$6,109,349)	SGF	Final Boll Weevil bond payment of \$9.8 M made in FY 18 at discounted rate due to early payment, paid from the Louisiana Agricultural Finance Authority fund. \$5 M of these funds are spread through department in lieu of general funds.
(\$5,919)	IAT	Adjustment to properly align funding from the Coastal Protection and Restoration Authority between the Agriculture and Forestry Operating Budget and the Agriculture and Forestry Pass-Through funds.
(\$575,000)	FED	Due to a change in the Federal Government's Indirect Cost Recovery Rate in the Office of Management & Finance in order to create a uniform, across-the-board rate for the department rather than a separate rate for each program.
(\$1,170,890)	SD	Net increase in statutory dedications largely due to an increase in fees for the Feed and Fertilizer Fund and the Structural Pest Control Commission Fund. The Petroleum Products Fund includes a carryforward from FY 18 as most payments are received at the end of the year. Also due to an increase in the number of inspections performed in these funds.

STATUTORY DEDICATION DETAILS

Statutory Dedication Name	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Louisiana Agricultural Finance Authority Fund	\$12,000,742	\$12,000,919	\$11,802,482	(\$198,437)	(1.7%)
Pesticide Fund	\$5,408,204	\$5,293,249	\$5,400,000	\$106,751	2.0%
Petroleum Products Fund	\$3,998,271	\$4,600,000	\$5,062,576	\$462,576	10.1%
Horticulture and Quarantine Fund	\$1,724,081	\$2,550,000	\$2,550,000	\$0	0.0%
Agricultural Commodity Dealers & Warehouse Fund	\$1,573,909	\$2,277,455	\$2,277,455	\$0	0.0%
Feed and Fertilizer Fund	\$1,749,865	\$1,749,865	\$2,249,865	\$500,000	28.6%
Weights and Measures Fund	\$2,123,134	\$2,228,776	\$2,228,776	\$0	0.0%
Structural Pest Control Commission Fund	\$980,212	\$1,157,795	\$1,457,795	\$300,000	25.9%
Seed Commission Fund	\$604,191	\$807,008	\$807,008	\$0	0.0%
Forest Protection Fund	\$609,008	\$806,606	\$806,606	\$0	0.0%
Forestry Productivity Fund	\$250,015	\$333,333	\$333,333	\$0	0.0%
Sweet Potato Pests and Diseases Fund	\$144,696	\$200,000	\$200,000	\$0	0.0%
Boll Weevil Eradication Fund	\$12,318	\$100,000	\$100,000	\$0	0.0%
Livestock Brand Commission Fund	\$3,980	\$10,000	\$10,000	\$0	0.0%
Total Expenditures	\$31,182,626	\$34,115,006	\$35,285,896	\$1,170,890	3.4%

EXPENDITURE CHANGE OVERVIEW

Expenditure	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$28,356,532	\$29,759,311	\$30,468,005	\$708,694	2.4%
Other Compensation	\$1,309,814	\$1,523,652	\$1,523,652	\$0	0.0%
Related Benefits	\$18,607,560	\$20,844,379	\$21,035,779	\$191,400	0.9%
Travel	\$275,011	\$283,975	\$283,975	\$0	0.0%
Operating Services	\$5,631,054	\$5,484,620	\$6,582,523	\$1,097,903	20.0%
Supplies	\$2,839,417	\$3,477,601	\$3,977,601	\$500,000	14.4%
Professional Services	\$178,106	\$438,942	\$438,942	\$0	0.0%
Other Charges	\$11,225,347	\$14,829,920	\$6,866,972	(\$7,962,948)	(53.7%)
Acq/Major Repairs	\$995,311	\$1,048,222	\$993,795	(\$54,427)	(5.2%)
Total Expenditures	\$69,418,152	\$77,690,622	\$72,171,244	(\$5,519,378)	(7.1%)
Authorized Positions	563	563	559	(4)	(0.7%)

SIGNIFICANT EXPENDITURE CHANGES

Personnel Services \$900,094

- Annualization of pay increases including the Civil Service Market Rate adjustment. Four vacant positions were eliminated to offset the increase.

Operating Services \$1,097,903

- \$500,000 increase for the Office of Forestry to provide maintenance to fire towers at the request of the Office of Risk Management.
- \$500,000 increase in the Office of Management and Finance to upgrade the sewer system at the Indian Creek Recreation Area to comply with a mandate from the Environmental Protection Agency.

Supplies \$500,000

- Purchase of regulatory software to collect registrations and fees in the Office of Agriculture and Environmental Sciences and the Office of Animal Health and Food Safety.

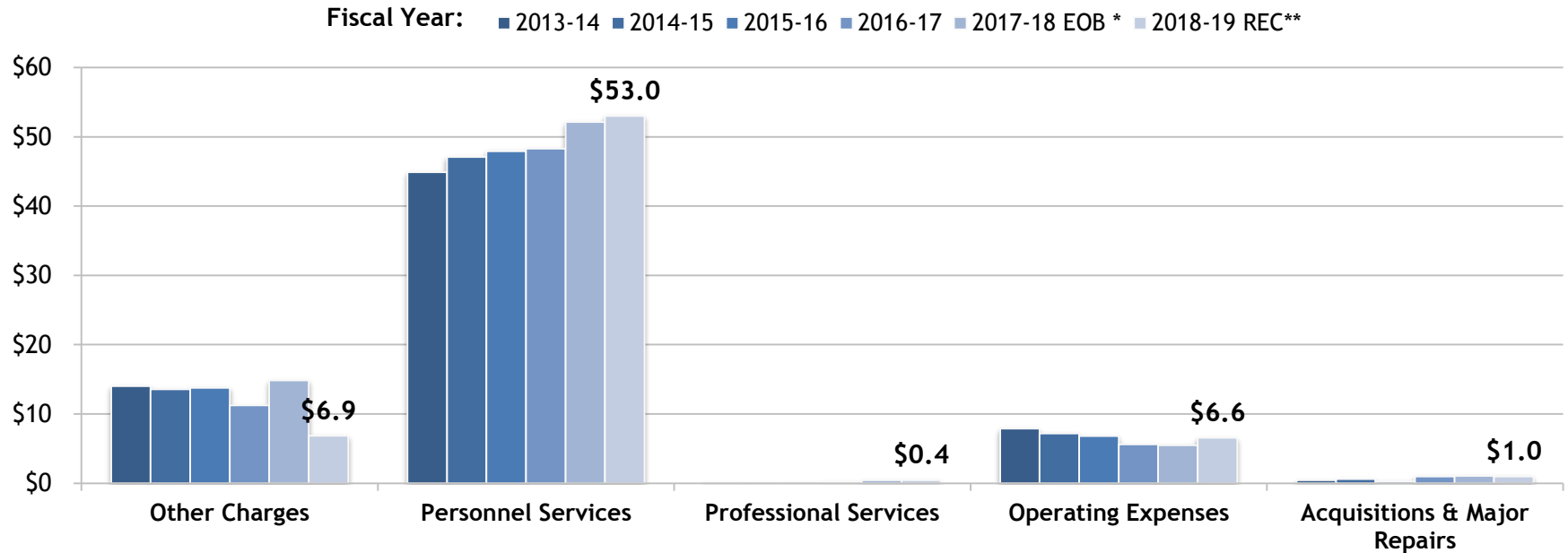
Other Charges (\$7,962,948)

- Decrease due to the payoff of the Boll Weevil Eradication Program bond.

Acquisitions and Major Repairs (\$54,427)

- \$124,500 from the Louisiana Agricultural Finance Authority Fund, the Pesticide Fund, and the Petroleum Products Fund for the replacement of 25 vehicles with over 150,000 miles with leased vehicles offset by non-recurring expenses from FY 18.

EXPENDITURE HISTORY



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17

**Executive Budget Recommendation

OTHER CHARGES

AMOUNT	DESCRIPTION
\$772,657	Forest Stewardship, State Fire Assistance, cooperative Forest Health, Conservation Reserve, and Urban and Community Forestry Assistance.
\$693,581	Soil and Water Conservation Districts conforming to Federal Policy- to provide salaries for employees, support for supervisors and funds for operating services and supplies for the 44 Soil & Water Conservation Districts.
\$538,474	Federal/State Grading Program with the U.S. Department of Agriculture.
\$505,584	Boll Weevil Program- salaries, related benefits, operating services, and other charges for the Boll Weevil program.
\$432,371	Seniors and Women, Infants, and Children (WIC) Grant Expenses.
\$300,000	Farm Pesticide Hazardous Waste Pick-up Day in conjunction with the Department of Environmental Quality.
\$150,000	Food Distribution- Payments to Food Banks to assist with distribution costs of U.S. Department of Agriculture (USDA) commodities to needy citizens.
\$150,000	Federal Drug Administration (FDA) grant for the implementation of Animal Feed Regulatory Program Standards.
\$150,000	Board of Animal Health grant from USDA.
\$150,000	Livestock Brand Commission.
\$80,000	FDA grant for the implementation of the FDA Produce Safety Rule.
\$65,500	Vegetative Planting Program.
\$33,949	Forest Education and Information.
\$2,844,856	Various interagency transfers which includes Office of Technology Services, Risk Management, Civil Service, Legislative Auditor Fees, etc.
\$6,866,972	Total Other Charges

Source: Executive Budget Supporting Documents

DISCRETIONARY/NON-DISCRETIONARY FUNDING

TOTAL BUDGET
\$72.2 Million

**\$680,206 IAT
Double Count**

**\$71.5
Million
Remaining**

**Self Generated
Revenue
\$7 Million**

**Statutory
Dedications
\$35.3 Million**

**Federal Funds
\$10 Million**

**State General Fund
\$19.2 Million**

**Non Discretionary
\$5.9 Million**

**Discretionary
\$13.3 Million**

**Retiree Group Insurance
\$5.6 Million**

**Commissioner's Salary and
Related Benefits
\$160,252**

**Legislative Auditor Fees
\$68,304**

**Management & Finance
\$4.6 Million**

**Animal Health & Food Safety
\$1.5 Million**

**Forestry
\$7.2 Million**

Source: Office of Planning and Budget

PERSONNEL INFORMATION

Personnel/Budget Ratio

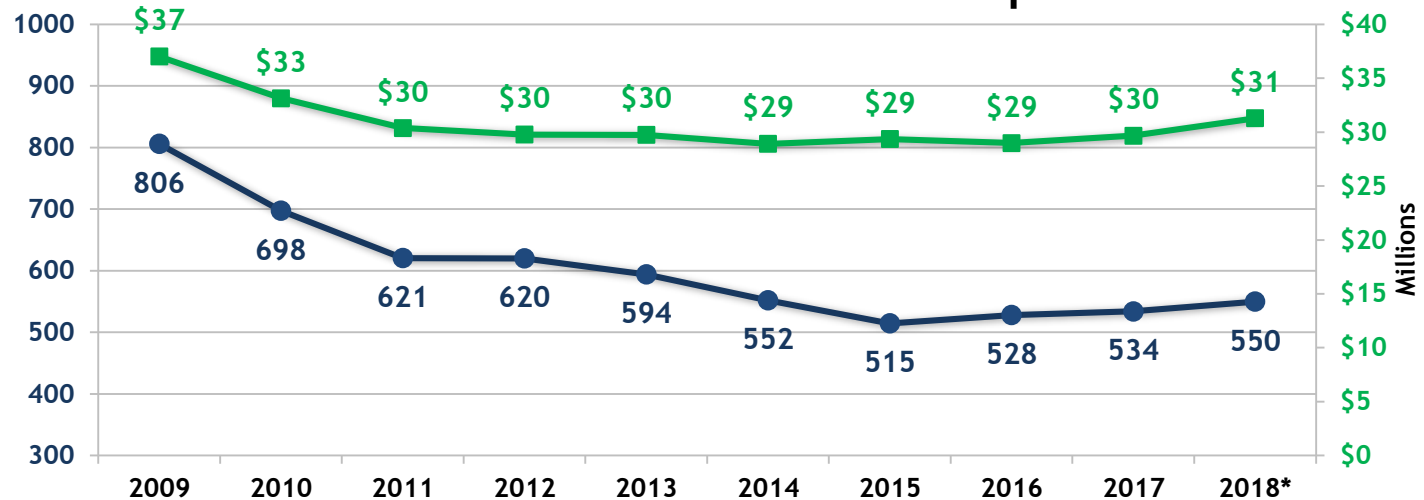
\$32 M Salaries and Other Comp.
+ \$21 M Related Benefits
= \$53 M Total Personnel Services

81% of budget expenditures (excluding Other Charges)

Authorized Positions

- 559 (523 classified and 36 unclassified).
- LDAF had 21 vacancies as of 12/25/2017.
- Executive Budget recommends eliminating 4 vacant positions.
- 4 Other Charges Positions.
- 42 Non-T.O. Positions.

10 Year FTE Positions/Salaries Expended



*Existing Operating Budget as of 12/1/17

Source: Data from the Dept. of Civil Service and the Executive Budget Supporting Documents

PASS THROUGH FUNDS

INCLUDED IN SCHEDULE 20:
OTHER REQUIREMENTS

The Agriculture & Forestry Pass Through Funds Include:

- Pass through funds for the 44 Soil and Water Conservation Districts in Louisiana
- The Temporary Emergency Food Assistance Program
- Specialty Crop Block Grant
- Volunteer Fire Assistance
- Forest Land Enhancement Program
- Urban and Community Forestry
- State Fire Assistance - Mitigation
- Forest Health Monitoring
- Forest Productivity Program
- Grain and Cotton Indemnity Fund

Means of Financing	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget 12/1/16	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$1,572,577	\$1,541,126	\$1,541,126	\$0	0.0%
Interagency Transfers	\$255,435	\$1,257,910	\$263,829	(\$994,081)	(79.0%)
Fees and Self-Gen Rev.	\$0	\$0	\$0	\$0	0.0%
Statutory Dedications	\$1,965,693	\$3,884,034	\$4,084,034	\$200,000	5.1%
Federal Funds	\$4,229,523	\$5,556,260	\$5,556,260	\$0	0.0%
Total Means of Finance	\$8,023,228	\$12,239,330	\$11,445,249	(\$794,081)	(6.5%)
State Effort	\$3,538,270	\$5,425,160	\$5,625,160	\$200,000	3.7%



\$1 M Interagency Transfers

Non-recurring from the Division of Administration, Office of Community Development Block Grant Program for pass through funding related to the Healthy Food Retail Act.



\$200,000 Statutory Dedications

Increase in pass through funding to the 44 local Soil & Water Conservation Districts to increase erosion control, vegetation management, and conservation of natural resources from the Louisiana Agricultural Finance Authority Fund.



\$5,919 Interagency Transfers

Adjustment to properly align funding from the Coastal Protection and Restoration Authority between the Agriculture and Forestry operating budget and the Agriculture and Forestry Pass Through Funds unit.

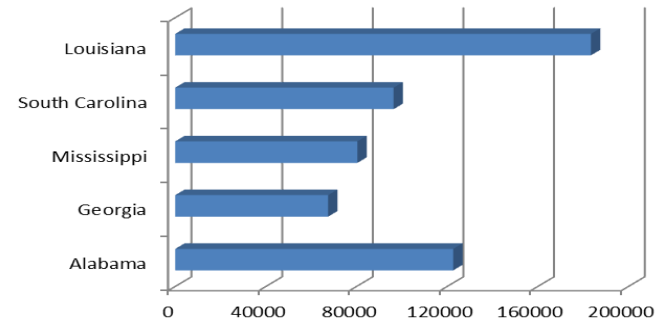
FORESTRY

Wildfire Metrics	FY 12-13	FY 13-14	FY14-15	FY 15-16	FY 16-17
Average Fire Size (Acres)	7.5	9.9	9.4	13.1	8.4
Percentage of Protected Area Burned	0.00%	0.00%	0.00%	0.00%	0.00%
Homes under protection that were damaged	22	33	14	52	46
Number of Wildfires	961	1,081	586	1,147	788

- Louisiana's forestlands cover 48% of the state's area, or 13.8 million acres.
- Economic value of the Forestry Industry for Louisiana in 2017 was \$11 Billion.
- Forestry accounts for 25% of income of all plant and animal commodities produced in the state.
- In 2008, the department had 155 firefighters compared to 112 currently.

Source: Executive Budget Supporting Documents and the Department of Agriculture and Forestry

Avg. Acres Protected per Firefighter




LOUISIANA'S AGRICULTURE COMMODITIES

- In 2016 Louisiana collected over \$11 billion in economic value related to agricultural commodities, which was about 0.8% of the total revenue related to agricultural commodities for the United States.
- The top 10 commodities for Louisiana account for 94.4% of agriculture income for our state.

Rank	Commodity	State Receipts (in \$1,000's)	% Total National Receipts by Commodity
1	Sugarcane	841,249	31.6%
2	Broiler Chickens	745,889	1.7%
3	Soybeans	651,765	1.4%
4	Cattle and Calves	480,532	0.3%
5	All Other Animals	418,000	4.7%
6	Rice	407,217	12.7%
7	Corn	319,641	0.6%
8	Cotton lint, Upland	152,817	1.4%
9	Miscellaneous Crops	129,158	0.6%
10	Chicken Eggs	53,193	0.8%

Source: United States Department of Agriculture Economic Research Service and the LSU AgCenter.

DEPARTMENT CONTACTS

	Name	POSITION	Contact
	Dr. Mike Strain	Commissioner of Agriculture & Forestry	225.922.1234
	Col. Dane Morgan	Assistant Commissioner of Management and Finance	225.952.8142
	Ms. Judy Fletcher	Deputy Undersecretary	225.922.1290