



Department of Agriculture
Line Item Descriptions

NOVEMBER 1, 2010

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(1) Commissioner's Office and Administrative Services

Personal Services:

This appropriation supports FTE providing administrative and business support functions for the Department, including human resources, budget and accounting financial staff, general administrative service staff, and until FY 2010-11, information technology personnel. The Commissioner's Office is responsible for identifying emerging issues and opportunities to involve agricultural interests; serving as a conduit for the exchange of information regarding current issues; and identifying existing State programs and resources to achieve successful solutions.

For FY 2008-09, 18.7 FTE and \$1,629,112 total funds were appropriated to this line item through the passage of HB 08-1375 (Long Bill). This amount was later reduced by \$88,514 total funds due to anticipated savings from hiring freezes, and fund splits were revised to reflect changes in the amount of recoverable indirect costs. The net FY 2008-09 appropriation was therefore \$1,540,598 and 18.7 FTE.

The FY 2009-10 Long Bill (SB 09-259) included \$1,715,866 total funds and 18.7 FTE for Personal Services. The increase from final FY 2008-09 appropriation to the amount passed in SB 09-259 was a result of restoring one-time savings as a result of the statewide hiring freeze, and due to the annualization of base-building increases from FY 2008-09 Salary Survey and Performance-based Pay funding attributable to Commissioner's Office staff. However, due to continued statewide budgetary pressures, a statewide 1.82% Personal Services reduction was implemented and administered through employee furloughs, reducing fiscal resourced by \$43,218 with the passage of HB 10-1297. The final FY 2009-10 appropriation was therefore \$1,672,648 and 18.7 FTE.

For FY 2010-11, the current Long Bill (HB 10-1376) includes financial resources of \$1,280,178 for 14.7 FTE. This new lower appropriation is the result of a statewide IT consolidation, reducing this line by \$404,224 and 4.0 FTE. Additionally, the Long Bill included the restoration of the 1.82% Personal Services reduction from FY 2009-10 (an increase of \$43,218), but then refinanced pension contributions to PERA defined benefit and defined contribution plans, lowering the State's fiscal obligation by \$31,464 in this appropriation. Finally, due to continued statewide fiscal pressures, the General Assembly passed HB 10-1377 (Inspection and Consumer Services Cash Fund Bill) which temporarily refinanced General Fund within various appropriations within the Department to cash funds.

This FY 2011-12 budget request includes resources equal to \$1,311,642 total funds and 14.7 FTE. This amount includes the restoration of the 2.50% PERA contribution refinancing from FY 2010-11 and also incorporates fund split adjustments between General Fund and reappropriated funds related to indirect cost recoveries (integrating the elimination of IT staff from the Personal

Services line item). Continuation of HB 10-1377 which refinanced General Fund with Inspection and Consumer Services cash funds has been included for the request year, but will expire beginning FY 2012-13.

Health, Life and Dental:

This appropriation covers the State's contribution for the premium on each employee's HLD insurance policy. The State offers four categories of coverage for medical and dental insurance: Employee Only, Employee plus Children, Employee plus Spouse, and Family. The Total Compensation Report includes recommendations on the amount of the State's contribution toward HLD premiums and the associated contributions for each coverage level. This appropriation is annually adjusted to accommodate policy changes to this coverage. Since FY 2008-09, the State has contributed roughly 90% of what private employers paid for their employees' healthcare premiums and 85% of what private employers paid for their employees' dental premiums. For FY 2011-12, the State is continuing its request at the above mentioned thresholds for health and dental premiums, and will continue to offer a standard \$50,000 life insurance benefit for all State employees.

Short-term Disability:

Short-Term Disability (STD) is insurance coverage that provides partial payment of an employee's salary in the event that individual becomes disabled and cannot perform his or her work duties. All employees have this employer-paid, payroll-based benefit. STD rates are calculated on a fiscal-year basis. For FY 2008-09 and FY 2009-10, the budget contained funding for a 0.155% of pay premium for short-term disability. This rate increased for FY 2010-11 to 0.177% of pay, and is again being requested at this level for FY 2011-12.

SB 04-257 Amortization Equalization Disbursement:

During the 2004 legislative session, the General Assembly passed SB 04-257, which increased employer payments to the PERA Trust Fund beginning January 1, 2006. The Amortization Equalization Disbursement (AED) is calculated on all salary components including the Base Salary, Salary Survey, Performance-based Pay and Shift Differential. The following table outlines the current statutory increases for this line item and calculates the effective percentage on a fiscal year basis, as rates change on January 1. The step increase will grow incrementally up to 3.00% by January 2013.

Amortization Equalization Disbursement			
Step Increases by Calendar and Fiscal Year (per 24-51-411, C.R.S.)			
January 1, 2006	0.50%	Effective FY 05-06	0.25%
January 1, 2007	1.00%	Effective FY 06-07	0.75%
January 1, 2008	1.40%	Effective FY 07-08	1.20%
January 1, 2009	1.80%	Effective FY 08-09	1.60%
January 1, 2010	2.20%	Effective FY 09-10	2.00%
January 1, 2011	2.60%	Effective FY 10-11	2.40%
January 1, 2012	3.00%	Effective FY 11-12	2.80%
January 1, 2013	3.00%	Effective FY 12-13	3.00%

SB 06-235 Supplemental Amortization Equalization Disbursement:

During the 2006 legislative session the General Assembly passed S.B. 06-235, which added Supplemental AED payments. The Supplemental Amortization Equalization Disbursement (SAED) began January 1, 2008. Like AED, SAED is calculated on all salary components including the Base Salary, Salary Survey, Performance-based Pay and Shift Differential. The following table outlines the current statutory increases for this line item and calculates the effective percentage on a fiscal year basis.

Supplemental Amortization Equalization Disbursement			
Step Increases by Calendar and Fiscal Year (per 24-51-411, C.R.S.)			
January 1, 2008	0.50%	Effective FY 2007-08	0.25%
January 1, 2009	1.00%	Effective FY 2008-09	0.75%
January 1, 2010	1.50%	Effective FY 2009-10	1.25%
January 1, 2011	2.00%	Effective FY 2010-11	1.75%
January 1, 2012	2.50%	Effective FY 2011-12	2.25%
January 1, 2013	3.00%	Effective FY 2012-13	2.75%
January 1, 2014	3.00%	Effective FY 2013-14	3.00%

Salary Survey:

Salary Survey is equal to the recommended base salary increases for State employees, and is intended to be relational to private sector salary growth for similar occupations. The Department of Personnel and Administration conducts an analysis of market surveys each year, and is required by statute to provide total compensation recommendations to the Governor’s Office and Joint Budget Committee every August. Due to significant fiscal constraints, this line item has not been funded since FY 2008-09.

Performance-based Pay:

The annual total compensation survey produced by the Department of Personnel and Administration has historically included recommendations for Performance-based Pay, as required per 24-50-104 (1) (c), C.R.S. Though not consistent, in the recent past, Performance-based Pay has been comprised of two distinct components: base building increase and a non-base building increase. The base building increase was always intended to move an employee through his/her pay grade and was possible for any employee with an overall rating *higher* than “needs improvement”. The non-base building increase (one-time bonus) was always limited to just those employees receiving overall performance ratings of “exceptional.” Just as with Salary Survey funding, due to significant fiscal constraints, this line item has not been funded since FY 2008-09 and is not being requested for FY 2011-12.

Workers’ Compensation:

This item provides funding for payments made by departments to the Department of Personnel and Administration to support the State’s self-insured workers’ compensation program. In addition, this line item supports common resources for the Colorado State Employee Assistance Program (C-SEAP). Costs are allocated to affected agencies based on workers’ compensation claims, as determined by the Department of Personnel and Administration.

Operating Expenses:

This appropriation supports the Commissioner’s Office efforts with providing leadership and administrative support to the Department. Expenditures from this line range from office equipment and supplies to travel expenses to utilities/maintenance costs.

For FY 2008-09, the Department received an appropriation of \$117,137 per HB 08-1375 (Long Bill), which carried forward into the FY 2009-10 Long Bill (SB 09-259) before experiencing a small downward revision of \$466 within the Department’s Supplemental Bill (HB 10-1297).

For FY 2010-11, the one-time funding increase for postage provided in FY 2009-10 was removed (a reduction of \$124) and the General Assembly adopted the Executive’s request for a 5.0% General Fund reduction to operating line items, resulting an additional cut of \$4,012. Therefore, the FY 2010-11 Long Bill (HB 10-1376) includes a net appropriation of \$112,622. The Departments FY 2011-12 request is for continuation spending authority.

Legal Services for 4,648 hours:

This line item includes funding for the purchase of attorney and paralegal services from the Attorney General’s Office, based on the blended hourly rate for these services as determined during the Department of Law’s annual Figure Setting. For FY 2008-09, the Department received an appropriation of \$349,064 per the FY 08-09 Long Bill (HB 08-1375). This amount remained relatively unchanged for FY 2009-10, when the Long Bill appropriation was set at \$350,366 (SB 09-259). For FY 2010-11, the Department’s

appropriation witnessed no change to hours and only a slight decrease in spending authority associated with a reduced blended hourly rate, and the annual Long Bill appropriation was set at \$341,024 (HB 10-1376). This amount was subsequently increased by \$905 per SB 10-072 (Colorado Seed Potato Act), yielding an annual appropriation for FY 2010-11 of \$341,929.

The FY 2011-12 request is for \$341,401, an decrease of \$528 from FY 2010-11 appropriated levels, due to one-time funding expiring from SB 10-072.

Purchase of Services from Computer Center:

This item provides funding for payments to the Governor's Office of Information Technology (OIT) for its support of the State's Data Center. With this funding, the Governor's OIT provides management and oversight of centralized databases, application and web servers infrastructure support, mainframe computer and tape, disk and printing resources utilized by many State agencies. Costs are allocated to affected agencies based on historical utilization of services and recoverable costs at the Governor's Office of Information Technology.

For FY 2008-09, the Department's Long Bill appropriation for this line item was \$24,086 (HB 08-1375). This amount continued into the Department's Long Bill appropriation for FY 2009-10 (SB 09-259); however, based on updated Department utilization relative to statewide consumption of services, the Department's Supplemental Bill (HB 10-1297) included a reduction of \$2,275, resulting in a final appropriation for FY 2009-10 of \$21,811.

As a result of statewide consolidation of information technology (IT) staff to the Governor's Office, the Department's FY 2010-11 Long Bill appropriation increased sizably, to \$384,926. This increase of \$363,115 however was offset elsewhere in the Department's Commissioner's Office and Administrative Services Long Bill group where personnel costs were decreased for salaries and benefits related to these IT staff.

For FY 2011-12, statewide common policy adjustments to the Department's allocation of computer center services increased by \$53,383, to \$438,309. This increase was the result of the following additions/reductions to the Department's billings: prior year allocations to the Department were too low and budget-to-actual adjustments result in an additional \$87,889; the cost for server hosting was reduced by roughly \$20,000; costs for the contract management system increased roughly \$5,000; and e-mail costs were reduced by roughly \$15,000.

Multiuse Network:

This item provides funding for payments to the Governor's Office of Information Technology (OIT) for its support of the State's multiuse network. Prior to FY 2010-11, the Department provided all its necessary support with internal resources. However, based on

the recent implementation of statewide IT staff consolidation, the Department's FY 2010-11 Long Bill now includes \$129,317 to have these resources managed at a statewide level.

The Department's allocation has increased sizably for FY 2011-12, to \$181,390. This roughly 40% increase is reflective of the Department being charged for network circuit improvements in Pueblo (State Fair) and at its Kipling campus, which were not previously billed to the Agency.

Management and Administration of OIT:

This line item provides funding for payments to the Governor's Office of Information Technology (OIT) for its support of oversight and management of State IT resources and service delivery. This line item accommodates overhead costs of OIT and the salary and benefits of the Department's IT-related employees.

For FY 2008-09, the Department received an initial appropriation of \$11,107 within its Supplemental Bill (SB 09-183). Based on the Department's changing utilization relative to statewide consumption, the Department's FY 2009-10 Long Bill (SB 09-259) appropriation was slightly higher, at \$11,657. Due to budgetary pressures and through the consolidation efforts of the Governor's Office, a statewide reduction in resources was achieved, which ultimately reduced the Department's FY 2009-10 appropriation by \$1,652 (per HB 10-1297) for a net appropriation of \$10,005 for the year.

Beginning in FY 2010-11, as all IT-related staff was transferred to the Governor's Office of Information Technology, the Department experienced a shift in resources from its Commissioner's Office and Administrative Services, Personal Services and other benefit related line items to its IT related appropriations. As such, the Department's FY 2010-11 Long Bill (HB 10-1376) appropriation for this line item increased to \$132,976.

For FY 2011-12, the Department's allocation was increased by \$2,787 to reflect the restoration of the 2.50% PERA contribution adjustment from the prior year.

Payment to Risk Management and Property Funds:

The State's Risk Management process consists of two programs: the Liability Program and the Property Program. This line item pays for premiums related to these insurance coverages, broker services, third party administration fees, legal services related to these programs, and deductibles.

For FY 2008-09 and FY 2009-10, the Department received Long Bill appropriations of \$187,542 (HB 08-1375) and \$167,913 (SB 09-259), respectively. Due to an analysis of fund balance within the Department of Personnel and Administration's cash funds

supporting these programs, the Department's appropriation was further reduced in FY 2009-10, with the passage of the Department's Supplemental Bill (HB 10-1297), to yield a net annual appropriation of \$156,144.

For FY 2010-11, the Department's Long Bill (HB 10-1376) appropriation is \$46,910. This drastically reduced amount addresses the remaining excess fund balance at the Department of Personnel and Administration. Beginning with FY 2011-12, the Department's request is more in-line with historical levels for this line item and is equal to \$146,221.

Vehicle Lease Payments:

This line item includes the costs agencies experience from vehicle lease-purchase loan payments, plus a management fee collected by the Department of Personnel and Administration. These costs represent *fixed costs* for State vehicles. Depending on the length of the lease-purchase agreement and the replacement policy for State fleet vehicles, an agency's Vehicle Lease Payments appropriation adjusts annually.

For FY 2008-09, the Department's Long Bill (HB 08-1375) appropriation was \$195,168. This amount was increased to \$226,932 at the beginning of FY 2009-10 through SB 09-259 (Long Bill) due to multiple vehicles being replaced, and the annual appropriation was further increased with the passage of SB 09-118, which granted an additional \$2,474 for a new vehicle related to an inspector in the Pet Animal Care Facility program. Finally, with various Department vehicles coming off lease during the year, an annual true-up incorporated in the Department's Supplemental (HB 10-1297) reduced funding for the year by \$25,434. The resulting appropriation for FY 2009-10 from all legislative impacts was \$203,972.

For FY 2010-11, the current Long Bill (HB 10-1376) appropriation is equal to \$229,445, incorporating an increase of \$25,473 over the final approved FY 2009-10 spending authority for the Department. For FY 2011-12, the Department's base budget reflects continuation funding; however, the statewide fleet vehicle replacement request includes the impact from numerous vehicles coming off lease during FY 2011-12, a reduction in management fees charged by the Department of Personnel and Administration, and two vehicle replacements.

Information Technology Asset Maintenance:

This appropriation supports the Department's computer infrastructure, thereby allowing periodic replacement of information technology assets, and minimizing productivity loss of program staff due to downtime from equipment failures. This line item was increased by \$41,626 in FY 2008-09, to allow the Department to replace a quarter of its infrastructure as well as to provide the Brand Board the means to outfit its inspection staff. The appropriation for this line item has remained constant since that time, at \$153,031, and continuation funding is again being requested.

Leased Space:

The Department leases space at seven sites throughout Colorado. This line item covers the annual lease costs for each of these sites. The annual appropriation and request line up with expected leases per lease agreements and can vary based on utilities, agreed upon step increases in cost per square foot, and property value offsets for leases pertaining to public entities. Current locations and division and intended usage of each location is shown in the following table:

Occupant/Division	Address	Use	Rentable Square Feet
Animal Industry	710 Kipling, Lakewood, CO	Offices	2,856
Brand Board	4701 Marion St., Denver, CO	Offices	3,386
Fruit and Vegetable	Washington and 2 nd Ave., Monte Vista, CO	Offices	913
Fruit and Vegetable	528 7 th Street, Greeley, CO	Offices	700
Brand Board	30450 E. Hwy 50, La Junta, CO	Offices	442
Brand Board	28601 US Hwy 34, Brush, CO	Offices	330
Brand Board	711 O Street, Greeley, CO	Offices	574

Capitol Complex Lease Space:

The Department occupies 13,553 square feet of space at 700 Kipling Street in Lakewood, Colorado. This building is owned by the State and the Department is assessed an annual per square foot charge to cover the State's obligations with accommodating the operating costs of the building through the Department of Personnel and Administration. Annual appropriation adjustments reflect statewide overhead cost changes and are determined by the Department of Personnel and Administration.

Communication Services Payments:

Beginning in FY 2003-04, the JBC established the Communications Services common policy. The appropriation for this line item is used for payments to support the statewide secure Digital Trunked Radio system. The Department's appropriation for FY 2008-09 per HB 08-1375 (Long Bill) was \$14,781. This amount was continued into FY 2009-10 with the passage of the FY 2009-10 Long Bill (SB 09-259), but was later reduced in the current FY 2010-11 Long Bill (HB 10-1376) by \$1,231 to reflect budget savings from statewide information technology consolidation efforts, resulting in a new appropriation of \$13,550. For FY 2011-12, the Department's allocation of this IT service increases \$264, to \$13,814.

Utilities:

This line item covers the utility costs associated with the Insectary in Palisade, the Inspection and Consumer Services buildings at 2331 W. 31st Ave and 3125 Wyandot in Denver, and the warehouses at 5041 Lafayette in Denver. Spending authority for these costs has remained constant at \$146,318 between FY 2008-09 and FY 2010-11. The Department's FY 2011-12 request is for continuation funding.

Agriculture Statistics:

This appropriation covers the annual contract the Department has with the United States Department of Agriculture, National Agriculture Statistics Service, Colorado, to compile county level data on agriculture commodities. In FY 2008-09, spending authority for this purpose was equal to \$75,000 (HB 08-1375). In FY 2009-10 however, the \$60,000 General Fund for this effort was eliminated (SB 09-259) to accommodate a 5.0% General Fund reduction within the Department as the State faced fiscal challenges related to the existing recession. Since that time, the appropriation has remained at \$15,000 (HB 10-1376) and is again being requested at this level for FY 2011-12.

Grants:

This appropriation accommodates all federal grants that the Department garners on an annual basis, not including the United States Environmental Protection Agency grants the Department receives for pesticide efforts and that require a cash match. Amounts within this appropriation will vary depending on the number and size of grants awarded to the Department.

Indirect Cost Assessment:

This appropriation accommodates the indirect (overhead) charges on the federal grants in the previous line to help pay for the overhead within the Department provided by the Commissioner's Office.

(2) Agriculture Services Division**Program Costs:**

This line item is new for FY 2010-11 and accommodates personal services and operating expenses of the Animal's Division, Inspection and Consumer Services Division, Plant's Division, Fruit and Vegetable Inspection Program, Groundwater Program, and the Noxious Weed and Insectary efforts.

For FY 2008-09, Personal Services and Operating Expenses line items combined equaled \$11,510,624 per the FY 2008-09 Long Bill (HB 08-1375). Personal Services were later modified in FY 2008-09 due to a \$70,888 cut related to a statewide hiring freeze, and the

elimination of \$10,000 associated with General Fund for personal services in the federal feed program. Overall, the Department's Supplemental Bill (SB 09-183) included a reduction of \$80,888 and 0.1 FTE.

For FY 2009-10, the Department's Long Bill (SB 09-259) appropriations for Personal Services and Operating Expenses were \$10,311,267 and \$1,516,271, respectively (or \$11,827,538 in aggregate). Variances between the prior year's funding levels and FY 2009-10 funding levels were largely due to the base-building increases from FY 2008-09 Salary Survey and Performance-based Pay for personnel. However, due to existing statewide budgetary pressures, agencies were required to reduce Personal Services appropriations by 1.82%, which was operationally achieved through the Executive implementing furlough days for state employees. As a result of this budgetary cut, the Department's Personal Services line was reduced \$91,143. The same budgetary pressures also affected the Operating Expenses line item, which experienced a net reduction of only \$10,493 for the removal of one-time funding for a statewide mail services upgrade, but also experienced a significant refinancing of \$100,000 General Fund with reappropriated funds. The net impact of these actions was included in the Department's FY 2009-10 Supplemental Bill (HB 10-1297). Finally, with the passage of SB 09-118 (PACFA Sunset bill), the Department was granted an additional 1.0 FTE and \$39,978 and \$7,204 for Personal Services and Operating Expenses, respectively, to continue the Pet Animal Care and Facilities Act (PACFA) until July 1, 2014. The final FY 2009-10 appropriation for these line items was therefore \$11,773,081 in aggregate.

The FY 2010-11 Long Bill (HB 10-1376) encompassed prior Personal Services and Operating Expenses line items in to one Program Costs appropriation, equal to \$11,602,982. The difference between this new amount and the final FY 2009-10 aggregate appropriation from Personal Services and Operating was the result of multiple actions:

- 1) one-time 1.82% Personal Services reduction for FY 2009-10 was restored;
- 2) statewide consolidation of IT staff resulted in a reduction of \$122,296;
- 3) 2.50% PERA contribution adjustment reduced funding by an additional \$206,544;
- 4) annualization of one-time Operating Expenses related to SB 09-118 and equal to \$1,230 were removed;
- 5) 5.0% operating reduction of \$14,362 was implemented to contribute to statewide budget balancing efforts; and
- 6) annualization of one-time expenses for postage and the purchase of a new measurements standard truck (equal to \$9,310 and \$100,069) were also removed.

In addition to the FY 2010-11 Long Bill, the Department also received appropriations from numerous special bills in this fiscal year. Included in the list of special bills are: 1) SB 10-038 (Organic Certification) which increased funding by \$28,112; 2) SB 10-072 (Colorado Seed Potato Act) which provided an additional \$2,054; and finally 3) SB 10-106 (Food Systems Advisory Council) which added \$22,531. The net appropriation for FY 2010-11 is therefore \$11,655,679.

FY 2011-12 Request Year base funding is calculated at \$11,862,348 and incorporates the restoration of the one-time 2.50% PERA contribution reduction from FY 2010-11 (equal to \$206,544) and the annualization of SB 10-072 (which includes an additional \$125 for personnel costs).

Noxious Weed Management Grant Program:

This line item is appropriated \$15,000 from the Noxious Weed Management Fund for on ground noxious weed mitigation and elimination grants to local districts.

Diseased Livestock Fund:

This \$25,000 appropriation is used to compensate livestock owners when the department must take their livestock to control contagious and infectious diseases. Funding originates from the Diseased Livestock Indemnity Fund and are continuously appropriated.

Cervidae Disease Revolving Fund:

This \$25,000 appropriation is used to compensate elk owners when the Department must take their livestock to control contagious and infectious diseases. Funding originates from the Cervidae Disease Revolving Fund and are continuously appropriated.

Operating Expenses for the Aquaculture:

There are 42 licensed aquaculture facilities in Colorado. The Department manages aquaculture facility licensing and inspections within a specific cash fund line (Aquaculture Cash Fund). For FY 2008-09, this line was increased by \$18,437 to incorporate additional resource needs within the Department, for a new Long Bill (HB 08-1375) appropriation of \$43,437. This amount has remained constant since that time and is again being requested at continuation levels for FY 2011-12.

Lease Purchase Lab Equipment:

The Department received \$85,992 to accommodate a 5-year lease purchase agreement to provide for the periodic replacement of lab equipment (first approved within the FY 2007-08 Decision Item #2, entitled: "Lease Purchase Lab Equipment"). The Department is requesting continuation funding for FY 2011-12.

Indirect Cost Assessment:

This appropriation accommodates the indirect (overhead) charges on the EPA federal grants and Agriculture Services related cash funds to help pay for the overhead within the Department provided by the Commissioner's Office.

(3) Agricultural Markets Division

Program Costs:

This line item is a new line item for FY 2010-11 and accommodates the prior Personal Services and Operating Expenses appropriations for the Market's Division, including domestic and international marketing efforts and Market Order administration. For FY 2008-09, the Department had Long Bill (HB 08-1375) appropriations of \$393,351 and \$82,577 for Personal Services (4.7 FTE) and Operating Expenses, respectively. For FY 2009-10, Personal Services funding was increased by \$21,453 which included \$15,169 and \$6,284 for FY 2008-09 base-building Salary Survey and Performance-based Pay, respectively, totaling a new FY 2009-10 Long Bill (SB 09-259) appropriation of \$414,804. However, due to budget constraints, Personal Services for FY 2009-10 was reduced to effectuate a 1.82% personnel cost reduction (furloughs), as passed in the Department's Supplemental Bill (HB 10-1297), lowering spending authority to \$402,302. The net Personal Services and Operating Expenses line items spending authority for FY 2009-10 was therefore \$484,879, as operating funds remained level from the previous fiscal year.

For FY 2010-11, previous Personal Services and Operating Expenses line items were combined into a new "Program Costs" line item, equal to \$488,002 as appropriated in the current Long Bill (HB 10-1376). This additional amount of \$3,123 over the prior year's funding level is the result of various budget balancing actions, including: 1) the restoration of \$12,502 from the 1.82% personnel cost reduction in FY 2009-10; 2) a new \$9,108 reduction from the 2.5% PERA contribution adjustment; and 3) two small operating reductions of \$176 for an across-the-board 5.0% operating expenses reduction and \$95 for FY 2009-10 one-time postage adjustments. In addition to the above mentioned budget balancing actions, a net-zero total funds budget action also refinanced \$437,548 General Fund with the Department's Agriculture Management Fund, with the intention of this refinancing lasting one fiscal year.

The FY 2011-12 request is for a total of \$497,110 and is equal to the FY 2010-11 appropriation, plus the restoration of the 2.50% PERA contribution adjustment (equal to \$9,108), and also includes the reversal of the Markets Division refinancing between the Agriculture Management Fund and General Fund from FY 2010-11.

Economic Development Grants:

This line item accommodates any grants the Department may receive through a competitive application process from the Governor's Office of Economic Development. This line item has received consistent spending authority annual at \$45,000, but has not always been utilized, as grants have not been received in recent years.

Agricultural Development Board:

This appropriation was created by the Legislature through HB 01-1086 to assist in the development of agricultural processing facilities in Colorado. Via HB 06-1322, the Legislature allocated (from the operational account of the Severance Tax Trust Fund) \$500,000 per

year for three years to promote agricultural energy related projects, including research projects, to the Board. This authority was extended to FY 2011-12 through SB 09-124, but the total line item has increased to an annual amount of \$574,837, prior to any budget balancing actions. For instance, in FY 2009-10 due to statewide budget constraints, this line item was reduced by \$791 pursuant to the HB 10-1297 (Department's Supplemental Bill) to effectuate a 1.82% Personal Services reduction associated with the 0.5 FTE appropriated with this line item. For FY 2010-11, this \$791 reduction was restored, but the statewide 2.50% PERA contribution reduction again lowered spending authority for the current year by \$576. The current year's base budget request is for continuation base annual funding of \$574,837.

Indirect Cost Assessment:

This appropriation accommodates the indirect (overhead) charges on the Agriculture Value Added Development Fund to help pay for the overhead within the Department provided by the Commissioner's Office.

(4) Brand Board

Brand Inspection:

This is program line accommodates the expenses of the 66.3 FTE associated with:

- 1) Recording and administering livestock brands;
- 2) Inspecting livestock and verifying ownership before sale, transportation, or slaughter;
- 3) Inspecting and licensing livestock sale-rings and inspecting all consignments before sale to verify valid ownership;
- 4) Facilitating the return of stray or stolen livestock; investigating reports of lost or stolen livestock;
- 5) Licensing slaughter houses and inspecting all consignments before slaughter to verify valid ownership;
- 6) Licensing and inspecting alternative livestock facilities as required by statute, maintaining inventory of all alternative livestock for change of ownership and animal disease traceback.

The final FY 2008-09 appropriation the Department received of \$3,688,929 was approved in the FY 2008-09 Long Bill (HB 08-1375). Base-building annualizations from Salary Survey and Performance-based Pay equal to \$86,914 and \$27,670, respectively; plus an increase of \$55,797 for fuel costs, increased this line item by \$170,381 in FY 2009-10, prior to the statewide budget reduction from the hiring freeze of \$60,969. The net Long Bill (SB 09-259) appropriation was therefore \$3,798,341 for FY 2009-10. This FY 2009-10 amount was later revised downward by \$39,964 through the Department's Supplemental Bill (HB 10-1297) for the statewide 1.82% Personal Services reduction, resulting in a final FY 2009-10 appropriation of \$3,758,377.

For FY 2010-11, the Department received a Long Bill (HB 10-1376) appropriation of \$3,785,750, calculated assuming the restoration of \$100,933 for the one-time hiring freeze and 1.82% Personal Services (furlough) adjustments, less \$73,560 associated with the statewide 2.50% PERA contribution adjustment.

For FY 2011-12, the Department is requesting a base budget of \$3,859,310, equal to the FY 2010-11 appropriation plus the restoration of the 2.50% PERA reduction amount of \$73,560 in FY 2010-11.

Alternative Livestock:

This appropriation supports inspection and licensing efforts associated with the State's alternative livestock ranches. This includes all selling, trading, bartering, or transferring of any domesticated elk or fallow deer in the State. Since FY 2001-02, an annual appropriation of \$95,662 has been requested and received and is again being requested for FY 2011-12. Brand inspection and permit fees are deposited into the Alternative Livestock Farm Cash Fund and are used to fund this program.

Indirect Cost Assessment:

This appropriation accommodates the indirect (overhead) charges on the Brand Fund to help pay for the overhead within the Department provided by the Commissioner's Office.

(5) Special Purpose

Agriculture Management Fund:

HB 08-1399 directs interest derived from deposits and investments on moneys in the Unclaimed Property Tourism Promotion Trust Fund to the following programs: 25% to the Colorado State Fair Authority Cash Fund; 65% to the newly created Agriculture Management Fund; and 10% to Colorado Travel and Tourism Promotion Fund. With the intent of expanding Department efforts, funds received by the Department are assigned by the Commissioner to go to such efforts as: Conservation District support, noxious weed management, agriculture marketing enhancements, homeland security efforts, and animal disease mitigation efforts.

FY 2008-09 was the first year the Department received an appropriation from these resources, equal to \$1,348,763 per HB 08-1399. This line was increased to \$2,098,540 for FY 2009-10 in accordance with the fiscal note, as effectuated with the passage of SB 09-259 (Long Bill).

For FY 2010-11, the Department's appropriation in HB 10-1376 (Long Bill) was equal to \$1,645,761. This amount included a reduction of \$452,779 corresponding to the one-time refinancing of General Fund in the Market's Division Program Costs line item

with Agriculture Management Fund dollars. The Department's FY 2011-12 base budget request is for \$2,098,540 after the restoration of the \$452,779 refinancing impact above.

Wine Promotion Board:

This line item was created in 1990 to help in the development of the wine industry in Colorado . The Colorado Wine Industry Development Board is to use at least one-third of its available resources toward research and development and at least one-third toward promotion and marketing.

For FY 2008-09, the Department received a Long Bill (HB 08-1375) appropriation of \$467,326 and 1.5 FTE. Funding was initially increased for FY 2009-10 to accommodate base-building annualizations of Salary Survey and Performance-based Pay equal to \$3,913 and \$926, respectively, and to include \$152 for additional postage, resulting in a Long Bill (SB 09-259) appropriation of \$472,317. However, this amount was later reduced by \$3,083, pursuant to HB 10-1297 (Department's Supplemental Bill), due to statewide budget constraints and the implementation of Executive agency furloughs to achieve the desired 1.82% Personal Services reduction.

For FY 2010-11, the Department received a Long Bill (HB 10-1376) appropriation of \$570,049 after incorporating the restoration of the 1.82% Personal Services reduction from the prior fiscal year, the impact associated with the 2.50% PERA contribution adjustment (equal to a reduction of \$2,244), and an increase of \$100,093 to reflect available funds, as all dollars are continuously appropriated.

The Department's FY 2011-12 base budget request is for \$572,293 and is equal to the FY 2010-11 appropriation plus the restoration of the 2.50% PERA contribution adjustment of \$2,244.

Vaccine and Service Fund:

This appropriation accommodates operating expenses from the Rocky Mountain Regional Animal Health Laboratory, supporting the vaccination of heifer calves against brucellosis, the testing of livestock for brucellosis, and the identification and disposal of reactor livestock (animals that have tested positive for the disease).

The Department received a FY 2008-09 Long Bill (HB 08-1375) appropriation of \$162,631. This amount was only slightly increased to \$162,713 per the FY 2009-10 Long Bill (SB 09-259); however, pursuant to SB 09-154 (Funding Livestock Health Act Personnel) the line item also was adjusted in that fiscal year to accommodate 0.9 FTE. Beginning in FY 2010-11, the appropriation was reduced by \$953 to incorporate the statewide 2.50% PERA contribution reduction, and incorporated an additional 0.1 FTE and spending authority of \$115,107 due to available funds, as these dollars are continuously appropriated. The net FY 2010-11 appropriation in the Long Bill (HB 10-1376) is therefore \$276,867. The Department is requesting a base budget of \$277,820 for FY 2011-12 after adjusting for the restoration of the 2.50% PERA contribution reduction from the prior year.

Brand Estray Fund:

This appropriation supports an escrow fund that the Brand Board keeps in trust for the owners of stray animals sold by the Brand Board. If the Brand Board takes possession of a stray animal and cannot find the owner, the Brand Board will sell that animal and hold the proceeds, (money after paying for advertising and care for the animal). These funds are held for six years in the event the owner of the sold animal steps forward with suitable proof of ownership and claims the proceeds. Payments from this fund are reimbursements to owners and for the advertising and care of animals held by the Brand Board. The Department has requested and has been appropriated \$94,050 since FY 2008-09 and again is requesting continuation funding of this amount.

Indirect Cost Assessment:

This appropriation accommodates the indirect (overhead) charges on the Wine Promotion Board Fund and the Agriculture Management Fund, to help pay for the overhead within the Department provided by the Commissioner's Office.

(6) Colorado State Fair**Program Costs:**

This line item funds all personnel, contracts, and operating needs attributable to Colorado State Fair facilities. Activities on the grounds include the annual State Fair, concerts, graduations, weddings, sporting events, and other entertainment and are overseen by the eleven members of the State Fair Authority Board. This line item was increased during the 2006 Legislative session (pursuant to HB 06-1384) to accommodate debt payoff to the State Treasurer and to Wachovia for debt on the Event Center. Since that time, the State Fair has become debt free, and pursuant to the requirements of HB 08-1399, any new revenues derived from the 25% interest earnings on moneys in the Unclaimed Property Tourism Promotion Fund shall be directed to support educational efforts of the Fair.

In FY 2008-09, the Department received a Long Bill (HB 08-1375) appropriation of 26.9 FTE and \$9,009,242 (\$3,865,315 for Personal Services costs, \$3,228,388 for operating, and \$1,915,539 to be used for debt payoff). This funding was reduced from \$9,009,242 in FY 2008-09 to \$8,329,073 in FY 2009-10 per the next year's Long Bill (SB 09-259). This reduction of \$680,169 was attributable to: 1) the base-building annualization of prior year's Salary Survey and Performance-based Pay equal to \$29,036 and \$8,312, respectively; 2) a reduction of \$646,590 associated with less spending authority needed to fully repay remaining debt on the Events Center; and 3) a reduction of \$70,927 associated with the statewide 1.82% Personal Services reduction (furloughs). Later, the Department's Supplemental Bill (HB 10-1297) adjusted the impact from the furlough adjustment, adding back \$37,822, bringing the final FY 2009-10 appropriation to \$8,366,895.

For FY 2010-11, the Department received an appropriation of \$8,375,904 pursuant to HB 10-1376 (Long Bill). This amount equated to the final FY 2009-10 appropriation, plus the restoration of \$33,105 from the one-time 1.82% Personal Services reduction in the

prior year, less \$24,096 due to the statewide 2.50% PERA contribution reduction. For FY 2011-12, the Department is requesting spending authority equal to \$8,400,000, incorporating the restoration of the 2.50% PERA contribution adjustment to the current Long Bill appropriation.

Indirect Cost Assessment:

This appropriation accommodates the indirect (overhead) charges on the Colorado State Fair, to help pay the overhead within the Department provided by the Commissioner's Office.

(7) Conservation Board

Program Costs:

This line item is new for FY 2010-11 and accommodates earlier year's Personal Services and Operating Expenses line items from the Conservation Board Long Bill group. The Conservation Board provides administrative and fiscal oversight to 77 conservation districts in the State of Colorado and is comprised of eight members from the conservation districts and one Governor appointed individual. The intent of the Board is to collaborate with federal entities and local districts on issues related to soil erosion, noxious weed management, energy efficiencies, water usage, agricultural runoff, and other natural resource-related projects. General Fund in this program (primarily from cash funds from the Operational Account of the Severance Tax Trust Fund) is used to maximize local funds and to draw down federal assistance in the form of grants from the US Department of Agriculture, Natural Resources Conservation Services. General Fund in this line item is continuously appropriated.

Personal Services and Operating Expenses for the Conservation Board were appropriated \$367,699 (5.5 FTE) and \$64,109, respectively in the FY 2008-09 Long Bill (HB 08-1375). The subsequent Long Bill (SB 09-259) increased funding to \$378,862 for Personal Services in FY 2009-10, due to the annualization of Salary Survey and Performance-based Pay from FY 2008-09 equal to \$14,382 and \$5,956, respectively, but was slightly offset by a budget reduction of \$9,177 associated with the elimination of a part-time (0.3 FTE) administrative position. Finally, FY 2009-10 Personal Services appropriations were lowered further, pursuant to the Department's Supplemental Bill (HB 10-1297), to effectuate the statewide 1.82% Personal Services reduction (furloughs), reducing spending authority by another \$11,533. Operating Expenses for FY 2009-10 remained at continuation levels and resulted in an annual FY 2009-10 appropriation for these two line items of \$431,438.

For FY 2010-11, a combined Program Costs line item aggregated the prior Personal Services and Operating Expenses line items and was appropriated at \$431,967 per the new Long Bill (HB 10-1376). This small increase of \$529 over the prior appropriated level was due to: 1) the restoration of the 1.82% Personal Services reduction from FY 2009-10 of \$11,533; 2) the reduction of \$8,412 associated

with the statewide 2.50% PERA contribution adjustment; 3) a 5.0% operating budget reduction of \$2,132; and 4) the removal of \$460 related to a one-time postage increase.

For FY 2011-12, the Department is requesting a base budget of \$440,379, equal to continuation of the FY 2010-11 appropriations after restoration of the 2.50% PERA contribution adjustment amount of \$8,412.

Distributions to Soil Conservation Districts:

As authorized by the Legislature, State General Fund dollars are awarded through a competitive grant process to local conservation districts to assist districts in funding general overhead costs such as mileage reimbursement for Board members, administrative and technical services, office expenses and district elections. Criteria for the competitive award process include a district's long-range plans, existing and projected workload, participation level for statewide conservation efforts, whether or not the district has planned educational programs for projects, etc.

For FY 2008-09, the Department was appropriated \$391,714 per the year's Long Bill (HB 08-1375); however, due to budget constraints from the economic recession which began at the national level in December 2007, this amount was reduced in the FY 2009-10 Long Bill (SB 09-259) by \$200,000 and has continued at the reduced amount of \$191,714 since that time. The Department is again requesting continuation funding of \$191,714 for this program in FY 2011-12.

Matching Grants to Districts:

The Natural Resources Conservation Matching Grants program provides funds for conservation districts to address on-the-ground conservation problems identified at the local level. Funds are appropriated annually through the State Legislature and districts apply through the Colorado State Conservation Board (CSCB). The district must provide a dollar-for-dollar match from local, private or federal cash or in-kind sources for program awards.

For FY 2008-09, in addition to \$450,000 in cash funds from the operational account of the Severance Tax Trust Fund (per HB 06-1393), the Department also received \$225,000 General Fund pursuant to HB 08-1375 (Long Bill), resulting in an annual appropriation of \$675,000. The additional General Fund, however, was eliminated in FY 2009-10 due to severe statewide budget constraints, and an annual FY 2009-10 Long Bill (SB 09-259) appropriation of \$450,000 remained. This amount was again appropriated in the FY 2010-11 Long Bill (HB 10-1376). This is the last year funds are required to be available from the operational account of the Severance Tax Trust Fund as transfers under statute are no longer required after July 1, 2011.

Salinity Control Grants:

The Bureau of Reclamation allocates funding through the Colorado State Conservation Board to five conservation districts who provide cost-share assistance to landowners. Grants are distributed through the Colorado Department of Natural Resources and are currently approved for Mancos, Mesa, Delta, Dolores and Bookcliff Conservation Districts in the Upper Colorado River Basin. By improving the efficiency of irrigation systems in this area, landowners can reduce the amount of salts entering the Colorado River thereby benefiting water users in the lower Colorado River basin.

For FY 2008-09, the Department's Long Bill (HB 08-1375) appropriation was \$500,000 federal funds. In addition to this appropriated amount, the Department also received an additional \$2,469,999 in federal grants, allowing the Department to distribute a total of \$2,969,999 for the year.

For FY 2009-10, the Department again received a Long Bill (SB 09-259) appropriation of \$500,000 federal funds. However, because of statewide budget balancing efforts and the implementation of the 1.82% Personal Services reduction (furloughs) across all fund sources, this appropriation was reduced through the passage of the Department's FY 2009-10 Supplemental Bill (HB 10-1297) by \$1,765 as the Department does have a federally funded FTE associated with managing these grants. Ultimately, the Department received additional federal grants equal to \$979,485 which it distributed during the fiscal year.

For FY 2010-11, the Long Bill (10-1376) included \$498,716 federal funds for this program. This amount was determined as the restoration of \$1,765 from the 1.82% Personal Services reduction experienced in the prior year, less \$1,284 for the 2.50% PERA contribution reduction.

FY 2011-12 base budget funding requested by the Department is equal to \$500,000 and reflects the restoration of the \$1,284 from the 2.50% PERA reduction in FY 2010-11.