

**Schedule 13**

**Funding Request for the FY 2016-17 Budget Cycle**

Department of Agriculture

Request Title

**NP-01 Resources for Administrative Courts**

Dept. Approval By: *[Signature]*  Supplemental FY 2015-16  
 Change Request FY 2016-17  
 Base Reduction FY 2016-17

OSP Approval By: *[Signature]* 10/30/15  Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Base Request	Change	
		Appropriatio	Request		Request	Continuation
<b>Total</b>		\$6,676	\$0	\$2,473	\$156	\$156
FTE		0.0	0.0	0.0	0.0	0.0
GF		\$0	\$0	\$0	\$0	\$0
CF		\$6,676	\$0	\$2,473	\$156	\$156
RF		\$0	\$0	\$0	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Base Request	Change	
		Appropriatio	Request		Request	Continuation
<b>Total</b>		\$6,676	\$0	\$2,473	\$156	\$156
FTE		0.0	0.0	0.0	0.0	0.0
GF		\$0	\$0	\$0	\$0	\$0
CF		\$6,676	\$0	\$2,473	\$156	\$156
RF		\$0	\$0	\$0	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	
Reappropriated Funds Source, by Department and Line Item Na	
Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/>	
Schedule 13s from Affected Departments:	
Other Information:	

FF \$0 \$0 \$0 \$0 \$0

Letternote Text Revision Required? Yes  No  If Yes, describe the Letternote Text Revision: \_\_\_\_\_  
 Cash or Federal Fund Name and CORE Fund Number: \_\_\_\_\_  
 Reappropriated Funds Source, by Department and Line Item Na \_\_\_\_\_  
 Approval by OIT? Yes  No  Not Required  \_\_\_\_\_  
 Schedule 13s from Affected Departments: \_\_\_\_\_  
 Other Information: \_\_\_\_\_

Summary Information	FY 2018-18		FY 2018-17		FY 2017-18	
	Initial Request	Supplemental Request	Base Request	Change Request	Change Request	Continuation
Total	16,878	0	12,473	1,788	1,788	1,788
FTE	0.0	0.0	1.1	0.0	0.0	0.0
CF	20	20	20	20	20	20
CR	20	20	20	20	20	20
RR	20	20	20	20	20	20
FF	20	20	20	20	20	20

Line Item Information	FY 2018-18		FY 2018-17		FY 2017-18	
	Initial Request	Supplemental Request	Base Request	Change Request	Change Request	Continuation
Total	16,878	0	12,473	1,788	1,788	1,788
FTE	0.0	0.0	1.1	0.0	0.0	0.0
CF	20	20	20	20	20	20
CR	20	20	20	20	20	20
RR	20	20	20	20	20	20
FF	20	20	20	20	20	20

Letternote Text Revision Required? Yes  No  If Yes, describe the Letternote Text Revision: \_\_\_\_\_  
 Cash or Federal Fund Name and CORE Fund Number: \_\_\_\_\_  
 Reappropriated Funds Source, by Department and Line Item Na \_\_\_\_\_  
 Approval by OIT? Yes  No  Not Required  \_\_\_\_\_  
 Schedule 13s from Affected Departments: \_\_\_\_\_  
 Other Information: \_\_\_\_\_

**Schedule 13**

**Funding Request for the FY 2016-17 Budget Cycle**

Department of Agriculture

Request Title

**NP-02 Annual Fleet Vehicle Request**

Dept. Approval By: *Na MB*  Supplemental FY 2015-16  
 Change Request FY 2016-17  
 Base Reduction FY 2016-17  
 OSPB Approval By: *Govt M. 10/30/15*  Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Change	Continuation	
		Appropriatio	Request	Base Request	Request	
<b>Total</b>		\$261,926	\$0	\$261,926	(\$16,275)	(\$16,275)
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$128,641	\$0	\$128,641	(\$5,934)	(\$5,934)
	CF	\$129,492	\$0	\$129,492	(\$10,166)	(\$10,166)
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$3,793	\$0	\$3,793	(\$175)	(\$175)

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Change	Continuation	
		Appropriatio	Request	Base Request	Request	
<b>Total</b>		\$261,926	\$0	\$261,926	(\$16,275)	(\$16,275)
FTE		0.0	0.0	0.0	0.0	0.0
01. Commissioner's Office and Administrative Services - Vehicle Lease Payments	GF	\$128,641	\$0	\$128,641	(\$5,934)	(\$5,934)
	CF	\$129,492	\$0	\$129,492	(\$10,166)	(\$10,166)
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$3,793	\$0	\$3,793	(\$175)	(\$175)

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	
Reappropriated Funds Source, by Department and Line Item Na	
Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/>	
Schedule 13s from Affected Departments:	
Other Information:	

**Schedule 13**

**Funding Request for the FY 2016-17 Budget Cycle**

Department of Agriculture

Request Title

NP-03 Secure Colorado

Dept. Approval By: lea mb  Supplemental FY 2015-16  
 Change Request FY 2016-17  
 Base Reduction FY 2016-17

OSPB Approval By: Erin H. Smith 10/30/15  Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$1,248,818</b>	<b>\$0</b>	<b>\$1,248,818</b>	<b>\$9,222</b>	<b>\$0</b>
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$950,293	\$0	\$950,293	\$7,009	\$0
	CF	\$298,525	\$0	\$298,525	\$2,213	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$1,248,818</b>	<b>\$0</b>	<b>\$1,347,538</b>	<b>\$9,222</b>	<b>\$0</b>
FTE		0.0	0.0	0.0	0.0	0.0
01. Commissioner's Office and Administrative Services - Payments to OIT	GF	\$950,293	\$0	\$1,025,414	\$7,009	\$0
	CF	\$298,525	\$0	\$322,124	\$2,213	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	
Reappropriated Funds Source, by Department and Line Item Na	
Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/>	
Schedule 13s from Affected Departments:	
Other Information:	



**Schedule 13**

**Funding Request for the FY 2016-17 Budget Cycle**

Department of Agriculture

Request Title

**R-01 Laboratory Resources**

Dept. Approval By: *[Signature]*  Supplemental FY 2015-16  
 Change Request FY 2016-17  
 Base Reduction FY 2016-17  
 OSPB Approval By: *[Signature]* 10/30/15  Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18
		Initial Appropriatio	Supplemental Request	Base Request	Change Request Continuation
	Total	\$3,643,139	\$0	\$3,643,139	\$90,865 \$86,162
	FTE	44.60	0.0	44.60	0.0 0.0
Total of All Line Items Impacted by Change Request	GF	\$1,172,298	\$0	\$1,172,298	\$0 \$0
	CF	\$2,072,680	\$0	\$2,072,680	\$90,865 \$86,162
	RF	\$84,000	\$0	\$84,000	\$0 \$0
	FF	\$314,161	\$0	\$314,161	\$0 \$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18
		Initial Appropriatio	Supplemental Request	Base Request	Change Request Continuation
	Total	\$3,643,139	\$0	\$3,683,407	\$90,865 \$86,162
	FTE	44.6	0.0	44.6	0.0 0.0
02. Agriculture Services Division - Inspection and Consumer Services	GF	\$1,172,298	\$0	\$1,189,027	\$0 \$0
	CF	\$2,072,680	\$0	\$2,094,537	\$90,865 \$86,162
	RF	\$84,000	\$0	\$84,000	\$0 \$0
	FF	\$314,161	\$0	\$315,843	\$0 \$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, describe the Letternote Text Revision: _____  Cash or Federal Fund Name and CORE Fund Number: <u>15RS</u> Reappropriated Funds Source, by Department and Line Item Na _____ Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/> Schedule 13s from Affected Departments: _____ Other Information: _____
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### ***Cost and FTE***

- This request seeks \$90,865 and 1.0 FTE in FY 2016-17 and \$86,162 and 1.0 FTE in FY 2017-18 and ongoing from the Marijuana Tax Cash Fund for a qualified analytical chemist in the Colorado Department of Agriculture (CDA) Biochemistry pesticide laboratory.

### ***Current Program***

- The CDA Biochemistry Laboratory (BCL) is part of the pesticide program and provides the service of laboratory analysis for pesticide residues on all types of matrices, including marijuana. The program provides analysis to assist in determining if a misapplication or misuse has occurred.
- The BCL has 2.5 FTE for receiving, storing, preparing, and analyzing samples and for processing data, performing QA/QC checks, and reporting the results.
- Sample turnaround times (from receipt at the laboratory to delivery of results) can take several weeks to multiple months depending on how many compounds are detected and the levels present.

### ***Problem or Opportunity***

- The number of complaints of pesticide misapplication has increased significantly since marijuana became a legal crop – 45 complaints in calendar year 2014 and 63 complaints calendar YTD 2015.
- As CDA conducts compliance assistance meetings and inspections in the marijuana facilities, the volume of samples will continue to increase.
- Currently, the lab has insufficient resources to provide a quick turnaround on samples so enforcement action can be taken if necessary.
- Additional staff is needed to process the volume of samples being generated by the marijuana industry.

### ***Consequences of Problem***

- There is a significant lag time (several weeks to multiple months) in determining whether a misapplication occurred and delivering the data to take action on the issue if one has occurred.
- Samples are stored while awaiting analysis. Long turnaround times between receipt at the lab and the start of analysis may cause degradation of the samples. Shortening turnaround times significantly reduces or eliminates this variability.

### ***Proposed Solution***

- One additional FTE will be hired to conduct analyses and process data.
- It is estimated that the target turnaround time of 14-30 days could be achieved with the additional 1.0 FTE.
- The request seeks \$90,865 and 1.0 FTE in FY 2016-17, with an annualization to \$86,162 and 1.0 FTE in FY 2017-18 ongoing.



# COLORADO

## Department of Agriculture

John W. Hickenlooper  
Governor

Don Brown  
Commissioner

FY 2016-17 Funding Request | November 2, 2015

**Department Priority: R-01**

**Request Detail: CDA Biochemistry Laboratory Facility Pesticide Laboratory Augmentation**

Summary of Incremental Funding Change for FY 2016-2017	Total Funds	General Fund	FTE
CDA Biochemistry Laboratory Facility Pesticide Laboratory Augmentation	\$90,865	\$0	1.0

This request seeks \$90,865 and 1.0 FTE in FY 2016-17 with an annualization to \$86,162 and 1.0 FTE in FY 2017-18 ongoing from the Marijuana Tax Cash Fund to the Colorado Department of Agriculture (CDA) Biochemistry Laboratory facility pesticide laboratory. The CDA Biochemistry Laboratory (BCL) is part of the CDA pesticide program and provides laboratory analysis services for pesticide residues on all types of matrices, including marijuana. The program provides analysis to assist in determining if a misapplication or misuse has occurred. The BCL has 2.5 FTE for receiving, storing, preparing, and analyzing samples, and for processing data, performing QA/QC checks, and reporting the results. Sample turnaround times (from receipt at the laboratory to delivery of results) can take several weeks to multiple months depending on how many compounds are detected and the levels present.

**Problem or Opportunity:**

The number of complaints of pesticide misapplication has increased significantly since marijuana became a legal crop. In the past two calendar years, the Department had 44 and 45 pesticide misuse complaint investigations respectively. This year, the CDA has 63 to date and will likely have almost 75 by December 31, 2015. As CDA conducts compliance assistance meetings and inspections in the marijuana facilities, this will also increase the volume of samples. Currently, the lab has insufficient resources (staff, lab space, and instrument capacity) to provide a quick turn around on samples so that enforcement action can be taken if necessary. The current number of marijuana samples that need to be tested for pesticide residues is overwhelming the limited staffing available for conducting these analyses.

There is a significant lag time (several weeks to multiple months) in determining whether a misapplication of a pesticide product has occurred and delivering the data to take action on the issue if one has occurred. Samples are stored while awaiting analysis, and long turnaround times between receipt at the lab and the start of analysis may impact the samples in terms of potential degradation. Shortening turnaround times significantly reduces or eliminates this variability. A significant testing backlog requires that the program determine prioritization of cases with competing priorities, creating otherwise avoidable conflicts. The testing backlog is approximately 175 samples, whereas the normal backlog without marijuana at this time of year is usually 20 – 30 samples.

With respect to limited staffing, the Department has utilized interns to assist with basic sample preparation; however, interns cannot perform the higher-level scientific spectrometry and data interpretation required for the accurate detection and identification of pesticide residues. An additional qualified, full-time analyst is needed to reduce analytical turnaround time. Workload measures vary widely depending on the type of analyses being run. For pesticide application enforcement cases, each sample requires more work since it is much more difficult due to the unusual matrices, unique pesticide combinations, and number of samples in a case. An analyst running pesticide case testing may only get through 750 to 1,500 determinations in a season.

#### ***Proposed Solution:***

This funding request consists of acquiring the necessary personnel to adequately support a statewide pesticide regulatory program. Such a program relies on delivery of accurate, timely, and fit-for-purpose analytical data to enable investigators, program management, and stakeholders to make informed regulatory decisions. The current extensive lag time between sampling and delivering test results impairs the Department's regulatory apparatus to make timely and informed decisions. Reducing the sample turnaround time would substantially improve the Department's ability to operate the pesticide program in a more nimble and robust manner. The Department's investigators, program managers, and constituent stakeholders all benefit from timely delivery of sample testing results. Delivery of fit-for-purpose testing results links to the Department's Performance Plan in that the Department is required to take regulatory action for an out of conformance situation in a timely manner. Faster data turnaround enables the Department to more quickly ascertain what, if any, regulatory action must be taken in response to a given investigation scenario.

The funding request is for \$90,865 and 1.0 FTE in Marijuana Tax Cash Fund appropriation in FY 2016-17, with the position to be filled by a qualified Physical Scientist with pesticide residue chemistry experience. Funding for the 1.0 FTE would be \$86,162 in FY 2017-18 and ongoing. The solution requires no statutory change and no other Departments would be impacted by this request.

#### ***Anticipated Outcomes:***

The anticipated outcome of implementing this funding request will be a measureable reduction in the number of working days in the testing lifecycle, thus significantly reducing the sample turnaround time. Typical sample turnaround times (measured from sample receipt at the laboratory through the day samples results are reported to the Program) currently range from several weeks to several months. The desired outcome would be a reliable turnaround time between 14 and 30 days, which would be consistent with the turnaround times routinely achieved in the commercial laboratory sector.

Turnaround times are the standard metric for determining timeliness of data receipt. Timeliness of data delivery is a component of data usability and is also related to the data being fit-for-purpose. Once the solutions are funded and implemented, the Department will monitor sample turnaround times. The expectation is that a 50% reduction in the turnaround time can be achieved within 30 days of implementation and that after 90 days; the target turnaround time of 14 to 30 days can be routinely achieved. Due to the unique nature of some investigations, challenges outside the laboratory's control may conspire to hinder reaching this target in all cases. Such challenges include: availability of unique standards, instrument reliability, unusual matrices, analytical interferences, and so forth. Nevertheless, the Department will conclude that the proposed solution is successful if 95% of the sample results are delivered within the 14 to 30 day turnaround window.



Delivery of fit-for-purpose testing results links to the Department's Performance Plan in that the Department is required to take regulatory action for an out of conformance situation in a timely manner. Faster data turnaround enables the Department to more quickly ascertain what, if any, regulatory action must be taken in response to a given investigation scenario. Timely action better serves the Department's constituent interests.

**Assumptions and Calculations:**

<b>FTE Calculation Assumptions:</b>					
<b>Expenditure Detail</b>			<b>Year 1 (Request Year)</b>	<b>Year 2 (Out-year)</b>	
<b><i>Personal Services:</i></b>					
Classification Title	Monthly Salary	FTE		FTE	
Physical Scientist II	\$5,308	1.0	\$63,693	1.0	\$63,693
PERA			\$6,465		\$6,465
AED			\$3,057		\$3,057
SAED			\$3,025		\$3,025
Medicare			\$924		\$924
STD			\$121		\$121
Health-Life-Dental			\$7,927		\$7,927
<b>Subtotal Position 1, #.# FTE</b>		<b>1.0</b>	<b>\$85,212</b>	<b>1.0</b>	<b>\$85,212</b>
<b><i>Subtotal Personal Services</i></b>					
		<b>1.0</b>	<b>\$85,212</b>	<b>1.0</b>	<b>\$85,212</b>
<b><i>Operating Expenses:</i></b>					
		FTE		FTE	
Regular FTE Operating Expenses	\$500	1.0	\$500	1.0	\$500
Telephone Expenses	\$450	1.0	\$450	1.0	\$450
PC, One-Time	\$1,230	1.0	\$1,230		
Office Furniture, One-Time	\$3,473	1.0	\$3,473		
Other					
Other					
Other					
Other					
<b><i>Subtotal Operating Expenses</i></b>			<b>\$5,653</b>		<b>\$950</b>
<b><u>TOTAL REQUEST</u></b>					
		<b>1.0</b>	<b>\$90,865</b>	<b>1.0</b>	<b>\$86,162</b>
	<i>Cash funds:</i>		\$90,865		\$86,162



**Schedule 13**

**Funding Request for the FY 2016-17 Budget Cycle**

**Department of Agriculture**

**Request Title**

**R-01 Laboratory Resources**

Dept. Approval By: *[Signature]*  Supplemental FY 2015-16  
 Change Request FY 2016-17  
 Base Reduction FY 2016-17  
 OSPB Approval By: *[Signature]* 10/30/15  Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18
		Initial Appropriatio	Supplemental Request	Base Request	Change Request Continuation
	Total	\$3,643,139	\$0	\$3,643,139	\$90,865 \$86,162
	FTE	44.60	0.0	44.60	0.0 0.0
Total of All Line Items Impacted by Change Request	GF	\$1,172,298	\$0	\$1,172,298	\$0 \$0
	CF	\$2,072,680	\$0	\$2,072,680	\$90,865 \$86,162
	RF	\$84,000	\$0	\$84,000	\$0 \$0
	FF	\$314,161	\$0	\$314,161	\$0 \$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18
		Initial Appropriatio	Supplemental Request	Base Request	Change Request Continuation
	Total	\$3,643,139	\$0	\$3,683,407	\$90,865 \$86,162
	FTE	44.6	0.0	44.6	0.0 0.0
02. Agriculture Services Division - Inspection and Consumer Services	GF	\$1,172,298	\$0	\$1,189,027	\$0 \$0
	CF	\$2,072,680	\$0	\$2,094,537	\$90,865 \$86,162
	RF	\$84,000	\$0	\$84,000	\$0 \$0
	FF	\$314,161	\$0	\$315,843	\$0 \$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, describe the Letternote Text Revision: _____ Cash or Federal Fund Name and CORE Fund Number: <u>15RS</u> Reappropriated Funds Source, by Department and Line Item Na _____ Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/> Schedule 13s from Affected Departments: _____ Other Information: _____
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**Schedule 13**

**Funding Request for the FY 2016-17 Budget Cycle**

**Department of Agriculture**

**Request Title**

**R-02 Hemp Reg and Seed Cert Program Support**

Dept. Approval By: *Alan W. B. [Signature]*  Supplemental FY 2015-16  
 Change Request FY 2016-17  
 Base Reduction FY 2016-17

OSPBA Approval By: *Grant N. [Signature] 10/30/15*  Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$978,474</b>	<b>\$0</b>	<b>\$978,474</b>	<b>\$220,471</b>	<b>\$0</b>
<b>FTE</b>		<b>2.0</b>	<b>0.0</b>	<b>2.0</b>	<b>1.0</b>	<b>0.0</b>
<b>Total of All Line Items Impacted by Change Request</b>	<b>GF</b>	<b>\$277,053</b>	<b>\$0</b>	<b>\$277,053</b>	<b>\$0</b>	<b>\$0</b>
	<b>CF</b>	<b>\$682,628</b>	<b>\$0</b>	<b>\$682,628</b>	<b>\$220,471</b>	<b>\$0</b>
	<b>RF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>FF</b>	<b>\$18,793</b>	<b>\$0</b>	<b>\$18,793</b>	<b>\$0</b>	<b>\$0</b>

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$470,565</b>	<b>\$0</b>	<b>\$475,870</b>	<b>\$0</b>	<b>\$0</b>
<b>FTE</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
01. Commissioner's Office and Administrative Services - Legal Services	<b>GF</b>	<b>\$148,412</b>	<b>\$0</b>	<b>\$150,193</b>	<b>\$0</b>	<b>\$0</b>
	<b>CF</b>	<b>\$307,153</b>	<b>\$0</b>	<b>\$310,497</b>	<b>\$0</b>	<b>\$0</b>
	<b>RF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>FF</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$15,180</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>		<b>\$261,926</b>	<b>\$0</b>	<b>\$261,926</b>	<b>\$25,260</b>	<b>\$0</b>
<b>FTE</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
01. Commissioner's Office and Administrative Services - Vehicle Lease Payments	<b>GF</b>	<b>\$128,641</b>	<b>\$0</b>	<b>\$128,641</b>	<b>\$0</b>	<b>\$0</b>
	<b>CF</b>	<b>\$129,492</b>	<b>\$0</b>	<b>\$129,492</b>	<b>\$25,260</b>	<b>\$0</b>
	<b>RF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>FF</b>	<b>\$3,793</b>	<b>\$0</b>	<b>\$3,793</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>		<b>\$245,983</b>	<b>\$0</b>	<b>\$265,782</b>	<b>\$195,211</b>	<b>\$0</b>
<b>FTE</b>		<b>2.0</b>	<b>0.0</b>	<b>2.0</b>	<b>1.0</b>	<b>0.0</b>
02. Agriculture Services Division - Hemp Certification Seed Program	<b>GF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>CF</b>	<b>\$245,983</b>	<b>\$0</b>	<b>\$265,782</b>	<b>\$195,211</b>	<b>\$0</b>
	<b>RF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>





### ***Cost and FTE***

- This request seeks \$220,471 total funds in FY 2016-17, comprised of an increase of \$349,810 and 1.0 FTE from the Marijuana Tax Cash Fund and a decrease of \$129,339 spending authority from the Hemp Cash Fund for development of the hemp regulatory activities and the hemp seed certification activities.
- One additional FTE is requested. This should be one time funding with the expenses being transferred to the Hemp Cash Fund for FY 2017-18.

### ***Current Program***

- The Colorado Department of Agriculture (CDA) is the regulatory agency for industrial hemp. The full regulatory program, along with a seed certification program, is in development.
- Access to industrial hemp seed has been a challenge for Colorado growers. The limited amount of available seed is not certified to produce plants with a THC concentration at or below 0.3 percent. Crop yields that exceed 0.3 percent THC are destroyed at a loss to the grower.

### ***Problem or Opportunity***

- The hemp regulatory program is designed to be self-funded; however, the program expenses have been higher than originally expected and significantly out-paced revenues generated.
- During the 2015 legislative session, the Industrial Hemp Act was amended to allow CDA to change the fees to better address program expenses in future years.
- SB 15-196 also gave funding to this program in FY 2015-16 from the Marijuana Tax Cash Fund, and authority to spend in FY 2016-17 out of the Hemp Cash Fund.

### ***Consequences of Problem***

- Without funding, CDA will take longer than anticipated to develop the correct regulatory framework for the program, providing less than adequate oversight of this developing industry and putting the state at risk of not complying with federal guidelines.
- Slower development of the seed certification program will require more testing of crop material, which is expensive to both the state and the registrant.

### ***Proposed Solution***

- Using the Marijuana Tax Cash Fund to supplement the Hemp Cash Fund in FY 2017-18 will allow CDA time to develop the process to collect adequate fees for the program in future years.
- The additional 1.0 FTE will assist with the seed certification program.



# COLORADO

## Department of Agriculture

John W. Hickenlooper  
Governor

Don Brown  
Commissioner

FY 2016-17 Funding Request | November 2, 2015

**Department Priority: R-02**

**Request Detail: Hemp Regulatory and Seed Certification Program Support**

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund	FTE
Hemp Regulatory and Seed Certification Program Support	\$220,471	\$0	1.0

This request seeks \$220,471 total funds in FY 2016-17, comprised of an increase of \$349,810 and 1.0 FTE from the Marijuana Tax Cash Fund and a decrease of \$129,339 spending authority from the Hemp Cash Fund, for continued development of hemp regulatory activities and hemp seed certification activities. The Marijuana Cash Tax Fund will help supplement the Hemp Cash Fund for the fiscal year. This is planned to be one time funding with the expenses and FTE being transferred to the Hemp Cash Fund for FY 2017-18; however, since the growing season spans two fiscal years, CDA may need a second request to complete the 2017 growing season, which will end in the first three to four months of FY 2017-18.

### **Problem or Opportunity:**

Industrial hemp is regulated by the Colorado Department of Agriculture (CDA). Hemp cannot contain a THC concentration above 0.3 percent on a dry weight basis. It is considered a Schedule I controlled substance by the federal government. This schedule includes substances such as marijuana, heroin, and LSD, which have no currently accepted medical use, a lack of accepted safety for use under medical supervision, and a high potential for abuse.

Access to industrial hemp seed has been a challenge for Colorado growers. The limited amount of seed that is available is not certified to produce plants with a THC concentration at or below 0.3 percent. Crop yields that exceed 0.3 percent THC are destroyed at a loss for the grower. Identification and production of a certified seed is a multi-year endeavor.

The most recent federal Farm Bill included a provision that authorized a state department of agriculture or institution of higher education in a state where cultivation of industrial hemp is legal, to conduct industrial hemp research. The CDA obtained a Drug Enforcement Agency (DEA) registration allowing it to import industrial hemp seed. The CDA will be able to provide contract farmers, Colorado State University, and the University of Colorado at Boulder with hemp seed for the certified seed program and research without those entities having to obtain a DEA registration.

The Colorado Industrial Hemp Act requires CDA to develop a seed certification program to assist with seed availability:

*C.R.S. 35-61-103 (2) The committee shall work with the department to establish an industrial hemp registration program and a seed certification program pursuant to section 35-61-104, under which a*

person may obtain authorization to: (a) Engage in industrial hemp cultivation; or (b) Grow industrial hemp for purposes of research and development.

(3) The committee shall assist the department in determining the qualifications and other criteria a person must satisfy to qualify for registration under this article. The committee shall assist the department in the development of a seed certification program.

Seed certification for other crops is conducted by Colorado State University (CSU); however, because hemp is not legal on the federal level and CSU receives significant federal funding, CSU is currently unable to perform this task.

The development of a full regulatory program and a seed certification program is in development and will take at least another year. The hemp regulatory program is designed to be self-funded in the long run. However, due to the unexpected large number of participants and significant issues that have, and need to be addressed, the program expenses have been higher than originally expected and have significantly out-paced revenues generated. Current revenues for FY16 are at \$5,814 and current expenses are \$13,720, as of October 22, 2015.

Without the requested funding, CDA will take longer than anticipated to develop the correct regulatory framework for the program. The delay would result in less than adequate oversight of this developing industry and put the state at risk of not complying with the Cole Memorandum, guidance regarding Marijuana Enforcement from the US Department of Justice. In addition, slower development of the seed certification program will require more testing of crop material which is expensive to both the state and the registrant. The absence of certified seed also provides less certainty that the crop is below the 0.3 percent THC level. The Department believes a short infusion of funding from the Marijuana Tax Cash Fund is appropriate, because a significant part of the industry CDA now regulates is thought to be captured in the marijuana regulatory system.

The legislature amended the Industrial Hemp Act in the 2015 session to allow CDA to change the matrix for setting registration fees. This change will help in future years, but the full benefit will not provide sufficient funding until the 2017-18 fiscal year (See table below). The Act was amended to allow CDA to consider the type of use of the hemp product when setting fees rather than just land area.

Fiscal Year	Number of Registrations	Total Registration Revenue
2014-15	131	\$113,604*
2015-16	250	\$145,161**
2016-17	350	\$195,000**
2017-18	450	\$500,000***

\* Registrants (\$100 R&D, \$200 Commercial)

\*\* Projected based on current fee of \$500 per registration, \$5 acre outdoor, \$0.33/1000 square foot indoors.

\*\*\* Fee structure is still being determined to provide \$500,000 in revenue by FY 17-18.

#### ***Proposed Solution:***

The Division of Plant Industry in the CDA will add 1.0 FTE to administer the seed certification program. Division staff will work with the Commissioner, the Industrial Hemp Committee, and independent seed

producers to promulgate rules for the industrial seed certification program. The division will need legal services from the Department of Law for rulemaking, contracting with farmers, and compliance with DEA requirements. The division will be responsible for the selection, purchase, and importation of industrial hemp seed and will enter into agreements with farmers to produce varieties for testing on their land. Lab costs of \$150 per sample are required to measure the THC concentration level. The division is expected to conduct approximately 600 tests in FY 2016-17.

The seed certification manager will oversee the program. Temporary staff will be added to collect samples multiple times from contract farmers and deliver the samples to the lab. Frequent trips will be required because industrial hemp samples cannot legally be sent through the U.S. mail. The division will lease state vehicles from Fleet Management. Travel costs are needed in all of parts of the state to verify that different growing conditions do not change the THC concentration. The division will need to lease/purchase seed storage facilities and establish a distribution system.

In SB 15-196, funding from the Marijuana Tax Cash Fund was requested for two fiscal years (FY 2015-16 and FY 2016-17), but only approved for one year. Because the growing season for hemp is split over two fiscal years, the funding provided for FY 15-16 does not cover the expense of the program for the last part of the 2016 growing season and the start of the 2017 growing season. The program can begin in the current fiscal year but will not be completed. It is thought that after this infusion of funding, the hemp registration fees and sale of the certified seed can cover the expense, based on the fee structure of the program.

The first full year of the seed certification program is FY 2016-17, and the expenditures below reflect the costs for a complete growing season which includes the end of the calendar year 2016 season and the beginning of the calendar year 2017 season. CDA will seek an increase in cash fund spending authority for FY 2017-18 to carry on the program.

Should the funding not be approved, the implementation of a seed certification program will be delayed another year. If delayed, this will require growers to obtain seed from sources that are not certified to verify the THC content will actually be hemp and requires the Department to do more regulatory testing to verify the crop is below the 0.3% THC threshold.

This activity links to the Department's Performance Plan in the area of increasing marketing and sales opportunities throughout Colorado's food and agricultural value chain. This will help provide verifications and resources that help food and agricultural suppliers enhance marketing opportunities by ensuring they are using seed that will produce a legal hemp crop and not have to be destroyed.

This request seeks \$220,471 total funds in FY 2016-17, comprised of \$349,810 and 1.0 FTE from the Marijuana Tax Cash Fund and (\$129,339) spending authority from the Hemp Cash Fund, for continued development of hemp regulatory activities and hemp seed certification activities. To complement this request, a supplemental will be forthcoming.

***Anticipated Outcomes:***

The seed certification program is a multi-year endeavor and was initiated in growing season 2015 with a very small amount of seed. It will take roughly 4-5 years for a fully operational program. Outcomes will be:

- Rules for seed certification developed.
- FY 2015-16: 17 seed varieties screened to determine if they produce THC at or below 0.3 percent.

- FY 2016-17: ~ 100 seed varieties screened to determine if they produce THC at or below 0.3 percent. Varieties identified in FY 2015-16 that meet the threshold produced in small quantities to allow for seed increase in FY 2017-18.

The project will be successful if over the next 4-5 years, CDA is able to provide seed varieties to growers who are certified to meet the hemp THC threshold.

**Assumptions and Calculations:**

- 250 total industrial hemp registrants in FY 2015-16; and
- 350 total industrial hemp registrants in FY 2016-17.
- Breakdown of how the request was calculated:

Cost Component	SB 15-196 Fiscal Note FY 2016-17 Hemp Registration Program Cash Fund	Total Need for FY 2016-17	Total FY 2016-17 Decision Item
FTE	2.0	3.0	1.0
Personal Services	\$110,982	\$214,533	\$103,551
Temporary Staff (3 - six month employees @ \$16/hour	37,500	48,960	11,460
Operating Expenses	2,000	20,000	18,000
Vehicles	0	25,260	25,260
Legal Services	3,780	3,780	0
Computer Programming	5,000	5,000	0
Radio Frequency Tags and Postage	1,000		(1,000)
Seed Stock	3,000	12,000	9,000
Seed Storage	0	25,000	25,000
Land Contracts	7,500	30,000	22,500
Testing Laboratory Costs	90,000	90,000	0
Travel	8,800	15,500	6,700
<b>Total</b>	<b>\$269,562</b>	<b>\$490,033</b>	<b>\$220,471</b>



- Breakdown of fund splits for the request:

Cost Component	Total FY 2016-17 Decision Item	Request for Spending Authority from Marijuana Tax Cash Fund	Request to Reduce Spending Authority from Hemp Cash Fund
FTE	1.0	1.0	0.0
Personal Services	\$103,551	\$79,377	\$24,174
Temporary Staff (3 - six month employees @ \$16/hour	11,460	48,960	(37,500)
Operating Expenses	18,000	20,000	(2,000)
Vehicles	25,260	25,260	0
Legal Services	0	3,780	(3,780)
Computer Programming	0		0
Radio Frequency Tags and Postage	(1,000)		(1,000)
Seed Stock	9,000	12,000	(3,000)
Seed Storage	25,000	25,000	0
Land Contracts	22,500	30,000	(7,500)
Testing Laboratory Costs	0	90,000	(90,000)
Travel	6,700	15,433	(8,733)
<b>Total</b>	<b>\$220,471</b>	<b>\$349,810</b>	<b>(\$129,339)</b>

- FTE Calculation Explanation

Expenditure Detail		Year 1 (Request Year)		Year 2 (Out-year)	
<i>Personal Services:</i>					
Classification Title	Monthly Salary	FTE		FTE	
General Professional IV	\$4,907	1.0	\$58,884	-	\$0
PERA			\$5,977		\$0
AED			\$2,826		\$0
SAED			\$2,797		\$0
Medicare			\$854		\$0
STD			\$112		\$0
Health-Life-Dental			\$7,927		\$0
<b>Subtotal Position 1, 1.0 FTE</b>		<b>1.0</b>	<b>\$79,377</b>	<b>-</b>	<b>\$0</b>
<b>Subtotal Personal Services</b>					
		<b>1.0</b>	<b>\$79,377</b>	<b>-</b>	<b>\$0</b>

***Operating Expenses:***

		FTE		FTE	
Regular FTE Operating Expenses	\$500	1.0	\$500		\$0
Telephone Expenses	\$450	1.0	\$450		\$0
PC, One-Time	\$1,230	1.0	\$1,230		
Office Furniture, One-Time	\$3,473	1.0	\$3,473		
Other					
Other					
Other					
Other					

***Subtotal Operating Expenses*** **\$5,653** **\$0**

**TOTAL REQUEST** **1.0** **\$85,030** **-** **\$0**

*General Fund:* \$0

*Cash funds:* \$85,030

*Reappropriated Funds:* \$0

*Federal Funds:* \$0

**Schedule 13**

**Funding Request for the FY 2016-17 Budget Cycle**

**Department of Agriculture**

**Request Title**

**R-02 Hemp Reg and Seed Cert Program Support**

Dept. Approval By: *[Signature]*  Supplemental FY 2015-16  
 Change Request FY 2016-17  
 Base Reduction FY 2016-17

OSPBA Approval By: *[Signature]* 10/30/15  Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request Continuation	
<b>Total</b>		<b>\$978,474</b>	<b>\$0</b>	<b>\$978,474</b>	<b>\$220,471</b>	<b>\$0</b>
FTE		2.0	0.0	2.0	1.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$277,053	\$0	\$277,053	\$0	\$0
	CF	\$682,628	\$0	\$682,628	\$220,471	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$18,793	\$0	\$18,793	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request Continuation	
<b>Total</b>		<b>\$470,565</b>	<b>\$0</b>	<b>\$475,870</b>	<b>\$0</b>	<b>\$0</b>
FTE		0.0	0.0	0.0	0.0	0.0
01. Commissioner's Office and Administrative Services - Legal Services	GF	\$148,412	\$0	\$150,193	\$0	\$0
	CF	\$307,153	\$0	\$310,497	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$15,000	\$0	\$15,180	\$0	\$0
<b>Total</b>		<b>\$261,926</b>	<b>\$0</b>	<b>\$261,926</b>	<b>\$25,260</b>	<b>\$0</b>
FTE		0.0	0.0	0.0	0.0	0.0
01. Commissioner's Office and Administrative Services - Vehicle Lease Payments	GF	\$128,641	\$0	\$128,641	\$0	\$0
	CF	\$129,492	\$0	\$129,492	\$25,260	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$3,793	\$0	\$3,793	\$0	\$0
<b>Total</b>		<b>\$245,983</b>	<b>\$0</b>	<b>\$265,782</b>	<b>\$195,211</b>	<b>\$0</b>
FTE		2.0	0.0	2.0	1.0	0.0
02. Agriculture Services Division - Hemp Certification Seed Program	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$245,983	\$0	\$265,782	\$195,211	\$0
	RF	\$0	\$0	\$0	\$0	\$0