

# Colorado Department of Agriculture Long-Range Financial Plan FY 2021-22

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# SECTION ONE. INTRODUCTION

When thinking about Colorado, outdoor adventure and the Rocky Mountains usually spring to mind. However, farms and ranches make up nearly half of the state's 66 million acres, not to mention the public lands utilized by agriculture. As a result, Colorado has some of the most productive and abundant agricultural lands in the nation, from the plains to the high country.

Colorado is as diverse in agricultural production as in geography. Cattle and calves, corn, wheat, hay, and dairy dominate as the Centennial State's leading agricultural commodities. However, we also grow traditional row crops, melons, peaches, hemp, sunflowers, grapes, and mushrooms; diversified operations sell dozens of fruit and vegetable varieties directly to consumers; we raise bison, sheep, and poultry, and support a thriving greenhouse industry.



**COLORADO**  
Department of Agriculture

## MISSION

To strengthen and advance Colorado agriculture; promote a safe and high-quality food supply; protect consumers; and foster responsible stewardship of the environment and natural resources.

## VISION

Our vision is that Colorado agriculture be strong and vibrant, a key driver of the state's economy, and recognized worldwide for its safe and abundant supply of high-quality food and agriculture products.

## FY22 WILDLY IMPORTANT GOALS

Every day we continue to engage in a full range of work and operational priorities to support Colorado producers. So why do we need WIGs? When we choose wildly important goals (WIG), we're identifying the most important objectives we may not achieve unless they get special attention.



### GOAL #1- BUILDING ECONOMIC AND SUPPLY CHAIN RESILIENCE

**OUTCOME MEASURE:** Support economic and supply chain resilience in the agriculture industry, as measured by the creation of 130 jobs by June 30, 2022.



### GOAL #2- ADVANCING VOLUNTARY STEWARDSHIP

**OUTCOME MEASURE:** Enhance agricultural resilience, productivity, and economic efficiency through increased participation in CDA's voluntary conservation programs, reducing CO<sub>2</sub> emissions by 400 tons per year by June 30, 2022.



### GOAL #3- SUPPORTING THE NEXT GENERATION IN AGRICULTURE

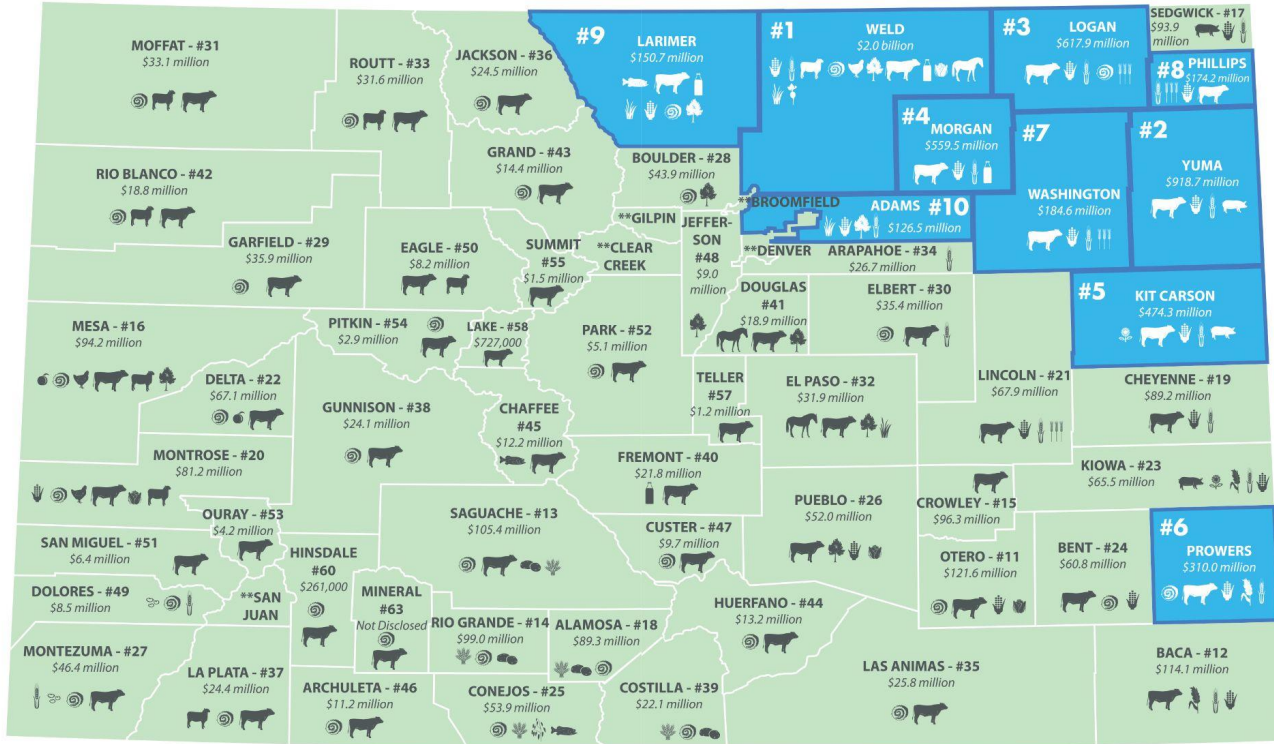
**OUTCOME MEASURE:** Provide training, education, and financial assistance to 100 of the next generation leaders and producers in agriculture to enhance their skills and provide them the access to farmland, machinery, and equipment they need by June 30, 2022.



# Department Overview

The mission of the Department of Agriculture is to strengthen and advance Colorado agriculture; promote a safe and high-quality food supply; protect consumers; and foster responsible stewardship of the environment and natural resources. In doing so, the Department touches every corner of the state through inspection, certification, technical support, and marketing efforts. Agricultural products are the primary export for the State of Colorado. The table below shows the magnitude of agricultural products by county.

A GLIMPSE OF COLORADO AGRICULTURE



- Aquaculture
- Barley
- Cattle
- Corn
- Dairy
- Dry Beans
- Fruits
- Hay
- Hogs
- Horses
- Millet
- Nursery
- Oats
- Poultry & Eggs
- Potatoes
- Sheep
- Sod
- Sorghum
- Sugarbeets
- Sunflowers
- Vegetables
- Wheat

\*\* #56 DENVER Not Disclosed  
 #59 BROOMFIELD \$613,000  
 #61 GILPIN \$216,000  
 #62 CLEAR CREEK \$174,000  
 SAN JUAN Not Available

**BLUE AREAS**  
 are top ten agricultural  
 counties in Colorado.

\*Value of agricultural products sold by county. Data from 2017 Census of Agriculture, USDA.

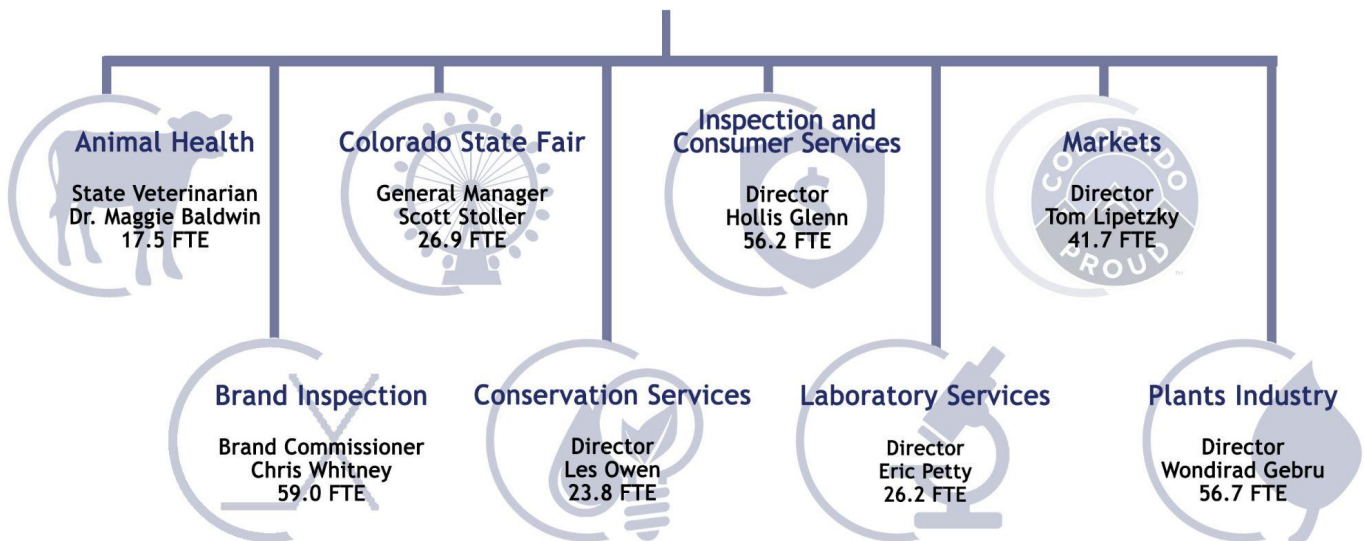
The Colorado Department of Agriculture (CDA) supports all of Colorado's producers and protects consumers by performing a variety of different functions. Our services include the regulation and certification of the livestock industry, including brand inspection; certification of organic crop and livestock production; regulation of the use of pesticides and pesticide applicators; administration of inspection and consumer services programs; protection of animals and pet care facilities; provision of conservation stewardship services across the state; regulation of industrial hemp; promotion of Colorado's agricultural industries; and administration of the State Fair and fairgrounds.

Under the direction of the Commissioner of Agriculture, the employees of the Colorado Department of Agriculture are proud to serve Colorado through the following divisions.



**Commissioner's Office**  
(Executive Director)

**Commissioner**  
**Kate Greenberg**  
18.7 FTE



## SECTION TWO. PROGRAM AND GOAL EVALUATION

The COVID-19 pandemic upended life worldwide. Agriculture was not immune from the shockwaves or from bearing witness to vulnerabilities. The work CDA was doing before the pandemic to strengthen and diversify markets for Colorado agriculture has only become more important throughout the pandemic. We are more focused than ever on strategic market investments to grow business, diversify supply chains, bring consumers more choice, and align advancements in agricultural stewardship with premiums in the marketplace to open up higher-value markets for producers. The specific actions we are taking are categorized in three main goals:

- Responding to the pandemic: Redefining the objective of our support to aid farming and ranching households to keep their agricultural businesses afloat during the crisis and in a position to participate in the recovery, and limiting the long-term consequences of the shock to agricultural value chains;
- Recovering from the crisis: Helping drive diversification in markets with a particular focus on local and regional food system development, as well as B2B international marketing. ;
- Building resilience for the future: Helping prepare farmers and ranchers with the tools they need to overcome future changes or disruptions.

## Wildly Important Goal- BUILDING ECONOMIC AND SUPPLY CHAIN RESILIENCE

Building Economic and Supply Chain Resilience in the agriculture industry, as measured by the creation of 130 jobs by June 30, 2022.

Goal Description	Baseline	FY 21-22 Goal*	FY 22-23 Goal	FY 23-24 Goal
JOB CREATION Building Economic and Supply Chain Resilience in the agriculture industry, as measured by the creation of 130 jobs by June 30, 2022.	0	130	150	200
INFRASTRUCTURE INVESTMENT Award \$56M to be allocated through the Colorado Agricultural Future Loan and other grant programs by June 30, 2022.	0	100%	100%	100%
INTERNATIONAL MARKETING Increase from 85% to 90% the number of companies participating in the CDA international marketing program that express developing or already developed business sales due to their participation by June 30, 2022.	85%	90%	91%	92%
COLORADO PROUD AND BUSINESS DEVELOPMENT Increase the number of Colorado Proud businesses using the CO Proud Logo on packaging or marketing materials from 51% to 61% by June 30, 2022.	51%	61%	71%	81%
SECURE FOOD SUPPLY PLANS Support the development of 25 new Secure Food Supply plans, increasing the total from 75 to 100 by June 30, 2022.	75	100	110	120

\*These goals are all new for 2021-22. CDA does not have historical data for these goals. In lieu, we have provided our three-year objectives.

### Evaluation of Wildly Important Goal #1

<b>Goal</b>	<b>Building Economic and Supply Chain Resilience in the agriculture industry, as measured by the creation of 130 jobs by June 30, 2022.</b>
<b>Relevant Major Program Areas</b>	<b>Key Strategies</b>
Markets Division programs including International Marketing, Business Assistance, and Colorado Proud	<ul style="list-style-type: none"> <li>Efficiently distribute stimulus grants and loan money to producers.</li> <li>Modernize the Colorado Proud program.</li> <li>Increase marketing programs designed to help consumers, restaurants, and retailers identify and purchase Colorado food and agricultural products.</li> <li>Connect businesses to funding, state, and federal programs as well as buyers for Colorado Products.</li> </ul>
Animal Health	<ul style="list-style-type: none"> <li>Increase preparedness and response by educating producers and limiting exposure of their animals through enhanced biosecurity.</li> <li>Work with producers to create a continuity of business plan for operations.</li> <li>Sign producers up for the national Premises Identification Number (PIN).</li> </ul>

## Wildly Important Goal- ADVANCING FARMER AND RANCHER LED STEWARDSHIP

Advancing farmer and rancher led stewardship by enhancing agricultural resilience, productivity, and economic efficiency through increased participation in CDA’s voluntary conservation programs, reducing CO2 emissions by 400 tons per year by June 30, 2022

Goal Description	Baseline	FY 21-22 Goal*	FY 22-23 Goal	FY 23-24 Goal
<b>VOLUNTARY STEWARDSHIP PROJECTS</b> Advancing farmer and rancher led stewardship by enhancing agricultural resilience, productivity, and economic efficiency through increased participation in CDA’s voluntary conservation programs, reducing CO2 emissions by 400 tons per year by June 30, 2022	0	400	500	600
<b>STAR PROGRAM PARTICIPATION</b> Build voluntary participation in the Saving Tomorrow’s Agricultural Resources (STAR) program or equivalent from 28 to 40 participants by June 30, 2022.	28	40	75	110
<b>INCREASING PRIVATE LANDOWNERS’ CONSERVATION PRACTICES</b> Increase voluntary conservation practices by private landowners by increasing the number of matching conservation district grants from 1294 to 1350 by June 30, 2022.	1294	1350	1410	1470
<b>MAKING SUSTAINABILITY PROFITABLE</b> Identify 3 companies that have committed to purchasing products from Colorado farmers and ranchers participating in CDA’s STAR program to advance regenerative agriculture market opportunities by June 30, 2022.	0	3	6	9

\*These goals are all new for 2021-22. CDA does not have historical data for these goals. In lieu, we have provided our three-year objectives.

### Evaluation of Wildly Important Goal #2

<b>Goal</b>	<b>Advancing farmer and rancher led stewardship by enhancing agricultural resilience, productivity, and economic efficiency through increased participation in CDA’s voluntary conservation programs, reducing CO2 emissions by 400 tons per year by June 30, 2022</b>
<b>Relevant Major Program Areas</b>	<b>Key Strategies</b>
Conservation Division programs including ACRE3 and Soil Health Program	<ul style="list-style-type: none"> <li>• Work with applicants step by step to complete application and project development process</li> <li>• Efficiently distribute stimulus money to producers</li> <li>• Sign producers and Conservation Districts up to the Colorado Saving Tomorrow’s Agricultural Resources (S.T.A.R.) Program</li> <li>• Continue to evolve the Soil Health Initiative including the use of soil specialists that foster farmer to farmer learning, host workshops, and help producers connect with new market opportunities.</li> <li>• Disbursing state grant funds and direct assistance to the Conservation Districts</li> <li>• Developing training tools for long and short term planning, budgeting, and laws pertaining to local governance</li> <li>• Facilitating local conservation programs that improve soil health, water quality, water conservation, wildlife habitat, forest health, plant communities, and energy conservation.</li> </ul>

## Wildly Important Goal- SUPPORTING THE NEXT GENERATION IN AGRICULTURE

Supporting the next generation in agriculture by providing training, education, and financial assistance to 100 of the next generation's agricultural leaders and producers to enhance their skills and provide them the access to farmland, machinery, and equipment they need by June 30, 2022.

Goal Description	Baseline	FY 21-22 Goal*	FY 22-23 Goal	FY 23-24 Goal
<b>AGRICULTURE WORKFORCE DEVELOPMENT</b> Increase the number of applications from agriculture businesses looking for internships from 45 to 65 by June 30, 2022.	45	65	85	105
<b>CREATING INTERNSHIP OPPORTUNITIES</b> Increase the number of returning businesses hiring interns from 30% to 50% by June 30, 2022.	30%	50%	55%	60%
<b>INCREASING NEXT-GEN IN AGRICULTURE</b> Increase the percent of interns reporting that they want to continue with a career in agriculture from 58% to 65% by June 30, 2022.	58%	65%	68%	71%
<b>IDENTIFYING CHALLENGES FACING COMMUNITIES</b> Shed light on underserved communities' issues and challenges by increasing community engagement through 12 facilitated focus groups.	0	12	24	36
<b>VULNERABLE COMMUNITY DEVELOPMENT OUTREACH</b> Increase to 25% the number of beginning, minority, or women-owned employers participating in Workforce Development programs.	0	25%	28%	30%

\*These goals are all new for 2021-22. CDA does not have historical data for these goals. In lieu, we have provided our three-year objectives.

### Evaluation of Wildly Important Goal #3

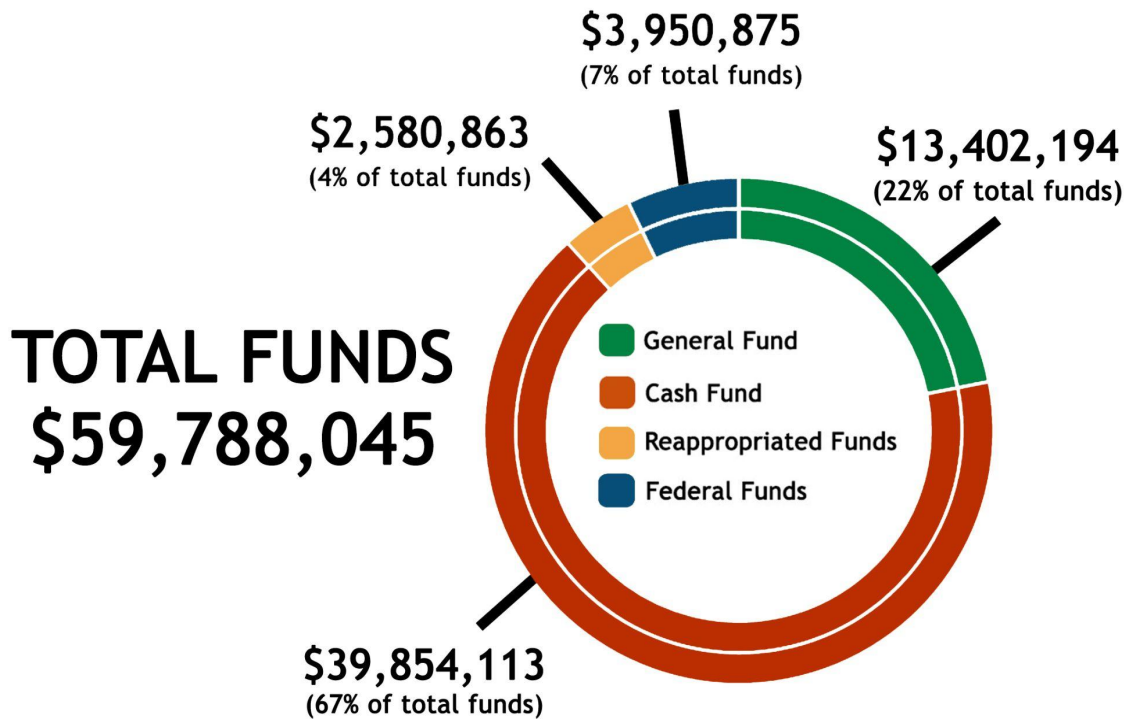
<b>Goal</b>	Supporting the next generation in agriculture by providing training, education, and financial assistance to 100 of the next generation's agricultural leaders and producers to enhance their skills and provide them the access to farmland, machinery, and equipment they need by June 30, 2022.
<b>Relevant Major Program Areas</b>	<b>Key Strategies</b>
Markets Division programs Agriculture Workforce Development	<ul style="list-style-type: none"> <li>Efficiently distribute stimulus grants and loan money to producers including acreage, equipment, and training.</li> <li>Provide more financial incentives to farms, ranches, and agricultural businesses to hire interns and provide them with hands-on training needed to begin a career in agriculture.</li> <li>Modernize the Agriculture Workforce Development program to provide more value and create more leaders.</li> </ul>



## SECTION THREE. FINANCIAL STRUCTURE

### Department Budget Overview

The Department's budget is broken into six sections: (1) [The Commissioner's Office and administrative services](#), (2) [Agricultural Services](#), (3) [Markets](#), (4) the [Brand Board](#), (5) [Colorado State Fair](#), and (6) the [Conservation Board](#). The following tables describe the appropriation history and current appropriation for these sections.



### Department of Agriculture Total Appropriation History

Fiscal Year	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$50,007,210	291.4	\$10,753,079	\$32,772,130	\$2,371,548	\$4,110,453
FY 2017-18	\$50,246,919	291.4	\$10,506,004	\$33,408,408	\$2,371,548	\$3,960,959
FY 2018-19	\$51,592,874	289.6	\$11,107,420	\$34,082,132	\$2,494,460	\$3,908,862
FY 2019-20	\$55,440,261	297.6	\$12,098,767	\$36,935,836	\$2,496,093	\$3,909,565
FY 2020-21	\$131,813,584*	299.6	\$46,344,162	\$78,944,741	\$2,575,576	\$3,949,105
FY 2021-22	\$59,788,045	303.0	\$13,402,194	\$39,854,113	\$2,580,863	\$3,950,875

\*This amount in FY 2020-21 primarily represents a one-time appropriation of \$76M from legislation designed to stimulate the Colorado agriculture economy. These bills were SB 21-203, SB 21-234, SB 21-235, SB 21-248 and HB 21-1262.

## Appropriations History by Long Bill Division

### (1) Commissioner's Office and Administrative Services Appropriation History

Fiscal Year	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$12,377,230	18.7	\$3,319,198	\$7,265,272	\$1,527,548	\$265,212
FY 2017-18	\$12,613,677	18.7	\$3,072,123	\$7,828,288	\$1,527,548	\$185,718
FY 2018-19	\$13,383,726	18.7	\$3,520,758	\$8,091,447	\$1,650,460	\$121,061
FY 2019-20	\$15,465,338	18.7	\$3,812,009	\$9,879,472	\$1,652,093	\$121,764
FY 2020-21	\$74,410,984*	18.7	\$33,675,270	\$38,822,499	\$1,791,576	\$121,639
<b>FY 2021-22</b>	<b>\$16,225,446</b>	<b>19.6</b>	<b>\$4,872,679</b>	<b>\$9,432,495</b>	<b>\$1,796,863</b>	<b>\$123,409</b>

\*This amount represents a portion of the one-time appropriation of \$76M from legislation designed to stimulate the Colorado agriculture economy.

#### Programs aligned with Commissioner's Office and Administrative Services

- Human Resources
- Financial management
- Communications
- Information technology
- Process excellence

### (2) Agricultural Services Appropriation History

Fiscal Year	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$16,349,097	140.2	\$4,537,885	\$8,601,922	\$799,000	\$2,410,290
FY 2017-18	\$16,349,097	140.2	\$4,537,885	\$8,671,922	\$799,000	\$2,340,290
FY 2018-19	\$16,722,431	138.4	\$4,674,998	\$8,908,143	\$799,000	\$2,340,290
FY 2019-20	\$17,993,139	146.1	\$4,999,124	\$9,854,725	\$799,000	\$2,340,290
FY 2020-21	\$27,656,081*	147.6	\$7,040,282	\$17,453,985	\$784,000	\$2,377,814
<b>FY 2021-22</b>	<b>\$20,630,163</b>	<b>150.6</b>	<b>\$5,210,161</b>	<b>\$12,258,188</b>	<b>\$784,000</b>	<b>\$2,377,814</b>

\*This amount represents a portion of the one-time appropriation of \$76M from legislation designed to stimulate the Colorado agriculture economy.

#### Programs aligned with Agricultural Services

- Animal health and disease control
- Bureau of Animal Protection
- Aquaculture
- Organics
- Industrial Hemp
- Pesticides
- Plant health and certification
- Pet Animal Care Facilities Act (PACFA)
- Laboratory
- Conservation programs

### (3) Agricultural Markets Division Appropriation History

Fiscal Year	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$4,867,228	41.4	\$699,841	\$3,194,217	\$45,000	\$928,170
FY 2017-18	\$4,869,403	41.4	\$699,841	\$3,196,392	\$45,000	\$928,170
FY 2018-19	\$4,944,503	41.4	\$708,061	\$3,250,712	\$45,000	\$940,730
FY 2019-20	\$5,408,179	41.7	\$1,084,031	\$3,338,418	\$45,000	\$940,730
FY 2020-21	\$7,962,693*	42.2	\$3,550,007	\$3,469,815	\$0	\$942,871
<b>FY 2021-22</b>	<b>\$5,231,922</b>	<b>41.7</b>	<b>\$1,101,671</b>	<b>\$3,187,380</b>	<b>\$0</b>	<b>\$942,871</b>

\*This amount represents a portion of the one-time appropriation of \$76M from legislation designed to stimulate the Colorado agriculture economy.

#### Programs aligned with Agricultural Services

- Wine Promotion Board
- Produce and livestock marketing
- Export assistance
- Agricultural product inspections
- Agriculture Value Added Development Board, including Advancing Colorado's Renewable Energy and Energy Efficiency (ACRE3) Program
- Agriculture Workforce Development Program

### (4) Brand Board Appropriation History

Fiscal Year	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$4,298,871	59	\$0	\$4,298,871	\$0	\$0
FY 2017-18	\$4,299,958	59	\$0	\$4,299,958	\$0	\$0
FY 2018-19	\$4,406,125	59	\$0	\$4,406,125	\$0	\$0
FY 2019-20	\$4,437,516	59	\$0	\$4,437,516	\$0	\$0
FY 2020-21	\$4,781,836	59	\$0	\$4,781,836	\$0	\$0
<b>FY 2021-22</b>	<b>\$4,904,303</b>	<b>59</b>	<b>\$0</b>	<b>\$4,904,303</b>	<b>\$0</b>	<b>\$0</b>

#### Programs aligned with Agricultural Services

- Brand inspection
- Alternative livestock licensing
- Livestock inspection
- Estray Animals

### (5) Colorado State Fair Appropriation History

Fiscal Year	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$9,961,848	26.9	\$1,000,000	\$8,961,848	\$0	\$0
FY 2017-18	\$9,961,848	26.9	\$1,000,000	\$8,961,848	\$0	\$0
FY 2018-19	\$9,975,705	26.9	\$1,000,000	\$8,975,705	\$0	\$0
FY 2019-20	\$9,975,705	26.9	\$1,000,000	\$8,975,705	\$0	\$0
FY 2020-21	\$14,841,606*	26.9	\$875,000	\$13,966,606	\$0	\$0
FY 2021-22	\$10,171,747	26.9	\$1,000,000	\$9,171,747	\$0	\$0

*\*This amount represents a portion of the one-time appropriation of \$76M from legislation designed to stimulate the Colorado agriculture economy.*

#### Programs aligned with Colorado State Fair

- Future Farmers of America (FFA) and 4H funding
- Colorado State Fair and rodeo

### (6) Conservation Board Appropriation History

Fiscal Year	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2015-16	\$2,139,127	5.2	\$1,183,762	\$450,000	\$0	\$505,365
FY 2016-17	\$2,152,936	5.2	\$1,196,155	\$450,000	\$0	\$506,781
FY 2017-18	\$2,152,936	5.2	\$1,196,155	\$450,000	\$0	\$506,781
FY 2018-19	\$2,160,384	5.2	\$1,203,603	\$450,000	\$0	\$506,781
FY 2019-20	\$2,160,384	5.2	\$1,203,603	\$450,000	\$0	\$506,781
FY 2020-21	\$2,160,384	5.2	\$1,203,603	\$450,000	\$0	\$506,781
FY 2021-22	\$2,624,464	5.2	\$1,217,683	\$900,000	\$0	\$506,781

#### Programs aligned with Conservation Board

- Facilitation of local conservation programs at the district level throughout the State, including financial assistance for district technician staff.

## Capital Construction Information

### Department of Agriculture Capital Construction History

Fiscal Year	Total	Controlled Maintenance	Capital Renewal and Recapitalization	Capital Expansion	IT projects
FY 2016-17	\$0	\$0	\$0	\$0	\$0
FY 2017-18	\$18,918,997	\$2,209,919	\$0	\$16,709,078	\$0
FY 2018-19	\$888,932	\$888,932	\$0	\$0	\$0
FY 2019-20	\$1,527,448	\$1,527,448	\$0	\$0	\$0
FY 2020-21	\$739,797	\$739,797	\$0	\$0	\$0
FY 2021-22	\$4,536,963	\$1,153,056	\$3,383,907	\$0	\$0

**Comments:** HB 20-1408 “Distribution Of HB20-1377 Capital Construction Fund Money“ appropriated funding to the Department for the installation of fire suppression and accessibility upgrades at the Palace on the State Fairgrounds in Pueblo, CO.

### Ongoing Debt Obligations

The Department is currently in the midst of a five-year sustainability plan for the State Fair, which includes several Capital Construction/Controlled Maintenance projects to improve facilities. The State Fair is in the second of a three-phase Controlled Maintenance project to repair/replace water, sanitary, and stormwater infrastructure.

In conjunction with the Department’s office consolidation project, in 2013 the Department entered into a Lease Purchase Agreement (Certificate of Participation) for its Broomfield headquarters. This agreement is structured in a manner that allows the Department to terminate the lease term annually without ongoing debt obligations so long as the terms within the agreement are adhered to. The total principal outstanding on the Lease Purchase Agreement as of June 30, 2021, is \$4,650,000, with payments against principal due annually through 2033.

## SECTION FOUR. FINANCIAL FORECAST

### Department Baseline Forecast

To forecast estimated appropriations, the Department assumed that General Fund and reappropriated funds would remain constant. Therefore, to calculate the cash fund and federal fund total, the Department assumed a four percent increase year over year through FY 2022-23 and three percent starting in FY 2023-24 through FY 2025-26. These growth rates account for inflation and population growth.

CDA	FY 2021-22 Total Funds	2022-23* Total Funds	2023-24* Total Funds	2024-25* Total Funds	2025-26* Total Funds
Total Funds	\$59,788,045	\$61,540,245	\$62,906,960	\$64,314,677	\$65,764,626
General Fund Exempt	\$0	\$0	\$0	\$0	\$0
General Fund	\$13,402,194	\$13,402,194	\$13,402,194	\$13,402,194	\$13,402,194
Cash Funds	\$39,854,113	\$41,448,278	\$42,691,726	\$43,972,478	\$45,291,652
Reappropriated Funds	\$2,580,863	\$2,580,863	\$2,580,863	\$2,580,863	\$2,580,863
Federal Funds	\$3,950,875	\$4,108,910	\$4,232,177	\$4,359,143	\$4,489,917

\*Forecasts for cash and federal funds are based on 4.0% inflation and population growth (based on the June 2021 forecast) and 3.0% starting in FY 2023-24 through FY 2025-26.

### Department Major Budget Drivers

Several exogenous factors influence the agency and budget at the Colorado Department of Agriculture. The current primary influence on the Department's financial health is the impact of stimulus funding due to the COVID-19 pandemic. In addition to the pandemic - which in some circumstances created market opportunities for Colorado agriculture - producers are simultaneously dealing with prolonged drought and the impacts of water scarcity on their livelihoods. As a result, the Department is driving economic stimulus in such a way as to simultaneously support agricultural resilience in response to shocks in the marketplace as well as to environmental disruption and uncertainty. These impacts affect farming, ranching, and agricultural worker families and disrupt food systems and food security in Colorado and beyond.

### Stimulus Funding Opportunities

The Department received \$76 million through the 2021 legislative session to stimulate the Colorado agriculture economy. Funding was divided between five special bills and impacted the FY 2020-21 budget with roll-forward authority into FY 2021-22 and, for some bills, into FY 2022-23. These bills are;

- **SB 21-203 Funding for Colorado Proud**  
\$2.5 million to expand market opportunities for Colorado Producers through the Colorado Proud program.
- **SB 21-234 General Fund Transfer Agriculture Drought Resiliency**

\$1.875 million to engage in activities that promote the State's ability to anticipate, prepare for, mitigate, adapt to or respond to drought. There is also \$15,000 per Conservation District (\$1.125 million total)

- **SB 21-235 Stimulus Funding Department of Agriculture Efficiency Programs**  
\$5 million to expand agricultural efficiency and soil health initiatives, including \$3 million to the Advancing Colorado's Renewable Energy and Energy Efficiency (ACRE3) program of which at least \$150,000 towards agrivoltaics and \$2 million for Soil Health activities of which at least \$1 million will go through Conservation Districts
- **SB 21-248 Loan Program for Colorado Agriculture**  
\$30 million to create an agricultural revolving loan and grant program, of which \$5-10 million is targeted for agricultural processing loans or grants, and \$10-20 million for loans to farmers and ranchers
- **HB 21-1262 Money to Support Agricultural Events Organizations**  
\$35.5 million for Agricultural Events, of which \$2 million will go to Local County Fairs and other agricultural events. There is also a non-discretionary allocation of \$28.5 million to the National Western Stock Show for event support and construction and \$5 million to the Colorado State Fair.

In addition to the immediate opportunities with stimulus funding, many ongoing factors will continue to drive change in Colorado's agricultural landscape. As the Department is primarily cash funded, many of these developments could change the revenue streams that help support the Department's programs.

## **Scenario Evaluation: Economic Downturn**

An economic downturn would likely impact farmers' and ranchers' livelihoods; however, the impact on the Department significantly depends on the type of downturn. In most cases, it is unlikely many of the Department's programs and its cash fund revenues would be substantially affected in the short term. Most of the Department's cash fund revenue derives from regulatory processes that would still be in place during an economic downturn. For example, producers wanting to apply pesticides or herbicides to their crops still need to seek pesticide licensing and regulation. Grocery stores would need their scales inspected, and animals would still need inspections for disease. Programs like the Colorado State Fair are assumed unaffected in the short term during most economic downturns. In fact, during the last economic recession in 2008, the Fair saw an increase in the number of guests and revenue. The Department possibly attributes this to families taking local vacations rather than traveling out of state. Other programs assumed to be unaffected by most economic downturns include fruit and vegetable producers who pack and sell their products and still need their products inspected. Ranchers wishing to sell their livestock would still need brand inspections when transferring titles, etc.

The Department's programs could see various impacts in economic downturns like the one we see with the global pandemic. In this case, given the health hazard, the Department reduced the number of inspections completed in programs that are not considered essential. Other essential programs, including the Fruit and Vegetable inspections, animal disease inspections, grocery store scales, etc., operated at current capacity during the onset of the outbreak. Given that State health requirements did not allow large gatherings of people, the program most impacted by the pandemic was the State Fair, which implemented an alternative fair that included things like drive-thru food pick up and events without audiences.

While an economic downturn would minimally impact most larger programs, some of the Department's smaller programs and cash funds could become insolvent if the downturn lasted more than a few years.

## **Scenario Evaluation: Department-Specific Contingency**

The Department proactively prepares for most scenarios that could adversely impact Colorado's farmers and ranchers. However, a significant animal disease outbreak, multiple simultaneous outbreaks, or natural disasters in a given year could affect the Department's financial stability and ability to meet performance goals. The Animal Health Division regularly trains and prepares for disease occurrence. Several emergency response plans exist for the different livestock sectors to prepare for, control and mitigate livestock disease outbreaks. Rapid response to an animal disease emergency is necessary to halt the spread of disease and requires interaction between local, state, and federal agencies and industry partners to control it. When an outbreak occurs, this effort puts significant pressure on Department staff time. It often requires effort from other divisions to quickly disseminate and collect information to control the spread of disease. When staff time is devoted to disease mitigation, they can not also implement the Department's performance goals.

A severe disease outbreak or natural disaster could also put tremendous financial pressure on the Department. There are small contingency funds available for some scenarios. For example, the Diseased Livestock Fund exists to purchase diseased livestock from ranchers to lessen the financial burden in an outbreak. However, a significant disease outbreak would quickly drain the fund balance that is approximately \$500,000. This scenario would either require backfill from other Department resources or work through the normal budget process to request funding if needed. In a severe disease outbreak or natural disaster, the Department can take advantage of additional State funding only if the Governor declares an emergency. Likewise, funding may also be available if deemed a crisis at the Federal level.

## **Emerging Trends**

### **Focus on Water Management and Regenerative Agriculture**

The best science available indicates Colorado will continue to face natural stressors such as deep droughts, destructive wildfires, and catastrophic floods worsening with climate change. Due to concerns about increased weather volatility, more farmers and ranchers are strategically managing water and adopting regenerative agriculture practices. These practices can help increase soil health, a natural tool for soil carbon sequestration, water conservation, and reduction of chemical inputs. These practices can also improve agricultural productivity and quality and help the bottom line. In addition, healthy soil practices help support two beneficial strategies during drought: reducing evaporation rates and increasing available water in the soil. The Colorado Water Conservation Board, which administers the [Colorado Water Plan](#), promotes soil health as a water conservation tool and facilitates the strategic management of water to meet Colorado's water needs into the future. More consumers are pushing organizations and individuals to adopt regenerative agriculture practices and analyze water management activities to ensure that such activities address water challenges.

### **Supply Chain Resiliency**

Agriculture supply chains, which include all steps involved in the production, manufacturing, and distribution of food through its final consumption, face volatility. The same is true for all global supply chains today. Increasingly, a range of disruptions - whether as local as extreme weather events or as international as the impact of COVID-19 - are impacting agriculture businesses. CDA continues to establish



partnerships across sectors that will serve the long-term needs of agriculture in Colorado. To support these efforts, the State should:

- Invest strategically in market diversification toward more significant economic opportunity and resilience - including in local and regional supply chain infrastructure, small and midsize businesses, and market opportunities - and do so in a way that helps drive voluntary stewardship across agriculture.
- Support producers and other entities in advancing voluntary soil, water, and climate stewardship and align with supply chains, buyers, and consumers willing to pay for the critical work of that stewardship.
- Remove barriers facing the next generation of agriculture to ensure a vibrant and robust future for Colorado agriculture.

USDA is currently investing over \$3B to improve and reimagine supply chains for agricultural commodities and products. In addition to federal efforts, CDA has \$5-10M to invest in infrastructure provided through SB 21-248, "Loan Program for Colorado Agriculture."

### **Supply Chain Transparency**

Consumers are more concerned with the social and environmental implications of their purchases. In response, companies are working to ensure ethical practices in the agriculture supply chain. For example, companies provide insight into the origins of their products, lean on suppliers to achieve sustainability goals, and ensure good worker treatment and benefits. It is not easy to maintain end-to-end visibility into today's complex supply chains. However, businesses can leverage the increased use of advanced technologies such as radio-frequency identification (RFID) and blockchain to help producers achieve accuracy and transparency. The foundation of supply chain tracking is RFID, giving crops and animals alike a unique ID number that tracks as they pass between points in the supply chain. This permanent and immutable record creates real-time records and transparency. These records can aid in the traceability of contaminated products or help connect consumers to socially conscious companies. In addition, RFID and blockchain combined with the internet of things give agriculture professionals access to many new insights into the supply chain.

### **Incubating Agricultural Technology**

According to Forbes research, 70% to 80% of agribusiness start-ups fail to reach an investment return. The objective of incubation is to support entrepreneurs by advancing research and development, technology, and networks. Technology, digital platforms, and e-commerce play an increasingly essential role in the infrastructure that lets food and agricultural businesses succeed. Incubating the businesses that will help drive this technology in a way that meets the diversification, stewardship, and next generation goals of the state will be critical to establishing Colorado's continued leadership in the field.

### **Addressing Food Insecurity**

Agriculture is central to Colorado's economy, and in rural Colorado, it is a leading employer. However, according to the Colorado Health Institute (CHI), more than 12% of rural Coloradans face food insecurity. A definition of food security is having both physical and economic access to sufficient food at all times. According to Feeding America, more than .5M people in Colorado face hunger--over 147,000 are children. As Colorado leads in the production of such a diversity of food and agricultural products, we must also work to find ways to make sure every person in Colorado can become food secure.

### **Agricultural Workers' Rights**

In the US, we often take for granted the abundant and affordable food available to us year-round. However, many do not realize where their food comes from and who helps put it on their tables. More than 2 million

farmworkers plant, cultivate, harvest, and process the crops that become our food. Agriculture businesses rely heavily on these workers.

Historically, labor laws in Colorado excluded farmworkers from protection from work-related injuries, wage and hour requirements, and retaliation for organizing. However, on June 25, 2021, the Colorado legislature passed SB21-087, Agricultural Workers' Rights. The bill aims to ensure these critical rights that improve Colorado farmworkers' working and living conditions. To support this effort and constructive dialogue between workers and employers, CDA has been working closely with CDLE to finalize rules related to wages, overtime, and worker protection as directed in the bill. In addition, we have focused on outreach that is critically important for our Department. This work includes engaging agricultural workers in listening sessions at a time (usually weekends or evenings) and a place (such as a farm or community space) that works for them, with Spanish language translation and interpretation, and multiple pathways for both public and anonymous written and verbal comment.

This engagement CDA and CDLE have invested in is part of our Department's responsibility to advance our outreach communities impacted by policy change at the state level. This effort hopes to ensure farmworkers' health, safety, and well-being while promoting a strong and vibrant agriculture sector.

## **Major Expenses Anticipated**

The Colorado State Fair (CSF) and Fairgrounds are a vital community space for Pueblo and a cultural and historical asset for the State of Colorado. The CSF is at a point where it must invest in facilities and sites to remain viable. Suppose there are no facility improvements and buildings deteriorate. In that case, it will be difficult for CSF management to maintain the Fair's relevancy, react to changing trends and effectively compete for consumers' discretionary income given all the available entertainment choices. Over the past many months, the CSF has engaged in a facilities Master Plan process. Since that time, the State Fair Board of Authority voted on the Master Plan, which details a pathway toward a more sustainable and resilient future for the fairgrounds and is critical to the future success of the CSF. Currently, all policy decisions on spending are pending requests, and there are no final decisions.

### Phasing Strategy

- Early phases are focused on fulfilling immediate needs and providing the largest impact in creating a great experience and enhancing economic sustainability.
- Phase 1 focuses on implementing “early wins” - projects with minimal costs and demolition of some older buildings to prepare for subsequent phases.
- Phase 2 consists of constructing the new Livestock Building and Community Building and transitioning the Carnival/Midway to its new location.
- Phase 3 consists of major gate improvements and improvements to the Horse Complex, relocation of the Rodeo, and further expansion of the Community Park.
- The last phase, Phase 4, consists of building the new Multipurpose Facility.

## SECTION FIVE. ANTICIPATED FUNDING DECREASES

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The Department receives several grants from the federal government to support its programs. While most grants are continuous, a few multi-year agreements will expire within the next twelve months, which could adversely influence the programs they help support if additional funding is not received. The two programs that the expiring grants will impact are the Insectary and the Conservation Board. However, losing federal funding in any area reduces the Department's ability to provide technical expertise, outreach, and support to Colorado residents.

### Insectary

The Insectary imports, rears, establishes and colonizes new beneficial organisms to control specific plant and insect pests. Successful biological pest control reduces production costs, decreases amounts of chemicals entering the environment, and establishes colonies of beneficial insects, offering a natural permanent pest control solution for the state of Colorado and surrounding regions.

Of the approximately \$1.4 million in available funding for the Insectary, about 52% or \$692,000, consists of grant funding. Available funding consists of federal grant funding, General Fund, cash fund appropriations, and fund balances. Unfortunately, a significant portion (53%) of federal grant funding will expire within twelve months. While the Department is aggressively searching for new grant opportunities to support the Insectary's operations, it is at risk. Without additional grant funding or additional appropriations from the General Assembly, the Insectary program would not continue funding biological control efforts of Canada thistle, Japanese Beetle, Russian Knapweed, and other invasive weed species that impact all landowners across the Colorado landscape.

A summary of the expiring grants is in [Table 1 in Appendix A](#).

### Conservation Board

The Conservation Board comprises Conservation District representatives from Colorado's ten watersheds. The Board acts in several roles, including guiding the Department for dispersing grants, developing training tools, and facilitating local conservation programs that improve soil health, water quality, water conservation, wildlife habitat, forest health, plant communities, and energy conservation.

Of the approximately \$9.2 million in available funding for the Conservation Board, about 30% or \$2.7 million consists of grant funding. Available funding consists of federal grant funding, General Fund, cash fund appropriations, and fund balances. The Department expects continued reductions to a significant portion of grant funding for the Conservation Board due to cutbacks to federal salinity control projects. If additional funding is not received, salinity control projects along the Colorado River Basin would no longer be funded, which would leave projects outstanding without technical assistance from the conservation districts.

In addition, to grant funding reductions, the Department anticipates continued reductions in Severance Tax Cash Fund transfers which also help fund the Conservation Districts. Over time, the amount of funding transferred to the Department has decreased. CDA expects this amount to be zero for several years as the fund prioritizes other programs over Conservation District transfers.

A summary of the expiring grants is in [Table 1 in Appendix A](#).

## Appendix A

**Table 1. Summary of Colorado Department of Agriculture Expiring Grants**

Granting Agency	Grant Description	Total Funding Received	Expiration Date	Explanation of Anticipated Funding Decrease
USDA Forest Service	Improving the production, distribution, and post-release monitoring of <i>Puccinia punctiformis</i> , a naturalized rust fungus for the biological control of Canada thistle, in the West	\$190,482	12/31/21	This is a new award not previously funded. Any future funding from the Forest Service for biological control of Canada thistle is currently unknown.
USDA National Institute of Food and Agriculture (NIFA)	Developing biological control of Canada thistle for Colorado's organic producers using host-specific rust fungus <i>Puccinia punctiformis</i>	\$324,180	8/31/2022	The Department received a previous award for this project from 2013-2017 from USDA Agricultural Research Service and went over a year before receiving this current award. It is anticipated that funding for biological control of Canada thistle will continue; however, future funding is currently unknown and the Department expects delays in any future funding awarded.
US Department of Defense (Pass-through from Oregon State University)	Incorporating Photoperiodism in Insect Phenology Models with Application for Biological Control of Weeds on Department of Defense Lands	\$162,100	9/27/2021	This funding will not continue beyond 2021
Bureau of Reclamation	Colorado Basin States Salinity Control Projects	\$6,000,000	9/30/2021	Funding is dependent on salinity control projects, which have decreased in recent years. The Department anticipates this funding to be reduced on the next round of funding, but the funding level is currently unknown.
USDA Natural Resources Conservation Services (NRCS)	Technical Assistance Salinity Conservation Efforts	\$567,600	4/30/2022	Currently unknown whether future funding will be at the same level or if State Departments will be involved in future funding (NRCS reviewing the possibility of working directly with Conservation Districts throughout the States).

### Sources

<https://www.coloradohealthinstitute.org/research/uneven-burden-food-insecurity-colorado>

<https://www.feedingamerica.org/hunger-in-america/colorado>