

L00A
Department of Agriculture

Executive Summary

The Maryland Department of Agriculture (MDA) supervises, administers, and promotes agricultural activities throughout the State. Its mission is to provide leadership and support to agriculture and the citizens of Maryland by conducting regulatory, service, and educational activities that ensure consumer confidence, protect the environment, and promote agriculture.

Operating Budget Data

(\$ in Thousands)

	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19-20</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$32,037	\$35,075	\$38,007	\$2,932	8.4%
Adjustments	0	144	554	410	
Adjusted General Fund	\$32,037	\$35,219	\$38,561	\$3,342	9.5%
Special Fund	22,367	31,711	30,596	-1,114	-3.5%
Adjustments	0	61	198	137	
Adjusted Special Fund	\$22,367	\$31,772	\$30,795	-\$977	-3.1%
Federal Fund	3,608	4,556	7,129	2,572	56.5%
Adjustments	0	8	27	19	
Adjusted Federal Fund	\$3,608	\$4,565	\$7,156	\$2,592	56.8%
Reimbursable Fund	23,031	23,390	22,084	-1,306	-5.6%
Adjustments	0	0	0	0	
Adjusted Reimbursable Fund	\$23,031	\$23,390	\$22,084	-\$1,306	-5.6%
Adjusted Grand Total	\$81,044	\$94,945	\$98,596	\$3,651	3.8%

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

Note: Numbers may not sum to total due to rounding.

For further information contact: Andrew D. Gray

Phone: (410) 946-5530

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- The overall adjusted change in the MDA fiscal 2020 allowance is an increase of \$3.7 million, or 3.8%. The major changes are a decrease of \$2.0 million in special funds for the Animal Waste Technology Fund from Exelon/Constellation merger funding, an increase of \$1.3 million for Department of Information Technology fees for service funding, and an increase of \$1.1 million for a new Regional Conservation Partnership Program grant for healthy soils.
- The fiscal 2020 allowance includes budget bill language making \$200,000 in general funds and \$200,000 in special funds in the new Office of Plant Industries and Pest Management – Nuisance Insect program contingent upon separate legislation establishing a Nuisance Insect program.

Personnel Data

	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19-20</u> <u>Change</u>
Regular Positions	355.10	352.10	352.10	0.00
Contractual FTEs	<u>54.14</u>	<u>31.10</u>	<u>60.90</u>	<u>29.80</u>
Total Personnel	409.24	383.20	413.00	29.80

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	23.91	7.05%
Positions and Percentage Vacant as of 12/31/18	45.00	12.78%

- MDA regular positions are unchanged in fiscal 2020. However, there are a number of position transfers between programs and subprograms due to workload and priority changes.
- MDA had 45.0 regular positions that were vacant as of December 31, 2018, of which 12.5 had been vacant for more than a year. MDA notes that 3 positions are now filled, 6 positions are in the hiring process, 2 positions may be filled by contractual conversions, 1 position needs to be reclassified before recruitment, and 0.5 position is difficult to hire because it is part-time and is therefore temporarily being covered by an administrative officer.
- MDA contractual full-time equivalents (FTE) increase by a net of 29.8 FTEs in the fiscal 2020 allowance. However, some of the FTEs were incorrectly budgeted and thus, the final number will be lower. MDA has noted in the past that contractual FTEs are used to balance workloads on an as-needed basis.

- The MDA turnover rate increased from 5.20% in the fiscal 2019 working appropriation to 7.05% in the fiscal 2020 allowance. Therefore, MDA must hold open about 24 positions throughout fiscal 2020. MDA had 45 positions vacant, or 12.78%, as of December 31, 2018, and while some of these positions have been or will be filled, there are sufficient vacancies for MDA to meet turnover.

Key Observations

- ***Maryland Dairy Farms Continue to Decline While Production Steadies:*** The number of dairy farms has declined 49.3%, from 750 in calendar 2002 to 380 in the calendar 2018 estimate. Actual milk production has only declined 27.0%, from 1.3 billion pounds in calendar 2002 to 950 million pounds in the calendar 2018 estimate. The reason for the discrepancy is that output per cow is increasing, and existing herds are being consolidated; therefore, the number of cows per farm is also increasing.
- ***Manure Transport Continues to Increase with Additional Dairy Farms Bringing the Cost Per Ton of Manure Transported to Its Lowest Level:*** Between fiscal 2007 and 2018, the total financial assistance paid to transport manure was at its lowest in fiscal 2011, and the actual number of tons of manure transported was at its lowest in fiscal 2012. Since then, both measures have increased steadily. The cost per ton of manure transported was at its lowest level in fiscal 2018. MDA notes that this is because of the increase in the number of dairy farms participating in the Manure Transport Program – dairy farms transport manure shorter distances, which calculates as a lower per ton payment rate.
- ***Rural Maryland Council Grants Climb with Increased Funding:*** The Rural Maryland Council has increased the number of grants awarded, the total amount awarded, and the additional funds leveraged for rural development projects between fiscal 2016 and 2017. This is due to the recent increase in funding for the Rural Maryland Council through the Rural Maryland Prosperity Investment Fund, which requires that grant projects have at least a 50% or greater cash match when applying for grant funds.
- ***Annual Report Not Submitted:*** MDA is required to submit its annual report by September 30 per Agriculture Article Section 11-202(4). The annual report for fiscal 2018 has not been submitted. **The Department of Legislative Services (DLS) recommends that MDA comment on why it has not submitted its fiscal 2018 annual report.**
- ***Enforcement and Inspection Position Strength Assessment and Vacant Position Filling Reports Submitted Late:*** The fiscal 2019 Budget Bill restricted \$200,000 in general fund appropriations in each of the MDA and Maryland Department of the Environment (MDE) budgets for filling vacant compliance and enforcement positions and further restricted the funding until the submission of quarterly reports on July 1, 2018; October 1, 2018; January 1, 2019; and April 1, 2019. MDA notes that it has submitted all quarterly reports to

MDE as of December 20, 2018. However, the reports were not submitted in time for inclusion in this analysis. **DLS recommends that MDA comment on why the reports were submitted late.**

- ***Phosphorus Management Tool Evaluation Considered:*** At its November 20, 2018 meeting, the Phosphorus Management Tool (PMT) Advisory Committee discussed the fact that PMT has never been field tested and that this would allay some of the concerns about its role in transitioning farmers into a low or no manure management regime. MDA notes that it is working with the University of Maryland on a cost analysis for proceeding with an evaluation of PMT. **DLS recommends that MDA comment on when the decision will be made whether to fund the evaluation, what funding it would use, and how it would incorporate the findings into PMT implementation.**
- ***Necessity for New Nuisance Insect Program Unclear:*** The fiscal 2020 allowance includes the new Nuisance Insect program in the Office of Plant Industries and Pest Management. The program is funded with \$200,000 in general funds and \$200,000 in special funds attributable to local government matching funds. Budget bill language is attached to the appropriation making the \$200,000 in general funds and \$200,000 in special funds contingent upon separate legislation establishing a Nuisance Insect program. The funding has a precedent in recent black fly and nonbiting midget treatments but does not appear to have a compelling reason for inclusion in the fiscal 2020 allowance. **DLS recommends that the \$200,000 in general funds and \$200,000 in special funds budgeted for the Nuisance Insect program be deleted. In addition, DLS recommends that MDA comment on the magnitude of the threat that the spotted lanternfly poses to Maryland’s agriculture.**
- ***Maryland Agriculture Strategic Plan Delayed:*** As noted in last year’s analysis, the time is ripe for a new strategic plan for agriculture. The existing plan is a number of years old. The five-year period of the 2014 Farm Bill is over, and the U.S. Congress has passed the 2018 Farm Bill. The 2017 Agricultural Census is expected to be released within the next couple of months, and the Harry R. Hughes Center for Agro-Ecology has supported the development of a series of agricultural policy papers that has culminated in a Chesapeake foodshed assessment that informs possible future directions for agriculture. **DLS recommends that \$200,000 in general funds be restricted until the submission of a Maryland agriculture strategic plan, in coordination with the Harry R. Hughes Center for Agro-Ecology. The plan shall include, but not be limited to, an analysis of the demographics of farmers, the affordability and quality of food for consumers, the affordability of farms for the next generation of farmers, nutrient and sediment loading reductions for Chesapeake Bay restoration, and economic development programs supporting agriculture such as the work of the Maryland Agricultural and Resource-Based Industry Development Corporation.**

Operating Budget Recommended Actions

	<u>Funds</u>
1. Add budget bill language restricting funding until the submission of a comprehensive Maryland agriculture strategic plan.	
2. Adopt narrative on Rural Maryland Council managing for results measures.	
3. Strike the language from the Nuisance Insect program general fund appropriation as a technical correction.	
4. Delete funding for the Nuisance Insect program.	\$ 400,000
5. Strike the language from the Nuisance Insect program special fund appropriation as a technical correction.	
Total Reductions	\$ 400,000

Updates

- **Retired Racehorse Program Report:** The 2018 *Joint Chairmen’s Report* (JCR) included a request for a report on the programs both in State government and the private sector that serve retired racehorses in Maryland. The budget committees were concerned that there is insufficient information available about the programs available for retired racehorses in Maryland. The report notes the following: standardbreds – 85% of the horses retiring are placed privately (driving and pleasure horses), and 10% to 15% are placed by the national organizations; and thoroughbreds – 204 thoroughbreds are retired annually, which can be handled by the Thoroughbred Aftercare Alliance (200 placed annually), Beyond the Wire (85 placed annually), and CANTER Maryland (64 placed annually) among other programs.
- **Marketing Campaign Promoting Maryland Crabs:** A June 20, 2018 Board of Public Works agenda item included the transfer of \$375,000 from the fiscal 2018 Contingent Fund in order to provide funding to the Maryland Seafood Marketing Program. The funding was intended to support a marketing campaign promoting Maryland crabs. MDA notes that it will spend \$387,105 on the marketing campaign activities, and this funding is comprised of \$375,000 in general funds from the Contingent Fund and \$12,105 in special funds associated with fees paid by watermen from the Department of Natural Resources. MDA further notes that the overall campaign reached 13 million people across all media, although only 12,082,225 is shown in the data provided, and it is likely that there is overlap in reach among the different media.

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- ***Fiscal 2018 Cover Crop Funding Not Encumbered:*** Cover crops are one of the most effective best management practices for reducing nitrogen loads to the Chesapeake Bay and are a substantial portion of the MDA operating budget. However, there have been ongoing challenges regarding the amount and timing of funding for the program. In fiscal 2018, a wet spring kept farmers from accessing their fields, and cover crop final payments could not be made. In addition, the fiscal 2018 cover crop funding was not encumbered necessitating a fiscal 2019 budget amendment.
- ***Opportunities to Expand Agricultural Education Report:*** The 2018 JCR included a request for a report on the opportunities to expand agricultural education. The submitted report's recommendations are to amend the Maryland Agricultural Education and Rural Development Assistance Fund statute to allow local governments and public school systems to apply for agriculture education program funding; encourage agricultural education consortia to apply for the Career and Technology Education Innovation Grant Program; and encourage the inclusion of agricultural education programming in the policy recommendations offered by the Commission on Innovation and Excellence in Education.

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Operating Budget Analysis

Program Description

The Maryland Department of Agriculture (MDA) supervises, administers, and promotes agricultural activities throughout the State. MDA is organized into four administrative units as described below.

- ***Office of the Secretary:*** Provides administrative support services; advises the Secretary of Agriculture on agricultural issues through the Maryland Agricultural Commission; and administers agricultural land preservation.
- ***Office of Marketing, Animal Industries, and Consumer Services:*** Provides weights and measures supervision; conducts inspection, grading, monitoring, and testing of agricultural product quality; generates agricultural statistics; protects animal health; regulates veterinarians; promotes the equine industry; assists in the development of agricultural markets; administers the Spay/Neuter program; promotes agriculture through agricultural fairs, shows, and youth activities; supports the transition from tobacco production in Southern Maryland; addresses issues affecting rural quality of life through the Rural Maryland Council and Maryland Agricultural Education and Rural Development Assistance (MARBIDCO) Fund; and helps develop resource-based industries through the Maryland Agricultural and Resource-Based Industry Development Corporation, an independent agricultural development agency that is budgeted within MDA.
- ***Office of Plant Industries and Pest Management:*** Manages forest pests; implements mosquito control services; regulates pesticides and pesticide applicators; administers nursery inspections, noxious weed control, nuisance bird control, and honeybee registration programs; regulates seed and sod labeling; and regulates the chemical components of pesticides, commercial fertilizers, feeds, pet foods, compost, soil conditioners, and liming materials. For fiscal 2020, the new Nuisance Insect program is added to implement nuisance insect control in cooperation with local governments.
- ***Office of Resource Conservation:*** Advises the Secretary on agricultural soil conservation and water quality; provides financial, technical, and staffing support to the State's 24 soil conservation districts; provides cost-share funding for best management practice (BMP) implementation, manure transport, and nutrient management plan development; trains, certifies, and licenses nutrient management plan consultants; and oversees Maryland's agricultural certainty and nutrient trading programs as part of Chesapeake Bay restoration efforts.

MDA's mission is to provide leadership and support to agriculture and the citizens of Maryland by conducting regulatory, service, and educational activities that ensure consumer confidence, protect the environment, and promote agriculture. MDA's vision is to achieve excellence in programs services

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that preserve and protect agricultural resources and the environment, promote profitable agriculture and consumer confidence, and enhance the quality of life for all Marylanders. The primary goals of MDA are as follows (the sixth goal relating to the Rural Maryland Council is new in fiscal 2020).

- **Goal 1:** Promote profitable production, use, and sale of Maryland agricultural products.
- **Goal 2:** Protect the health of the public, plant, and animal resources in Maryland.
- **Goal 3:** Preserve adequate amounts of productive agricultural land and woodland in Maryland in order to provide for the continued production of food and fiber, to limit random development, and to protect agricultural land and woodland as open space.
- **Goal 4:** Provide and promote land stewardship, including conservation, environmental protection, preservation, and resource management.
- **Goal 5:** Provide health, safety, and economic protection for Maryland consumers.
- **Goal 6 (Rural Maryland Council):** Bring together citizens, community-based organizations, federal, State, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to collectively address the needs of rural Maryland communities.

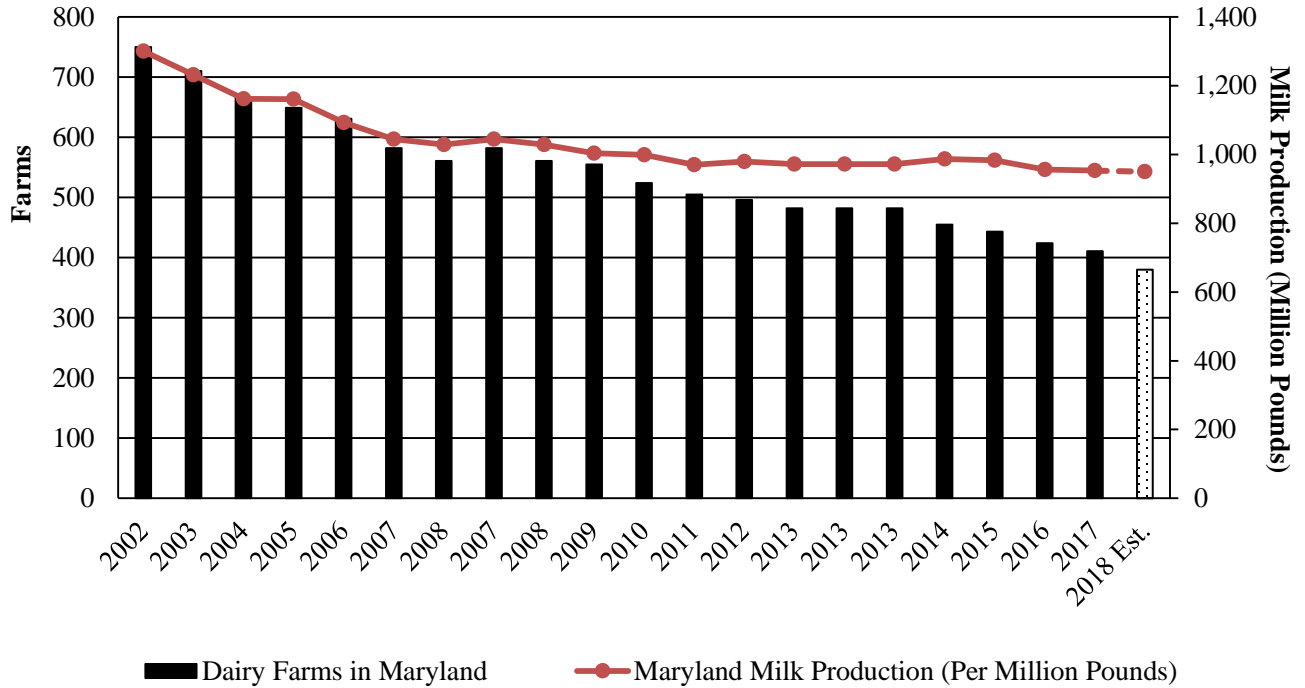
Performance Analysis: Managing for Results

The following analysis – which includes measures that are not formally included in MDA’s fiscal 2020 Managing for Results submission – reflects the following: (1) Maryland dairy farms continue to decline while milk production steadies; (2) manure transport continues to increase with additional dairy farms bringing the cost per ton of manure transported to its lowest level; and (3) Rural Maryland Council grants climb with increased funding.

1. Maryland Dairy Farms Continue to Decline While Production Steadies

MDA’s first goal is to promote profitable production, use, and sale of Maryland agricultural products. Under this goal is the objective to create new markets and support existing market opportunities for Maryland farmers and agribusinesses. Maryland’s dairy sector is experiencing a continuous decline. As shown in **Exhibit 1**, the number of dairy farms has declined 49.3%, from 750 in calendar 2002 to 380 in the calendar 2018 estimate. Actual milk production has only declined 27.0%, from 1.3 billion pounds in calendar 2002 to 950 million pounds in the calendar 2018 estimate. The reason for the discrepancy is that output per cow is increasing, and existing herds are being consolidated; therefore, the number of cows per farm is also increasing.

**Exhibit 1
Maryland Dairy Statistics
Calendar 2002-2018 Est.**

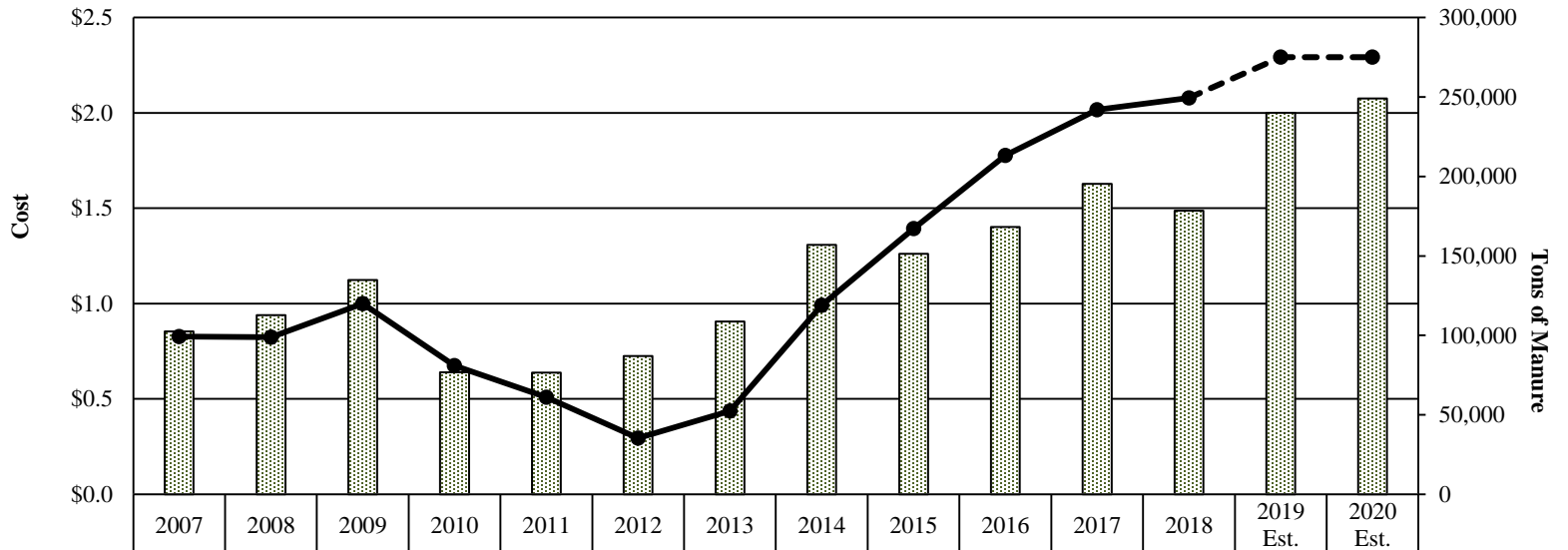


Source: Maryland Department of Agriculture

2. Manure Transport Continues to Increase with Additional Dairy Farms Bringing the Cost Per Ton of Manure Transported to Its Lowest Level

MDA’s fourth goal is to provide and promote land stewardship, including conservation, environmental protection, preservation, and resource management. Under this goal is the objective to provide financial and human resources through a combination of voluntary and regulatory programs to improve the management of agricultural production in Maryland so as to reduce the potential for nonpoint source losses of nitrogen and phosphorus from Maryland farms. **Exhibit 2** shows that between fiscal 2007 and 2018, the total financial assistance paid to transport manure was at its lowest in fiscal 2011, and the actual number of tons of manure transported was at its lowest in fiscal 2012. Since then, both measures have increased steadily. The cost per ton of manure transported was at its lowest level in fiscal 2018. MDA notes that this is because of the increase in the number of dairy farms participating in the Manure Transport Program – dairy farms transport manure shorter distances, which calculates as a lower per ton payment rate.

Exhibit 2
Manure Transport Statistics
Fiscal 2007-2020 Est.
(\$ in Millions)



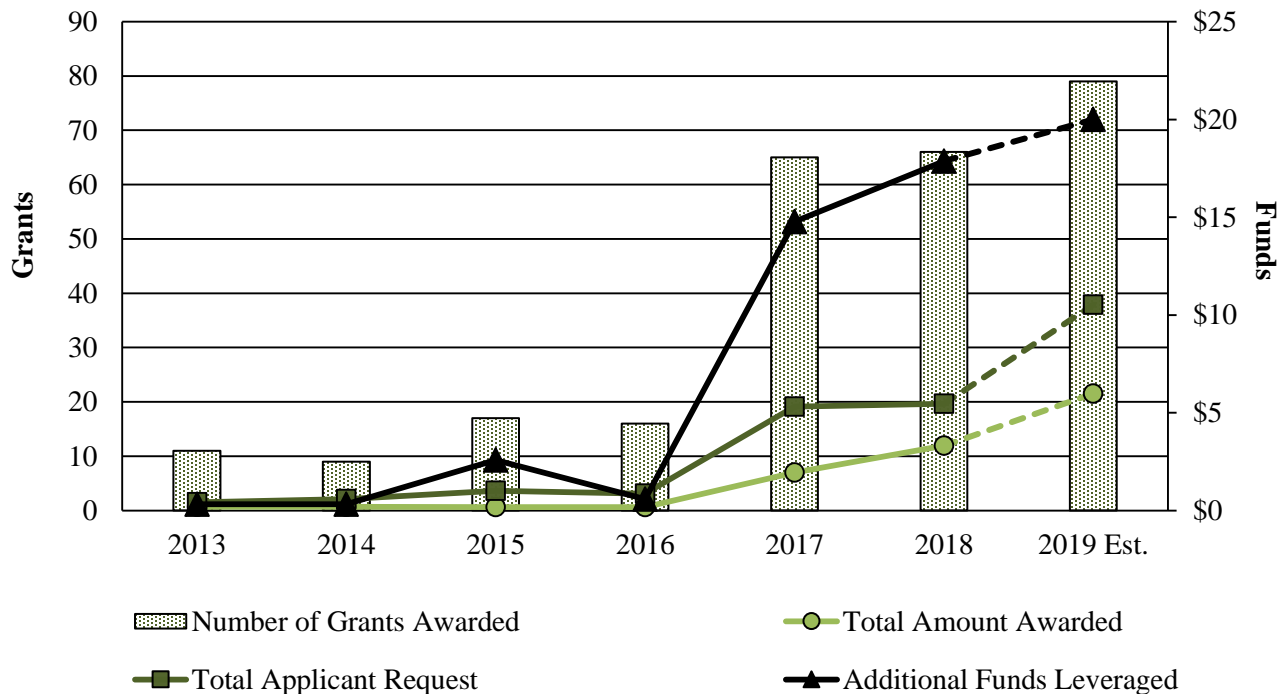
Total Financial Assistance Paid to Transport Manure (\$ in Millions)	\$0.9	\$0.9	\$1.1	\$0.6	\$0.6	\$0.7	\$0.9	\$1.3	\$1.3	\$1.4	\$1.6	\$1.5	\$2.0	\$2.1
Tons of Manure Transported	99,297	98,822	119,892	80,899	61,150	35,380	52,481	118,995	167,237	213,151	241,942	249,421	275,000	275,000
Cost Per Ton of Manure Transported	\$8.61	\$9.51	\$9.37	\$7.90	\$10.44	\$20.48	\$17.27	\$10.98	\$7.54	\$6.58	\$6.73	\$5.96	\$7.27	\$7.55

Source: Governor's Fiscal 2020 Budget Books

3. Rural Maryland Council Grants Climb with Increased Funding

MDA’s new sixth goal concerns the Rural Maryland Council. The goal is to bring together citizens; community-based organizations; and federal, State, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to collectively address the needs of rural Maryland communities. Under this goal is the objective to maximize Rural Maryland Council outreach, resources, and mission through financial and organizational development. **Exhibit 3** shows that the Rural Maryland Council has increased the number of grants awarded, the total amount awarded, and the additional funds leveraged for rural development projects between fiscal 2016 and 2017. This is due to the recent increase in funding for the Rural Maryland Council through the Rural Maryland Prosperity Investment Fund, which requires that grant projects have at least a 50% or greater cash match when applying for grant funds. There is a preference for federal, local, or private dollars leveraged to assist in bringing additional resources to rural Maryland.

Exhibit 3
Rural Maryland Council Funding
 Fiscal 2013-2019 Est.
 (\$ in Millions)



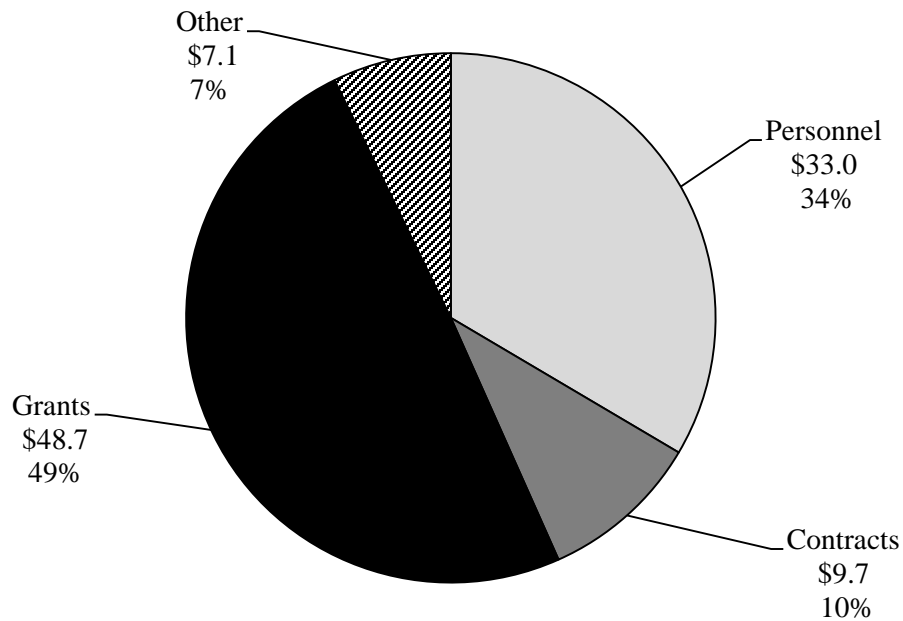
Source: Rural Maryland Council

Fiscal 2020 Allowance

Overview of Agency Spending

MDA’s main expenditure categories are grants, personnel, contracts, vehicles, supplies and materials, fixed charges, and other administrative funding. **Exhibit 4** reflects this breakdown. The largest category is grants, which accounts for \$48.7 million, or 49%, of MDA’s fiscal 2020 allowance. The three main grants are the \$22.9 million for cover crops, \$5.8 million for the Rural Maryland Council, and \$5.4 million for MARBIDCO. The personnel category includes funding for both MDA’s 352.1 regular positions and 60.90 contractual full-time equivalents (FTE) and accounts for \$33.0 million, or 34%, of MDA’s fiscal 2020 allowance, including the general salary increase. The next largest expenditure category is contracts, which accounts for \$9.7 million, or 10%, of the fiscal 2020 allowance. The remaining 7% of expenditures are for other spending.

Exhibit 4
MDA Main Expenditure Categories
Fiscal 2020
(\$ in Millions)



MDA: Maryland Department of Agriculture

Source: Department of Budget and Management; Department of Legislative Services

Proposed Budget Change

The MDA fiscal 2020 adjusted allowance increases by \$3.7 million, or 3.8%, relative to the fiscal 2019 working appropriation, as shown in **Exhibit 5**. The changes by fund in Exhibit 5 reflect an increase of \$3.3 million in general funds, a decrease of \$1.0 million in special funds, an increase of \$2.6 million in federal funds, and a decrease of \$1.3 million in reimbursable funds. The major changes are a decrease of \$2.0 million in special funds for the Animal Waste Technology Fund from Exelon/Constellation merger funding, an increase of \$1.3 million for Department of Information Technology (DoIT) fees for service funding, and an increase of \$1.1 million for a new Regional Conservation Partnership Program grant for healthy soils. Changes in personnel funding are discussed first and then other administrative changes.

**Exhibit 5
Proposed Budget
Department of Agriculture
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2018 Actual	\$32,037	\$22,367	\$3,608	\$23,031	\$81,044
Fiscal 2019 Working Appropriation	35,219	31,772	4,565	23,390	94,945
Fiscal 2020 Allowance	<u>38,561</u>	<u>30,795</u>	<u>7,156</u>	<u>22,084</u>	<u>98,596</u>
Fiscal 2019-2020 Amount Change	\$3,342	-\$977	\$2,592	-\$1,306	\$3,651
Fiscal 2019-2020 Percent Change	9.5%	-3.1%	56.8%	-5.6%	3.8%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	\$864
General salary increase and fiscal 2019 one-time \$500 bonus	567
Retirement contribution	227
Increments and other compensation.....	74
Other fringe benefit adjustments.....	42
Turnover adjustments.....	-418

Other Changes

Contracts/Grants

New Regional Conservation Partnership Program grant for healthy soils.....	1,050
Nuisance Insect program.....	400
Maryland Wine and Grape Promotion Fund and Farm and Harvest Program decreases.....	-200
Animal Waste Technology Funding from Maryland Energy Administration	-2,000

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Where It Goes:

Routine Operations

Department of Information Technology fee-for-service business model	1,285
Replacement vehicles.....	808
Contractual full-time equivalents increase by a net of 29.8 but are overcounted	728
Replacement equipment for the new Salisbury Animal Health Laboratory	241
Other	-17
Total	\$3,651

Note: Numbers may not sum to total due to rounding.

Personnel

The MDA overall personnel expenditures increase by \$1,356,021 in the fiscal 2020 adjusted allowance. The major change is an increase of \$863,518 in employee and retiree health insurance. In addition, there is a net increase of \$566,601 for salaries, which reflects an increase of \$749,725 for the general salary increase in fiscal 2020, which is reduced by \$183,124 for the one-time \$500 employee bonus in fiscal 2019. Turnover is increased, which is reflected as a reduction of \$418,168. MDA’s turnover rate has been increased from 5.20% in fiscal 2019 to 7.05% in the fiscal 2020 allowance. Approximately \$340,520 of this amount is repurposed for funding a portion of the vehicle replacement funding increase in fiscal 2020.

Other Changes

Overall, the nonpersonnel portion of the MDA fiscal 2020 adjusted allowance increases by \$2,294,752. The major categories of change are grants/contracts and other administrative expenses.

Contracts and Grants

MDA’s fiscal 2020 allowance includes changes for several large contracts and grants. The largest increase is for \$1,050,000 in federal funds from the U.S. Department of Agriculture (USDA) – Natural Resources Conservation Service’s Regional Conservation Partnership Program grant for healthy soils. Another increase is \$400,000, comprised of \$200,000 in general funds and \$200,000 in local matching special funds – for the new Nuisance Insect program in the Office of Plant Industries and Pest Management. This program builds on the work of the black fly and nonbiting midges spraying programs conducted in recent years. The fiscal 2020 budget includes budget bill language making the funds contingent upon separate legislation establishing a Nuisance Insect program.

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The fiscal 2020 allowance also includes reductions in funding for two MDA programs. There is a decrease of \$2,000,000 in special funds for the Animal Waste Technology Fund, which received an allocation of funding under the condition of approval for the Exelon and Constellation merger. The fiscal 2019 funding for this program provided for a \$1.85 million grant to Kilby Farm, LLC in Cecil County for the installation of an aerobic digester at the 400-head dairy operation and a \$220,000 grant for installation of a soil blending and bagging system on an existing 1,250 ton per year combined anaerobic digestion and nutrient capture system facility. There is also a \$200,000 general fund decrease in the Marketing and Agriculture Program, which is comprised of a \$160,000 reduction for the Maryland Wine and Grape Promotion Fund and \$40,000 for the Maryland Public Television's Farm and Harvest Program.

Routine Operations

There is a net increase of \$1,284,772 for DoIT service charges. DoIT is moving to a fee-for-service funding model, which results in declining DoIT general fund appropriations and increasing reimbursable fund appropriations.

Another large increase in MDA's fiscal 2020 allowance is for the replacement of vehicles. Overall, there is an increase of \$808,039 for this purpose. The majority of the funding for vehicle replacements is reflected in the three programs noted in **Exhibit 6**. MDA notes that many of its vehicles are either old, high mileage, or corroded. Therefore, it is embarking upon a three-year replacement schedule. In fiscal 2020, MDA is funding the vehicles with a combination of savings from increased turnover, additional general funds, and estimated maintenance savings as a result of purchasing new vehicles. However, the maintenance savings may not occur until late in fiscal 2020, so it remains to be seen whether MDA will be able to purchase the vehicles currently estimated for replacement.

Exhibit 6
Vehicles Funded and Amount Changes
Fiscal 2019-2020

<u>Program/Subprogram</u>	<u>Vehicles</u>	<u>Amount</u>
Mosquito Control		
Salisbury	7	\$130,200
College Park	3	55,800
Leonardtwn	6	111,600
Subtotal	16	\$297,600
Turf and Seed		
Administration	2	\$41,600
Subtotal	2	\$41,600
Soil Conservation District Operations		
Eastern Maryland	6	\$111,600
Patuxent	3	55,800
Western and Central Maryland	15	281,290
Subtotal	24	\$448,690
Total	42	\$787,890

Source: Department of Budget and Management

Overall, contractual FTEs increase by a net of 29.8, although this increase is overstated. As shown in **Exhibit 7**, wages increase by \$617,061 for an overall increase of \$728,065 for contractual FTEs in fiscal 2020. **The Department of Legislative Services (DLS) recommends that MDA provide the committees with the correct number of contractual FTEs in the fiscal 2020 budget and discuss the changes it will make to avoid future errors in its contractual FTE count.**

Exhibit 7
Changes in Contractual Full-time Equivalents
Fiscal 2019-2020

<u>Subprogram</u>	<u>FTE</u>	<u>Amount</u>	<u>Description</u>
Office of the Secretary			
Central Services	1.0	\$24,694	Replace a regular position abolished a couple of years ago in order to handle mail, front desk, and phone duties.
Maryland Agricultural Land Preservation Foundation	1.0	44,771	Correct an error for an office secretary III FTE inadvertently left out of the fiscal 2019 working appropriation.
<i>Subtotal</i>	<i>2.0</i>	<i>\$69,465</i>	
Office of Marketing, Animal Industries and Consumer Services			
Food Quality Assurance	11.0	\$86,525	Add 8.3 FTEs commodity graders and agricultural inspectors; the budget overcounts the fiscal 2020 FTEs by 2.7.
Animal Health	4.0	30,000	Add 2 lab technician FTEs in preparation for the proposed new Salisbury animal health laboratory; the budget overcounts the fiscal 2020 FTEs by 2.
State Board of Veterinary Medical Examiners	1.0	45,000	Add an investigator to check for violations at veterinary hospitals.
Rural Maryland Council	1.0	0	Correct an error for an FTE inadvertently left out of the fiscal 2019 working appropriation.
<i>Subtotal</i>	<i>17.0</i>	<i>\$161,525</i>	
Office of Plant Industries and Pest Management			
Mosquito Control	5.0	\$151,961	Add additional FTEs for mosquito control spraying based on calendar 2018 being a wet year and the use of county matching funds.
Plant Protection and Weed Management	5.8	224,110	Add additional FTEs for spotted lanternfly surveying using U.S. Department of Agriculture – Animal and Plant Health Inspection Service’s Plant and Animal Disease, Pest Control, and Animal Care funding.
Other	0.0	10,000	
<i>Subtotal</i>	<i>10.8</i>	<i>\$386,071</i>	
Total	29.8	\$617,061	

FTE: full-time equivalent

Source: Maryland Department of Agriculture

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MDA's fiscal 2020 allowance also reflects an increase of \$241,000, comprised of \$196,000 in general funds and \$45,000 in special funds, for replacement equipment at the new Salisbury animal health laboratory. The \$18.8 million laboratory is scheduled for final construction and equipment funding in the fiscal 2020 capital budget bill.

Issues

1. Annual Report Not Submitted

MDA is required to submit its annual report by September 30 per Agriculture Article Section 11-202(4). The annual report for fiscal 2018 has not been submitted. **DLS recommends that MDA comment on why it has not submitted its fiscal 2018 annual report.**

2. Enforcement and Inspection Position Strength Assessment and Vacant Position Filling Reports Submitted Late

The fiscal 2019 operating Budget Bill restricted \$200,000 in general fund appropriations in each of the MDA and the Maryland Department of the Environment (MDE) budgets for filling vacant compliance and enforcement positions and further restricted the funding until the submission of quarterly reports on July 1, 2018; October 1, 2018; January 1, 2019; and April 1, 2019. The reports were requested to include an evaluation of the adequacy of Maryland’s current authorized compliance and enforcement positions; a comparison of the size, roles, and responsibilities of the departments’ compliance and enforcement positions to neighboring or similar states; a list of all inspection activities in certain programs; staffing and funding levels for fiscal 2019 and 2020; and the position identification numbers and titles for all positions filled with restricted funding and how the positions are used.

MDA notes that it has submitted all quarterly reports to MDE as of December 20, 2018. However, the reports were not submitted in time for inclusion in this analysis. **DLS recommends that MDA comment on why the reports were submitted late.**

3. Phosphorus Management Tool Evaluation Considered

The Phosphorus Management Tool (PMT) was developed by scientists at the University of Maryland and is used to identify agricultural lands where the soil is saturated with phosphorus and has a high risk of runoff. PMT is a component of the State’s Watershed Implementation Plan and is being used to reduce phosphorus loads. Regulations incorporated PMT into the State’s existing nutrient management planning process in 2015. The regulations also added recordkeeping and reporting requirements and established a PMT Transition Advisory Committee within MDA.

At its November 20, 2018 meeting, the PMT Advisory Committee discussed the fact that PMT has never been field tested and that this would allay some of the concerns about its role in transitioning farmers into a low or no manure management regime. MDA notes that it is working with the University of Maryland on a cost analysis for proceeding with an evaluation of PMT. This evaluation would include a three- to five-year study of 15 sites with 500 samples collected from each site each year, for 7,500 total samples collected. Overall, the cost – including travel, personnel, sampling, and equipment purchase – would be \$334,500 for the first year, with subsequent years requiring less funding. **DLS recommends that MDA comment on when the decision will be made whether to fund the**

evaluation, what funding it would use, and how it would incorporate the findings into the PMT implementation.

4. Necessity for New Nuisance Insect Program Unclear

The fiscal 2020 allowance includes the new Nuisance Insect program in the Office of Plant Industries and Pest Management. The program is funded with \$200,000 in general funds and \$200,000 in special funds attributable to local government matching funds. Budget bill language is attached to the appropriation making the \$200,000 in general funds and \$200,000 in special funds contingent upon separate legislation establishing a Nuisance Insect program. The funding has a precedent in recent black fly and nonbiting midge treatments but does not appear to have a compelling reason for inclusion in the fiscal 2020 allowance.

Background

The Governor submitted fiscal 2017 and 2018 deficiency appropriations for funding black fly and nonbiting midge infestations. The black fly breeds in the whitewater areas of large rivers of which Maryland has only a couple, fewer than Pennsylvania. MDA notes that the black fly problem is a long-term problem. For instance, Pennsylvania’s Department of Environmental Protection’s Black Fly Suppression Program has been controlling black flies since the mid-1980s and still has not eliminated them.

Fiscal 2017 and 2018 deficiency appropriations provided for \$190,000 in general funds in each year for black fly eradication and control activities through aerial spraying along the Potomac River at Harper’s Ferry in Washington County. MDA purchased the biological control agent – *Bacillus thuringiensis var. israelensis* in a formulation called Vectobac 12AS – that costs \$80.95 per gallon, and the contractor applied it to the fly larvae using a helicopter. The area was treated four times; once in September 2017 and three times in May, June, and July 2018. MDA notes that extensive sampling showed that the treatment killed 100% of the black flies larvae that were developing at that location at those times. Similar to the Pennsylvania program, the pilot program was designed to see how far downriver from the point of application that the pesticide would be effective and to see how often treatments were needed. MDA determined that it obtained adequate control downriver but was unable to determine conclusively how often the treatments needed to be because of high water levels, although MDA estimated that the treatment needed to be every two weeks.

The fiscal 2018 Budget Bill included a supplemental deficiency appropriation of \$330,000 in general funds in fiscal 2017 in the Mosquito Control program for controlling the nonbiting midge infestation in Back River in Baltimore County. The General Assembly struck this appropriation, but MDA continued to fund the work within its own resources as required by Executive Order 01.01.2017.17 Back River Midge Reduction signed August 10, 2017. MDA indicated at the time that it signed a contract for \$330,000 in general funds for five treatments. However, the August 16, 2017 contract approved by the Board of Public Works (BPW) was for \$352,800 at \$235.20 per acre using the larvicide *Bacillus thuringiensis var. israelensis* – in formulation called Bactimos WG – on the muddy larval grounds of the midge. MDA notes that it conducted one treatment in

September 2017 and four treatments in May, June, and July 2018 on a 260-acre block but that the overall habitat was 2,400 acres. Sampling by the Department of Natural Resources (DNR) at the time determined that there was only modest reduction in midge larvae from the one treatment in September 2017, but there was anecdotal evidence that the treatment successfully reduced the adult midge population, and MDA notes that subsequent sampling indicates that the treatment worked well. Similar to the black fly treatments, MDA was not able to determine how frequently treatments needed to be conducted and whether moving the treatment area would prevent non-biting midges from being a nuisance onshore.

Nuisance Insect Program

The Nuisance Insect program is designed to work similarly to the Mosquito Control Program as a cost-share program with the counties. MDA notes that the legislation codifying the program will be introduced in the 2019 session. So far Washington and Cecil counties have indicated interest in controlling the black fly and thus the expectation is that the first year of the program will be devoted to black fly treatments, although the future focus of the program will depend on local government interest. DNR monitored the success of the black fly treatment and is working on a black fly pilot program report that is expected to be available sometime in March 2019 and may inform the work of the program. Since the program is not in statute yet, no localities or counties have signed an agreement with MDA and, therefore, no positions are budgeted for the new program.

While treating nuisance insects may be warranted in some circumstances, it does not address the underlying reason for the nuisance insects in the first place. For instance, the larval phases of both the black fly and nonbiting midges are filter feeders that glean nutrients from the water. Along this line of thinking, one explanation for the density of nonbiting midges in Baltimore County is the presence of excess nutrients in the sediment downriver from the Back River Wastewater Treatment Plant. Therefore, in this particular situation, the upgrade of the Back River Wastewater Treatment Plant to enhanced nutrient removal technology may provide a more efficacious long-term solution to the nonbiting midges infestation.

Spotted Lanternfly

The spotted lanternfly – an adult male – was first found in Maryland in the northeast corner of Cecil County on October 25, 2018. The spotted lanternfly is native to China, India, and Vietnam and was first found in Berks County, Pennsylvania in fall 2014. It is considered a major agricultural pest as it feeds on over 70 different types of plants and crops, including grapes, hops, apples, peaches, oak, pine, and others. Its preferred food source is another native of Asia known as the tree-of-heaven, a fast-growing tree introduced in the Philadelphia area in 1784 and which is itself difficult to control due to its extensive root system and resprouting ability.

The fiscal 2020 budget includes an increase of \$224,110 in federal funds from the USDA – Animal and Plant Health Inspection Service’s Plant and Animal Disease, Pest Control, and Animal Care funding for an additional 5.8 contractual FTEs for spotted lanternfly surveying. In addition, MDA will work with USDA on treatment of tree-of-heaven as well.

DLS recommends that the \$200,000 in general funds and \$200,000 in special funds budgeted for the Nuisance Insect program be deleted. In addition, DLS recommends that MDA comment on the magnitude of the threat that the spotted lanternfly poses to Maryland’s agriculture.

5. Maryland Agriculture Strategic Plan Delayed

As noted in last year’s analysis, the time is ripe for a new strategic plan for agriculture. The existing plan is a number of years old. The five-year period of the 2014 Farm Bill is over, and Congress has passed the 2018 Farm Bill. The 2017 Agricultural Census is expected to be released within the next couple of months, and the Harry R. Hughes Center for Agro-Ecology has supported the development of a series of agricultural policy papers that has culminated in a Chesapeake foodshed study that informs possible future directions for agriculture.

Farm Bill

The 2018 Farm Bill is a five-year federal authorization covering several large policy areas. Projected outlays over the 2019 to 2028 time period under the bill total \$867 billion and are projected to be as follows: nutrition (76.5%); crop insurance (9.0%); commodities (7.1%); conservation (6.9%); trade (0.5%); and other titles (0.0%). MDA will need to plan how it positions itself in terms of priorities relative to the funding provided by the 2018 Farm Bill.

Agricultural Census

The 2017 Census of Agriculture is nearing completion. USDA’s National Agricultural Statistics Service started mailing the 2017 Census of Agriculture forms the week of November 28, 2017, and the census response deadline was February 5, 2018. Due to the recent federal government shutdown, the release of the 2017 Census data has been postponed from February 21, 2019, to April 11, 2019.

The census has been conducted since 1840 and is conducted every five years. The most recent iteration will provide a snapshot of every farm operation that produced or sold, or normally would have sold, \$1,000 or more in agricultural products in 2017. Census changes for 2017 include questions about on-farm decision making covering the contributions of beginning farmers, women farmers, and others involved in the farming enterprise. Given the comprehensive nature of the census, MDA would benefit from using the data generated to take stock of where Maryland is and where it may want to go in terms of agriculture.

Recent Plans

Agriculture in Maryland has been studied over the last 15 years and strategic plans have been generated, but none have been written recently. In terms of studies, there are the *Economic Situation and Prospects for Maryland Agriculture* (2002), Salisbury University’s Business Economic and Community Outreach Network (BEACON Study) (2005), *The Impact of Agriculture on Maryland’s*

Economy (2013), and Salisbury University’s BEACON Study *The Impact of Resource Based Industries on the Maryland Economy* (2018). MDA’s most recent comprehensive plan is *A Statewide Plan for Agricultural Policy and Resource Management* (2006), which was updated by survey information gathered as part of the Governor’s 2010 agricultural forum. This plan and its update were important but may not be as applicable to a future in which technology, consumer behavior, land use, and attitudes toward agriculture are changing rapidly.

Recent Reports

The most recent reports on agriculture in Maryland were commissioned by the Harry R. Hughes Center for Agro-Ecology and are as follows: *The Future of Sustainable Farming and Forestry in Maryland* (2016); and *Health, Safety, and Welfare: A Report on the Factors that Favor or Hinder the Flow of Local Food in the Chesapeake Bay Region* (May 2017). These reports reflect the challenges experienced by agriculture in Maryland and the potential need to shift to a more local focus for agricultural production in order to capture more of the regional revenue stream. In addition, preliminary information has recently been presented on a Chesapeake foodshed assessment, which looks at the food supply chain from producers to consumers in the Chesapeake Bay region and examines why the demand for local food has diminished and how the agricultural system could be modified to better serve communities.

MDA notes that a major rewrite of the draft strategic plan is underway but that it has not been completed because of the delay in the passage of the 2018 Farm Bill and in the release of the 2017 Census of Agriculture data. **DLS recommends that \$200,000 in general funds be restricted until the submission of a Maryland agriculture strategic plan, prepared in coordination with the Harry R. Hughes Center for Agro-Ecology. The plan shall include, but not be limited to, an analysis of the demographics of farmers, the affordability and quality of food for consumers, the affordability of farms for the next generation of farmers, nutrient and sediment loading reductions for Chesapeake Bay restoration, and economic development programs supporting agriculture, such as the work of MARBIDCO.**

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$200,000 of this appropriation made for the purpose of general administrative expenses may not be expended until the Maryland Department of Agriculture (MDA), in coordination with the Harry R. Hughes Center for Agro-Ecology, Inc., submits a comprehensive Maryland agriculture strategic plan to the budget committees. The plan shall include, but not be limited to, an analysis of the demographics of farmers, the affordability and quality of food for consumers, the affordability of farms for the next generation of farmers, nutrient and sediment loading reductions for Chesapeake Bay restoration, and economic development programs supporting agriculture, such as the work of the Maryland Agricultural and Resource-Based Industry Development Corporation. The plan shall be submitted by December 1, 2019, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a plan may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: This action restricts funding until MDA, in coordination with the Harry R. Hughes Center for Agro-Ecology, submits a Maryland agriculture strategic plan.

Information Request	Authors	Due Date
Maryland agriculture strategic plan	MDA Harry R. Hughes Center for Agro-Ecology	December 1, 2019

2. Adopt the following narrative:

Rural Maryland Council Managing for Results Measures: The fiscal 2020 budget includes \$5.8 million for the Rural Maryland Council to provide grants to improve outcomes in rural communities. However, the Managing for Results measures provided with the fiscal 2020 budget submission are too general to reflect any meaningful impact by the Rural Maryland Council’s grants. Therefore, the committees request that the Rural Maryland Council submit a report by September 1, 2019, on input, output, outcome, and efficiency measures that show the direct connection between the funding that it provides in grants and the improvement in quality of life in rural communities.

Information Request	Author	Due Date
Rural Maryland Council managing for results measures	Rural Maryland Council	September 1, 2019

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3. Strike the following language from the general fund appropriation:

~~; provided that \$200,000 of this appropriation is contingent upon the enactment of legislation establishing a Nuisance Insect program.~~

Explanation: This is a technical amendment to conform with the action to delete the funding for the Nuisance Insect program.

- | | <u>Amount
Reduction</u> | |
|---|------------------------------------|----|
| 4. Delete funding for the Nuisance Insect program. The program is not warranted as it does not address the underlying reason for high densities of insects. | \$ 200,000 | GF |
| | \$ 200,000 | SF |
| 5. Strike the following language to the special fund appropriation: | | |

~~; provided that \$200,000 of this appropriation is contingent upon the enactment of legislation establishing a Nuisance Insect program.~~

Explanation: This is a technical amendment to conform with the action to delete the funding for the Nuisance Insect program.

Total Reductions	\$ 400,000
Total General Fund Reductions	\$ 200,000
Total Special Fund Reductions	\$ 200,000

Updates

1. Retired Racehorse Program Report

The 2018 *Joint Chairmen's Report* (JCR) included a request for a report on the programs both in State government and the private sector that serve retired racehorses in Maryland. The budget committees were concerned that there is insufficient information available about the programs available for retired racehorses in Maryland. **Exhibit 8** reflects the findings from the report.

Exhibit 8
Horse Racing Industry Retirement Data
Calendar 2017 and Fiscal 2018

	<u>Standardbred</u>	<u>Thoroughbred</u>	<u>Notes</u>
Horses Racing Annually	400	1,361	The standardbred figure is approximate.
Venues	<ul style="list-style-type: none"> • Harness Tracks: Rosecroft Raceway and Ocean Downs 	<ul style="list-style-type: none"> • Mile Tracks: Pimlico Race Course and Laurel Park • Half Mile Track: Maryland State Fair in Timonium 	
Horse Racing Longevity	Greater than five years	Less than five years	
Particular Placement Entities	<ul style="list-style-type: none"> • Local: Horse Lovers United (Salisbury) and Starting Gate Transition Program • National: Standardbred Retirement Foundation, New Vocations, and United States Trotting Association 	<ul style="list-style-type: none"> • Organized Thoroughbred Retirement Programs: Thoroughbred Aftercare Alliance (11 Maryland aftercare programs); Beyond the Wire; CANTER Maryland; Maryland Horse Foundation; and Saratoga WarHorse • Licensed Rescues Accepting All Breeds (39 Maryland equine rescues) • Maryland Equine Transition Services Program • Private Placement (including replacement of breeding stock) 	<p>The standardbred local organizations are not exclusively devoted to standardbreds and Starting Gate is being formed; the national organization U.S Trotting Association is being formed.</p> <p>The thoroughbred organizations Thoroughbred Aftercare Alliance, Beyond the Wire, and CANTER Maryland have the most data. The Saratoga WarHorse program offers veterans experiences with horses.</p>

Standardbred

Thoroughbred

Notes

Summary

Standardbreds: 85% of the horses retiring are placed privately (driving and pleasure horses), and 10% to 15% are placed by the national organizations.

Thoroughbreds: 204 thoroughbreds are retired annually, which can be handled by Thoroughbred Aftercare Alliance (200 placed annually), Beyond the Wire (85 placed annually), and CANTER Maryland (64 placed annually) among other programs.

Source: Maryland Department of Agriculture

2. Marketing Campaign Promoting Maryland Crabs

A June 20, 2018 BPW agenda item included the transfer of \$375,000 from the fiscal 2018 Contingent Fund in order to provide funding to the Maryland Seafood Marketing Program. The funding was intended to support a marketing campaign promoting Maryland crabs. The reason was the H-2B visa program restrictions reduced the number of Maryland crab pickers; thus, it was assumed that picked crab prices would increase, reducing demand.

MDA notes that it will spend \$387,105 on the activities noted in **Exhibit 9**. This funding is comprised of \$375,000 in fiscal 2018 general funds and \$12,105 in special funds associated with fees paid by watermen from DNR. MDA notes that the overall campaign reached 13 million people across all media, although only 12,082,225 is shown in the exhibit, and it is likely that there is overlap in reach among the different media. MDA notes that seafood industry advisory board members have reflected positively on the campaign and that DNR harvest and Department of Commerce value surveys may help inform the impact of the advertising. In addition, a Maryland Public Television documentary will be followed by surveys of the industry in spring 2019.

Exhibit 9
Marketing Campaign for Maryland Crabs
Fiscal 2019

<u>Outreach Type</u>	<u>Amount</u>	<u>Description</u>	<u>Reach</u>	<u>Timeline</u>
Radio	\$128,805	WTOP, CBS radio (101.9, Mix 106.5, The Fan, Baltimore), Radio One (Magic 95/9, 92Q, Baltimore), Adams (93.5, the Beach, Fox Sports Radio, Eastern Shore), WNAV, WRNR, WAMU, IHeart (Froggy 99.9, Eastern Shore), WCBM, Baltimore.	4,700,000	Completed.
Maryland Public Television (MPT)	111,300	MPT project is longer term and will explain the industry to Maryland viewers so there is an understanding of its importance in rural Maryland. Four episodes of Maryland Farm & Harvest will air.	1,266,000 (1,000,000 viewers and 66,000 circulation for MPT Guide)	Spring 2019.
Television	60,000	WBAL TV, WMAR, and WJZ TV.	2,200,000	Completed.
Billboards	40,000	Baltimore and DC markets.	3,000,000	Completed.
Washington Post (Insert)	22,000	All Maryland subscribers.	876,292	Completed.
Seafood Source	12,000	Industry website.	25,933	Completed.
Production Costs (Design and Film Advertising)	10,000	Fees paid to advertisement designers and videographers/photographers for advertisements.	n/a	Completed.
Easton Star Democrat (Insert)	3,000	An insert.	14,000	Completed.
Total	\$387,105		12,082,225	

Source: Maryland Department of Agriculture

3. Fiscal 2018 Cover Crop Funding Not Encumbered

Cover crops are one of the most effective BMPs for reducing nitrogen loads to the Chesapeake Bay and are a substantial portion of the MDA operating budget. However, there have been ongoing challenges regarding the amount and timing of funding for the program. In fiscal 2018, a wet spring kept farmers from accessing their fields, and cover crop final payments could not be made. In addition, the fiscal 2018 cover crop funding was not encumbered, necessitating a fiscal 2019 budget amendment.

Cover Crop Planting History

The Cover Crop Program initial acres increased through fiscal 2017 but then decreased in fiscal 2018 and again in fiscal 2019; the amount of final paid acres also increased through fiscal 2017 before dropping sharply in fiscal 2018. MDA notes that the decrease between fiscal 2017 and 2018 is due to commodity cover crops not being eligible for payment under the fiscal 2018 program and the unseasonably wet weather conditions during the growing season, which resulted in a late spring, thus, the cover crop planting was delayed. However, farmers planted 161,332 acres of commodity cover crops at their own expense, which bolstered the numbers for that year. **Exhibit 10** shows the cover crop history.

Exhibit 10
Cover Crop History
Fiscal 2005-2020 Est.

<u>Years</u>	<u>Initial Acres</u>	<u>Approved Acres</u>	<u>Fall Certification</u>	<u>Final Paid Acres</u>	<u>Final Paid Acres as a % of Initial Acres</u>
2005	106,934	113,522	56,852	53,515	50.0%
2006	208,932	205,268	135,328	128,638	61.6%
2007	454,881	290,000	243,945	238,674	52.5%
2008	336,780	303,363	203,144	187,479	55.7%
2009	398,225	387,022	237,144	238,870	60.0%
2010	330,468	330,468	205,347	203,796	61.7%
2011	508,304	492,757	400,331	381,257	75.0%
2012	571,427	567,525	429,818	402,000	70.4%
2013	607,433	604,186	415,437	414,558	68.2%
2014	608,427	602,481	423,212	423,079	69.5%
2015	641,426	617,714	475,839	473,790	73.9%
2016	656,173	652,504	501,205	500,022	76.2%
2017	691,743	689,389	561,334	558,976	80.8%
2018	636,904	635,772	395,862	359,873	56.5%
2019 Est.	617,270	566,269	362,564	360,000	58.3%
2020 Est.	640,000	627,200	500,000	475,000	74.2%

Note: The data is as of January 2019.

Source: Maryland Department of Agriculture; Department of Legislative Services

Fiscal 2018 Cover Crop Funding

The fiscal 2018 funding for cover crops was also affected by the weather. The wet weather conditions in spring 2018 delayed farmers' submission of claims. This required the appropriation either to be canceled and then re-appropriated in fiscal 2019 or the funding to be encumbered. MDA chose to cancel \$7,348,629 of the fiscal 2018 appropriation. The fiscal 2018 claims have since been processed in fiscal 2019, and the funding has been fully expended. However, this means that the remaining fiscal 2019 appropriation is too low to handle the fiscal 2019 cover crop plantings, unless wet weather once again delays the submission of claims. MDA notes that it will process a budget amendment in late April or May 2019 in order to realign the fiscal 2019 cover crop appropriation. If cover crop payments are delayed, MDA will encumber the delayed payment in order to reflect the full accounting of the program's work.

4. Opportunities to Expand Agricultural Education Report

The 2018 JCR included a request for a report on the opportunities to expand agricultural education. The report was requested to include information on homogenizing the agricultural education opportunities across the State through Teacher Extended Duty Contract availability; creating equal opportunity for every student enrolled in an agricultural education class to participate in all three components of an agricultural education program by establishing Maryland as a Future Farmers of America-affiliated state; and promoting proper teacher development and training through a summer agricultural teacher conference, staff development, and update.

The agricultural education report notes that farmers are aging; therefore, positions in the agricultural economy are opening up, but there are not enough graduates educated on agricultural subjects to fill these positions. For instance, the 2012 Census of Agriculture pointed out that there has been a 30% increase in the number of farmers over the age of 75 and a 20% decrease in farmers under the age of 25. USDA data reflects that there are an estimated 57,900 high-skilled job openings annually in the food, agriculture, renewable natural resources, and environment fields, but only an average of 35,400 new graduates with bachelor's degrees or higher in these fields, which means there is a 22,500 shortfall in the number of job openings filled annually. The main recommendations from the report are as follows.

- ***Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF) Statute:*** Amend the MAERDAF statute to allow local governments and public school systems to apply for agriculture education program funding. Currently, eligible entities only include rural serving nonprofit organizations and community colleges. This means that funding is not available for 12-month extended duty teaching contracts that would allow teachers to run summer programs and maintain agricultural experiments throughout the year. In addition, individuals are not eligible recipients of funding, which limits the program's ability to cover costs for students to become members of the National FFA Organization (formerly Future Farmers of America).

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- ***Career and Technology Education Innovation Grant Program:*** Encourage agricultural education consortia to apply for the Career and Technology Education Innovation grant program. As required by Chapter 361 of 2018 (Education – Commission on Innovation and Excellence in Education), the Maryland State Department of Education must administer a grant program to fund partnerships between at least one local board of education, community college, and industry partner to develop and implement an innovative Career and Technical Education curriculum framework and pathway that includes the United States and international best practices. To be eligible for a grant, the pathway to be developed must be of high quality, aligned with skills needed by employers, lead to an industry-recognized license or certificate, create internship or apprenticeship opportunities, and prepare students to compete successfully in a global economy. The Governor must appropriate at least \$2.0 million annually for the grant program.
- ***Commission on Innovation and Excellence in Education:*** Encourage the inclusion of agriculture education programming in the policy recommendations offered by the Commission on Innovation and Excellence in Education. Chapter 701 and 702 of 2016 created the Commission on Innovation and Excellence In Education (known as the Kirwan Commission). One of the Kirwan Commission’s charges is to make recommendations on legislation and policy initiatives to enhance both the availability of innovative educational opportunities and the adequacy and equity of State funding for prekindergarten through grade 12 of public education in the State. In particular, the agricultural education report recommends that enhancements to middle-school agricultural career development and career and technical education should be included in the Kirwan Commission’s funding recommendations.

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**Appendix 1
Current and Prior Year Budgets
Maryland Department of Agriculture
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2018					
Legislative Appropriation	\$32,276	\$34,765	\$3,600	\$23,372	\$94,013
Deficiency/Withdrawn Appropriation	-117	-132	-21	0	-271
Cost Containment	-391	0	0	0	-391
Budget Amendments	363	460	1,126	390	2,339
Reversions and Cancellations	-95	-12,725	-1,097	-730	-14,647
Actual Expenditures	\$32,037	\$22,367	\$3,608	\$23,031	\$81,044
Fiscal 2019					
Legislative Appropriation	\$34,720	\$31,652	\$4,548	\$23,390	\$94,310
Budget Amendments	355	59	8	0	422
Working Appropriation	\$35,075	\$31,711	\$4,556	\$23,390	\$94,732

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

Fiscal 2018

The general fund appropriation decreased by \$239,301. The changes are as follows.

- **Deficiency/Withdrawn Appropriation:** A net decrease of \$117,432 due to the withdrawn appropriation for health insurance savings in Section 19 of the fiscal 2019 Budget Bill (-\$307,432), which is offset partially by deficiency funding in the Mosquito Control program for black fly eradication and control activities along the Potomac River in Washington County (\$190,000).
- **Cost Containment:** A decrease of \$390,622 is due to cost containment. The cost containment was allocated through the September 6, 2017 Board of Public Works reductions primarily for salaries based on shifting funding for 2 positions from general funds to County and Other Participation special funds in the Mosquito Control program (\$166,920), for salaries based on shifting funding for 1 position from general funds to the Equipment Testing and Licensing and Registration special funds in the Weights and Measures program (\$75,141), for salaries based on holding 1 position vacant in the Turf and Seed Program (\$71,553), for salaries based on holding 1 position vacant in the Resource Conservation Operations program (\$51,178), and for eliminating an Emergency Response and Preparedness emergency management officer contractual full-time equivalent mid-year in the Administrative Services program due to the incumbent's retirement (\$25,830).
- **Budget Amendments:** A net increase of \$363,286 due to a budget amendment that transfers funding from the fiscal 2018 Contingent Fund for a Maryland Seafood Marketing Program to promote Maryland crabs per a June 20, 2018 the Board of Public Works agenda item (\$375,000), which is offset partially by a decrease for realigned funds for telecommunications expenditures as authorized by Section 17 of the fiscal 2018 Budget Bill (-\$11,714).
- **Reversions:** A decrease of \$94,533 due to reversions in the Rural Maryland Council (\$82,461), Maryland Agricultural Education and Rural Development Assistance Fund (\$11,003), and Forest Pest Management (\$1,069).

The special fund appropriation decreased by \$12,397,535. The changes are as follows.

- **Deficiency/Withdrawn Appropriation:** A decrease of \$132,258 due to the withdrawn appropriation for health insurance savings in Section 19 of the fiscal 2019 Budget Bill.
- **Budget Amendments:** An increase of \$460,000 due to budget amendments that include funding in the Marketing and Agriculture Development Program from the Maryland Seafood Marketing fund to reflect the return of seafood and aquaculture marketing functions from the Department of Natural Resources to the Maryland Department of Agriculture (MDA) per Chapter 101 of 2017 (Department of Agriculture – Seafood and Aquaculture Product Marketing) (\$200,000); the Mosquito Control Program due to revenue from county and other participation funds

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exceeding expectations, which was used to pay for contractual staff salaries and purchase insecticide (\$160,000); and in the Pesticide Regulation program from license and registration fees due to revenue exceeding the appropriation because the program was underbudgeted relative to prior years, which was used to cover contractual services, regular position salaries, and contractual full-time equivalent salaries (\$100,000).

- **Cancellations:** A decrease of \$12,725,277 due to cancellations in the Resource Conservation Grants Program due to the timing of the Bay Restoration Fund cover crop funding (\$7,348,629); the Marketing and Agriculture Development Program due to the Cigarette Restitution Fund funding not being received for the repayment of the Tobacco Transition Program bonds (\$4,369,165); the Food Quality Assurance program due to revenue being overestimated for poultry and egg grading, organic certification, and grain inspection (\$307,892); the Program Planning and Development Program due to an Animal Waste Technology Fund project not being completed and thus no payment was made (\$243,754); and other programs (\$455,837).

The federal fund appropriation increased by \$8,133. The changes are as follows.

- **Deficiency/Withdrawn Appropriation:** A decrease of \$21,013 due to the withdrawn appropriation for health insurance savings in Section 19 of the fiscal 2019 Budget Bill.
- **Budget Amendments:** An increase of \$1,125,900 due to budget amendments for the Food Quality Assurance program to develop and implement a Maryland Produce Safety Program along the lines of the federal Food Safety Modernization Act Produce Safety rule from the U.S. Department of Health and Human Services – Food and Drug Administration’s (FDA) FDA Administration Research General Grant Funding (\$763,339); the Animal Health program for regular position salaries related to the continued implementation of a National Animal Health Surveillance System from a Plant and Animal Disease, Pest Control, and Animal Care grant increase from the USDA’s Animal and Plant Health Inspection Service (\$200,000); the Central Services program for contractual services from indirect revenue available from a new FDA–Research grant in MDA’s Food Quality Assurance Program (\$151,000); and the State Chemist for regular position salaries related to collecting data on pesticides in the nation’s food supply from the full amount of the Market Protection and Promotion grant from the USDA’s Agricultural Marketing Service (\$11,561).
- **Cancellations:** A decrease of \$1,096,754 due to cancellations in the Food Quality Assurance program related to the U.S. Department of Health and Human Services’ FDA Research grant (\$323,378); the Marketing and Agriculture Development Program due to lower than anticipated revenue (\$164,875); the Watershed Implementation Program due to the cancellation of funding related to the USDA’s Environmental Quality Incentives Program (\$142,107); the Animal Health program due to unused funding from the USDA’s Animal and Plant Health Inspection Service’s Plant and Animal Disease, Pest Control, and Animal Care funding (\$121,732); the Forest Pest Management program due to the fourth quarter billing being delayed for the USDA’s Cooperative Forestry Assistance funding (\$108,579); and other programs (\$236,083).

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The reimbursable fund appropriation decreased by \$340,450. The changes are as follows.

- ***Budget Amendments:*** An increase of \$390,000 due to budget amendments that transferred funding from the Maryland Department of Health to MDA’s Mosquito Control program for the Aedes mosquito and Zika Virus Response Program (\$200,000), transferred funding internally to the Central Services Program from indirect costs to programs in order to maintain MDA’s headquarters building (\$160,000), and transferred funding from the Maryland Department of Transportation – State Highway Administration to MDA’s Plant Protection and Weed Management program (\$30,000).
- ***Cancellations:*** A decrease of \$730,450 due to cancellations primarily in the Nutrient Management Program from the Maryland Department of the Environment’s (MDE) Science Services Administration (\$286,530), the Resource Conservation Grants Program from the Department of Natural Resources’ Chesapeake and Coastal Service funding from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for the Phosphorus Management Tool and Animal Waste Technology Fund (\$184,519), the Watershed Implementation Program due to funding from the Chesapeake Bay Program’s Chesapeake Bay Regulatory and Accountability Program via the MDEs Water and Science Administration being extended into fiscal 2019 (\$121,761), the Central Services program due to a realignment for building expenses (\$102,478) and other programs (\$35,161).

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The MDA general fund appropriation increases by \$355,248 due to budget amendments that allocate funding to the Marketing and Agriculture Development program to provide grants for the Maryland Farms and Families Fund from the State Reserve Fund per fiscal 2019 Budget Bill language (\$200,000), and that allocate funding for the cost of living adjustment authorized in the fiscal 2019 Budget Bill (\$155,248).

The MDA special fund appropriation increases by \$58,866 due to a budget amendment that allocates funding for the cost-of-living adjustment (COLA) authorized in the fiscal 2019 Budget Bill.

The MDA federal fund appropriation increases by \$8,094 due to a budget amendment that allocates funding for the COLA authorized in the fiscal 2019 Budget Bill.

The MDA reimbursable fund appropriation has not changed.

**Appendix 2
Object/Fund Difference Report
Department of Agriculture**

<u>Object/Fund</u>	<u>FY 18 Actual</u>	<u>FY 19 Working Appropriation</u>	<u>FY 20 Allowance</u>	<u>FY 19 - FY 20 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	355.10	352.10	352.10	0.00	0%
02 Contractual	54.14	31.10	60.90	29.80	95.8%
Total Positions	409.24	383.20	413.00	29.80	7.8%
Objects					
01 Salaries and Wages	\$ 28,063,657	\$ 29,281,775	\$ 30,071,195	\$ 789,420	2.7%
02 Technical and Spec. Fees	1,802,341	1,444,504	2,172,569	728,065	50.4%
03 Communication	588,554	602,459	298,809	-303,650	-50.4%
04 Travel	423,000	548,413	579,870	31,457	5.7%
06 Fuel and Utilities	756,140	718,753	724,959	6,206	0.9%
07 Motor Vehicles	1,257,569	1,250,684	1,991,290	740,606	59.2%
08 Contractual Services	6,016,684	7,611,076	9,697,462	2,086,386	27.4%
09 Supplies and Materials	1,158,798	1,527,225	1,514,779	-12,446	-0.8%
10 Equipment – Replacement	703,703	280,921	561,321	280,400	99.8%
11 Equipment – Additional	42,181	28,150	100,650	72,500	257.5%
12 Grants, Subsidies, and Contributions	38,927,829	49,962,273	48,739,631	-1,222,642	-2.4%
13 Fixed Charges	1,156,066	1,030,707	1,158,577	127,870	12.4%
14 Land and Structures	147,373	445,000	205,000	-240,000	-53.9%
Total Objects	\$ 81,043,895	\$ 94,731,940	\$ 97,816,112	\$ 3,084,172	3.3%
Funds					
01 General Fund	\$ 32,036,958	\$ 35,075,050	\$ 38,007,134	\$ 2,932,084	8.4%
03 Special Fund	22,367,359	31,710,690	30,596,478	-1,114,212	-3.5%
05 Federal Fund	3,608,341	4,556,399	7,128,878	2,572,479	56.5%
09 Reimbursable Fund	23,031,237	23,389,801	22,083,622	-1,306,179	-5.6%
Total Funds	\$ 81,043,895	\$ 94,731,940	\$ 97,816,112	\$ 3,084,172	3.3%

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 3
Fiscal Summary
Department of Agriculture**

<u>Program/Unit</u>	<u>FY 18 Actual</u>	<u>FY 19 Wrk Approp</u>	<u>FY 20 Allowance</u>	<u>Change</u>	<u>FY 19 - FY 20 % Change</u>
11 Office of the Secretary	\$ 7,775,646	\$ 7,972,026	\$ 9,454,817	\$ 1,482,791	18.6%
12 Office of Marketing, Animal Industries, and Consumer Services	23,057,744	27,638,094	28,359,860	721,766	2.6%
14 Office of Plant Industries and Pest Management	11,132,577	11,609,535	12,621,522	1,011,987	8.7%
15 Office of Resource Conservation	39,077,928	47,512,285	47,379,913	-132,372	-0.3%
Total Expenditures	\$ 81,043,895	\$ 94,731,940	\$ 97,816,112	\$ 3,084,172	3.3%
General Fund	\$ 32,036,958	\$ 35,075,050	\$ 38,007,134	\$ 2,932,084	8.4%
Special Fund	22,367,359	31,710,690	30,596,478	-1,114,212	-3.5%
Federal Fund	3,608,341	4,556,399	7,128,878	2,572,479	56.5%
Total Appropriations	\$ 58,012,658	\$ 71,342,139	\$ 75,732,490	\$ 4,390,351	6.2%
Reimbursable Fund	\$ 23,031,237	\$ 23,389,801	\$ 22,083,622	-\$ 1,306,179	-5.6%
Total Funds	\$ 81,043,895	\$ 94,731,940	\$ 97,816,112	\$ 3,084,172	3.3%

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.