



## Accountable Budget Process Recommendations - Department of Agriculture and Food

#	Division	Line Item	Budget Issue	Recommendation (if any)	UDAF Response
1	Admin. Services	Administration	The Administration line item does not reflect the two divisions which are included in the budget. Aligning the budget format with operational realities provides transparency and improves the ability to report.	The Legislature should consider creating appropriation units that reflect the two divisions included in this line item.	Support.
2	Admin. Services	Administration	The Sheep Promotion program is not operationally housed within the Office of the Commissioner or Administrative Services divisions, yet it is included in the Admin line item budget. Sheep Promotion is funded by the Agricultural and Wildlife Damage Prevention Account and administered by the Division of Animal Industry. Aligning the budget format with operational realities provides transparency and improves the ability to report.	The Legislature should consider moving Sheep Promotion to either the Predator Control or Animal Industry line items.	Support-Department preference would be to move both the Sheep Promotion program and Predator Control to the Animal Industry line item.
3	Analytical Laboratory	Analytical Laboratory	Several divisions rely on testing performed in the Analytical Lab in order to fulfill their mission. Fees are charged in differing schemes which pay for the cost of testing (i.e. license, permit, registration, or individual testing fees). Revenues in these divisions cannot be transferred to the lab to cover the cost of services without violating the Budgetary Procedures Act. In order for the lab to provide testing services for other divisions, the Department should consider creating an internal service fund which would follow statute and provide financial transparency.	Include intent language in the base budget: The Department will work with the LFA and report by June 1st, 2023, indentifying the potential advantages and disadvantages of creating an internal service fund for their analytical lab.	Partially Support. We support looking into the advantages and disadvantages of creating an internal service fund for the Analytical Lab, however, we have resource concerns related to the Department's ability to complete this recommendation by the deadline. As part of our review we plan to research other solutions to remedy this situation.
4	Analytical Laboratory	Analytical Laboratory	UDAF reports that the Building expenses (rent) paid to the Division of Facilities Construction and Management (DFCM) for the Lab space are included in the Analytical Lab's line item, but the Department has a separate line item specifically to capture building costs that are paid to DFCM.	By October 1st, 2022, UDAF should report the amount spent on DFCM expenses in the Analytical Lab. The Legislature should consider reallocating that amount in the base budget to the Building Operations line item.	Support.
5	Animal Industry	Animal Industry	Sheep Head tax is not being collected in accordance with 4-23-109. Utah Code describes the fee being remitted to the state and with the ability of the Utah Wool Growers Association or other statewide organizations to request refunds for promotion or protection activities, between \$.18 and \$.25/head. The Department reports that the Wool Growers Association is instead remitting \$.75/head to the Department and keeping the remaining amount without submitting a claim for activities conducted. The Wool Growers Association is also not currently submitting annual audits.	By December 1st, 2022, the Division should review 4-23-109 and make recommendations on changes for the way head tax is collected or describe how they will comply with the current statute.	Support. The Department is also in the process of reviewing and updating the Sheep Marketing Order rule (R65-11) which will include a requirement to submit annual audits to the Department.



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6	Animal Industry	Animal Industry	Horse Racing takes up a large amount of time for the Division Director, State Veterinarian and other Division staff. The current fees do not cover the costs of administration. The Division has received industry pushback on raising fees, citing that Utah already charges more than neighboring states. There is currently a \$77,300 ongoing General Fund appropriation which pays for race prize money. While regulating the program makes sense to be housed with the Division, promotion is outside the scope of their mission. If racing purses were higher, then participants may be willing to pay more for licenses and entry fees. Alternatively, a more stable funding source could cover some of the costs of administering the program.		Support. We are in favor of the Legislature reviewing the Horse Racing program to determine the best way fund administration costs.
7	Cannabis and Hemp	Qualified Production Enterprise Fund	The Department of Health and Human Services has created revenue codes for each Medical Cannabis fee, which allows the Qualified Patient Enterprise Fund reports in Data Warehouse to provide monthly updates on financial activity to the Legislature and others. The Department of Agriculture and Food has not created revenue codes which makes reporting and transparency more cumbersome in the UDAF Medical Cannabis program.	The Department should create revenue codes for each fee in the Medical Cannabis budget.	Support.
8	Marketing and Development	Marketing and Development	The Utah's Own program has been around for 20 years (created in 2002), but has not collected any data about the impact of the program. While the Department and participants indicate that the program is valuable, there is no data to suggest or confirm that this is the best use of taxpayer money for producers and artisans in Utah.	The Division should create performance measures that demonstrates the value of the program to the industry.	Support. Utah's Own will adjust performance measures and will begin gathering impact and value data about the program. Additionally, beginning in August 2022, as a part of the membership renewal process, Utah's Own will begin submitting a survey to renewing members to gather information about the value and impact the program has had on their business and revenue.
9	Office of the Commissioner	Rangeland Improvement	The Grazing Improvement Program budget is spread-out over multiple line items, yet the program is administrated by the Office of the Commissioner. Aligning the budget format with operational realities provides transparency and improves the ability to report.	The Legislature should consider reallocating GIP financials from the Plant Industry line item to the Rangeland Improvement line item.	Support. This may require statutory changes related to the uses of the Rangeland Improvement Fund as well as a separate funding source for the GIP program.
10	Office of the Commissioner	Rangeland Improvement	The Rangeland Improvement line item houses the Grazing Improvement Program (GIP). Having different terminology provides more confusion within the same program. The Department could not offer any historical reason why the names differed. In the 2022 General Session, S.B. 17 changed the name of the State Grazing Advisory Board to align with the GIP program, becoming the Utah Grazing Improvement Program Advisory Board.	The Legislature should consider renaming the line item to "Grazing Improvement" and consider renaming the Rangeland Improvement Account to the Grazing Improvement Account.	Support.



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11	Plant Industry	Invasive Species Mitigation	The Division collects a large number of pesticide revenues each year, in FY 2022 roughly \$1.6 million more than the cost of administering the program. The ISM program has requested additional funds in the past several sessions. Because the fees and program are related in subject, registration fees (or a portion of them) could support the ISM program.	<p>The Legislature should consider depositing a portion of the registration fees for Pesticides into the Invasive Species Mitigation Account. (Would require a statute change.)</p> <p>By December 1st, 2022, the Department should make a recommendation on the amount of annual Pesticide registration funding to be used by the ISM program.</p>	Conditionally Support. We are open to this idea, however, some Pesticide fees currently support the GIP program and the Plant Pest Emergency Fund. The revenue also gives the division the flexibility to increase staff or fill vacancies as needed. We would like more information on how this change may be structured. The Department also notes that there has never been a need or statutory requirement related to differentiating pesticides and herbicides.
12	Plant Industry	Plant Industry	The Plant Industry Division has several appropriation units currently. However, two of them may not be in the correct Division and several important programs to the Division may be wrapped up in a single appropriation unit (i.e. Pesticides, Organics, etc.). Aligning the budget format with operational realities provides transparency and improves the ability to report.	The Legislature should consider creating appropriation units that reflect the programs in the division.	Support.
13	Plant Industry	Plant Industry	General Fund was appropriated in the 2022 General Session for the administration costs of the Grazing Improvement program. ARDL Funding is currently appropriated to the Plant Industry line item for this purpose, but is not statutorily authorized.	The Legislature should consider eliminating ARDL funding appropriated to the Plant Industry line item in the base budget.	Support.
14	Regulatory Services	Regulatory Services	In the 2022 General Session, the Cosmetic Manufacturing Certificate program (S.B. 83) was assigned to a financial analyst outside this subcommittee. The program should be housed in Manufactured Food (due to inspector expertise) rather than Administration.	The Legislature should consider reallocating \$60,000 General Fund 1x and \$34,000 Dedicated Credits Ongoing from Regulatory Services Administration (SJA) to Food Inspection (SJD).	Neutral. Resources from both administration and the food program are used to issue GMP certificates to cosmetic manufacturers. The general funds appropriated are generally intended for the development of the program at the administrative level.
15	Regulatory Services	Regulatory Services	The Division has experienced high turnover and problems with inspector recruitment. In the 2021 General Session, \$100,000 General Fund was appropriated to the Division to update their Inspector Recruitment and Retention Plan.		Support.



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16	Regulatory Services	Regulatory Services	The Division lapsed \$700,000 in Dedicated Credits in FY 2021. In FY 2022, the Department expressed concern that fee revenues would again lapse to the General Fund. Due to several changes in the Fee Schedule in FY 2022 and targeted salary increases provided in the 2022 General Session, it would be beneficial for the Division to provide updated budgets for each program in the Division, including costs by category and projected revenues by fee.		Support.
17	Resource Conservation	Ag. Loan Programs	The ARDL fund balance is declining due to non-statutorily authorized uses, and high loan awards relative to the fund balance (in aggregate). There is not currently any rules for when the Department recalculates interest rates, when service fees should or should not be instituted, or what minimum balances should be retained in the ARDL Fund in case of emergencies. The Department has authority to create rules but has not done so. 4-18-108 also authorizes ARDL funding for grants to fund specific types of restoration projects, but there are not currently rules about how those grant funds should be awarded.	The Division should create rules for loan fund balance minimums, ability to charge service fees, recalculating interest rates, and for the grant awards authorized in 4-18-108.	Partially Support. The Division is open to reinstating a service fee for the ARDL program as well as limiting the funds that can be loaned out each year. We can update policies to allow for these changes as needed (with UCC approval). The Department currently has rules in place (R64-4) that address the award of water optimization grants under 4-18-108. The main reason for the declining ARDL balance is the use of the funds to pay for staff. The Department would like to find other funding sources to cover these costs.
18	Resource Conservation	Resource Conservation	The Resource Conservation Division has several programs, and the budget of the Division has grown over the last 3 years due to infusions of Federal Funding and needs associated with drought. The current budget structure does not reflect the programs which are included in the Division. Aligning the budget format with operational realities provides transparency and improves the ability to report.	The Legislature should consider creating appropriation units that reflect the Division programs.	Support. This is already in process.
19	Resource Conservation	Resource Conservation	The ARDL fund balance is declining due to non-statutory uses and (relative to the fund balance) high loan awards in aggregate. The Resource Conservation line item currently is appropriated \$938,700 which is used for staff. UDAF personnel are not a currently authorized use of the fund (per 4-18-1), but the fund currently supports approximately \$1.2 million in appropriations for staff. The Department has requested additional General Fund for the ARDL program to increase the fund balance. In FY 2021, appropriated funds from the ARDL Fund were not needed in the line item and lapsed back to the account.	The Legislature should consider reversing funding from ARDL in the Resource Conservation line item in the base budget to alleviate strain on the fund balance and align the uses of the fund with UAC 4-18-1.	Conditionally Support. Other funding will need to be found to replace ongoing staff costs.



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20	UDAF	All	UDAF may have critical staffing holes in administrative functions (procurement, asset management, contracting, etc.) The Department also does not have Outreach staff for the department whose primary focus is to educate and encourage adoption of agency programs and facilitate coordination with efforts of other agencies.		Support. Some very recent hires have addressed some of the holes with regard to procurement and asset management. We have also made policy changes to address these issues. Our Marketing Division is supportive of hiring outreach staff to improve education and facilitation but additional funding would be needed.
21	UDAF	All	Title 4 is one of the oldest parts of Utah Code. UDAF Code is challenging to associate with division responsibilities and only one division is codified in statute (as of FY 2023). There are also many boards and committees without a clear assignment within the Department. A streamlined approach to Title 4 could make interpretation and enforcement easier. A visual example of the complexity of the current code structure is in Dept. of Ag. and Food Statutory Structure (LRGC).	The Legislature should consider a recodification effort for Title 4.	Conditionally Support. The current statutory structure gives the Department flexibility to arrange divisions as needed to meet the needs of agricultural industries. The Department also desires flexibility to distribute appropriations according to need. If recodification is desired, we recommend working with LRGC to help determine the best way to recodify and still maintain the flexibility that is needed.
22	UDAF	All	The UDAF fee schedule has nearly 400 fees, Department discussions have indicated that some fees may be irrelevant and also may reflect fees which are charged between Divisions (as opposed to external fees which is what the Fee Bill is intended for). Past analysis has also indicated that fee amounts may not be set in accordance with the Budgetary Procedures Act.	Include intent language in the base budget: The Department should report a fee schedule analysis for conciseness, internal versus external fees, schedules that incentivize timely renewals, and for fee amounts that are set in accordance with 63J-1-504 by June 1st, 2023.	Support. The Department has already started this process. By the time Fee Prep is completed in September 2022 we will have made significant progress. This includes a concise analysis, making changes to include only external fees in the fee schedule, and an initial evaluation of fee amounts. The deadline should give us adequate time to fully address this recommendation.