

Representative Cameron Henry  
Chairman



Representative Franklin Foil  
Vice Chairman

**FY19-20 HB 105 Review**  
**Department of Agriculture and Forestry**

**House Committee on Appropriations**  
by the House Fiscal Division

April 2, 2019

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# DEPARTMENT ORGANIZATION

## Department of Agriculture & Forestry



# DEPARTMENT FUNCTIONS

## Regulation

Maintain a safe and healthy food supply for the people of Louisiana while simultaneously protecting and safeguarding the producers.

## Conservation

Protect the state's soil and water resources and ensure the state's forests are protected from harmful diseases and fires.

## Marketing

Create and sustain markets and affect jobs through the development of value-added food, agriculture and forestry products industries by way of financial assistance, counsel, and promotion.

## Technical Assistance

Create programs that assist producers in protecting their product from pest and disease.

# DEPARTMENT FUNCTIONS

## Management & Finance



- Fiscal Services- Directs, coordinates, prepares, and administers budget development, implementation, and control of the operational and capital outlay budget for LDAF.
- Human Resources- Recruits and employs qualified candidates for positions, administers the employee benefits program, and conducts policy training.
- Information Technology- Provides the department's network infrastructure, security/database administration, and application development to support department functions.
- Procurement- Assures that all purchase of supplies, equipment, and services are made in accordance with all Division of Administration policies and procedures.
- Fleet and Facility- Responsible for the repairs and maintenance of 106 properties and 253 buildings. Responsible for the maintenance and repairs for the department's fleet that consists of 889 road vehicles, 263 trailers, 167 tractors and other equipment.
- Audit- Perform audits on agricultural related entities as required by the various boards and commissions pertaining to licensing requirements or to insure the proper reporting and remittance of fees.
- Marketing- Operates financial, informational, promotional, and market development activities.
- Medical Marijuana- Regulation of production of medical marijuana to ensure accountability, security, and safety of the marijuana product. Ensures timely collection of fees paid by licensees and secure transportation of product in transit to distribution pharmacies.

# DEPARTMENT FUNCTIONS

## Agriculture & Environmental Sciences



- Horticulture & Quarantine Program- Monitors and provides for the prevention, control, and eradication of regulated and exotic crop pests or diseases endangering Louisiana's food, fiber, forestry, horticultural, and apiary industries and the environment. Oversees the qualifications and practices of persons engaged in the green industry.
- Pesticide & Environmental Program- Inspects, enforces, and regulates the registration, distribution, sale, offering for sale, and application of pesticides.
- Agricultural Chemistry Program- Administers state laws and regulations which regulate the manufacturing and sale of animal feeds, pet foods, fertilizers, and agricultural liming materials. The Agricultural Chemistry Laboratory is responsible for analyzing agricultural chemicals and other farm input components as part of their regulatory enforcement.
- Seed Program- Ensures that seed sold for planting purposes meets seed label guarantees and quality standards. Enforces seed laws and regulations, manages the Seed Certification Program, and operates the state's official seed testing laboratory.

# DEPARTMENT FUNCTIONS

## Animal Health & Food Safety



- Grading & Certification- Assures that products purchased by institutions and schools meet the Institutional Meat Purchasing Specifications and general requirements for fish and fishery products.
- Food Distribution Program- Ensures the USDA Commodities are distributed to eligible recipient agencies.
- Livestock Brand Commission- Investigates farm related crimes with the main focus on the identification of livestock through registered brands and markings.
- Food Quality Services (FQS) Program- Provides unbiased third party inspections, state inspections, and shipping point inspections for fresh fruits and vegetables grown in Louisiana.
- Poultry & Egg Division- Responsible for establishing grades for poultry and eggs sold in Louisiana and enforcing state laws, rules, and regulations for egg and poultry production, packing, and sales.
- Louisiana Egg Commission- Promotes eggs and egg products in Louisiana and issues licenses to all producers, packers, processors, wholesalers, brokers, or any other entity except retailers.
- Veterinary Health Division- Protects Louisiana livestock from infectious diseases by administering state and federal disease surveillance programs that include disease reporting, monitoring, investigation, diagnostics, containment, and eradication.
- Meat & Poultry Inspection Program- Cooperative state/federal program designed to provide consumers with safe, wholesome, properly labeled meat and poultry products.

# DEPARTMENT FUNCTIONS

## Agro-Consumer Services



- Licensing Program- Licenses warehouses, grain dealers and cotton merchants.
- Warehouse Program- The department performs physical inventories and inspections of all warehouses for suitability and storage.
- Grain Sampler/Grader Certification- Samplers and graders are certified on an annual basis.
- Grain Commodity Program- Inspectors compare quality or condition of agricultural commodities with official standards to determine the official grade of the commodity.
- Moisture Meter Certification Program- All moisture meters utilized in assessing grain moisture for discount purposes are checked by the Department to insure proper calibration.
- Weights & Measures- Inspect and test, on an annual basis, all weighing, measuring, metering, scanning, and packaging devices used commercially to ensure that equity prevails for buyers and sellers statewide. The Department inspects and tests all motor fuels sold in the state to ensure conformance to quality and quantity specifications.
- Dairy Stabilization Board- Addresses problems created in the marketplace and provides a regulatory program designed to stabilize the dairy industry in order to assure an adequate supply of dairy products to consumers at a fair price.
- Milk Testing Program- Works closely with other state-wide dairy groups to regulate and maintain volume measurement and butterfat testing of milk and cream.
- Commodity Promotion and Research- Administers promotion and research development programs that serve farmers and consumers through state trade shows, retail promotions, chef demonstrations, market research, development and implementation of promotion and research activities by commodity specific boards, a Senior Farmer's Market Nutrition Program, and WIC Farmer's Market Nutrition Program.

# DEPARTMENT FUNCTIONS

## Forestry



- Forestry Protection- Includes detection, suppression, and prevention of wildfires on the forest lands of Louisiana. Included in these objectives are community education, training, and outreach.
- Forestry Management- Provides landowner assistance to ensure proper forest management practices. These services include technical and practical assistance as well as administering landowner subsidy programs.



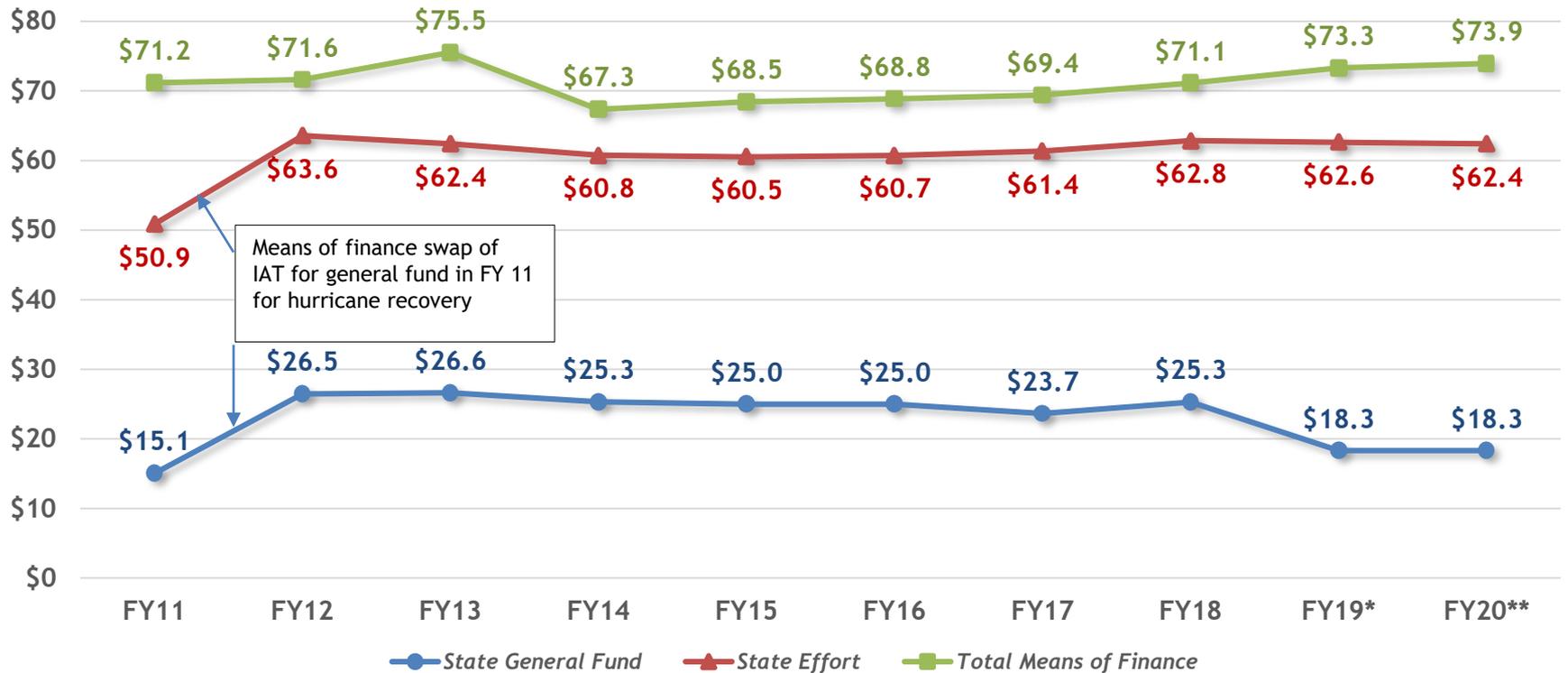
# DEPARTMENT FUNCTIONS

## Soil & Water Conservation



- Coastal Marsh Re-vegetation Planting Program- Plan and implement vegetative planting for erosion control and restoration on private and public-owned coastal marshes.
- USDA-State Cooperative Soil Survey Program- Ensures the availability of current scientific soils data and interpretive information for the development and application of effective conservation and environmental protection practices.
- Agricultural Nonpoint Source Pollution Control Program- Implements site specific conservation and environmental protection plans within priority watersheds.
- Agricultural Solid Waste Management Program- Reduces the costly disposal of agricultural waste at regulated solid waste sites, increases the beneficial use of most agricultural and forestry processing by-products for improving soil fertility and production and protects air and water quality.
- Information/Education Outreach Program- Delivers quality standards-based conservation education materials and resources to classroom educators and students, communities, individuals, and agricultural producers throughout the state.

# BUDGET HISTORY (IN MILLIONS)



Source: Budget Supporting Documents and HB 105 of 2019 RS

\*Existing Operating Budget as of 12/1/18  
 \*\*HB 105 of 2019 RS

# MAJOR SOURCES OF FUNDING

## Self Generated Revenue \$7 Million

- Indian Creek Recreation area fees.
- Market Bulletin subscriptions.
- Licensing fees for the production of medical marijuana.
- Fees for poultry grading.
- Fees from dairy assessments.
- Fees from various licensing programs.
- Fees from various boards and commissions.

## Statutory Dedications \$37.1 Million

- There are 14 statutory dedications in the Department of Agriculture and Forestry including:
- Louisiana Agriculture Finance Authority
  - Pesticide Fund
  - Petroleum Products Fund
  - Horticulture and Quarantine Fund

## Interagency Transfers \$678,592

- Louisiana Department of Health for refrigerated storage.
- Office of the State Fire Marshall for wildfire prevention and suppression activities.
- Louisiana Military Department for prescribed burning on 3,000 acres.
- Coastal Protection & Restoration Authority for developing erosion control plans on the coast.
- Louisiana State Racing Commission

## Federal Funding \$10.8 Million

- U.S. Department of Agriculture
- Environmental Protection Agency
- U.S. Department of Commerce
- Federal Drug Administration
- U.S Forest Service

# FUNDING OVERVIEW

Means of Financing	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB105	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
State General Fund	\$25,275,042	\$18,300,151	\$18,300,151	\$0	0.0%	(\$6,974,891)	(27.6%)
Interagency Transfers	\$676,003	\$680,206	\$678,592	(\$1,614)	(0.2%)	\$2,589	0.4%
Fees and Self-Gen Rev	\$5,472,747	\$8,404,409	\$6,981,777	(\$1,422,632)	(16.9%)	\$1,509,030	27.6%
Statutory Dedications	\$32,094,975	\$35,911,924	\$37,115,484	\$1,203,560	3.4%	\$5,020,509	15.6%
Federal Funds	\$7,612,026	\$10,009,973	\$10,859,973	\$850,000	8.5%	\$3,247,947	42.7%
<b>Total Means of Finance</b>	<b>\$71,130,793</b>	<b>\$73,306,663</b>	<b>\$73,935,977</b>	<b>\$629,314</b>	<b>0.9%</b>	<b>\$2,805,184</b>	<b>3.9%</b>



## \$1.4 M Fees and Self-Generated

Reduction in budget authority in the medical marijuana program due to fewer anticipated collections.  
Moving FSGR used to pay salaries and benefits for the local Soil and Water Conservation District employees from LDAF operating budget to the Pass-through funds.



## \$1.2 M Statutory Dedications

Expected increase in collections primarily in the Feed and Fertilizer Fund, Pesticide Fund, and the Weights and Measures Fund.



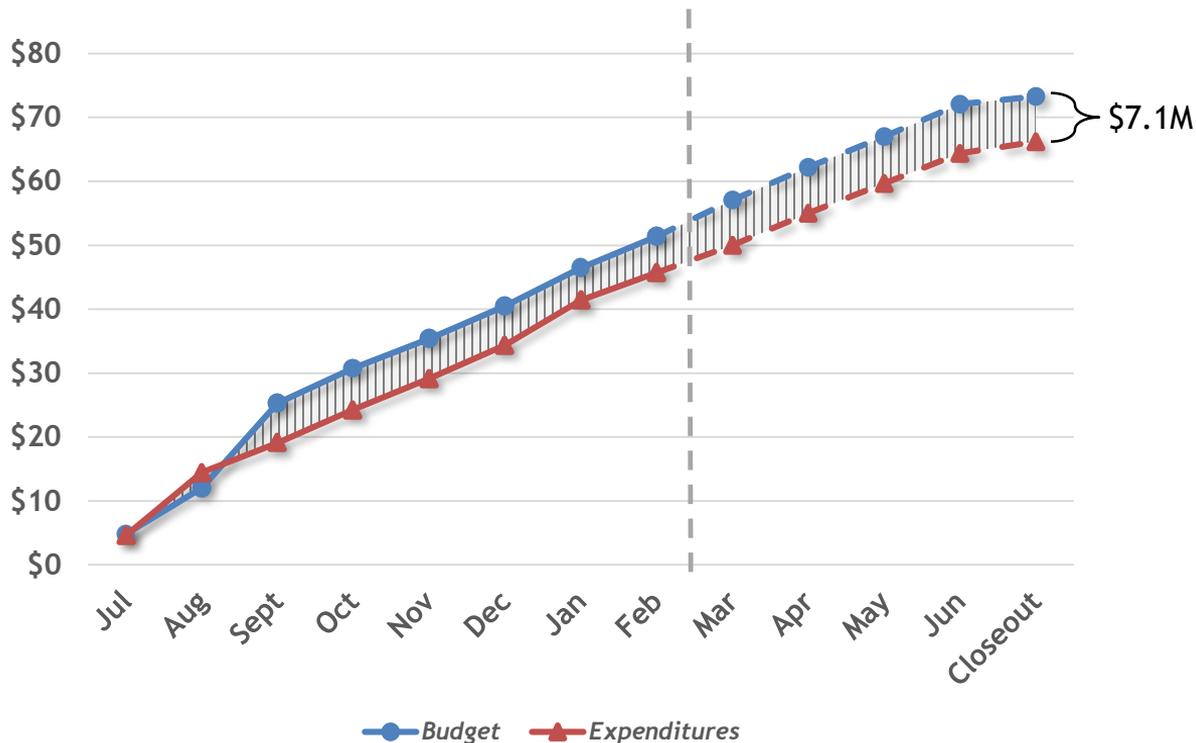
## \$ 850,000 Federal Funds

Increase in funding from the Federal Farm Bill grant to the Soil and Water Conservation Districts, and an increase in funding for the Produce Safety and the Animal Feed Regulatory Program Standards grants.

# STATUTORY DEDICATION DETAILS

Statutory Dedication Name	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB 105	\$ Change from Existing	% Change from Existing
Louisiana Agricultural Finance Authority Fund	\$12,000,919	\$11,802,482	\$11,805,932	\$3,450	0.0%
Pesticide Fund	\$5,293,249	\$5,400,000	\$5,723,155	\$323,155	6.0%
Petroleum Products Fund	\$4,600,000	\$4,952,219	\$4,628,921	(\$323,298)	(6.5%)
Horticulture and Quarantine Fund	\$718,077	\$2,550,000	\$2,550,000	\$0	0.0%
Agricultural Commodity Dealers & Warehouse Fund	\$1,772,431	\$2,277,455	\$2,318,769	\$41,314	1.8%
Feed and Fertilizer Fund	\$2,040,327	\$2,705,390	\$3,266,992	\$561,602	20.8%
Weights and Measures Fund	\$2,228,776	\$2,228,776	\$2,981,233	\$752,457	33.8%
Structural Pest Control Commission Fund	\$1,444,291	\$1,738,655	\$1,603,535	(\$135,120)	(7.8%)
Seed Commission Fund	\$683,220	\$807,008	\$807,008	\$0	0.0%
Forest Protection Fund	\$806,606	\$806,606	\$806,606	\$0	0.0%
Forestry Productivity Fund	\$333,333	\$333,333	\$333,333	\$0	0.0%
Sweet Potato Pests and Diseases Fund	\$149,640	\$200,000	\$200,000	\$0	0.0%
Boll Weevil Eradication Fund	\$19,135	\$100,000	\$50,000	(\$50,000)	(50.0%)
Livestock Brand Commission Fund	\$4,971	\$10,000	\$40,000	\$30,000	300.0%
<b>Total Expenditures</b>	<b>\$32,094,975</b>	<b>\$35,911,924</b>	<b>\$37,115,484</b>	<b>\$1,203,560</b>	<b>3.4%</b>

# LDAF FY 19 EXPENDITURE TREND



Analysis shows approximately \$7.1 million, or 9.7%, in total means of finance budget authority could be unspent at year-end based on actuals through February and projections through the remainder.

A majority of the remaining funds are federal, with some fees and statutory dedications also remaining. No state general funds are expected to remain at the end of FY 19.

In FY 18, \$7.1 million, or 9%, in total means of finance was left unspent, including \$3 million in federal funds, \$2.6 million in statutory dedications, and \$1.5 million in fees and self-generated revenue. No funds remained in State General Fund.

# ADJUSTMENTS IN OTHER MEANS OF FINANCE

## Personal Services

- \$1.3 M net increase to fund 67% of projected market rate increases, salary base adjustments, retirement rate and base adjustments, group insurance adjustments and attrition.

## Statewide Adjustments

- \$649,600 net increase to fund 100% of projected acquisitions and major repairs.
- **(\$736,385)** decrease for non-recurring carryforward adjustments.
- **(\$81,401)** net decrease to statewide adjustments, including Risk Management, Legislative Auditor fees, UPS fees, Civil Service fees, State Treasury fees, Office of Technology Services, Office of State Procurement, and topographical mapping.

## Agency Specific Adjustments

- \$600,000 increase from the Federal Farm Bill for funds allocated to the Soil and Water Conservation Districts.
- \$24,900 to partially fund 26% of the replacement of 19 high mileage vehicles with leased vehicles.
- **(\$248,532)** decrease in Fees and Self-Generated Revenue used to pay the salaries and related benefits for the local Soil and Water District employees. These fees will be moved from the LDAF operating budget to the LDAF Pass-Through Funds located in Schedule 20-941.
- **(\$200,000)** decrease to operating services and supplies in the Office of Management and Finance.
- **(\$50,000)** decrease in the Boll Weevil Eradication fund.
- **(\$1,614)** decrease in IAT funds from the Coastal Protection and Restoration Authority.

# POTENTIAL SGF ADJUSTMENTS

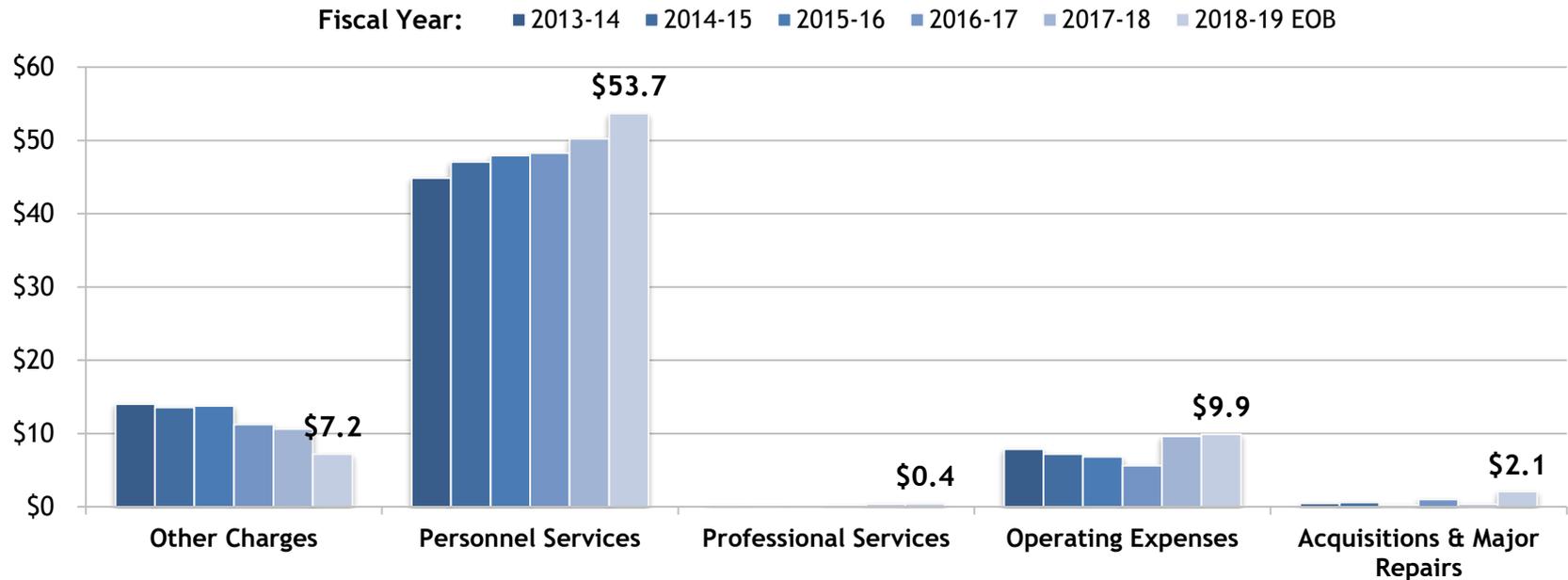
## Statewide Adjustments - \$340,136

- \$641,729 increase for market rate adjustment for all classified employees.
- \$525,645 increase for retirement rate adjustment
- \$224,269 increase for group insurance rate adjustment for active and retired employees.
- \$184,130 increase for a salary base adjustment.
- \$45,587 increase for civil service training.
- (\$1,137,340) decrease to account for attrition.
- (\$81,401) decrease for all other adjustments.

## Other Adjustments - \$393,420

- \$523,700 increase in State General Fund to offset the reduction in Fees and Self-Generated Revenue since fees for the regulation of medical marijuana are not anticipated to be collected until the end of FY 20.
- \$69,720 to replace 14 high mileage vehicles with leased vehicles.
- (\$200,000) reduction of state general fund expenditures for operating services and supplies.

# EXPENDITURE HISTORY



Source: Budget Supporting Documents and HB 105 of 2019 RS

# OTHER CHARGES ITEMS

AMOUNT	DESCRIPTION
\$2,813,455	Various interagency transfers which includes Office of Technology Services, Risk Management, Civil Service, Legislative Auditor Fees, etc.
\$914,378	Soil and Water conservation Districts conforming to Federal Policy- to provide salaries for employees, support for supervisors, and funds for operating services and supplies for the 44 Soil & Water Conservation Districts.
\$806,606	Forest Stewardship, State Fire Assistance, Cooperative Forest Health, Conservation Reserve, and Urban and Community Forestry Assistance.
\$520,000	Federal/State Grading program with the USDA.
\$432,371	Seniors and WIC grant expenses.
\$300,000	Farm pesticide hazardous waste pick-up day.
\$259,677	Boll Weevil Program- salaries, related benefits, operating services, and other charges for the Boll Weevil Program.
\$200,000	Food Distribution- TEFAP- Payments to food banks to assist with distribution costs of USDA commodities to needy citizens.
\$194,557	Vegetative Planting Program for the Soil and Water Conservation Districts.
\$168,474	Board of Animal Health- USDA/FDA grants- Scrapie.
\$165,000	Livestock Brand Commission.
\$165,000	FDA grant for the implementation of Animal Feed Regulatory Program Standards.
\$10,000	Medical Marijuana Background Checks.

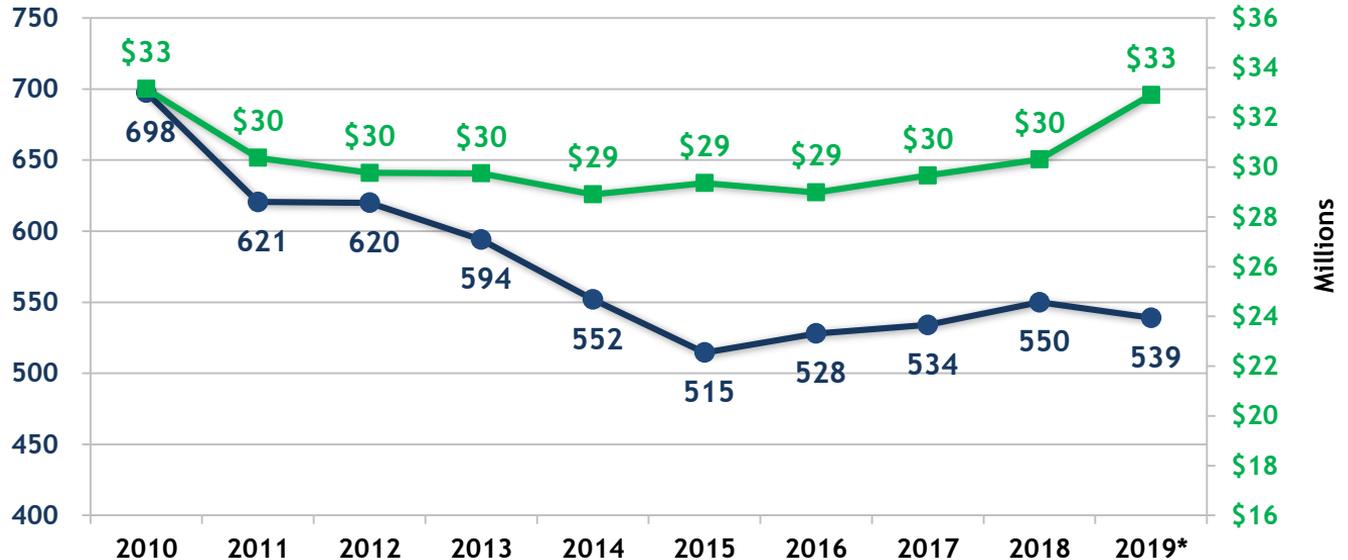
Source: Budget Supporting Documents

# PERSONNEL INFORMATION

## 10 Year FTE Positions/Salaries Expended

### Authorized Positions

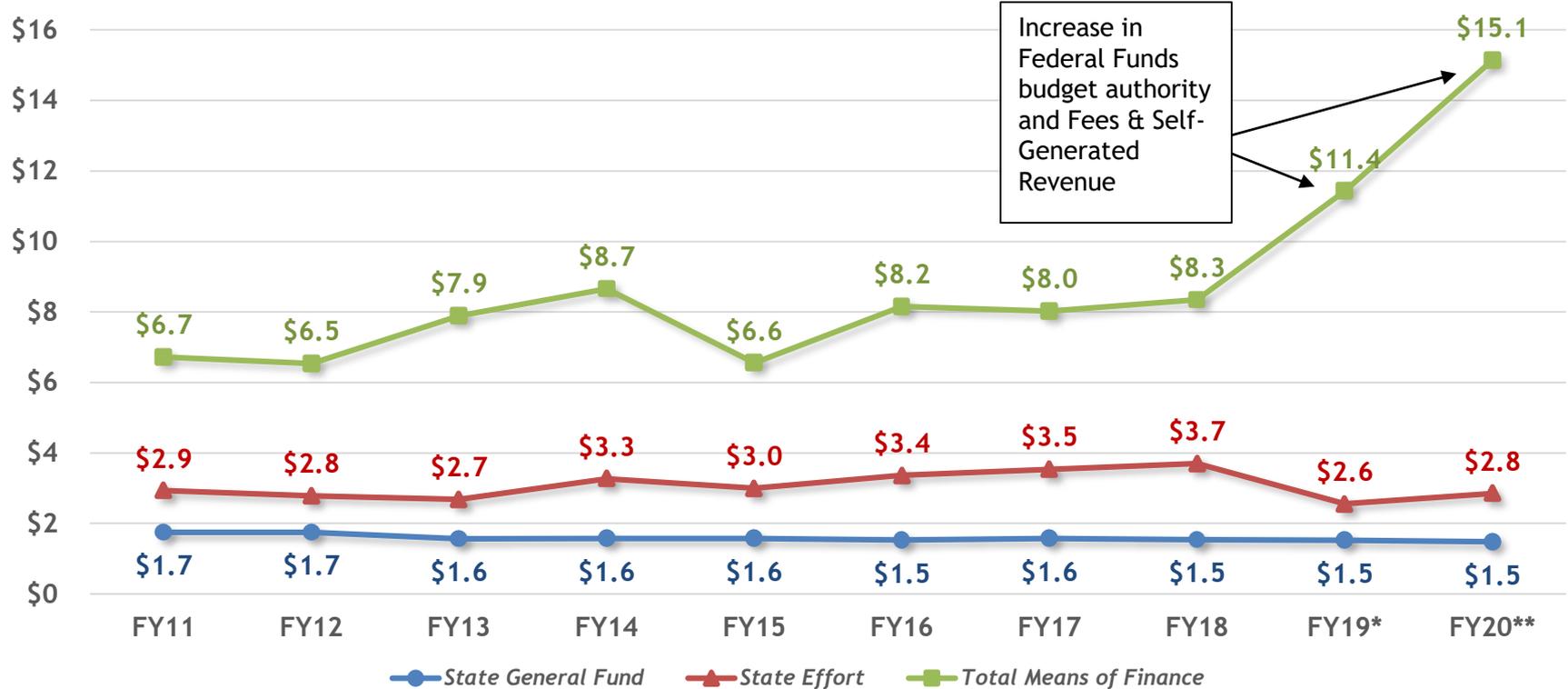
- 568 (532 classified and 36 unclassified).
- LDAF had 28 vacancies as of 12/1/2018.
- Proposed budget recommends moving 2 Other Charges positions to permanent TO.
- 2 Other Charges Positions.
- 42 Non-T.O. Positions.



\*Existing Operating Budget as of 12/1/18

Source: Data from the Dept. of Civil Service and the Budget Supporting Documents

# PASS THROUGH FUNDS BUDGET HISTORY



Source: Budget Supporting Documents and HB 105 of 2019 RS

\*Existing Operating Budget as of 12/1/18

\*\*HB 105 of the 2019 RS

# PASS THROUGH FUNDS

INCLUDED IN SCHEDULE 20:  
OTHER REQUIREMENTS

The Agriculture & Forestry Pass Through Funds Include:

- Pass through funds for the 44 Soil and Water Conservation Districts in Louisiana
- The Temporary Emergency Food Assistance Program
- Specialty Crop Block Grant
- Volunteer Fire Assistance
- Forest Land Enhancement Program
- Urban and Community Forestry
- State Fire Assistance - Mitigation
- Forest Health Monitoring
- Forest Productivity Program
- Grain and Cotton Indemnity Fund
- Ag Commodity Self Insurance Fund

Means of Financing	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB105	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
State General Fund	\$1,541,126	\$1,526,578	\$1,485,292	(\$41,286)	(2.7%)	(\$55,834)	(3.6%)
Interagency Transfers	\$259,751	\$263,829	\$265,443	\$1,614	0.6%	\$5,692	2.2%
Fees and Self-Gen Rev	\$0	\$0	\$248,532	\$248,532	0.0%	\$248,532	0.0%
Statutory Dedications	\$2,159,171	\$4,084,034	\$4,084,034	\$0	0.0%	\$1,924,863	89.1%
Federal Funds	\$4,389,306	\$5,556,260	\$9,056,260	\$3,500,000	63.0%	\$4,666,954	106.3%
<b>Total Means of Finance</b>	<b>\$8,349,354</b>	<b>\$11,430,701</b>	<b>\$15,139,561</b>	<b>\$3,708,860</b>	<b>32.4%</b>	<b>\$6,790,207</b>	<b>81.3%</b>



## \$248,532 Fees and Self-Generated

Moving fees and self-generated revenue used to pay the salaries and related benefits for the local Soil and Water District employees from the Agriculture and Forestry operating budget to the pass-through funds so that funding is more appropriately aligned with services.



## \$3.5 M Federal Funds

Federal Funds from the U. S. Forest Service-Forest Legacy Program for the Clear Creek Wildlife Management Area (WMA). This Forest Legacy Project will permanently protect 10,000 acres of working forest within the Clear Creek WMA.

# MEDICAL MARIJUANA

- Louisiana Legislature enacted the Allison Neustrom Act in 2015 which authorized certain forms of marijuana for the therapeutic use for patients with debilitating medical conditions.
- LDAF is responsible for the regulation of production, including:
  - ensuring accountability, security and safety of the marijuana product.
  - timely collection and accounting of fees paid by licensees.
  - secure transportation of product in transit to distribution pharmacies.
  - ensure compliance to all laws, regulations and rules.



## Expected Revenue

- The department has received \$100,000 for one license fee thus far.
- \$200,000 for license fees when application is made for license.
- 7% fee on gross sales up to expenditure level once product is marketable.

## Status of Product/Revenue

- 2 licensed producers- LSU AgCenter and Southern AgCenter.
- LSU's contracting production partner is GB Sciences Lab and is currently in the grow phase. They have not submitted final product for testing.
- Southern's contracting production partner is Illera/Advanced Biomedics. They are currently undergoing background investigations and anticipate to commence production in the fall of 2019.

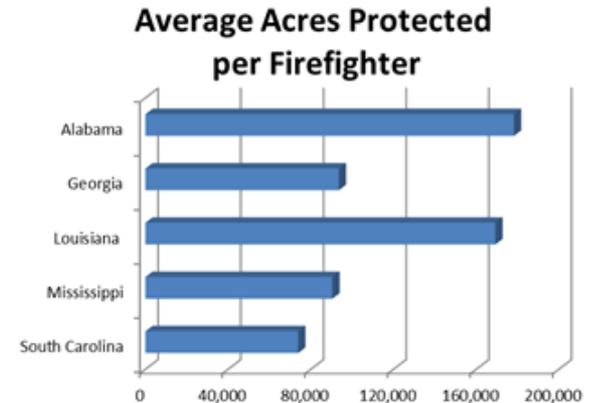
Expenses For FY 18 and FY 19	
Salaries	\$130,358
Related Benefits	\$66,876
Travel/Training	\$5,185
Operating Services	\$843
Supplies	\$17,806
IAT	\$1,080
Acquisitions/Equipment	\$685,089
<b>Total Expenditures</b>	<b>\$907,237</b>

# FORESTRY METRICS

Wildfire Metrics	FY 12-13	FY 13-14	FY14-15	FY 15-16	FY 16-17	FY 17-18
Average Fire Size (Acres)	7.5	9.9	9.4	13.1	8.4	10.3
Percentage of Protected Area Burned	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Homes under protection that were damaged	22	33	14	52	46	17
Number of Wildfires	961	1,081	586	1,147	788	735

- Louisiana’s forestlands cover 48% of the state’s area, or 14 million acres.
- Economic value of the Forestry Industry for Louisiana in 2017 was \$11 Billion.
- Forestry accounts for 25% of income of all plant and animal commodities produced in the state.
- In 2008, the department had 155 firefighters compared to 112 currently.

Source: Budget Supporting Documents and the Department of Agriculture and Forestry



# SOIL AND WATER CONSERVATION METRICS

Soil and Water Conservation Districts work with the following state and federal agencies to implement various soil, water, wetland, and vegetation restoration projects:

- LA Dept. of Natural Resources
- LA Dept. of Environmental Quality
- Coastal Protection & Restoration Authority
- Environmental Protection Agency
- U.S. Dept. of Agriculture

Erosion Prevention	FY 13-14	FY14-15	FY 15-16	FY 16-17	FY 17-18
Annual reduction in soil erosion (acres)	829,718	637,651	691,144	700,222	711,422
# landowners provided technical assistance	8,288	8,182	9,500	7,115	8,025
# acres treated to reduce erosion	451,708	454,023	441,056	430,873	439,853
Agricultural waste utilized for beneficial use	51.5%	52.5%	53.6%	55%	57.7%
Agri. Wetlands restored during year (acres)	24,875	28,632	23,630	27,216	24,723
Miles of shoreline treated for erosion control	760	800	840	878	916
Miles of vegetative buffers established	802	825	883	921	959

Source: Division of Administration- LaPAS  
Department of Agriculture and Forestry.

# LOUISIANA'S AGRICULTURE COMMODITIES

- In 2017 Louisiana collected over \$11.8 billion in economic value related to agricultural commodities, including value-added commodity products.
- The top 10 commodities for Louisiana account for 94.4% of agriculture income for our state.
- Top 5 parishes in agricultural sales account for \$3.8 billion in farm output: East Carroll, Morehouse, Madison, Franklin, Sabine.

Rank	Commodity	State Receipts (in \$1,000's)	% Total National Receipts by Commodity
1	Soybeans	639,693	1.7%
2	Broiler Chickens	522,282	1.7%
3	Sugar Cane	323,295	32.3%
4	Corn	317,864	7.0%
5	Rice	307,991	12.7%
6	All other animals	277,056	4.6%
7	Cattle and Calves	206,350	0.3%
8	Miscellaneous Crops	130,028	0.5%
9	Cotton Lint, upland	124,354	1.9%
10	Chicken Eggs	53,041	0.7%

Source: United States Department of Agriculture Economic Research Service and the LSU AgCenter.

# DEPARTMENT CONTACTS

	Name	POSITION	Contact
	Dr. Mike Strain	Commissioner of Agriculture & Forestry	225.922.1234
	Col. Dane Morgan	Assistant Commissioner of Management and Finance	225.952.8142
	Ms. Judy Fletcher	Deputy Undersecretary	225.922.1290