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Joint Committee on Finance

Paper #135

Standard Budget Adjustments -- State Agriculture Laboratory (Agriculture, Trade and Consumer Protection)

[LFB 2015-17 Budget Summary: Page 51, #1 (part)]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) maintains the State Agriculture Laboratory to provide scientific services to several DATCP programs. As of January, 2014, the State Agriculture Lab began occupying a new building adjacent to DATCP's Madison central offices and co-located with State Laboratory of Hygiene facilities. The State Agriculture Lab includes facilities of: (a) the Bureau of Laboratory Services (BLS), primarily serving the DATCP food safety and agricultural chemical programs; and (b) the Plant Industry Bureau, which tests soils and crops for plant pathogens. BLS charges the food safety and agricultural chemical programs for services; these are counted as expenditures to each program area and as program revenues (PR) for the laboratory. The laboratory, in turn, uses these revenues to cover costs such as staffing, equipment purchases and maintenance, and facilities rent payable to the Department of Administration. DATCP also receives general purpose revenues (GPR) and federal funds (FED) for a share of the State Agriculture Lab rent.

GOVERNOR

Provide the following standard adjustments to the DATCP budget to reflect lease costs of the State Agriculture Laboratory: (a) \$136,100 GPR in 2015-16 and \$144,400 GPR in 2016-17; and (b) -\$132,000 PR in 2015-16 and -\$126,400 PR in 2016-17.

DISCUSSION POINTS

1. 2013 Act 20 provided DATCP with GPR funding of \$220,100 in 2013-14 and \$267,500 in 2014-15 to cover anticipated increases in lease costs for the new State Agriculture Laboratory. The act also deleted base funding of \$100,100 PR beginning in 2014-15 from the BLS

general operations PR appropriation. The changes were intended to reflect full lease costs of the new facility, with GPR providing 50% of lease costs, consistent with how lease costs are budgeted for the State Laboratory of Hygiene. GPR increases were designated as one-time funding in 2013-15, and the bill removes \$267,500 GPR in base funding under standard budget adjustments.

2. However, the standard budget adjustments also include additions of \$403,600 GPR in 2015-16 and \$411,900 GPR in 2016-17 for State Agriculture Lab lease costs, resulting in the Governor's recommended net increase. As a result, total available GPR may account for perhaps two thirds of annual lease costs for the State Agriculture Laboratory under the bill.

3. Currently, total annualized State Agriculture Laboratory rent is approximately \$680,300. Under assumptions of 2% annual increases for lease costs of state facilities, total State Agriculture Laboratory lease costs are estimated at \$693,900 in 2015-16 and \$707,800 in 2016-17. The Committee could consider modifying the Governor's recommendation to provide 50% GPR funding for the State Agriculture Laboratory [Alternative 2]. A corresponding amount of PR would be provided to reflect the balancing of costs. The following table shows estimated rent amounts under Alternative 2, as well as bill changes necessary to accomplish the funding split. The Committee could also consider adopting the Governor's recommendation [Alternative 1]. Additional GPR would reduce costs charged to food safety and agricultural chemical programs, each of which derives substantial revenues for its program operations from industry fees.

Summary of Alternative 2

Fund	Alternative 2		Change to Bill	
	2015-16	2016-17	2015-16	2016-17
GPR	\$347,000	\$353,900	-\$104,400	-\$106,700
FED	30,000	30,000	0	0
PR*	<u>316,900</u>	<u>323,900</u>	<u>91,700</u>	<u>93,800</u>
Total	\$693,900	\$707,800	-\$12,700	-\$12,900

* Consists of charges assessed to food safety and agrichemical management programs.

ALTERNATIVES

1. Adopt the Governor's recommendation.

2. Modify the Governor's recommendation as follows to reestimate lease costs of the State Agriculture Laboratory based on 50% GPR funding: (a) delete \$104,400 GPR in 2015-16 and \$106,700 GPR in 2016-17; and (b) provide \$91,700 PR in 2015-16 and \$93,800 PR in 2016-17.

ALT 2	Change to Bill
GPR	-\$211,100
PR	<u>185,500</u>
Total	-\$25,600

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