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**(Base) Agency:** DATCP - Grain, Fruit & Vegetable  
Inspection Transfer

**Recommendations:**

*Burke 2,3*

**Paper No. 218:** Alternatives 2

**Comments:** The gov's plan needs a little correction (i.e. alternative 2) to balance out over the biennium (see paragraphs 2 & 4 for an explanation).

If someone wants to continue this program as an annual appropriation, rather than a continuing appropriation, that's fine too (i.e. alternative 3).

prepared by: Barry



## Legislative Fiscal Bureau

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May 4, 1999

Joint Committee on Finance

Paper #218

### Grain, Fruit and Vegetable Inspection Transfer (DATCP)

[LFB 1999-01 Budget Summary: Page 101, #17]

#### CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection is responsible for the inspection of grain, fruits and vegetables. These inspections are either mandatory for the export of produce or requested by growers or dealers to have their products graded. DATCP moved the Grain Inspection Bureau from the Marketing Services Division to a section of the Trade and Consumer Protection Division in January, 1997. However, the appropriation authority for these functions remains in the Marketing Services Division.

The Department also regulates vegetable procurement and dairy trade practices. Trade practices are regulated specifically to provide assurance that producers will receive payment for products and contracts with processors, that processors are financially solvent and that trade practices are fair and nondiscriminatory.

#### GOVERNOR

Transfer \$8,371,400 PR annually with 77.10 staff from the Marketing Services Division to the Trade and Consumer Protection Division to realign grain inspection and fruit and vegetable inspection funding with the Division where such inspections now occur. Funding of \$5,590,000 and 52.05 positions would be reallocated for grain inspection and certification and \$2,781,400 and 25.05 positions for fruit and vegetable inspection.

Separate fruit and vegetable inspection into a new, continuing appropriation in the Division of Trade and Consumer Protection. Fruit and vegetable inspection revenue would come from currently assessed fees for registration of produce procurement contracts and for inspection of farm products for the purpose of standardization, grading or certification.

Deposit current contractor (one who buys vegetables from a producer or who contracts with a producer to grow vegetables) fees of 1¢ per \$100 in total paid and unpaid contractual obligations to producers to an appropriation which regulates vegetable procurement and dairy trade practices. Currently, these fees are appropriated to the marketing services appropriation from which the bill transfers revenues to the fruit and vegetable inspection account. DATCP received \$13,000 PR from this fee in 1997-98.

## **DISCUSSION POINTS**

1. Even with the requested annual transfer of \$13,000 in revenue from the fruit and vegetable inspection PR account, the dairy and vegetable security and trade practices PR account could have a deficit of \$109,100 on June 30, 2001, based on authorized expenditures. DATCP indicates cost increases have come from information technology items and increased rent. The Department has indicated it plans to control spending within available revenues in the next biennium by delaying the filling of vacant positions and reducing supplies and services such as travel and information technology by approximately 35%. DATCP officials also are considering combining grain security with the dairy and vegetable security sections to lower administrative costs.

2. However, the Committee may wish to reduce the Department's expenditure authority for the dairy and trade practices PR account by \$55,000 annually to ensure that expenditures will remain within available revenues. Annually deleting a 0.5 trade practices analyst position for \$23,500 in salary and related costs and \$31,500 in supplies and services would accomplish the reduction in expenditure authority. The agency currently has two full-time vacancies in its dairy and food security section. This alternative would provide the Department with \$580,200 annually. In 1997-98, DATCP spent \$494,900 in the dairy and vegetable security and trade practices PR account. If revenues were to increase above projections, DATCP could seek the restoration of staff and funding through a s. 16.505/515 request for passive review by the Committee.

3. The bill would also create a continuing appropriation from an annual appropriation for fruit and vegetable inspections. While providing a continuing appropriation allows for maximum flexibility by the Department, it also reduces legislative oversight as to the level of funds spent.

4. A technical correction is required to reflect the intent of the bill to require all fees of 1¢ per \$100 in contractual obligations be deposited to the dairy and vegetable security and trade practices appropriation. Also, the bill erroneously deposits these fees to the fruit and vegetable inspection appropriation.

## **ALTERNATIVES TO BASE**

1. Approve the Governor's recommendation, as technically corrected, to transfer \$8,371,400 PR annually with 77.10 staff from the Marketing Services Division to the Trade and

Consumer Protection Division, separate fruit and vegetable inspection into a new, continuing appropriation in the Division of Trade and Consumer Protection and use contractor fees of 1¢ per \$100 in total paid and unpaid contractual obligations to producers to regulate dairy and vegetable security and trade practices.

2. Approve the Governor's recommendation, as technically corrected. Further, delete \$55,000 annually with 0.5 position from the dairy and vegetable security and trade practices appropriation to maintain expenditures within available revenue.

<u>Alternative 2</u>	<u>PR</u>
1999-01 FUNDING (Change to Base)	- \$110,000
[Change to Bill]	- \$110,000]
2000-01 POSITIONS (Change to Base)	- 0.50
[Change to Bill]	- 0.50]

3. In addition to either alternative above, create the fruit and vegetable inspection appropriation as an annual rather than a continuing appropriation.

4. Maintain current law.

Prepared by: David Schug

MO# Alt 2+3

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
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ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

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