

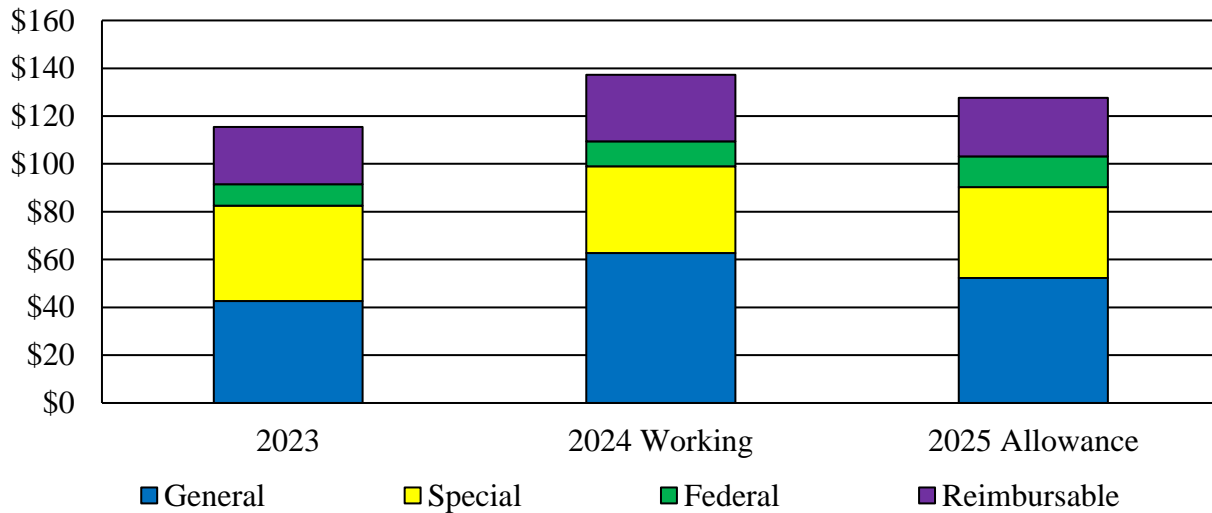
L00A
Department of Agriculture

Program Description

The Maryland Department of Agriculture (MDA) supervises, administers, and promotes agricultural activities throughout the State. MDA’s goals are (1) to promote the profitable production, use, and sale of Maryland agricultural products; (2) to protect the health of the public, plant, and animal resources in Maryland; (3) to 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; (4) to provide and promote land stewardship, including conservation, environmental protection, preservation, and resource management; (5) to provide health, safety, and economic protection for Maryland consumers; and (6) for the Rural Maryland Council, to 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.

Operating Budget Summary

**Fiscal 2025 Budget Decreases \$9.6 Million, or 7.0%, to \$127.7 Million
(\$ in Millions)**



Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2025 allowance accounts for contingent reductions. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM) and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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- The \$9.6 million decrease in the fiscal 2025 allowance is primarily attributable to a decrease of \$10.0 million in general funds for the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) and reflects a reduction of \$6.0 million for core loan programs and \$4.0 million for the Next Generation Farmland Acquisition program. The \$10.0 million was mandated in fiscal 2024 by Chapter 39 of 2022 (Great Maryland Outdoors Act) for the Next Generation Farmland Acquisition Program. The Governor submitted the required amount, and the General Assembly reprogrammed \$6.0 million of the \$10.0 million for MARBIDCO’s core loan programs due to the high interest rate environment.

Fiscal 2023

The fiscal 2023 budget restricted \$375,000 in general funds in the Revenue Stabilization Account (also known as the Rainy Day Fund) for the purpose of the Maryland Healthy Soils Program in L00A15.02 Program Planning and Development. The \$375,000 provided a partial down payment on the \$500,000 in general funds mandated for the Maryland Healthy Soils Program in fiscal 2024 by Chapter 38 of 2022 (Climate Solutions Now Act). MDA completed the Healthy Soils Competitive Fund’s pilot application round in fiscal 2023 and selected 16 awardees, which obligated the full \$375,000 in fiscal 2023 funding.

Fiscal 2024

Implementation of Legislative Priorities

- ***MARBIDCO Funding Substitution:*** \$6,000,000 in general funds was added to MARBIDCO’s appropriation to provide additional funding for their core loan programs, including the Maryland Resource-Based Industry Financing Fund. The funds helped address greater loan demand resulting from a higher interest rate environment. As of December 31, 2023, MARBIDCO had spent \$1,747,705 in its core loan program, but plans to spend \$3.0 million by the end of January 2024 and between \$600,000 and \$1,000,000 each month for the remainder of fiscal 2024. Of note, staffing shortages temporarily halted the processing of loans from the Maryland Resource-Based Industry Financing Fund program.
- ***Maryland Agricultural Fair Board:*** \$1,075,000 in general funds was added to the Maryland Agricultural Fair Board’s appropriation to provide additional funding to promote State and county agricultural fairs and exhibits and address the decline in horse racing revenues supporting the program. The Fair Board spent \$976,083 of the \$1,075,000 for 23 fairs/shows; the average grant was approximately \$42,000. The remaining \$98,916 is intended to be used to cover a portion of the \$167,141 Great Frederick Fair payment.

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- ***Spay/Neuter Fund:*** \$200,000 in general funds was added to the appropriation for program L00A12.07 State Board of Veterinary Medical Examiners to provide additional funding to the Spay/Neuter Fund. This fund provides grants to State organizations that facilitate spay and neuter services for cats and dogs. The \$200,000 largely defrayed a decrease in spay and neuter fee revenues caused by fewer invoiceable products registered through the State Chemist’s office. The number of grants increased by two between fiscal 2023 and 2024, and the overall average award for grants increased by approximately 4%.
- ***Rural Maryland Council:*** \$300,000 in general funds was added to the Rural Maryland Council’s appropriation to provide additional funding for efforts that collaboratively address problems and challenges facing rural communities in the State. The funding was initially used to provide four grants in the aggregate amount of \$191,800 to organizations under the Rural Maryland Prosperity Investment Fund – Rural Health Care Program. The grants were required to address nonemergency health and human services transportation projects with an inter-regional transportation component and either better coordination or on-demand response transportation options components. The grants averaged approximately \$48,000. The remaining \$108,200 was allocated to the Maryland Agricultural Education and Rural Development Assistance Fund under the focus area youth engagement and leadership development and community development. The average grant award was approximately \$27,000.
- ***Southern Maryland Agricultural Development Commission:*** \$100,000 in general funds was added to the Marketing and Agriculture Development program for the purpose of providing additional grant funding to the Southern Maryland Agricultural Development Commission. The funds have yet to be released to the commission because the required paperwork is still being completed. The funds will be used to develop an agricultural economic development plan for the space at the Lothian Grain elevator site in Anne Arundel County. Possible uses of the space include a flour mill to process locally raised grain and a mash house for craft beer use.

Proposed Deficiency

The fiscal 2025 budget includes fiscal 2024 deficiency appropriations totaling \$1,203,388 in general funds that affect a number of MDA’s programs. The changes are as follows:

- ***Filling Vacancies:*** a total increase of \$781,388 for personnel expenditures results from MDA filling vacant positions — 22.0 positions between July 1, 2023, and December 31, 2023 – which is spread across MDA (the largest increase is \$269,100 in Resource Conservation Operations) and reflects MDA’s ability to bring down its vacancy rate;
- ***Frederick and Salisbury Animal Health Laboratories Maintenance:*** a total increase of \$322,000 comprised of \$180,000 in Animal Health and \$142,000 in Central Services to

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fund increased maintenance costs at the Frederick and Salisbury Animal Health Laboratories; and

- ***Mosquito Control:*** an increase of \$100,000 to fund reclassifications in the Mosquito Control program.

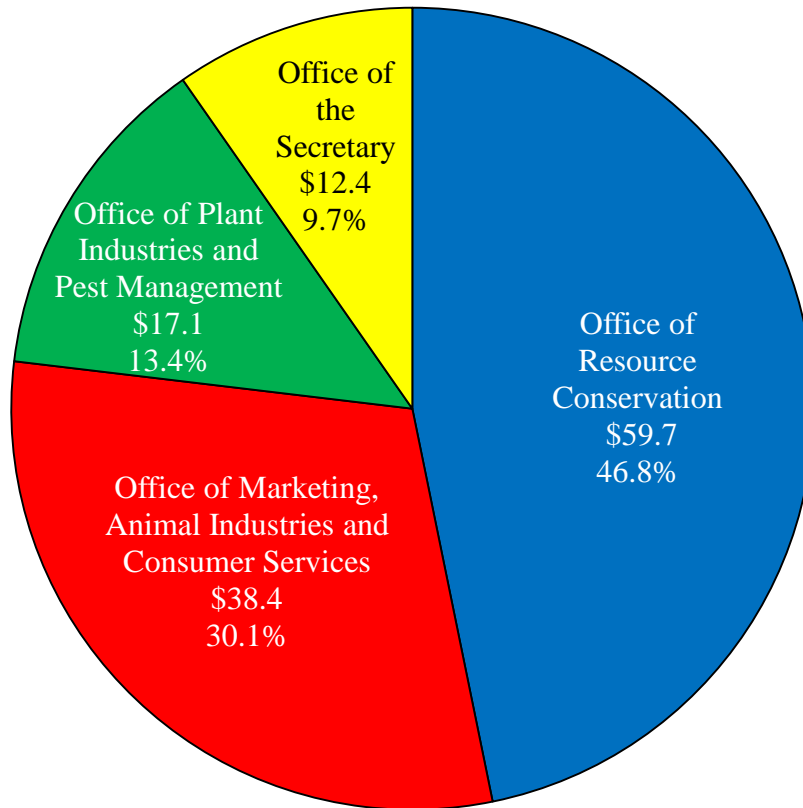
Federal Stimulus Funds: Infrastructure Investment and Jobs Act and Inflation Reduction Act Funding

MDA notes that it is not directly receiving federal Infrastructure Investment and Jobs Act and Inflation Reduction Act (IRA) funding. The Department of Budget and Management’s (DBM) October 2023 competitive grant application summary report included U.S. Department of Agriculture (USDA) IRA funding for four programs: Agricultural Conservation Easement Program; Conservation Stewardship Program; Conservation Technical Assistance; and Environmental Quality Incentives Program. However, MDA indicates that the funding is USDA Natural Resources Conservation Service pass-through funding that goes directly to farmers. While the funding does not flow through MDA’s budget, MDA staff are colocated with Natural Resources Conservation Service staff and provide technical assistance to promote programs and advise on available State funds that can be cost shared.

Fiscal 2025 Overview of Agency Spending

MDA is organized into four administrative units and is staffed by 426.2 regular positions and 87.2 contractual full-time equivalents (FTE) in the fiscal 2025 allowance. **Exhibit 1** reflects the \$127.7 million spending breakdown for the four units as follows.

Exhibit 1
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



Note: The fiscal 2025 allowance accounts for contingent reductions. The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

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

- **Office of Resource Conservation (\$59.7 Million, 46.8%):** 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. The main expenditure categories include \$25.5 million for the Cover Crop Program; \$18.7 million for salaries, most of which is for regular positions in soil conservation districts; \$3.6 million for Manure Transport Program support

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and grants; \$2.4 million in grant funding for the Tree Solutions Now Act; \$2.0 million for the contract for the University of Maryland Extension nutrient management advisors to write nutrient management plans; \$1.0 million for Watershed Implementation Plan BMP implementation and animal waste technologies on farms; and \$0.7 million for the Maryland Healthy Soils Program.

- ***Office of Marketing, Animal Industries, and Consumer Services (\$38.4 Million, 30.1%):*** 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 Fund; and helps develop resource-based industries through MARBIDCO. The main expenditures include \$11.2 million for salaries; \$8.4 million for grants through the Rural Maryland Council; \$4.7 million for the Women, Infants, and Children Coupon Program; \$4.1 million for MARBIDCO comprised of \$2.3 million for the base appropriation, \$1.4 million for specific loan programs (meat producers, watermen, and forest owners), and \$0.4 million for the Certified Local Farm Enterprise Food Aggregation Grant Program; \$1.4 million for Maryland Agricultural Fair Board grants; \$0.9 million for the Southern Maryland Agricultural Development Commission for the transition from tobacco production; and \$0.9 million for the Spay and Neuter Grants Program.
- ***Office of Plant Industries and Pest Management (\$17.1 Million, 13.4%):*** 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. The main expenditure categories include \$9.6 million for salaries; \$2.2 million for contracts, including \$0.6 million in the State Chemist and \$0.5 million for gypsy moth suppression; \$1.9 million for contractual FTEs; and \$1.5 million for motor vehicles.
- ***Office of the Secretary (\$12.4 Million, 9.7%):*** Provides administrative support services, advises the Secretary on agricultural issues through the Maryland Agricultural Commission, and administers agricultural land preservation. The main expenditure categories include \$5.8 million for salaries, \$2.5 million for Department of Information Technology (DoIT) services allocation, and \$1.2 million for contractual arrangements related to agricultural easement purchases.

Proposed Budget Change

The MDA fiscal 2025 allowance decreases by \$9.6 million, or 7.0%, relative to the adjusted fiscal 2024 working appropriation, as shown in **Exhibit 2**. Changes in personnel funding are discussed first and then other administrative changes.

**Exhibit 2
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 2023 Actual | \$42,656 | \$39,831 | \$8,954 | \$23,991 | \$115,432 |
| Fiscal 2024 Working Appropriation | 62,712 | 36,210 | 10,559 | 27,820 | 137,301 |
| Fiscal 2025 Allowance | <u>52,242</u> | <u>38,012</u> | <u>12,944</u> | <u>24,467</u> | <u>127,664</u> |
| Fiscal 2024-2025 Amount Change | -\$10,470 | \$1,801 | \$2,385 | -\$3,352 | -\$9,636 |
| Fiscal 2024-2025 Percent Change | -16.7% | 5.0% | 22.6% | -12.0% | -7.0% |

| Where It Goes: | <u>Change</u> |
|--|----------------------|
| Personnel Expenses | |
| Salary increases and associated fringe benefits including fiscal 2024 COLA, increments and deficiency appropriation..... | \$1,814 |
| Cost associated with 17 new positions | 1,174 |
| Turnover rate decreases from 5.56% (accounting for the fiscal 2024 deficiency) to 4.90%..... | 915 |
| Accrued leave payout adjusted to reflect prior year actuals | -53 |
| One-time reclassification in Mosquito Control due to a fiscal 2024 deficiency | -100 |
| Other Changes | |
| <i>Agricultural Policy</i> | |
| Women, Infants, and Children Farmers Market Nutrition Program | 2,000 |
| Nuisance Insects funding for blackfly and midge treatment program | 275 |
| Program Planning and Development streamside buffers and technologies grants | 150 |
| Urban Agriculture Grant Program | 100 |
| Conservation best management practices using Chesapeake Bay Program funding | 54 |
| <i>One-time Legislative and Other Funding</i> | |
| Maryland Native Plants Program contingent reduction | -100 |
| One-time Southern Maryland Agricultural Development Commission funding | -100 |
| One-time legislative funding for Spay and Neuter program grants to counties/NGOs..... | -200 |
| One-time legislative Rural Maryland Council funding and other funding | -363 |

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| Where It Goes: | Change |
|---|-----------------|
| Seafood processing loans funding mandated by Chapters 30 and 574 of 2022..... | -1,000 |
| One-time legislative Maryland Agricultural Fair Board funding | -1,075 |
| MDA Modernization information technology project..... | -3,945 |
| MARBIDCO Next Generation Farmland Acquisition Program..... | -4,000 |
| MARBIDCO core loan program | -6,000 |
| <i>Routine Operations</i> | |
| Department of Information Technology services allocation..... | 515 |
| Vehicle purchases net increase..... | 371 |
| State Chemist contractual services..... | 108 |
| Equipment replacement primarily in Weights and Measures | 77 |
| Contractual full-time equivalents decrease by 3.45 positions | -73 |
| Other..... | -76 |
| Supplies and materials decrease primarily in Plant Protection and State Chemist | -103 |
| Total | -\$9,636 |

COLA: cost-of-living adjustment

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation

MDA: Maryland Department of Agriculture

NGO: nongovernmental organization

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2025 allowance accounts for contingent reductions. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Personnel

MDA’s overall personnel expenditures increase by \$3.7 million in the fiscal 2025 allowance. The largest increase between the adjusted fiscal 2024 working appropriation and the fiscal 2025 allowance is \$1.8 million for salary increases and associated fringe benefits. This accounts for the fiscal 2024 cost-of-living adjustment (COLA), increments, and deficiency appropriations. The second largest increase is \$1.2 million for 17 new positions. The turnover rate decreases from 5.56% to 4.90% once the fiscal 2024 deficiency is accounted for, which accounts for an increase of \$914,900. In terms of reductions, there is a \$100,000 decrease due to one-time fiscal 2024 deficiency reclassification funding for the Mosquito Control Program and a \$52,900 decrease due to accrued leave payout funding being adjusted to reflect prior year actuals.

Other Changes

Overall, the nonpersonnel portion of the MDA fiscal 2025 allowance decreases by \$13.4 million. The main changes may be categorized as agricultural policy, one-time legislative and other funding, and routine operations.

Agricultural Policy

The largest change is an increase of \$2.0 million in federal Women, Infants, and Children (WIC) Farmers Market Nutrition Program, bringing fiscal 2025 program funding to \$2.6 million. In fiscal 2023, MDA entered into a cooperative agreement with the USDA Agricultural Marketing Service under the Local Food Purchase Assistance Cooperative Agreement Program. The cooperative agreement provided for \$12.5 million over three fiscal years to support food banks buying directly from farmers and seafood companies in Maryland. The fiscal 2025 WIC Farmers Market Nutrition Program funding reflects one of the several subprogram allocations of the third and final year of funding; the increase in funding is due to the fiscal 2024 working appropriation not yet reflecting the full allocation of fiscal 2024 funding.

There is also an increase of \$275,000 (\$137,500 in general funds and \$137,500 in participating county cost-share special funds) in the Nuisance Insects program for the blackfly and midge treatment program. This funding has been budgeted in recent years to address nutrient increases in receiving waters that lead to blackfly and midge outbreaks. Back River has been a focal point for midge control due to the nutrient loading from the Back River wastewater treatment plant (WWTP). While the Back River WWTP has experienced challenges since 2021, the new consent decree approved in November 2023, which covers the Back River and Patapsco WWTPs, sets the Back River WWTP on a new course. In addition, the plant has been meeting its permit limits and the consent decree requires Baltimore City to pay the Chesapeake Bay Trust \$1.9 million for water quality improvement and restoration projects in the Patapsco and Back River watersheds. Therefore, the primary need for the funding is being addressed. **The Department of Legislative Services (DLS) recommends that the \$137,500 in general funds and \$137,500 in special funds for the Nuisance Insects program’s blackfly and midge treatment program be deleted.**

Funding for the Program Planning and Development program in the Office of Resource Conservation increases by \$150,000. This funding supports two main initiatives: adoption of streamside buffers to achieve Watershed Implementation Plan goals; and the incentivizing of companies to develop new animal waste technologies on farms and provide alternative strategies for managing animal manure. The animal waste technologies are intended to generate energy from animal manure, reduce on-farm waste streams, and repurpose manure by creating marketable fertilizer and other products and by-products.

The Urban Agriculture Water and Power Infrastructure Grant program funding increases by \$100,000 in general funds. Chapters 393 and 394 of 2022 established this program and required an annual general fund appropriation of \$500,000. The purpose of the program is to increase the viability of urban farming and community gardens and improve access to urban-grown foods by providing grants to urban agricultural producers and qualified nonprofit organizations for the

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purchase and installation of (1) agriculture equipment associated with water supply and irrigation and (2) electric power access.

Installation of conservation BMPs increases by \$54,060 in federal funds. This reflects an increase of U.S. Environmental Protection Agency (EPA) – Chesapeake Bay Program funding.

One-time Deficiency and Other Funding

There are a number of reductions in MDA’s fiscal 2025 allowance primarily as a result of the removal of one-time fiscal 2024 funding. The largest decrease is \$10.0 million in general funds, which reflects \$6.0 million for MARBIDCO’s core loan program and \$4.0 million for MARBIDCO’s Next Generation Farmland Acquisition Program. The fiscal 2024 allowance included \$10.0 million in general funds for the Next Generation Farmland Acquisition Program mandated by Chapter 39 (Great Maryland Outdoors Act). The legislature reprogrammed \$6.0 million for MARBIDCO’s core loan programs due to the high interest rate environment, leaving \$4.0 million for the Next Generation Farmland Acquisition Program.

Another large reduction is \$3.9 million in reimbursable funds for the MDA Customer Data Modernization Initiative information technology project. This reflects the allocation of funding from DoIT. The MDA Customer Data Modernization Initiative information technology project is discussed further in an appendix in this analysis.

There are also a number of smaller reductions in the fiscal 2025 allowance. The Maryland Agricultural Fair Board grant funding decreases by \$1.1 million due to a one-time legislative allocation in fiscal 2024. Seafood processing loans funding mandated by Chapters 30 and 574 of 2022 decreases by \$1.0 million in general funds. Chapters 30 and 574 mandated a \$1.0 million general fund appropriation in fiscal 2024 and required MARBIDCO to provide loans for eligible seafood processing projects of up to \$250,000 to licensed seafood dealers to finance costs of eligible seafood processing projects that support the goal of increasing the amount of oyster shells retained in the State and returned to the Chesapeake Bay (with specified loan forgiveness available).

Three fiscal 2024 legislative additions to the budget and an additional decrease for the Rural Maryland Council grants account for a decrease of \$663,400 in general funds. The Rural Maryland Council decreases by \$363,400 as a result of the one-time \$300,000 fiscal 2024 legislative addition and by \$63,400 in its Rural Maryland Prosperity Investment Fund grant funding. The Spay and Neuter program funding decreases by \$200,000, and the Southern Maryland Agricultural Development Commission funding decreases by \$100,000 because of one-time fiscal 2024 legislative additions.

The fiscal 2025 allowance also includes a \$100,000 general fund reduction for the Maryland Native Plants Program, contingent on a provision in the Budget Reconciliation and Financing Act (BRFA) of 2024 eliminating the \$100,000 mandate. Chapters 489 and 490 of 2023 established the program to respond to the increasing demand for, use of, and sale of native plants by retail garden centers, retail nurseries, and wholesale nurseries and educate the public,

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landscapers, and other plant users on the importance, benefit, and availability of native plants. The \$100,000 primarily reflects funding for a contractual FTE marketing specialist hired in July 2023 as well as some funding for supplies and materials. MDA notes that the requirement to develop a list of certified Maryland native plant growers and Maryland native plant retailers will be developed using a combination of data from MDA, the Maryland Native Plant Society, and other organizations. An advisory board – consisting of MDA, the Department of Natural Resources (DNR), and University of Maryland Extension as well as nonprofits and private businesses – has been assembled to help make decisions on the certification and marketing program. This is a recently passed mandate, and MDA found the resources to fund the contractual FTE to administer the program in fiscal 2024. MDA notes that it will not fund the program if the contingent reduction goes into effect. **DLS recommends that the budget committees consider whether they want to (1) maintain the mandated funding for the Maryland Native Plants Program by rejecting the contingent reduction and the related BRFA provision or (2) restrict funding in MDA’s fiscal 2025 budget for the purpose of the Maryland Native Plants Program.**

Routine Operations

The largest change in the routine operations category is an increase of \$514,800 for the DoIT services allocation. Vehicle purchases increase by a net of \$370,800. The fiscal 2024 budget included a supplemental appropriation of \$900,000 in general funds for vehicle purchases to address inflation. Therefore, this is the second year of enhanced funding for vehicle replacement. The funding will allow for the replacement of 32 vehicles and the addition of 1 new vehicle. State Chemist contractual services increase by \$107,900. The largest contract increase is for administration of the Laboratory Information Management System. Equipment replacement costs increase by \$77,200, primarily due to an increase of \$142,500 in the Weights and Measures program, which is offset partially by decreases of \$35,000 in the State Chemist and \$27,800 in Resource Conservation Operations.

In terms of decreases, there is an overall decrease of \$103,417 for supplies and materials, not accounting for the funding contingently reduced for the Maryland Native Plants Program. This primarily reflects decreases of \$87,400 in Plant Protection, \$16,700 in State Chemist, and \$10,100 in Resource Conservation Operations. There is also a reduction of \$72,900 for 3.45 contractual FTEs, not accounting for the funding contingently reduced for the Maryland Native Plants Program.

Personnel Data

| | <u>FY 23</u> <u>Actual</u> | <u>FY 24</u> <u>Working</u> | <u>FY 25</u> <u>Allowance</u> | <u>FY 24-25</u> <u>Change</u> |
|------------------------|---|--|--|--|
| Regular Positions | 409.20 | 409.20 | 426.20 | 17.00 |
| Contractual FTEs | <u>64.49</u> | <u>90.60</u> | <u>87.15</u> | <u>-3.45</u> |
| Total Personnel | 473.69 | 499.80 | 513.35 | 13.55 |

Vacancy Data: Regular Positions

| | | |
|--|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 19.85 | 4.85% |
| Positions and Percentage Vacant as of 12/31/23 | 27.50 | 6.72% |
| Vacancies Above Turnover | 7.65 | |

- MDA regular positions increase by 17.0 between the fiscal 2024 working appropriation and the fiscal 2025 allowance, as shown in **Exhibit 3**. This reflects a total increase of \$1.2 million. The turnover rate for the new positions is 6.51%. However, new positions are usually budgeted at a 25% turnover rate to account for the hiring time. **DLS recommends that the turnover rate for the 17 new positions in the fiscal 2025 allowance be increased to 25%. This equates to a reduction of \$232,220 comprised of \$111,524 in general funds, \$84,995 in special funds, and \$35,701 in reimbursable funds.**

Exhibit 3
Maryland Department of Agriculture New Positions
Fiscal 2025

| <u>Program</u> | <u>Position Title</u> | <u>Positions</u> | <u>Explanation</u> |
|--|------------------------------|-------------------------|--|
| L00A1101 – Executive Direction | Administrator I | 1 | Fill the value-added agricultural specialist role created by Chapters 435 and 436 of 2023. (\$85,800 in general funds) |
| L00A1105 – Maryland Agricultural Land Preservation Foundation | Administrator I | 2 | Support the new easement acquisitions and ongoing stewardship requirements of the MALPF program, which has experienced an increased workload due to the return to annual easement application cycles. (\$189,000 in special funds) |

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| <u>Program</u> | <u>Position Title</u> | <u>Positions</u> | <u>Explanation</u> |
|--|--|------------------|--|
| L00A1205 – Animal Health | Chief of Engineering and Maintenance | 1 | Manage the maintenance of the newly constructed Salisbury Animal Health Laboratory and grounds, including overseeing the organization and supervision of preventative maintenance activities and executing facility repairs. (\$104,600 in general funds) |
| L00A1205 – Animal Health | Agricultural Laboratory Scientist | 1 | Process and analyze samples using scientific laboratory equipment and instrumentation to provide test results used to detect pathogens, diagnose zoonotic diseases, and provide options for treatment of disease. (\$73,400 in general funds) |
| L00A1207 – State Board of Veterinary Medical Examiners | Administrative Specialist III | 1 | Oversee the Animal Shelter Inspections program, ensure that facilities with Animal Control Facility licenses are compliant with all State regulations, and conduct investigations for the State Board of Veterinary Medical Examiners. (\$68,900 in special funds) |
| L00A1402 – Forest Pest Management | Agricultural Inspector | 2 | Conduct inspection and survey work in the forest pest section on the Eastern Shore and in Southern Maryland. (\$108,300 in general funds) |
| L00A1405 – Plant Protection and Weed Management | Administrator I | 1 | Complete the required weed risk assessments allowing for plants to be placed on the invasive plant list as a Tier 1 or Tier 2 plant as required by Chapters 551 and 552 of 2022. (\$189,200 in general funds) |
| | Administrative Officer I | 1 | |
| | Agricultural Inspector | 1 | |
| L00A1409 – State Chemist | Agricultural Inspector | 1 | Help the other 5 inspectors covering the entire State to perform more inspections and increase the discovery of nonregistered products. (\$54,300 in special funds) |

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| <u>Program</u> | <u>Position Title</u> | <u>Positions</u> | <u>Explanation</u> |
|--------------------------------|-------------------------------------|------------------|---|
| L00A1409 – State Chemist | Laboratory Technician I Agriculture | 1 | Prepare the laboratory samples for testing and provide backup for nitrogen analysis and near infrared reflectance spectroscopy analysis of animal feeds. (\$42,700 in special funds) |
| L00A1409 – State Chemist | Office Secretary II | 1 | Verify data, troubleshoot Salesforce software, and handle registrants that have not renewed their products. (\$45,300 in special funds) |
| L00A1506 – Nutrient Management | Administrator I | 1 | Function as a training coordinator to ensure operators and applicators within Maryland and outside the State are trained to meet Maryland laws and regulations, given that the University of Maryland does not have enough staff members to provide this training. (\$70,800 in reimbursable funds) |
| L00A1506 – Nutrient Management | Nutrient Management Specialist II | 2 | Work with farmers across the State and address resource concerns, improve nutrient management compliance, and help meet water quality goals. (\$141,600 in reimbursable funds) |
| Total | | 17 | |

MALPF: Maryland Agricultural Land Preservation Foundation

Source: Maryland Department of Agriculture

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- MDA has been able to significantly reduce its vacancy rate. MDA noted that it was able to accomplish this because of the following: (1) recruitment/hiring – the focus on filling vacancies as opposed to holding positions vacant for turnover, repurposing of vacant positions, and recruitment practice changes; and (2) retention – compensation from COLAs and annual salary reviews, classification structure reviews and modifications, and leadership changes.
 - MDA had 27.5 regular positions that were vacant as of December 31, 2023, of which 4.5 positions had been vacant for more than a year. Of the 4.5 vacancies, 2 are in the Office

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of Resource Conservation’s Resource Conservation Operations, 1.5 are in Animal Health, and 1 is in the State Chemist.

- MDA contractual FTEs decrease by a net of 3.45 positions in the fiscal 2025 allowance. The largest changes are a decrease of 2.0 FTEs in the Maryland Agricultural Land Preservation Foundation and an increase of 2.0 FTEs in the Resources Conservation Grants program.
- The MDA budgeted turnover rate decreased from 5.56% in the fiscal 2024 working appropriation, once the fiscal 2024 deficiency is accounted for, to 4.85% in the fiscal 2025 allowance. Therefore, MDA must hold open approximately 21 positions throughout fiscal 2025 to meet turnover. MDA had 27.5 positions vacant, or 6.72%, as of December 31, 2023, which means that there are sufficient vacancies for MDA to meet turnover.

Key Observations

1. Weights and Measures Program Features in Fee Legislation

SB 278 and HB 234 (Department of Agriculture – Licensing, Registration, Fees and Penalties, and Regulation) have been introduced in the 2024 session as departmental bills to make changes to numerous regulatory programs within MDA, thus increasing compliance and covering program costs. The largest revenue change reflected in the bill relates to the Weights and Measures program, which is anticipated to increase fee revenues by at least \$700,000 annually.

Overall, the bills (1) alter and establish license renewal and reinstatement requirements for horse establishments, including authorizing the Maryland Horse Industry Board to establish late and reinstatement fees; (2) establish administrative penalties for beekeepers who fail to register with MDA or provide moveable frames for a bee colony in a timely manner, as specified; (3) alter the administrative penalty provisions applicable to the submission of specified reports by farmers under the Nutrient Management Program; (4) alter the renewal process for the registration of weights and measures; and (5) repeal the existing statutory fee structure for the registration of weights and measures and instead require the Secretary of Agriculture to set reasonable fees at a level to produce funds to approximate the cost of registering each weight and measure used for commercial purposes.

The Weights and Measures program’s funding in the fiscal 2025 allowance is \$3.1 million, which is comprised of \$470,135 in general funds and \$2,651,943 in special funds. This represents a special fund increase of \$678,500 relative to the fiscal 2024 working appropriation. Despite the large increase in special fund expenditures, the Administration notes that the Weights and Measures program fee increase is not reflected in the fiscal 2025 allowance but has not provided an alternative explanation for the revenues supporting the special fund expenditure increase. In addition, the Weights and Measures program is estimated to need only approximately \$2.3 million

in fiscal 2025. **DLS recommends that the Weights and Measures program’s general fund appropriation be reduced by \$470,135, leaving a total appropriation of \$2,651,943 in special funds, which is due to the availability of additional unspecified special fund revenues in the fiscal 2025 allowance, and the possibility for even greater special fund revenues if SB 278 or HB 234 is enacted with the provision allowing the Secretary of Agriculture to set reasonable fees. A special fund budget amendment may be processed if the additional special fund fee revenue is realized.**

2. Enforcement and Inspection Position Strength Assessment and Vacant Position Filling

Budget bill language in the fiscal 2024 operating budget restricted funding pending the submission of quarterly reports from the Maryland Department of the Environment (MDE) and MDA on compliance and enforcement inspections and positions. The language then further restricted the funding for filling vacant compliance and enforcement positions. The reports were required to include an evaluation of the adequacy of Maryland’s current authorized compliance and enforcement positions; a comparison of the size, roles, responsibilities, and inspection workload 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 2024 and 2025; and a description of the use and outcomes from any next generation compliance techniques to increase compliance with Maryland’s environmental regulations.

The first quarterly report was submitted on July 1, 2023, with a resubmission on August 11, 2023, to provide information inadvertently omitted. Subsequently, the budget committees authorized MDA and MDE in a letter dated September 15, 2023, to submit a single final report covering the second, third, and fourth quarterly reports by April 1, 2024.

The updates from the first report are as follows.

- ***Agricultural Nutrient Management Program:*** The report notes an increase from 8 to 9 inspectors. A new inspector hired in November 2022 began independently completing inspections in March 2023. A vacant inspector position was also filled in February 2023. Despite the additional personnel resources, the number of agricultural reviews decreased from 379 to 360 between February and May 2022 and February and May 2023 – the period in which the 9 inspectors were available during calendar 2023.
- ***Certified Consultant Reviews:*** The number of certified consultant reviews, as part of quality control for the nutrient management plan writing process, declined from 27 to 19 between February and May 2022 and February and May 2023. There is only 1 specialist dedicating half of their time for this work and the remainder on the urban program.

- ***Turfgrass Nutrient Management Program:*** The fiscal 2023 estimate of turfgrass compliance record reviews decreased from 69 to 53 between February and May 2022 and February and May 2023.

DLS recommends that committee narrative be adopted requesting the compliance and enforcement inspections and positions information by January 1, 2025. For administrative purposes, this recommendation will appear in the operating budget analysis for U00A – MDE.

3. Has MARBIDCO Reached Self-Sustaining Status?

Chapter 467 of 2004 established MARBIDCO as a public corporation to provide financing to agricultural and resource-based industries. Over the years, the timing and amount of mandated funding levels for MARBIDCO have changed with the fiscal climate, but the long-term plan has always been to make MARBIDCO financially self-sustaining. Statute dictates that MARBIDCO shall conduct its financial affairs so that by fiscal 2026, it is self-sufficient and in no further need of general operating support by the State. Therefore, fiscal 2025 is the final year in which MARBIDCO is planned to receive State funding. At question is whether MARBIDCO is prepared to be self-sustaining and at what level will it be able to continue its work.

MARBIDCO's self-sufficiency is dependent on the planned principal and interest repayments on the loans that it has provided to agricultural and resource-based industries and its planned ongoing expenditures, including the scheduling of new loans. Assuming that the loans generally are repaid in full and on time, although MARBIDCO does make allowances for deviations from this ideal, then MARBIDCO has two constraints – the estimated \$1.6 million operating expenses starting in fiscal 2024, which is estimated to increase by 5% per year, and the goal of providing \$6.0 million in loans each year from fiscal 2025 through 2030 and beyond. For fiscal 2024, MARBIDCO's budgeted operating income of \$1,715,600 is calculated as the sum of the following: interest income from loans (\$1,352,900); program income (\$75,700); other income (\$12,000); and administrative costs allocated to specialty grants and loans (\$275,000).

MARBIDCO's estimated operating income is in line with the budgeted operating income. However, its estimated operating expenses are rather high relative to revenues, ranging between 31% in fiscal 2024 to 25% in fiscal 2030. In addition, between fiscal 2026 and 2029, MARBIDCO does not anticipate that its annual income will allow it to meet its goal of lending \$6.0 million per year. Instead, it will rely on approximately \$3.8 million in fund balance from fiscal 2024 and 2025 to cover the shortfall of \$1.2 million in fiscal 2026, which decreases to approximately \$18,000 in fiscal 2029. Finally, MARBIDCO has been charged by its Board of Directors with increasing its overall loan portfolio interest rate to 4.00%, the level it attained just before the COVID-19 pandemic, which will reduce some of the attractiveness of its loans. Of note, the \$6.0 million in additional funding provided in fiscal 2024 to MARBIDCO's core loan program will continue to flow through the out-years as principal and interest payments and thus is crucial for helping MARBIDCO toward its goal of being self-sustaining. **DLS recommends that MDA comment on the high ratio of its operating income to revenues and the impact on its ability to make**

loans. In addition, DLS recommends that MDA comment on whether the goal of MARBIDCO being self-sustaining will be met given that, through fiscal 2029, MARBIDCO does not anticipate meeting its goal of lending \$6.0 million per year solely through loan repayments, especially given that inflation will increase operating expenses over time and decrease the buying power of loans. Finally, DLS recommends that MDA comment on the impact to demand of MARBIDCO raising its overall loan portfolio interest rate to 4.00%.

4. What Should the Value of Value-added Agriculture Be in Maryland?

In the 2022 *Joint Chairmen’s Report* (JCR), the budget committees expressed intent that MDA establish and lead a task force to study the feasibility of returning to State meat processing inspection and related topics. The task force submitted a report in December 2022 in which it advised against returning to a State meat inspection program; instead, the task force suggested the need for a State assistance program or the establishment of an ombudsman at MDA to assist new and existing meat and poultry harvest and processing businesses in navigating the regulatory process at the local, State, and federal levels. MDA indicates that after the report was submitted, interested parties concluded that the ombudsman’s assistance should be expanded to all value-added agriculture businesses.

Chapter 435 and 436 of 2023 established the State Specialist for Value-added Agriculture (State specialist) as a position in MDA and required the position to be appointed by the Secretary of Agriculture. The State specialist must (1) serve as the primary point of contact for individuals engaging in, or interested in engaging in, value-added agriculture in the State; (2) provide information regarding State and federal regulations relating to value-added agriculture; (3) act as a liaison between State and federal partners involved in value-added agriculture; and (4) perform any other duty or function that supports value-added agriculture in the State, as required by the Secretary. During the first year after the initial appointment, the priority function of the State specialist is to focus on implementing the recommendations of the Task Force to Study the Feasibility of Return to State Meat Process Inspection. Chapters 435 and 436 define “value-added agriculture” as the alteration or enhancement of a raw agricultural product, including livestock, or an agricultural service in a way that increases the product or service’s worth to a consumer and brings more revenue to a farmer, producer, or processor. This includes all enterprises, including those providing equine activities, in which an agricultural business or the agricultural business’s products or services are altered, marketed, produced, or processed in a way that adds income to a farmer, producer, or processor.

According to a February 2020 economic analysis of value-added agriculture in the State citing data from the Business Economic and Community Outreach Network of Salisbury University, Maryland’s value-added agriculture industry supports close to 74,000 jobs and brings a total economic impact of more than \$20.6 billion annually to the State’s economy. MDA notes that the goal for value-added agriculture policy is to lower barriers to entry for farms participating in value-added agriculture and to grow the base of value-added agricultural operators in the State to fortify the Maryland food system. MDA notes that this goal will be measured by the number of valued-added agricultural businesses that are launched in or relocate to Maryland to bolster the

rural economy. **DLS recommends that MDA develop Managing for Results input, output, and outcome measures that correspond to a numerical goal for the number of value-added agricultural businesses that are launched in or relocate to Maryland each fiscal year. DLS also recommends that MDA submit a report on the state of value-added agriculture in Maryland. The report should include the following: information related to value-added agriculture from the 2022 Census of Agriculture; updated information on the jobs and total economic impact of value-added agriculture from the Business Economic and Community Outreach Network of Salisbury University; an assessment of the potential and growth of value-added enterprises in Maryland; information about State and local educational institutions that provide training for value-added entrepreneurs; an assessment of the need for supporting infrastructure, such as processing equipment, meat processing facilities, and commercial/shared-use kitchens; and the resources available for supporting research and technology in the value-added agriculture policy area.**

5. Highly Pathogenic Avian Influenza

Highly pathogenic avian influenza (HPAI) is a threat both to Maryland’s poultry layer and broiler industries as well as a potential threat to humans via virus mutations. HPAI initially is transmitted by wild birds – ducks, geese, swans, and gulls – and secondarily by cross-contamination at poultry facilities due to lax biohazard controls. The lowly pathogenic strains of avian influenza circulate naturally in wild waterfowl and do not kill chickens but then can mutate into HPAI, which does kill chickens, when the strains are introduced to the high densities of domestic poultry operations. Avian influenza is spread through nasal and eye secretions, as well as manure.

MDA reported that the winter/spring 2022 HPAI outbreak affected Maryland and 28 other states, including Delaware, Pennsylvania, and Virginia, which resulted in the nationwide depopulation of more than 31 million birds in 155 commercial operations and 80 backyard flocks. While Maryland now has been declared disease free, the general consensus is that the virus is still circulating in the environment and poses significant risk to poultry operations in Maryland. New detections are expected with each migratory season since it is still causing mortalities in the resident black vulture population.

Since the winter/spring 2022 HPAI outbreak, there have been outbreaks in a poultry operation in Washington County, announced on November 30, 2022, and an outbreak in Caroline County, announced on November 30, 2023.

On November 16, 2023, MDA issued a press release noting that it has partnered with the Maryland Farm Bureau and the Delmarva Chicken Association to remind poultry farmers to practice enhanced biosecurity on their farms. Enhanced biosecurity measures include the following: restrict access to poultry via signage and gates; ensure contaminated materials are not transported into poultry growing areas; provide footwear cleaning facilities; cover and secure feed to prevent wild animal access; cover and contain disease-containing materials such as carcasses

and used litter; provide access for MDA during reasonable hours for inspections; and report unusual bird deaths or bird sickness spikes to MDA.

In terms of funding, MDA notes that its Animal Health lab system is using both general funds and federal American Rescue Plan Act and USDA National Animal Health Laboratory Network funds to increase capacity for surge testing of domestic poultry to ensure that HPAI is detected in early stages and to enable rapid eradication of infected flocks. The federal funds are allocated within the USDA Cooperative Agreement – Plant and Animal Disease, Pest Control, and Animal Care – to cover testing costs for HPAI surveillance and foreign animal disease investigations.

DLS recommends that MDA comment on whether there is a general pattern for the HPAI outbreaks, whether greater regulatory authority or staffing capacity is needed to prevent or mitigate outbreaks, whether a cooperative funding approach with the poultry companies to address HPAI would be advantageous, and whether HPAI management has co-benefits for any other policy areas, such as Chesapeake Bay restoration, climate change, and air quality.

6. 2023 Farm Bill

Typically renewed every five years, the Farm Bill is the major federal agricultural and food policy bill. The most recent farm bill, the Agriculture Improvement Act of 2018, includes both mandatory and discretionary (appropriated) funds for an array of programs, including a number of conservation programs that enable farmers to implement BMPs that support bay restoration efforts. Many of these provisions expired on September 30, 2023, and the U.S. Congress has not yet considered a new version of the bill.

In November 2023, President Joseph R. Biden signed the second federal fiscal 2024 continuing resolution, which extended Farm Bill programs until September 30, 2024. MDA notes that Farm Bill potential benefits include the expansion of federal Conservation Reserve Enhancement Program and Environmental Quality Incentives Program funding to provide more flexibility in how funding is used. The increased flexibility could allow for more efficient distribution of incentive funding to farmers. In addition, there could be additional flexibility provided for federal Agricultural Conservation Easement Program funding through USDA’s Natural Resources Conservation Service and perhaps increased funding for value-added grants through USDA Rural Development’s Value-Added Producer Grants. **DLS recommends that MDA comment on the constraints on current federal program funding that dissuade Maryland farmers from applying to the programs, how much federal funding is not being used because of these constraints, and what changes would be desirable in the new Farm Bill to alleviate these constraints.**

Operating Budget Recommended Actions

1. Add the following language:

Provided that \$111,524 in general funds, \$84,995 in special funds, and \$35,701 in reimbursable funds are reduced to increase the turnover rate for new positions to 25%. The Secretary is authorized to allocate this reduction across the Maryland Department of Agriculture.

Explanation: The turnover rate for the 17 new positions in the Maryland Department of Agriculture’s budget is 6.51%. This reduction brings the turnover rate for the new positions in line with best practices for new positions given the hiring time.

- | | <u>Amount</u> | |
|---|----------------------|----|
| | <u>Change</u> | |
| 2. Reduce funding for the Weights and Measures program by \$470,135 in general funds. The Weights and Measures program is estimated to need only approximately \$2.3 million in fiscal 2025. This reduction leaves a total appropriation of \$2,651,943 in special funds, due to the availability of additional unspecified special fund revenues in the fiscal 2025 allowance. In addition, there is the possibility for even greater special fund revenues if SB 278 or HB 234 is enacted with the provision allowing the Secretary of Agriculture to set reasonable fees. A special fund budget amendment may be processed if the additional special fund fee revenue is realized. | -\$ 470,135 | GF |
| 3. Adopt the following narrative: | | |

Status and Future of Value-added Agriculture in Maryland: The committees are interested in learning more about the status and future of value-added agriculture in Maryland given that that the Business Economic and Community Outreach Network of Salisbury University estimates that Maryland’s value-added agriculture industry supports close to 74,000 jobs and brings a total economic impact of more than \$20.6 billion annually to the State’s economy. Therefore, the committees request that the Maryland Department of Agriculture (MDA) develop Managing for Results (MFR) measures and submit a report on the state of value-added agriculture in Maryland. The MFR measures are requested to include input, output, and outcome measures that correspond to a numerical goal for the number of value-added agricultural businesses that are launched or relocate to Maryland

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each fiscal year. The report is requested to include the following information: information related to value-added agriculture from the 2022 Census of Agriculture; updated information on the jobs and total economic impact of value-added agriculture from the Business Economic and Community Outreach Network of Salisbury University, Maryland; an assessment of the potential and growth of value-added enterprises in Maryland; information about State and local educational institutions that provide training for value-added entrepreneurs; an assessment of the need for supporting infrastructure, such as processing equipment, meat processing facilities, and commercial/shared-use kitchens; and the resources available for supporting research and technology in the value-added agriculture policy area.

| Information Request | Author | Due Date |
|--|---------------|-----------------|
| Status and future of value-added agriculture in Maryland | MDA | October 1, 2024 |

| | | <u>Amount</u> | |
|--------------------------------------|---|----------------------|----|
| | | <u>Change</u> | |
| 4. | Delete funding for the Nuisance Insects blackfly and midge treatment program. As part of a consent decree, Baltimore City is required to pay the Chesapeake Bay Trust \$1,900,000 for water quality improvement and restoration projects as part of the Patapsco and Back River Watershed Water Quality Improvement and Restoration Supplemental Environment Project. This alternative source of funding can be used to cover the midge part of the blackfly and midge treatment program. | -\$ 137,500 | GF |
| | | -\$ 137,500 | SF |
| Total Net Change | | -\$ 745,135 | |
| Total General Fund Net Change | | -\$ 607,635 | |
| Total Special Fund Net Change | | -\$ 137,500 | |

Updates

- ***2022 Census of Agriculture:*** The Census of Agriculture is the official picture of the state of agriculture in the United States. The 2022 Census of Agriculture is planned to be released by USDA’s National Agricultural Statistics Service on February 13, 2024. The data collection ended in the summer of 2023 with a preliminary national return rate of 61%.
- ***Nutrient Management Plan Writing Will Not Move Toward a Privatized Model:*** A June 1, 2023 MDA press release announced that MDA would moving toward a privatized model for nutrient management plan writing. This was due to the University of Maryland having difficulty filling nutrient management plan writing positions, which meant farmers could not receive plans in time for the planting season. A shift to the private sector was considered but then rejected after concerns were raised by the agricultural community. Instead, the plan is to improve the existing University of Maryland program – funded by federal EPA Chesapeake Bay Regulatory and Accountability Program funding – by securing more permanent funding, upgrading software, and generally expanding capacity to be able to provide farmers with nutrient management plans in a timely fashion.

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that MDA prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Historical and Projected Chesapeake Bay Restoration:*** The budget committees requested that the Maryland Department of Planning, DNR, MDA, MDE, and DBM submit a report on historical and projected Chesapeake Bay restoration spending and associated impacts and the overall framework needed to meet the calendar 2025 requirement of having all BMPs in place to meet water quality standards for restoring the Chesapeake Bay. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Report on Targeting Cover Crop Program and Other BMP Funding:*** The committees were interested in learning more about MDA’s strategy for targeting Cover Crop Program and other BMP funding to improve the effectiveness of this funding for meeting Chesapeake Bay restoration and soil health goals. Therefore, the committees requested that MDA submit a report on a strategy for improving the targeting of Cover Crop Program and other BMP funding. The submitted report notes that there are 12 priority watersheds that have been used to target Maryland Agricultural Water Quality Cost-Share Program funding and that Cover Crop Program funding is incentivized for the most cost-effective cover crop options. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Enforcement and Inspection Position Strength Assessment and Vacant Position Filling:*** Budget bill language in the fiscal 2024 operating budget restricted funding pending the submission of quarterly reports from MDE and MDA on compliance and enforcement inspections and positions. The first report was submitted, and then an evaluation determined that the remaining three quarterly reports should be submitted by April 1, 2024. Further discussion of this data can be found in Key Observation 2 of this analysis.

Appendix 2
MDA Customer Data Modernization Initiative
Major Information Technology Development Project
Maryland Department of Agriculture

| New/Ongoing: New | | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|--|----------------|----------------|----------------|
| Start Date: January 31, 2023 | | | | | Est. Completion Date: June 30, 2026 | | | |
| Implementation Strategy: Agile | | | | | | | | |
| (\$ in Millions) | Prior Year | 2024 | 2025 | 2026 | 2027 | 2028 | Remainder | Total |
| GF | \$0.000 | \$4.142 | \$2.167 | \$0.233 | \$0.000 | \$0.000 | \$0.000 | \$6.543 |
| Total | \$0.000 | \$4.142 | \$2.167 | \$0.233 | \$0.000 | \$0.000 | \$0.000 | \$6.543 |

- **Project Summary:** This project moves MDA’s programs to the State’s OneStop platform to allow customers and staff to use a uniform web-based system for delivery of programs and to allow staff to a geographic information system for data storage. This project is being developed for the following MDA programs: Turf and Seed; State Chemist; and Nutrient Management.
- **Need:** MDA’s existing infrastructure for State-issued licenses and permits is decentralized and based on PDFs that have to be filled out by the public and manually categorized by MDA staff. This is a burden for the public and causes tracking challenges for MDA, especially with legacy systems.
- **Observations and Milestones:** MDA notes that the Turf and Seed program will go live on March 4, 2024. The State Chemist program will provide a phased implementation of the State Chemist’s Tonnage Reporting for Fertilizers reporting and enhancements to existing features, which are anticipated to go live on May 27, 2024. The Nutrient Management program is in progress with no go live date available.
- **Concerns:** Staff expertise, time, and buy-in is a risk internally while integration with outside vendors (Salesforce, Tyler Technologies and Velocity Payment Gateway) is a risk externally.

Appendix 3
MDA Digitization and Modernization Project
Major Information Technology Development Project
Maryland Department of Agriculture

| | | | | | | | | |
|---------------------------------------|-------------------|----------------|----------------|-----------------|--|-----------------|------------------|-----------------|
| New/Ongoing: New | | | | | | | | |
| Start Date: July 1, 2024 | | | | | Est. Completion Date: June 29, 2030 | | | |
| Implementation Strategy: Agile | | | | | | | | |
| (\$ in Millions) | Prior Year | 2024 | 2025 | 2026 | 2027 | 2028 | Remainder | Total |
| GF | \$0.000 | \$0.000 | \$1.050 | \$14.014 | \$17.105 | \$28.220 | \$0.000 | \$60.389 |
| Total | \$0.000 | \$0.000 | \$1.050 | \$14.014 | \$17.105 | \$28.220 | \$0.000 | \$60.389 |

- Project Summary:** This project moves MDA’s programs to the State’s OneStop platform to allow customers and staff to use a uniform web-based system for delivery of programs. This project is being developed for the following MDA programs: Agricultural Fair Board; Board of Veterinary Medical Examiners; Spay and Neuter Grants Program; Farmer’s Market Nutrition Program; International Marketing; Maryland’s Best program; Forest Pest Management; Mosquito Control; Pesticide Regulation; Plant Protection and Weed Management; Specialty Crop Block Grant Program; Maryland Agricultural Land Preservation Foundation; Animal Health; Food Quality Assurance; Conservation Program Planning and Evaluations; Conservation District Operations; and Conservation Grants.
- Need:** MDA’s existing infrastructure for State-issued licenses and permits is decentralized and based on PDFs that must be filled out by the public and manually categorized by MDA staff. This is a burden for the public and causes tracking challenges for MDA, especially with legacy systems.
- Observations and Milestones:** The project begins July 1, 2024.
- Concerns:** Limiting the scope of the project too early is identified as a concern as well as the identification of sufficient funding. Staff expertise, available time, and buy-in are all concerns, especially given the large number of programs being migrated to the OneStop platform and frustrations due to lack of progress in migrating to the OneStop platform in the past.

**Appendix 4
Object/Fund Difference Report
Department of Agriculture**

| <u>Object/Fund</u> | <u>FY 23 Actual</u> | <u>FY 24 Working Appropriation</u> | <u>FY 25 Allowance</u> | <u>FY 24 - FY 25 Amount Change</u> | <u>Percent Change</u> |
|---|-------------------------|--|----------------------------|--|---------------------------|
| Positions | | | | | |
| 01 Regular | 409.20 | 409.20 | 426.20 | 17.00 | 4.2% |
| 02 Contractual | 64.49 | 90.60 | 87.15 | -3.45 | -3.8% |
| Total Positions | 473.69 | 499.80 | 513.35 | 13.55 | 2.7% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 37,510,432 | \$ 40,612,898 | \$ 45,243,927 | \$ 4,631,029 | 11.4% |
| 02 Technical and Spec. Fees | 2,695,372 | 3,750,155 | 3,677,219 | -72,936 | -1.9% |
| 03 Communication | 284,658 | 341,369 | 338,148 | -3,221 | -0.9% |
| 04 Travel | 621,492 | 573,608 | 607,499 | 33,891 | 5.9% |
| 06 Fuel and Utilities | 989,286 | 627,718 | 699,521 | 71,803 | 11.4% |
| 07 Motor Vehicles | 1,645,982 | 2,448,316 | 2,819,080 | 370,764 | 15.1% |
| 08 Contractual Services | 10,271,981 | 14,784,004 | 11,920,366 | -2,863,638 | -19.4% |
| 09 Supplies and Materials | 1,267,678 | 1,681,811 | 1,578,394 | -103,417 | -6.1% |
| 10 Equipment – Replacement | 575,305 | 498,655 | 575,867 | 77,212 | 15.5% |
| 11 Equipment – Additional | 55,083 | 75,500 | 89,000 | 13,500 | 17.9% |
| 12 Grants, Subsidies, and Contributions | 57,681,937 | 68,948,493 | 58,413,528 | -10,534,965 | -15.3% |
| 13 Fixed Charges | 1,556,083 | 1,277,707 | 1,324,786 | 47,079 | 3.7% |
| 14 Land and Structures | 276,440 | 477,108 | 477,108 | 0 | 0% |
| Total Objects | \$ 115,431,729 | \$ 136,097,342 | \$ 127,764,443 | -\$ 8,332,899 | -6.1% |
| Funds | | | | | |
| 01 General Fund | \$ 42,655,920 | \$ 61,508,427 | \$ 52,341,653 | -\$ 9,166,774 | -14.9% |
| 03 Special Fund | 39,830,689 | 36,210,174 | 38,011,506 | 1,801,332 | 5.0% |
| 05 Federal Fund | 8,953,644 | 10,559,150 | 12,943,905 | 2,384,755 | 22.6% |
| 09 Reimbursable Fund | 23,991,476 | 27,819,591 | 24,467,379 | -3,352,212 | -12.0% |
| Total Funds | \$ 115,431,729 | \$ 136,097,342 | \$ 127,764,443 | -\$ 8,332,899 | -6.1% |

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.