Schedule 13
Change Request for FY 2010-11 Budget Request Cycle

Decision Item FY 2010-11	x	Base Reduction Item FY 2010-11		Supplemental FY 2009-10		Budget Amendment FY 2010-11	

Request Title: Additional Spending Authority for Wine Promotion Board and Vaccine Service Fund
Department: Agriculture
Priority Number: 2
Dept. Approval by: [signature] **Date:** 9/18/09
OSPB Approval: [signature] **Date:** 9/23/09

	Fund	1 Prior-Year Actual FY 2008-09	2 Appropriation FY 2009-10	3 Supplemental Request FY 2009-10	4 Total Revised Request FY 2009-10	5 Base Request FY 2010-11	6 Decision/ Base Reduction FY 2010-11	7 November 1 Request FY 2010-11	8 Budget Amendment FY 2010-11	9 Total Revised Request FY 2010-11	10 Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	857,386	635,030	0	635,030	634,878	215,200	850,078	0	850,078	215,200
	FTE	1.0	2.5	0.0	2.5	2.5	0.0	2.5	0.0	2.5	0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	857,386	635,030	0	635,030	634,878	215,200	850,078	0	850,078	215,200
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Special Purpose, Vaccine and Service Fund	Total	272,612	162,713	0	162,713	162,713	115,107	277,820	0	277,820	115,107
	FTE	0.0	1.0	0.0	1.0	1.0	0.0	1.0	0.0	1.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	272,612	162,713	0	162,713	162,713	115,107	277,820	0	277,820	115,107
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(5) Special Purpose, Wine Promotion Board	Total	584,774	472,317	0	472,317	472,165	100,093	572,258	0	572,258	100,093
	FTE	1.0	1.5	0.0	1.5	1.5	0.0	1.5	0.0	1.5	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	584,774	472,317	0	472,317	472,165	100,093	572,258	0	572,258	100,093
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None
Lettermote Revised Text: None
Cash or Federal Fund Name and COFRS Fund Number: #104 Vaccine Service Fund, #226 Colorado Wine Industry Development Fund

Reappropriated Funds Source, by Department and Line Item Name:
Approval by OIT? **Yes:** **No:** **N/A:x**
Yes:
Schedule 13s from Affected Departments:

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Agriculture
Priority Number:	2
Change Request Title:	Additional Spending Authority for Wine Promotion Board and Vaccine Service Fund

SELECT ONE (click on box):

☒ Decision Item FY 2010-11
☐ Base Reduction Item FY 2010-11
☐ Supplemental Request FY 2009-10
☐ Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

☒ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☐ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Agriculture is requesting an additional $100,093 of cash fund spending authority in the Wine Promotion Board line item. Because the Wine Promotion Board is continuously appropriated, the Board continually spends in excess of the $472,317 appropriated in the Long Bill. This request will set the Board's spending authority at a more realistic level, as well as allow the Board to accommodate its statutory requirements and purchasing obligations more efficiently.

Additionally, the Department is requesting an additional $115,107 of cash fund spending authority in the Vaccine and Service Fund line item. This fund/line item is continuously appropriated and has revenues and expenses that annually exceed its current $162,713 spending authority.

This request does not require any additional resources to accommodate.

Background and Appropriation History:

Colorado supports wine industry development through the Colorado Wine Industry Development Board established in 1990. The Board's purpose is to support Colorado's wine industry through research and experimentation, marketing wine and wine grape products, promoting the responsible consumption of wines, and integrating the wine industry as a component of the state's tourism program.

The Board consists of nine members appointed by the Governor. Five of the members represent licensed wineries; one represents grape growers; one is a representative of licensed wineries on the western slope, one is a representative of licensed wineries in the grand valley, one is a representative of licensed wineries on the eastern slope, and two shall be at-large representatives. A representative of the Colorado Tourism Board; a representative of Colorado State University; and a member of the public may be appointed to serve in an ex officio capacity.

The Board's functions are funded by taxes collected by the Department of Revenue and transferred to the Wine Promotion Fund. These taxes include:

- a one cent per liter tax on all wine sold in Colorado;
- a five cent per liter tax of Colorado produced wine for the first 9,000 liters, a 3 cent per liter tax for the next 3,600 liters, and a one cent per liter tax for all additional amounts;
- and a $10 tax per ton of grapes or other produce used for winemaking in the state.

Of these funds one third of the annual budget is allocated to research and development and one third to promotion and marketing. Additionally, the Board exercises continuous spending authority allowed by statute. This allows the Board to spend money consistent with available revenues.

.

The Veterinary and Animal Health Lab Section is responsible for monitoring and controlling contagious, infectious diseases in livestock and captive alternative livestock.

The staff concentrates on diseases that are a threat to public health, are not easily controlled by individual livestock owners, and would significantly impact the more than $3.4 billion livestock economy (which is 71.4% of the total agriculture dollars generated in Colorado). This does not include the economic impact that these diseases can have on the state's wildlife and tourism. The over $3 billion are from direct sales of livestock and livestock products, and does not include dollars generated by allied industries and businesses. Many of these dollars are generated in rural economies of the state.

The section controls diseases through education, testing, inspection, vaccinations, treatments, and other activities. Through these efforts it helps facilitate economic viability by ensuring the national and international movement of Colorado livestock. Specific diseases that are targeted include diseases like Tuberculosis, Brucellosis, Pseudorabies, Equine Infectious Anemia, Scrapie and Trichomoniasis. The Vaccine and Service Fund is utilized as the operating fund for the Rocky Mountain Regional Animal Health Laboratory and is funded by fees charged based on service/testing provided.

General Description of Request:

The Colorado Wine Industry Development Board (CWIDB) can spend money above the Long Bill allocation, via a continuous appropriation, having the spending authority set at a level significantly below typical actual expenditures creates unnecessary purchasing issues and inefficiencies.

The CWIDB's spending is mandated by statute: "In any fiscal year, the board shall budget from moneys in the fund at least one-third toward research and development and at least one-third toward promotion and marketing of the Colorado wine industry…" (CRS 35-29.5-105). Historically, research has been contracted through CSU at the experimental vineyard at the Orchard Mesa Research Station. At the beginning of every fiscal year a contract with CSU is executed to fund their research efforts at a level of one-third of the prior year's revenues. Additionally, the CWIDB has contracted with a professional marketing firm, at roughly $52,000 per year, and $25,000 annually with CSU to partly fund wine enology efforts (wine making science) to help with the improvement of Colorado wines.

Through the contracts process, the CWIDB has uncovered the problems associated with having spending authority set below actual revenues. For the past few years, the Department has had to request a Fiscal Rule 2.2 Waiver from the Controller's Office, which has been annually approved, due to minimal risk of default of the contract. This waiver addresses the need to encumber each contract or purchase order over $5,000. Because of the original spending authority set at a lower than expected use, encumbering all of the contracts presents a cash flow problem, because spending authority is tied up with the encumbrances, and revenues until later in the year are not at the point to increase spending authority through the continually appropriated flexibility of the fund.

The table below illustrates the historical and projected fund information for the Colorado Wine Industry Development Fund as well as the historical spending authority in the Long Bill. The spending authority in the Long Bill does not include funds appropriated for indirect costs.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Projected	FY 2010-11 Projected	FY 2011-12 Projected
Beginning Balance	$ 76,079	$ 105,091	$ 95,233	$ 83,041	$ 88,185	$99,435
Revenues	$ 564,641	$ 582,343	$ 592,770	$ 598,697	$ 604,684	$ 604,684
Expenditures	($ 535,629)	($ 592,201)	($ 604,962)	($ 593,553)	($ 593,434)	($ 593,434)
Balance	$ 105,091	$ 95,233	$ 83,041	$ 88,185	$ 99,435	$ 110,685
Spending Authority per Long Bill	$ 444,613	$ 447,345	$ 467,326	$ 472,317	$ 472,165	$ 472,317

Likewise, the Department is looking to ensure that the Long Bill reflects the estimated expenses within the Vaccine and Service Fund. The table below illustrates the historical and projected fund information for the Vaccine and Service Fund as well as the historical spending authority in the Long Bill. The spending authority in the Long Bill does not include funds appropriated for indirect costs.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Projected	FY 2010-11 Projected	FY 2011-12 Projected
Beginning Balance	$112,732	$ 78,888	$ 72,062	$ 98,227	$ 95,733	$ 93,239
Revenues	$259,459	$ 298,927	$ 305,073	$ 305,073	$ 305,073	$ 335,917

Expenditures	($ 293,303)	($ 305,753)	($ 278,908)	($ 307,567)	($ 307,567)	($ 307,567)
Balance	$ 78,888	$ 72,062	$ 98,227	$ 95,733	$ 93,239	$ 121,589
Spending Authority	$ 162,631	$ 162,631	$ 162,713	$ 162,713	$ 162,713	$ 162,713

Consequences if Not Funded:

If this request is not accommodated, the Department will continue to spend at a greater level than original Long Bill authority in the Vaccine and Service Fund Line Item and the Wine Promotion Board Line Item. This request is attempting to better reflect reality on the front end of the annual budget process, while allowing adherence to all purchasing rules, thereby minimizing the need for encumbrance Waiver requests.

Calculations for Request:

Summary of Request FY 2010-11	**Total Funds**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FTE**
Total Request	$215,200	$0	$215,200	$0	$0	0.0
Special Purpose: Vaccine and Service Fund	$115,107	$0	$115,107	$0	$0	0.0
Special Purpose: Wine Promotion Board	$100,093	$0	$100,093	$0	$0	0.0

Summary of Request FY 2011-12	**Total Funds**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FTE**
Total Request	$215,200	$0	$215,200	$0	$0	0.0
Special Purpose: Vaccine and Service Fund	$115,107	$0	$115,107	$0	$0	0.0
Special Purpose: Wine Promotion Board	$100,093	$0	$100,093	$0	$0	0.0

Table A: Calculation of Vaccine Service Fund increased spending authority

A. FY 2006-07 Annual Revenues/Expenditures	$259,459
B. FY 2007-08 Annual Revenues/Expenditures	$298,927
C. FY 2008-09 Annual Revenues/Expenditures	$305,073
D. Three Year Average Revenues/Expenditures (Average of rows A, B, and C)	$287,820
E. Current Long Bill Spending Authority including indirect (Table B)	$172,713
F. Difference Average Revenues/Expenditures Less Current Spending Authority including indirect (Row D minus Row E)	$115,107
G. FY 2010-11 Vaccine Service Fund Line Item Request	$162,713
H. New Spending Authority in this line with Request (Row F plus Row G)	$277,820

Table B: Calculation of Vaccine Service Fund budget including indirect expenditures	
A. Utilities	$5,000
B. Lease Vehicle	$5,000
C. Current Long Bill Spending Authority	$162,713
D. Total	$172,713

Table C: Calculation of Colorado Wine Industry Development Fund increased spending authority	
A. FY 2006-07 Annual Revenues/Expenditures	$564,641
B. FY 2007-08 Annual Revenues/Expenditures	$582,343
C. FY 2008-09 Annual Revenues/Expenditures	$592,770
D. Three Year Average Revenues/Expenditures (Average of rows A, B, and C)	$579,918
E. Current Long Bill Spending Authority including indirect (table below)	$479,825
F. Difference Average Revenues/Expenditures Less Current Spending Authority including indirect (Row D minus Row E)	$100,093
G. FY 2010-11 Wine Promotion Board Line Item Request	$472,165
H. New Spending Authority in this line with Request (Row F plus Row G)	$572,258

Table D: Calculation of Colorado Wine Industry Development Fund budget including indirect expenditures	
A. Lease Vehicle	$1,276
B. Legal	$3,000
C. IT Asset Maintenance	$3,232
D. Current Long Bill Spending Authority	$472,317
E. Total	$479,825

Assumptions for Calculations: Tables above depict three years of data on expenses and revenues for both the Wine Fund and Vaccine Service Fund. The three year average on revenues for both funds is used to calculate additional spending authority based on revenues above current spending authority. per line item, not including centrally appropriated budgets.

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2008-09 Expenditures	FY 2008-09 End of Year Cash Balance	FY 2009-10 End of Year Cash Balance Estimate	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate
Vaccine Service Fund	104	$ 278,908	$ 98,227	$ 95,733	$ 93,239	$ 121,589
Wine Promotion Fund	226	$ 604,962	$ 83,041	$ 88,185	$ 99,435	$ 110,685

*These cash projections include adding the Decision Item request, because the anticipated cash expenditures includes the total estimated expenses.

Impact on Other Government Agencies: NA

Cost Benefit Analysis:

Cost:	**Benefit:**
There is no cost associated with this change request as no additional actual spending authority is needed. Only appropriate spending authority based on a 3 year average.	This request provides a better estimate of expected expenses by line item within the Long Bill.

Implementation Schedule:

Task	Month/Year
No task. These costs will be incurred throughout the year regardless of any action	July, 2010

Statutory and Federal Authority:

35-29.5-105, C.R.S. (2009), Colorado wine industry development fund – use of moneys, (1) There is hereby created in the state treasury the Colorado wine industry development fund. The fund shall consist of moneys credited thereto pursuant to section 12-47-503(1)(b) and (1)(c), C.R.S. All moneys in such fund are hereby continuously appropriated to the board for the expenses of the board in implementing the provisions of this article.

35-50-106, C.R.S. (2009), Veterinary vaccine and service fund – expenditures – rules (1) The commissioner may promulgate such rules as are necessary to establish a fund into which the proceeds from the sale of supplies and services shall be deposited. The proceeds from this fund are specifically and continuously appropriated for personnel necessary to carry out the provisions of this article, the purchase of supplies and such other laboratory expenses, and incidental expenses, including travel directly incidental to the infectious or contagious disease control and eradication program, as may be determined by the commissioner.

Performance Measures:

*2008 State Ag Overview

Objective	Measure	Outcome	FY 08 Actual	FY 09 Actual	FY 10 Approp	FY 10 Request
Ensure a safe, high quality, sustainable food supply	Increase the $'s of the state's gross state product that is attributable to the agricultural industry to $20 billion by 2012	Benchmark	$20B	$20B	$20B	$20B
	This measure is a department standard	Actual	$ 18,891,957	$ 18,183,402	Unknown	Unknown