

Review of Fees Supporting WSDA Programs also Supported by the State General Fund (GF-S)

A report from the Fee Work Group

November 27, 2013



Acknowledgements

This report was prepared by the Fee Work Group convened by the Washington State Department of Agriculture (WSDA). This report fulfills requirements set forth in Section 309 of Washington State's 2013-2015 Operating Budget (3ESSB 5034, Enacted).

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Executive Summary

The members of the Fee Work Group appreciate being asked to participate in the review of fees that support programs also supported by the state general fund (GF-S), and found great value in their discussions. The work of the group can be summarized as follows:

Scope of the Review

An initial review determined that most WSDA programs are not supported by both GF-S and fees. As a result, the Fee Work Group focused its review on fees within the Food Safety program, including connections to a larger picture of food safety, public health, and the role of the food industry. The group also recognized that there is more work to be done.

Findings

The Big Picture – Food safety is a public health, safety and welfare concern connected to food security, jobs, the economy and world markets. Washington has a \$46 billion food and agriculture industry that contributes 13 percent of the state's economy and employs approximately 160,000 people, including 39,000 in the food processing industry. Many Washington food products are recognized globally, and can play an important role in feeding the world's expanding population while supporting the state's families, communities and industry.

Approach To Funding – With many sharing in the abundant benefits, the Fee Work Group considers it appropriate that funding food safety in Washington continues to be a shared responsibility. Also, appropriately balancing fees with other funding requires ongoing work. For example, in the next few years, food safety fees and funding will have to accommodate supply demands and regulatory changes, such as the federal Food Safety Modernization Act, but the impacts are not yet known.

Fees – Considering that most of the Food Safety fees reviewed are at levels set more than ten years ago, it's not surprising that they don't fully cover the Food Safety Program costs associated with issuing or renewing the license, permit or certification. However, fees within the Food Safety Program were not intended to cover the full cost of any particular program activity, but were intended to supplement the program's state general fund appropriation. This is underscored by the fact that Food Safety services include more than the issuance of licenses and permits.

Recommendations

Until the impacts of the federal Food Safety Modernization Act (FSMA) are known, fee increases should be moderate and limited to industry sectors where equity in revenue versus program costs clearly needs adjustment. To plan for implementing FSMA and growth in WSDA responsibilities and resource demands on program areas, the Work Group should continue to develop recommendations about fees and an appropriate balance with general fund support.

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Introduction

Through a proviso in Section 309 (4) of the State's 2013-1015 budget (3ESSB 5034, Enacted), the Legislature directed the Washington State Department of Agriculture (WSDA) to:

... convene and facilitate a work group with appropriate stakeholders to review fees supporting programs within the department that are also supported with the state general fund. In developing strategies to make the program work more self-supporting, the work group will consider, at a minimum, the length of time since the last fee increase, similar fees that exist in neighboring states, and fee increases that will ensure reasonable competitiveness in the respective industries. The work group must submit a report containing recommendations that will make each of the fee supported programs within the department less reliant on state general fund to the office of financial management and legislative fiscal committees by December 1, 2013.

This is the report called for by the proviso. It includes not only the group's recommendations, but also information and considerations that shaped its work and decisions. Results from research performed by WSDA are provided in the Appendix.

Convening the Fee Work Group

The proviso calls for a review of fees that support WSDA programs that are also supported by the state general fund (GF-S). With the help of an outside consultant, WSDA reviewed the department's 2013-2015 funding and determined that although the department collects approximately 150 different fees, the vast majority of these fees cover 100% of the agency's work associated with the fees collected. However, two WSDA programs were identified that collect fees that meet the proviso criteria: **Food Safety** and **Animal Health**.

Based on the work of the two programs and the fees to be reviewed, WSDA invited representatives of the following to participate in the Fee Work Group:

- Northwest Dairy Association (including its subsidiary, Darigold)
- Northwest Food Processors Association
- Washington Cattle Feeders Association
- Washington Cattlemen's Association
- Washington Food Industry Association
- Washington State Dairy Federation
- Washington State Farm Bureau
- Washington State Potato Commission
- Washington Veterinary Medicine Association
- Yakima Valley Growers-Shippers Association

With the assistance of consulting firm Talbot, Korvola & Warwick, LLP (TKW), WSDA gathered and prepared information on fees and funding, and convened the Fee Work Group for the first time on October 3, 2013. Over the next two months, the group met several times, either in person or via conference calls, to discuss concepts associated with fees and available options. After late October, WSDA proceeded with the group without the assistance of the consultant.

Fee Work Group participants were asked to take information back to their respective groups for feedback and were asked for specific recommendations, particularly concerning those fees that applied to their members. Feedback was solicited on the overall approach as well. All input and recommendations were subject to group review and discussion.

NOTE: Some invited groups and individuals did not participate, and some participated only in part of the process. All participants are listed in the acknowledgements.

Scope of Fee Review

The Fee Work Group limited the scope of work to fees associated with the Food Safety program. Food Safety collects fees for a variety of licenses, permits and certifications. Most of these fees support Food Safety activities through accounts in the Agricultural Local Fund. However, Dairy Technician License fees go to the state general fund (GF-S). GF-S supports Food Safety activities not fully covered by the fees collected or federal funding. See overview, below.

In contrast, the Animal Health Program collects fees intended to cover the cost of specific services related to restricted holding facilities (RCW 16.36.023 Fees – Rules). As a result, GF-S does not support those services and the associated fees do not support any Animal Health activity also supported by GF-S. The group decided that although the Animal Health program is technically supported by both fees and the state general fund, it did not fit the intent of the proviso.

Similarly, some fees supporting the Food Safety Program, such as those related to eggs and commercial feed, cover the costs of the services provided and seemed to fall outside of the intent of the proviso. **As a result, the Fee Work Group chose to focus on fees that do not completely cover the costs of services provided:**

- Food Processor License
- Food Storage Warehouse License (and late fee)
- Cottage Foods
- Custom Slaughtering and Custom Meet License (and late fee)
- Milk Processing Plant License
- Dairy Technician License
- Milk Assessment
- Sanitary Certificates

- Milk & Milk Products for Animal Food License (and late fee)
- Special Poultry-Slaughter – Temporary Permit

The Fee Work Group also acknowledged that the work of the WSDA Microbiology Laboratory and the Food Safety program are intertwined, even though the lab is funded separately.

Food Safety Program - Overview

Food safety begins at the farm and ends at the consumer's table, and includes steps in food production, processing, storage, and transportation.

The Food Safety program protects the public from injury and illness caused by food products (including commercial feed) that are contaminated, adulterated, or otherwise unfit for consumption. This is accomplished in part through surveillance, regulation, and inspection of the dairy, egg, and food processing and food storage industries. Inspectors examine facilities for such things as product adulteration, cleanliness, proper handling and storage, and sanitary preparation techniques. The program also provides education and technical assistance, investigates consumer complaints and responds as needed to food-related emergencies.

The program is supported by a combination of funding sources, including the state general fund; federal funds; and fees paid by food processors, food storage warehouses, milk processors, and the egg industry.

Summary of 2013-2015 Biennium Budget Funding for WSDA Food Safety Program					
	GF-State	GF-Federal	Agricultural Local Fund (fees)	Other Funds	TOTAL
	\$4,436,144	\$945,000	\$2,535,550	-	\$7,920,494
TOTAL program budget by fund source	56%	12%	32%	-	100%
State-funded portion of budget by fund source	64%		36%	-	100%

The **WSDA Microbiology Laboratory** is a key partner with the Food Safety program. The lab supports the Food Safety program by testing food, including raw milk, for food-borne pathogens. The laboratory also tests dairy products for state quality standards and to meet requirements for the interstate shipment of milk. Laboratory staff inspect and certify private laboratories performing officially sanctioned dairy microbiology. The lab participates in a federally funded

program to monitor for prohibited materials and pathogenic organisms in the nation's food supply, and in other cooperative efforts.

The effectiveness of the Food Safety program depends in part on the lab and the work it does. When these two closely connected programs are considered together, funding looks like this:

Summary of 2013-2015 Biennium Budget Funding for WSDA Food Safety Program and Microbiology Laboratory - Combined					
	GF-State	GF-Federal	Agricultural Local Fund (fees)	Other Funds	TOTAL
Food Safety	\$4,436,144	\$945,000	\$2,535,550	-	\$7,920,494
Micro Lab	\$1,713,001	\$1,815,600	-	-	\$3,528,601
TOTAL	\$6,149,145	\$2,760,600	\$2,535,550		\$11,449,095
TOTAL program budget by fund source	54%	24%	22%	-	100%
State-funded portion of budget by fund source	71%		29%	-	100%

NOTE: Industry bears the cost of additional private laboratory analyses needed to meet regulatory food safety requirements (e.g., for interstate milk shippers).

For both the Food Safety program and the Microbiology Laboratory, federal funding is time-limited funding for specific projects.

Review Findings

The Fee Work Group undertook its assignment with a desire to cultivate solutions that would be fair to the state, to the public and to those working within the agriculture/food industry. This required considering not only the elements required by the proviso, but also the overall context of the fees and the Food Safety program. Several key findings shaped the work group’s recommendations. These findings are numbered consecutively and are organized as follows:

- The bigger picture
- Approach to funding
- Current fees

The Bigger Picture

1. Food safety is a public health and welfare concern.

“Food safety” really is about protecting public health and welfare. It protects the public from injury and illness caused by food products that are contaminated, adulterated, or otherwise unfit for consumption. The Legislature itself has emphasized that the statutes that the WSDA Food Safety program administers and enforces are in place to safeguard public health and promote public welfare.

<p>RCW 15.36.002 Intent</p>	<p>This chapter is intended to enact state legislation that safeguards the public health and promotes public welfare by: (1) Protecting the consuming public from milk or milk products that are: (a) Unsafe; (b) produced under unsanitary conditions; (c) do not meet bacterial standards under the PMO; or (d) below the quality standards under Title 21 C.F.R. or administrative rules and orders adopted under this chapter; and (2) requiring licensing of all aspects of the dairy production and processing industry.</p>
<p>RCW 69.04.001 Statement of Purpose</p>	<p>This chapter is intended to enact state legislation (1) which safeguards the public health and promotes the public welfare by protecting the consuming public from (a) potential injury by product use; (b) products that are adulterated; or (c) products that have been produced under unsanitary conditions, and the purchasing public from injury by merchandising deceit flowing from intrastate commerce in food, drugs, devices, and cosmetics; and (2) which is uniform, as provided in this chapter, with the federal food, drug, and cosmetic act; and with the federal trade commission act, to the extent it expressly outlaws the false advertisement of food, drugs, devices, and cosmetics; and (3) which thus promotes uniformity of such law and its administration and enforcement, in and throughout the United States.</p>

RCW 69.07.005 Legislative Declaration	The processing of food intended for public consumption is important and vital to the health and welfare both immediate and future and is hereby declared to be a business affected with the public interest. The provisions of this chapter [1991 c 137] are enacted to safeguard the consuming public from unsafe, adulterated, or misbranded food by requiring licensing of all food processing plants as defined in this chapter and setting forth the requirements for such licensing.
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2. The economy, jobs, food security, and public health and safety are connected.

The food safety licenses, inspections and regulations intended to protect public health and welfare also help protect the reputation of Washington food products, many of which are recognized globally. For example, there is industry support for routine inspections because they can identify and address problems before an outbreak of foodborne illness occurs, which could damage a firm's reputation or its ability to continue to do business. Prompt responses to complaints and even shutting down operations that are repeatedly in violation benefit industry and help maintain the state's overall reputation. It shows we take food safety seriously.

Maintaining a reputation for safe, quality food is no small matter, considering that Washington has a \$46 billion food and agriculture industry that contributes 13 percent of the state's economy and employs approximately 160,000 people, including 39,000 in the food processing industry.

The Legislature has recognized these connections as it has assigned other duties to WSDA:

RCW 15.04.400 Findings — Department's duty to promote agriculture, protect public health and welfare	...The legislature further finds that the department of agriculture has a duty to promote and protect agriculture and its dependent rural community in Washington state however, the duty shall not be construed as to diminish the responsibility of the department to fully carry out its assigned regulatory responsibilities to protect the public health and welfare.
RCW 15.64.060 Farm-to-school program Findings -- Intent -- 2008 c 215:	<p>(1) The legislature recognizes that the benefits of local food production include stewardship of working agricultural lands; direct and indirect jobs in agricultural production, food processing, tourism, and support industries; energy conservation and greenhouse gas reductions; and increased food security through access to locally grown foods...</p> <p>(4) The legislature believes that expanding market opportunities for Washington farmers will preserve and strengthen local food production and increase the already significant contribution that agriculture makes to the state and local economies.</p>

Researchers have forecasted that world population will reach 10 billion by year 2050 and food production will need to support at least 2 billion more people than farmers currently feed today. Food products are among the state's chief exports, and they can play an important role in feeding the world's expanding population while supporting Washington families, communities and industry.

Approach to Funding

3. Funding food safety is a shared responsibility.

Food safety begins at the farm and ends at the consumer's table, and includes steps in food production, processing, storage, and transportation. All along the way, the state, the public and industry benefit. The integrated nature of these benefits suggests that a mix of funding sources supporting the Food Safety program is appropriate.

For example, the food industry benefits from strong regulatory oversight that assures consumers of safe products and creates a level playing field for firms to operate in the safest possible manner without fear of being undercut by unscrupulous competitors. It also benefits from the experienced eye of a third party that can advise where process improvements may be needed to assure the safety of the product.

In addition, the state benefits from the assurance that citizens have access to a safe food supply. It also benefits from the revenue and jobs created by a vibrant and growing food processing industry, especially in rural areas where living wage jobs may be scarce.

And if food safety activities are funded entirely by industry, there is a risk of public perception that industry concerns dominate to the detriment of public health and safety concerns. Higher fees also can increase the cost of food to the consumer, because costs are passed along and compound as the products progress through the system.

4. Funding has to consider the future of food safety—including the impact of FSMA.

The Food and Drug Administration (FDA) is currently in the process of developing rules to implement the Food Safety Modernization Act (FSMA). FSMA will put significant new demands on the WSDA as the FDA shifts its focus to import safety and delegates many domestic responsibilities to the states. Based on the draft rules, WSDA expects that new education, inspectional and investigational activities will have to be conducted, and that inspection of even existing firms will take more time. For example:

- Inspection of food processors, including processors of milk, egg, fruit, vegetable and specialty foods, can be expected to approach the higher resource demands currently needed for seafood and juice inspection.
- New inspection authority and programs will be necessary for the fresh produce industry.
- Additional inspection capability will be needed for animal food products, including livestock feed and pet food.
- Very small processors exempt from FSMA preventive controls rules will need certification for FDA that they are under state authority.
- Additional program areas, for example food transportation, may surface as FSMA rule and guidance development continues to roll out over the next decade.

Also, food warehouses will come under the new FDA preventive controls rules, but it is not yet clear just how they will be affected. New licenses may be required for producers/growers. However, current funding and resources are limited, so new fees may also be required.

FSMA is being phased in, with first implementation of the rules for food producers, processors, and warehouses scheduled for June 2015. Full implementation is likely to take at least a decade. WSDA will need a phased-in funding approach over the next decade that allows it to build programs appropriately, with the support of the sector of the industry involved and without expectations that programs will get funded under subsidy from other industry sectors.

Citizens and the industry benefit from WSDA being a key player in implementation of federal regulations. This will be especially true for smaller processors and producers, which may lack food safety expertise and need significant consultative resources from the department. Larger processors and producers are already ramping up their programs and their needs will focus more on clarification of specific regulatory expectations of the new rules.

Current Fees

Latest Fee Increases

5. Most of the Food Safety fees reviewed are at levels set more than ten years ago.

1959	Custom Slaughtering and Custom Meat License (<i>fee not updated w/ statute in 2000.</i>)
1961	Milk and Milk Products for animal food license and late fee
1995	Food Processing License
1995	Food Storage Warehouse License and late fee
1999	Dairy Technician License
1999	Milk Assessment
1999	Sanitary Certificates
2005	Milk Processing Plant License
2007	Special Poultry-Slaughter – Temporary Permit
2012	Cottage Foods

Similar Fees in Neighboring States

The Fee Work Group considered similar fees in California, Oregon, Idaho, Montana and Michigan. Though Michigan is not a neighboring state, it has a Food Safety program structure, tree fruit industry, and trade concerns similar to Washington's. See appendix for more detail.

6. Each state has its own approach to Food Safety, including different types of agencies and programs with different missions.

For example, food safety may be assigned to a public health agency that regulates retail sales as well as processing. A public health agency is focused only on health. In contrast, WSDA is also

responsible for supporting agriculture. “Similar” fees may not be intended to accomplish the same goals. Specific regulations and overall approaches to funding differ, too. Activities are not necessarily tied to funding sources, and the bases for fee schedules vary (e.g., square footage vs. gross sales). Such differences make an apples-to-apples comparison of fees difficult (if not impossible). The Fee Work Group did not try to grasp the full picture shaping each state’s fees, but instead took a high-level look to help spur discussion.

7. Currently, Washington’s ratio of fee support to state general fund support is competitive with other neighboring states, except Oregon.

According to a recent WSDA survey (see appendix) funding for food safety programs is a mix of fees and general fund.

Oregon	Dept. of Agriculture	72% fees 28 % general fund
Montana	Dept. of Livestock, Meat and Poultry Bureau	50% federal special revenue (includes fees and support from federal govt.) 50% general fund
	Dept. of Livestock, Milk and Egg Bureau	License fees go to general fund; eggs self-supporting; dairy funded through assessment
	Dept. of Public Health and Human Services, Food and Consumer Safety Division	95% general fund 5% other
California	Dept. of Public Health	100% fees - Food processing, food warehouses, bottled water, canning 100% general fund – shellfish, candy, emergency response and recalls
	Dept. of Food and Agriculture	Mix (% unknown) – egg, meat, poultry, dairy
Michigan	Dept. of Agriculture and Rural Development	25 % licensing and other fees 75 % general fund

Note: Survey from Idaho was not returned.

However, it is important to note that the fee: general fund ratio for many states may change as costs associated with new FDA rules are likely to prompt more fee and funding reviews. Michigan has already begun a 2-year process of reviewing its fees.

Relationship of Fees to WSDA Food Safety Program Costs and Budget

8. Most Food Safety fees don't fully cover the costs associated with issuing the license/permit, including administrative costs and the initial inspection.

This dollar gap between fees collected and costs incurred is widened both by an increased number of applicants and by increased costs for issuing each license, permit or certification. See cost analysis and food and dairy data in appendix for details.

It is worth noting that Food Processor License fees may make up some costs over the long run. The license uses a fee schedule based on gross sales, with larger firms paying more for licenses than small ones do. The smallest firms pay far less than the average costs, while the largest firms pay fees far above the average. As a firm grows, it may eventually make up for the break it got as a small firm. However, there is no guarantee every small firm will eventually grow enough to cover its own gap. And even with larger firms paying more, there is still a gap overall.

9. Not all Food Safety-related services and costs are associated with license fees.

For example, technical assistance, re-inspection, response to illness outbreaks and investigation of consumer complaints are key non-fee elements of the program. The Food Safety Program also works closely with the WSDA Microbiology Laboratory, which supports the program by processing samples obtained during inspections and investigations, and which certifies laboratories that do compliance work for industry.

10. The fees within the Food Safety Program were intended to supplement the program's state general fund appropriation and were not intended to cover the full cost of any particular program activity.

Some license fees clearly have been set with the notion of cost recovery in mind (e.g., fees for restricted animal holding facilities, RCW 16.36.023). However, the food-safety-related fees the Work Group reviewed have no such specific intent identified in the associated RCWs or WACs that establish them. Also, use of the state general fund is consistent with the program's role in protecting public health and welfare.

Recommendations

The Fee Work group generated both general and fee-specific recommendations. General recommendations reflect consensus of the group as a whole. Fee-specific recommendations were provided by affected stakeholders. The recommendations are numbered consecutively and organized as follows, with potential fiscal impacts identified when appropriate:

- General recommendations
- Fee-specific recommendations
 - Dairy Fees
 - Food Processor Fees
 - Food Warehouse Fees
 - Sanitary Certificates

General Recommendations

1. Limit consideration of increases to current fees to those industry sectors where equity in revenue versus program costs needs adjustment.

Several license fees do not cover the cost to the department of licensing and first inspection in the respective license category. The result is that some industry sectors overpay, while others underpay. Moderate fee adjustments that address current department costs licensing/inspection costs can bring equity to the fee revenue share of WSDA funding, while reducing general fund dependence overall.

2. Plan for growth in WSDA responsibilities and resource demands on program areas.

FSMA will put new demands on the resources of the department. These demands will vary across the industry sectors. For example, WSDA will be asked to regulate the fresh produce industry according to FSMA standards. However, WSDA does not currently have the authority to license producers and cannot generate the revenue needed to support development and implementation of a program to support regulation. Food and milk processors, on the other hand, are currently licensed and support adequate regulatory programs now, but may need to see these programs expanded to fulfill the demands of FSMA.

FSMA will likely take at least a decade to fully implement. This implementation process will involve the department in a gradual education and enforcement process with the various industry sectors that will not be evenly distributed across all programs. To maintain equity and balance to the WSDA budget, the Fee Work Group will need to continue its work with the department to plan for growth and expansion to the various program areas as components of FSMA are implemented.

The Fee Work Group undertook this assignment as a good faith effort, but it deserves more time. Even without FSMA, fee issues are complex and require ongoing work and attention. Michigan has just started a 2-year process of reviewing its fees, but this Fee Work Group has only worked on this issue for a couple of months.

WSDA should pursue a phased-in funding approach over the next decade that allows it to build programs appropriately, with the support of the sector of the industry involved and without expectations that programs will get funded under subsidy from other industry sectors. The stakeholder group should continue to work on planning for WSDA program expansion under the federal Food Safety Modernization Act (FSMA). This planning should include, at minimum:

- Planning for program expansion and funding to begin implementation of Preventive Controls rules to large FDA registered facilities in June 2015, small FDA registered facilities in June 2016, and very small FDA registered facilities in June 2017.
- Initiating strategic planning for funding and implementation of other relevant provisions of FSMA. Conduct tactical planning for program accommodation as soon as implementation timelines are known.
- Balancing fees across industry sectors, based on the demands placed on WSDA.

3. Balance state general fund and fee support for the Food Safety program.

The public health and welfare mission of the program warrants general fund support. However, industry benefits, too and should also contribute. Food safety is an equally shared responsibility and funding should reflect that.

Fee-Specific Recommendations

Dairy Fees

4. Extend the current milk assessment until 2020.
5. Increase the milk technician license (and other select individual license fees) to \$25 per year, and charge \$25 for each endorsement beyond the basic license (e.g., pasteurizer operator endorsement, or Appendix N).
6. Permanently divert all dairy-related license fees (Dairy Technician) from the state general fund to the appropriate agricultural local fund.
7. Increase the annual milk plant inspection fee from \$55 to \$250 for all plants.
8. Require all in-state milk processors to pay a minimum milk assessment regardless of size. Once the minimum is reached the assessment would be equal to the higher of the minimum or the value of the assessment.
9. Implement an inspection fee for businesses (e.g., single-service container plants) that require WSDA inspection but do not fall into the food plant or warehouse category.

Potential fiscal Impact of proposed increases to dairy license fees:

License Category	Current fee	Proposed fee (annual)	Fee increase (annual)	# of applicants	Total Est. Annual Revenue Increase
Dairy Technician					
- new	\$10	\$25	\$15	140	\$2,100
- renewal	\$5/2yr	\$25	\$23	450	\$10,125
Dairy Tech. Endorsement (ea.)	-	\$25	\$25	850	\$21,250
Milk Plant Inspection Fee	\$55	\$250	\$195	110	\$27,500
Non-dairy Assessment (single service container plants)		\$500	\$500	16	\$8,000
			Total:		\$62,925

Food Processor Fees

10. Food processor license fees should be raised with two objectives in mind: 1) to close the gap between revenue from fees and the cost of licensing and the first inspection, and 2) to move toward revenue equity between food processor license categories (based on gross sales). The following fee proposals have been weighted accordingly:

Potential fiscal impact of proposed increase to Food Processor License Fee:

Graduated Fee Categories (gross sales)	Current Fee	Proposed Fee	Fee increase	# of licenses	% of total food process. licenses	Total Est. Annual Revenue Increase
\$0-\$50,000	\$55	\$92	\$37	1575	59%	58,275
\$50K - \$500K	\$110	\$147	\$37	569	21%	21,053
\$500K - \$1M	\$220	\$262	\$42	120	5%	5,040
\$1M - \$5M	\$385	\$427	\$42	142	5%	5,964
\$5M - \$10M	\$550	\$585	\$35	58	2%	2,030
>\$10M	\$825	\$862	\$37	189	7%	6,993
					Total:	\$99,355

Food Warehouse Fees

11. Postpone any revision to the Food Warehouse License fee schedule until the impacts of the FSMA Preventive Control rules are known and can be considered. The reach of warehouses is huge, and fee revision proposals need to consider a wide variety of types, products and risks.

Note: Current Fee: \$50
 Current # Licenses: ~730
 Current revenue: ~\$36,500

Sanitary Certificates

12. Increase the cost of a sanitary certificate to \$75. Because these are issued for the purpose of marketing products, all costs of issuance should be covered by the industry.

Potential fiscal impact of proposed increase to sanitary certificate fee:

License Category	Current fee	Proposed fee	Fee increase	# of applicants	Total Est. Annual Revenue Increase
Sanitary Certificates	\$50	\$75	\$25	4,000	\$100,000
				Total:	\$100,000

Conclusion

The combination of proposed fee increases has the potential to increase fee revenue by approximately \$262,500 per year, or \$525,000 per biennium. This is only an estimate. The numbers of license applicants varies from year to year, and some licensees, particularly smaller operations, may not renew due to increased fees.

Fees, however, are only part of the picture. The public safety and welfare aspect of the Food Safety Program merits support by the state general fund. The Fee Work Group recognizes that ongoing work is required to keep the program effective and to keep support from fees and the general fund in balance. There is still much to be considered, particularly in light of the developing requirements under the Food Safety Modernization Act (FSMA).

The Fee Work Group has laid much-needed groundwork for addressing the demands of FSMA and for establishing a conscious approach to balancing funding sources for a program that provides valuable state, industry and public welfare benefits.

Appendix

WSDA budget and program information

- WSDA Budget Overview – 2013-15 Biennium
- WSDA – Cost Analysis – License and Renewal
- Food Safety and Consumer Services Division – Inspectional Cost Analysis
- Food and Dairy Data

Comparison with other states

- WSDA Food Safety and Consumer Services License Fee Survey Results

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WSDA Budget Overview

2013-15 Biennium

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Washington State Department of Agriculture Strategic Plan

WSDA Mission

The Washington State Department of Agriculture serves the people of Washington by supporting the agricultural community and promoting consumer and environmental protection.

WSDA carries out a broad spectrum of activities that benefit the producers, distributors, and consumers of food and agricultural products. The department's statutory authorities define the scope of the activities carried out by the department in support of its mission. Each of these many activities support one or more of the department's four prioritized goals.

Major Goals and Strategies

Goal 1: **Protect and reduce the risk to public health by assuring the safety of the state's food supply.**

Strategy 1: Monitor, inspect, test, and provide technical assistance to Washington state's food processing and storage industry.

Goal 2: **Ensure the safe and legal distribution, use, and disposal of pesticides and fertilizers in Washington state.**

Strategy 2: Regulate, educate and provide technical assistance to distributors and users on the appropriate use of pesticides and fertilizers.

Goal 3: **Protect Washington state's natural resources, agriculture industry, and the public from selected plant and animal pests and diseases.**

Strategy 3: Inspect, detect, control and/or eradicate selected animal and plant diseases and other pests (weeds and insects).

Goal 4: **Facilitate the movement of Washington agricultural products in domestic and international markets.**

Strategy 4: Inspect, test, and certify agricultural commodities to facilitate movement and sales and assist growers and agri-businesses to enter new markets.

Success in achieving the first three goals is essential to achieving the fourth goal.

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Washington State Department of Agriculture
Statutory Authorities (as of July 2013)

The Department of Agriculture is created in RCW 43.17.010 and its general powers and duties are established by RCW 43.23. WSDA administers 57 separate chapters of the Revised Code of Washington (RCW) and is responsible for significant activities under an additional 14 statutes.

Statutes administered by the Director of Agriculture

RCW 15.04	Agriculture and Marketing - General Provisions	RCW 16.38	Livestock Diseases - Diagnostic Service Program
RCW 15.08	Horticultural Pests and Diseases	RCW 16.49	Custom Slaughtering
RCW 15.13	Horticultural Plants, Christmas Trees, and Facilities - Inspection & Licensing	RCW 16.50	Humane Slaughter of Livestock
RCW 15.14	Planting Stock	RCW 16.57	Identification of Livestock
RCW 15.15	Certified Seed Potatoes	RCW 16.58	Identification of Cattle through Licensing of Certified Feed Lots
RCW 15.17	Standards of Grades and Packs	RCW 16.65	Public Livestock Markets
RCW 15.19	Ginseng	RCW 16.68	Disposal of Dead Animals
RCW 15.30	Controlled Atmosphere Storage of Fruits and Vegetables	RCW 16.72	Fur Farming
RCW 15.35	Washington State Milk Pooling Act	RCW 17.10	Noxious Weed Control Boards
RCW 15.36	Milk & Milk Products	RCW 17.15	Integrated Pest Management
RCW 15.37	Milk & Milk Products for Animal Food	RCW 17.21	Washington Pesticide Application Act
RCW 15.49	Seeds	RCW 17.24	Insect Pests and Plant Diseases
RCW 15.51	Brassica Seed Production	RCW 17.26	Control of Spartina and Purple Loosestrife
RCW 15.53	Commercial Feed	RCW 17.34	Pest Control Compact
RCW 15.54	Fertilizers, Minerals and Limes	RCW 19.94	Weights & Measures
RCW 15.58	Washington Pesticide Control Act	RCW 19.112	Motor Fuel Quality Act
RCW 15.60	Apiaries	RCW 20.01	Agricultural Products - Commission Merchants, Dealers, Brokers, Buyers, Agents
RCW 15.61	Ladybugs and other Beneficial Insects	RCW 22.09	Agricultural Commodities
RCW 15.64	Farm Marketing	RCW 22.16	Warehouses and Elevators - Eminent Domain
RCW 15.65	Washington State Agricultural Commodity Boards	RCW 43.23	Department of Agriculture
RCW 15.66	Washington State Agricultural Commodity Commissions	43.23.290	Food Assistance
RCW 15.70	Rural Rehabilitation	RCW 69.04	Intrastate Commerce in Food, Drugs, and Cosmetics
RCW 15.76	Agricultural Fairs, Youth Shows, Exhibitions	RCW 69.07	Washington Food Processing Act
RCW 15.80	Weighmasters	RCW 69.10	Food Storage Warehouses
RCW 15.83	Agricultural Marketing and Fair Practices	RCW 69.25	Washington Wholesome Eggs and Egg Products Act
RCW 15.85	Aquaculture Marketing	RCW 69.28	Honey
RCW 15.86	Organic Food Products	RCW 69.36	Washington Caustic Poison Act of 1929
RCW 15.105	From the Heart of Washington program	RCW 69.22	Cottage Food Operations
RCW 16.36	Animal Health	RCW 70.106	Poison Prevention - Labeling and Packaging
		RCW 90.64	Dairy Nutrient Management

Statutes with significant responsibilities assigned to the Director of Agriculture (14)

RCW 15.24	Washington apple commission	RCW 15.115	Washington grain commission
RCW 15.26	Tree fruit research act	RCW 16.04	Trespass of animals - General
RCW 15.28	Soft tree fruits	RCW 16.24	Stock restricted areas
RCW 15.44	Dairy products commission	RCW 16.67	Washington state beef commission
RCW 15.62	Honey bee commission	RCW 16.70	Control of pet animals infected with diseases communicable to humans
RCW 15.88	Wine commission	RCW 43.325	Energy Freedom program
RCW 15.89	Washington beer commission		
RCW 15.100	Forest products commission		

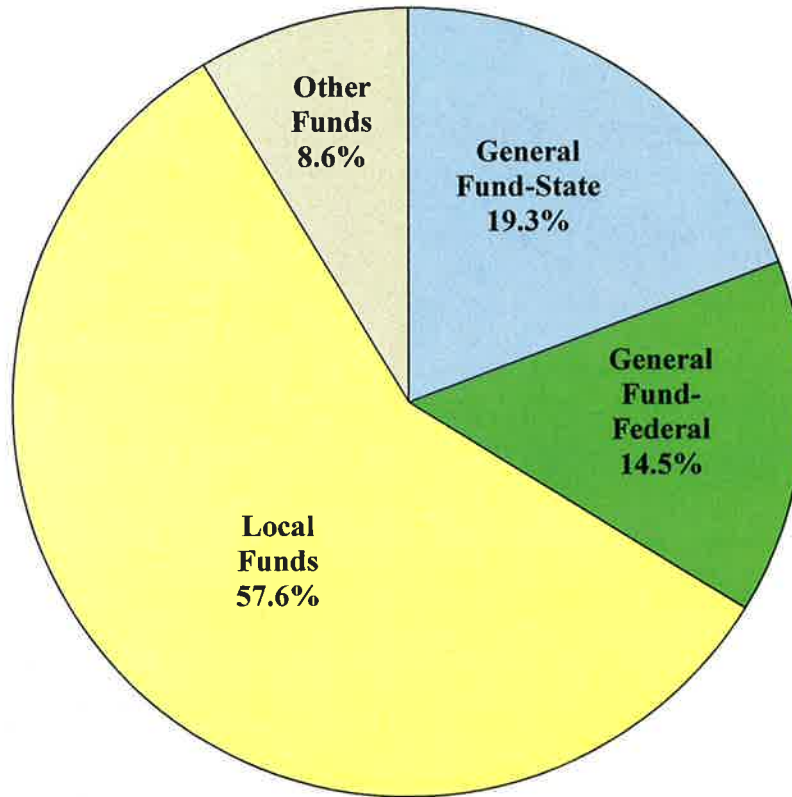
Origins of the Washington State Department of Agriculture

The Washington State Department of Agriculture traces its history back to the early years of statehood. The first state law related to a program the department administers today was an act passed in 1890 that made the Secretary of State the Sealer of Weights and Measures. The State Board of Horticulture was created in 1891 and the Washington State Fair was organized in 1893. In 1895, the first state veterinarian and state dairy commissioner positions were created and the Bureau of Statistics, Agriculture and Irrigation was established. The Hay and Grain Inspection Program was established in 1896.

The Department of Agriculture was created in 1913 when the Legislature consolidated eight areas of responsibilities. The new department was charged with all the powers and duties formerly vested in the State Veterinarian, Dairy and Food Commissioner, Commissioner of Horticulture, State Oil Inspector, Bakery Inspector and State Fair Commission and took over the duties of licensing and registering "jacks and stallions" from the Washington State College and the duties related to feed and fertilizer from the Washington Agricultural Experiment Station.

When officially established, the department had 34 employees, including 11 in the horticulture program. The department's first biennial appropriation was \$195,400.

Washington State Department of Agriculture
Agency Budget by Fund Source
 2013-15 Biennium

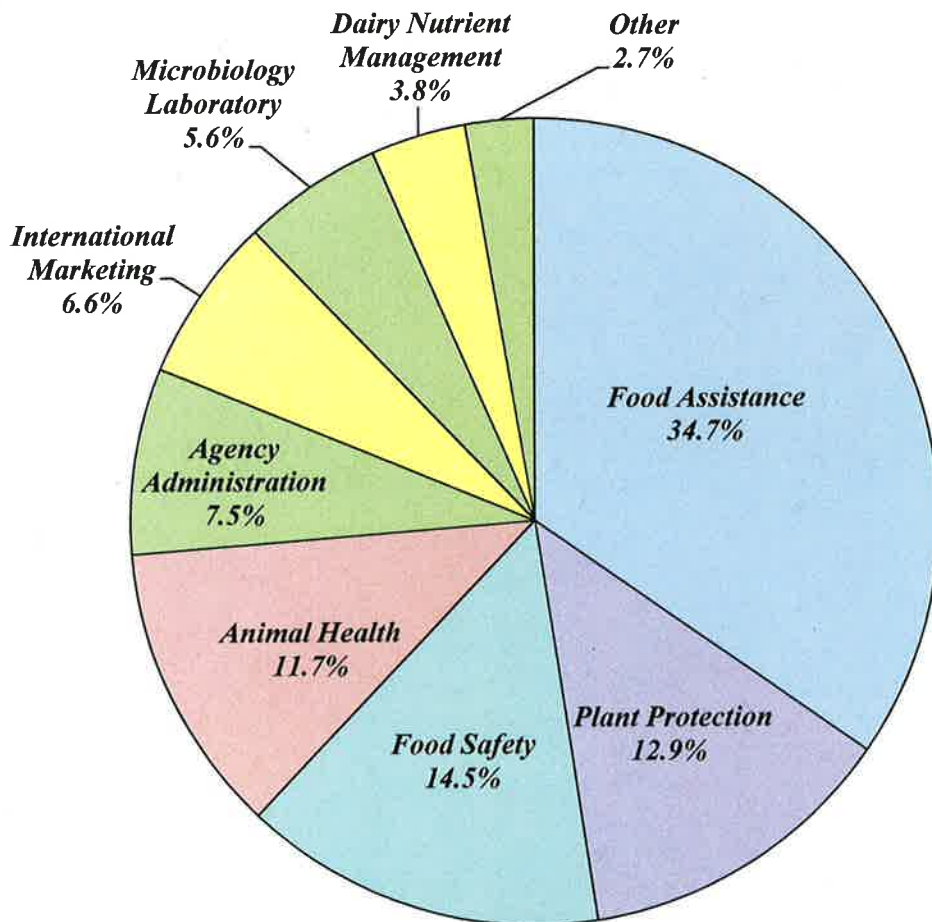


<u>Fund Source</u>	<u>Biennial Budget</u>	<u>%</u>
General Fund-State	\$ 30,594,000	19.3%
General Fund-Federal	23,098,000	14.5%
Local Funds	91,393,741	57.6%
<i>Agricultural Local Fund</i>	43,694,665	27.5%
<i>Fruit & Vegetable Inspection Fund</i>	28,132,280	17.7%
<i>Grain Inspection Fund</i>	19,566,796	12.3%
Other Funds	13,712,260	8.6%
<i>State Toxics Control Account</i>	5,203,000	3.3%
<i>Fair Fund</i>	4,142,260	2.6%
<i>Aquatic Lands Enhancement Account</i>	2,837,000	1.8%
<i>Motor Vehicle Account</i>	1,208,000	0.8%
<i>Grants (Private/Local)</i>	192,000	0.1%
<i>Livestock Nutrient Management Account</i>	70,000	0.0%
<i>Water Quality Permit Account</i>	60,000	0.0%
Total	\$ 158,798,001	100.0%

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Washington State Department of Agriculture
General Fund-State Funding by Activity
2013-15 Biennium

<u>Activity</u>	<u>General Fund-State</u>	<u>Percent</u>
Food Assistance	10,611,350	34.7%
Plant Protection	3,932,096	12.9%
Food Safety	4,439,144	14.5%
Animal Health	3,572,263	11.7%
Agency Administration	2,296,471	7.5%
International Marketing	2,023,151	6.6%
Microbiology Laboratory	1,713,001	5.6%
Dairy Nutrient Management	1,167,230	3.8%
Other	839,294	2.7%
Chemistry Laboratory	461,784	
Small Farm and Direct Marketing Assistance	250,000	
Agricultural Promotion and Protection	127,510	
Total General Fund-State	\$ 30,594,000	100.0%



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Washington State Department of Agriculture
2013-15 Biennium Estimated Expenditures
July 2013

Activity	GF-State	GF-Federal	Local Funds	Other Funds	Total	Annual Avg FTEs
Agency Administration	2,296,471	1,631,800	9,326,778	535,399	13,790,448	65.1
Agricultural Fairs	-	-	-	4,142,260	4,142,260	1.5
Agricultural Promotion and Protection	127,510	5,298,700	-	92,000	5,518,210	0.5
Animal Health	3,572,263	1,134,000	-	-	4,706,263	19.2
Chemistry Laboratory	461,784	2,656,600	586,895	783,870	4,489,149	14.0
Commission Merchants	-	-	620,170	-	620,170	3.3
Commodity Commissions	-	-	-	-	-	0.5
Dairy Nutrient Management	1,167,230	-	-	124,600	1,291,830	6.1
Feed Regulation	-	350,300	1,892,602	-	2,242,902	14.4
Fertilizer Regulation	-	-	977,907	-	977,907	5.6
Food Assistance	10,611,350	4,430,900	-	-	15,042,250	6.4
Food Safety	4,439,144	945,800	2,535,550	-	7,920,494	50.9
Fruit and Vegetable Inspection	-	-	28,132,280	-	28,132,280	201.5
Grain Inspection	-	-	19,566,796	-	19,566,796	115.4
Grain Warehouse Audit	-	-	594,248	-	594,248	3.3
Hop Inspection	-	-	849,432	-	849,432	6.2
International Marketing	2,023,151	-	-	100,000	2,123,151	5.5
Livestock Brand Inspection	-	-	2,877,802	-	2,877,802	20.2
Microbiology Laboratory	1,713,001	1,815,600	-	-	3,528,601	14.3
Nursery Inspection	-	-	2,820,320	-	2,820,320	15.8
Organic Food Certification	-	-	4,306,311	-	4,306,311	25.5
Pesticide Regulation	-	1,149,100	6,832,798	4,122,905	12,104,803	49.4
Plant Protection	3,932,096	3,685,200	1,175,680	2,701,926	11,494,902	67.5
Planting Stock Certification	-	-	1,644,262	-	1,644,262	6.7
Seed Inspection/Certification	-	-	4,202,920	-	4,202,920	27.3
Small Farm and Direct Marketing Assistance	250,000	-	-	-	250,000	-
Weights and Measures Inspection	-	-	2,450,990	1,109,300	3,560,290	18.7
Agency Total	\$ 30,594,000	\$ 23,098,000	\$ 91,393,741	\$ 13,712,260	\$ 158,798,001	764.7

Other Funds:

Aquatic Lands Enhancement Account
State Toxics Control Account
Motor Vehicle Account
Fair Fund

Grants (Private/Local)
Livestock Nutrient Management Account
Water Quality Permit Account

Capital Budget

The 2013-15 Capital Budget includes \$1.8 million for specific projects that WSDA will administer.

Fairground Improvements: \$1 million for health and safety fairground improvements

Animal Disease Traceability: \$881,000 for Animal Disease Traceability activities

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Washington State Department of Agriculture
Activity Descriptions

2013-15 Biennial Budget Activity Inventory

Agency Administration

This activity provides executive leadership, policy development and review, financial services, computer and information technology services, human resources services, communications, administrative procedures guidance, legal services, employee safety, and risk management programs for the department's 26 programs. The budget amounts for this activity are the overhead component of agency administrative costs.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$2,296,471	\$1,631,800	\$9,326,778	\$535,399	\$13,790,448	65.1

Agricultural Fairs

The Fairs program provides about \$2 million in financial assistance to agricultural fairs and youth shows each year. The director of the Department of Agriculture appoints a seven-member Fairs Commission to recommend fund allocations to participating fairs. This program coordinates the activities of the commission, audits all required reports and information from participating fairs, and verifies that fairs operate in compliance with state law. Currently, 66 fairs participate in the Fairs program.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	-	\$4,142,260	\$4,142,260	1.5

Agricultural Promotion and Protection

This activity provides funding for bioenergy coordination and activities that promote, support, or protect the state's agricultural industry, including federal funding for specialty crop block grant projects that enhance the competitiveness of Washington state grown fruits, vegetables, and horticulture and nursery crops in domestic or foreign markets. It also includes variable federal funding for specific projects.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$127,510	\$5,298,700	-	\$92,000	\$5,518,210	.5

Animal Health

The Animal Health program protects animals and the public from communicable animal diseases, such as brucellosis, tuberculosis, rabies, avian influenza, and others. The program monitors the health of animals entering the state, conducts inspections to verify compliance with the animal health law, requires reporting and controlling of certain diseases, conducts tests and inspections to detect selected diseases, and prepares for and responds to animal health emergencies. It cooperates with universities, the U.S. Department of Agriculture, and other agencies.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$3,572,263	\$1,134,000	-	-	\$4,706,263	19.2

Chemistry Laboratory

The Chemistry Laboratory in Yakima supports department programs by analyzing samples taken in investigations of alleged pesticide misuse, monitoring for pesticide residues in foods, and determining if commercial feed and fertilizer samples meet label guarantees. These activities are funded by a mix of state, federal, and local funds. The laboratory also participates in a federally funded program for monitoring pesticide residue levels in fruits, vegetables, and other commodities, and performs fee-for-service chemical analysis for the hop industry.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$461,784	\$2,656,600	\$586,895	\$783,870	\$4,489,149	14.0

Commission Merchants

The Commission Merchants program protects agricultural producers against theft, fraud, and unfair business practices by licensing persons and businesses involved in buying and selling agricultural products. Licensees who purchase or handle agricultural products on consignment must be bonded. Funded by license fees, the program investigates producer complaints against commission merchants and cooperates with federal, state, and local law enforcement agencies.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$620,170	-	\$620,170	3.3

Commodity Commissions

This program administers agency responsibilities related to the state's 23 agricultural commodity commissions. Each commission is funded by producers and engages primarily in marketing and/or research related to its specific commodity. The Director of Agriculture is a board member of each commission. The program reviews and approves commission programs and budgets; supervises or coordinates the nomination, election, or appointment of commission members; and oversees the issuance, amendment, or termination of commission marketing orders. The .5 FTE is funded through cost recovery from the commissions.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	-	-	-	.5

Dairy Nutrient Management

The Dairy Nutrient Management program inspects the state's dairy farms, provides technical assistance, and takes action to ensure the dairies comply with state and federal water quality laws. It coordinates with the Department of Ecology on the regulation of those dairies and other concentrated animal feeding operations (CAFOs) that hold a National Pollutant Discharge Elimination System (NPDES) permit.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$1,167,230	-	-	\$124,600	\$1,129,830	6.1

Feed Regulation

The Commercial Feed program regulates the distribution of animal feeds to ensure product identity, quality, and proper labeling. It registers and reviews labels of more than 8,000 pet food products, and licenses more than 600 manufacturers and initial distributors of other animal feed products. It inspects feed mills for compliance with good manufacturing practices, and also analyzes feed samples to determine accuracy of label guarantees. The activity is funded primarily by fees paid by the feed industry.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	\$350,300	\$1,892,602	-	\$2,242,902	14.4

Fertilizer Regulation

The Commercial Fertilizer program licenses about 450 bulk fertilizer facilities, registers more than 6,500 fertilizer products for distribution in the state, and analyzes fertilizer samples to verify label guarantees for plant nutrients and to ensure that heavy metal content does not exceed state standards. It inspects fertilizer manufacturing, distribution, and storage facilities for compliance with requirements and inspects irrigation systems used for fertigation to ensure required safeguards are in place to prevent ground water and surface water contamination. The program is funded entirely by fees paid by the fertilizer industry.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$977,907	-	\$977,907	5.6

Food Assistance

The Food Assistance and Distribution program distributes state and federal funds and food provided by the U.S. Department of Agriculture to 32 tribes and through local community organizations that work with more than 450 food banks, food pantries and meal programs to combat hunger and improve the health of low income individuals and families. Staff develop and issue contracts and funding; provide food ordering, warehousing and shipping logistics services; participate in emergency management, including food recalls; offer technical assistance and nutrition education information; and monitor compliance with state and federal requirements.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$10,611,350	\$4,430,900	-	-	\$15,042,250	6.4

Food Safety

The Food Safety program protects the public from injury and illness caused by food products that are contaminated, adulterated, or otherwise unfit for consumption. This is accomplished through surveillance, regulation, and inspection of the dairy, egg, and food processing and food storage industries. Inspectors examine facilities for such things as product adulteration, cleanliness, proper handling and storage, and sanitary preparation techniques. The program investigates consumer complaints and responds as needed to food-related emergencies. It is funded by the state General Fund, federal funds, and fees paid by food processors, food storage warehouses, milk processors, and the egg industry.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$4,436,144	\$945,000	\$2,535,550	-	\$7,920,494	50.9

Fruit and Vegetable Inspection

The Fruit and Vegetable Inspection program provides inspection services to the fresh produce and processing industry to ensure orderly marketing of fruits and vegetables. Commodities are inspected for quality, size, labeling, condition, and contract specifications, and may be certified as free from disease and insects as required by domestic and international markets. These services are provided through district offices in Yakima and Wenatchee and eight field offices throughout the state. This is a self-supporting, fee-for-service program.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$28,132,280	-	\$28,132,280	203.5

Grain Inspection

The Grain Inspection program provides inspection and analytical and weighing services to ensure orderly commerce for grain, dry peas, dry beans, lentils, rapeseed, and similar commodities sold in or from Washington. These services are offered at the ports of Seattle, Tacoma, Grays Harbor, Longview, Kalama, and Vancouver and at offices in Spokane, Colfax, and Pasco, with a quality assurance laboratory in Olympia. This is a self-supporting fee-for-service program that provides service 24 hours a day, seven days a week, upon request.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$19,566,796	-	\$19,566,796	115.4

Grain Warehouse Audit

The Grain Warehouse Audit program protects grain producers from undue losses by licensing and bonding grain storage warehouses and grain dealers. The program audits each licensee to assure producers and depositors that licensees are meeting storage requirements and other contractual obligations. The program is funded by license fees.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$594,248	-	\$594,248	3.3

Hop Inspection

The Hop Inspection program performs physical grading and chemical analysis of the Washington hop crop (75 percent of the nation's supply) to ensure orderly international and domestic marketing. This is a self-supporting program that is funded by fees paid by hop producers and dealers for requested services.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$849,432	-	\$849,432	6.2

International Marketing

The International Marketing program assists food and agricultural companies in selling their products internationally. It contracts with trade representatives in the major markets of Japan, China, Korea and Vietnam to assist Washington businesses with export transactions and market development. It offers one-on-one assistance to export-ready businesses; organizes and leads companies on trade missions and to major trade shows; and develops and distributes information to buyers on the state's agricultural suppliers. The program works closely with commodity commissions and the Governor's Office to fight trade barriers that prevent or limit overseas market access for Washington's agricultural and food products.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$2,023,151	-	-	\$100,00	\$2,123,151	5.5

Livestock Inspection

The Livestock Brand Inspection program maintains the official recordings of about 5,600 livestock brands. As a theft prevention measure, cattle and horses are inspected for brands or other proof of ownership at public livestock markets, slaughter plants, and prior to moving out of state. Cattle are also inspected at certified feed lots and at any change of ownership. Approximately 740,000 cattle and 7,000 horses are inspected annually. The program licenses and bonds public livestock markets to ensure proper payment for cattle, and also licenses and audits certified feed lots to verify inspection certificates for slaughtered cattle. This program is funded through fees paid by the livestock industry.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$2,877,802	-	\$2,877,802	20.2

Microbiology Laboratory

The Microbiology Laboratory, located in Olympia, supports the department's Food Safety program by testing food, including raw milk, for food-borne pathogens. The laboratory also tests dairy products for quality standards and to meet requirements for the interstate shipment of milk. Staff inspect and certify private laboratories performing officially sanctioned dairy microbiology. The laboratory participates in a federally funded program to monitor for prohibited materials and pathogenic organisms in the nation's food supply and other cooperative efforts.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$1,713,001	\$1,815,600	-	-	\$3,528,601	14.3

Nursery Inspection

The Nursery Inspection program inspects nurseries to ensure that consumers and the nursery industry are provided healthy, pest-free, and disease-free plant materials. The program licenses nursery dealers and Christmas tree growers, enforces agricultural quarantines to prevent pest introduction and, on request, provides inspection services to certify that Washington nursery stock and plant materials are free from disease and insects, as required by domestic and international markets. The program is funded by license fees paid by nursery dealers and Christmas tree growers and fees paid for requested inspections.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$2,820,320	-	\$2,820,320	15.8

Organic Food Certification

The Organic Food program protects consumers and supports the organic food industry by ensuring that all food products making organic claims meet standards for organic production and labeling. It inspects, certifies, and provides technical assistance to more than 1,200 organic producers, processors, and handlers. It evaluates and registers input materials that can be used in organic food production. The program is funded by fees paid by the organic industry.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$4,306,311	-	\$4,306,311	25.5

Pesticide Regulation

The Pesticide Program regulates the sale and use of pesticides in Washington. It investigates complaints of pesticide misuse, conducts field inspections of pesticide manufacturers and applicators, and provides technical assistance to pesticide users. It reviews and registers more than 12,000 pesticide products for use in the state. It licenses and administers a continuing education program for more than 22,000 pesticide applicators, dealers and consultants, and structural pest inspectors, and oversees a program to train Spanish-speaking farm workers in the safe and legal use of pesticides. It administers the waste pesticide program which disposes of prohibited or unusable pesticides from farms. It also protects resources such as ground water from pesticide or fertilizer contamination and conducts selected surface water monitoring as part of a program to evaluate and mitigate the impact of pesticides on threatened or endangered species.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	\$1,149,100	\$6,832,798	4,122,905	\$12,104,803	49.4

Plant Protection

The Plant Protection program protects the state's resources by preventing the establishment of high-risk insects, plant diseases, weeds, and other pests. Staff conduct surveys and inspections, disseminate information and research, enforce agricultural quarantines, provide laboratory diagnostic services, and carry out projects to eradicate pests. The program coordinates statewide efforts to eradicate spartina, and to control invasive knotweed and other selected weeds. It works with the State Noxious Weed Control Board and local weed boards and districts.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$3,932,096	\$3,685,200	\$1,175,680	\$2,701,926	\$11,494,902	65.5

Planting Stock Certification

The Planting Stock Certification program provides testing and inspection services to ensure disease-free planting stock for various agricultural industries. Voluntary certification programs are currently provided for fruit trees and related ornamentals, seed potatoes, hops, grapes, mint, garlic, caneberries and strawberries. This is a self-supporting, fee-for-service program.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$1,644,262	-	\$1,644,262	6.7

Seed Inspection/Certification

The Seed Inspection program conducts pre harvest field inspections and laboratory testing of agricultural, vegetable, and flower seeds grown under the seed certification program. It tests seed samples submitted by seed growers and companies to determine compliance with purity and germination standards and to certify seed for domestic and international marketing. It operates the only official seed testing laboratory in the state. This is a self-supporting, fee-for-service program.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$4,202,920	-	\$4,202,920	27.3

Small Farm and Direct Marketing Assistance

This activity assists small farms in their direct marketing efforts by providing tools and assistance to help small farms comply with government regulations and facilitating increased procurement of Washington-grown foods by schools.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
\$250,000	-	-	-	\$250,000	-

Weights and Measures Inspection

The Weights and Measures program regulates the use and accuracy of all commercial weighing, measuring, and counting devices, including gas pumps, grocery store scale systems, price scanners, vehicle-tank meters, and liquid petroleum gas measuring devices. Staff inspect and test devices for accuracy and suitability for service. The program regulates motor fuel quality, including biofuels quality, by analyzing fuel samples for octane, oxygenate, and other product quality factors. The program also operates the state metrology laboratory and provides calibration services to businesses, laboratories, and government entities.

General Fund - State	General Fund -Federal	Local Funds	Other Funds	Total	FTEs
-	-	\$2,450,990	\$1,109,300	\$3,560,290	18.7

**WSDA Cost Analysis
License and Renewal**

License (Business Ready)	Number of new Licenses 10/1/11 to 9/30/12	Current Fee Amount	TOTAL FEES FROM LICENSE	Per License Agency Cost	TOTAL AGENCY COST	New License Difference	Renewal (Keep in Business)	Number of renewals 10/1/11 to 9/30/12	Current Renewal Fee	TOTAL FEES FROM RENEWAL	Per License Renewal Agency Cost	TOTAL AGENCY COST	Renewal Difference	Current cost vs. Agency Cost
Custom Slaughter/Meat License	45	\$25.00	\$1,125.00	\$293.26	\$ 13,196.70	(\$12,072)	Custom Slaughter/Meat	153	\$25.00	\$3,825.00	\$11.20	\$1,713.00	\$2,112.00	(\$9,959.70)
Food Storage Warehouse License	114	\$50.00	\$5,700.00	\$360.00	\$ 41,040.00	(\$35,340)	Food Storage Warehouse	760	\$50.00	\$38,000.00	\$11.27	\$8,567.89	\$29,432.11	(\$5,907.89)
Dairy Technician License	100	\$10.00	\$1,000.00	\$259.95	\$ 25,995.00	(\$24,995)	Dairy Technician	760	\$5.00	\$3,800.00	\$2.82	\$2,141.97	\$1,658.03	(\$23,336.97)
Food Processor License	559						Food Processor	2094						
\$0-\$50,000	461	\$ 55.00	\$25,355.00	\$386.00	\$ 177,946.00	(\$152,591)	\$0-\$50,000	1114	\$ 55.00	\$61,270.00	\$25.28	\$28,161.92	\$33,108.08	(\$119,482.92)
\$50,001-\$500,000	60	\$ 110.00	\$6,600.00	\$386.00	\$ 23,160.00	(\$16,560)	\$50,001-\$500,000	509	\$ 110.00	\$55,990.00	\$25.28	\$12,867.52	\$43,122.48	\$26,562.48
\$500,001 – \$1,000,000	15	\$ 220.00	\$3,300.00	\$386.00	\$ 5,790.00	(\$2,490)	\$500,001 – \$1,000,000	105	\$ 220.00	\$23,100.00	\$25.28	\$2,654.40	\$20,445.60	\$17,955.60
\$1,000,001 – \$5,000,000	9	\$ 385.00	\$3,465.00	\$386.00	\$ 3,474.00	(\$9)	\$1,000,001 – \$5,000,000	133	\$ 385.00	\$51,205.00	\$25.28	\$3,362.24	\$47,842.76	\$47,833.76
\$5,000,001 – \$10,000,000	3	\$ 550.00	\$1,650.00	\$386.00	\$ 1,158.00	\$492	\$5,000,001 – \$10,000,000	55	\$ 550.00	\$30,250.00	\$25.28	\$1,390.40	\$28,859.60	\$29,351.60
Greater than \$10,000,000	11	\$ 825.00	\$9,075.00	\$386.00	\$ 4,246.00	\$4,829	Greater than \$10,000,000	178	\$ 825.00	\$146,850.00	\$25.28	\$4,499.84	\$142,350.16	\$147,179.16
			\$49,445.00		\$215,774.00	-\$166,329.00				\$368,665.00		\$52,936.32	\$315,728.68	
Milk Processing License	25	\$55.00	\$1,375.00	\$387.00	\$ 9,675.00	(\$8,300)	Milk Processing	109	\$55.00	\$5,995.00	\$11.79	\$1,285.18	\$4,709.82	(\$3,590.18)
Special Poultry Permit														
1 Year	4	\$75.00	\$300.00	\$227.00	\$ 908.00	(\$608)								(\$608.00)
2 Year	4	\$125.00	\$500.00	\$227.00	\$ 908.00	(\$408)								(\$408.00)
			\$800.00		\$1,816.00	-\$1,016.00								
Sanitary Certificate	1773	\$50.00	\$88,650.00	\$66.00	\$ 117,018.00	(\$28,368)								(\$28,368.00)
Beef Tags	81													
	11620	\$1.50	\$17,430.00	\$34.00	\$ 2,754.00	\$14,676								\$14,676.00
Cottage Foods	35	\$230.00	\$8,050.00	\$595.00	\$ 20,825.00	(\$12,775)								(\$12,775.00)
Milk Product(s) & Animal Food	0	\$227.00	\$0.00	\$0.00	\$ -	\$ -								
Milk Product(s) & Animal Food - Late Fee	0	\$27.00	\$0.00	\$0.00	\$ -	\$ -								
Milk Producer	25	\$0.00	\$0.00	\$387.00	\$ 9,675.00	(\$9,675)								(\$9,675.00)
Egg Farm and Egg Warehouse Insp.	748	\$30.00	\$22,440.00	\$387.00	\$ 289,476.00	(\$267,036)								(\$267,036.00)

Food Safety Consumer Services Division
Inspectional Cost Analysis

2012 Inspection Information

Firm Type/Task	No.	**One Inspection / Year	Average Inspection Hours	*Cost / Basic Inspection	Total
Food Processors	2363	1	8	\$ 467.65	\$ 1,105,058.37
•Seafood HACCP	115	1	13	\$ 771.96	\$ 88,775.94
•Juice HACCP	16	1	18	\$ 1,068.87	\$ 17,101.99
Warehouses	814	1	5	\$ 292.28	\$ 237,917.24
Custom Meat Facility	225				
•Custom Farm Slaughter Truck	68	1	1	\$ 58.46	\$ 3,975.03
•Custom Slaughter Establishment/Facility	157	1	3	\$ 175.37	\$ 27,532.93
Cottage Food Operations	75	1	1	\$ 58.46	\$ 4,384.22
Milk Producer Farms	593	1	2	\$ 116.91	\$ 69,329.20
Milk Plants					
•Fluid Milk - Pastuerized	42	1	8	\$ 467.65	\$ 19,641.33
•Fluid Milk - Retail Raw	40	1	4	\$ 233.83	\$ 9,353.01
•Cheese	54	1	6	\$ 350.74	\$ 18,939.85
•Icecream	5	1	6	\$ 350.74	\$ 1,753.69
•Butter	6	1	4	\$ 233.83	\$ 1,402.95
HTST Pastuerizers	28	1	6	\$ 350.74	\$ 9,820.66
VAT Pastuerizers	38	1	4	\$ 233.83	\$ 8,885.36
Broken Seals	60	1	2	\$ 116.91	\$ 7,014.76

Total 4699 \$ 1,630,886.53

*Not included in Cost/Basic Inspection: Travel, report writing, sampling, administrative, supervisory oversight

**Frequency of inspection based on 'Risk' or mandated timeframes

- Milk producer farm inspections on average are twice/year.
- Milk plant inspections on average are four times/year.
- Custom meat facility inspections on average are twice/year.
- Approximately 50% of food processor inspections are twice/year, some are four times/year.
- Some inspections require 2 inspectors due to size or complexity.

Food and Dairy Data
Food Safety & Consumer Services Division

Number of :	1976	1996	2012
Food Safety Officers	28	22	30
Laboratory analysts	Unable to obtain data	4	4
Food Processors:	653	1117	2363
Warehouses	246	375	814
Custom Meat Facilities:	Not Performed	234	225
Egg Handler Dealers	Not Performed	NA	451
Cottage Food Operations	Not Performed	Not Performed	72
Milk Producer Farms	1632	980	593
Milk Plants:	72	42	114
Pasteurizer systems	98	66	66
Broken Seal reports	Unable to obtain data	Unable to obtain data	60
Dairy Technician Endorsements	284	625	623
IMS Listed Plants	Unable to obtain data	Unable to obtain data	16
IMS Listed BTUs	Unable to obtain data	Unable to obtain data	21
Single Service Plants	Not Performed	15	14
Milk Assessment s	NA		13
Milk Tankers	99	237	487
Bacteria Samples:	Unable to obtain data	Unable to obtain data	1897
Coliform Samples:	Unable to obtain data	Unable to obtain data	2051
Phosphatase Samples	Unable to obtain data	Unable to obtain data	1594
Somatic Cell Samples (DMSCC)	Unable to obtain data	Unable to obtain data	861
Antibiotic Samples	Not Performed	Unable to obtain data	1916
Dairy Pathogen Samples (5 pathogen tests performed)	Not performed	Approximately 100	418 (2090)
Water Samples:	Unable to obtain data	Unable to obtain data	549
Container Samples (2 tests performed)	Not performed	Unable to obtain data	600 (1200)

WSDA Food Safety and Consumer Services License Fee Survey

Agency Contacted	Oregon Department of Ag	Date	10.29.13
Contact Name	Vance Bybee		
Contact Email		Contact Phone	

What are the broad roles and responsibilities of the State's Department of Agriculture? Do they provide any services that WSDA does not provide (like retail inspections)?

Oregon's Food Safety and Animal Health Program provides retail inspections (except for restaurants), manufacturing inspections, and water inspections.

Which state agency performs:

- Manufactured food inspections? **yes**
- Food storage warehouse inspections?
- Dairy inspections? **yes**
- Custom meat processing inspections? **yes**
- Egg inspections? **yes**

Is the food safety program general fund or fee for service or some mix?

Mix, 72% fees from licenses 28% general funds

What is the budget breakdown (what proportion of the budget is general fund vs. fee for service)?

7.8 million Per biennium -

What services are being provided? Are certain services strictly covered by one fund source such as inspections are just general fund or are the activities and services being provided a mix between fund sources?

Nothing is just general fund or just supported by fees. ODA Food Safety has an automatic fund split between the local fund and general fund they use.

How many FTE's support the entire program? How does that break down into the individual program areas?

44 FTE's

Has the state had similar conversations with their stakeholders or produced a similar report for their legislators justifying their funding mechanisms? If so, would they be willing to share a final report and/or their methodology?

They did a similar review for their shellfish program. Oregon's fees are tied to an economic indicator. The department has authority to change fees in rule instead the fees being in statute. However, the fees cannot be raised or lowered plus or minus 2%

Do they have any type of formal, on-going fee/funding review processes?

All food safety fees are reviewed annually

WSDA Food Safety and Consumer Services License Fee Survey

Agency Contacted	Montana Department of Public Health & Human Services*	Date	10/29/13
Contact Name	Howard Reid (retiring in 3 days, then our contact will be Melissa Tuemmler)		
Contact Email	h Reid@mt.gov	Contact Phone	406-444-5306

*Department of Public Health and Human Services has a Public health and Safety Division in which Communicable disease control bureau is housed and within this bureau is the Food and Consumer Safety Division.

What are the broad roles and responsibilities? The Food and Consumer Safety Division (FCSD) is responsible for FDA regulated firms: label & facilities review. The FCSD collects annual licensing fees from FDA regulated firms in Montana State.

An agreement for division of duties exists between FCSD and the counties. Counties have agreed to inspect licensed manufacturing facilities. 90% of licensing fees that FCSD collects are passed to the counties. The FCSD participates in high risk facility inspections (such as acidified foods).

Counties provide a list to FCSD of where and when they inspected. FCSD does not audit the counties.

Which state agency performs:

- Manufactured food inspections: FCSD has division of duties agreement with counties to inspect everything except milk, eggs and meat
 - Dairy/Eggs: Dept. of Livestock Milk & Egg Bureau (Dan Turcotte 406-444-4325)
 - Meat & Poultry (including custom meat) is in the Dept. of Livestock Meat and Poultry Bureau (Gary Hamel 406-444-5293)
 - Animal Feed is housed in State Department of Agriculture (it includes grain inspection, bee keeping and USDA grants for farms/businesses as well). Animal Feed contact is Bob Church 406-444-5410
- Food storage warehouse inspections: FCSD and counties (includes FDA contract inspections)

Is the food safety program general fund or fee for service or some mix?

A producer pays no fee for a facilities or labeling review by FCSD. Funding for these reviews comes from the general fund. A producer pays an annual licensing fee. 90% of the licensing fee that FCSD collects is passed onto counties that inspect manufacturing facilities as part of the division of duties agreement.

10% of licensing fee is administrative and retained by the FCSD for processing and managing the fees.

Based on a report about 5 years old, the counties receive 50% of their funding through a general fund and 50% through licensing fees that are passed on from FCSD through the division of duties agreement. Currently, the opinion is that the support from licensing fees has gone down (because of inflation).

Licensing fees:

An establishment or WH with greater than 2 employees is \$115/yr & less than 2 employees is \$85/yr

What is the budget breakdown (what proportion of the budget is general fund vs. fee for service)?

FSCS receives 95% of funding through the general fund.

What services are being provided? Are certain services strictly covered by one fund source such as inspections are just general fund or are the activities and services being provided a mix between fund sources? General outreach/guidance to industry operators.

How many FTE's support the entire program? How does that break down into the individual program areas? Two: Howard and an employee that handles FDA contract inspections.

Has the state had similar conversations with their stakeholders or produced a similar report for their legislators justifying their funding mechanisms? If so, would they be willing to share a final report and/or their methodology? Yes. The outcome was that 50% was fair. This was a while ago. Howard will search for the report and send to me.

Do they have any type of formal, on-going fee/funding review processes? No

WSDA Food Safety and Consumer Services License Fee Survey

Agency Contacted	Montana Dept. of Livestock, Meat & Poultry Bureau	Date	10/29/13
Contact Name	Gary Hamel		
Contact Email		Contact Phone	406-444-5202

What are the broad roles and responsibilities of the Dept. of Livestock, Meat & Poultry Bureau?

- Inspect all slaughter of meat and poultry (includes USDA, custom and exempt)
- Inspect meat depot (commercial freezers holding meat)
- Inspect meat packing house
- Inspect Mobile slaughter facility
Fee structure is license is \$25/year
<http://mtrules.org/gateway/RuleNo.asp?RN=32%2E2%2E401> ***Fee for Dairy is on this link as well****
There is a penalty for non-renewal of \$5/mo
(<http://mtrules.org/gateway/RuleNo.asp?RN=32%2E2%2E401>)

Is the food safety program general fund or fee for service or some mix?

General fund 50%/50% Federal special revenue (includes licensing fees and support from Federal Govt)

Gary would have to ask the finance department for a breakdown of how much funds came from licensing fees vs. Federal funds. He is unsure about specifics of the Federal special revenue.

What services are being provided? Usual USDA-FSIS activities: inspect at slaughter, review of processing for production with meat), and pre-plant reviews.

In addition, inspection of slaughter exempted from Federal law: Rabbit, Elk, Deer, Bison is part of the department's responsibilities. Montana has a formula to compute a special fee per hour of inspection for exempt facilities.

How many FTE's support the entire program? 22, they all perform meat and poultry inspection

Has the state had similar conversations with their stakeholders or produced a similar report for their legislators justifying their funding mechanisms? If so, would they be willing to share a final report and/or their methodology? He doesn't have a report, but knows there have been studies. Most studies find out that fees are not commiserate with costs of inspection

Do they have any type of formal, on-going fee/funding review processes? He believes the last review was in 2006. He thinks there is a formal process, but not certain.

WSDA Food Safety and Consumer Services License Fee Survey

Agency Contacted	Montana Dept. of Livestock, Milk & Egg Bureau	10/30/13	
Contact Name	Lisa		
Contact Email	Lmcleod@MT.gov	Contact Phone	406-444-9761

What are the broad roles and responsibilities of the Milk & Egg bureau?

- Dairy inspections: Plants have Minimum 10 inspections/year and regular routine samples. There is a separate Milk Control board that collects an assessment of \$0.15per hundred weight the contact is Patty Thompson 406-444-2857
- Egg inspections: Only shelled. A program for small producers and a program for large producers.

Is the food safety program general fund or fee for service or some mix?

- Any License fee (<http://mtrules.org/gateway/RuleNo.asp?RN=32%2E2%2E401>) goes directly into a general fund. The licensing fee is very small and doesn't cover the paperwork involved in processing the license.
- Eggs are covered 100% by the shelled egg program (Montana Egg Plant is self supporting through the cooperative agreement with USDA)
- Dairy is funded through an agreement with the Milk Control board (uses assessment)

How many FTE's support the entire program? How does that break down into the individual program areas? 3FTE R.S., 1 part time R.S. and 1 part time secretary

Has the state had similar conversations with their stakeholders or produced a similar report for their legislators justifying their funding mechanisms? If so, would they be willing to share a final report and/or their methodology? 2 years ago they came up with the MT Egg Plant-self sufficient

Do they have any type of formal, on-going fee/funding review processes? Yes, they are considering raising licensing fees.

WSDA Food Safety and Consumer Services License Fee Survey

Agency Contacted	California Department of Public Health	Date	10/29/13
Contact Name	Pat Kennelly		
Contact Email	Pat. Kennelly@cdph.ca.gov	Contact Phone	916-650-6598

What are the broad roles and responsibilities of the State's Department of Agriculture? Do they provide any services that WSDA does not provide (like retail inspections)?

The California Department of Public Health (CDPH) is responsible for inspection of food processors, food warehouses, canning operations (separate program), bottled water, shellfish, and a few other small programs. Dairy, meat, poultry, and egg inspections are performed by the California Department of Food and Agriculture (CDFA).

Which state agency performs:

- Manufactured food inspections? CDPH
- Food storage warehouse inspections? CDPH
- Dairy inspections? CDFA: cheese producers, PMO,
- Custom meat processing inspections? CDFA meat and poultry
- Egg inspections? CDFA

Is the food safety program general fund or fee for service or some mix?

Mix

What is the budget breakdown (what proportion of the budget is general fund vs. fee for service)?

- Food processing, food warehouse, bottled water, and canning operation inspections are entirely fee supported.
 - Food processing: 8 or 9 fee categories, sliding scale based on square footage and number of employees (see attached fee schedule)
 - Food warehouse: 3 fee categories, sliding scale based on square footage (see attached fee schedule)
 - Bottled water: \$875 for <5000 gal/wk; \$1300 for >5000 gal/wk
 - Canning operations: license fee is \$200 every other year plus actual cost reimbursement from the licensed firm based on employee time spent at each specific firm.
- Shellfish, lead-in-candy, emergency response activities, and recall activities are 100% general fund support.
- CDFA egg inspection fee: \$0.15/30 dozen eggs (proportion fees vs. general fund unk)
- CDFA custom meat fee: \$500/year (proportion fees vs. general fund unk)
- CDFA poultry plant fee: \$500/year (proportion fees vs. general fund unk)
- CDFA dairy: \$0.12/cwt assessment (max \$578.40, min \$250) per quarter. (proportion fees vs. general fund unk)

What services are being provided? Are certain services strictly covered by one fund source such as inspections are just general fund or are the activities and services being provided a mix between fund sources?

See above.

How many FTE's support the entire program? How does that break down into the individual program areas?

Failed to capture this information

Has the state had similar conversations with their stakeholders or produced a similar report for their legislators justifying their funding mechanisms? If so, would they be willing to share a final report and/or their methodology?

Nothing formal. Fees are contained in statute. There is a small fail safe in the law that automatically increases fees when operational fund balances fall below a certain threshold. CDPH talks to industry association once every 5-6 years regarding fee increases (15% increases on average) Time-based methodology was used to set fees originally, but justification is not that formal now.

Do they have any type of formal, on-going fee/funding review processes?

No.

California Food Processing Fee Schedule

- **Registration Fee:** Identified by payment code, the registration fee is based on the type of activity performed at this facility, the size of the facility, and number of employees.

Warehousing Only (For Firms Only Holding or Storing Processed Food)

Payment Code	Size of Facility	Fee
A	0-5,000 s.f.	\$348
B	5,001-10,000 s.f.	\$463
C	> 10,000 s.f.	\$695

Manufacturing, Repacking, Labeling, or Salvaging Processed Foods (Includes Warehousing in Conjunction with These Activities)

Payment Code	No. of Employees – Including Owners	Size of Facility	Fee
D	0-2	N/A	\$ 348
E	3-5	0 - 5,000 s.f.	\$463
F	6-20	0 - 5,000 s.f.	\$695
G	More than 20	0 - 5,000 s.f.	\$1,043
H	3-5	> 5,000 s.f.	\$695
I	6-20	> 5,000 s.f.	\$1,043
J	21-50	> 5,000 s.f.	\$1,448
K	51-100	> 5,000 s.f.	\$1,564
L	101-200	> 5,000 s.f.	\$1,680
M	201 or more	> 5,000 s.f.	\$1,790

Penalty on Registration: Include a 1% per month penalty on registration fee due if payment is mailed 30 days or more after due date or expiration date.

- **Food Safety Fee:** Include the \$100 Food Safety Fee unless this facility is exclusively involved in flour milling, dried bean processing, drying or milling of rice, or has an annual wholesale income of \$20,000 or less. This fee supports the Department's Food Safety Education and Training Program for industry, and is established by statute.

Penalty on Food Safety Fee: Include a 10% per month (\$10) penalty on the Food Safety Fee due if payment is mailed 30 days or more after due date or expiration date.

- **\$250 Additional Fee:** This fee is required for any business that must implement food safety controls under a Seafood HACCP or Juice HACCP plan pursuant to Title 21 CFR Part 120 or 123.

WSDA Food Safety and Consumer Services License Fee Survey

Agency Contacted	Michigan Dept of Ag and Rural Development	Date	10/29/13
Contact Name	Brad Deacon		
Contact Email	Deaconb9@michigan.gov	517-284-5729	

What are the broad roles and responsibilities of the State's Department of Agriculture? Do they provide any services that WSDA does not provide (like retail inspections)?

The Michigan Department of Agriculture and Rural Development (MDARD) has broad responsibility for food safety regulatory activities in Michigan. In addition to manufactured food, MDARD is also responsible for retail food safety. Their inspectors conduct both retail/food handling and wholesale/food processing inspections. MDARD also licenses cottage food operations.

Their stated goal is to fund all program activities through a roughly shared partnership (50/50) between public financing and industry user fees.

Food fee schedule is [online](#).

Which state agency performs:

- Manufactured food inspections? MDARD, \$175 (full processing), \$70 (limited processing)
- Food storage warehouse inspections? MDARD, \$70
- Dairy inspections? MDARD, same division as food, [graduated fee schedule](#)
- Custom meat processing inspections? Unlicensed in MI; if also retail: \$70 retail license
- Egg inspections? If processing, license as a processor; otherwise, unlicensed.

Is the food safety program general fund or fee for service or some mix?

Currently, the entire food safety program funding is 75% general fund, 25% licensing and other fees.

What is the budget breakdown (what proportion of the budget is general fund vs. fee for service)?

See above.

What services are being provided? Are certain services strictly covered by one fund source such as inspections are just general fund or are the activities and services being provided a mix between fund sources?

Certain retail food safety functions are entirely fee supported (like retail plan review), but all other programs are a mix of funding sources as above.

How many FTE's support the entire program? How does that break down into the individual program areas?

MDARD's food inspectors are generalists, so FTEs are not broken down according to program area.

- 47 food inspectors,
- 17 dairy inspectors
- 36 administrative, management, and other staff (epidemiologist, emergency manager, regional managers, etc.)

Has the state had similar conversations with their stakeholders or produced a similar report for their legislators justifying their funding mechanisms? If so, would they be willing to share a final report and/or their methodology?

MDARD is on a two year cycle to update their retail food code and wholesale food laws. These meetings are held with all stakeholders, a fee discussions are sometimes included. Food Safety Alliance (their FPTF) came out of this food law workgroup and meets three times per year.

Do they have any type of formal, on-going fee/funding review processes?

No formal process