

Nevada Department of Agriculture: Five-Year Reserve Analysis

Introduction

The Department has five budget accounts that are predominantly fee-based programs that have reserves. These budget accounts are as follows:

- Budget Account 1362 Food Commodity;
- Budget Account 4470 Dairy Commission;
- Budget Account 4545 Agriculture Enforcement/Registration;
- Budget Account 4546 Livestock Inspection;
- Budget Account 4551 Consumer Equitability

The purpose of the report is to show where we stand now that the legislative review of the Department's SFY 16-17 budgets has been completed.

Governor's Recommended to Legislatively Approved Budget Changes

One of the biggest changes to the Department's budget from the Governor's Recommended phase to the Legislative budget close was the reduction of the Statewide Cost Allocation Plan (SWCAP) charges to the Department. SWCAP charges are charges to state agencies for State centralized services the help fund the following offices or costs:

- Controller's Office;
- Treasurer's Office;
- Budget Office;
- State Archives;
- Legislative Audit;
- Internal Audit;
- Building Depreciation.

These charge over the last several biennium has increased from \$138,019 in SFY 2008 to \$833,233 in SFY 2014 and \$787,977 in SFY 2015 and accounted for nearly 30% of the Department of Agriculture's Administrative budget. Working with the Department of Administration's Budget Office and Legislative Counsel Bureau were able to reduce the Governor's Recommended Budget SWCAP amount from the proposed \$724, 663 to \$171,091 for SFY 2016 as well as reduce the proposed SFY 2017 SWCAP charge from \$410,574 to \$91,822 (See Table 1-1).

Table 1-1

2008-2017 SWCAP Charges to NDA		
SFY	Amount	Biennium Pct. Change
2008	\$ 138,019.00	n/a
2009	\$ 138,019.00	n/a
2010	\$ 164,050.00	18.86%
2011	\$ 164,050.00	18.86%
2012	\$ 301,985.00	84.08%
2013	\$ 301,985.00	84.08%
2014	\$ 833,283.00	175.94%
2015	\$ 787,977.00	160.93%
2016	\$ 171,091.00	-78.29%
2017	\$ 91,822.00	-88.35%

Effect on Reserve Budget Accounts

The SWCAP Reduction from the Governor's Recommended phase to the Legislatively Approved phase has a significant impact on our reserve accounts ending balance for the 2015-2017 biennium as show in **Table 1-2**.

Table 1-2

Reduction of the SWCAP Charges Effect on FY 17 Ending Balances					
Gov Rec vs. Proposed Leg. Approved.					
BA	Description	Gov Rec	Leg. Approved	Difference	Pct. Change
1362	Food Commodity	\$ 876,221.00	\$ 893,030.00	\$ 16,809.00	1.92%
4470	Dairy Commission	\$ 778,146.00	\$ 712,891.00	\$ (65,255.00)	-8.39%
4545	Ag Enforcement/Ag Registration	\$ 278,559.00	\$ 717,391.00	\$438,832.00	157.54%
4546	Livestock Inspection	\$ 202,216.00	\$ 423,834.00	\$221,618.00	109.59%
4551	Consumer Equitability	\$ 606,185.00	\$ 887,781.00	\$281,596.00	46.45%
Totals:		\$ 2,741,327.00	\$3,634,927.00	\$893,600.00	32.60%

As shown in **Table 1-2** overall the SWCAP reduction helped slow down the decline in many our budget accounts and helped increase the Department's overall reserve amount by \$893,600, nearly 33% over the total Governor's Recommended reserve amount.

2015- 2019 Reserve Analysis

Looking at our reserve accounts from 2015-2019, most of fee reserve accounts hold steady and some even show increases, and for others their decline is slowed down. However, as shown in **Table 1-3** and **Table 1-4**, the reserves amounts in Budget Account 4545 and Budget Account 4546 either go negative at the end of SFY 2019 or come to close to going negative.

Table 1-3

BA 4545 Agriculture Registration/Enforcement						
SFY 2015-2019 Reserve Analysis						
Items		FY 15	FY 16	FY 17	FY 18	FY 19
Beginning Balance:	\$	1,588,430.00	\$ 1,321,863.00	\$ 973,527.00	\$ 717,391.00	\$ 461,255.00
Ending Balance:	\$	1,321,863.00	\$ 973,527.00	\$ 717,391.00	\$ 461,255.00	\$ (180,881.00)
Difference:	\$	(266,567.00)	\$ (348,336.00)	\$ (256,136.00)	\$ (256,136.00)	\$ (642,136.00)
Pct. Difference		-16.78%	-26.35%	-26.31%	-35.70%	-139.21%

Table 1-4

BA 4546 Livestock Inspection						
SFY 2015-2019 Reserve Analysis						
Items		FY 15	FY 16	FY 17	FY 18	FY 19
Beginning Balance:	\$	450,952.00	\$ 284,483.00	\$ 553,541.00	\$ 423,834.00	\$ 294,127.00
Ending Balance:	\$	284,483.00	\$ 553,541.00	\$ 423,834.00	\$ 294,127.00	\$ 164,420.00
Difference:	\$	(166,469.00)	\$ 269,058.00	\$ (129,707.00)	\$ (129,707.00)	\$ (129,707.00)
Pct. Difference		-36.92%	94.58%	-23.43%	-30.60%	-44.10%

The declining reserves in both of these accounts pose several problems and puts in jeopardy the basic operations and missions of the programs in these budget accounts. But law, we cannot submit a budget with a negative balance, Budget Account 4545 will have to be submitted as balanced budget for the 2017-2019 biennium and Budget Account 4546 will have managed to prevent that reserve from going negative.

Efforts to Reduce Costs

In order to reduce cost now and to ensure their long-term sustainability of Budget Account 4545 Agriculture Registration/Enforcement and Budget Account 4546 Livestock Inspection, the Department is working on several ways to shore up these reserves. The first way, as discussed earlier, was to reduce what the Department was being charged for SWCAP. Three other principal ways we are working on to reduce cost to these programs are:

- **Automation.** We have estimated that through automation of our Pesticide Registration process we will save that program over \$160,000 over the next four years. Many of our processes are still operated manually and we are currently working with the State's Enterprise Information Technology Division and Purchasing Division to develop an RFP to continue to automate our registration and licensing processes and come up with additional cost savings.
- **Securing more federal money.** The State has made a huge push this year for agencies to apply for more federal funding and we are working the Department of Administration's Grants Management Office to identify areas where we can find federal funding to support our programs.
- **Purchasing used Highway Patrol Vehicles for Brand Inspection program and purchasing other vehicles using federal grants.** We have already secured several used Highway Patrol Vehicles anywhere from \$3,500 to \$7,500 for our Agriculture Enforcement staff and our Brand Inspectors. For the SFY 2015-2017 biennial budget we estimated save about \$48,000 in travel per diem cost for Brand Inspectors by putting them into used Highway Patrol Vehicles. Whenever we have chance to replace other vehicles, we are looking to use federal fund first to replace those vehicles versus using fees whenever possible. For the Plant Program in the 2015-2017 biennial budget, we were approved for the purchase of (3) three new vehicles using federal grants.

