

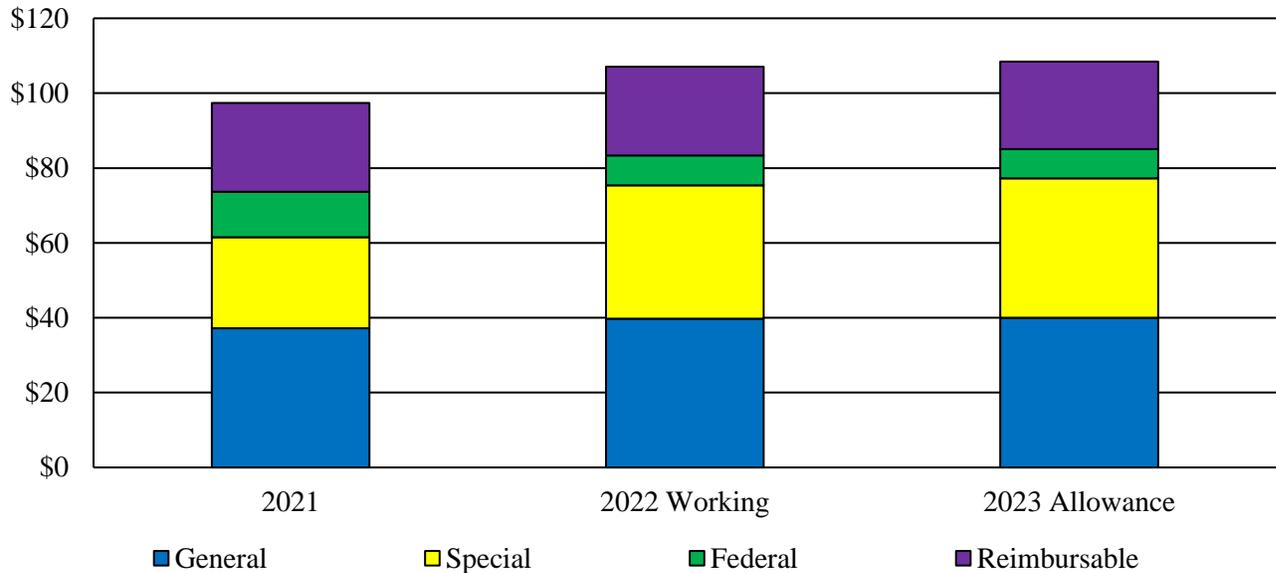
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Program Description

The Maryland Department of Agriculture (MDA) supervises, administers, and promotes agricultural activities throughout the State. MDA’s goals are (1) to promote profitable production, use, and sale of Maryland agricultural products; (2) to protect the health of the public, plant, and animal resources in Maryland; (3) to preserve adequate amounts of productive agricultural land and woodland in Maryland in order to provide for the continued production of food and fiber, to limit random development, and to protect agricultural land and woodland as open space; (4) to provide and promote land stewardship, including conservation, environmental protection, preservation, and resource management; (5) to provide health, safety, and economic protection for Maryland consumers; and (6) for the Rural Maryland Council, to bring together citizens, community-based organizations, federal, State, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to collectively address the needs of rural Maryland communities.

Operating Budget Summary

Fiscal 2023 Budget Increases \$1.4 Million, or 1.3%, to \$108.4 Million
(\$ in Millions)



Note: The fiscal 2022 working appropriation includes deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

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- The increase in the fiscal 2023 allowance is primarily attributable to the addition of \$3.0 million for Rural Maryland Prosperity Investment Fund grants and \$2.5 million for Tree Solutions Now Act funding, which are offset partially by decreases of \$2.5 million for the Next Generation Farmland Acquisition Program, which is budgeted in the Dedicated Purpose Account (DPA), and \$2.5 million for a one-time fiscal 2022 deficiency for black fly and midge spraying.

Fiscal 2021

Federal Stimulus Funds

The federal COVID-19 funding largely has been directed to individual farmers and thus did not flow through the MDA budget. There are two exceptions. The first exception is the \$10.0 million Maryland Farmer COVID-19 Relief Program funded through the Coronavirus Aid, Relief, and Economic Security Act in fiscal 2021. The total expenditures were \$4,886,853. The funding was distributed through direct support to contract poultry growers and a bonus payment for farmers that had already received federal Coronavirus Food Assistance Program funding. In addition, farmers received two rounds of funding directly from the federal government through the Coronavirus Food Assistance Program. The groups that received funding and the amounts allocated are as follows.

- ***Contract Poultry Growers Direct Support:*** MDA issued direct payments of \$1,000 per poultry house, up to five houses per farm, and an additional \$1,500 per poultry house to growers for poultry company Allen Harim because an inability to process the birds in the houses required the poultry houses to be depopulated. The total allocation was \$2.4 million, from which \$2,008,000 was paid to 543 contract poultry growers.
- ***Coronavirus Food Assistance Program Recipients Bonus Payment:*** Maryland farmers received a 15% bonus payment of their first round of funding from the federal Coronavirus Food Assistance Program, which was available to producers of agricultural commodities who experienced a 5% or greater price decline, or who had losses due to market supply chain disruptions related to the COVID-19 pandemic. A total of \$3.6 million was allocated, of which \$2,876,639 was distributed to 817 farmers.

The second exception is the \$2.0 million appropriated to the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) through the RELIEF Act of 2021. This funding was ultimately backfilled with available federal revenues from the federal American Rescue Plan Act of 2021. The funding provided for six programs: Maryland Shellfish Aquaculture Relief Grants, Maryland Urban Farmer Relief Grants, Local Food Cold Storage Relief Grant Program, Maryland Livestock Processing Relief Grant Program, Maryland Wood Products Industry Equity Incentive Relief Fund, and Maryland Market Money Program.

Fiscal 2022

Proposed Deficiency

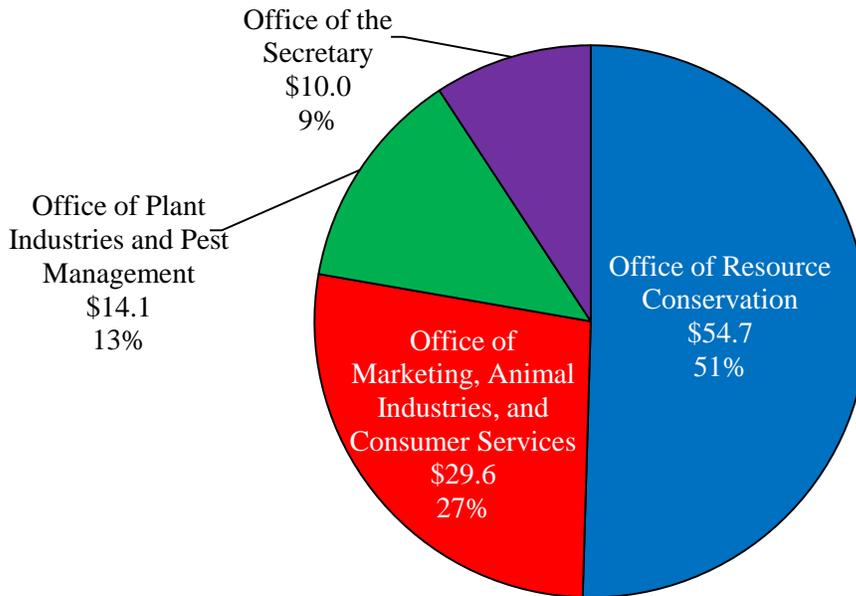
The Governor has submitted fiscal 2022 deficiency appropriations for four programs that would increase MDA’s overall appropriation by \$2,983,112. The funding increase is comprised of \$1,415,612 in general funds, \$1,347,500 in special funds, and \$220,000 in federal funds. The changes would be as follows.

- **Office of the Secretary – Central Services:** an increase of \$8,750 in general funds to fund the new Salisbury Animal Health Laboratory operating costs. This ongoing funding supports the opening of the larger Salisbury Animal Health Laboratory in the fourth quarter of fiscal 2022 and the funding is reflected in the fiscal 2023 allowance.
 - **Office of Marketing, Animal Industries, and Consumer Services – Animal Health:** an increase of \$59,362 in general funds for technical and special fees in order to fund the new Salisbury Animal Health Laboratory’s operating costs. This ongoing funding is reflected in the fiscal 2023 allowance. The funding supports 1.9 full-time-equivalents (FTE) for the part-year costs associated with the opening of the new facility.
 - **Office of Plant Industries and Pest Management – Forest Pest Management:** an increase of \$110,000 in general funds, \$110,000 in special funds, and \$220,000 in federal funds for contractual services to fund the gypsy moth suppression program. The special funds reflect matching county funding as part of the cooperative program and the federal funds reflect the U.S. Department of Agriculture (USDA) – Forest Service’s Forest Health Protection funding. This ongoing funding is reflected in the fiscal 2023 allowance for gypsy moth spraying activities due to a gypsy moth outbreak.
- Office of Plant Industries and Pest Management – Nuisance Insects:** an increase of \$1,237,500 in general funds and \$1,237,500 in special funds for contractual services to fund black fly and midge spraying in Washington and Baltimore counties. The special funds reflect matching county funding.

Fiscal 2023 Overview of Agency Spending

MDA is organized into four administrative units and is staffed by 408.7 regular positions and 86.6 contractual FTE in the fiscal 2023 allowance. **Exhibit 1** reflects the \$108.4 million spending breakdown for the four units as follows.

Exhibit 1
Overview of Agency Spending
Fiscal 2023 Allowance
(\$ in Millions)



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

- **Office of Resource Conservation (\$54.7 Million, 51%):** Advises the Secretary on agricultural soil conservation and water quality; provides financial, technical, and staffing support to the State’s 24 soil conservation districts; provides cost-share funding for best management practice (BMP) implementation, manure transport, and nutrient management plan development; trains, certifies, and licenses nutrient management plan consultants; and oversees Maryland’s agricultural certainty and nutrient trading programs as part of Chesapeake Bay restoration efforts. The main expenditure categories include \$25.5 million for the Cover Crop Program; \$14.9 million for salaries, most of which is for regular positions in soil conservation districts; \$3.3 million for Manure Transport Program support and grants; \$2.5 million for the Tree Solutions Now Act; \$1.9 million for Watershed Implementation Plan (WIP) BMP and animal waste technologies on farms; and \$1.8 million for the contract for the University of Maryland Extension nutrient management advisors to write nutrient management plans.
- **Office of Marketing, Animal Industries, and Consumer Services (\$29.6 Million, 27%):** Provides weights and measures supervision; conducts inspection, grading, monitoring, and

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testing of agricultural product quality; generates agricultural statistics; protects animal health; regulates veterinarians; promotes the equine industry; assists in the development of agricultural markets; administers the Spay/Neuter program; promotes agriculture through agricultural fairs, shows, and youth activities; supports the transition from tobacco production in Southern Maryland; addresses issues affecting rural quality of life through the Rural Maryland Council and Maryland Agricultural Education and Rural Development Assistance Fund; and helps develop resource-based industries through the MARBIDCO. The main expenditures include \$8.6 million for grants through the Rural Maryland Council; \$8.5 million for salaries; \$3.7 million for MARBIDCO; \$1.4 million for Maryland Agricultural Fair Board grants; \$0.9 million for the Southern Maryland Agricultural Development Commission for the transition from tobacco production; and \$0.9 million for the Spay and Neuter Grants Program. In addition, there is \$2.5 million budgeted in the DPA for MARBIDCO's Next Generation Farmland Acquisition Program.

- ***Office of Plant Industries and Pest Management (\$14.1 Million, 13%):*** Manages forest pests; implements mosquito control services; regulates pesticides and pesticide applicators; administers nursery inspections, noxious weed control, nuisance bird control, and honeybee registration programs; regulates seed and sod labeling; and regulates the chemical components of pesticides, commercial fertilizers, feeds, pet foods, compost, soil conditioners, and liming materials. The main expenditure categories include \$7.6 million for salaries; \$1.7 million for contractual FTEs; and \$0.6 million for gypsy moth suppression.
- ***Office of the Secretary (\$10.0 Million, 9%):*** Provides administrative support services, advises the Secretary on agricultural issues through the Maryland Agricultural Commission, and administers agricultural land preservation. The main expenditure categories include \$4.5 million for salaries, \$1.7 million for Department of Information Technology services allocation, and \$1.0 million for contractual arrangements related to agricultural easement purchases.

Proposed Budget Change

The MDA fiscal 2023 allowance increases by \$1.4 million, or 1.3%, relative to the fiscal 2022 working appropriation, as shown in **Exhibit 2**. Changes in personnel funding are discussed first and then other administrative changes.

**Exhibit 2
Proposed Budget
Department of Agriculture
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2021 Actual	\$37,231	\$24,288	\$12,194	\$23,640	\$97,352
Fiscal 2022 Working Appropriation	39,748	35,642	7,937	23,734	107,060
Fiscal 2023 Allowance	<u>39,996</u>	<u>37,238</u>	<u>7,813</u>	<u>23,365</u>	<u>108,412</u>
Fiscal 2022-2023 Amount Change	\$249	\$1,597	-\$124	-\$369	\$1,352
Fiscal 2022-2023 Percent Change	0.6%	4.5%	-1.6%	-1.6%	1.3%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Soil Conservation District positions hired above the salary base	\$122
Workers' compensation premium assessment	72
Employee and retiree health insurance	71
Other fringe benefit adjustments.....	1
Retirement contributions.....	-11
Regular earnings	-142
Abolished positions.....	-190
Turnover adjustments.....	-193
Other Changes	
<i>Contracts and Grants for Agricultural Policy</i>	
Rural Maryland Prosperity Investment Fund.....	2,952
Tree Solutions Now Act.....	2,449
<i>Contracts and Grants for Agricultural Policy</i>	
New MARBIDCO programs	1,000
Chesapeake Bay Regulatory and Accountability Grants funding for BMPs	350
Manure Transport Program funding from MDE and poultry companies.....	300
Spotted lantern fly spraying	250
Gypsy moth spraying accounting for the fiscal 2022 deficiency	100

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Where It Goes:	<u>Change</u>
Nutrient management plan writing	-201
Realignment of Chesapeake and Atlantic Coastal Bays 2010 Trust Fund allocation	-248
Dairy Margin Coverage Program.....	-650
One-time federal funding in Program Planning and Development.....	-1,050
One-time deficiency for black fly and midge spraying.....	-2,475
Next Generation Farmland Acquisition Program in Dedicated Purpose Account.....	-2,500
<i>Administrative Expenses</i>	
Contractual FTEs increase, including for spotted lanternfly treatment	867
Department of Information Technology services allocation.....	120
Other	105
Maryland Agricultural Land Preservation Foundation title/settlement expenses	100
Supplies and materials	84
Replacement equipment.....	75
Additional equipment.....	53
Travel.....	46
Fixed charges	35
Communications	5
Fuel and utilities.....	-9
Motor vehicles	-137
Total	\$1,352

BMP: Best Management Practice

FTE: full-time equivalent

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation

MDE: Maryland Department of the Environment

Note: Numbers may not sum to total due to rounding. The fiscal 2022 working appropriation includes deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Personnel

MDA’s overall personnel expenditures increase by \$269,610 in the fiscal 2023 allowance. The largest increase is \$122,292 for hiring Soil Conservation District positions above the salary base. MDA’s Office of Resource Conservation received 53 regular positions funded through the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to help meet agricultural technical assistance needs. The COVID-19 pandemic delayed the hiring process until fall 2020. Since then, MDA has held three recruitments to fill the positions and is working on a fourth recruitment to fill the remaining 6 positions.

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Increases are offset partially by three personnel decreases. The largest decrease is due to an increase in the budgeted turnover rate from 6.10% to 6.85% which reduces the amount available to fill positions by \$192,869. There is also a decrease of \$190,243 due to the abolishment of 3.0 regular positions that were vacant for more than a year. Regular earnings decrease by \$141,993 due to vacant positions being budgeted at the base level.

Other Changes

Overall, the nonpersonnel portion of the MDA fiscal 2023 allowance increases by \$1,621,850. The main changes may be categorized as contracts and grants for agricultural policy and administrative expenses.

Contracts and Grants for Agricultural Policy

There are a number of large changes under the category of contracts and grants for agricultural policy. The largest increases are as follows:

- ***Rural Maryland Prosperity Investment Fund:*** There is an increase of \$2,951,612 in general funds for Rural Maryland Prosperity Investment Fund grants in the Rural Maryland Council. This funding brings the total appropriation for grants to \$8,470,159 and allows the Rural Maryland Council to fund more of the funding requests that it receives. For fiscal 2021, the Rural Maryland Council received 179 applications requesting \$14,679,005. Of note, the Rural Maryland Council's outreach through its grants increased from 44,728 in fiscal 2020 to 1,683,640 in fiscal 2021. Similarly, the amount of its grant funding invested in capital items increased from \$6.5 million in fiscal 2020 to \$51.4 million in fiscal 2021.
- ***Tree Solutions Now Act:*** Chapter 645 of 2021 requires the Maryland Department of the Environment (MDE) to transfer a total of \$2,500,000 to MDA for tree plantings under the Conservation Reserve Enhancement Program and other tree-planting programs on agricultural land.
- ***New MARBIDCO Programs:*** Two new MARBIDCO grant programs each receive \$500,000 in general funds in fiscal 2023. These programs are the Wood Products Industry Equity Investment Fund and the Livestock Processing Equipment Grant Program.
- ***Wood Products Industry Equity Investment Fund:*** This continues a similarly titled program funded through the RELIEF Act of 2021 that supports Maryland's forest product industry by offering grants for primary and secondary wood processing equipment and specialty equipment used in the harvest and production of wood products. The program received 21 applications requesting over \$1.9 million in grant funds but was only able to provide \$784,690 for 20 projects with total project costs of \$5,089,767.

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- ***Livestock Processing Equipment Grant Program:*** This also continues a similarly titled program funded through the RELIEF Act that supports Maryland’s livestock processors by offering grants for the purchase of livestock and meat processing equipment or to upgrade facilities in order to increase productivity. The program received 24 applications requesting over \$1.2 million in grant funds but was only able to provide \$580,946 for 22 projects.

There are also a number of smaller increases. There is an increase of \$350,000 in federal funds in the Watershed Implementation Program due to additional Chesapeake Bay Regulatory and Accountability Grants funding for implementing agricultural sector BMP in the most effective basins on Maryland’s western shore within the Chesapeake Bay Watershed. Funding increases by \$300,000 for the Manure Transport Program in the Resource Conservation Grants due to the availability of \$200,000 from MDE as part of a five-year grant for manure transport from concentrated animal feeding operations and \$100,000 in special funds from poultry companies to transport poultry litter from high phosphorus areas. There is an increase of \$250,000 in federal funds in the Plant Protection and Weed Management program for the Spotted Lanternfly Program. Gypsy moth spraying funding increases by \$100,000 in the Forest Pest Management program, accounting for the fiscal 2022 deficiency, due to a gypsy moth outbreak.

These increases are offset partially by a number of decreases under contracts and grants for agricultural policy. The largest decrease is \$2,500,000 in general funds for the Next Generation Farmland Acquisition Program due to the funding being budgeted in the DPA in fiscal 2023. Another large decrease is the \$2,475,000 one-time fiscal 2022 deficiency funding for black fly and midge spraying. There is also a decrease of \$1,050,000 in federal funds in Program Planning and Development for one-time USDA’s Regional Conservation Partnership Program funding to demonstrate the benefits of soil health practices.

Other decreases include \$650,000 in general funds for the Dairy Margin Coverage Program in the Marketing and Agricultural Development program. The fiscal 2022 funding supported program payments in calendar 2022. There is also a reduction of \$248,000 for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund allocation to the Resource Conservation Grants program. Finally, there is a net decrease of \$200,580 in the Nutrient Management program.

Administrative Expenses

The largest change under the category of administrative expenses is the \$867,265 increase for contractual FTEs that supports an additional 16.08 contractual FTEs in the fiscal 2023 allowance. Contractual FTEs increase as follows:

- ***Plant Protection and Weed Management:*** increases by \$217,879 and 6.33 contractual FTEs for the Spotted Lanternfly Program using federal funds and reimbursable funds to increase surveys and to work with pesticide contractors treating high movement areas that may spread the spotted lanternfly;
- ***Animal Health:*** increases by \$242,843 and 3.8 contractual FTEs in the Animal Health program to operate the new Salisbury Animal Health Laboratory and provide outreach on laws governing antibiotic use;
- ***Marketing and Agriculture Development:*** increases by \$113,327 and 2.0 contractual FTEs in Marketing and Agriculture Development to support the Certified Local Farm Enterprise Program; and
- ***Other Programs:*** increases by \$293,216 and 3.95 contractual FTEs across MDA’s other programs.

There are a number of smaller increases in the other administrative expenses category. There is an increase of \$100,000 for title/settlement expenses as a result of the increasing number of easement transactions processed due to the one-year easement application cycle. Supplies and materials increase by \$84,417, primarily due to an increase of \$70,000 in federal funds in the Plant Protection and Weed Management program in order to purchase pesticides for the Spotted Lanternfly Program. Replacement equipment costs increase by \$75,384 primarily due to an increase of \$75,000 in special funds in the State Chemist to replace the Fluid Management System, Inc.’s Pressurized Liquid Extraction 6 system. Additional equipment costs increase by \$53,000.

The two decreases noted here are the \$137,481 for motor vehicles and the \$9,384 for fuel and utilities across the agency. Motor vehicles decreased largely due to the \$281,849 special fund one-time purchase of a 20-ton straight body truck replacement used for testing vehicle scales and other large-capacity scales in the Weights and Measures program, which was offset partially by an increase of \$80,805 in the Mosquito Control program to replace aging vehicles.

Personnel Data

	<u>FY 21</u> <u>Actual</u>	<u>FY 22</u> <u>Working</u>	<u>FY 23</u> <u>Allowance</u>	<u>FY 22-23</u> <u>Change</u>
Regular Positions	412.10	411.70	408.70	-3.00
Contractual FTEs	<u>58.80</u>	<u>70.52</u>	<u>86.60</u>	<u>16.08</u>
Total Personnel	470.90	482.22	495.30	13.08

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	27.96	6.85%
Positions and Percentage Vacant as of 12/31/21	63.50	15.42%
Vacancies Above Turnover	35.54	

- MDA regular positions decrease by 3.0 between the fiscal 2022 working appropriation and the fiscal 2023 allowance. The 3.0 positions are long-term vacancies and were abolished to bring projected fiscal 2023 actual turnover in-line with fiscal 2023 budgeted turnover. MDA notes that the reduction in positions will not impact MDA’s ability to perform operations.
- MDA had 63.5 regular positions that were vacant as of December 31, 2021, of which 21.5 positions had been vacant for more than a year. This is an increase from the 49.4 regular positions that were vacant as of December 31, 2020, but a reduction from the 26.9 regular positions that had been vacant for more than a year. MDA notes that it prioritized filling older vacancies prior to more recent vacancies. MDA notes that the 21.5 positions vacant for more than a year are in various stages as follows: 1.0 position was filled on January 12, 2022; 1.0 position is being offered to a candidate around the week of February 14; 1.5 positions are scheduled for interviews; 7.0 positions are being advertised or will be advertised once recruitment paperwork is processed; 8.0 positions are in various stages of pre-recruitment; and 3.0 positions were abolished in the fiscal 2023 allowance.
- MDA FTEs increase by a net of 16.08 in the fiscal 2023 allowance. The largest increase is 6.33 FTEs in Plant Protection and Weed Management, which primarily reflects FTEs for the Spotted Lanternfly Program.
- The MDA budgeted turnover rate increased from 6.10% in the fiscal 2022 working appropriation to 6.85% in the fiscal 2023 allowance. Therefore, MDA must hold open 27.96 positions throughout fiscal 2023. MDA had 63.50 positions vacant, or 15.42%, as of December 31, 2021, and while some of these positions have been or will be filled, there are sufficient vacancies for MDA to meet turnover.

Key Observations

1. No Funding Provided for a Study in Preparation for a Maryland Agriculture Climate Vulnerability Assessment

The climate around the world is changing at an accelerating rate. Collectively, changes in temperature, precipitation patterns, and sea-level rise will be substantial. Agriculture in the Mid-Atlantic region is particularly vulnerable to these changes. In Maryland, these changes may lead to the following impacts, among others: increases in pest, disease, and weed pressure; disruptions in planting and harvesting dates; decreases in quantity and quality of food produced; loss of arable land due to saltwater intrusion; and increased risk of premature bloom of fruit crops. A climate vulnerability assessment is one way to help Maryland’s agriculture industry to prepare for and adapt to these changes.

In preparation for a full climate vulnerability assessment, the budget committees requested that MDA, MDE, and the Harry R. Hughes Center for Agro-Ecology conduct a study advising the agriculture community on the following:

- the current state of knowledge, data, and expertise available concerning the impact of climate change on agriculture in Maryland;
- current and projected threats to Maryland agriculture from climate change;
- stakeholders impacted by climate change, including key individuals and entities;
- stakeholders that should participate in the development of a climate vulnerability assessment and what their respective roles should be; and
- the resources needed to conduct a climate vulnerability assessment of Maryland agriculture.

The submitted report notes a proposal for a full Maryland agriculture climate vulnerability assessment. The assessment would be conducted over two years in two parallel preparation processes followed by the actual assessment as follows.

- ***Research Synthesis:*** In the first parallel preparation process, the Harry R. Hughes Center for Agro-Ecology, relevant State agencies, and State land grant institutions would choose a Project Leadership Team. In addition, the Hughes Center would hire a coordinator. The Hughes Center, in collaboration with MDA and MDE and guided by the Project Leadership Team, would synthesize the latest scientific research and develop adaptation measures to alleviate the negative impacts of climate change on agriculture. This work would be done in collaboration with the Maryland Commission on Climate Change Adaptation and Resiliency Work Group. The coordinator, overseen by the Hughes Center and the Project Leadership Team, would work with the Maryland Commission on Climate Change to develop information on immediate

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adaptation recommendations that could be included in the Maryland Commission on Climate Change’s annual reports.

- **Research Gaps Identification:** In the second parallel preparation process, the Project Leadership Team would gather researchers to identify topics that should be addressed and any gaps in research. The coordinator would also share this information with the Maryland Commission on Climate Change.
- **Assessment:** Following the identification of appropriate research areas, the Project Leadership Team and the Hughes Center would issue an open request for proposals for the assessment to be conducted for review and approval by the Project Leadership Team.

The plan is to fund the assessment with \$500,000 as follows:

- coordinator (salary and benefits) – \$116,730;
- outreach, stakeholder meetings, and communications – \$30,000; and
- request for proposals solicitation – up to \$353,270.

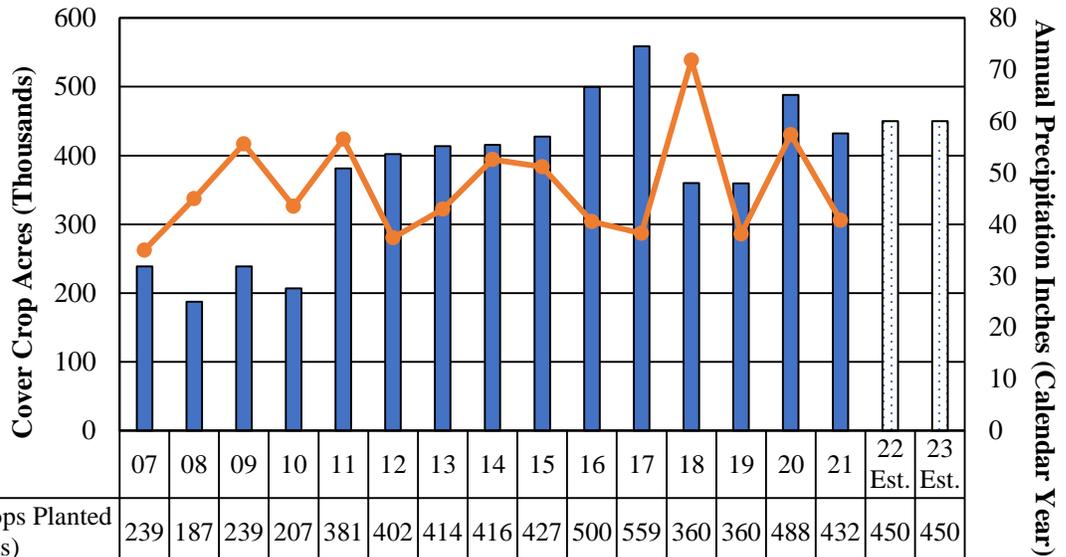
There does not appear to be any funding in the fiscal 2023 budget for the assessment. **The Department of Legislative Services (DLS) recommends that MDA comment on whether there is any funding in the fiscal 2023 State budget for the agriculture climate vulnerability assessment. If funds are not included, MDA should be prepared to discuss how the assessment will be completed without the funding.**

2. Cover Crop Outcome-based Program

MDA’s Cover Crop Program is one of the key agricultural BMPs in Maryland’s WIP for Chesapeake Bay restoration. In addition, it is being incorporated into MDA’s Healthy Soils Program due to the biomass that cover crop residue contributes toward healthy soils. To optimize the benefits from the Cover Crop Program, MDA is exploring an addition to the program that will be outcome-based in focus. However, any expansion will need to factor in the variability of the weather into its sustainability.

The Cover Crop Program has a goal of planting 470,000 acres of traditional cover crops as established in Maryland’s 2022-2023 WIP milestones. This goal was met most recently in fiscal 2020, as shown in **Exhibit 3**. One of the reasons why this goal was not met in fiscal 2019 is the above-normal precipitation in calendar 2018 that affected fiscal 2019 plantings. MDA notes that fall weather variability – especially heavy rainfall during the fall harvesting period – is the main determinant of whether the Cover Crop Program is successful in a particular year. Therefore, additional funding for the current annual Cover Crop Program may not necessarily translate to additional cover crop acres planted.

**Exhibit 3
Cover Crop Program Acres vs. Rain and Funding
Fiscal 2007-2023 Est.**



Acres of Cover Crops Planted (Thousands)	239	187	239	207	381	402	414	416	427	500	559	360	360	488	432	450	450
Annual Precipitation Inches (Calendar Year)	35	45	56	43	57	37	43	53	51	41	38	72	38	57	41		
Funding (\$ in Millions)	\$7	\$5	\$8	\$8	\$16	\$17	\$13	\$17	\$25	\$23	\$26	\$16	\$23	\$27	\$19	\$25	\$25

Note: The annual precipitation reflects the total precipitation for Baltimore, Maryland.

Source: Department of Budget and Management; National Weather Service

One potential way to address the impact of weather variability on annual Cover Crop Program success is to consider adding an outcome-based component to the program. This is being considered by MDA as part of the Cover Crop+ proposal discussed at recent Healthy Soils Program meetings. An additional five-year outcome-based Cover Crop Program component would help make State funding more effective by only paying farmers when performance objectives under the five-year agreement are met. It would also help the farmers with meeting Healthy Soils Program goals such as increased soil health, sustainability, and profitability on farms.

MDA notes that it would need to seek guidance on the implementation of a Cover Crop+ program from the Cover Crop Technical Advisory Committee and the Soil Health Advisory Committee. **DLS recommends that MDA comment on its plans for adopting a Cover Crop+ program, how the outcome-based approach would work given weather variability and agricultural market shifts, how aerial seeding of fields before they are harvested helps to resolve the challenge of fall weather variability delaying the planting of cover crops, and whether it sees the program transitioning fully to an outcome-based approach in the future.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

- ***Enforcement and Inspection Position Strength Assessment and Vacant Position Filling:*** Budget bill language in the fiscal 2022 operating budget restricted funding pending the submission of quarterly reports from MDE and MDA on compliance and enforcement inspections and positions. The language then further restricted the funding for filling vacant compliance and enforcement positions. The submitted reports note that the number of MDA inspectors decreased from 8 to 7, as it lost an inspector to MDE in May 2021, but this does not appear to have dramatically changed the number of inspections conducted. In addition, MDA has returned to nutrient management plan consultant reviews due to MDA reviewing nutrient management plans that are not using the most up-to-date planning software or otherwise lack the most recent recommendations. Certified nutrient management plan consultants are held accountable for nutrient management plans that are inadequate, and not the farmer. The 0.5 reviewer, which splits its time with the Turfgrass Nutrient Management Program, has conducted an average of 7 reviews per month between December 2020 and November 2021.
- ***Maryland’s Agricultural Strategic Plan Implementation:*** Committee narrative in the 2020 *Joint Chairman’s Report (JCR)* requested a report on the status of stakeholder discussions about Maryland’s agricultural strategic plan implementation, including any information about action items, responsible parties, and implementation status. The submitted report noted that stakeholders met in January 2020 to identify goals and areas of potential collaboration; met again in September 2020 to discuss progress and the impact of the COVID-19 pandemic on the agricultural industry; and planned to meet again in December 2020. Progress was noted on the following topics: rural broadband; urban agriculture; increased staffing and funding resources for agriculture in general; and specific funding relief for the pandemic. As of February 2022, MDA noted that it continues to work with industry partners to implement the strategic plan and that it plans to convene the industry partners after the 2022 legislative session to continue the discussion about implementing the strategic plan.

Appendix 1
2021 Joint Chairmen’s Report Responses from Agency

The 2021 JCR requested that MDA prepare three reports. Electronic copies of the full JCR responses can be found on DLS Library website.

- ***Study in Preparation for a Maryland Agriculture Climate Vulnerability Assessment:*** Committee narrative in the 2021 JCR requested that, in preparation for a full climate vulnerability assessment, MDA, MDE, and the Harry R. Hughes Center for Agro-Ecology conduct a study advising the agriculture community on the following: the current state of knowledge, data, and expertise available concerning the impact of climate change on agriculture in Maryland; current and projected threats to Maryland agriculture from climate change; stakeholders impacted by climate change, including key individuals and entities; stakeholders that should participate in the development of a climate vulnerability assessment and what their respective roles should be; and the resources needed to conduct a climate vulnerability assessment of Maryland agriculture. Further discussion of this data can be found in Issue 1 of this analysis.
- ***Historical and Projected Chesapeake Bay Restoration:*** Section 21 of the fiscal 2022 Budget Bill requested the submission of a report on historical and projected Chesapeake Bay restoration spending and associated impacts and the overall framework to meet the calendar 2025 requirement of having all BMPs in place to meet water quality standards for restoring the Chesapeake Bay. Further discussion of this data can be found in the Chesapeake Bay Overview – CHESBAY analysis.
- ***Enforcement and Inspection Position Strength Assessment and Vacant Position Filling:*** Budget bill language in the fiscal 2022 operating budget restricted funding pending the submission of quarterly reports from MDE and MDA on compliance and enforcement inspections and positions. Further discussion of this data can be found in Update 2 of this analysis.

**Appendix 2
Object/Fund Difference Report
Department of Agriculture**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	412.10	411.70	408.70	-3.00	-0.7%
02 Contractual	58.80	70.52	86.60	16.08	22.8%
Total Positions	470.90	482.22	495.30	13.08	2.7%
Objects					
01 Salaries and Wages	\$ 31,003,342	\$ 35,691,892	\$ 35,422,282	-\$ 269,610	-0.8%
02 Technical and Special Fees	2,112,076	2,300,853	3,168,118	867,265	37.7%
03 Communication	274,275	330,417	335,400	4,983	1.5%
04 Travel	179,212	471,068	516,976	45,908	9.7%
06 Fuel and Utilities	654,896	752,358	742,974	-9,384	-1.2%
07 Motor Vehicles	1,958,111	1,778,044	1,640,563	-137,481	-7.7%
08 Contractual Services	8,945,755	9,246,867	10,038,564	791,697	8.6%
09 Supplies and Materials	1,154,574	1,499,237	1,583,654	84,417	5.6%
10 Equipment – Replacement	828,160	349,271	424,655	75,384	21.6%
11 Equipment – Additional	107,765	72,500	125,500	53,000	73.1%
12 Grants, Subsidies, and Contributions	48,065,003	50,120,130	52,814,078	2,693,948	5.4%
13 Fixed Charges	1,789,727	1,223,884	1,259,109	35,225	2.9%
14 Land and Structures	279,445	240,000	340,000	100,000	41.7%
Total Objects	\$ 97,352,341	\$ 104,076,521	\$ 108,411,873	\$ 4,335,352	4.2%
Funds					
01 General Fund	\$ 37,230,509	\$ 38,331,944	\$ 39,996,082	\$ 1,664,138	4.3%
03 Special Fund	24,287,760	34,294,309	37,238,322	2,944,013	8.6%
05 Federal Fund	12,193,741	7,716,674	7,812,788	96,114	1.2%
09 Reimbursable Fund	23,640,331	23,733,594	23,364,681	-368,913	-1.6%
Total Funds	\$ 97,352,341	\$ 104,076,521	\$ 108,411,873	\$ 4,335,352	4.2%

Note: The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.