



Dave Heineman
Governor

State of Nebraska

DEPARTMENT OF AGRICULTURE
GREGORY A. IBACH
Director

January 15, 2010

Senator Lavon Heidemann, Chairman
Legislative Appropriations Committee
State Capitol
INTEROFFICE, 00 68909

Dear Senator Heidemann:

In compliance with the legislative language of Legislative Bill 1, attached please find Agency 18, Department of Agriculture's report of actions and plans to implement budget actions pursuant to Legislative Bill 1, Legislative Bill 2, and Legislative Bill 3, One Hundred First Legislature, First Special Session, 2009.

If you should have any questions, please feel free to contact me.

Sincerely,

DEPARTMENT OF AGRICULTURE

Greg Ibach
Director

Attachment

copies: Senator Harms
Senator Fulton
Senator Hansen
Senator Mello
Senator Conrad
Senator Nelson
Senator Nordquist
Senator Wightman
Jeanne Glenn, Legislative Fiscal Analyst
Dave Spatz, Governor's Budget Analyst
HeidemannApp_010410.doc

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Agency 18
 Nebraska Department of Agriculture
 101st Legislature, 2009 Special Session
 Report pursuant to LB 1, LB 2, and LB 3

The following is a summary of the impact of legislative action taken as part of the Special Session:

	Program	Reappropriation Reduction	2.5% ATB FY09-10	5% ATB FY10-11
General Funds Operations	078	\$ 183,273	\$ 161,054	\$ 329,131
General Fund Aid *	078		(60,000)	(120,000)
Cash Fund	078	972,686	60,027	137,995
Cash Fund Aid	333		47,979	95,958
Revolving Fund	078	18,646	12,987	27,683
Total		\$ 1,174,605	\$ 222,047	\$ 470,767

*The earmark as aid has been removed from this General Fund appropriation and the funding has shifted to General Fund Operations resulting in net general fund operations reduction of \$101,054 for FY09-10 and \$209,131 for FY10-11.

LB 1 required one-time cash transfers, and transfers of cash funds equal to the cash appropriation adjustment to base (ATB).

The specific cash fund transfers are:

	One-Time Transfer to General Fund	FY09-10 Transfer to General Fund	FY10-11 Transfer to General Fund
20870 – Weights and Measures Administrative Cash Fund		\$ 20,027	\$ 19,997
20890 – Pure Food Cash Fund			29,998
21780 – Seed Administrative Cash Fund		20,001	20,001
20810 – Commercial Feed Administrative Cash Fund	\$ 650,000		
21950 – Buffer Strip Incentive Cash Fund	150,000		48,002
20780 – Weed Book Cash Fund		19,999	19,997
Total	\$ 800,000	\$ 60,027	\$ 137,995

Reappropriation Reduction Strategies

The FY 2008-09 reappropriation dollars were utilized to cover all prior year obligations, which included 1.7 biweekly payrolls and all prior year's invoices processed through September 2009 that were coded as prior year obligations in the NIS accounting system. The General Fund reappropriation amount that remained as of June 30 for the riparian project was 100 percent allocated for riparian activities during the current biennium. The base appropriation allotted to each budget program only partially paid for salary increases in FY 2009-10 and other operational budget line items were not 100 percent funded. Additional reappropriation general fund and cash fund appropriations were allocated to provide for a continuation budget in each program and to avoid staff reductions in FY 09-10.

After distribution of reappropriated funds, the following unobligated amounts were left in Program 078.

	Unobligated	LB 1 Reduction	Adjustments	Balance
General Fund	\$ 366,546	\$ (183,273)	\$ (54,354)	\$ 128,919
Cash Funds	1,945,372	(972,686)	(263,590)	709,096
Federal Funds	970,944	0	(970,944)	0
Revolving	37,293	(18,646)		18,647
Total	\$3,320,155	\$(1,174,605)	\$ (1,288,888)	\$856,662

The plan is to utilize the balance (unobligated reappropriation dollars) to offset the 2.5% ATB in FY 09-10 and avoid any employee layoffs during the current fiscal year. All division administrators have been informed of the budget adjustments made. All divisions have been informed to seek efficiencies in their respective programs.

Appropriation Reduction Strategies

LB 1's 2.5% ATB will be managed utilizing reappropriation dollars. No layoffs are planned for FY 09-10. All vacancies that may occur will be reviewed, reorganization of existing staff will take place and decisions will be made to best prepare our agency for future years. Operating and travel expenditures will be scrutinized to find efficiencies that can be reflected as budget reductions for FY 10-11.

In our 5% ATB budgetary plan for the second half of the current biennium (FY 10-11), it will be necessary for the Department to eliminate positions through vacancies, employee layoffs, or both. This reduction of 7.0 FTE's and operating and travel cost will generate a savings of approximately \$400,000 (\$360,000 savings in salary/benefits and \$40,000 savings in travel and operating cost). Cash fund aid appropriation is being reduced by \$95,958. In total this accounts for the 5% ATB (\$493,708) for FY 10-11. The additional savings of approximately \$25,000 will be used to compensate vacation, sick leave, and unemployment to which individuals may be entitled. Savings realized during FY 09-10 will be allocated to the programs in FY 10-11 to offset the 5% ATB.

Flexibility allowed through Program 078 will be utilized to prioritize agency activities and shift funding accordingly.

The reduction in aid spending authority will not have an impact on the Department.

The program reductions identified will not impact federal dollars the Department receives.

The Department will not be seeking any legislation as a result of the legislative special session.