



Department of  
Agriculture

John R. Kasich | Governor

David T. Daniels | Director

**House Finance Subcommittee**  
**Ohio Department of Agriculture Director David T. Daniels**  
**March 8, 2017**

Chairman Thompson, Ranking Member Kelly and members of the committee, thank you for allowing me the opportunity to provide testimony before you today. Your support and work to create a business-friendly climate in Ohio has allowed our state's food and agriculture industry to maintain its spot as Ohio's top industry, accounting for one in every seven jobs and more than \$105 billion in investment.

I'm excited to share with you today the priorities for the Department of Agriculture (ODA) for the next two years as outlined in Ohio's Next Generation Budget. ODA's total budget is \$170 million for the biennium, (\$85 million for each FY18 and FY19) an increase of \$15 million (\$7.5 million each fiscal year) since the previous biennium, none of which is new GRF funding. The increase can be attributed to new programs, federal allocations and increased rotary spending.

Before I get into specifics of our budget proposal, I'm proud to share some of our agency's successes. The transfer of the Division of Soil and Water Conservation to ODA from ODNR is now complete and I believe it has been a resounding success. ODA now has a connection to all farmers in Ohio, no matter the size of their operation and that's important as we all work together to keep nutrients on our fields and improve water quality. I'm also happy to share an update on our fertilizer certification program. This first-in-the-nation program, passed by the legislature in 2014, has certified more than 13,000 Ohio farmers. Surveys taken after the workshops show that more than 90 percent of attendees said they learned valuable information. Simply put, the law you passed is working to educate Ohio farmers about water quality in a useful way.

I'd like to share another success story: the efforts of the Departments of Ag, Health and EPA to save money and time through our laboratories. As you may know, all three agencies have nationally-recognized labs located on our Reynoldsburg campus. A year ago, the three agencies came together to determine how we could better share equipment and staff to save costs. I'm pleased to report that these efforts have generated at least a half million dollars in savings and more than 100 hours of staff time. Here's one example: ODA's lab has a specific piece of equipment that can be used to test drinking water to a certain standard. EPA will now use this equipment, eliminating the need for the agency to purchase its own, saving \$200,000. We believe this is just the beginning of how our top-notch scientists can work together to improve customer service at lower costs.

Now, to our budget. As you know, Governor Kasich has made embracing technology a priority for this administration and ODA is eager to put this priority into place. The operating budget contains increased appropriations in order for our agency to implement a wide-ranging and



aggressive plan to update and upgrade the department's information technology (IT) capabilities, including hardware and software.

In December, ODA received a report from an outside IT specialist that thoroughly reviewed the department's current capabilities and developed recommendations to carry out our goals. The report provided us with a realistic roadmap and the budget provides the funding to take us down that road. Our goals are simple:

- To maximize productivity and responsiveness of our employees through mobile inspection and application forms
- To improve customer experiences through a better website and electronic forms
- To promote workflow efficiencies through more automated processes

Our agency strives to create a business-friendly environment and these upgrades will help us do that. The budget utilizes increased spending authority of funds we already have collected, not GRF dollars, to implement these upgrades and we're confident these one-time investments will ultimately lower operational costs while delivering better services to both the businesses we regulate and the general public.

The additional funding increase between operating budgets can be attributed to the completed move of the Division of Soil and Water Conservation to ODA and increased funding for both the Divisions of Food Safety and Meat Inspection. These divisions carry out important regulatory functions that impact all of Ohio agriculture, from small farmers to large food processors. Additionally, the passage of SB 331 included appropriations for the Division of Animal Health to enforce the regulatory provisions of the bill.

Several other important items are addressed in the budget as well. The operating budget includes a renewal of the allocation of 2 cents per gallon tax on wine sold in the state to the Ohio Grape Industries Committee (OGIC). This money, in addition to a permanent 3 cents per gallon tax, funds the research and marketing work of the OGIC, an office that provides valuable research and marketing support to the state's 254 licensed wineries, an increase of 45 since the last budget submission. This growing industry provides more than 5,200 full-time jobs and has an annual economic impact of nearly a billion dollars to the state. OGIC uses the tax revenue to research grape varieties that thrive best in the state's varied climates and help local wineries market to a growing consumer audience.

ODA is also seeking civil penalty authority in both our Divisions of Food Safety and Animal Health. In both cases, ODA is seeking this authority as a tool to ensure compliance with Ohio law. Our current regulatory options are, in our view, too severe and this authority would provide a more reasonable tool for the department to seek compliance. For example, Food Safety currently only has two options to force a company to register: order a company to destroy all manufactured product, or seek a legal injunction. Both are extreme actions that do



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not help the department achieve our basic goal of bringing a company into the regulated community. We believe this penalty authority is a reasonable step in the right direction.

While the operating budget provides the funding and tools necessary to carry out our regulatory responsibilities, the backbone of our agency are the 472 full, part-time and contract professionals who carry out the priorities and mission of the department. Scientists in our accredited and well-renowned laboratories monitor and test for harmful pathogens and plant and animal diseases. Our food safety, dairy and meat inspectors assure a safe, wholesome milk and food supply. And note, these regulatory functions are necessary for the inspected community to place their product into the marketplace. Simply put, without our important work, these industries would grind to a halt. Plant health experts work to rid Ohio of pests and diseases that could destroy our crops, plants and trees. Our animal health veterinarians monitor animal disease and care. Our employees also ensure equity and fair pricing in the marketplace, educate and enforce regulations that keep our lakes clean and healthy, help keep families safe when enjoying their favorite amusement park or fair rides, preserve farmland acreage so it can feed generations to come and promote agricultural products that are grown or made right here in Ohio.

Thank you for your time and I'm able to answer any questions you might have.