



John R. Kasich | Governor

David T. Daniels | Director

Senate General Government and Agency Review Subcommittee
Ohio Department of Agriculture Director David T. Daniels
May 18, 2017

Chairman Jordan, Ranking Member O'Brien and members of the committee, thank you for allowing me to testify before you today. I'm proud to report that, with your support, the food and agriculture industry continues to serve as the top economic driver of our state, accounting for one in every seven jobs and more than \$105 billion in investment. From farmers who plant seed in the ground to manufacturers who turn raw product into foods that we eat every day, agriculture and food production is Ohio's number one industry. At the Ohio Department of Agriculture, we work to help support this industry, promote healthy plants and animals and protect Ohio consumers.

Frankly, I don't envy the difficult work in front of you – trying to craft an operating budget in this current economic climate. We thank the house for their work and today, I'd like to share our thoughts on the current budget proposal.

ODA has traditionally operated as a lean agency, accounting for just seven cents of every \$100 in General Revenue Fund spending. In a percentage, ODA accounts for point zero seven percent of total GRF. We have a history of being efficient stewards of taxpayer dollars and we're working diligently to continue this legacy. We constantly monitor staffing to ensure we have an appropriate amount of people performing the important work of our agency. We work to leverage available federal funding whenever possible. We are working to utilize technology to streamline processes and procedures, in order to save costs and ultimately provide a better service to our customers.

A great example of our cost savings are the recent collaborative efforts of the Departments of Ag, Health and EPA. As you may know, all three agencies have nationally-recognized labs located on our Reynoldsburg campus. A year ago, the three directors asked staff to determine how we could better share equipment and staff to save costs. I'm pleased to report that these efforts have generated savings of at least a half million dollars and more than 100 hours of staff time. 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 the budget proposal under consideration today. ODA's proposed budget is greater from the last biennium. This additional increase can be attributed to; the completed move of the Division of Soil and Water Conservation to ODA; extra appropriations for the Division of Animal Health to enforce SB 331; and proposed spending of non-GRF dollars to upgrade the Department's infrastructure technology - both software and hardware capabilities. ODA knows how to operate efficiently, perform our regulatory duties and allow Ohio companies to grow. However, certain funding and spending levels (of both GRF and non-GRF

dollars) currently set in the budget proposal would impact department operations and result in the inability of existing businesses **to maintain or expand** their operations due to a lack of services.

The department has dollars in non-GRF funds that we plan to use to keep current staffing levels, operate laboratory services and maintain services to the regulated community. Additionally, we plan to use these non-GRF funds to update our existing IT infrastructure, which will ultimately help Ohio businesses sell or export their agricultural products to consumers, faster. Additional cuts to non-GRF made by the House of Representatives will not allow us to perform the necessary upgrades that will benefit Ohio businesses and consumers.

The proposed GRF levels reduce our ability to provide mandated regulatory services - the biggest concerns of which are in the Cooperative Meat Inspection program and the Division of Animal Health. The \$522,779 reduction in Meat Inspection GRF results in a budget shortfall of \$950,000 as the lack of state funds means we are not able to secure matching federal dollars. Accordingly, meat processing facilities throughout the state may be forced to close days on which inspections can't be offered – a requirement of federal law.

GRF reductions in Animal Health would leave a deficit of \$300,000. The division performs crucial work for Ohio's agricultural industry – inspecting, surveying and testing for incidents of animal disease such as Highly Pathogenic Avian Influenza. These services are critical to preventing wide spread outbreaks which are costly to contain, clean up and could ultimately cost Ohioans to lose their jobs. For example, an outbreak of Avian Influenza in Iowa in 2015 cost the state more than 8,000 jobs and \$1.2 billion in economic output.

Other important items are addressed in the budget as well. We thank the house for including several important items, and implore you to keep them. They include:

- A **renewal** of the allocation of two cents per gallon tax on wine sold in the state to the Ohio Grape Industries Committee (OGIC). These dollars, in addition to a permanent three cents per gallon tax, fund 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.
- 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.

Multiple amendments offered to the house version have the potential to create confusion and regulatory hurdles for our customers. For example:



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- An amendment removes the statutory license fee for inflatable amusement rides and instead requires ODA to establish an annual fee, with allowances for prorated fees, in rule. This creates a different process solely for inflatable amusement rides. The prorated fee requirement could create a difficult enforcement situation, where both operators and ODA staff are unable to fulfill regulatory requirements in a timely manner, preventing business from opening on time.
- Another item requires county auditors to affix stickers on fuel pumps that convey state and federal excise tax rates for gasoline and diesel fuel. ODA would be required to design, produce and distribute the stickers initially and each time the tax rates change. This provision does not include funding for ODA's proposed responsibilities, nor does it provide funding for the county auditors and city sealers tasked with affixing stickers on Ohio's estimated 100,000 pumps. Potential costs could reach into the hundreds of thousands of dollars for something that consumers haven't asked us to do.
- The house proposal would subject aquatic amusement rides built or renovated after the bill takes effect, to approval by the Department of Health. The language is convoluted and would have two identical structures inspected, licensed and enforced differently by two state agencies depending on their location. If clarifications need to be made to the regulation of these structures, they should be done in rule and both Ag and Health are willing to discuss options in this area.

As I stated before, all of us at ODA know fiscal responsibility is crucial and we are working to do our part. 472 full, part-time and contract professionals who carry out the priorities and mission of the department work each and every day to provide a service for Ohio's farmers, agribusinesses and consumers. We'll continue to provide these services that support our state's largest industry; safeguard our food supply, plants and animals; ensure fairness in the marketplace; improve water quality for today and future generations; and help to keep families safe when enjoying their favorite amusement park or fair rides.

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