

2016-18 Executive Progress Report

**Commonwealth of Virginia
Secretary of Agriculture and Forestry**

Department of Agriculture and Consumer Services

At A Glance

We promote the economic growth and development of Virginia agriculture, provide consumer protection, and encourage environmental stewardship.

Staffing 440 Salaried Employees, 10 Contracted Employees, 537 Authorized, and 89 Wage Employees.

Financials Budget FY 2017, \$69.79 million, 52.30% from the General Fund.

Trends Legend ↑ Increase, ↓ Decrease, → Steady

Key Perf Areas → Animal disease free status
→ Compliance with food laws
↑ Value of ag products exported

Productivity Legend ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

The Department of Agriculture and Consumer Services (VDACS) was established in 1877, and is responsible for approximately 60 state laws and more than 70 regulations related to promotion of Virginia agriculture, consumer protection, and environmental stewardship.

VDACS provides support to the state's varied agricultural communities by enabling producers and processors to find the best markets, both domestic and international, for their products. The department promotes economic development of Virginia's agricultural sector by assisting firms in retaining jobs, expanding their base, and recruiting new agribusinesses to the state. VDACS also works to preserve Virginia's working farmland.

VDACS administers regulatory programs that promote the control, prevention, and eradication of livestock and poultry diseases, and the department promotes the proper care of livestock, poultry, and companion animals and the responsible conduct of animal control activities by local governments. Through the network of five regional laboratories, VDACS provides testing services for livestock and poultry industries, veterinary practitioners, and governments. The department also administers regulatory programs to ensure that safe, wholesome, and truthfully labeled food products are for sale.

VDACS seeks to maintain the integrity of transactions between buyers and sellers, regulate charitable gaming organizations, and prevent unfair competition among regulated entities. The department also protects the environment from misuse of pesticides, plant insect pests, and plant diseases and preserves threatened and endangered plant and industry species.

Title 3.2, Code of Virginia, establishes powers for the Commissioner, Board of Agriculture and Consumer Services, and programs within the department and other entities to promote agricultural interests and provide consumer protection.

Major Products and Services

VDACS products and services fall within six categories:

Promoting Virginia Agriculture – Agricultural marketing and promotion (domestic and international), agricultural business development and growth, farmland preservation and fostering the next generation of farmers, and assisting commodity boards.

Assuring food safety and quality – Inspection of meat, poultry, food and dairy operations to protect public health and ensure consumer confidence.

Assuring animal health and care – Protecting the economic viability of livestock and poultry industries, disease control and surveillance, animal health diagnostic laboratories, evaluation of shelters, training of animal care organizations, animal medication and remedies regulation, and commercial animal feed regulation.

Assuring crop and plant health and productivity – Inspection and prevention of the spread of plant pests and diseases in nursery stock and crops, fertilizer and soil products regulation, seed and plant propagation inspection and regulation, and apiary inspection and regulation.

Protecting public health and Virginia's environment – Pesticide use and storage, endangered plant and insect protection, agricultural stewardship and food safety.

Ensuring fair trade practices in commerce – motor fuels labeling and preventing adulteration, weights and measures regulation, commodity grading and standards, regulation of certain consumer transactions, charitable solicitations and charitable gaming regulation, and milk marketing regulation.

Customers

Customer Summary

The agriculture and agribusiness industries are changing rapidly. These Virginia industries must operate and compete in a global economy. Competition and costs are driving many in the industries out of business. Still others are finding opportunities and niches for new products and new markets.

There is a decreasing public awareness of how agriculture works. This is compounded by the population shift from rural to urban. However, there is an increasing public interest in food safety, food and agriculture issues, and appreciation of farming, as demonstrated by the popularity of farmers' markets and the "buy local" movement.

The competition for working agricultural land continues to put pressure on new and beginning farmers trying to enter into farming and on existing producers looking to expand their farming operations. Ensuring that the next generation of farmers has access to working land and to farm operations is important to the continued viability of the agricultural industry in Virginia.

In 2016, exports of Virginia agricultural products totalled \$2.7 billion. Exports from Virginia and across the country were impacted by depressed commodity prices, increased shipping costs, and various geo-political challenges. In domestic marketing, there is an exciting diversity in the agriculture base and client groups for product promotion and business development services.

There has been growth in the number and diversity of businesses that are regulated by the department. There are more food establishments, businesses using weights and measures devices, and charitable organizations. The growing diversity of Virginia's population presents challenges, such as language and cultural norms, for regulatory programs.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Employer/ Business Owner	Food manufacturers	2,561	2,561	Increase
Employer/ Business Owner	Food warehouses	721	721	Stable
Employer/ Business Owner	Frozen dessert plants	16	17	Stable
Employer/ Business Owner	Grade A milk tank truck wash station	2	3	Stable
Employer/ Business Owner	Retail frozen dessert shops	340	360	Stable
Employer/ Business Owner	Travel clubs	3	10	Stable
Employer/ Business Owner	Weights and measures service agencies	425	500	Stable
Employer/ Business Owner	Weights and measures service technicians	1,600	2,000	Stable
Environmental Pollution and Control	Pesticide business licensees	2,000	2,500	Increase
Farm/Forest Owner	Farm and farm related employment	357,000	357,000	Stable
Farm/Forest Owner	Livestock producers - Cattle	26,000	27,000	Stable
Farm/Forest Owner	Livestock producers - Equine	41,000	45,000	Stable
Farm/Forest Owner	Livestock producers - Goats	3,934	4,000	Stable
Farm/Forest Owner	Livestock producers - Poultry	5,283	6,000	Stable
Farm/Forest Owner	Livestock producers - Sheep	2,100	2,300	Increase
Farm/Forest Owner	Livestock producers - Swine	1,000	1,200	Increase
Farm/Forest Owner	Virginia's farmers	44,500	44,500	Stable
Federal Agency	Federal agencies	3	3	Stable
Employer/ Business Owner	Health spas	533	600	Stable
Employer/ Business Owner	Livestock Dealers	451	451	Increase
Employer/ Business Owner	Livestock markets	39	45	Increase
Employer/ Business Owner	Manufacturers needing calibrated standards	200	600	Stable
Employer/ Business Owner	Meat Processing/Slaughter Facilities in Virginia	183	200	Stable
Employer/ Business Owner	Membership campgrounds	6	10	Stable
Employer/ Business Owner	Milk pickup haulers permitted to weigh and sample milk	283	300	Stable
Employer/ Business Owner	Milk tank truck operators	124	124	Stable
Employer/ Business Owner	Plants processing manufactured grade milk	28	30	Stable
Governor	Governor's Office	1	1	Stable
Health Professions	Veterinary practices	1,109	1,109	Increase
Health Professions	Veterinary practitioners	162	162	Increase
Local or Regional Government Authorities	Local animal control agencies	216	216	Stable

Local or Regional Government Authorities	Local governments, economic development entities, other state agencies	100	1,000	Increase
Local or Regional Government Authorities	Public and private shelter entities	156	156	Increase
Non-Profit Agency (Boards/Foundations),	Charitable organizations	17,148	25,000	Increase
Non-Profit Agency (Boards/Foundations),	Commodity Boards	15	15	Stable
Non-Profit Agency (Boards/Foundations),	Permitted organizations - charitable gaming	414	414	Decrease
Non-Profit Agency (Boards/Foundations),	Public school districts	132	132	Stable
Non-Profit Agency (Boards/Foundations),	Regional food banks	6	6	Stable
Non-Profit Agency (Boards/Foundations),	State or private schools	50	97	Decrease
Non-Profit Agency (Boards/Foundations),	Summer camps and summer feeding programs	132	132	Stable
Organization	Agribusiness companies	100	125	Stable
Wholesale/Retail Trade	Businesses using weighing devices and scanners	10,000	25,000	Increase
Agriculture and Food	Agricultural producers	47,604	47,604	Stable
Agriculture and Food	Beekeepers	100	800	Increase
Agriculture and Food	Cotton growers	358	550	Decrease
Agriculture and Food	Dairy farms	584	584	Decrease
Agriculture and Food	Export shipping agents	10	10	Stable
Agriculture and Food	Fruit and vegetable growers	500	500	Stable
Agriculture and Food	Fruit packers	100	100	Stable
Agriculture and Food	Grain dealers	107	107	Stable
Agriculture and Food	Grain handlers	125	125	Stable
Agriculture and Food	Livestock auction markets	27	27	Stable
Agriculture and Food	Nursery dealers (retailers) and nursery growers (wholesalers)	600	2,600	Increase
Agriculture and Food	Peanut buying stations	30	30	Stable
Agriculture and Food	Peanut mills (houses)	4	4	Stable
Agriculture and Food	Potato and vegetable packinghouses	17	17	Stable
Agriculture and Food	Poultry plants	6	8	Stable
Agriculture and Food	Processed food companies	2,561	2,561	Increase
Agriculture and Food	Produce warehouses	39	39	Stable
Agriculture and Food	Retail farmers markets	215	227	Increase
Agriculture and Food	Farm wineries and cideries	197	300	Increase
Agriculture and Food	Virginia farmers	47,383	47,383	Increase
Agriculture and Food	Virginia grain producers	3,000	3,000	Stable
Business and Finance	Extended service contracts	170	250	Stable
Consumer	Citizens of Virginia	8,360,000	8,360,000	Increase
Employee	Certified pesticide applicators	20,000	25,000	Stable
Employer/ Business Owner	Agricultural brokers	43	43	Stable
Employer/ Business Owner	Contract milk haulers	21	21	Stable
Agriculture and Food	Livestock producers, dealers, markets	80,109	81,867	Stable
Wholesale/Retail Trade	Petroleum dealers using measuring devices	4,852	4,852	Increase
Wholesale/Retail Trade	Retail food stores, markets, and shops	9,399	9,500	Increase
Non-Profit Agency (Boards/Foundations),	Permitted charitable gaming organizations	555	605	Stable

Finance and Performance Management

Finance

Financial Summary

VDACS' diverse programs are supported by a variety of funding sources including general fund support, user fees, commodity grading fees, commodity board self-assessments, and federal grants. Over the past few years, reductions in general fund support have increased the department's reliance on fees and federal grants to operate programs and respond to new demands. In addition, there are several items in the department's general fund appropriation that are mandated pass-through funding to other entities for specific uses.

Fund Sources

Fund Code	Fund Name	FY 2017	FY 2018
0100	General Fund	\$36,498,563	\$35,109,950
0200	Special	\$5,238,582	\$5,491,877
0217	Va Winegrowers' Productivity Fund	\$15,000	\$15,000
0226	Waste Kitchen Grease Fund	\$23,400	\$23,400
0280	Appropriated Indirect Cost Recoveries	\$500,000	\$500,000
0716	Virginia Farm Loan Revolving Account	\$158,734	\$158,734
0729	Certification Of Agricultural Products Trust Fund	\$6,704,556	\$6,704,556
0900	Dedicated Special Revenue	\$5,130,326	\$5,130,326
0901	Virginia Pesticide Control Act Fund	\$2,925,278	\$2,925,278
0909	Virginia Agricultural Vitality Program Fund	\$60,000	\$60,000
0927	Agricultural Dealers Fund	\$5,000	\$5,000
0928	Virginia Seed Law Fund	\$122,951	\$122,951
0940	Feed, Lime, Fertilizer & Animal Remedies Fund	\$1,375,822	\$1,375,822
1000	Federal Trust	\$11,034,906	\$12,059,306

Revenue Summary

The agency collects revenue from a wide variety of sources. Not only is the agency responsible for a wide variety of programs, many programs are supported by complex fee structures. The Code of Virginia restricts the use of special fund and dedicated special fund revenue to support of the program activities in which the revenue was generated. Properly processing and accounting for revenue is an important responsibility of the department's Finance Office.

Performance

Performance Highlights

The department is achieving its mission within the parameters of the resources that are available. The department has been able to achieve this service level by streamlining the organization, reducing levels of supervision, utilizing technology, partnering with industry and consumer groups, pursuing and obtaining federal grant resources, and the outstanding productivity of a highly skilled, dedicated, and experienced workforce.

The department has increased the promotion of Virginia's agriculture internationally, and a presence is established through market representation contracts in Canada, India, China, Latin America, United Arab Emirates, Southeast Asia, and the European Union. This facilitates interactions between Virginia's producers and international buyers for commodities, specialty foods and wine, and wood products.

The Governor's Agriculture and Forestry Industries Development Fund attracts economic development projects involving agriculture and forestry operations to locate or expand in Virginia. The fund is an important tool in growing the Commonwealth's agriculture and forestry sector and helping to make Virginia a leading exporter of agricultural and forest products.

Significant performance indicators are listed below.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
M301SA12002	Number of new and expanding agriculture and forestry processing/value-added facilities using Virginia-grown products incentivized by the Governor's Agriculture and Forestry Industries Development Fund.	New and expanding ag businesses using AFID	Improving
30153101.003.001	Percentage of USDA-designated Tuberculosis, Brucellosis, and Pseudorabies disease programs in which Virginia maintained disease-free status to protect and enhance the economic viability of Virginia's animal agriculture industries.	Animal disease free status	Maintaining
30155401.001.002	Rate of voluntary compliance with Virginia's food laws and regulations for food establishments inspected by the Food Safety and Security Program	Compliance with food laws	Maintaining
M301SA12018	Unit cost of performing a food inspectional activity	Cost of a food inspection	Maintaining
301.0001	Dollar value of agricultural products exported from Virginia	Value of ag products exported	Improving
301.0006	Number of working farm or forest land easements preserved by local purchase of development rights programs.	Farm easements through local programs	Maintaining

Key Risk Factors

The limited staff and funding resources available are a key risk for VDACS. Changes in Virginia agriculture, animal health responsibilities, information technology security issues, and the increase in consumer protection demands severely challenge the department. Staffing and resource limitations are forcing the agency to be selective in setting priorities and objectives. International marketing, farmland preservation, niche and specialty crop marketing and small farmer assistance, animal disease, plant disease and pests, and food safety remain priorities. Other program areas and issues may not be served or services may be limited, if resources are not available to support them.

Another key risk is that of disasters, both natural and man-made. The threats of animal disease, plant diseases and pests, and food contamination or food borne illnesses have been amplified by the global economy. The opportunities for the spread of diseases, pests, and terrorism have increased worldwide because of travel and international movement of people, commodities, food, and animals.

Factors affecting the department's workforce also pose a risk. With retirements there is a loss of institutional knowledge and "transition speed bumps" as new employees assume duties. Significant time is spent hiring and training new employees, and increasing turnover of employees with less than five years tenure compounds the risks. In addition, the low starting salary for positions requiring technical expertise makes it difficult to hire and retain skilled employees.

In addition, the department is threatened by federal budget uncertainty. The pervasive loss of public confidence in government and anti-regulatory sentiments may also create changes in the department's approach to program delivery. The department's role in compliance with federal mandates, such as food safety, compounds the challenges.

Agency Statistics

Statistics Summary

The statistical summary reflects just a small portion of the agency's diverse program areas. The department impacts all Virginia citizens and supports critical components of Virginia's economy. Data is from FY 2016, unless otherwise noted.

Statistics Table

Description	Value
Virginia's agriculture and forest product exports (dollar value, 2016)	2,700,000,000
Jobs created or retained through agribusiness development and recruitment activities	292
Marketing assistance contacts to promote sales of Virginia agricultural products	341,444
Impact of Virginia's wine industry on economy (dollar value, 2016)	1,370,000,000
Number of samples tested by Regional Animal Health Laboratories	354,841
Disease monitoring services provided to livestock market sales (number of sales)	1,546
Regular inspections of public animal shelters	154
Number of food safety inspections	8,245
Collection and disposal of unwanted pesticides (in pounds)	62,261
Phytosanitary certificates issued for international shipment of plant product	5,101
Tests of weighing and measuring devices	66,878
Charitable gaming permits issued to organizations	361
Facilities operated and maintained (total square footage)	215,761
VDACS customized computer applications	80
Economic impact of agriculture and forestry in Virginia (dollars)	70,000,000,000

Management Discussion

General Information About Ongoing Status of Agency

VDACS is providing increased services with fewer resources than in the past as a result of increased productivity. The agency serves more customers with fewer employees and less funding than were available ten to twenty years ago. For example, the maximum employment level decreased by 23 percent (from 701 positions in 1991 to 537 today). The department has maintained a strong customer service focus, and we benefit from good working relationships with industry, agricultural interest groups, universities, and state and local government agencies.

One of the challenges the agency faces is integrating new technologies in customer interaction. There is a focus on offering service delivery through the internet to customers, and providing opportunities for transactions such as registrations and fee payments over the web. However, with limited resources available for this initiative, implementation has been difficult.

Information Technology

A continuing demand for streamlined services from constituents; an increasing requirement for compliance with central agency standards, policies and procedures; and minimal funding and staffing resources hinder the agency's ability to move forward with information technology initiatives. The Commonwealth of Virginia Security Standards, audit requirements, budget reductions, data standards, and other central agency requirements have stretched information technology resources. The infrastructure partnership requires management of their activities by existing agency staff, again adding to the time constraints.

The department is working on a number of information technology solutions, such as increasing technology capabilities, providing services on-line through the web portal, and updating legacy mainframe applications. The department has about 80 agency-specific computer applications.

Workforce Development

The department is facing the challenge of losing many of our long-tenured staff to retirement. Currently, 17.4 percent of employees are eligible to retire and an additional 13.7 percent will be eligible within the next five years, which is one-third of the workforce. Additionally, many of our wage employees are former retirees who may not choose to continue working. This will result in a great loss of institutional knowledge, skills and experience. The average age of VDACS employees is 51. Approximately 239 of 440 employees are age 50 and over, and 94 employees have over 25 years of state service.

The department continues to explore avenues to improve staff retention. The turnover rate for employees with less than five years of service was 48.9 percent in FY 2016, an increase from 31.7 percent in the prior year. Job satisfaction involves many factors; however, VDACS' ability to attract, recruit, and retain a qualified workforce is adversely impacted by agency salaries that are not competitive and changes in fringe benefits. In most cases, salaries are not market competitive when compared to the private sector, federal government, and local governments. The lack of funding for the performance management system and salary increases has an impact on employee morale and our ability to retain younger workers.

Additionally, funding to support employee training is limited. In many cases, this is negatively impacting employees' ability to maintain required certifications and improve job skills.

Physical Plant

The department operates and maintains 215,761 square feet at 19 facilities, ranging from small office buildings to complex laboratories to large wholesale farmers market facilities. The facilities are located statewide, from Warrenton to Wytheville to Onley (on the Eastern Shore of Virginia). The facilities include a network of regional animal health laboratories, regional office buildings, farmers markets, and a seafood processing facility. The farmers markets and seafood processing facility are operated through contracts with local grower associations. In addition, the department leases space at other locations for smaller offices and storage.

Like many other aspects of agency operations, funding for facility maintenance has been limited in recent years. Also, as new facilities have come on-line, additional operating support has not been provided. A number of improvements, such as upgrading the controls systems, are being undertaken to extend the usefulness of the buildings.
