

Performance-Based Budget

DEPARTMENT OF AGRICULTURE



Commonwealth of Pennsylvania
Independent Fiscal Office
January 2022

Independent Fiscal Office

Rachel Carson State Office Building
400 Market Street
Harrisburg, PA 17105

717-230-8293 | contact@ifo.state.pa.us | www.ifo.state.pa.us



Staff Acknowledgements

Jesse Bushman, Revenue Analyst II
Joseph Shockey, Revenue Analyst II

Staff Contact: jbushman@ifo.state.pa.us

- This page intentionally left blank. -



INDEPENDENT FISCAL OFFICE

January 19, 2022

The Honorable Members of the Pennsylvania Performance-Based Budget Board:

Act 48 of 2017 specifies that the Independent Fiscal Office (IFO) shall "review agency performance-based budget information and develop an agency performance-based budget plan for agencies subject to a performance-based budget review." This review "shall be completed in a timely manner and submitted by the IFO to the board for review."

This report contains the review for the Department of Agriculture. All performance-based budget (PBB) reviews submitted to the Board contain the following content for each activity or service provided by the agency:

- a brief description of the activity, relevant goals and outcomes;
- a breakdown of agency expenditures;
- the number of full-time equivalent positions dedicated to the activity;
- select currently available metrics and descriptive statistics;
- any proposed metrics that the review recommends; and
- observations that should allow agencies to more effectively attain their stated goals and objectives.

The IFO submits this review for consideration by the PBB Board. The agency received a draft version of this review and was invited to submit a formal response. If submitted, the response appears in the Appendix to this review. The IFO would like to thank the agency staff that provided considerable input to this review.

Sincerely,

A handwritten signature in blue ink that reads "Matthew J. Knittel".

Dr. Matthew J. Knittel
Director

- This page intentionally left blank. –

Table of Contents

Background on Performance-Based Budgeting	1
Department of Agriculture Overview	3
Activity 1: Food Safety and Animal Health	9
Activity 2: Food Assistance	13
Activity 3: Conservation and Preservation	19
Activity 4: Horse Racing Promotion and Regulation	25
Activity 5: Other Regulatory Services.....	29
Activity 6: Agricultural Marketing and Development.....	33
Activity 7: Plant Industry and Health	37
Activity 8: Administration.....	39
Appendix	43
Performance-Based Budgeting and Tax Credit Review Schedule	43
Agency Response	44

- This page intentionally left blank. -

Background on Performance-Based Budgeting

Act 48 of 2017 is known as the Performance-Based Budgeting and Tax Credit Efficiency Act. The act requires the Independent Fiscal Office (IFO) to develop performance-based budget (PBB) plans for all agencies under the Governor’s jurisdiction once every five years based on a schedule agreed to by the Secretary of the Budget and the Director of the IFO. The act directs the IFO to evaluate and develop performance measures for each agency program or line item appropriation. As determined by the IFO to be applicable, the measures shall include the following: outcome-based measures, efficiency measures, activity cost analysis, ratio measures, measures of status improvement of recipient populations, economic outcomes or performance benchmarks against similar state programs or similar programs of other states or jurisdictions.

The act requires the IFO to submit plans to the PBB Board for review and approval. The PBB Board reviews plans at a public hearing at which agency heads or their representative must attend to offer additional explanations if requested. The PBB Board has 45 days after submission to approve or disapprove plans.

A performance-based budget differs from a traditional budget in several key respects. The main differences are summarized by this table:

Traditional versus Performance-Based Budget		
Criteria	Traditional Budget	Performance Budget
Organizational Structure	Line Items or Programs	Agency Activities
Funds Used	Appropriated Amounts	Actual Expenditures
Employees	Authorized Complement	Actual Filled Complement
Needs Assessment	Incremental, Use Prior Year	Prospective, Outcome-Based

The plans track funds based on agency activities because they can be more readily linked to measures that track progress towards goals, objectives and ultimate outcomes. Activities are the specific services an agency provides to a defined service population in order to achieve desired outcomes. Activity measures can take various forms: inputs (funding levels, number of employees), outputs (workloads), efficiency (cost ratios, time to complete tasks), outcomes (effectiveness), benchmark comparisons to other states and descriptive statistics. The final category includes a broad range of metrics that provide insights into the work performed by an agency and the services provided. Those metrics supply background, context and support for other metrics, and they may not be readily linked to efficiency or outcome measures. The inclusion of such measures supports the broader purpose of the PBB plans: to facilitate a more informed discussion regarding agency operations and how they impact state residents.

Note: Unless otherwise noted, performance metrics used in this report were supplied by the agency under review. Those data appear as submitted by the agency and the IFO has not reviewed them for accuracy. For certain years, data are not available (e.g., due to a lag in reporting). In those cases, "--" denotes missing data. All data related to expenditures and employees are from the state accounting system and have been verified by the IFO and confirmed by the agency.

- This page intentionally left blank. -

Department of Agriculture Overview

Mission Statement

The Pennsylvania Department of Agriculture exists to ensure a vibrant economy, a successful future for Pennsylvania agriculture, and to safeguard the public through: (1) targeted investments to grow opportunities and remove barriers, (2) protecting human, animal, environmental, and plant health through regulatory oversight, (3) promotion of and education about Pennsylvania’s agriculture products and sectors and (4) conserving farmland and natural resources for the prosperity of Pennsylvania.

Services Provided

For this report, services provided by the Department of Agriculture are classified into eight general activities.

Department of Agriculture: Activities and Primary Services Provided	
Activity	Primary Service
1 Food Safety and Animal Health.....	Regulates food supply and prevents animal disease
2 Food Assistance.....	Distributes food to those at risk of hunger
3 Conservation and Preservation.....	Preserves farmland and conserves natural resources
4 Horse Racing Promotion and Regulation.....	Promotes and regulates horse racing in Pennsylvania
5 Other Regulatory Services.....	Enforces dog laws and regulates measurement devices
6 Agriculture Marketing and Development.....	Markets and promotes Pennsylvania agricultural products
7 Plant Industry and Health.....	Regulates plant businesses and protects plant health
8 Administration.....	Provides organizational leadership and support

Average Weekly FTE Positions by Activity						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Food Safety and Animal Health	212	215	209	204	202	201
Food Assistance	16	16	16	17	16	16
Conservation and Preservation	19	20	19	21	20	20
Horse Racing Promotion and Regulation	153	155	149	147	133	136
Other Regulatory Services	104	102	96	97	96	95
Agricultural Marketing and Development	165	176	205	200	181	172
Plant Industry and Health	89	88	96	114	112	119
Administration	<u>61</u>	<u>43</u>	<u>42</u>	<u>45</u>	<u>45</u>	<u>45</u>
Total	819	814	833	844	803	803

Note: FTE stands for Full-Time Equivalent.

Department of Agriculture Expenditures by Fiscal Year

	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditure by Activity						
Food Safety and Animal Health	\$64.2	\$63.6	\$64.7	\$61.7	\$69.2	\$104.1
Food Assistance	32.5	31.9	32.9	60.4	69.1	52.7
Conservation and Preservation	65.4	81.1	73.2	64.6	75.8	84.5
Horse Racing Promotion and Regulation	54.0	57.8	54.1	49.1	43.1	50.0
Other Regulatory Services	14.9	16.2	12.6	13.0	9.6	9.4
Agricultural Marketing and Development	27.3	22.7	23.5	29.3	25.2	39.2
Plant Industry and Health	13.1	14.1	15.9	24.8	24.8	35.1
Administration	<u>63.9</u>	<u>66.2</u>	<u>69.1</u>	<u>74.1</u>	<u>71.9</u>	<u>72.6</u>
Total	335.2	353.7	346.1	376.9	388.7	447.5
Expenditures by Object						
Personnel Services	\$69.0	\$68.3	\$67.7	\$67.1	\$66.6	\$74.2
Operational Expenses	29.8	31.9	36.1	41.6	35.6	95.8
Fixed Assets Expense	30.2	34.5	38.2	30.1	38.0	36.9
Debt Service/Investments	5.0	0.0	0.0	0.0	0.0	0.0
Grants	193.9	209.2	194.8	215.1	227.4	218.7
Other ¹	<u>7.3</u>	<u>9.8</u>	<u>9.9</u>	<u>23.7</u>	<u>21.1</u>	<u>21.9</u>
Total	335.2	353.7	346.1	376.9	388.7	447.5
Expenditures by Fund						
General Fund (State) ²	\$87.7	\$84.5	\$90.4	\$104.8	\$100.5	\$112.5
General Fund (Augmentations)	11.1	14.4	13.1	14.7	15.2	9.7
General Fund (Federal)	20.8	24.0	21.8	50.6	59.9	92.3
General Fund (Restricted)	19.0	19.5	19.4	18.4	23.9	29.8
State Racing Fund	54.0	57.8	54.1	49.1	43.1	50.0
Motor License Fund	29.2	38.9	27.9	26.7	28.9	28.0
State Farm Products Show Fund	17.7	12.9	13.1	12.8	8.9	13.0
Ag. College Land Scrip Fund	51.8	52.3	53.9	55.0	55.0	55.0
Ag. Cons. Easement Purchase Fund	31.0	36.1	39.2	30.5	38.6	40.0
Nutrient Management Fund	1.1	0.8	1.3	2.5	2.6	4.7
PA Race Horse Development Trust Fund	9.1	9.5	9.2	9.1	9.0	9.3
Conservation District Fund	<u>2.8</u>	<u>2.7</u>	<u>2.8</u>	<u>2.7</u>	<u>2.8</u>	<u>3.2</u>
Total³	335.2	353.7	346.1	376.9	388.7	447.5
Personnel Cost/FTE (\$ thousands)	\$84.3	\$83.8	\$81.2	\$79.6	\$82.9	\$92.3

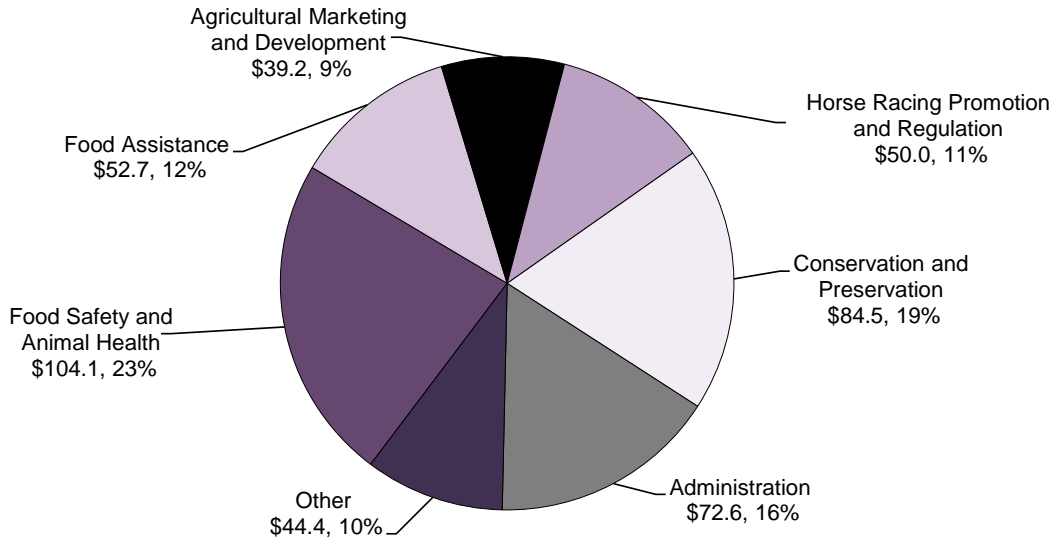
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

1 Other may include non-expense and/or miscellaneous expense transfer expenditures.

2 Does not include the General Fund transfers to the Conservation District Fund, Nutrient Mgt. Fund and Ag. College Land Scrip Fund to avoid double counting. In FY 21-22, these transfers totaled \$62.0 million.

3 Total may include small augmentation and other special fund expenditures.

Expenditures by Activity (FY 2021-22 Budget)



Note: Dollar amounts in millions.

Appropriations	Food Safety	Food Asst.	Horse Racing	Ag. Marketing and Dev.	Admin.	Other	Total
General Fund - State	\$55.4	\$25.6	--	\$10.5	\$12.4	\$8.6	\$112.5
General Government Operations	20.4	0.8	--	0.7	7.4	5.8	35.0
University of PA - Veterinary Act.	31.7	--	--	--	--	--	31.7
State Food Purchase	--	22.7	--	--	--	--	22.7
Other Appropriations	3.3	2.1	--	9.8	5.0	2.9	23.1
State Racing Fund	--	--	\$50.0	--	--	--	50.0
Equine Tox. and Research Lab.	--	--	13.3	--	--	--	13.3
Breeder's Fund	--	--	10.9	--	--	--	10.9
Sire Stakes Fund	--	--	9.5	--	--	--	9.5
PA Standardbred Breeders Dev. Fund	--	--	7.3	--	--	--	7.3
Other Appropriations	--	--	9.1	--	--	--	9.2
Ag. College Land Scrip Fund¹	--	--	--	--	55.0	--	55.0
Ag. Cons. Easement Purch. Fund²	--	--	--	--	--	40.0	40.0
General Fund - Federal	36.6	26.5	--	5.2	--	24.1	92.4
All Other Appropriations	12.1	0.7	--	23.5	5.2	56.2	97.7
Total	104.1	52.7	50.0	39.2	72.6	128.9	447.5

Note: Expenditures in dollar millions.

1 The General Fund transfer to the Agricultural College Land Scrip Fund is included in the Administration activity.

2 The Agricultural Conservation Easement Purchase Fund includes an annual transfer of \$25.5 million from cigarette tax revenues.

Key Agency Performance Metrics

This report includes numerous performance metrics, but certain metrics are critical to the overall operation of the agency. Key agency metrics that policymakers should monitor are displayed in the table. A brief explanation of key metric trends appears on the next page.

Key Metrics to Monitor						
	16-17	17-18	18-19	19-20	20-21	21-22
Inspections per Inspector						
Retail food	495	485	676	387	406	526
Fuel dispenser meters	1,489	1,590	1,474	1,638	--	--
Small scale (0-1,000 lbs)	1,045	981	972	1,006	--	--
Plant business	227	190	193	190	113	143
Dog kennel		--Recommended measure--				
Domestic animal		--Recommended measure--				
PAIRS and IT System Modernization¹						
% Workload processed electronically		--Recommended measure--				
Food Assistance Provided						
Food distributed by SFPP (million lbs) ²	39.8	34.2	38.3	25.4	47.0	30.0
# Served by SFPP (000s)	894	860	730	927	1,700	1,000
Food distributed by PASS (million lbs) ²	2.7	2.3	2.7	2.3	8.2	4.1
# Served by PASS (000s)	460	329	484	539	1,499	600
Producers providing food to PASS	56	73	66	66	84	80
Horse Racing³						
Total handle (\$ millions)	--	\$702.2	\$671.1	\$678.1	\$541.2	--
Taxable handle (\$ millions)	--	\$346.4	\$336.3	\$300.2	\$316.7	\$261.2
Pari-mutuel tax revenues (\$ millions)	--	\$7.8	\$10.0	\$8.6	\$9.1	\$6.3
Race days	--	937	906	905	596	--
Horses competing	--	17,786	16,574	15,567	10,896	--
Breeders	--	765	713	640	532	--
Horse deaths	--	100	91	104	73	--
Dog Law Enforcement						
Kennel inspections	5,063	5,216	5,686	5,861	5,857	--
Dog license revenues (\$ millions)	\$6.3	\$6.1	\$6.5	\$6.1	\$5.4	--
Fee revenues as % of expenses	78%	88%	88%	83%	69%	--
Citations issued for dog law violations	3,121	3,313	3,072	2,819	2,241	--
Notes:						
1 PAIRS is the Pennsylvania Inspection Reporting System.						
2 SFPP is the State Food Purchase Program. PASS is the Pennsylvania Agriculture Surplus System.						
3 Horse racing data are by calendar year. Data shown for FY 17-18 are for calendar year 2017 and so on. Taxable handle and pari-mutuel tax revenues for 2021 are estimated by the IFO based on revenues through October.						

Inspections per Inspector

Regulatory inspections are a significant part of the department's workload across several activities. For example, the Animal Health and Food Safety activity conducted 33,671 inspections of retail food facilities in FY 2020-21. There were 406 retail food inspections per inspector in FY 2020-21, which represented a decline of 89 inspections (-18%) from FY 2016-17 and a decline of 270 inspections (-40%) from FY 2018-19. Retail food inspections were significantly impacted by COVID-19, as all field operations were paused for two weeks in March 2020 and the bureau responded to increased consumer complaints related to COVID-19 in FY 2020-21. Inspections per inspector is also collected for Weights and Measures inspections and Plant Industry inspections. *See pages 10, 30, 31 and 38 for more details.*

PAIRS and IT System Modernization

Due to data collection issues throughout the department, not all bureaus are able to easily collect, track and publish metrics such as inspections per inspector or compliance rates. Beginning in late 2018, resources were prioritized to develop a multi-discipline inspection platform called the Pennsylvania Inspection and Reporting System (PAIRS). PAIRS provides a platform to support a common business function shared by multiple bureaus/programs such as inspections. The Bureau of Rides and Measurement Standards currently uses PAIRS, but five of the eleven bureaus within the department conduct regulatory inspections and could share the PAIRS application as well as maintenance and enhancements costs associated with one system as opposed to five separate systems. Additional functionality is planned for PAIRS, including online registration, payments, license and certificate issuances and public information searches. These functions could improve overall data collection and reporting and create efficiencies related to the electronic processing of workloads within multiple bureaus.

Food Assistance Provided

The department administers the state's charitable food system, notably the State Food Purchase Program (SFPP) and the Pennsylvania Agricultural Surplus System (PASS). These systems dramatically increased the amount of food distributed in response to COVID-19. Specifically, total pounds of food provided by SFPP increased by 85% in FY 2020-21 and pounds provided by PASS increased by 260%. Estimates of national food insecurity rates remained stable in 2020, possibly due to the combination of stimulus and an increase in charitable food provided. *See pages 13 to 18 for more details.*

Horse Racing

The department promotes and regulates Pennsylvania horse racing. There has been a decline in horse racing activity prior to and during the COVID-19 pandemic. From 2017 to 2019, the total handle (i.e., wagers placed) on horse racing declined by \$24.1 million (-3%) and taxable handle declined by \$46.3 million (-13%). During the same period, the number of horses competing declined by 2,219 (-13%) and the number of breeders in the state declined by 125 (-16%). Many of these metrics declined further in 2020 due to closures and mitigation efforts related to COVID-19. *See pages 25 to 28 for more details.*

Dog Law Enforcement

In 2020, the Bureau of Dog Law Enforcement conducted 5,857 kennel inspections, an increase of 794 inspections (16%) from 2016. This is the result of an increase in the number of kennels licensed throughout the state. During the same period, fee revenues from dog license sales declined by \$0.9 million (-15%). The percentage of bureau expenses covered by fee revenues declined from 78% to 69%. *See pages 29 to 31 for more details.*

- This page intentionally left blank. -

Activity 1: Food Safety and Animal Health

This activity includes the Bureau of Food Safety and Laboratory Services (BFSLS) and the Bureau of Animal Health and Diagnostic Services (BAHDS). The BFSLS protects the food supply of the Commonwealth through regulatory programs such as the retail food facility program, the food establishment program and the milk sanitation program. The department performed more than 33,000 retail food inspections, 5,400 food establishment inspections and 4,200 milk and dairy inspections in FY 2020-21. Furthermore, the BFSLS responded to more than 12,000 consumer complaints in FY 2020-21, a significant increase over prior years largely due to COVID-19 mitigation-related complaints. The BAHDS administers programs for animal health certification, containment of diseased animals and elimination of disease agents through programs such as domestic animal inspections, Avian Influenza surveillance and Chronic Wasting Disease testing. For FY 2021-22, \$25 million in federal funding is provided for Avian Influenza surveillance.

This activity also includes the Pennsylvania Animal Diagnostic Laboratory System (PADLS), which is a tripartite animal health laboratory system that connects the Pennsylvania Veterinary Laboratory, Penn State's Animal Diagnostic Laboratory and the University of Pennsylvania School of Veterinary Medicine's New Bolton Center. PADLS provides laboratory testing, field-based monitoring and producer outreach to protect the food supply and animal agriculture industry.

The intended goal and outcomes of this activity are to protect public health through the prevention of foodborne illness and eradication of diseases in livestock and poultry.

Resources for Food Safety and Animal Health

	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$21.63	\$21.74	\$21.80	\$20.61	\$21.20	\$22.60
Operational Expenses	5.18	5.13	5.44	5.56	6.08	40.63
Fixed Assets Expense	0.78	0.29	0.26	0.15	0.44	0.60
Grants	36.33	36.12	37.16	35.08	41.06	40.07
Other ¹	<u>0.30</u>	<u>0.29</u>	<u>0.08</u>	<u>0.27</u>	<u>0.41</u>	<u>0.20</u>
Total	64.22	63.57	64.74	61.67	69.19	104.10
Expenditures by Fund						
General Fund (State)	\$48.86	\$47.92	\$49.02	\$49.21	\$51.14	\$55.39
General Fund (Augmentations)	0.96	0.88	0.92	0.83	0.89	0.79
General Fund (Federal)	2.34	2.92	3.15	2.68	3.56	36.51
General Fund (Restricted)	6.76	6.54	6.35	3.65	8.30	6.11
PA Race Horse Dev. Trust Fund	<u>5.30</u>	<u>5.31</u>	<u>5.30</u>	<u>5.30</u>	<u>5.30</u>	<u>5.30</u>
Total	64.22	63.57	64.74	61.67	69.19	104.10
Average Weekly FTE Positions	212	215	209	204	202	201
Personnel Cost/FTE (\$ thousands)	\$101.8	\$101.0	\$104.3	\$101.3	\$104.8	\$112.5

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

¹ Other may include non-expense and/or miscellaneous expense transfer expenditures.

Performance Measures for Food Safety and Animal Health

	16-17	17-18	18-19	19-20	20-21	21-22
Food Safety Regulation						
Workload						
Inspections ¹						
Retail food	39,658	39,303	38,254	34,447	33,671	31,782
Food establishment	5,166	5,240	4,961	4,709	5,434	5,079
Milk and dairy	4,042	3,983	3,636	3,699	4,261	3,401
Consumer complaint responses ¹	1,910	2,059	2,186	2,676	12,000	2,200
Efficiency						
Inspections per inspector						
Retail food	495	485	676	387	406	526
Food establishment	65	67	63	53	67	65
Milk and dairy	44	48	46	43	57	52
Avg. complaint response time (days)	--	--	--	--	2.4	2.1
Outcome						
Inspection compliance rate						
Retail food	94%	95%	95%	96%	96%	96%
Food establishment	97%	97%	97%	97%	97%	97%
Milk and dairy	93%	94%	93%	94%	94%	95%
Foodborne illness complaints related to PDA-regulated facilities						
Alleged	228	204	205	157	128	44
Confirmed	27	15	23	15	14	1
Food Safety Laboratory						
Food Safety samples received	--	--	--	834	2,163	493
Food Safety samples completed	--	--	--	834	2,163	228
Food Safety backlog	--	--	--	--	--	238
% Samples w/ laboratory errors ¹	--	--	--	6.0%	3.3%	14.0%
% Test results w/ quality notice ¹	--	--	--	1.1%	0.6%	3.3%
Equipment replacement risk (\$ 000s) ¹	--	--	--	--	\$235	\$137

Note:

¹ See notes on measures.

Notes on Measures

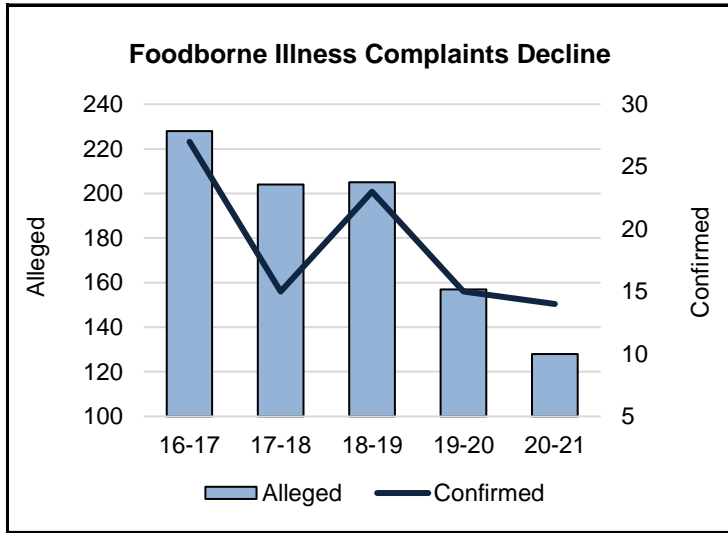
- Retail food inspections cover all establishments that sell or serve food and/or drinks directly to the consumer with or without charge.
- Food establishments include any establishment operated for the purpose of commercially storing, packaging, making, cooking, mixing, processing, bottling, baking, canning, freezing, packing or otherwise preparing, transporting or handling food.

- Milk and dairy inspections include the inspection of milk, ice cream, cheese and other dairy manufacturing plants as well as pasteurization equipment.
- The significant increase in consumer complaint responses in FY 2020-21 was due to COVID-19 mitigation-related complaints. The 12,000 is a low-end estimate, as multiple complaints of this type against a single facility were recorded as one complaint.
- The percentage of tests with laboratory errors is equal to the number of samples with non-conformance divided by the total number of samples submitted. The percentage of test results with a quality notice is equal to the number of accessions requiring a quality notice divided by the total number of accessions performed.
- Equipment replacement risk is equal to the estimated probability of equipment failure multiplied by the estimated replacement cost.

Performance Measures for Food Safety and Animal Health

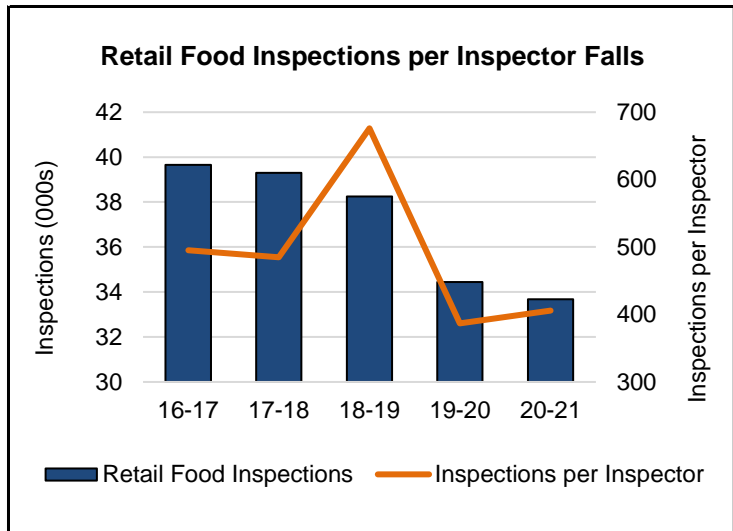
	16-17	17-18	18-19	19-20	20-21	21-22
<u>Animal Health/PADLS</u>						
Inspections					--Recommended measure--	
Inspections per inspector					--Recommended measure--	
Tests conducted for market access (000s)	--	--	629	620	--	630
Avian influenza tests (000s)	--	219	219	223	215	--
% Avian influenza tests finding disease	5	2	3	8	6	4
CWD tests conducted (000s)	--	13	17	20	18	--
CWD positive animals	3	8	41	65	44	21
Fees collected (\$ millions)						
UPenn New Bolton Center	--	--	--	--	\$1.5	--
Penn State Animal Diag. Lab	--	--	--	--	\$0.8	--
PDA PennVet Lab	--	--	--	--	\$0.7	--

Note: CWD is Chronic Wasting Disease.



Foodborne illness complaints related to regulated facilities fell significantly from FY 2016-17 to FY 2020-21. There were 128 alleged complaints in FY 2020-21, a decline of 100 (-44%) from FY 2016-17. Furthermore, there were 14 confirmed complaints in FY 2020-21, a decline of 13 (-48%) from FY 2016-17. This decline at least partially resulted from the reduction in dining at restaurants due to the pandemic.

Retail food inspections per inspector averaged 406 in FY 2020-21, a decline of 89 (-18%) from FY 2016-17. This was largely the result of the 15% annual decline in the number of inspections completed during the same period. This activity was impacted by COVID-19 in two ways: (1) all field operations were paused for two weeks in March 2020 and (2) the bureau responded to increased consumer complaints related to COVID-19 mitigation efforts in FY 2020-21.



Activity 2: Food Assistance

The Food Assistance Activity provides food to low-income Pennsylvanians. The department manages food and related funding allocations by working with all 67 counties, more than 800 public and non-profit private schools and residential child care institutions, and more than 2,500 local food banks, pantries, and other non-profit partners who make up the state's charitable food system. Sub-activities within this activity include: (1) the State Food Purchase Program (SFPP), (2) the Pennsylvania Agricultural Surplus System (PASS), (3) the Farmers Market Nutrition Programs and (4) the distribution of USDA foods through The Emergency Food Assistance Program (TEFAP).

The latest estimate of food insecurity from the United States Department of Agriculture (USDA) for Pennsylvania was 11.1% of households.¹ State-level data are not available beyond 2018, but the USDA estimates that national food insecurity declined from 2018 (11.1%) to 2019 (10.5%) and was stable in 2020. The programs within this activity connect those food insecure households to the charitable food system within the state. Over the last two fiscal years, the magnitude of food distributed by this activity increased significantly in response to the impacts of the COVID-19 pandemic. These programs distributed more than 103 million pounds of food in FY 2020-21 through SFPP, PASS and TEFAP, an increase of 30 million pounds (41%) over FY 2018-19 (pre-pandemic).

The primary goal of this activity is to facilitate the movement of food from farms, processors and other channels to those at risk of hunger. The intended outcome is a reduction in food insecurity throughout the state.

Resources for Food Assistance						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$1.82	\$1.87	\$1.97	\$2.23	\$2.21	\$2.20
Operational Expenses	3.58	3.14	3.43	3.71	2.59	6.13
Grants	<u>27.05</u>	<u>26.88</u>	<u>27.55</u>	<u>54.42</u>	<u>64.34</u>	<u>44.38</u>
Total	32.45	31.89	32.95	60.36	69.14	52.71
Expenditures by Fund						
General Fund (State)	\$21.66	\$21.61	\$21.30	\$21.87	\$21.37	\$25.55
General Fund (Federal)	<u>10.37</u>	<u>9.75</u>	<u>11.16</u>	<u>37.73</u>	<u>47.03</u>	<u>26.47</u>
Total¹	32.45	31.89	32.95	60.36	69.14	52.71
Average Weekly FTE Positions	16	16	16	17	16	16
Personnel Cost/FTE (\$ thousands)	\$114.3	\$119.9	\$123.3	\$134.9	\$140.8	\$137.5
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Total may include small augmentation and other special fund expenditures.						

¹ For the period of 2016 to 2018, which is the latest period of state data available. Food insecure households have reported food acquisition problems and reduced diet quality due to lack of resources.

Performance Measures for Food Assistance

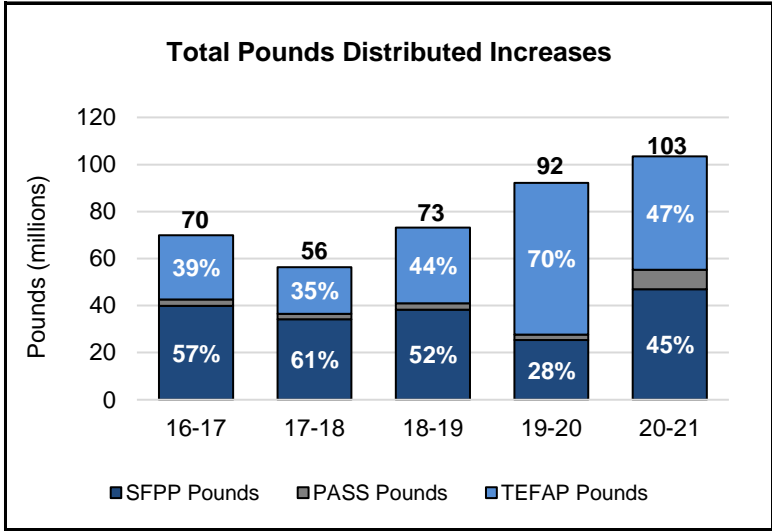
	16-17	17-18	18-19	19-20	20-21	21-22
State Food Purchase Program (SFPP)						
Food distributed (million pounds)	39.8	34.2	38.3	25.4	47.0	30.0
Dollars distributed (\$ millions)	\$18.2	\$18.2	\$18.2	\$18.2	\$33.2	\$20.2
Food cost (\$ millions)	\$17.0	\$16.7	\$16.6	\$16.3	\$30.0	\$18.6
# Served (000s) ¹	894	860	730	927	1,700	1,000
Pennsylvania Agricultural Surplus System (PASS)						
Food distributed (million pounds)	2.7	2.3	2.7	2.3	8.2	4.1
Food cost (\$ millions)	\$0.8	\$0.8	\$1.2	\$1.8	\$11.0	\$2.1
# Served (000s) ¹	460	329	484	539	1,499	600
# Producers providing food to PASS	56	73	66	66	84	80
The Emergency Food Assistance Program (TEFAP)						
Food distributed (million pounds)	27.4	19.9	32.2	64.5	48.2	55.0
# Served (000s) ¹	11,531	9,886	9,669	16,173	8,023	12,000
Voucher Programs						
Value of Senior Farmers Market vouchers distributed (\$ millions)	\$3.4	\$3.4	\$3.4	\$3.2	\$3.3	\$3.8
% Senior Farmers Market vouchers redeemed	83.7%	81.9%	78.7%	79.0%	73.2%	67.2%
Value of WIC Farmers Market vouchers distributed (\$ millions)	\$3.0	\$3.5	\$3.3	\$2.9	\$3.3	\$3.3
% WIC Farmers Market vouchers redeemed	46.9%	44.7%	40.5%	39.3%	28.2%	22.7%
Statewide Indicator						
Food insecurity rate ¹	12.5%	12.1%	11.1%	--	--	--

Notes: Voucher program data are by CY. All data for FY 21-22 are estimated by the Department of Agriculture.

¹ See notes on measures.

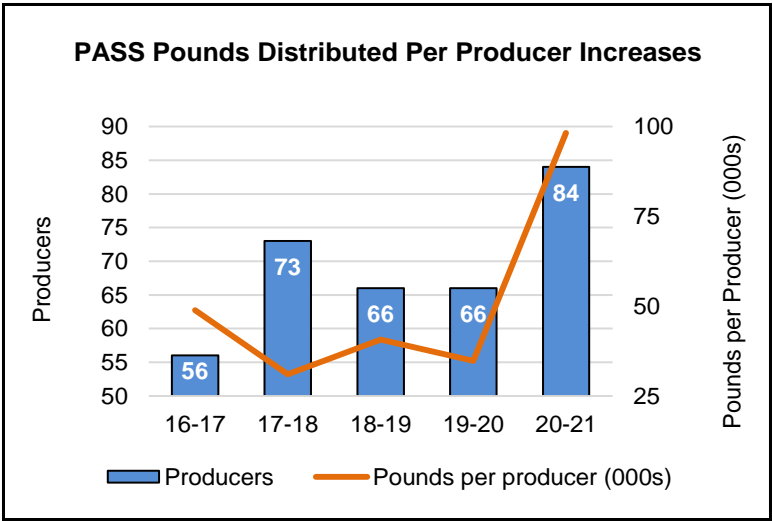
Notes on Measures

- The total number of servings provided by the system includes households and individuals that received food on multiple occasions. This metric is a proxy for general demand for food distributions through the charitable food system.
- Food insecurity is reported by the USDA and is measured as a two-year moving average from 2014 to 2018. Food insecure households report food acquisition challenges that cause lower diet quality due to lack of resources. No state-level data are available beyond 2018.

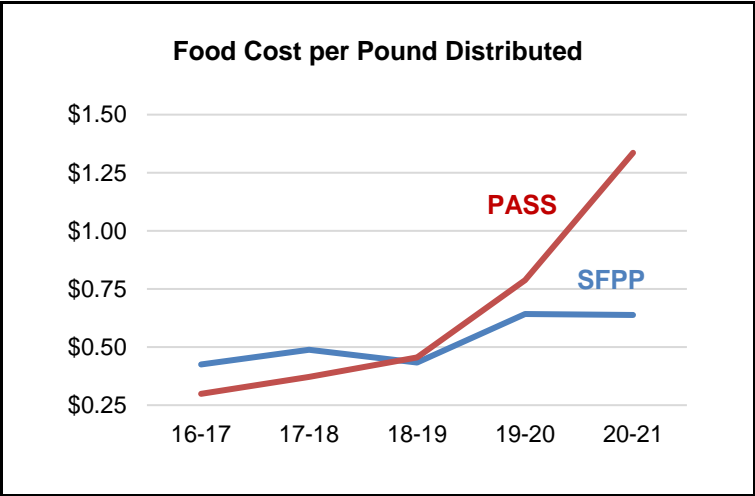


Pounds of food distributed by SFPP, TEFAP and PASS totaled 103 million pounds in FY 2020-21. This represented an increase of 11 million pounds (12%) over the prior year and 34 million pounds (48%) from FY 2016-17. The first notable increase was in TEFAP pounds distributed in FY 2019-20 (+32 million pounds, 101%) in response to the onset of the COVID-19 pandemic. Pounds of food distributed by SFPP and PASS then increased notably in FY 2020-21 by 85% and 260%, respectively.

Pounds per producer within the PASS system was 98 thousand pounds in FY 2020-21, an increase of 64 thousand pounds (183%) from the prior year. This results from the increase in pounds distributed by the system (+6 million pounds, 260%) over FY 2019-20, which outpaced the increase in producers contributing to the system. The PASS system connects food producers to the charitable food system, and it received a funding increase of \$2.5 million in FY 2021-22.



Food cost per pound increased significantly for PASS in FY 2020-21 and was relatively flat for SFPP. Prior to the significant increase in food purchased in FY 2020-21, the cost per pound of food steadily increased for both systems. For PASS, it increased from \$0.30 in FY 2016-17 to \$0.79 in FY 2019-20, while it increased from \$0.43 to \$0.64 for SFPP.

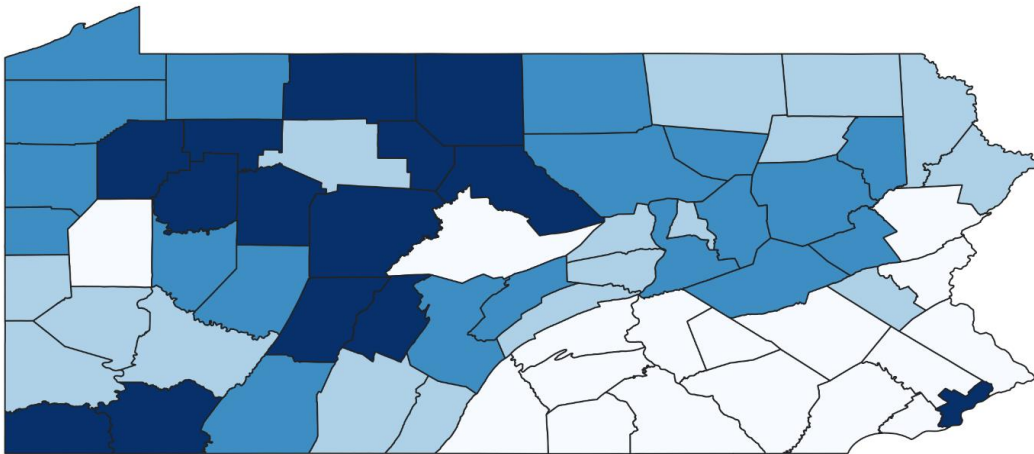


In FY 2020-21, it increased dramatically to \$1.34 for PASS (+70%), as the total food cost increased by over 500%. The increase in PASS cost per pound is largely due to a change in the mix of food procured using state funds provided by the CARES Act. As directed by the General Assembly, half of the funds allocated to PASS in FY 2020-21 were spent on dairy products to support the Pennsylvania dairy industry in the wake of the COVID-19 pandemic.

County Benchmarks

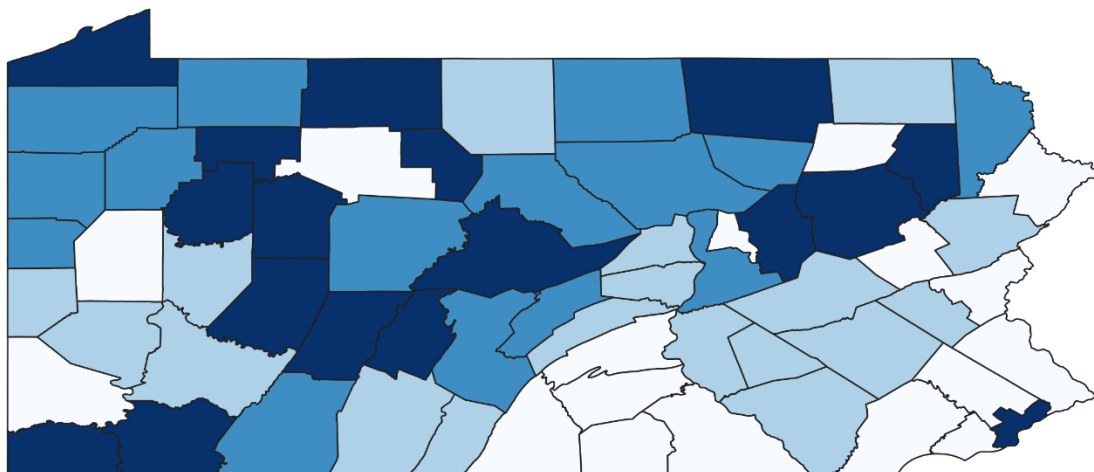
The two figures that follow are (1) a map of food insecurity rates by county as estimated by Feeding America for 2019 and (2) a map of poverty rates by county for 2019 according to the U.S. Census Bureau.² For both metrics, the counties with the highest rates generally include Philadelphia and several counties throughout the north-central region of the state.

Food Insecurity Rates by County (2019)



6.3 - 9.9 9.9 - 11.6 11.6 - 12.7 12.7 - 14.7

Poverty Rates by County (2019)



5.7 - 10.1 10.1 - 12.2 12.2 - 13.8 13.8 - 26.0

² County food insecurity rates are based on the 2021 Map the Meal Gap study published by Feeding America. That database can be found here: <https://map.feedingamerica.org/>.

The following data show each county's 2019 poverty rate, combined pounds of food per household from SFPP and PASS, and combined food cost per household from SFPP and PASS in FY 2019-20. Variances in pounds or food expenditures per household can be due to various factors. For example, counties that select regional food banks as their lead agencies can leverage increased buying power of regional food banks to secure higher amounts of food. Similarly, smaller, local lead agencies that choose to put their funds on account with the large regional food banks can take advantage of economies of scale.

The department uses a formula to allocate SFPP and PASS funds based on county unemployment data, county SNAP enrollment and county enrollment in medical assistance. This formula is determined in consultation with the Emergency Food Assistance Advisory Committee.

Pounds and Food Expenditures Per Household by County (2019-20)							
County	Poverty Rate	LBs per Household	Exp. per Household	County	Poverty Rate	LBs per Household	Exp. per Household
Statewide	12.0	5.5	\$3.59	Monroe	12.2	3.3	\$4.71
Forest	26.0	7.1	\$3.64	Union	12.0	1.8	\$2.35
Philadelphia	23.0	6.2	\$7.20	Beaver	11.7	27.2	\$3.26
Fayette	17.5	6.1	\$4.09	Potter	11.7	6.9	\$4.06
Erie	16.6	13.8	\$4.45	Schuylkill	11.7	4.9	\$3.41
Jefferson	16.4	7.7	\$3.33	Lehigh	11.5	6.4	\$4.01
Centre	15.9	1.6	\$1.53	Dauphin	11.3	10.3	\$4.22
Luzerne	15.2	4.9	\$4.44	Susquehanna	11.3	3.5	\$2.90
Blair	14.9	4.2	\$3.66	Armstrong	11.1	16.0	\$3.46
Cambria	14.9	5.3	\$3.77	Allegheny	10.8	4.2	\$3.18
Columbia	14.7	3.7	\$2.83	Lancaster	10.5	5.4	\$2.58
McKean	14.6	5.0	\$3.89	Westmoreland	10.5	5.2	\$2.66
Bradford	14.3	5.5	\$3.33	Bedford	10.4	7.1	\$3.18
Greene	14.2	16.0	\$4.64	Juniata	10.4	19.5	\$2.91
Lackawanna	14.2	0.0	\$0.00	Lebanon	10.4	3.0	\$2.87
Clarion	14.1	6.7	\$2.99	Snyder	10.3	5.4	\$2.59
Cameron	14.0	3.7	\$3.91	Berks	10.2	10.3	\$4.24
Indiana	14.0	3.9	\$3.63	Delaware	9.9	2.5	\$3.49
Clearfield	13.7	4.9	\$3.75	Washington	9.9	4.0	\$2.43
Lycoming	13.6	7.3	\$4.01	Wyoming	9.9	2.2	\$3.26
Warren	13.5	1.6	\$3.03	Carbon	9.8	3.3	\$3.63
Clinton	13.4	6.9	\$4.02	Elk	9.8	2.3	\$2.49
Tioga	13.4	5.7	\$3.91	Pike	9.2	3.4	\$3.20
Mifflin	13.3	7.8	\$3.61	York	9.2	8.1	\$3.38
Northumberland	13.3	3.6	\$3.31	Montour	9.1	3.0	\$2.02
Mercer	13.1	5.3	\$4.02	Perry	8.9	8.6	\$2.56
Huntingdon	13.0	2.7	\$3.37	Franklin	8.1	3.5	\$2.69
Sullivan	12.9	1.8	\$2.56	Northampton	7.9	4.9	\$3.08
Crawford	12.6	1.8	\$2.17	Butler	7.8	0.5	\$2.78
Somerset	12.5	4.5	\$3.15	Adams	7.6	4.1	\$2.13
Venango	12.5	1.4	\$2.76	Cumberland	7.2	5.9	\$2.03
Wayne	12.4	3.4	\$3.39	Montgomery	6.0	2.9	\$2.02
Lawrence	12.3	7.4	\$5.39	Chester	5.9	3.4	\$1.16
Fulton	12.2	24.0	\$2.85	Bucks	5.7	1.8	\$1.99

Note: Per household calculations use household counts according to the U.S. Census Bureaus' American Community Survey (ACS) 2019 estimate. Poverty rate is equal to the percentage of residents in poverty in 2019. Calculations by the IFO.

The redemption rates for the WIC Farmer’s Market and Senior Farmer’s Market coupons vary significantly across counties. For both programs, urban counties generally have much lower rates than rural counties. In 2019, redemption rates of the WIC coupon program ranged from 18% (Philadelphia) to 54% (Bradford). Rates for the senior coupon program ranged from 64% (Philadelphia) to 90% (multiple counties). In 2020, utilization rates declined for both programs statewide despite a projected increase in food insecurity. This is likely due in part to less in-person shopping, especially among seniors during the onset of the pandemic.

County	WIC		Seniors		County	WIC		Seniors	
	2019	2020	2019	2020		2019	2020	2019	2020
Adams	41%	33%	84%	79%	Lackawanna	46%	36%	90%	83%
Allegheny	38	23	80	73	Lancaster	45	35	82	73
Armstrong	52	37	87	82	Lawrence	47	34	87	74
Beaver	36	29	87	81	Lebanon	37	26	75	68
Bedford	--	--	83	86	Lehigh	35	23	78	68
Berks	43	22	75	64	Luzerne	42	31	88	84
Blair	41	33	85	78	Lycoming	43	35	85	77
Bradford	63	54	87	82	McKean	28	21	81	--
Bucks	40	32	77	73	Mercer	46	33	87	77
Butler	50	35	84	77	Mifflin	48	39	87	80
Cambria	41	23	81	73	Monroe	37	28	83	73
Cameron	--	--	81	--	Montgomery	36	21	71	71
Carbon	47	34	90	80	Montour	--	37	87	79
Centre	--	40	82	76	Northampton	32	21	77	72
Chester	37	30	69	60	Northumberland	--	40	85	77
Clarion	44	40	90	81	Perry	--	35	81	82
Clearfield	48	37	84	78	Philadelphia	29	18	64	56
Clinton	--	--	85	77	Pike	26	--	74	68
Columbia	50	37	87	79	Potter	47	44	89	77
Crawford	47	37	88	84	Schuylkill	45	34	88	82
Cumberland	48	35	79	68	Snyder	--	32	90	70
Dauphin	44	36	82	68	Somerset	50	41	88	78
Delaware	34	21	78	69	Sullivan	--	--	87	--
Elk	45	37	81	72	Susquehanna	41	41	87	--
Erie	52	45	83	78	Tioga	54	45	87	--
Fayette	56	43	82	74	Union	--	--	90	70
Forest	--	--	81	--	Venango	53	45	90	81
Franklin	44	32	84	81	Warren	46	41	81	77
Fulton	--	--	83	86	Washington	36	29	82	74
Greene	--	--	82	74	Wayne	45	28	81	68
Huntingdon	46	37	83	86	Westmoreland	40	31	87	76
Indiana	55	47	86	82	Wyoming	50	47	--	--
Jefferson	58	41	79	74	York	<u>38</u>	<u>28</u>	<u>86</u>	<u>75</u>
Juniata	--	--	87	80	Statewide	39%	28%	79%	73%

Note: No data denotes a lack of reporting for a county. Source is the Department of Agriculture.

Activity 3: Conservation and Preservation

The Conservation and Preservation Activity preserves land for agricultural use and restores the natural environment through the conservation of soil, water and related resources. Sub-activities include programs within the Bureau of Farmland Preservation and the State Conservation Commission. The State Farmland Preservation Program includes the purchase of conservation easements throughout the state. This program placed 14,727 acres of farmland under 177 easements (farms) in 2020 to maintain the land's agricultural use for perpetuity. Farmland preservation also includes (1) Agricultural Security Areas, which has designated more than 4.0 million acres of farmland as an agricultural district and (2) the Clean and Green Tax Program, which has provided \$34.8 million in tax relief to farms since its inception.

The State Conservation Commission portion of this activity includes grants to counties for (1) dirt, gravel and low-volume roads (DGLV), (2) conservation excellence and (3) conservation district funding. It also includes the administration of the Resource Enhancement and Protection (REAP) Tax Credit and nutrient management grants to counties to reduce agricultural pollution into the Commonwealth's water resources and the Chesapeake Bay.

The goals of this activity are to protect prime farmland for future generations and to support the state's conservation districts in the efficient implementation of conservation programs.

Resources for Conservation and Preservation						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$2.08	\$2.14	\$2.20	\$2.34	\$2.41	\$2.62
Operational Expenses	0.16	0.14	0.17	0.31	0.32	0.92
Fixed Assets Expense	29.10	34.19	37.24	28.79	37.00	36.33
Grants	30.33	39.73	29.16	25.32	28.12	31.07
Other ¹	<u>3.71</u>	<u>4.91</u>	<u>4.43</u>	<u>7.81</u>	<u>7.95</u>	<u>13.53</u>
Total	65.38	81.11	73.20	64.57	75.80	84.47
Expenditures by Fund						
General Fund (State)	\$1.06	\$0.83	\$1.13	\$1.20	\$1.23	\$1.60
General Fund (Augmentations)	0.24	0.51	0.26	0.39	0.31	0.27
General Fund (Federal)	0.00	1.23	0.78	0.59	1.12	6.75
Ag. Cons. Easement Purchase Fund	31.01	36.14	39.16	30.50	38.55	40.00
Motor License Fund	29.22	38.86	27.90	26.67	28.90	28.00
Conservation District Fund	2.80	2.74	2.66	2.67	2.82	3.20
Nutrient Management Fund	<u>1.05</u>	<u>0.80</u>	<u>1.31</u>	<u>2.55</u>	<u>2.61</u>	<u>4.65</u>
Total²	65.38	81.11	73.20	64.57	75.80	84.47
Average Weekly FTE Positions	19	20	19	21	20	20
Personnel Cost/FTE (\$ thousands)	\$108.9	\$107.0	\$114.0	\$113.6	\$121.1	\$132.3
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include non-expense and/or miscellaneous expense transfer expenditures.						
2 Total may include small augmentation and other special fund expenditures.						

Performance Measures for Conservation and Preservation

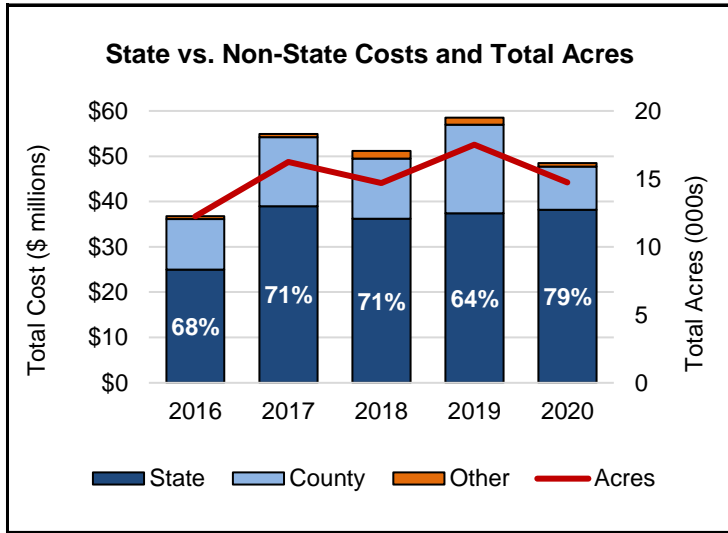
	2016	2017	2018	2019	2020	2021
Farmland Preservation						
Easement Purchases¹						
Annual easement purchases	154	198	185	208	177	166
Total easement purchases	5,045	5,243	5,428	5,636	5,813	5,979
Annual acres (000s)	12	16	15	18	15	14
Total acres (000s)	516	533	548	565	580	606
Annual state cost per acre ²	\$2,040	\$2,397	\$2,462	\$2,137	\$2,594	\$2,372
Agricultural Security Areas (ASA)¹						
Annual acres (000s)	6	22	15	33	2	8
Total acres (000s)	3,972	3,993	4,009	4,041	4,043	4,051
% Statewide acres in ASAs	--	54.7%	54.9%	55.4%	55.4%	--
Clean and Green¹						
New parcels enrolled (000s)	--	11	35	28	4	--
Total parcels enrolled (000s)	194	205	240	212	216	213
Tax relief provided (\$ millions)						
Annual tax relief per parcel						
Conservation						
BMP projects using REAP Tax Credit ¹	454	449	440	546	597	550
Farm acres covered by approved NMPs (000s) ¹	455	457	229	222	262	240
Chesa. Bay Agricultural Pollution (million lbs) ¹	864	847	814	800	--	--

1 See notes on measures.

2 Calculated by the IFO.

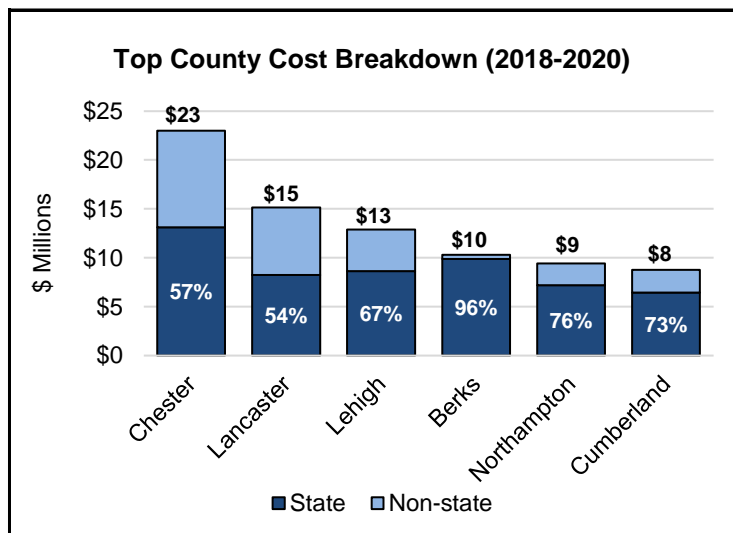
Notes on Measures

- Easement purchases represent farmland development rights purchased to ensure that farmland is used for agricultural purposes in perpetuity.
- State costs for easement purchases refer only to costs borne by the state related to the purchase of conservation easements. These costs include (1) the purchase price, interest costs and incidental costs of easements that are state-owned or jointly owned by the state and a local government and (2) incidental costs related to any non-state-owned easement purchase.
- An Agricultural Security Area (ASA) is a tract of agricultural land that has been officially designated as an agricultural district by the local municipality.
- The Clean and Green Tax Program allows for farmland taxation based on its value as used rather than the prevailing market value. Under the program, farmland is assessed per the amount of income the land can produce at its highest and best agricultural use rather than the prevailing market value.
- BMPs are Best Management Practices, which are implemented by eligible farmers or landowners to reduce the environmental impact of the agriculture industry.
- NMPs are Nutrient Management Plans implemented by farming operations to minimize groundwater nutrient loads. Data for 2016 and 2017 include manure management plans from prior years.
- Chesapeake Bay pollution includes nitrogen, phosphorous and sediment, as reported to the U.S. Environmental Protection Agency (EPA).



State costs for easement purchases totaled \$38 million in 2020, which represented 79% of total easement costs. County costs comprised 20% while the remaining 1% was attributable to municipalities. These amounts are notably different than 2016, when state easement costs totaled \$25 million, or 68% of the total. Total costs for easements also increased during the period, from \$37 million to \$49 million (+32%). This is partly due to total acreage increasing from 12,241 to 14,727 (+20%).

Six counties accounted for 50% of **total easement costs** from 2018 to 2020. The counties shown are listed in order of total easement costs during that period. Chester County accounted for \$23 million, \$8 million (53%) more than the next county. State costs comprised 57% (\$13 million) of the total cost in Chester County. Among the top six counties, the state covered 69% of total costs from 2018 to 2020. The remainder is covered by counties or municipalities.



County Benchmarks

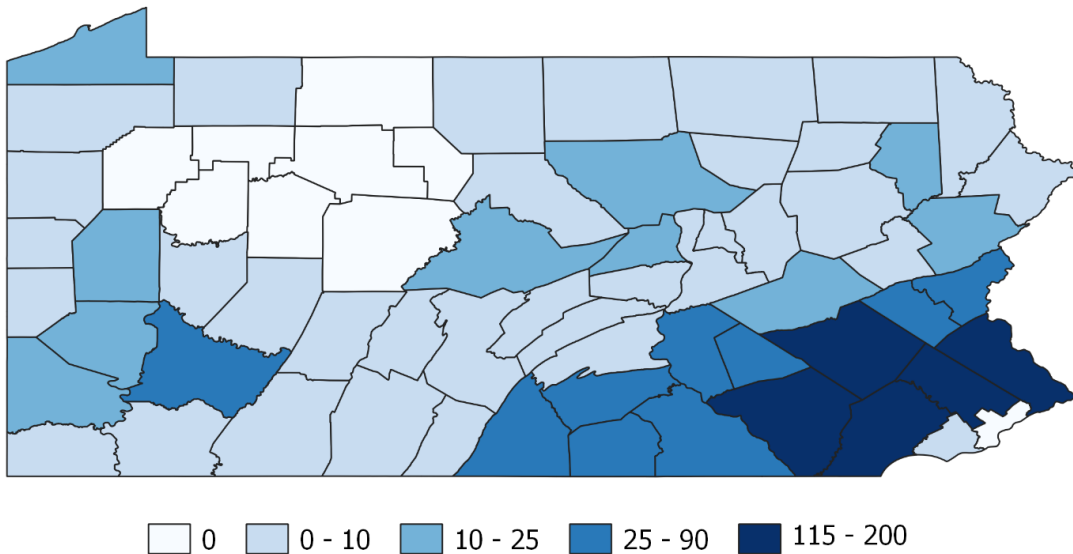
The table below shows county detail for **number of acres**, **state costs** and **state costs per acre** from 2018 to 2020. The counties are ranked in order of acres conserved in 2020. These data show that in 2020, most easement acreage was purchased in Lancaster County, while the highest state costs related to easement purchases were attributable to Chester County. Chester County also had the highest state cost per acre in 2020 by a significant margin, with more than double the cost per acre than the next county (Lehigh).

County	Acres			State Costs (\$ millions)			State Costs per Acre		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Lancaster	1,714	1,453	1,376	\$4.8	\$3.1	\$2.8	\$2,818	\$2,099	\$2,010
Cumberland	862	826	1,329	2.2	2.1	2.2	2,519	2,576	1,621
Berks	1,312	1,250	1,187	2.4	2.2	2.4	1,823	1,731	1,983
York	548	845	796	1.3	1.8	2.4	2,434	2,166	2,986
Lehigh	941	850	779	2.8	2.5	3.1	2,944	2,887	4,016
Chester	1,592	1,547	767	4.7	2.1	6.3	2,957	1,377	8,193
Northampton	750	620	673	1.9	1.7	2.7	2,528	2,708	3,992
Dauphin	282	640	628	0.5	0.9	1.0	1,601	1,380	1,569
Erie	209	166	497	0.3	0.3	0.6	1,453	2,056	1,275
Perry	157	--	485	0.1	--	0.3	746	--	570
Westmoreland	374	240	411	0.7	0.8	1.3	1,885	3,325	3,211
Adams	307	495	335	0.7	0.7	0.4	2,139	1,496	1,052
Lackawanna	176	320	321	0.4	0.7	0.7	2,420	2,218	2,132
Union	367	354	306	0.7	0.2	0.5	1,861	546	1,649
Wayne	176	--	280	0.3	--	0.5	1,540	--	1,623
Centre	357	373	264	0.7	0.9	0.8	1,824	2,514	3,144
Lawrence	164	143	262	0.2	0.2	0.3	1,235	1,138	1,142
Butler	149	345	260	0.6	1.0	0.9	4,149	2,791	3,613
Fayette	103	--	260	0.2	--	0.4	1,461	--	1,488
Blair	137	436	259	0.1	0.5	0.3	1,073	1,102	1,279
Other	<u>4,020</u>	<u>6,601</u>	<u>3,253</u>	<u>10.7</u>	<u>15.8</u>	<u>8.4</u>	<u>2,662</u>	<u>2,386</u>	<u>2,598</u>
Statewide	14,696	17,505	14,727	\$36.2	\$37.4	\$38.2	\$2,462	\$2,137	\$2,594

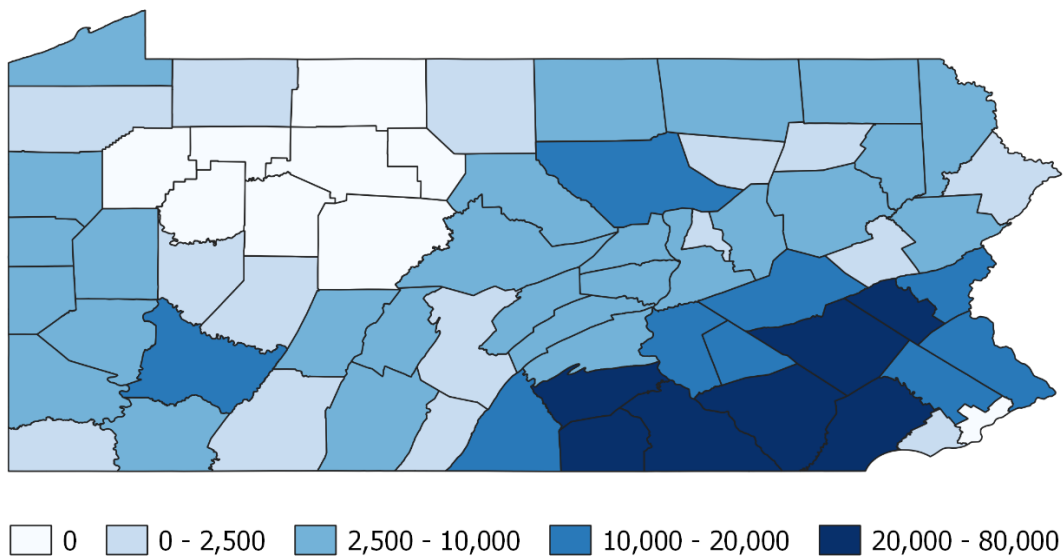
Note: State costs include purchase price of state or jointly owned easements and the incidental costs related to non-state owned easements.

The two maps below show the (1) total purchases and (2) total acres purchased by county since the inception of the easement purchase program. Total purchases include the amount paid by the state and/or local government for the ownership of the easement. The purchase price excludes costs related to incidental expenses and interest, which account for less than 4% of total costs annually. The figure shows that easement purchases have historically been focused in the south-central and southeastern region of the state. The acreage includes all easement acreage, regardless of ownership. In the program's history, \$1.6 billion has purchased 580,000 acres of easements.

Cumulative Easement Purchases by County (\$ millions)



Cumulative Easement Acres by County



The table below shows annual detail regarding the major grants that are distributed within this activity. This activity distributes \$26.2 million per year in DGLV grants to counties. This program maintains applicable roads to prevent water pollution. In 2020-21, these funds supported 268 dirt and gravel projects and 117 low-volume road projects that were completed. This activity also provides \$2.6 million per year in county grants for nutrient management/manure management projects and \$1.2 million in general support to County Conservation Districts.

Conservation Grant Detail						
Grant Program	16-17	17-18	18-19	19-20	20-21	21-22
Dirt, Gravel and Low-Volume Road						
DGLV mileage statewide (000s)	85	85	85	85	85	--
DGLV mileage repaired	216	236	190	265	165	--
Grant recipients (counties)	65	62	65	66	66	66
Grant awards (\$ millions)						
Dirt and gravel	\$18.6	\$18.6	\$18.6	\$18.6	\$18.6	\$18.6
Low-volume roads	\$7.4	\$7.4	\$7.4	\$7.4	\$7.4	\$7.4
Projects completed						
Dirt and gravel	258	352	268	390	268	--
Low-volume roads	129	159	171	229	117	--
Nutrient Management/Manure Management						
Grant recipients (counties)	57	60	58	58	57	57
Grant awards (\$ millions)	\$2.7	\$2.6	\$2.6	\$2.8	\$2.8	\$2.8
Plans implemented	2,030	1,215	1,290	1,300	1,350	1,400
Conservation District Funding						
Grant recipients (counties)	59	59	59	59	59	58
Grant awards (\$ millions)	\$1.1	\$1.1	\$1.2	\$1.2	\$1.1	\$1.2

Activity 4: Horse Racing Promotion and Regulation

This activity promotes and regulates the horse racing industry in Pennsylvania, through the State Horse Racing Commission and the Pennsylvania Equine Toxicology Research Laboratory (PETRL). The Horse Racing Commission oversees the marketing and promotion of the industry, as well as the management of licensing, financial information, investigations, violations and rulings pertaining to the industry and its patrons at the six racetracks in the state. PETRL ensures the integrity of race results by testing blood samples of competing horses. PETRL completed over 30,000 samples in 2019 to ensure the integrity of race results, with 99.9% being completed within 14 days. In CY 2019, this activity oversaw 905 race days, which involved over 15,000 competing horses and resulted in \$168 million in purses paid to winners and \$678 million in wagers placed (handle). In CY 2020, horse racing was significantly impacted by COVID-19 and the related closures and mitigation efforts, which can be seen in the performance measures table on the next page.

The Commission's operations are funded by parimutuel wagering taxes, license fees, and penalties. This activity is also funded by special funds and transfers from the Pennsylvania Horse Racing Development Trust Fund (PHRDTF). The PHRDTF is funded by roughly 10% of annual statewide gross terminal revenue, the taxable portion of slot machine revenues (\$185 million in FY 2020-21). The expenditures shown for this activity represent the amount of money that was utilized from the PHRDTF to promote and regulate the racing activity each year within the department's budget.³ For FY 2020-21, expenditures included, but were not limited to: \$10.3 million (24%) for PETRL, \$10.4 million (24%) for the Breeders' Fund, \$10.4 million (24%) for the Sire Stakes Fund and \$6.2 million (14%) for the State Racing Commission.

The goals of this activity are to promote and protect the integrity of the horse racing industry.

Resources for Horse Racing Promotion and Regulation						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$10.71	\$10.45	\$10.64	\$8.98	\$9.49	\$11.74
Operational Expenses	5.95	7.34	5.90	6.58	6.12	8.09
Grants	36.57	39.55	36.83	32.72	26.62	29.20
Other ¹	<u>0.74</u>	<u>0.50</u>	<u>0.73</u>	<u>0.85</u>	<u>0.83</u>	<u>1.02</u>
Total	53.97	57.84	54.10	49.13	43.07	50.05
Expenditures by Fund						
State Racing Fund	<u>\$53.97</u>	<u>\$57.84</u>	<u>\$54.10</u>	<u>\$49.13</u>	<u>\$43.07</u>	<u>\$50.05</u>
Total	53.97	57.84	54.10	49.13	43.07	50.05
Average Weekly FTE Positions	153	155	149	147	133	136
Personnel Cost/FTE (\$ thousands)	\$70.0	\$67.4	\$71.3	\$61.2	\$71.5	\$86.2
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include non-expense and/or miscellaneous expense transfer expenditures.						

³ Activity expenditures do not include PHRDTF distributions for purses and horsemen health and pension benefits.

Performance Measures for Horse Racing Promotion and Regulation

	2017	2018	2019	2020	2021
Racing					
Race days	937	906	905	596	--
Races	10,167	9,858	10,025	6,851	--
Horses competing	17,786	16,574	15,567	10,896	--
Breeders	765	713	640	532	--
Purses paid (\$ millions)	\$172.7	\$162.5	\$168.4	\$108.8	--
Total handle (\$ millions) ¹	\$702.2	\$671.1	\$678.1	\$541.2	--
On-track handle (\$ millions)	\$26.4	\$24.5	\$23.0	\$9.9	--
Out-of-state handle (\$ millions)	\$643.7	\$617.6	\$629.4	\$515.5	--
Other handle (\$ millions)	\$32.2	\$29.0	\$25.7	\$15.8	--
Taxable handle (\$ millions) ^{1,2}	\$346.4	\$336.3	\$300.2	\$316.7	\$261.2
Pari-mutuel tax revenues (\$ millions) ²	\$7.8	\$10.0	\$8.6	\$9.1	\$6.3
Promotion expenditures (\$ millions) ¹	\$0.3	\$4.4	\$2.4	\$2.1	--
Horse deaths	100	91	104	73	--
PA Equine Toxicology Research Laboratory					
Samples completed	29,558	29,064	30,046	19,351	--
Samples tested per FTE	1,557	1,412	1,583	1,019	--
Cost per test	\$128	\$131	\$159	\$146	--
% Tests with laboratory findings ¹	52.7%	45.0%	37.6%	33.6%	--
Violations	137	92	88	50	--
Penalties collected for violations (\$ thousands)	\$114.7	\$82.0	\$116.0	\$43.5	--

1 See notes on measures.

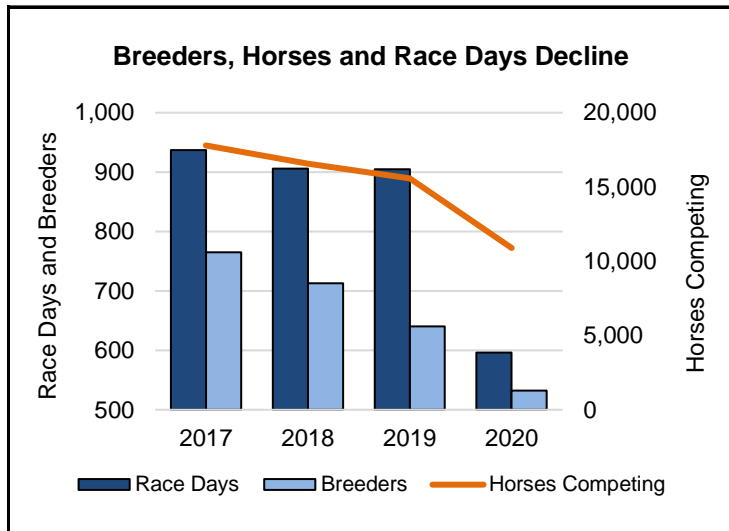
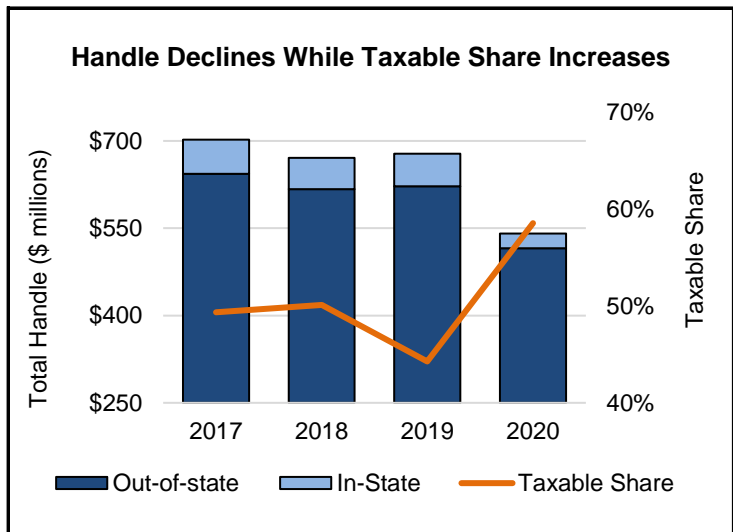
2 Source is the Department of Revenue. 2021 is estimated by the IFO based on revenues through October.

Notes on Measures

- Total handle equals all wagering on horse racing during the calendar year. On-track handle are wagers on races held at the six racetracks in Pennsylvania. Out-of-state handle are wagers on Pennsylvania races by patrons outside of the state through simulcast wagering. Other handle includes in-state off-track handle, electronic wagering, and in-state export. Taxable handle is subject to the state's pari-mutuel tax.⁴
- Promotion expenditures include marketing and promotion grants, which are funded by 1% of the Pennsylvania Race Horse Development Trust Fund revenues and augment any existing marketing and promotional spending by racetracks and industry organizations.
- Tests with laboratory findings include any test with an abnormal finding that requires evaluation. Violations are a small subset of tests with laboratory findings.

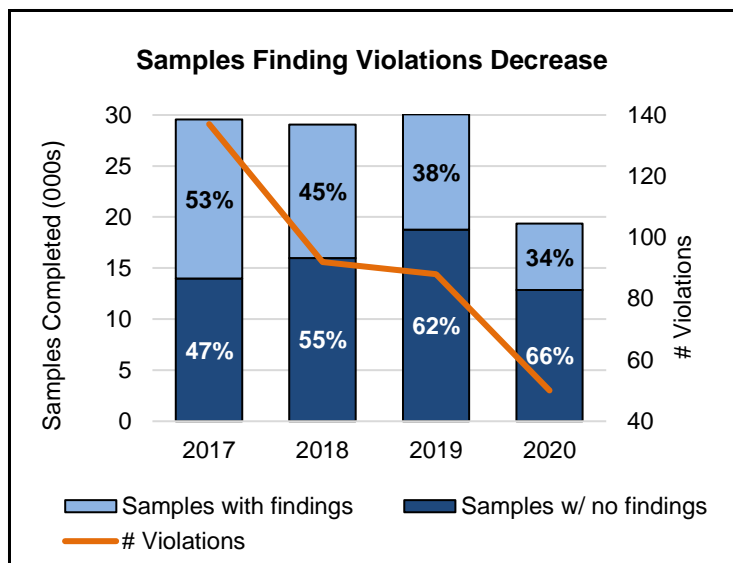
⁴ The pari-mutuel tax rate in Pennsylvania is "1.5% of the amount wagered each racing day on win, place, or show wagers and 2.5% of the total amount on an exotic wager, including an exacta, daily double, quinella and trifecta wager." 3 Pa.C.S. 9334 (b).

Total handle was \$541 million in 2020, a decrease of \$161 million (-23%) from 2017. Out-of-state handle comprised \$515 million (95%) of that amount, slightly higher than recent years. The remaining wagers (\$26 million) include on-track, in-state off-track, electronic and in-state export, all of which declined from 2017 to 2019 and then fell further in 2020. On-track handle was just \$10 million in 2020, a decrease of 57% from 2019 and 63% from 2017. The taxable share of total handle was 59% in 2020, which was an increase from 49% in 2017.



The number of **breeders, horses, and race days** has declined in recent years. There were 640 breeders throughout Pennsylvania in 2019, a decrease of 125 (-16%) from 2017. During the same period, total horses competing decreased by 2,219 (-13%) and race days decreased by 32 (-3%). Due to COVID-19, race days declined even more precipitously in 2020, with just 596 race days being held, a decline of 34% from 2019. There were also notable declines in active breeders (-17%) and horses competing (-30%) in 2020.

Sample violations found by PETRL have declined in recent years. Before the COVID-19-related reduction in both testing and violations in 2020, violations fell significantly. Violations found in 2019 represented a decline of 49 (-36%) from 2017. Furthermore, the percentage of samples with laboratory findings declined significantly from 2017 to 2020. In 2020, 34% of samples recorded laboratory findings, compared to 53% in 2017. These trends suggest improved compliance with equine regulations.



State Benchmarks

In 2020, Pennsylvania held the third-highest number of thoroughbred races in the country, behind California and Florida. The data below compare thoroughbred horse racing statistics in Pennsylvania to select states. The states are listed in order of number of races held in 2020. These data show that from 2014 to 2018, the number of races and mares bred declined in all the states shown except Ohio. From 2018 to 2020, all states recorded declines in races at varying degrees, largely due to the decline in 2020 related to the COVID-19 pandemic. Florida was the only state to hold nearly the same number of races in 2020 as in 2018.

Among the states shown, Pennsylvania recorded the second-steepest decline in races from 2018 to 2020 (-36%) behind New York. Conversely, Pennsylvania and Ohio were the only two states to record an increase in mares bred during that period. Overall, these data show that thoroughbred races were already declining over the last six years, and in many cases that trend accelerated in 2020.

Thoroughbred Horse Racing Statistics						
	2014	2016	2018	2020	2014-18 AAGR	2018-20 AAGR
Races						
Florida	3,738	3,356	3,374	3,356	-2.5%	-0.3%
California	3,900	3,863	3,874	2,784	-0.2%	-15.2%
Pennsylvania	4,211	3,779	3,673	2,355	-3.4%	-19.9%
West Virginia	3,358	2,814	2,324	2,101	-8.8%	-4.9%
Ohio	2,361	2,355	2,382	1,913	0.2%	-10.4%
New York	3,686	3,481	3,170	1,884	-3.7%	-22.9%
Purses per Race						
California	\$44,263	\$43,450	\$35,329	\$37,391	-5.5%	2.9%
Florida	\$26,808	\$29,001	\$37,811	\$31,829	9.0%	-8.3%
Pennsylvania	\$25,489	\$27,706	\$25,434	\$23,000	-0.1%	-4.9%
West Virginia	\$16,774	\$14,215	\$14,688	\$15,512	-3.3%	2.8%
Ohio	\$12,403	\$17,520	\$20,612	\$20,232	13.5%	-0.9%
New York	\$50,539	\$52,145	\$56,447	\$58,732	2.8%	2.0%
Mares Bred						
California	2,612	2,675	2,563	1,865	-0.5%	-14.7%
Florida	3,024	2,865	2,078	1,803	-9.0%	-6.9%
Pennsylvania	907	554	684	791	-6.8%	7.5%
West Virginia	735	493	429	409	-12.6%	-2.4%
Ohio	319	448	363	400	3.3%	5.0%
New York	1,674	1,528	1,125	1,031	-9.5%	-4.3%
Note: AAGR is average annual growth rate.						
Source: The Jockey Club.						

Activity 5: Other Regulatory Services

The Other Regulatory Services Activity includes the Bureau of Dog Law Enforcement (BDLE) and the Bureau of Rides and Measurement Standards (BRMS). The BDLE's responsibilities include (1) dog licensing, (2) kennel licensing and inspections, (3) the humane capture of dogs running at large, (4) dangerous dog investigations and (5) maintenance of a statewide dangerous dog registry. The BDLE inspects more than 2,790 dog kennels throughout the state and has sold an average of 846,000 dog licenses annually over the last three years. The current cost of an annual dog license is \$6.50 for altered dogs, \$8.50 for unaltered dogs and \$31.50 for a lifetime license for altered dogs and \$51.50 for unaltered dogs. These fees have not changed since 1997. In 2020, over 94% of licenses sold were annual licenses.

The BRMS (1) regulates a diverse array of customer-facing measurement systems throughout the state and (2) ensures the safety of amusement parks and rides by training and certifying ride inspectors. The department performs nearly 80,000 inspections per year on devices such as retail motor fuel dispensers, checkout scanning systems and large truck scales. Over time, the PDA has absorbed more responsibilities within this activity as counties eliminated their weights and measures programs. From 2010 to 2019, five counties and one city transferred responsibility to PDA, adding over 10,000 devices to the department's workload. In 2020, BRMS began implementation of the Pennsylvania Inspection Reporting System (PAIRS) that provides a solution to support a common business function (inspections) which could be expanded to support other inspection programs.

The goals of these Other Regulatory Services are to (1) ensure the integrity of the marketplace for products sold in Pennsylvania, (2) ensure the humane treatment of dogs living in kennels and (3) protect the public from dangerous dogs and unsafe amusement rides.

Resources for Other Regulatory Services						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$9.30	\$8.85	\$8.61	\$8.90	\$7.57	\$9.46
Operational Expenses	2.57	2.31	2.31	2.18	2.05	2.90
Grants	3.04	3.96	0.00	0.00	0.00	0.00
Other ¹	<u>0.00</u>	<u>1.13</u>	<u>1.67</u>	<u>1.89</u>	<u>0.00</u>	<u>-3.01</u>
Total	14.91	16.24	12.59	12.97	9.62	9.36
Expenditures by Fund						
General Fund (State)	\$0.68	-\$1.80	\$0.44	\$0.50	-\$1.46	\$0.05
General Fund (Augmentations)	4.14	6.26	4.86	4.87	5.71	0.63
General Fund (Federal)	3.04	3.96	0.00	0.00	0.00	0.00
Dog Law Admin. Restricted Account	<u>7.05</u>	<u>7.81</u>	<u>7.28</u>	<u>7.60</u>	<u>5.37</u>	<u>8.69</u>
Total	14.91	16.24	12.59	12.97	9.62	9.36
Average Weekly FTE Positions	104	102	96	97	96	95
Personnel Cost/FTE (\$ thousands)	\$89.7	\$86.7	\$89.4	\$91.4	\$78.9	\$99.7
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include small fixed asset, non-expense and/or miscellaneous expense transfer expenditures.						

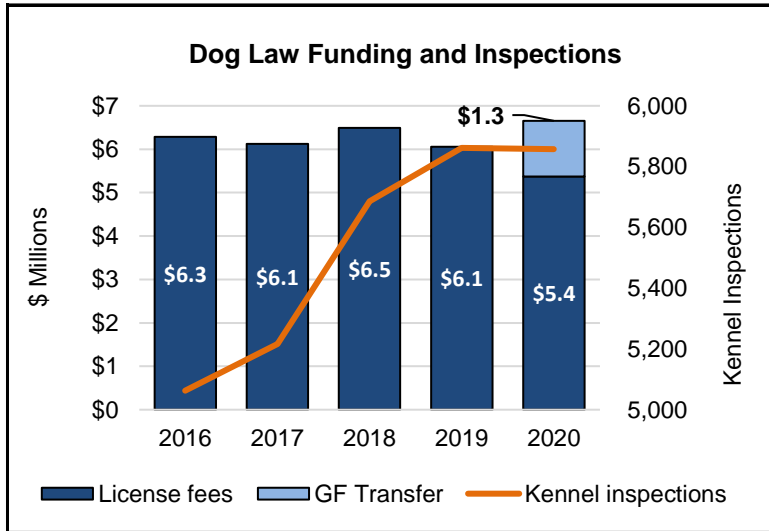
Performance Measures for Other Regulatory Services

	2016	2017	2018	2019	2020	2021
<u>Dog Law Enforcement</u>						
Workload						
Kennel inspections	5,063	5,216	5,686	5,861	5,857	--
Commercial	189	188	221	181	229	--
Non-commercial	4,874	5,028	5,465	5,680	5,628	--
Kennels licensed	2,340	2,428	2,644	2,741	2,793	--
Dog licenses sold (thousands) ¹	966.2	936.5	985.0	911.2	809.8	--
Annual dog license fees (\$ millions)	\$6.3	\$6.1	\$6.5	\$6.1	\$5.4	--
Fee revenues as % of expenses ¹	78%	88%	88%	83%	69%	--
Kennel inspections per inspector	--Recommended measure--					
Outcome						
% Estimated dog population licensed ¹	55.6%	56.7%	47.3%	49.4%	43.3%	45.0%
Kennel inspection compliance rate ¹	94.0%	95.0%	94.0%	95.0%	96.0%	--
Citations issued for Dog Law violations	3,121	3,313	3,072	2,819	2,241	--
Dog bite incident responses	956	1,444	1,391	1,273	957	--
<u>Ride and Measurement Standards</u>						
Weights and measures inspections	80,362	81,480	76,519	77,476	--	78,959
Weights and measures inspections per inspector ¹						
Fuel dispenser meters	1,489	1,590	1,474	1,638	--	--
Small scale (0-1,000 lbs)	1,045	981	972	1,006	--	--
% Devices inspected in required timeframe ¹						
Fuel dispenser meters	--	--	--	83.9%	--	--
Small scale (0-1,000 lbs)	--	--	--	79.2%	--	--
Weights and measures inspection compliance	88.3%	88.6%	88.1%	87.5%	--	--
Amusement ride inspectors licensed	1,145	1,496	1,428	1,730	1,771	1,752

¹ See notes on measures.

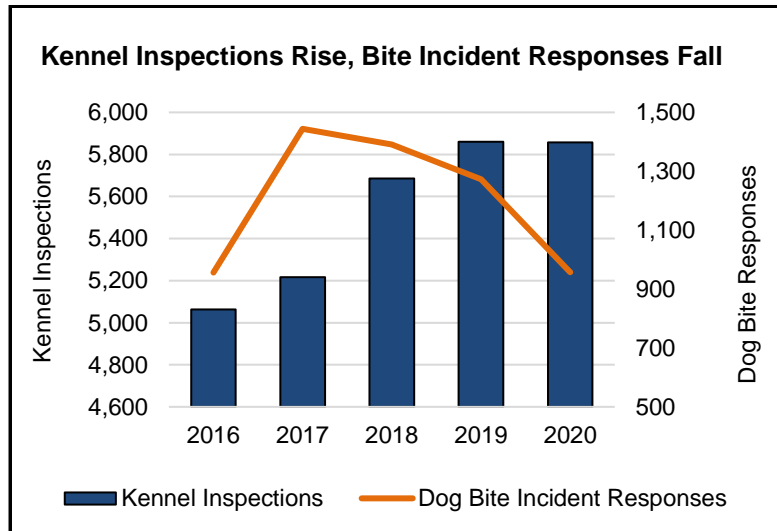
Notes on Measures

- Dog licenses sold include both annual and lifetime licenses.
- Fee revenues as a share of expenses is equal to dog license fees collected each year divided by annual total expenses for the Bureau of Dog Law Enforcement. Expenses include personnel costs, administrative overhead, operating expenses and domestic animal damage claims.
- The state dog population is estimated using a formula developed by the National Council on Pet Population Study and Policy. Additional sources include the U.S. Census, the American Pet Products Association and the American Veterinary Medical Association.
- Kennel inspection compliance rate is equal to the number of kennel inspections that receive a passing evaluation divided by total kennel inspections.
- The two types of inspections shown for Weights and Measures inspections per inspector are the most common inspection types. They comprise 92% of total inspections performed.
- Weights and measures inspections conducted within the required timeframe is less than 100% due to the combination of (1) more devices requiring inspection as local programs are eliminated and (2) relatively flat staff levels within the bureau in recent years. The PAIRS system will allow for future calculation of this metric.

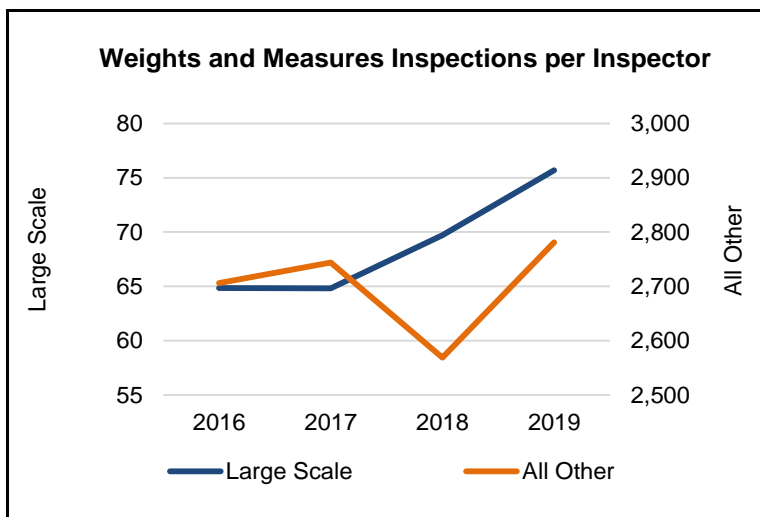


License fee revenues declined significantly in recent years, while kennel inspections increased. License revenues were \$5.4 million in 2020, a decrease of \$0.9 million (-14%) from 2016. During the same period, kennel inspections increased by 852 (17%). In 2020, the BDLE received a transfer of \$1.3 million from the General Fund to help cover personnel expenses.

There has been a notable decline in **dog bite incident responses** by the BDLE in recent years as kennel inspections have increased. There were 957 dog bite responses in 2020, a decline of 487 (-34%) from 2017. This is likely due in part to dog wardens focusing more on kennel inspections and referring dog bite incidents to local police.



Weights and measures inspections per inspector averaged 76 for large capacity scales (10,000 pounds or more) in 2019, an increase of 11 inspections (17%) from 2016. During the same period, inspections per inspector of all other device types increased from 2,706 to 2,781 (75 inspections, +3%). These metrics should not be compared in terms of efficiency, as all device types are inspected on different time frames. Furthermore, large capacity scales are handled by specific inspectors, while remaining staff are cross-trained to conduct all other inspections. No data are available for CY 2020, as the bureau began implementation of the PAIRS system during the year.



inspections per inspector of all other device types increased from 2,706 to 2,781 (75 inspections, +3%). These metrics should not be compared in terms of efficiency, as all device types are inspected on different time frames. Furthermore, large capacity scales are handled by specific inspectors, while remaining staff are cross-trained to conduct all other inspections. No data are available for CY 2020, as the bureau began implementation of the PAIRS system during the year.

- This page intentionally left blank. -

Activity 6: Agricultural Marketing and Development

The Agricultural Marketing and Development Activity promotes Pennsylvania’s agricultural history and products and provides support and resources to the producers and sellers of those products. This activity includes the Pennsylvania Farm Show, the largest indoor agricultural event in the country. Other sub-activities include the administration of (1) the PA Preferred state branding program, (2) the State Fair Program, (3) the Agricultural Commodities Marketing Act, (4) the Agricultural Business Development Center and (5) the Hardwoods Development Council. More than half of the FTEs within this activity (60%) are non-permanent wage employees, which are largely comprised of staff related to the Farm Show Complex. This results in relatively low personnel costs within the activity compared to the high staff counts.

This activity also includes program grants related to the PA Farm Bill and the Agricultural Business and Workforce Investment appropriation. Farm Bill grants within this activity include the Agriculture and Youth Organization programs, Urban Agriculture Infrastructure Collaboration programs, Commonwealth Specialty Crop Block Grant and Farm to School Grant Programs.

The goals of this activity are to increase sales of Pennsylvania grown and produced agricultural and food products, engage the agricultural community to help residents and visitors learn more about the industry and enhance the long-term vitality of farms and agribusiness. The intended outcome is to expand the state’s agricultural industry.

Resources for Agricultural Marketing and Development						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$8.38	\$8.26	\$8.23	\$8.26	\$6.57	\$8.32
Operational Expenses	4.76	5.20	5.67	5.31	3.76	10.43
Grants	7.06	7.06	7.28	7.53	6.96	12.75
Debt Service/Investments	5.00	0.00	0.00	0.00	0.00	0.00
Other ¹	<u>2.06</u>	<u>2.18</u>	<u>2.28</u>	<u>8.03</u>	<u>7.83</u>	<u>7.66</u>
Total	27.26	22.69	23.53	29.30	25.17	39.16
Expenditures by Fund						
General Fund (State)	\$3.08	\$2.87	\$3.25	\$8.73	\$8.01	\$10.48
General Fund (Augmentations)	0.21	0.21	0.23	0.31	0.37	0.63
General Fund (Federal)	2.01	1.87	2.00	1.86	1.51	5.20
General Fund (Restricted)	0.54	0.62	1.00	1.80	2.70	5.84
State Farm Products Show Fund	17.66	12.94	13.12	12.85	8.88	13.00
Race Horse Development Trust Fund	<u>3.76</u>	<u>4.19</u>	<u>3.94</u>	<u>3.75</u>	<u>3.70</u>	<u>4.01</u>
Total	27.26	22.69	23.53	29.30	25.17	39.16
Average Weekly FTE Positions	165	176	205	200	181	172
Personnel Cost/FTE (\$ thousands)	\$50.8	\$47.0	\$40.1	\$41.4	\$36.4	\$48.3
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include non-expense and/or miscellaneous expense transfer expenditures.						

Performance Measures for Agricultural Marketing and Development

	2016	2017	2018	2019	2020	2021
Farm Show Complex						
Est. Farm Show Complex attendance (000s)	1,000	1,000	1,000	1,000	700	50
Parking and concessions revenue (\$ millions)	\$3.1	\$3.4	\$3.6	\$3.2	\$0.1	--
Economic impact of Farm Show (\$ millions) ¹	--	--	\$300	\$255	\$10	\$150
Other						
% Grants processed electronically (FY) ¹	--	--	--	70%	63%	--
PA Preferred member count	1,950	2,011	2,011	2,300	1,800	--
% Preserved farms with business plan	--Recommended measure--					
Pennsylvania hardwood exports (\$ billions)	\$1.28	\$1.31	\$1.24	\$1.10	\$1.02	\$1.14
Statewide Indicators						
<u>Exports (\$ millions)²</u>						
Agricultural products	\$163	\$165	\$174	\$227	\$223	--
Livestock and livestock products	\$39	\$64	\$64	\$52	\$35	--
Forestry products	\$109	\$130	\$120	\$85	\$71	--
Wood products	\$519	\$562	\$504	\$463	\$435	--
Food and kindred products	\$1,932	\$1,766	\$1,640	\$1,704	\$1,645	--
Beverage and tobacco products	\$106	\$125	\$137	\$145	\$144	--
Paper	\$524	\$488	\$481	\$450	\$415	--
Growth in total PA agricultural receipts ^{3,4}	-14.0%	6.0%	-1.0%	-1.0%	-0.1%	--
Share of national agricultural receipts ⁴	1.78%	1.83%	1.81%	1.81%	1.84%	--
Farms in Pennsylvania (000s) ⁴	54.3	53.2	53.0	52.7	52.7	--
Total acreage (millions) ⁴	7.3	7.3	7.3	7.3	7.3	--
Agricultural jobs (000s) ⁵	24.4	24.4	24.6	24.9	25.3	--

Notes:

1 See notes on measures.

2 State exports by NAICS commodities according to USA Trade from the U.S. Census Bureau.

3 Growth rates are year-over-year.

4 Source is the U.S. Department of Agriculture.

5 According to the U.S. Bureau of Labor Statistics. Includes agriculture, forestry, fishing and hunting.

Notes on Measures

- As published in the Executive Budget, the economic impact of the Farm Show is calculated by Visit Hershey Harrisburg (VHH). VHH is Dauphin County's Destination Marketing Organization.
- The percentage of grants processed electronically represents the share of state-funded grants within this activity that are processed with the eGrants system.

The table below displays financial data for the Farm Show Complex and the Farm Show Fund. These data show that total revenues in the fund were relatively flat from FY 2016-17 to FY 2019-20, before declining by \$2.2 million (-18.0%) in FY 2020-21. The decline was largely due to COVID-19 restrictions, as there were no parking or concessions revenues from events at the complex.

	16-17	17-18	18-19	19-20	20-21
Revenues					
Horse racing transfer	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Parking revenue	2.1	2.2	2.3	2.0	0.0
Rentals	3.1	2.8	3.6	2.3	2.5
Concessions	1.0	1.2	1.3	1.2	0.0
Other	<u>1.4</u>	<u>1.6</u>	<u>1.8</u>	<u>1.7</u>	<u>2.4</u>
Total revenues	\$12.6	\$12.8	\$13.9	\$12.2	\$10.0
Disbursements	\$17.7	\$12.9	\$13.1	\$12.8	\$8.9
Annual surplus/deficit (\$ millions)	-\$5.1	-\$0.1	\$0.8	-\$0.6	\$1.1

	19-20	20-21
Agriculture and Youth Org. Direct		
Recipients	43	43
Amount (\$000s)	\$269	\$276
Agriculture and Youth Org. Matching		
Recipients	11	14
Amount (\$000s)	\$231	\$224
Commonwealth Specialty Crop		
Recipients	13	8
Amount (\$000s)	\$473	\$478
Farm to School		
Recipients	45	39
Amount (\$000s)	\$394	\$389
Urban Ag. Infrastructure Collab.		
Recipients	14	26
Amount (\$000s)	\$472	\$463
Urban Ag. Infrastructure Micro-Grant		
Recipients	14	16
Amount (\$000s)	\$28	\$34
Very Small Meat Processor		
Recipients	12	--
Amount (\$000s)	\$402	--

The adjacent table provides a summary of the grants related to the PA Farm Bill, which have totaled \$4.1 million over the last two complete fiscal years. In addition to the grant programs shown, the PA Farm Bill includes numerous initiatives that invest in agriculture. This includes but is not limited to (1) resources for agricultural business development and succession planning, which funds the Agricultural Business Development Center (\$2 million) and establishes a Realty Transfer Tax Exemption for the transfer of preserved farmland to a qualified beginning farmer, (2) support for conservation with low-interest loans for conservation practices and an increase in the availability and cap of the REAP Tax Credit (\$3 million) and (3) the establishment of the Pennsylvania Rapid Response Disaster Readiness Account (\$5 million), which provides for quick response to agricultural disasters of all kinds.

- This page intentionally left blank. -

Activity 7: Plant Industry and Health

The Plant Industry and Health Activity includes (1) detection, identification and control of destructive plant pests (diseases, insects and weeds, both native and exotic) and honeybee pests, (2) administration of laws and regulations relating to the application, distribution and sale of seed, plants, feed, fertilizer, pesticides and liming materials, (3) administration of pesticide business licenses, testing and certification and complaint investigation, (4) promotion of farm safety, worker protection, surface and groundwater protection, endangered species protection, invasive species management and integrated pest management and (5) issuance of and enforcement of permits issued for the growth of hemp within standards established by the federal Farm Bill. Laboratory services provided by the Bureau of Plant Industry are a sub-activity included within this activity. In FY 2020-21, the department inspected over 1,500 plant businesses, 1,000 apiaries, 1,000 agronomic businesses and 500 pesticide businesses. It also processed 578 hemp permits in FY 2020-21. For the purpose of Spotted Lanternfly (SLF) control, the department has issued a total of 1.2 million vehicle permits to 28,221 businesses across the United States and Canada.

The goal of this activity is to protect the Commonwealth's plant resources and provide consumer protection and resident safety by ensuring quality products and services through certification, licensing, product registration, monitoring and inspection programs.

Resources for Plant Industry and Health						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$7.87	\$8.00	\$8.79	\$9.96	\$9.70	\$10.82
Operational Expenses	3.72	4.66	5.47	8.51	10.11	17.83
Fixed Assets Expense	0.16	0.00	0.13	0.22	0.58	0.00
Grants	1.13	1.17	1.16	1.52	0.71	2.83
Other ¹	<u>0.27</u>	<u>0.30</u>	<u>0.34</u>	<u>4.58</u>	<u>3.68</u>	<u>3.62</u>
Total	13.15	14.13	15.89	24.79	24.78	35.09
Expenditures by Fund						
General Fund (State)	\$3.93	\$3.64	\$4.84	\$10.11	\$8.72	\$7.01
General Fund (Augmentations)	1.52	1.64	1.50	1.60	1.85	1.54
General Fund (Federal)	3.06	4.27	4.75	7.76	6.66	17.37
General Fund (Restricted)	<u>4.64</u>	<u>4.58</u>	<u>4.81</u>	<u>5.32</u>	<u>7.55</u>	<u>9.17</u>
Total	13.15	14.13	15.89	24.79	24.78	35.09
Average Weekly FTE Positions	89	88	96	114	112	119
Personnel Cost/FTE (\$ thousands)	\$88.9	\$91.0	\$91.4	\$87.3	\$87.0	\$91.2
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include non-expense and/or miscellaneous expense transfer expenditures.						

Performance Measures for Plant Industry and Health

	2016	2017	2018	2019	2020	2021
Workload						
Licenses Processed						
Plant	8,311	8,202	8,394	8,025	7,569	7,941
Agronomic	3,514	3,626	3,795	3,876	4,030	3,835
Apiary	4,500	5,000	5,300	5,700	5,700	5,700
Pesticide Business	6,990	6,946	6,922	6,832	6,612	6,284
Hemp	--	16	35	324	578	490
Inspections by Business Type						
Plant	3,179	2,661	2,901	2,844	1,585	2,000
Agronomic	1,497	1,312	1,463	1,434	1,000	1,200
Apiary	1,525	1,293	910	1,096	1,099	1,000
Pesticide Business	803	713	877	783	500	750
Efficiency						
Inspections per Inspector						
Plant	227	190	193	190	113	143
Agronomic	107	94	105	120	76	80
Apiary	218	216	130	157	157	143
Pesticide Business	57	51	63	65	38	50
Outcome						
Inspection Compliance Rate						
Plant ¹	98%	97%	97%	97%	96%	92%
Agronomic ¹	93%	91%	92%	90%	94%	82%
Pesticide ¹	--	86%	82%	74%	81%	--
Spotted Lanternfly (SLF)						
Participants completing SLF permit training ¹	--	--	2,854	24,651	4,404	2,995
% Plant industry businesses with SLF permit	--	--	13%	14%	27%	30%
Counties under SLF quarantine	6	6	13	14	26	34

Note: CY 2021 data are full-year estimates.

¹ See notes on measures.

Notes on Measures

- For plant and agronomic businesses, the inspection compliance rate is equal to the share of inspections that do not result in a stop sale. For pesticide businesses, it is the share of inspections that do not result in a warning letter or civil penalty.
- An SLF permit is required for businesses, agencies and organizations working within the quarantine area that move articles such as products, vehicles or other conveyances within or out of the quarantine area.
- Participants completing SLF permit training represents all individuals within a permitted business.

Activity 8: Administration

The Administration Activity provides the executive and organizational leadership functions within the department. It also includes the services related to policy development and administration, legislative services, legal services, communications and regional office administrative functions, financial management services, contracting and procurement, LEAN continuous process improvement, emergency preparedness and other core support services.

The expenditures within this activity include the transfer to the Pennsylvania State University's agricultural research and extension programs through the Agricultural College Land Scrip Fund, which totaled \$55.0 million in FY 2021-22. In the latest year, \$25.2 million of those monies were directed to agricultural research and \$29.7 million was directed towards extension programs. The College of Agricultural Sciences works directly with industry sectors and stakeholders to collect feedback on priority issues and training needs that drive research and extension educational programs. Research dollars support college faculty and research programs. The college also leverages the state appropriation with federal, county and other funds that total nearly \$100 million annually. The research and extension programs utilize reliable, science-based information to support the agricultural industry in the Commonwealth.

Resources for Administration						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$7.20	\$6.95	\$5.42	\$5.83	\$7.46	\$6.41
Operational Expenses	3.92	4.03	7.67	9.47	4.54	8.87
Fixed Assets Expense	0.11	0.00	0.02	0.06	0.00	0.00
Grants	52.42	54.78	55.66	58.38	59.64	58.40
Other ¹	<u>0.23</u>	<u>0.45</u>	<u>0.31</u>	<u>0.41</u>	<u>0.25</u>	<u>-1.12</u>
Total	63.88	66.21	69.08	74.15	71.89	72.56
Expenditures by Fund						
General Fund (State)	\$8.41	\$9.48	\$10.40	\$13.15	\$11.52	\$12.38
General Fund (Augmentations)	3.63	4.42	4.81	6.04	5.41	5.22
Agricultural College Land Scrip Fund	<u>51.81</u>	<u>52.31</u>	<u>53.88</u>	<u>54.96</u>	<u>54.96</u>	<u>54.96</u>
Total²	63.88	66.21	69.08	74.15	71.89	72.56
Average Weekly FTE Positions	61	43	42	45	45	45
Personnel Cost/FTE (\$ thousands)	\$117.8	\$163.2	\$129.1	\$129.6	\$167.3	\$143.4
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include non-expense and/or miscellaneous expense transfer expenditures.						
2 Total may include small augmentation and other special fund expenditures.						

Performance Measures for Administration

	16-17	17-18	18-19	19-20	20-21	21-22
Personnel						
Agency FTE ¹	819	814	833	844	803	803
Staff turnover rate	12.9%	6.6%	10.9%	8.5%	10.0%	10.0%
Office-based positions ^{2,3}	300	294	291	291	208	--
Full-time telework ^{2,3}	--	--	--	--	70	--
Home-headquartered positions ²	255	250	250	250	262	--
Information Technology						
IT costs (\$ thousands) ³	\$5,944	\$5,666	\$6,659	\$7,450	\$6,593	\$10,305
IT costs per agency FTE ⁴	\$7,261	\$6,958	\$7,992	\$8,831	\$8,210	\$12,833
Overtime						
Overtime costs (\$ thousands)	\$791	\$843	\$883	\$818	\$259	\$797
Overtime costs per agency FTE ⁴	\$966	\$1,036	\$1,059	\$970	\$322	\$993
Human Resources						
HR costs (\$ thousands) ³	\$977	\$934	\$1,062	\$1,145	\$1,320	\$1,315
HR costs per agency FTE ⁴	\$1,193	\$1,147	\$1,274	\$1,358	\$1,644	\$1,638
Facilities³						
Facility costs (\$ thousands)	\$202	\$268	\$208	\$322	\$273	\$300
Facility space (thousands sq. ft.)	120	120	120	120	120	120
Facility cost per square foot ⁴	\$1.7	\$2.2	\$1.7	\$2.7	\$2.3	\$2.5
PSU Agricultural Research and Extension Services^{3,5}						
Contacts (millions)	--	--	9.0	9.7	11.1	--
Participants (000s)	--	--	301.9	551.0	424.8	--
Professional certifications	--Recommended measure--					
<u>Funds Leveraged (\$ millions)</u>						
Competitive research	--	--	\$65.4	\$62.8	\$64.3	--
Federal	--	--	\$21.9	\$22.9	\$22.9	--
County	--	--	\$13.9	\$13.9	\$11.9	--

Notes:

- 1 Average weekly filled FTE. Includes full-time salary, temporary and part-time wage FTEs.
- 2 Measure includes filled and vacant positions as of December 31.
- 3 See Notes on Measures.
- 4 Calculated by the IFO.
- 5 Data provided by the Pennsylvania State University (PSU).

Notes on Measures

- In FY 2017-18, executive agency human resources (HR) and information technology (IT) complement were consolidated under the Office of Administration (OA). During this transitional year, executive agencies continued to pay the personnel costs associated with the HR and IT complement transferred to OA. Beginning in FY 2018-19, agencies are billed for these services as well as for a portion of the HR and IT enterprise budget previously appropriated to the OA.
- Management Directive 505.36 issued in April 2021 defines classifications of workers eligible to telework: (1) full-time telework work remotely each day of their workweek, (2) part-time telework have regularly scheduled days working remotely and in office and (3) ad hoc telework work remotely only in case of weather emergency or other qualified occurrences. Office-based positions include non-telework, part-time telework and ad hoc telework positions.
- Facility space and costs exclude the Farm Show Complex.
- Contacts represents a direct or indirect engagement or touchpoint with an individual at an event or through other means of communication. Contact activity is captured as a tallied number of attendees for a specific session, topic, or activity and can include office visits, site visits, individual consultations or speaking engagements.
- Participants represents a known registrant to an educational event including in-person and online workshops, webinars, conferences, and courses.
- Competitive research funds leveraged represents funding awarded through competitive grants for fundamental and applied research, extension, and higher education activities, as well as for projects that integrate research, education, and extension functions.
- Federal funds leveraged includes National Institute for Food and Agriculture Capacity Funds, which is the federal commitment to the land-grant partnership. This funding requires state matching funds and is provided to ensure that the Land-Grant University System and other partners maintain the “capacity” to conduct research and extension activities. Capacity Grants, formerly known as Formula Grants, are intended for land-grant institutions, schools of forestry, and schools of veterinary medicine to fund research and extension activities. The amount of funds provided to each institution is determined by a formula, often statutorily defined, that may include variables such as the rural population, farm population, and poverty rates. Local or regional university leaders determine which projects will be supported by an institution’s grant allotment. These decisions are informed, in part, by stakeholders who both conduct and use agricultural research and extension programs.
- County funds leveraged represents the county commitment to the land-grant partnership. Counties have traditionally provided Penn State Extension local office facilities, administrative support staffing, some program position funding and general office operational funding.

-This page intentionally left blank. -

Appendix

Performance-Based Budgeting and Tax Credit Review Schedule

Performance-Based Budgets						
Year						
1	Corrections	Board of Probation and Parole	PA Commission on Crime & Delinquency	Juvenile Court Judges' Commission	Banking and Securities	General Services
2	Economic & Community Development	Human Services – Part 1	Health	Environmental Protection	PA Emergency Management Agency	State
3	PennDOT	Human Services – Part 2	State Police	Military & Veterans Affairs		
4	Education	Human Services – Part 3	Aging	PA Historical & Museum Commission	Agriculture	Labor and Industry
5	Drug and Alcohol Programs	Insurance	Revenue	Executive Offices	Environmental Hearing Board	Conservation and Natural Resources
Tax Credits						
Year						
1	Film Production	New Jobs	Historic Preservation Incentive			
2	Research and Development	Keystone Innovation Zones	Mobile Telecom and Broadband	Organ and Bone Marrow		
3	Neighborhood Assistance	Resource Enhancement and Protection (REAP)	Entertainment Economic Enhancement Program	Video Game Production	Keystone Special Development Zones	
4	Educational Tax Credits	Coal Refuse and Reclamation	Mixed-Use Development	Brewers'		
5	Resource Manufacturing	Manufacturing and Investment	Waterfront Development	Rural Jobs and Investment		

Agency Response



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF AGRICULTURE

December 15, 2021

Mr. Matthew J. Knittel, Director
Independent Fiscal Office
Rachel Carson State Office Building
400 Market Street
Harrisburg, PA 17105

Dear Director Knittel,

The Pennsylvania Department of Agriculture (PDA) appreciates the opportunity to review the Independent Fiscal Office (IFO) draft performance-based budget document. PDA recognizes the thoroughness and the quality of this report.

As noted in the report, a large part of PDA's operations revolve around inspections that take place across multiple bureaus. These operations were significantly impacted by the pandemic, which led to both disruptions to inspections and increased demand for inspections. Covid-19 also led to additional demands for food assistance programs which saw significant increases.

Additionally, we appreciate the acknowledgment of the opportunities and benefits that can be realized through the continued utilization of technology to increase the efficiency of data collection and reporting. Specifically, we agree that the PAIRS system can enhance inspection data and reporting for five additional bureaus in PDA.

The Department of Agriculture commends the IFO's commitment to further enhance the department's efforts by identifying additional performance measures and ensuring our ongoing metrics are useful and informative.

Sincerely,

A handwritten signature in blue ink that reads "Russell C. Redding".

Russell C. Redding
Secretary, Pennsylvania Department of Agriculture

