

Multiple Agency Fiscal Note Summary

Bill Number: 5045 2S SB	Title: Meat & poultry inspection
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State University	2.0	340,220	340,220	340,220	2.0	339,720	339,720	339,720	2.0	339,720	339,720	339,720
State Conservation Commission	.4	4,261,283	4,261,283	4,261,283	.3	4,253,524	4,253,524	4,253,524	.3	4,253,524	4,253,524	4,253,524
Department of Agriculture	1.3	419,900	419,900	419,900	1.0	337,200	337,200	337,200	1.0	337,200	337,200	337,200
Total \$	3.7	5,021,403	5,021,403	5,021,403	3.3	4,930,444	4,930,444	4,930,444	3.3	4,930,444	4,930,444	4,930,444

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State University	.0	0	0	.0	0	0	.0	0	0
State Conservation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Leslie Connelly, OFM	Phone: (360) 878-4371	Date Published: Final 3/10/2021
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Individual State Agency Fiscal Note

Bill Number: 5045 2S SB	Title: Meat & poultry inspection	Agency: 365-Washington State University
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
Account					
General Fund-State 001-1	170,360	169,860	340,220	339,720	339,720
Total \$	170,360	169,860	340,220	339,720	339,720

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Julie Murray	Phone: 786-7711	Date: 02/25/2021
Agency Preparation: Emily Green	Phone: 5093359681	Date: 03/09/2021
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 03/09/2021
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 03/09/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

2S SB 5045 – Meat and Poultry Inspections establishes the meat and poultry processing and marketing assistance program. This program must assist small and midsize farms and small and midsize processors to explore options to expand capacity for processing meat or meat and poultry for sale and direct marketing efforts.

Section 2 (a)-(h) outlines the responsibilities of this program. Washington State University is assuming additional costs to develop and provide training for slaughterers and inspectors as described in Section 2.(2).(d).

Section 2 (4) requires Washington Department of Agriculture to report to the legislature the needs of meat and poultry processing facilities.

This bill would fiscally impact WSU.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The bulk of expenses would go towards salaries and benefits for one Associate Professor of Meat Sciences (\$90,000 Salary/Benefits @ 30.3%;1.0 Total FTE) and one lead retail clerk (\$34,368 Salary/Benefits @ 47.2%; 1.0 FTE). This would total 2.0 FTE (\$124,368 Salary/ \$43,492 Benefits). The Associate Professor of Meat Sciences would be required to harvest and fabricate more livestock. Additionally, this position would be required to train individuals across the state in Meat Science, grading, fabrication, yield and marketing, and food science. These responsibilities would in addition to teaching Meat Science courses. The lead retail clerk would be required to manage increased Meat Lab sales, product passaging, maintain inventory, and manage hourly employees.

WSU assumes that the Associate Professor would need to engage with stakeholders about critical meat issues such as food safety, quality assurance, and other miscellaneous issues. Travel would also be required to provide training in similar topics. Travel costs would be greatest in FY22 in order introduce the new assistance program to key stakeholders.

WSU estimates that it would incur some costs related to goods and services to support meat lab staff and products.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	170,360	169,860	340,220	339,720	339,720
Total \$			170,360	169,860	340,220	339,720	339,720

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
A-Salaries and Wages	124,368	124,368	248,736	248,736	248,736
B-Employee Benefits	43,492	43,492	86,984	86,984	86,984
C-Professional Service Contracts					
E-Goods and Other Services	1,000	1,000	2,000	2,000	2,000
G-Travel	1,500	1,000	2,500	2,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	170,360	169,860	340,220	339,720	339,720

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Associate Professor of Meat Science	90,000	1.0	1.0	1.0	1.0	1.0
Retail Clerk Lead	34,368	1.0	1.0	1.0	1.0	1.0
Total FTEs		2.0	2.0	2.0	2.0	2.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5045 2S SB	Title: Meat & poultry inspection	Agency: 471-State Conservation Commission
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.4	0.3	0.4	0.3	0.3
Account					
General Fund-State 001-1	2,134,521	2,126,762	4,261,283	4,253,524	4,253,524
Total \$	2,134,521	2,126,762	4,261,283	4,253,524	4,253,524

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Julie Murray	Phone: 786-7711	Date: 02/25/2021
Agency Preparation: Karla Heinitz	Phone: (360)407-6212	Date: 03/04/2021
Agency Approval: Ron Shultz	Phone: 360-407-7507	Date: 03/04/2021
OFM Review: Leslie Connelly	Phone: (360) 878-4371	Date: 03/06/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The bill intends to support small and mid-size farms through greater access to meat and poultry processing facilities. The bill also intends to ensure meat and poultry are inspected under a program that safeguards consumers from possible harm. The legislature also intends to provide direct marketing assistance allowing small and mid-size farms to sell their product to the retail market.

Section (2) of the bill adds a new section to the WSDA farm marketing statute and creates the meat and poultry processing and marketing assistance program. Section (2) describes a variety of the functions of the program WSDA is to implement.

Section (3) of the bill amends the State Conservation Commission (SCC) statute, requiring the Commission to establish a grant program to provide funding to conservation districts to provide access to meat and poultry processing and inspection within the district. Grants may be used by districts to establish a mobile slaughter unit or to provide needed infrastructure to provide for the retail sale of meat or poultry.

The Commission assumes the following fiscal needs in the bill:

- Creating a grant program;
- Establishing grant program criteria and guidance for use of grant funds;
- Establish program elements, including:
 - o Support for conservation districts to provide access to meat and poultry processing and inspection;
 - o Establish mobile processing units; or
 - o Provide needed infrastructure to provide for the retail sale of meat or poultry.
 - o The commission must conduct outreach to gain support from conservation districts, Washington State University and the food policy forum in developing the grant program.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

It is unknown how much would be available to provide grants to conservation districts. The Commission based assumptions on experiences of WSDA in implementing a similar grant program in 2020 using CARES funding. Their results indicated larger grant amounts were necessary to fund the activities needed for meat and poultry inspection, processing, and sale. WSDA had capped requests at \$150,000 and received grant requests totaled \$9.7 million. The Commission therefore assumed two possible scenarios based on possible funding. The funding amount to conservation districts may vary, but for these calculations we assumed a \$300,000 grant and a \$150,000 grant to 7 districts. The assumption is to limit the number of proposals to gauge interest. However, not all districts may participate, so we adjusted the funding need scenario based on the possible demand. We assume staffing demands will largely remain the same in processing grants and outreach.

Scenario #1

Staff Needs: A Program Specialist 3 (.30 FTE) and a Management Analyst 5 (.10 FTE) would set up the program a total of \$34,521 in staff costs the first year. Staff would set up and process grants as well as provide education and outreach. In subsequent years staff costs are estimated at Program Specialist 3 (.20 FTE) and Management Analyst 5 (.10 FTE) a total of \$26,762.

Grant Amount: If seven (7) conservation districts wanted to participate and had the need in their district, it is assumed a grant of \$300,000 for each conservation district. This would be \$2,100,000 in grant funding for the districts to implement a program, and continue the program in their district the following years. With the grants and staff costs the total the first fiscal year would be \$2,134,521. The remaining fiscal years the total would be \$2,176,762.

Scenario #2

Staff Needs: A Program Specialist 3 (.30 FTE) and a Management Analyst 5 (.10 FTE) would set up the program a total of \$34,521 in staff costs the first year. Staff would set up and process grants as well as provide education and outreach. In subsequent years staff costs are estimated at Program Specialist 3 (.20 FTE) and Management Analyst 5 (.10 FTE) a total of \$26,762.

Grant Amount: If seven (7) conservation districts wanted to participate in the program, and received a grant of \$150,000 per district the cost would be $7 \times \$150,000 = \$1,050,000$ for grants, plus \$34,521 in staff costs total \$1,084,521 for year one. In year two, if only 7 conservation districts wanted to participate in the program, and received a grant of \$150,000 per district the cost would be $7 \times \$50,000 = \$1,050,000$ for grants and \$26,762 for staff costs for a total of \$1,076,762 in subsequent years.

Scenario #1	2022 (1st year)	2023 (2nd year)
Staff Costs	\$34,521	\$26,762
Conservation District Grants	\$2,100,000	\$2,100,000
Total Scenario #1	\$2,134,521	\$2,126,762

Scenario #2	2023 (1st Year)	2023 (2nd year)
Staff Costs	\$34,521	\$26,762
Conservation District Grants	\$1,050,000	\$1,050,000
Total Scenario #2	\$1,084,521	\$1,076,762

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	2,134,521	2,126,762	4,261,283	4,253,524	4,253,524
Total \$			2,134,521	2,126,762	4,261,283	4,253,524	4,253,524

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.4	0.3	0.4	0.3	0.3
A-Salaries and Wages	26,554	20,586	47,140	41,172	41,172
B-Employee Benefits	7,967	6,176	14,143	12,352	12,352
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	2,100,000	2,100,000	4,200,000	4,200,000	4,200,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	2,134,521	2,126,762	4,261,283	4,253,524	4,253,524

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Management Analyst 5 Step K Range 64	86,484	0.1	0.1	0.1	0.1	0.1
Program Specialist 3 Step G Range 53	59,688	0.3	0.2	0.3	0.2	0.2
Total FTEs		0.4	0.3	0.4	0.3	0.3

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact**IV. A - Capital Budget Expenditures**

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5045 2S SB	Title: Meat & poultry inspection	Agency: 495-Department of Agriculture
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.5	1.0	1.3	1.0	1.0
Account					
General Fund-State 001-1	251,300	168,600	419,900	337,200	337,200
Total \$	251,300	168,600	419,900	337,200	337,200

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Julie Murray	Phone: 786-7711	Date: 02/25/2021
Agency Preparation: Laura Raymond	Phone: 206-256-6157	Date: 03/02/2021
Agency Approval: Nicholas Johnson	Phone: (360) 902-2055	Date: 03/02/2021
OFM Review: Leslie Connolly	Phone: (360) 878-4371	Date: 03/04/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Second Substitute Senate Bill 5045 has no change to fiscal impact from S SB 5045 to Washington State Department of Agriculture (WSDA).

Section 3. The Conservation Commission is required to work with WSDA, WSU and the Food Policy Forum, as they develop a grant program with available allocated funds.

Substitute Senate Bill 5045 differs from SB 5045 as follows:

*The bill has all previous sections removed and has new sections.

Section 2. (1) Creates a meat and poultry processing and marketing assistance program. The program would assist small and midsize farms and small and midsize processors in exploring options to expand processing for sale of meat and poultry and for direct marketing efforts.

Section 2. (2) Specifies the function of the marketing assistance program:

- o Assist farms with federal, state, and local regulatory compliance for direct marketing of meat and poultry products
- o Assist processors with federal, state, and local regulatory compliance for processing and marketing of meat and poultry products
- o Assist in developing meat processing and slaughter facilities, including those inspected by United States Department of Agriculture (USDA), those inspected by a new Washington State Department of Agriculture (WSDA) state inspection program operating under cooperative agreement with USDA, and/or those operating with custom licenses from WSDA
- o Assist WSU Extension in developing training opportunities, including apprenticeship opportunities for slaughterers and inspectors.
- o Provide information on direct marketing opportunities for farms
- o Identify and reduce market barriers facing processors in operating slaughter facilities
- o Assist submitting grant proposals to assist direct marketing efforts
- o Other assistance functions

Section 2. (3) WSDA must work with USDA to “negotiate a cooperative agreement” with USDA “to operate a state inspection program”.

Section 2. (4) WSDA must collect data on activities and report to legislature on processing facilities needs

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The proposed legislation has no cash receipt impact on WSDA.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

WSDA would establish the meat and poultry processing and marketing assistance program within the Regional Markets Program in the Director's Office. WSDA Regional Markets Program would hire (1) FTE with expertise in small and mid-scale meat and poultry processing and skill providing marketing assistance to small food and farm businesses in order to develop and carry out the duties of the program. Based on Regional Markets Program experience providing small farm direct marketing assistance, the new meat and poultry processing and marketing assistance program would require program operating funds to deliver the needed technical assistance in relevant formats. This may include development of multi-lingual or translated printed and online resources. Supporting the development of processing facilities is very localized and regional in scope, and requires travel and sustained work with local partners.

The new program staff would need to coordinate with WSDA Food Safety program, USDA FSIS, and the Washington State Conservation Commission to be able to provide relevant regulatory guidance to processors and producers and to ensure Conservation Commission grantees are supported with the needed technical assistance to develop regional meat processing.

In addition, WSDA assumes 0.5 FTE would be needed in FY 2022 to work with USDA to "negotiate a cooperative agreement" with USDA to operate a "state inspection program". WSDA assumes this means we must work with USDA to understand the requirements and process to establish and operate a cooperative state meat inspection program, and develop accurate cost estimates. WSDA will work with USDA to understand and consider strategic options that would reduce the initial cost of the program, including the option of developing a small-scale pilot program. WSDA will make a recommendation regarding the viability of such a public program to support additional meat processing capacity in Washington State. This work will be performed by the WSDA Food Safety and Consumer Services Division.

The positions in WSDA Regional Markets and WSDA Food Safety and Consumer Services Division would work together to develop the required report to the legislature by December 31, 2021 on program activities and processor needs.

The expenditure impact includes salary, benefits, and all associated FTE costs including agency administrative overhead.

Debt Service is computer leasing calculated at \$600 per year per person shown as object P.

Agency Administrative Overhead (payroll, HR, IT and Financial) is calculated at the agency indirect rate of 22.2% of direct program salaries and benefits, and is shown as object 9.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	251,300	168,600	419,900	337,200	337,200
Total \$			251,300	168,600	419,900	337,200	337,200

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.5	1.0	1.3	1.0	1.0
A-Salaries and Wages	126,300	80,300	206,600	160,600	160,600
B-Employee Benefits	47,400	31,000	78,400	62,000	62,000
C-Professional Service Contracts					
E-Goods and Other Services	33,100	27,000	60,100	54,000	54,000
G-Travel	5,000	5,000	10,000	10,000	10,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service	900	600	1,500	1,200	1,200
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Administrative Overhead	38,600	24,700	63,300	49,400	49,400
Total \$	251,300	168,600	419,900	337,200	337,200

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Commerce Specialist 4	80,292	1.0	1.0	1.0	1.0	1.0
WMS02 - Policy & Performance Manager	92,000	0.5		0.3		
Total FTEs		1.5	1.0	1.3	1.0	1.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact**IV. A - Capital Budget Expenditures**

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB

NONE

Part V: New Rule Making Required