

Seed Advisory Board Meeting
CDFA Gateway Oaks Facility
2800 Gateway Oaks Drive
Sacramento, CA 95833

8:15 AM, Wednesday May 13, 2015

TABLE OF CONTENTS

1. Introductions – Roll call.....	2
2. Seed Advisory Board History.....	2
3. Oath for new members.....	3
4. Housekeeping.....	3
5. Review/accept minutes of March 18, 2015 Conference Call meeting.....	5
6. Seed Biotechnology Center Report.....	5
7. Summary of recent activities by the Seed Services Program.....	6
a) PE Advisory 17-2015 – Noxious Weeds (attachment 5).....	6
b) Seed Libraries and Seed Exchanges.....	6
c) Seed Complaint Inquiries.....	7
d) Stop Sale Orders/Certified Seed Samplers.....	7
e) Request for Offers of Business Needs Analysis.....	8
8. Seed Lab and Seed Services Fund Condition Reports and Proposed Budgets.....	9
a) 2 Year Comparison of Reported Seed Sales by Category (attachment 8).....	9
b) Pie Charts about Who Collects the Assessments (attachment 9).....	9
c) Line Graph – 21 Year Comparison (attachment 10).....	10
d) Total Program Budget as a percentage of reported Sales – (attachment 11).....	11
e) Proposed travel blanket for FY 2016/17 (attachment 12).....	11
9. Recommendation for assessment rate on sales in FY2015.....	13
10. Legislative Report.....	14
11. Nominating Committee.....	15
12. Public Comments.....	16
13. Other Items – Next Meeting.....	16
14. Adjournment.....	16
15. Attachments 1 through 19.....	16
1. <i>A Brief History of the California Seed Law</i>	17
2. <i>Seed Advisory Board Roster</i>	23
3. <i>SBC Overall Funds</i>	24
4. <i>CDFAs Funds to the SBC; Year to Date</i>	25
5. <i>Pest Exclusion Advisory No. 17-2015 Additions to CCR4500</i>	26
6. <i>Know What you Sow - Booklet</i>	27
7. <i>Email Communication regarding AASCO Seed Sampler Training</i>	31
8. <i>Two Year Comparison of Reported Seed Sales (2012 vs 2013)</i>	32
9. <i>Who Collects the Assessment on Reported Seed Sales in CA?</i>	33
10. <i>Twenty-one Year Comparison: Reported Seed Sales vs Budgets</i>	34
11. <i>Total Program Budget as a Percentage of Reported Sales</i>	35
12. <i>Proposed Travel Blanket for FY2016-17</i>	36
13. <i>Seed Lab Fund Condition for PCA13016</i>	38
14. <i>Seed Lab Proposed Budget for FY2016-17</i>	39
15. <i>Proposed Budget for Seed Services Program in FY2016-17</i>	40
16. <i>Notes for the Proposed Budget of the Seed Services Program in FY2016-17</i>	41
17. <i>Explanations of Interdepartmental Charges and Statewide Indirect Costs</i>	42
18. <i>Explanations of Pro Rata and the Ag Trust Fund</i>	43
19. <i>Proposed Fund Condition Report for the Seed Services Program through FY2016</i>	44
20. <i>Revised Fund Condition Report for the Seed Services Program</i>	45

1. Introductions – Roll call

Chairman McShane called the meeting to order at 8:21am. The following members and guests were present:

Kelly Keithly*	Bill White*	Susan McCarthy
Robert Simas*	Carl Hill*	Riad Baalbaki
John McShane*	Greg Orsetti*	John Palmer
Marc Meyer*	Susan DiTomaso	John Heaton
Joe Baglietto*	Chris Zanobini	Erin Lovig
Derek Winn*	Betsy Peterson	Cathy Vue
Michael Campbell*	Carl Pfeiffer	

* Denotes a Seed Advisory Board Member.

2. Seed Advisory Board History

Chairman McShane requested John Heaton provide a brief history of the California Seed Law for the benefit of new members, current members and guests of the Board.

Heaton provided a handout titled A Brief History of the California Seed Law and the CDFA Seed Services – revised January 2015 (attachment 1). The following major events and developments were noted:

- 1816 witnessed early seed law legislation in Switzerland
- Over 200 years ago the state of Maine adopted a seed law
- 1921 the California Legislature approved the CA Seed Law.
Intent Enable the seed industry, with the aid of the state, to ensure seed purchased by the consumer-buyer is properly identified and of the quality represented on the tag. FAC52288
- Federal Seed Act 1939
Intent....Protect buyer AND Producer
- Various bureaus and programs in CDFA have had responsibility for the seed law over the years.
- An industry Seed Council provided review from the 1940s through the 1960s. In the 1960s they proposed a seed complaint process.
- 1968 Governor Reagan’s Task Force recommended three changes:
 - 1) The seed inspection program become self-supporting and that legislation be prepared for a license or tonnage tax or some similar device to present to the legislature.
 - 2) The state inspection officials should do all the seed inspections.
 - 3) The California State Seed Laboratory should be transferred from the Division of the Plant Industry to the Division of Inspection Services.

- In FY 1972-73 no funds were allocated from the general fund for the Seed Services Program
- After 17 drafts, new legislation was passed to establish the Seed Advisory Board, which first met in 1974.
- Participation in meetings of the CA Seed Council started waning and by mid-1980s it ceased to function.
- In 1982 the USDA closed the Federal Seed Lab in Sacramento.
- FY 1991 witnessed large cuts to general funding of the seed lab.
- The Board directed the Seed Services Program to establish an annual MOU with the lab so the Board could review the level of funding it recommends for expenditures related to processing official seed samples.
- In FY 1994, the state seed lab moved to its current location on Meadowview Road.
- In FY 1998 the Board approved a motion to support the establishment of the UCD Seed Biotechnology Center. Several 3-year contracts have been awarded to the UCD SBC since that time.
- FY2012 saw severe cuts to general funds. A consortium of advisors recommended the Department cut all general funds to the seed laboratory.
- FY2013 the Board agreed that 72% of expenditures by the seed laboratory were directly related to processing regulatory or official seed samples.
- FY 2014 the Legislature renewed the annual allocation of \$120,000 from assessment collections to fund seed law enforcement activities by the counties; also known as seed subvention. Inoperative July1, 2019.

Heaton stated the history presented is not complete and is only meant to provide a brief overview of the law and program for the benefit of new members and guests. He urged participants to read the history provided in the handouts.

3. Oath for new members

New members Joe Baglietto, Carl Hill and Robert Simas were administered the Oath of Office and provided a copy of the Bagley-Keane Act.

4. Housekeeping

Heaton reminded Board members to use the supplied business card to confirm Board status when procuring lodging or rental cars at the state rate. He noted that upon appointment to the Board, members must complete the following.

- Establishment of Headquarters Form
- Authorization to Use Private Vehicles Form
- On-line Conflict of Interest Form 700 (entering, annual and exiting)
- On-line Ethics Training
- Receive a copy of the Bagley-Keene Public Meeting Act
- Although not required, Heaton urged Board members to complete the Emergency contact information in case CDFA needs to notify friends or family in the event of an emergency.
- Travel Expense Claim (TEC) Forms will be completed by Heaton and sent for signature

Chairman McShane directed the Board's attention to the current roster of Board members (attachment 2). He noted that members Marc Meyer, Kelly Keithly and Derek Winn have appointments set to expire March 31, 2016. He requested that they complete the memo provided in order to let the Chairman and secretary know if they wish to be reappointed.

Heaton directed the Board's attention to a handout for web-posting to announce the upcoming Board vacancies. He explained that the following plans for the vacancy announcement.

- In early June, post the announcement of upcoming Board vacancies.
- Request interested parties complete the prospective member questionnaire
- Mail the announcement and questionnaire to all firms with renewals
- Deadline to submit letter of interest or completed questionnaire is October 25, 2015
- The Nominating Committee can review candidates and make recommendations to the full Board at the November meeting.
- The Board can review nominations from the Committee and make recommendation to the Secretary at the November meeting.
- The Secretary will receive recommendations from the Board and prospective member questionnaires/ letters of interest from all parties that applied. Heaton explained there are no guarantees about appointments but the Secretary has generally been partial to the Board's recommendations.

5. Review/accept minutes of March 18, 2015 Conference Call meeting

Chairman McShane requested one change to the title of the minutes. Heaton struck a mistaken reference to the Nominating Committee Meeting.

Member Kelly Keithly motioned for approval of the minutes as presented. Greg Orsetti seconded the motion. Motion carried.

6. Seed Biotechnology Center Report

Susan DiTomaso presented a brief PowerPoint to summarize the activities and finances of the SBC during the last year. Some of the key areas of SBC outreach and research were:

- Research Projects on
 - Coffee
 - Spinach
 - Cotton
 - Lettuce
 - Eggplant
 - Pepper
 - Carrot
 - Tomato
 - Drying beads
- Classes offered in 2015
 - Seed Biology, Production and Quality
 - Seed Business 101
 - ◆ 16 sessions completed, almost 350 students for field and horticulture
 - Plant Breeding Academy – various locations – Africa, Europe, Asia, North America (Davis).
 - ◆ Over 170 participants from over 90 plant breeding organizations in 44 different countries
 - ◆ Over 250 applications for Dec. 2015 African Plant Breeding Academy
- Upcoming SBC Events - Tentative Dates
 - Program Management for Plant Breeders – September 2015
 - Plant Breeding Academy Advanced Module – Nov. 2015
 - Seed Production February – May 2016
- SBC Continuing Collaborations
 - Plant Breeding Center
 - ◆ Enhance educational and professional education programs
 - ◆ Breeding faculty positions to be hired across commodities
 - ◆ Dr. Allen Van Deynze appointed as Associate Director
 - Seed Central/Food Central
 - Corporate Affiliates Partnership Program
 - ◆ The Plant and Seed Sciences Partnership Program was formally approved in the fall of 2012. This model was established to facilitate research agreements. It is already in use.
 - Collaborative Research (CoRe) Lab

- ◆ Establishing facilities on the UC Davis campus for collaborative, pre-competitive and private research for cell biology, genomics and plant breeding
- Collaboration for Plant Pathogen Strain Identification (CPPSI)
 - ◆ Developed a business plan
 - ◆ Staff will be hosted by SBC
 - ◆ Coordinator will be housed at SBC
- Associate degree for seed technicians
 - ◆ Working with Hartnell and Woodland Community Colleges to develop education programs for industry
- Vegetable Research and Development
- Numerous student outreach programs, “Science Finder,” and more –
- SBC Financials
 - SBC Overall Funds (attachment 3)
 - CDFA Funds Year to Date (attachment 4)

Sue DiTomaso expressed gratitude and appreciation for support from the seed industry via the grant that the Seed Advisory Board recommends CDFA award to SBC. She explained how critical the funding is for continuance of core operations at the SBC and their ability to deliver quality research and outreach. She expressed hope that the Board would continue to provide this very necessary funding.

Chairman McShane tabled the discussion for continuance of funding the SBC beyond FY2015 until the Board had a chance to review the fund condition of the Seed Services Program.

7. Summary of recent activities by the Seed Services Program

Chairman McShane requested that John Heaton provide a brief summary of recent activities by the Seed Services Program before the Board reviewed the Program’s financial reports. Heaton discussed the following items.

a) PE Advisory 17-2015 – Noxious Weeds (attachment 5)

Heaton reminded the Board of previous discussions concerning the Department’s effort to categorize noxious weeds in the quarantine law as either prohibited or restricted in seed law. The handout provided formal notice about 22 species of weeds the Department added to the noxious weeds list. Seeds from these species will be considered restricted weed seeds in the seed law. The identity of each restricted weed seed and the number per pound of planting seed must be stated on agricultural seed labels.

b) Seed Libraries and Seed Exchanges

Heaton shared information from a news article that discussed attempts by agricultural departments in various states to enforce provisions of their seed laws on seed libraries. He explained that the enforcement of seed laws on seed libraries and seed exchanges has become a very contentious topic in the media. He referenced accusations that claimed seed control officials are the “real agroterrorists” because they enforce the seed laws against the people.

The issue has become politically sensitive to the extent that four states (PA, MN, NE and IL) are currently reviewing seed library legislation. In addition, the American Seed Trade Association is considering possible amendments to the Recommended Uniform State Seed Law (RUSSL) to address the issue. Since Heaton received a formal inquiry from a seed exchange representative, he requested a legal opinion from the CDFA Legal Office.

The CDFA Legal Unit interpreted the CA seed law and presented an opinion to Heaton that libraries do not sell seeds because patrons only borrow the seeds for increase. Seed Exchanges however do not fit the exemption and therefore do require authorization to sell seeds in California.

Seed Libraries and Seed Exchanges will be discussed extensively at the annual meeting of state seed control officials in St Louis next July.

c) Seed Complaint Inquiries

Heaton reported that the Seed Services Program provided some guidance and preliminary investigations for four inquiries about the seed complaint process.

1. Sugarbeet Growers Association.- Imperial Valley
2. Teichert natives revegetation - Davis
3. Awnless Triticale – Santa Clara County
4. Smutty oats - Lake County

Preliminary investigations did not suggest violations of the seed law and identified possible factors that may have caused the issues of complaint. Heaton emphasized that the issues of seed libraries and seed complaints demonstrate the importance of outreach and education at different levels, and with different content.

He provided attendees with a copy of a new handout he developed with the staff of the Seed Services Program. The handout is titled Know What You Sow! (attachment 6).

Heaton's goal is to provide copies of the booklet to County Agricultural Commissioners who will make them available to patrons on their front counters. He also hopes to distribute copies to seed libraries around the state.

d) Stop Sale Orders/Certified Seed Samplers

While outreach and education are important, Heaton emphasized they are only effective in conjunction with a strong compliance monitoring program that prevents poor quality seed from entering the channels of commerce. He provided an example of an enforcement the Program recently conducted.

Heaton related that during course of normal compliance monitoring and lab testing, a CDFA inspector collected official seed samples of multiple certified seed lots. Five of the seed lots were tested and found not to meet certification standards and to be out of tolerance for requirements of the California Seed Law. The following steps were taken:

- the seed lots were placed under stop-sale orders
- CDFA worked with CCIA to identify the source of labeling error
- CDFA coordinated efforts by the company to recondition the seed lots
- CDFA and CCIA worked with the County to resample the seed lots
- The CDFA Seed Lab tested fresh samples from the re-cleaned lots.

Ultimately all five seed lots were successfully re-cleaned and passed certification standards as well as labeling requirements for the California Seed Law.

Heaton stated the enforcement demonstrates the importance of CDFA doing follow-up training/ auditing and continued outreach to certified seed samplers. He explained that while some individuals might consider the event an indication of that the AASCO Accredited Seed Sampler Trainer Program's certification of seed samplers does not work, Heaton considers it to be an example of just the opposite.

He explained that since February 2013, one hundred and fifty individuals from thirty-five companies and fifteen counties have been trained to sample seeds by Alex Mkandawire of the CCIA. Alex is an AASCO Accredited Seed Sampler Trainer. The CDFA compliance monitoring program has found very few problems with seed lots sampled by the certified samplers. When the current situation developed, everyone responded appropriately and took the necessary measures to fix the problems. When the situation was reported to AASCO the AASCO Executive Board requested Heaton make sure the certified samplers were sampling correctly. Heaton directed CDFA staff to immediately retrain certified seed samplers at the company and he scheduled a follow-up meeting with company management to discuss the importance of adhering to approved sampling methods. The company agreed to call County inspectors for sampling needs during the next year.

Heaton added that all certification programs encounter issues. What is important is how programs respond and address issues. He believes the stop-sale event and subsequent response demonstrated the strength of the AASCO Accredited Seed Sampler Program. He commended the CCIA and Alex Mkandawire for their detailed and prompt attention to the situation. As further testament to the excellent training provided by Alex Mkandawire, Heaton provided an email communication (attachment 7) from an employee of a large seed company that expressed his satisfaction and gratitude for seed sampler training.

Heaton is optimistic that California's continued efforts to train seed samplers will reduce the frequency of inconsistent results from seed laboratories.

e) Request for Offers of Business Needs Analysis

Chairman McShane requested John Heaton to provide the Board with an update of the status of procurement for the Business Needs Analysis (BNA).

Heaton reported the Statement of Work (SOW) was completed and approved by the Board March 18, 2015. Upon approval by the Board, the SOW was routed through immediate channels at CDFA, ultimately being sent to the CDFA Procurement/Contracts Office. Heaton met with the Procurement/Contracts Office in early May. They informed him they will try to expedite the process but they identified the following limitations:

- 1) Short staff due to medical leave
- 2) Must give priority to matters involving expenditures in FY2014 due to "use it or lose it" status of some contracts.

Heaton hopes the Contracts Unit can send out the Request for Offers (RFOs) to vendors by mid to late May. The following tasks will need to be completed once the RFOs are mailed and later returned:

- 1) Committee/Staff will need to meet with vendors to explain the SOW and answer questions.
- 2) CDFA Procurement/Contracts Office will review RFOs for thoroughness of replies.
- 3) CDFA Procurement/Contracts Office will send responses to the RFOs to the Committee for review and identification of the best quality offers.

Member White inquired about when the Business Needs Analysis might be in place and work initiated. Heaton replied that he believes the procurement process will take most of the summer. He hopes the BNA can be in place around September. If that timeline occurs, he is hopeful that the vendor can make some sort of progress report to the Board during their November meeting.

8. Seed Lab and Seed Services Fund Condition Reports and Proposed Budgets.

Chairman McShane requested John Heaton to provide a summary of the proposed budget for the Seed Services Program and a Fund Condition Report.

Heaton stated that before presenting the financial reports he wanted to provide the Board with a quick summary of reported sales and collections, as well as a summary of how the funds have historically been spent. He suggested it is important to look at trends for reported sales if the Board is to have a meaningful discussion about funding a budget through assessments collections of future seed sales. Heaton provided handouts for discussions about the following:

a) 2 Year Comparison of Reported Seed Sales by Category (attachment 8)

- Slight drop (0.63%) in seed sales reported for FY2013.
- Reported seed sales in FY2013 were definitely not like the average annual increase of 5.5% witnessed since 1993.
- Biggest drop occurred in agricultural seed sales reported by California firms.
- Appears to have been a shift to higher value vegetable seeds

b) Pie Charts about Who Collects the Assessments (attachment 9)

- Top Chart
 - 66% of firms authorized to sell seeds in California (or 272 firms) collected less \$1000 in assessments. This means that 66% of firms have less than \$400,000 in seed sales. The average sales reported by the 272 firms calculated to \$92,800 in sales.
- Bottom Pie Chart
 - 14 firms collected 47% of assessments on seed sales in FY2013
 - 59 firms (including the 14) collected 80% of assessments on seed sales in FY2013.
 - 353 firms collected the remaining 20% of assessments on seed sales in FY2013.

c) Line Graph – 21 Year Comparison (attachment 10)

Heaton directed the Board's attention to a graphic depiction of reported seed sales versus expenditures by the Seed Services Program and a breakout line for funding provided by the Program to the CDFA seed laboratory. He noted that the graph is scaled to be able to fit hundreds of millions of dollars of seed sales on the same graph as a one to two million dollar budget for the Seed Services Program. Consequently, seed sales are represented in units of \$100.

- Upper right hand corner:
 - FY 2012 Sales were reported to be \$628,484,600
 - FY 2013 Sales were reported to be \$624,551,900
 - Essentially flat or a drop of 0.63%
 - Projections for FY2014 through FY 2016 are not flat but are also not at the average annual increase of 5.5%. Heaton acknowledged that his sales projections may be too generous but since it is difficult to predict the market two years into the future, he used an increase factor slightly less than the 21 year average.
- Top and center of the line graph is a Table
 - Shows our prediction for FY2012 was too low.
 - Shows our prediction for FY 2013 was too high
 - Shows Heaton's prediction for FY 2014 is 4.4% > than FY 2013.
 - Revenue from \$649 million in sales would be \$1.6 million in collections.

Several Board members stated they believe the projections for seeds sales and the subsequent collection of assessments are too generous. Most Board members felt that seed sales in FY2014 would be lower than FY 2013 and perhaps even lower in FY2015.

Heaton acknowledged their concerns and reminded them that the projections are based on the 21 year historical trend and meant as a point of reference for discussion.

- Blue and orange lines at the bottom of the handout.
 - The blue line represents the annual budget for the Seed Services Program.
 - It includes funds for the UCD SBC and for the Ag Commissioners.
 - The Orange line represents various dollar amounts associated with a percentage of the seed lab's total expenditures.
 - Historically a certain percentage of the lab's total expenditures have been redirected to the Seed Services Program. In the late 1990s the Board entered into an MOU to pay 50% of the lab's expenditures. In 2013, however, the lab lost all support from general funds and the Board agreed to pay 72% of the lab's expenditures. The 72% figure was arrived at after several meetings that ultimately identified the amount of resources used for regulatory seed samples and activities directly related to the seed industry.

Heaton explained that the amounts on the graph for FY 2014, FY 2015 and FY 2016 match what will be presented in the review of the Seed Services' budget and fund condition report. He noted the slopes for the lines on the graphs illustrate the steady increase in reported seed sales and program expenditures over a 21 year period. A question that is often asked is how do program expenditures compare against seed sales?

d) Total Program Budget as a percentage of reported Sales – (attachment 11)

Using the figures and projected amounts presented in the line graph, Heaton projected a slight increase in program expenditures relative to reported seed sales in FY2016.

- The average level of funding over the last 22 years as a percent of seed sales has been 0.29%.
- The budget proposed for FY2016 relative to the projected sales for 2016 is estimated to be 0.30%

e) Proposed travel blanket for FY 2016/17 (attachment 12)

John Heaton presented five out of state trips in FY 2016 for recommendation by the Board. Most trips had \$0 associated with them as the sponsoring organization will pay for CDFA participants to attend. Expenditures for the remaining two trips were estimated to be \$4,584. Heaton explained that the \$4,584 amount will appear as a line item in the proposed budget.

Chairman McShane requested the Board delay any motions regarding recommendations for the proposed travel blanket until after the budget and fund condition reports.

f.) Seed Lab Fund condition and Seed Lab Proposed Budget

Heaton provided a fund condition report for PCA 13016 (attachment 13), which he referred to as the lab's revenue account. He explained that through prior agreement, fees for service samples would be deposited into this account and the only expenditures were to be for the building bond debt repayment. The following hi-lites were noted:

- Note approximately \$25,000 per year is collected for testing service samples
- As previously planned, collections are being used for bond debt repayment.
 - Skipped bond debt payment in FY 2012
 - Last payment on the bond debt should occur in 2015 for about \$5,459
- By the end of FY2016, the cash balance is moving toward \$200,000

Heaton explained that in recent prior years the 50% of the lab's budget was carried as a line item in the budget of the Seed Services Program. Since the Board has been asked to recommend use of assessment collections to cover more of the lab's expenditures, the Board requested a more detailed breakdown of the Seed Lab's budget. A second handout (attachment 14) estimating the seed lab's total expenditures for FY2016 was provided to the Board.

Total projected expenditures by the seed lab in FY2016 were \$793,739. Heaton noted that a three year average was used to determine the percentage of activities directly related to regulatory samples. Since 72% of total activities were related to the processing of official seed samples, he calculated that \$571,492 should be included as a line item in the budget of the Seed Services Program, to support the seed lab.

Chairman McShane requested Heaton continue to the budget report for the Seed Services Program, after which the Board could discuss amounts for various line items.

g.) Seed Services Proposed Budget for FY2016

Heaton stated that because of the three year budget cycle used by government, the budget report (attachment 15) has columns which account for expenditures of line items in prior prior years (PPY), prior years (PY) and current year (CY). He explained that due to a lag for billing certain expenditures, it is sometimes possible to have expenditures occur against a fiscal year budget for up to two years. In most cases however, the total expenditures represented in the PPY and PY do not change drastically.

Heaton explained to new members that there are several line items in the budget that he has no control over. The amounts are set by the Department. He provided a handout (attachment 16) of notes to explain how he calculated most of the line items. Explanations for interdepartmental charges and statewide indirect costs as well as pro rata and statutes related to the agricultural trust fund, were provided in separate handouts (attachments 17 & 18).

Heaton observed that in FY2012, the Program spent 106% of the amount recommended by the Board. He attributed this overage to the increased amount the Board recommended to maintain full operations of the seed laboratory after they lost all general funding.

For FY2013, the Program spent only 92% of the amount recommended by the Board.

For the current year, FY2014, Heaton projected that the Program will spend \$1,831,650 or 103% of the amount recommended by the Board. He stated that the main cause for this overage was a court ruling known as “Like Work-Like Pay” which resulted in significant salary increases for Senior Environmental Scientists beginning July 1, 2014.

The fourth column on the budget report has amounts reviewed by the Board in the prior year and is labeled as “static” due to the fact that expenditures have not yet occurred. Heaton explained that due to the significant and unforeseen salary increase, the Department found it necessary to make adjustments to all budgets for FY2015. Consequently instead of a budget for \$1,754,379 in FY2015, the Department estimated that the Seed Services Program will need \$1,930,596. This higher amount represents a 10% increase over the amount originally recommended by the Board during their May 2014 meeting.

Several Board members noted that some line items seemed excessive in the column designated PSP FY2015. Heaton explained that since he was unable to change amounts for certain line items, he allocated more funds to other items in order to cover unexpected expenditures, such as:

- vacation buyout of departing employees
- salary increases for rank and file employees
- the cost for the Business Needs Analysis

The last column contained the proposed budget for FY2016. Heaton noted that the proposed budget included amounts discussed earlier in the meeting and provided a total budget for the Seed Services Program at \$2,131,620.

Chairman McShane asked Heaton to report how the budget totals affect the fund condition for the Seed Services Program.

h.) Seed Services Fund Condition Report projection through FY2016

John Heaton provided the Board with a handout (attachment 19) that reported the beginning cash balances, revenue collections, expenditures and ending cash balance for fiscal years 2012 through 2016. He noted that while revenue exceeded expenditures in fiscal year 2013, the expenditures exceeded or are projected to exceed revenue each year after that.

He stated that the cash balance at the end of the current fiscal year is projected to be \$1,521,497 but is projected to decline to \$969,316 by the end of FY2016. He noted that a decline in the cash balance was in alignment with the Board's previously stated desire to reduce the cash balance.

Several Board members noted that Heaton's projections of collections are based on the historical average annual increase for reported seed sales. They believe that under the current drought in California, reported seed sales will continue to decline. After additional discussion, it was agreed that projected seed sales would be considerably lower and therefore make it necessary to increase the assessment rate on seed sale in FY2015. The Board felt that although Heaton estimated an ending cash balance of \$969,316 the ending cash balance was likely to be considerably lower due to:

- unforeseen vacation buyouts for departing employees
- salary increases for rank and file employees
- expenditure for the Business Needs Analysis
- lower than expected revenue collections

9. Recommendation for assessment rate on sales in FY2015

Chairman McShane led a discussion about the budget proposed for FY2016 and the fund condition report. He noted the Board's concern about projected seed sales in FY2015 and reduced collections from assessments forwarded to CDEA in FY2016.

Member Kelly Keithly observed that the assessment rate was at thirty two cents per \$100 of seed sales for many years. About five years ago it was reduced to twenty eight cents per hundred dollars of sales and then to twenty five cents per \$100 of seed sales about three years ago. Since seed sales are expected to decline, Member Keithly suggested the assessment rate should be increased to prevent the cash balance from going too low.

Heaton informed the Board that if the reduced level of reported seed sales the Board believes will occur, the projected collections would be about \$209,000 lower than he projected for FY2016. In order to make up this amount, it would be necessary to increase the assessment rate to thirty one cents per \$100 of seed sales.

Chairman McShane noted the Board has several motions to consider and suggested that each one can be summarized and handled quickly in succession. He received the following motions for consideration and approval.

Member Derek Winn motioned the Board recommend funding the proposed out-of-state trips for FY 2016 in the amount of \$4,584. Member Kelly Keithly seconded the motion. Motion carried unanimously.

Member Kelly Keithly motioned the Board recommend funding 72% of the CDFA seed laboratory's expenditures in FY2016 to the amount of \$571,492. Member Bill White seconded the motion. Motion carried. One "No" vote was registered.

Member Marc Meyer motioned the Board recommend that since the current three year grant to support the UCD Seed Biotechnology Center will expire at the end of fiscal year 2015, the Board recommend that CDFA enter into another three year grant for \$200,000 per year. Member Kelly Keithly seconded the motion. Motion carried. One "No" vote was registered.

Member Bill White motioned the Board recommend the Secretary accept and implement the proposed budget for FY2016 in the amount of \$2,131,620. Member Carl Hill seconded the motion. Motion carried.

Member Carl Hill motioned the assessment rate on seed sales in FY2015 be increased to thirty cents per \$100 of reported seed sales. Member Derek Winn seconded the motion. Motion carried.

Heaton informed the Board that he will immediately initiate the regulatory process to have the assessment rate in place by July 1, 2016. Since the assessment will be collected on seed sales in FY2015, he will develop a flyer to include with renewal applications he plans to send during June 2015.

Heaton briefly reviewed the Board's recommendations and their effect on the fund condition report. A revised fund condition was quickly calculated to the Board's satisfaction (attachment 20).

Chairman McShane thanked the Board for their patience and constructive discussion about the financial reports. He then requested Betsy Peterson to provide a Legislative Report to the Board.

10. Legislative Report

Chairman McShane requested Betsy Peterson, the Associate Director of Technical Services and Programs with the California Seed Association, to provide the Board with a brief summary of any relevant legislative issues.

Betsy provided a brief summary of AB264, an assembly bill dealing with modifications to the Produce Dealer's Act that requires seed buyers who resell seeds to have a Produce Dealer's License. Current law uses the Produce Dealer's Act to make sure producers are paid by buyers.

She explained that the seed industry works differently than the produce industry because seed production typically involves strict contractual terms. For example, farmers who produce seeds don't normally buy the seed. Instead the seed company provides them the initial planting seed and pays them to increase the seed by producing a seed crop.

She explained the California Seed Association has been working with the legislator and the Farm Bureau to develop acceptable legislation to protect the seed producers and the growers. Recent discussions have focused on identifying a mechanism in the law to make sure producers are paid by buyers. Various interest groups want to make sure some mechanism is maintained to protect seed-crop growers in the event of nonpayment.

One possible strategy might be to amend the seed law to provide authority for the Seed Services Program to cancel a firm's authorization to sell seed if it is determined they have not made appropriate payment for seed production.

Heaton noted that in recent years, Oregon addressed the issue of "Slow-Pay/No-Pay" through legislation and regulations enforced by the Oregon Department of Agriculture.

Member Marc Meyer expressed concern about amending the seed law in a way that would allow the Seed Services Program to cancel a firm's authorization to sell seeds, solely based on a dispute over payment for a seed crop. He suggested there are many terms in production contracts that are probably better sorted through a different process.

Betsy assured the Board that the parties involved in discussion are aware of that concern and are currently looking at existing law and the proposed legislation to find a way to handle disputes in a manner that will provide protection fairly to both parties. She added that since protections for buyers and sellers already exist in the seed law, the current efforts are to see if those protections can be extended to handle disputes between seed-crop growers and seed firms. Although such disputes occur infrequently, it is important to secure the protections for seed producers and buyers before the industry can legislatively secure an exemption from the license requirement of the Produce Dealers Act.

Chairman McShane thanked Betsy for her presentation and noted her pending retirement in July. He extended the Board's appreciation and gratitude for her many years of reporting about various legislation and industry activities to the Board.

11. Nominating Committee

Upon inquiry, Bill White and Greg Orsetti indicated they would continue to serve on the nominating committee. Chairman McShane then asked for additional volunteers to serve on the nominating committee. Mike Campbell volunteered and was appointed.

The nominating committee now consists of:

- John McShane
- Bill White
- Greg Orsetti
- Mike Campbell

Heaton noted that the nominating committee should consider recommendations for the following expiring terms.

- Marc Meyer – Southern California Field Seed Labeler
- Derek Winn – Northern California Field Seed Labeler
- Kelly Keithly – Southern California Vegetable Seed Dealer/Labeler

He explained that a vacancy announcement for the above seats will be sent with the annual renewal application to all persons authorized to sell seeds. Upon receipt of applications or letters of interest from interested individuals, Heaton will request the nominating committee meet to identify qualified candidates and formulate a recommendation for the Board's November meeting. He reminded the Board that the Secretary will consider the Board's recommendation but retains the latitude to appoint other interested parties.

Chairman McShane reminded the nominating committee they will also need to identify a candidate from the Board to serve as Vice Chairman who will ascend to the Board Chairman position after May 31, 2018.

12. Public Comments

Sue DiTomaso expressed gratitude to the Board for their continued support of the UC Davis Seed Biotechnology Center.

13. Other Items – Next Meeting

Chairman elect John McShane set the next meeting date for Thursday, November 5, 2015 in Sacramento at 8:30 am. He requested John Heaton to attempt to reserve the conference room at the CDFA Facility at 2800 Gateway Drive in Sacramento.

14. Adjournment

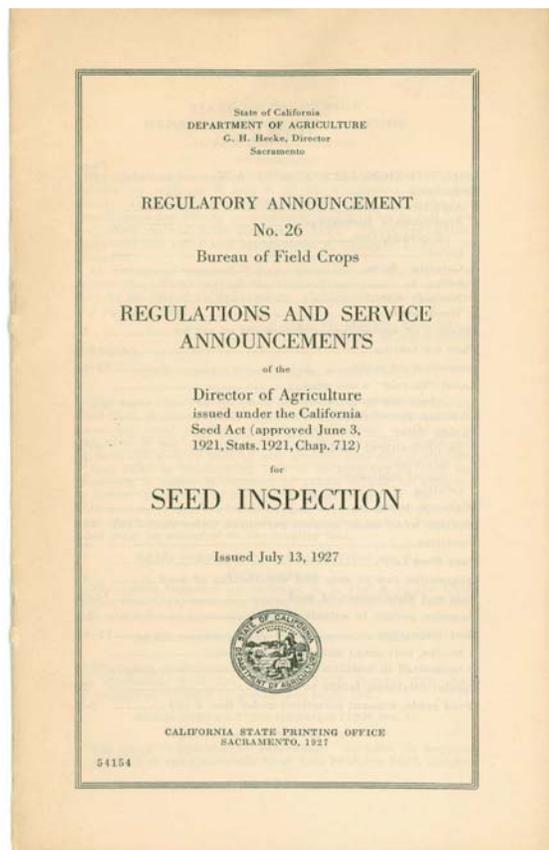
Greg Orsetti motioned to adjourn. Motion seconded by Derek Winn. Motion carried. Meeting adjourned at 11:59 a.m.

15. Attachments 1 through 19

Respectfully Submitted
John Heaton
Senior Environmental Scientist
CDFA Seed Services Program

Approved by the California Seed Advisory Board on Nov. 5, 2015

A Brief History of the California Seed Law and the CDFA Seed Services
Prepared by John Heaton, CDFA Seed Services
Presented November 2008 - Seed Advisory Board Meeting (revised Jan. 2015)



History of Seed Law with present day comparisons

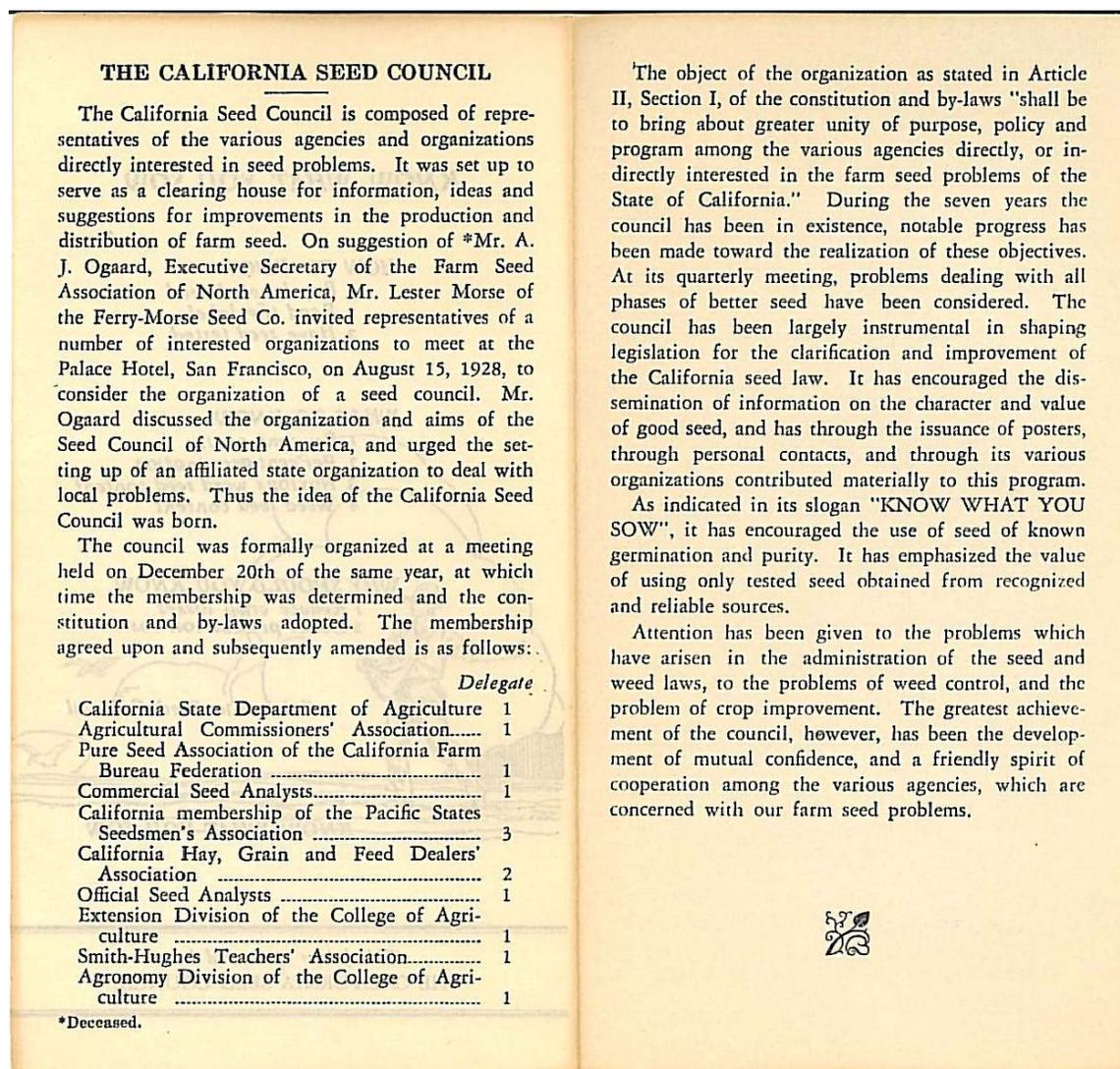
As far back as 1816, steps have been taken to regulate the sale of seeds. Switzerland appears to be the first country to have enacted laws to improve the quality of seeds, mainly because of unsatisfactory results from planting seeds with questionable purity and germination. The first official steps taken in England were in 1869 and 1878 when the adulteration of seeds acts were passed.

In 1897 Maine enacted a state law governing the sale of agricultural seeds. The United States federal government passed the Annual Importation Act in 1905, which gave the U.S. Department of Agriculture (USDA) authority to purchase seed on the open market and test it for adulteration and mislabeling. Numerous states implemented their own seed laws and in 1928 forty-five states had laws regulating the quality of agricultural seeds sold. These states also maintained seed testing laboratories as an aid and protection to agriculture in their state. [Reference: *Seeds from the Regulatory Angle*, By O.F. Anderson, USDA Agricultural Bulletin, September, 1949]

Seed laws were not only desired because they protect the buyer through proper labeling, but they also protect producers by setting forth clear regulations that, if followed, will enable the producers to avoid controversies and litigation over seed quality and performance. Consequently, seed laws have become an essential part of a well developed, mature seed industry which contributes to efficient agriculture.

In 1921 the California Legislature approved the California Seed Act with the intent of providing an orderly market for seed sales and to ensure the availability of high quality seed to consumers.

By 1928, the **California Seed Council** had formed. The Council acted as an open forum for matters of interest to the seed industry. The chief purpose of the Council was to promote the production, distribution and use of better seed. The slogan of the Council was "KNOW WHAT YOU SOW."



Joint efforts by the Legislative Committee in the Seed Council and the Legislative Committee of the California Seed Association, assured that any contradicting provisions proposed to control seed-related problems were resolved before presented to the Legislature.

Meanwhile at the Federal level, although previous seed legislation addressed specific concerns about the labeling and quality of seed marketed in the United States, it was clear that a single, more comprehensive law was needed. Consequently, discussions were initiated around 1936, which culminated in the enactment of the Federal Seed Act of 1939. This act is the single most important piece of seed legislation in U.S. history and covers all agricultural and vegetable seeds imported into the United States and shipped in interstate commerce. Unlike previous acts, it did not require proof of intent

to defraud in cases of mislabeling. [Reference: China Farmers' Daily, Foreign Seed Industry Edition, Article 4. <http://www.amseed.com/docs/CFDarticle4.doc>]

Since formation of the California Seed Law, enforcement of the provisions have been achieved through the joint efforts of County Agriculture Commissioners, various bureaus or programs in the California Department of Agriculture, and the state seed lab. In 1941 responsibility for enforcement of the California Seed Law was transferred from the Bureau of Field Crops to the Bureau of Rodent, Plague and Seed Control. In more recent years, responsibility for enforcement of the Seed Law has rested with the Seed Services Program in the Pest Exclusion Branch of the CDFA.

In reviewing the historical minutes of Seed Council meetings, it is interesting to note how little things have changed. For example, as early as 1946, there was considerable discussion about adequate funds to control seed law violations. Comments by Bureau Chief, Dr. William Ball at a 1946 Seed Council meeting indicate that human nature hasn't changed much. The minutes quote him as saying "There are individuals who are attempting to comply with the law, who if they are familiar with the measure will cooperate; but if those individuals do not have enforcement officials checking on them there is a tendency to let certain important violations go by." That sentiment is shared by most, if not all, Seed Control Officials today.

In 1950 Dr. Emro Bruch, Field Supervisor of Seed Inspection for the California Department of Agriculture, provided a 5-year summary of the state's seed lab activities. He identified the same types of seed samples being submitted to the lab in 1950, as are analyzed in today's lab.

- Service samples – (fees implemented for analysis in January 1, 1947)
- Certification samples
- Quarantine samples
- Enforcing samples – now referred to as official or regulatory samples.
- Federal samples – for enforcement of FSA in Western States and export certification

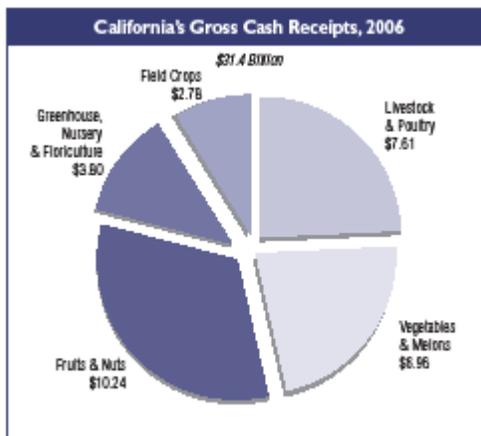
Interestingly, Dr. Bruch noted that samples for enforcement purposes only accounted for about 2.5% of the samples submitted in the prior five years. He also noted that they had a "considerable back log" of samples in the lab. Unfortunately, the total number of each type of sample was not provided in his comments. The point was made however, that enforcement samples comprised only a small part of the lab's activities and function in 1950. The flow of various types of samples continues to be a concern for the seed lab even today.

Throughout the years, the Council reviewed the cost of various seed law enforcement and compliance monitoring activities.

In 1959, the Deputy Director for the California Department of Agriculture, Dr. James Ralph, addressed the Seed Council. He noted that the cash farm income for California in 1959 was \$1.2 billion. He pointed out that much of that farm income starts with the seed. He added that the cost for processing the official seed samples in the prior year was \$30,000, a price he thought to be very reasonable considering the protection provided to the entire agricultural community. That cost for processing official seed samples, calculates to roughly 0.0025% of the cash farm income in California during 1959.

As a comparison, in 2006 California's cash farm income was reported to be \$31.4 billion dollars. The cost for the entire seed lab in 2006, not just the processing of official samples, was ~\$765,000 or about

0.0024% of cash farm income for California in 2006. Almost 50 years later, the change in the cost of processing lab samples is almost null, though admittedly the present cost reflects more lab activities.



[Reference: <http://www.cdfa.ca.gov/files/pdf/card/cashreceiptsNEW.pdf>]

It is interesting to note that even 50 years ago, seedsmen were struggling with lawsuits about seed quality. By 1960, the Seed Council was discussing the formation of an Arbitration Committee. Eventually they proposed an addition to the California Seed Law, section 921, entitled "Complaint, investigation and finding, and recommendation prerequisite to legal action." Even today, the seed industry has real concerns about lawsuits and struggles with how best to handle seed complaints.

In 1968, funding for seed law enforcement began to change. The Governor's Task Force recommended the following changes:

1. The seed inspection program become self-supporting and that legislation be prepared for a license or tonnage tax or some similar device to present to the legislature.
2. The state inspection officials should do all the seed inspections.
3. The California State Seed Laboratory should be transferred from the Division of the Plant Industry to the Division of Inspection Services.

In 1970 Bob Skaggs replaced Emro Bruch and Rodney Cobb. He became the Program Supervisor of Seed Services Program in the California Agricultural Department. At that time he reported that the budget for Seed Services in FY 1970-71 was \$181,000.

While there are many ways to calculate present value of \$181,000 in the 1970 budget, the most appropriate indicator is arguably the nominal GDP per capita. This indicator measures the "average" per-person output of the economy in the prices of the current year. A relative value calculator was used to determine that \$181,000.00 from 1970 is worth \$1,633,682 in 2007 when one selects the nominal GDP per capita as the indicator. This amount compares favorably with the \$1,400,028 budget the Seed Services Program had in FY 2007-08.

If the same calculation is used for the reported seed lab budget of \$60,000 in 1972, the calculated 2007 value of \$464,896 also compares favorably to the \$410,000 budgeted to the seed lab in 2007.

By 1972, the Seed Council was seriously exploring ways to self-fund the Seed Services Program. It was clear that adequate funds would no longer be available from the general funds. The Council was determined to maintain enforcement at the state level rather than defaulting to enforcement at the

individual county levels. In FY 1972-73, no funds were allocated from the general fund for the Seed Services Program. Enforcement of label violations was assigned solely to counties.

The industry responded but struggled with how to develop a mechanism to fund the Seed Services Program. In 1973, Bob Skaggs presented the 17th draft of proposed amendments to the seed law, for funding the enforcement that would be conducted by the California Department of Agriculture. Most significant among the draft were the addition of Articles 2.5 and 4.5. Article 2.5 established the Seed Advisory Board and article 4.5 established the requirement for registration of seed sellers and payment of an annual assessment on the value of seed sold in California.

As a result of these successful amendments to the Seed Law by the seed industry, the first Seed Advisory Board commenced activities on July 1, 1974 and was composed of seven individuals from the seed industry. In January 1999, the legislature provided the Secretary with statutory authority to appoint an additional four representatives from industry, bringing the total to eleven members on the Seed Advisory Board.

In 1975, the Plant Division of the CDFA was reorganized such that the Program Supervisor of the Seed Services Program was no longer responsible for the state seed laboratory. The reorganization was partly in response to complaints that the rate of failed samples increased when budgets were low but decreased when budgets were high. Through separation of the Seed Services Program and the Seed Lab, the supervising botanist of the Seed Lab was independent of the enforcing unit, thus reducing the possibility for claims of bias.

By 1978, participation at meetings of the California Seed Council was beginning to wane and the Council started to review their purpose and question the need for their future existence. They noted that other organizations were now performing the functions and activities they previously performed. The Council continued to meet until the mid-1980s at which time it ceased to function.

In 1982, the USDA decided to close the Federal Seed Lab located in Sacramento. The state seed lab remained open at the downtown headquarters; however it struggled for general fund resources to support operational activities. Financial concerns resulted in various analyses, including one that can be used to make comparisons against present day lab activities.

An analysis of the workload for the state seed lab in 1984, reported that the average number of tests completed per personnel year was 1,190. The number of personnel years in the lab was 6.5. In comparison, for FY 2006-07 the lab conducted 4,987 tests on 2,907 seed samples with 6.5 personnel years. This works out to an average of 767 tests per personnel year in 2006-07. The slight reduction in the average number of tests per personnel-year can be attributed to the reduction in submitted regulatory samples the Seed Services Program initiated. That decision resulted in faster turnaround of regulatory samples and consequently more enforcement opportunities.

During the budget of fiscal year 1991-92, the *general* funding for the state seed lab was cut by \$52,335. Although section 52356 of the California Seed Law stated that expenditures by the lab for processing official seed samples should not exceed one-third the cost of the lab's total expenditures, the Seed Advisory Board decided to provide additional funding so the lab could maintain its output and quality of analysis. The Board directed the Seed Services Program to establish an annual Memorandum of Understanding with the lab, such that the Board could annually review its level of funding and expenditure for processing official seed samples.

Then, almost in contradiction to the agreement to use assessment funds to cover the cost of testing and analyzing official seed samples, the Seed Advisory Board voted at the December 1992 meeting to request the Director of the Department of Food and Agriculture to refund \$500,000 of the accumulated reserves to the seed industry. It is interesting to note that in making the recommendation, the Board was aware that the assessment rate for FY 1993-94 would have to be substantially higher (0.32/\$100 value). One can only speculate as to the reason why a refund was given, only to be followed by a substantial increase in assessment rate.

In 1994, the State Seed Lab, which was now part of the Plant Diagnostics Branch of the CDFA, moved to its present location on Meadowview Road. The Seed Advisory Board continues to support the use of assessment collections from the seed industry to cover approximately seventy two percent of the state seed lab's operating budget (as of FY2013).

In 1998, the Board of Directors for the California Seed Association approved a motion to support the establishment of the UCD Seed Biotechnology Center. They also agreed that a portion of assessments (\$0.05/\$100 sales) should be used to fund operational costs of the SBC and that the operational funding mechanism should sunset after 3 years. In FY 2000-01, on recommendation by the Seed Advisory Board, the CDFA Seed Services Program executed a three-year MOU with the newly-founded UCD Seed Biotechnology Center. The amount of the MOU was for \$150,000 per year. The MOU was renewed in 2003 and increased to \$200,000 in 2006. At the November 1, 2012 meeting, the Seed Advisory Board committed to another three-year MOU for funding the SBC through June 2016.

The seed industry, through collections administered by the CDFA Seed Services Program, continues to fund the state seed lab at a level of approximately seventy two percent of the lab's operational costs minus revenue from service samples. In addition, the industry has also committed to fund the UCD Seed Biotechnology Center in the amount of at least \$200,000 a year through 2016. The statute for Seed Subvention, or payment of \$120,000 to County Agricultural Commissioners for seed law enforcement, was renewed by the legislature in FY2013 and will become inoperative July 1, 2019.

The remaining funds in the Seed Services Budget are left for the Seed Services program to conduct seed law enforcement activities and administer the Seed Services Program. The November meeting of the Seed Advisory Board has become the traditional time for participants of MOUs and the supervisor of the Seed Services Program to present summaries of their activities and staffing levels.



SEED ADVISORY BOARD

INDUSTRY - Field Seed

Term of Office

- | | | |
|-----|---|--------------------------------|
| (1) | Joe Baglietto
301 S. Aurora Street
Stockton, CA 95203
(209) 466-0433 FAX (209)466-6377 | April 1, 2015- March 31, 2018 |
| (2) | Marc Meyer
590 Brunken Avenue, Suite F
Salinas, CA 93901
(831) 754-3813 FAX (831) 754-3816 | April 1, 2013- March 31, 2016 |
| (3) | Derik Winn
2400 Del Paso Blvd, Suite 150
Sacramento, CA 95834
(916) 928-4550 FAX (916) 928-4388 | April 1, 2013- March 31, 2016 |
| (4) | John McShane (Chairman)
1415 E. 6th Street
Los Angeles, CA 90021
(213) 626-9668 FAX (312) 626-4920 | April 1, 2014 - March 31, 2017 |

INDUSTRY - Vegetable Seed

- | | | |
|-----|--|--------------------------------|
| (5) | Carl Hill
7087 East Peltier Road
Acampo, CA 95220
(209) 367-1064 FAX (209) 367-1066 | April 1, 2015 - March 31, 2018 |
| (6) | Greg Orsetti
P.O. Box 2350
Hollister, CA 95023
(831) 636-4822 FAX (831) 636-4814 | April 1, 2014 - March 31, 2017 |
| (7) | Kelly Keithly
P.O. Box 177
Holtville, CA 92250-1156
(760) 356-5533 FAX (760) 356-2409 | April 1, 2013 - March 31, 2016 |
| (8) | William White
P.O. Box 6108
Oxnard, CA 93031
(805) 983-4923 FAX (805)983-1282 | April 1, 2014 - March 31, 2017 |
| (9) | George Hansen
P.O. Box 294
Salinas, CA 93902-0294
(831) 758-9869 FAX (831) 757-4550 | April 1, 2014 - March 31, 2017 |

PUBLIC

- | | | |
|------|---|--------------------------------|
| (10) | Robert Simas
418 Buena Vista Way
Woodland, CA 95695
(530) 662-1343 | April 1, 2015 – March 31, 2018 |
| (11) | Michael Campbell
P.O. Box 7
Clarksburg, CA 95612
(916) 744-1540 | April 1, 2014 - March 31, 2017 |



SBC Overall Funds

Annual Summary

Income

CDFA Seed Assessment	\$	200,000
College of Ag & Env Sciences		29,754
Courses & Outreach		1,144,378
Research Grants		934,383

Total	\$	2,308,515
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Expenses

*Salaries	\$	1,069,059
General Office & Travel		37,000
Course & Outreach Operations		768,073
Research Grants		434,383

Total	\$	2,308,515
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Does not include Seed Central, CPPSI, AfPBA and other initiatives

*Does not include Director's Salary





CDFA Funds YTD



	Actual 2013-14	Budget 2014-15	Actual To Date 30-Apr-15	Budget 2015-16
INCOME				
1 California seed assessment	\$ 200,000	200,000	200,000	200,000
EXPENSES RELATED TO THE CDFA GRANT				
2 Personnel salaries & benefits	\$ 180,055	163,000	150,186	163,000
3 Computer equipment and software	20	3,000	3,566	3,000
4 Office communications	6,762	6,000	6,831	6,000
5 Publications	5,201	6,000	4,051	6,000
6 Office supplies and misc. expenses	2,022	3,000	1,179	3,000
7 Industry outreach travel and meeting expenses	5,940	18,000	4,959	18,000
8 Research and program support	-	500	415	500
9 Other	-	500	-	500
TOTAL EXPENSES	\$ 200,000	200,000	171,187	200,000
NET INCOME OVER EXPENSES	\$ -	-	28,813	-



DATE: April 2, 2015

TO: All County Agricultural Commissioners

FROM: Plant Health and Pest Prevention Services

SUBJECT: **PEST EXCLUSION ADVISORY NO. 17-2015**
Additions to CCR Section 4500 - California Noxious Weed List

The California Department of Food and Agriculture is issuing this advisory to notify counties that there have been additions to the California Code of Regulations (CCR) Section 4500 California Noxious Weed Species list, effective April 1, 2015.

CCR Section 4500

CCR Section 4500 now includes the following weed species. For the complete list, visit [CCR Section 4500](#).

Aeschynomene spp. (joint-vetch)
Asphodelus fistulosus (onionweed)
Brachypodium sylvaticum (slender false-brome)
Centaurea jacea s.l. (including *C. pratensis*, *C. nigra*, and *C. nigrescens*) (meadow knapweed, black knapweed, brown knapweed)
Coincya monensis (star-mustard)
Dittrichia graveolens (stinkweed)
Euphorbia dendroides (tree spurge)
Fallopia ×bohemica (=Reynoutria ×bohemica; *Polygonum ×bohemica*) (Bohemian knotweed)
Galega officinalis (Goatsrue)
Hydrocharis morsus-ranae (Frogbit)
Leptochloa chinensis (=Dinebra c.) (Chinese sprangletop)
Limnobium laevigatum (South American spongeplant)
Ludwigia decurrens (winged water-primrose)
Ludwigia hexapetala (water-primrose)
Mercurialis ambigua (Spanish mercury)
Nymphoides peltata (yellow floating heart)
Parthenium hysterophorus (Santa Maria feverfew)
Rhagadiolus stellatus (star endive)
Saccharum ravennae (ravennagrass)
Salvinia auriculata s.l. (giant salvinia)
Tribolium obliterum (Capegrass)
Volutaria canariensis (Canary Island knapweed)

California Voluntary Weed-Free Forage Inspection Protocol

Also, county inspectors using the [California Voluntary Weed-Free Forage Inspection Protocol](#) should continue to inspect for weed species on the following lists:

- California Noxious Weeds - [CCR Section 4500](#) (updated list effective April 1)
- A- or Q-rated plants not designated as a California Noxious Weed
- Federal Noxious Weeds

If you have any questions about this advisory, please contact Terra Walber at (916) 654-0312 or by e-mail at terra.walber@cdfa.ca.gov.



SEED SERVICES PROGRAM STAFF

HEADQUARTERS

916-654-0435

Duane Schnabel
Branch Chief

Josh Kress
Program Supervisor

John Heaton
Sr. Environmental Scientist

Cathy Vue
Staff Services Analyst

REDDING DISTRICT

Carl Pfeiffer
Environmental Scientist
530 949-6934

SACRAMENTO DISTRICT

Chris Banzhof
Environmental Scientist
916 996-9923

Connie Weiner
Senior Ag Bio Technician
916 262-2659

FRESNO DISTRICT

Marko Sladovich
Environmental Scientist
559 294-6755

RIVERSIDE DISTRICT

Ruben Arias
Environmental Scientist
951 312-7892

Leo Cortez
Environmental Scientist
951 784-8906

PLANT PEST DIAGNOSTICS SEED SCIENCE LABORATORY

916 262-1100

Susan McCarthy
Branch Chief

Deborah Meyer
Program Supervisor

Riad Baalbaki
Senior Seed Botanist

Robert Price
Senior Seed Botanist

Evelyn Ramos
Senior Ag Bio Technician

SEED ADVISORY BOARD

The California Seed Advisory Board consists of 11 members appointed by the Secretary of Agriculture. The Board makes recommendation to the Secretary about the scope of Seed Program and appropriate levels of funding.

If you would like more information, please visit:

Seed Services Program:

<http://cdfa.ca.gov/plant/pe/nsc/Seed.html>

CDFA Seed Laboratory

<http://cdfa.ca.gov/plant/PPD/seed.html>



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

KNOW WHAT YOU SOW!



Important information about the
California Seed Law and Seed Quality

HOW DO YOU KNOW SEED IS IN COMPLIANCE?

The California Seed Law was first passed in 1921 to ensure the quality of seed sold to the consumer was of the quality represented by the seller. Over the years, specific requirements have been adopted for the labeling of seeds.

The information required on the label depends on the kind of seed offered for sale and the intended use. Occasionally, seeds in a container may not be of the quality represented on the label. The first indication that seed offered for sale is not in compliance to the seed law is if the seller has not obtained authorization to sell seeds from the California Department of Food and Agriculture (CDFA).

AUTHORIZATION TO SELL SEEDS IN CALIFORNIA

Section 52351 of the California Food and Agriculture Code (FAC) requires that every labeler of agricultural or vegetable seed offered for sale in California, or any person, as defined in Section 52256.5, who sells that seed in this state, shall annually register with CDFA to obtain authorization to sell agricultural or vegetable seed.

Some sellers believe this requirement only applies to large companies. Such an assertion is not accurate. The requirement applies to anyone selling agricultural or vegetable seed and includes transactions that may not involve money.

SELLING SEEDS IN CALIFORNIA

FAC Section 44 states that "sell" includes "offer for sale, expose, possess for sale, exchange, barter, or trade."

Consumers should not purchase seeds they suspect are out of compliance to requirements of the California Seed Law!

A list of persons/firms authorized to sell seeds can be viewed at www.cdfa.ca.gov/plant/pe/nsc/seed/index.html.



be token labeled with just a lot number. The invoice AND one or more of the token-labeled containers however, must bear all of the required label information, including the Notice of Arbitration/Conciliation/Mediation.

Growers should also keep records of all land preparation and production costs, including prior crop history and dates for all inputs. This information can be very helpful in the event of a dispute regarding the quality of seed purchased and planted.

SEED COMPLAINT PROCESS

When buyers are not satisfied with the quality of seed, they should contact the seller first. If the issue is not resolved, the buyer may contact their local County Agricultural Commissioner and file a formal seed complaint.

The California Seed Law prescribes a specific process for filing a complaint against a seed supplier. Once filed, CDFA will conduct an investigation and attempt to resolve the dispute without either party incurring the cost of civil litigation. If the complainant or respondent are not satisfied with the dispute resolution process, the Department will release the complaint so that either party may pursue civil litigation.

GROWERS OF SEED CROPS

Seed companies occasionally contract growers to produce planting seed. The source seed is not generally sold to the grower but instead provided for planting and crop production under contract. Since the farmer is providing a service and the source seed is not sold, it may not be labeled per the requirements of the California Seed Law. It is still very important however, for the grower to know the quality of the seed being provided for planting. Additionally, the grower should ask the supplier about any known pests possibly associated with the seed. The expectations and responsibilities of each party should be clearly stated in contracts for seed production.



should always consider the percentage of inert material that is contributing to the weight of the seed. It may be necessary to adjust the weight upward to get the desired number of seeds planted in an area when significant amounts of inert material are present.

While the [origin of seed](#) is not specifically required in the California Seed Law, FAC Section 6421 does require that seed shipments brought into the state, have legibly marked on them the following information:

- The name and address of the shipper or owner.
- The name of the person to whom the shipment is forwarded or shipped or the name of his agent.
- The name of the country, state, or territory where the contents were grown.
- A statement of its contents.

If the place of origin is not known, this fact must be stated on the [shipment](#) label.

WHY SEED TAGS ARE IMPORTANT

If a formal seed complaint is filed, it is important to be able to show proof of purchase. Growers should save at least one tag/label from each seed lot they purchased. This practice can easily be achieved by taking a good quality picture or just saving the tag(s) in a shoebox. Be sure the receipt or invoice shows how much seed from each seed lot was purchased and the date delivered. This document is essential for any subsequent investigation.



Seed intended for farm use must also be labeled with a Notice of Arbitration/Conciliation/Mediation per CCR Section 3915.1. If there are more than five containers of seed purchased, the seed containers may

LABELING SEEDS FOR SALE

Consumers should also be aware that labeling requirements for agricultural seeds are more detailed than labeling requirements for vegetable seeds.

[Labeling of vegetable seed](#) is accomplished by attaching a label to the bag or container stating the following:

- kind and variety of vegetable seed in the container
- name and address of the person labeling the seed, or of the person selling the seed
- the lot number and calendar month with the year that the germination test was completed when the container has more than one-half pound of seed.



[Labeling of agricultural seed](#) is accomplished by attaching a label to the bag or container stating the following:

- the kind of each agricultural seed in excess of 5% of the whole with the % by weight of each kind present
- the lot number or other unique lot identification
- the percentage by weight of all weed seeds
- the name and approximate number per pound of each kind of restricted weed seed
- the percentage by weight of other agricultural seeds present when present at less than 5% of the whole and not previously listed
- the percentage of inert matter
- the percentage of germination of each kind of seed with the calendar month and the year the germination test was completed
- the name and address of the person labeling the seed, or of the person selling the seed in California



An example of an agricultural seed tag is shown below and an explanation of each item on the tag follows:

CUF 101 Alfalfa			
Lot 1234			
Alfalfa	99.40%	Hard Seed	0.00%
Inert Matters	.55%	Germination:	94.00%
Crop Seed	.03%	Date of Test:	April 2015
Weed Seed	.02%		
Name and Number of Noxious Weed Seeds per Pound			NONE
SEEDSMAN	A. Seed Merchant		
ADDRESS	Anywhere, California		

KNOW WHAT YOU SOW

It's On The Tag Attached To The Bag

The [name and address](#) (city) of the person labeling the seed, or of the person authorized to sell the seed must be on the label. This information is important for purposes of contacting the seller if there is a problem with the quality of the seeds.

Except under certain circumstances, all labels for containers of agricultural seed must bear upon them the commonly accepted [name of the kind](#), kind and variety, or kind and type of each agricultural seed component in excess of five percent of the whole. When several kinds of seed are present in amounts less than five percent, but combine to an aggregate total greater than ten percent of the whole, then each component present at a level greater than one percent must be identified by kind with its percentage by weight.



The [lot number](#) is very important to agricultural officials. The lot number is frequently used to trace seed shipments and to investigate the quality of seeds or how they were labeled.

Consumers of seeds should always document the number of containers from each seed lot that they purchased and exactly where they planted the seeds from different seed lots.

A [high percentage of pure seed](#) is desirable but may not contribute to the success of crop production when the percentage of germination is low. For this reason it is also very important to consider the [percent germination](#) and the date the germination test was completed. Germination percentages stated on the label are generally considered to be in compliance if the tests were conducted:

- within 5 months for most kinds of seed in interstate transport
- within 8 months for seeds offered for sale at wholesale
- within 15 months for seeds offered for sale at retail

In most cases, labels bearing [germination test dates](#) beyond the allowed period are in violation of the seed law. There is an exception for seeds intended for non-farm use, such as packet seed and grass seed that has exceeded the "sell by" or "packed for" dates.

The California Seed Law prohibits inclusion of hard seed in the germination percentage. Percentages of germination and hard seed must be reflected separately on the analysis tag.

It is unlawful to sell any agricultural or vegetable seed that contains more than 1 ½ percent by weight of all [weed seeds](#) or contains a prohibited noxious weed seed as listed in section 3854 of the California Code of Regulations (CCR). If restricted noxious weed seeds are present, they must be identified and the number of restricted weed seeds per pound must be specifically noted on the agricultural seed label.

Some containers of agricultural seed may contain a significant amount of [inert material](#). Inert material can be incidental, such as broken seeds and stems, or can be purposeful, such as seed coatings or mulch material. The percentage by weight of inert material, including coating, must be stated accurately on the label. When calibrating planters by weight of seeds, growers

Heaton, John@CDFA

From:
Sent: Tuesday, December 09, 2014 1:15 PM
To: Heaton, John@CDFA
Subject: AASCO Sampler Training with CCIA Team

Hello John-
I hope you are doing well?

We just completed our AASCO Sampler Training with Alex and Timothy from CCIA. It was really great and they did an excellent job with the entire process. The material was really good as was the PowerPoint lecture presentation. The hands-on session was also very good.

Alex presented some very specific sampling scenarios that our teams often have to deal with but are atypical for most sampling situations. The AASCO Sampling Handbook is somewhat unclear on how to apply some of the sampling procedures to the types of containers we store vegetable seeds lots in. Alex made it very clear which Appendix to apply to each scenario. Providing clarification on this issue was extremely helpful for our teams. I know you helped him sort this out and provided guidance on this issue and it was very helpful and much appreciated. Thank you for all your efforts with this training prep.

Both Alex and Timothy were very helpful and very engaging with our team to make sure we fully understood the material and the test questions. They also performed very well during the hands-on session. Please let me know if you have any questions regarding our training. I have some session photos I sent to Alex and would be happy to send them to you as well, just let me know.

Thanks again for all your help John with helping to arrange this training and with answering our questions. I look forward to working with you some more for the "training the trainer" option of this program.

Take care –

, RST
Quality Control Analyst
Registered Seed Technologist

2 YEAR COMPARISON OF REPORTED SEED SALES BY CATEGORY

Seed Sales in CA during FY2012; Reported in FY2013

Location of Firm	# of Firms	2012 Reported Ag Seed Sales	2012 Reported Veg Seed Sales	2012 Reported Lawn Seed Sales	2012 Total Reported Seed Sales
OS	249	\$ 115,478,692	\$ 116,333,503	\$ 40,686,300	\$ 272,498,495
CA	341	\$ 130,215,659	\$ 209,971,603	\$ 15,798,870	\$ 355,986,132
Total	590	\$ 245,694,350	\$ 326,305,106	\$ 56,485,170	\$ 628,484,627

Seed Sales in CA during FY2013; Reported in FY2014

Location of Firm	# of Firms	2013 Reported Ag Seed Sales	2013 Reported Veg Seed Sales	2013 Reported Lawn Seed Sales	2013 Total Reported Seed Sales
OS	257	\$ 105,202,097	\$ 137,718,151	\$ 47,834,982	\$ 290,755,230
CA	336	\$ 109,360,217	\$ 208,879,402	\$ 15,523,890	\$ 333,763,509
Total	593	\$ 214,562,314	\$ 346,597,553	\$ 63,358,872	\$ 624,518,739

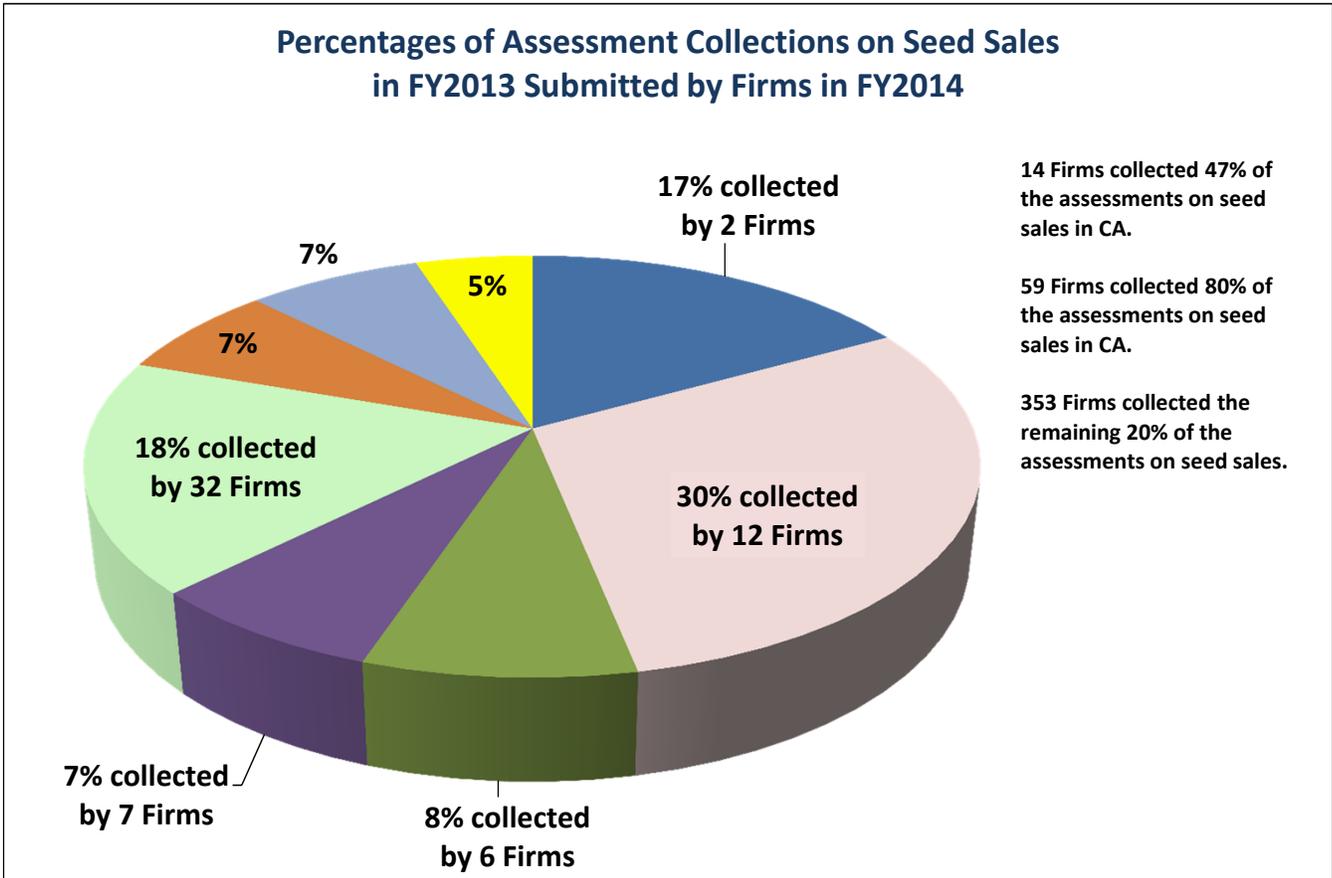
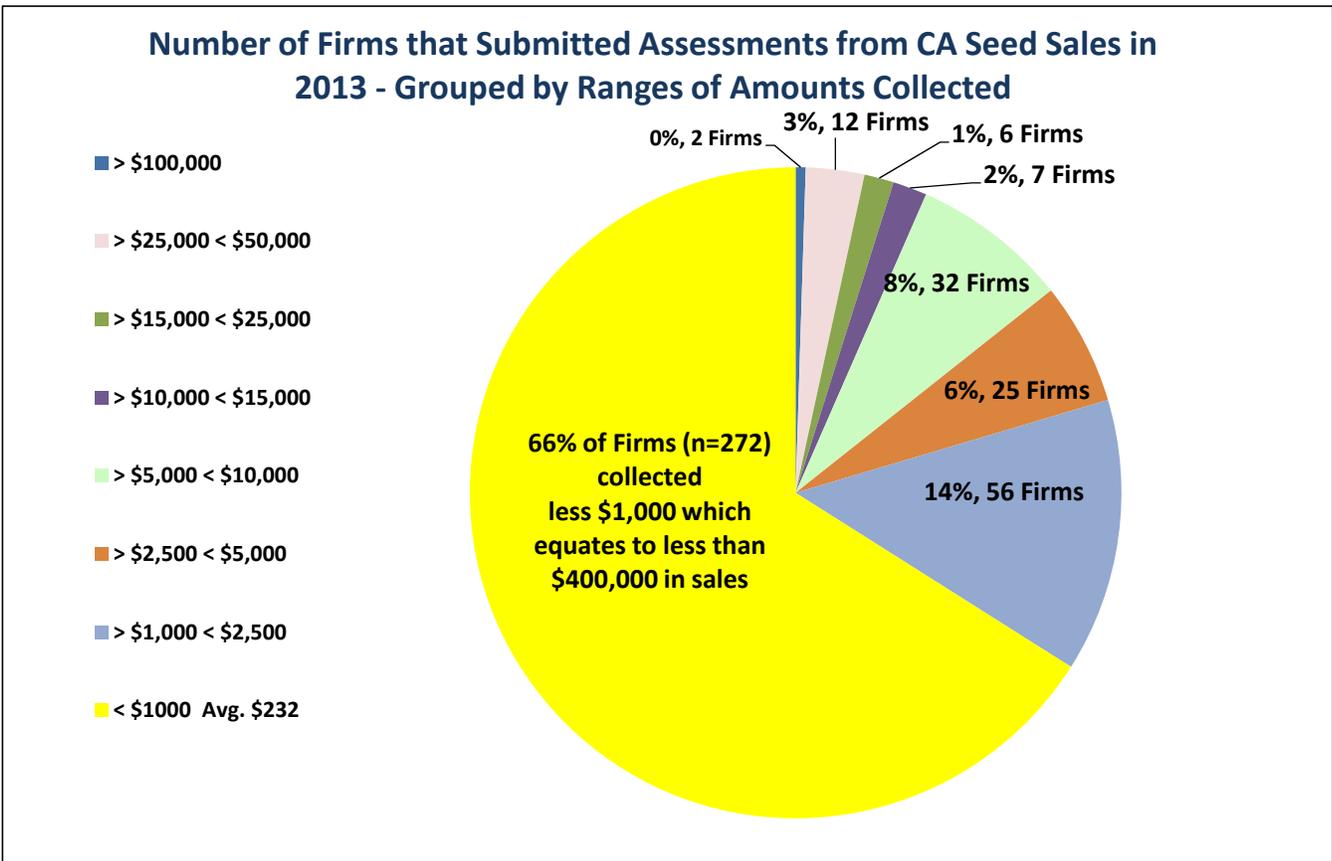
2 Year Comparison (FY2012 vs FY2013) of Reported Seed Sales in CA

Location of Firm	# of Firms	CY vs PY Reported Ag Seed Sales	CY vs PY Reported Veg. Seed Sales	CY vs PY Reported Lawn Seed Sales	CY vs PY Total Reported Seed Sales
OS	3.2%	-8.9%	18.4%	17.6%	6.7%
CA	-1.5%	-16.0%	-0.5%	-1.7%	-6.2%
Total	0.5%	-12.7%	6.2%	12.2%	-0.6%

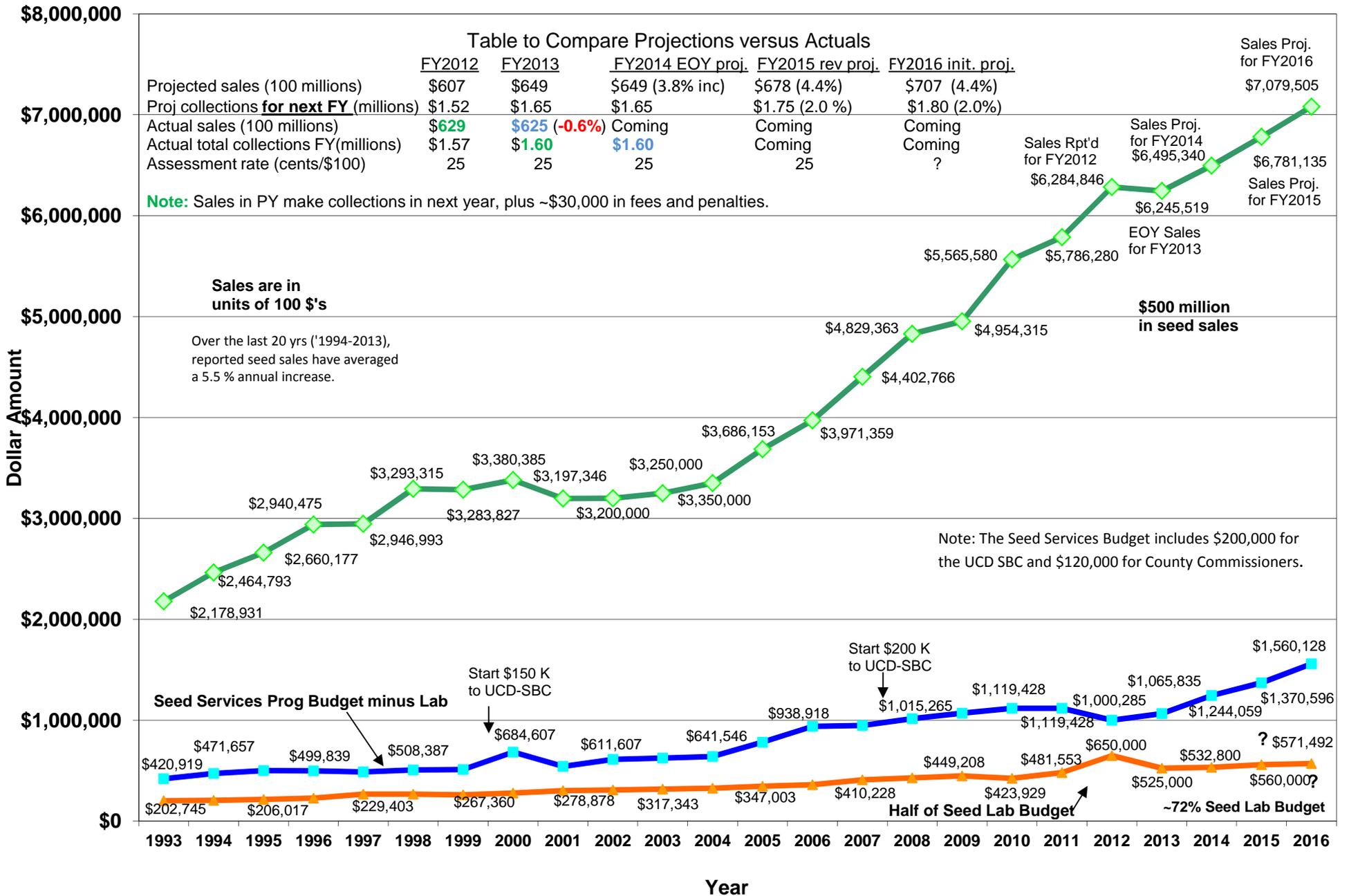
Comparisons:

Seed Sales in CA dropped 0.63 % in FY2013 instead of the average 5.5% annual increase that has been reported for CA seed sales since 1993.

The biggest drop occurred in ag seed sales, which probably reflects a shift by growers to high value vegetable crops due to the drought.



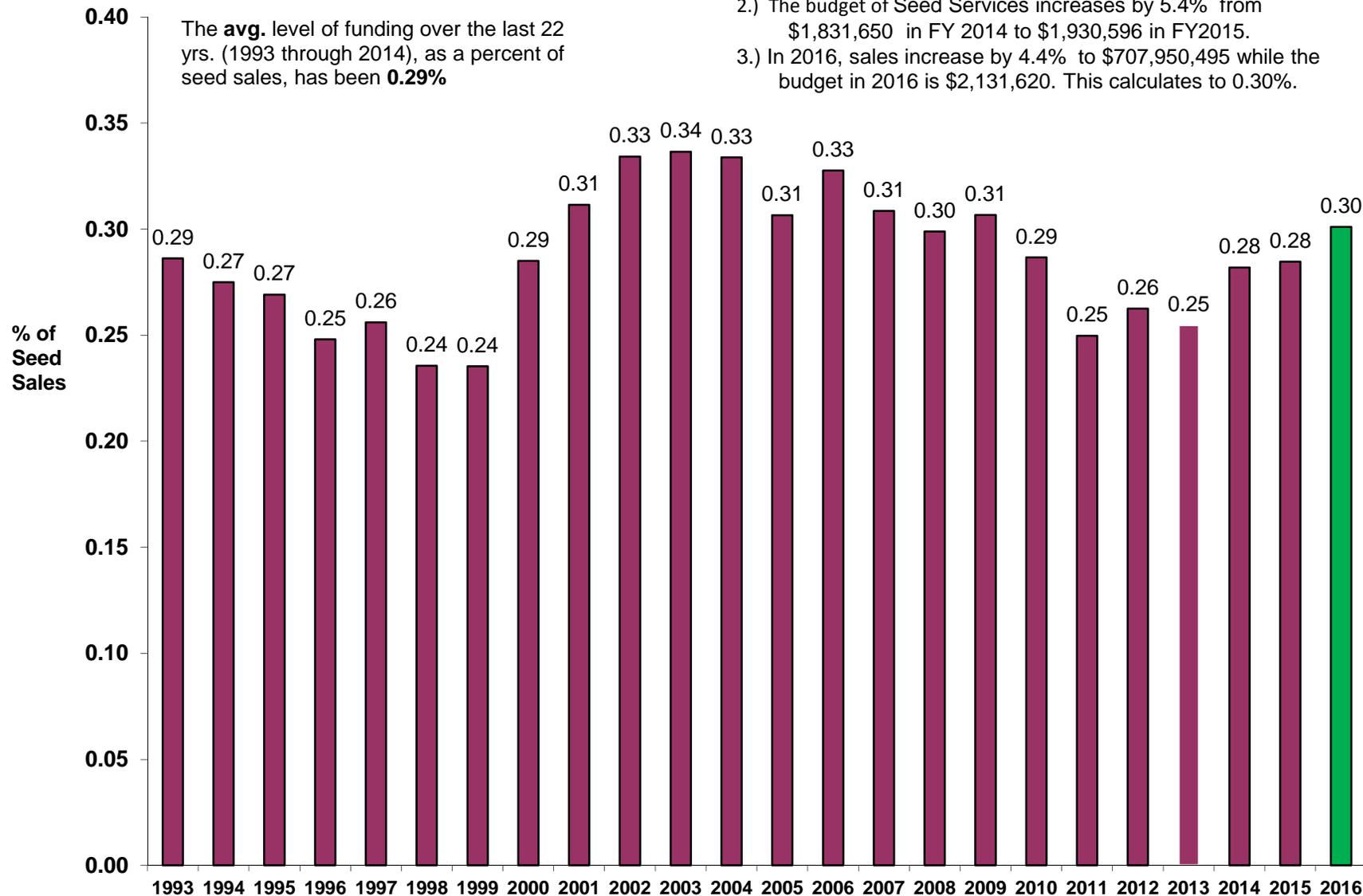
21 Year Comparison: Reported Seed Sales (scaled) versus the Seed Services Budget versus the Seed Lab Budget



Total Program Budget (w/o General Funds) as a Percentage of Reported Seed Sales

Assumptions for 2015 Sales and Expenditures Projection:

- 1.) The Seed Lab is funded at the \$560K level in FY2015
- 2.) The budget of Seed Services increases by 5.4% from \$1,831,650 in FY 2014 to \$1,930,596 in FY2015.
- 3.) In 2016, sales increase by 4.4% to \$707,950,495 while the budget in 2016 is \$2,131,620. This calculates to 0.30%.



Charts Sales and Budget History as of May 2015 w proj

Seed Services Program
FY 16/17 Proposed Out-of-State Travel Blanket - presented May 13, 2015

Destination	Date	Class Title	Total Days of Trip	Cost	Fund Source	Purpose / Justification
TBD	TBD	Sr Environmental Scientist	6	\$2,292	Dept. of Food and Agriculture Fund	To attend the annual meeting of the Association of American Seed Control Officials (AASCO). The designee serves as the former President of AASCO and is obligated to attend the entire meeting. As former President, the designee serves on several panels and will revise a newly developed procedure for AASCO to accredit seed sampler trainers. The designated attendee will present procedures that utilize biosecurity protocols for seed sampling. Accredited trainers can then train county staff and industry employees in lieu of CDFA training them; bringing efficiencies and improved quality of seed for farmers. In addition, the Seed Control Officials will vote on changes to the Recommended Uniform State Seed Law (RUSSL) and changes to the Official Seed Sampling Manual. The California seed industry currently provides more than \$3 billion of seed sales to the California economy per year. The training and accreditation gained at this meeting are critical for the Department's ability to maintain orderly markets for seed sales, prevent the introduction of pests in seed, and retain seed businesses in California. Participation by the designee at this meeting is strongly supported by the California seed industry. Travel will not interfere with regularly assigned duties.
TBD	TBD	Senior Environmental Scientist or Agriculture Program Supervisor IV	5	\$0	Other - Salary Only	To attend the Joint Annual Meeting of the Association of Official Seed Analysts (AOSA) and the Society of Commercial Seed Technologists (SCST), a meeting of domestic and foreign government officials and seed industry representatives involved in the testing of seed moving in global commerce which are subject to a variety of labeling and quarantine laws. The AOSA and SCST are responsible for developing internationally recognized official procedures for seed quality testing (AOSA Rules), which serve as the official methods for seed testing in most state seed laws, and are routinely adopted by the Federal Seed Act. The designee serves as the President of the Association of American Seed Control Officials. A duty of the President is to attend and participate in meetings of affiliate organizations that work cooperatively with Seed Control Officials. If this trip was denied, CDFA would not participate in identifying and working to resolve critical issues that impact the California seed industry. All expenses will be paid by the Association of American Seed Control Officials and no conflict of interest will occur. Travel will not interfere with regularly assigned duties.
TBD	TBD	Senior or Associate Seed Botanist or Program Supervisor	6	\$2,292	Dept. of Food and Agriculture Fund	To attend the USDA Seed Regulatory and Testing Branch (STRB) Seed Workshop. This workshop provides state of the art instruction on purity analysis as well as crop and weed seed identification. Emphasis is on recognition of new and emerging seed contaminant species, particularly noxious-weed seeds, seed health issues, and the use of DNA-based and immunological testing for discrimination of new cultivars and genetically modified crops. The accreditation the designee will receive benefits California by having results recognized nationally and internationally for seed law enforcement programs and the issuance of phytosanitary certificates that accompany international shipments of seed. Only accredited individuals can conduct testing. Participation by the designee at this training is strongly supported by the California seed industry. Travel will not interfere with regularly assigned duties.

Seed Services Program
FY 16/17 Proposed Out-of-State Travel Blanket - presented May 13, 2015

Destination	Date	Class Title	Total Days of Trip	Cost	Fund Source	Purpose / Justification
TBD	TBD	Senior Seed Botanist	8	\$0	Other - Salary Only	To attend the Association of Official Seed Analysts (AOSA) and the Society of Commercial Seed Technologists (SCST) Meeting and Training Workshops. Attendees include domestic and foreign government officials and seed industry representatives involved in laboratory quality assessment and phytosanitary certification of seed lots moving in global commerce and subject to a variety of labeling and quarantine laws. The AOSA/SCST develop internationally recognized procedures for seed quality and phytosanitary testing (AOSA Rules), which serve as the official seed testing methods for states seed enforcement laws, and are routinely adopted into the Federal Seed Act. The California Seed Advisory Board has determined that participation by the CDFA Seed Lab scientists is beneficial to California because important changes to the AOSA Rules will be considered and it's vital that California regulatory and consumer interests be represented during debate and voting on any changes that could impact California's multi-billion dollar seed industry. Attendance is required to participate in the voting process. Both Seed Botanists serve as chairpersons for various AOSA/SCST committees responsible for AOSA Rules development research and will make presentations. The benefit to California is the training provided in state-of-the-art diagnostic techniques and AOSA mandated protocols for seed quality assessment are required to maintain accreditation. Lab scientists are responsible for prompt and accurate identification of all plant species via seed morphology and other methods, diagnosing seedling abnormalities that can lead to crop failure, and is crucial for the health of California's seed industry. Attending these trainings is crucial to be able to pass the AOSA/SCST proficiency tests and to meet continuing education requirements to maintain AOSA/SCST seed technologist accreditation. Participation by the designees at this meeting is strongly supported by the California seed industry. Expenses to participate at this meeting will be paid by AOSA. No conflict of interest will occur
TBD	TBD	Senior Environmental Scientist	5	\$0	Other - Salary Only	To attend the annual meeting of the American Seed Trade Association (ASTA), one of the oldest trade organizations in the United States. Its membership consists of about 850 companies involved in seed production and distribution, plant breeding, and related industries in North America. Since ASTA advocates science and policy issues of industry-wide importance, the California Seed Advisory Board that CDFA Seed Services Program attend this meeting to participate on panels that discuss issues relevant to seed law enforcement in California. The state will benefit from the collaboration and coordination of protocols and practices of seed law enforcement. As former President of the Association of American Seed Control Officials (AASCO), the trip designee will explain the recently developed Seed Sampler Accreditation Program to the seed industry and new biosecurity protocols. If this trip is denied, CDFA will not have input on seed law enforcement activities that impact California. Expenses to participate at this meeting will be paid by AASCO. No conflict of interest will occur.
Total				\$4,584		

May 13, 2015

	PPY 2012/13 Estimate	PY 2013/14 Projection	CY 2014/15 revised projection	2015/16 Projection	2016/17 Projection
CASH BALANCE FORWARD	\$125,451	\$161,657	\$157,883	\$139,266	\$158,243
Uncleared revenue (suspense)	\$6,076	\$1,031	\$8,662	\$5,256	\$5,256
Transfer between codes (actually Bond Debt - see below)					
Controller Transfers	\$0	\$0	\$0	\$0	\$0
BEGINNING CASH BALANCE	\$131,527	\$162,688	\$166,544	\$144,522	\$163,499
Prior Yr Expenditures - Adjustment	-\$2,613	-\$9,212	-\$2,014	-\$4,613	-\$4,613
Prior Prior Yr Expenditures - Adjustment	-\$1	\$790	-\$4,896	-\$1,369	-\$1,369
ADJUSTED CASH BALANCE	\$128,912	\$154,267	\$159,635	\$138,540	\$157,517
REVENUE					
<i>Testing Fees & Services</i>	\$32,400	\$22,753	\$18,900	\$24,684	\$24,684
Miscellaneous	\$0	\$0	\$175	\$175	\$175
Interest	\$345	\$264	\$556	\$388	\$388
TOTAL REVENUE COLLECTED	\$32,745	\$23,017	\$19,631	\$25,247	\$25,247
TOTAL CASH BALANCE (AG FUND)	\$161,657	\$177,284	\$179,266	\$163,787	\$182,764
EXPENDITURES (Ag Fund)					
Plant Lab Bond Debt **	\$0	\$19,401	\$40,000	\$5,459	\$0
Seed Lab Ag Fund: salary	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$85	\$0
TOTAL PROGRAM EXPENDITURES	\$0	\$19,401	\$40,000	\$5,544	\$0
BALANCE (ENDING RESERVE)	\$161,657	\$157,883	\$139,266	\$158,243	\$182,764
AG TRUST FUND					
Interest	\$14,496	\$14,554	\$14,602	\$14,655	\$14,708
	\$58	\$48	\$53	\$53	\$53
TOTAL AG TRUST FUND (RESERVE)	\$14,554	\$14,602	\$14,655	\$14,708	\$14,761

FY 2015 should be end of Bond Debt Repayment

California Department of Food and Agriculture Seed Laboratory Plant Pest Diagnostic Center - Budget Presented May 13, 2015 July 1, 2016 - June 30, 2017		
Personnel Services		Amount
Permanent Salaries		\$270,873
Benefits		\$128,450
Temporary Salaries	2 seasonals	\$44,221
Temporary Benefits		\$4,864
Total Personnel Services		\$448,409
Operating Expenses and Equipment		
General Expense	<i>Dues & Memberships, calibration and balancing of microscopes & other equipment</i>	\$5,000
Printing	<i>Office copier expense</i>	\$1,515
Communications*	<i>Office phones</i>	\$2,650
Postage/Freight*	<i>Overnight mail and postage</i>	\$2,500
Travel / In-State		\$2,000
Travel / Out-of-State		
Training		\$680
Laboratory Supplies	<i>chem, drugs, lab supplies</i>	\$16,800
Facilities Operations/Utilities*	<i>Includes electrical, gas, garbage, sewer, janitorial, landscaping, security, fire, enironmental control, HVAC and all building equipment</i>	\$108,000
Inter departmental charges IT *		\$50,690
Indirect Costs - Division*	<i>Support to Plant Division</i>	\$20,369
Departmental Services**	<i>Contracts, purchasing, financial services</i>	\$45,216
Information Technology Supplies*	<i>IT supplies, toner, paper</i>	\$6,000
Central Admin Services*	<i>HR & Admin charges</i>	\$1,208
Equipment	<i>Seed Germinator, Microscope, Lab refrigerator, AA Chamber</i>	\$62,300
Other Items of Expense	<i>Accreditation, DGS electrical, equipment install, NOC-Services</i>	\$20,402
Total Operating Expenses and Equipment		\$345,330
TOTAL PROGRAM BUDGET		\$793,739

*16% of total laboratory costs

**20% of total laboratory costs

Proposed Budget for FY 2016

SEED SERVICES PCA 15551

SAB Mtg. May 13, 2015

	PPY FY2012/13 EOY Proj	PY FY2013/14 EOY Proj	Current FY 2014/15 EOY Proj 4/15/2015	Static Approved FY 2015/2016 SAB 5/7/2014	PSP FY2015 Secretary Ag Necessary Adj.	Proposed FY 2016/2017 SAB 5/13/2015	
Permanent Sal	293,780	310,464	444,396	378,627	448,754	571,683	1
Temporary Help Sal	8,284	9,368	38,194	9,000	48,000	40,127	
Staff Benefits	145,100	153,194	225,001	174,151	195,212	303,751	2
Sal Sav	4,089	7,624	0	0		0	
Salary & Benefit Recovery	-1,537	0	0	0		0	3
TOTAL PERSONAL SERVICES	449,716	480,650	707,591	561,778	691,966	915,561	
General Expenses	8,158	2,500	2,321	5,488	10,000	2,462	4
Printing	650	494	200	605	2,000	212	
Communications	5,845	6,046	5,130	5,808	7,200	5,442	5
Postage	1,519	2,329	608	2,118	7,200	645	6
Insurance-Vehicles	956	678	912	1,815	3,750	968	7
Travel In-State	13,073	12,468	9,239	12,100	32,875	9,802	8
Travel Out-of-State	1,679	3,877	3,200	11,725	1,205	4,584	9
Training	260	409	705	1,000	3,000	748	
Facilities	27,390	25,587	24,479	28,898	36,814	25,970	
Utilities	505	463	416	726	1,000	442	
Cons & Prof	137	178	325	3,000	10,000	3,000	10
Data Processing	0	0	0	0	0	0	
Interdeptl Charges	0	0	0	0	0	0	
Division - Indirect	29,556	39,508	37,724	41,483	32,189	43,174	11
Dept. - Indirect - Exec/Admin	64,584	60,829	81,411	69,955	81,148	89,552	12
Legal Svs-Indirect	0	0	0	0	0	0	13
Production Services - Direct	0	0	0	0	0	0	14
Plant IT	46,821	44,634	47,264	46,240	47,059	50,142	15
Centralized Svs	1,135	1,430	2,152	1,815	1,400	2,283	16
Other Interdeptl Charges	0	0	0	0	0	0	17
Pro Rata	49,078	49,078	65,296	52,394	67,101	69,273	18
Equipment	11,689	22,098	0	19,859	25,000	25,000	19
Misc. Ag. Services	820	3,782	583		600		20
Field Expenses/Agri Supplies	673	1,661	750	750	240	1,500	
Vehicle Operations	10,733	12,580	13,544	12,705	15,000	14,369	
Other Misc. Charges (PY Expend & neg 24c)	-25,527	-25,443	-25,000	0	-26,151	-25,000	
Subtotal Oper Exp/Equip	249,734	265,186	271,259	318,483	358,630	324,567	
Ag Commissioners	120,000	120,000	120,000	120,000	120,000	120,000	
Research Contracts UCD SBC	180,835	200,000	200,000	200,000	200,000	200,000	
Seed Laboratory	650,000	525,000	532,800	554,112	560,000	571,492	
TOTAL OPER EXP/EQUIP	1,200,569	1,110,186	1,124,059	1,192,595	1,238,630	1,216,059	
TOTAL BUDGET w Personnel & Benefits	\$1,650,285	\$1,590,836	\$1,831,650	\$1,754,373	\$1,930,596	\$2,131,620	21
		FY 13/14 CY 12/13 EOY Proj.	FY 14/15 Proposed Budget	FY 15/16 Proposed Budget		FY 15/16 Proposed Budget	
versus Previously approved by Seed Advisory Board	\$1,577,396	\$1,739,326	\$1,774,669	\$1,754,373	\$1,754,376	\$2,131,620	
% of Approved Budget Expended	used 106% of proj	est. EOY use 92%	est EOY use 103%	not occurred	10% greater than orig. proj.	not occurred	

SEED SERVICES - 15551
FY 2016/17 Proposed Budget Notes

Line Items

- 1 **Permanent Salaries:** Compared to CY ~29.4% increase over 2 years
- 2 **Benefits:** Compared to CY ~17% increase over 2 years
- 3 **Salary & Wage Recovery:** Expect \$2,000 recovery from the Cotton Program
- 4 **General Expenses:** Includes miscellaneous expenditures. Used 3% over CY
- 5 **Postage:** Used 3% over CY
- 6 **Insurance:** Self insurance vehicle for 3 vehicles.
- 7 **Travel In-state:** Covers potential cost associated with seed complaint mediation program. Includes provisions for training, workshops and overnight sampling trips. Also includes Board TEC reimbursements. Used 3% over CY.
- 8 **Travel Out-of-State:** Includes trips for both Seed Services and Seed Laboratory. (See Proposed Out-of-State Travel for a description of each trip.) 2 to 3 years in future. Difficult to project. Used 18% greater than 2013.
- 9 **Cons & Prof:** Mainly seed dispute mediation services for seed complaints. Molecular Labs
- 10 **Division Indirect:** Increased for all programs. See additional handout.
- 11 **Plant IT:** An Interdeptl Charge for Seed Services share of computer support (Information Technology) for the Division. New fee structure. See additional handout.
- 12 **Pro Rata:** 6% over CY approximately = 3% in FY 2015 and 3% in FY 2016
- 13 **Equipment: One** Vehicle replacement contingency
- 14 **Misc. Ag. Services:** Maintained to cover potential cost associated with seed complaint investigations/growouts.
- 15 **Field Expenses:** Maintained to cover potential cost associated with seed complaint investigations/mediations.
- 16 **Vehicle Expenses:** Based on recent years' costs for fuel and repairs. 3% increase for two successive years.
- 17 **Other Misc. Charges (Neg 24c)** - Estimated Program rebate from unused gas tax.
- 18 **Seed Subvention with County Commissioners:** If made equiv to 1978 (\$20/hrly rate)would now be \$184K but still at \$120,000
- 19 **Research Contracts:** Seed Biotechnology Center, 2015 is third year of three year contract. Assumed continuance at \$200,000/year
- 20 **Seed Laboratory:** Represents estimate increase of approximately 3.5% for two successive years.
- 21 **Total Budget: Recommended** budget for FY2015 was adjusted by Dept. New amount represents 5.4% increase over CY FY2014) projected expenditures. Proposed Budget for FY2016 represents 10.4% inc. over adjusted budget for FY2015..

Interdepartmental Charges

Division – Indirect Costs

- Division Infrastructure – Director, Asst. Director, Permits & Regulations, Contracts, etc.
- Information Technology

Departmental Indirect Costs

Internal departmental indirect costs include such items as:

- Personal services costs of the department’s administrative, supervisory, and executive staff incurred at the unit, bureau, or division level.
- Personal services costs of support units, including accounting, internal audits, legal, information technology, clerical support, etc
- Operating expenses and equipment costs not incurred to directly support a specific cost objective.

Departmental indirect costs are accumulated and distributed through a cost allocation process to the various units (Programs) in a department. Two main categories of Departmental Indirect Costs on Program budget reports are:

- Dept. – Indirect – Exec/Admin
- Centralized Services by the Dept.

Statewide Indirect Costs

There are more than 500 state agencies in California. Statewide indirect costs are non-reimbursed (General Fund) central service agency costs. Central service costs are those amounts expended by central service departments and the Legislature for **overall administration of state government and for providing centralized services to state departments**. These functions are necessary for state operations and are centralized to provide efficient and consistent statewide policy and services. Examples are:

What is a Central Services Department or Agency?

- | | | |
|-------------------------------------|--|--|
| • Dept. of Finance (Finance) | • California Victim Compensation and Government Claims Board | • State Agencies Secretaries: |
| • Dept. of Information Technology | • Office of Administrative Law | – Health and Human Services |
| • Dept. of General Services for: | • California State Library | – Youth and Adult Correctional |
| • State Controller’s Office | • Health Benefits for Retired Annuitants | – State and Consumer Services |
| • State Treasurer’s Office | • Dept. of Justice | – Business, Transportation , and Housing |
| • State Personnel Board | • Bureau of State Audits | – Resources |
| • Dept. of Personnel Administration | • Legislature | |

SWCAP vs Pro Rata

Central service agencies provide services benefiting all State departments. Statewide indirect costs may be either Pro Rata or SWCAP. SWCAP costs are used for federal reimbursement purposes. Pro Rata costs are used for special funds and other reimbursements. Only continuously appropriated (CA) funded programs are charged Pro rata.

CDFA is sent a Pro Rata charge and has to be spread across programs based on factors and formulas that consider workload data, billable and non-billable fund categories, and budget data.

Pro Rata is a process that

- recovers for the General Fund, costs incurred by central administrative service agencies that provided central administrative services to departments
- allocates the costs of each central administrative service agency to operating departments using the departments workload.
- allocates central administrative service agency's costs to a departments'* funding sources (.i.e. industry funded programs that used those services).

What is the Ag Trust Fund?

FAC 233 (a) The trust fund consists of moneys transferred by the director from the Department of Food and Agriculture Fund, including all income therefrom. The amount of funds, excluding interest earned thereon, contained in the trust fund shall be determined by the director, and shall be the same percentage for all agricultural programs, but shall not exceed 10 percent of the annual operating budgets of each agricultural program. Funds in excess of 10 percent of the annual operating budgets of each agricultural program that are in the trust fund, or such other lesser percentage as the director may determine, may be returned to the Department of Food and Agriculture Fund.

FAC 233 (b) The director shall establish separate accounts in the trust fund for the money transferred to the fund from each of the agricultural program accounts in the Department of Food and Agriculture Fund. The trust accounts shall be used by the Department of Food and Agriculture Fund for expenditure when necessary for the exclusive purpose of implementing and continuing any of the agriculture programs with money contained in the trust fund.

FAC 233. The trust fund is created for the exclusive purpose of implementing and continuing the agricultural programs for which the funds were collected.

FAC 233. The moneys in the trust fund shall be disbursed only to pay for costs arising from unanticipated occurrences associated with administering self-funded programs. These costs shall include, but are not limited to: attorney costs related to litigation; workers' compensation costs; unemployment costs; phaseout costs of existing programs; and temporary funding for programs that are implementing a fee increase. Any program using the moneys from the trust fund shall repay the trust fund based on a schedule approved by the director.

FUND CONDITION FOR SEED SERVICES

May 13, 2015 Attachment 1

	PPY 2012/2013 EOY Estimate	PY 2013/2014 EOY Estimate	CY 2014/2015 EOY Estimate 4/15/2015	2015/2016 Static Column Approved 5/13/2015	2015 FY2015 Secretary Ag. Necessary Adj.	Projection for 2016/2017 Fund Condition
BEGINNING CASH BALANCE	\$ 1,846,680	\$ 1,704,876	\$ 1,724,787	\$ 1,521,497	\$ 1,521,497	\$ 1,341,893
REVENUE CATEGORIES	had 25 cent assessment rate on sales in FY2011	had 25 cent assessment rate on sales in FY2012	With assessment at 25 cents /\$100 sales made in 2013	With assessment at 25 cents /\$100 sales made in 2014	at 25 cents /\$100 sales made in 2014	With assessment at 25 cents /\$100 sales made in 2015
Assessment \$	1,446,570	1,551,176	1,566,138	1,677,763	1,677,763	1,695,284
Miscellaneous	1,888	1,331	1,988	200	200	200
License Fees	22,360	23,780	23,080	23,520	23,520	23,080
Penalties	12,185	7,941	10,850	9,966	10,325	10,325
Interest	4,945	1,094	2,804	4,182	2,948	3,000
Interest from Infrfund Loan	222	121	121	225	155	155
TOTAL REVENUE	1,488,170	1,585,443	1,604,981	1,715,857	1,714,911	1,732,044
Reimbursement 224c - Admin	25,527	25,443	25,000	36,081	36,081	27,000
PY & PPY Adjustments and Encumbrances	(5,217)	(139)	(1,620)	-	-	-
TOTAL RESOURCES before Expenditures	\$3,355,161	\$3,315,622	\$3,353,147	\$3,273,435	\$3,272,489	\$3,100,936
EXPENDITURES				Newly projected for FY2015	Projected for FY2015 by FS	Newly projected for FY2015
Seed Services	699,449	745,835	978,850	\$880,264	1,050,596	\$1,240,128
Seed Laboratory	650,000	525,000	532,800	554,112	560,000	571,492
Ag Commissioners	120,000	120,000	120,000	120,000	120,000	120,000
UCD SBC	180,836	200,000	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES (BUDGET)	\$1,650,285	\$1,590,835	\$1,831,650	\$1,754,376	\$1,930,596	\$2,131,620
ENDING CASH BALANCE (Resources - Expenditures)	\$1,704,876	\$1,724,787	\$1,521,497	\$1,519,059	\$1,341,893	\$969,316
AG TRUST FUND	133,205	133,638	133,961	134,284	same	134,607
Interest	433	323	323	323	same	323
ENDING AG TRUST (RESERVE)	\$133,638	\$133,961	\$134,284	\$134,607	same	\$134,930
Notes of Interest						
Reserve Calculation: The amount required to keep in balance = 1/4 budget (expenditures)	\$412,571	\$397,709	\$457,913	\$438,594	same	\$532,905
Number of Licenses	569	595	577	588	same	577
Reported Value of Seed Sold PY in CA	\$582,014,337	\$628,484,636	\$649,158,000	\$671,105,200	same	\$688,822,678
Assessment Rate	0.25	0.25	0.25	0.25	same	0.25
	3.5% inc sales value	8% inc in sales value	used 19 yr graph	used 20 yr graph	same	used 21 yr graph
Projections versus Actuals	FY 12/13	FY 13/14	FY 14/15	FY 15/16		FY 16/17
Approved by Board at Prior Meetings	\$1,557,396	\$1,739,326	\$1,774,669	\$1,754,376	\$1,754,376	
Estimated Total Expenditure	\$1,650,285	\$1,590,835	\$1,831,650	\$1,754,376	\$1,930,596	\$2,131,620
Difference SAB Approv-Proj Expend	(\$92,889)	\$148,491	(\$56,981)			
% of approved budget spent	106% of init approv.	92% of init approv.	est 3% over budget	Not yet occurred		Not yet occurred

REVISED - FUND CONDITION FOR SEED SERVICES

	PPY 2012/2013 EOY Estimate	PY 2013/2014 EOY Estimate	CY 2014/2015 EOY Estimate 4/15/2015	2015/2016 Static Column Approved 5/13/2015	2015 FY2015 Secretary Ag. Necessary Adj.	Projection for 2016/2017 Fund Condition
BEGINNING CASH BALANCE	\$ 1,846,680	\$ 1,704,876	\$ 1,724,787	\$ 1,521,497	\$ 1,521,497	\$ 1,241,893
REVENUE CATEGORIES	had 25 cent assessment rate on sales in FY2011	had 25 cent assessment rate on sales in FY2012	With assessment at 25 cents /\$100 sales made in 2013	With assessment at 25 cents /\$100 sales made in 2014	at 25 cents /\$100 sales made in 2014	With assessment at 30 cents /\$100 sales made in 2015
Assessment \$	1,446,570	1,551,176	1,566,138	1,677,763	1,677,763	1,905,000
Miscellaneous	1,888	1,331	1,988	200	200	200
License Fees	22,360	23,780	23,080	23,520	23,520	23,080
Penalties	12,185	7,941	10,850	9,966	10,325	10,325
Interest	4,945	1,094	2,804	4,182	2,948	3,000
Interest from Infrfund Loan	222	121	121	225	155	155
TOTAL REVENUE	1,488,170	1,585,443	1,604,981	1,715,857	1,714,911	1,941,760
Reimbursement 224c - Admin	25,527	25,443	25,000	36,081	36,081	27,000
PY & PPY Adjustments and Encumbrances	(5,217)	(139)	(1,620)	-	-	-
TOTAL RESOURCES before Expenditures	\$3,355,161	\$3,315,622	\$3,353,147	\$3,273,435	\$3,272,489	\$3,210,653
EXPENDITURES				Newly projected for FY2015	Projected for FY2015 by FS	Newly projected for FY2015
Seed Services	699,449	745,835	978,850	\$880,264	1,150,596	\$1,240,128
Seed Laboratory	650,000	525,000	532,800	554,112	560,000	571,492
Ag Commissioners	120,000	120,000	120,000	120,000	120,000	120,000
UCD SBC	180,836	200,000	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES (BUDGET)	\$1,650,285	\$1,590,835	\$1,831,650	\$1,754,376	\$2,030,596	\$2,131,620
ENDING CASH BALANCE (Resources - Expenditures)	\$1,704,876	\$1,724,787	\$1,521,497	\$1,519,059	\$1,241,893	\$1,079,033
AG TRUST FUND	133,205	133,638	133,961	134,284	same	134,607
Interest	433	323	323	323	same	323
ENDING AG TRUST (RESERVE)	\$133,638	\$133,961	\$134,284	\$134,607	same	\$134,930
Notes of Interest						
Reserve Calculation: The amount required to keep in balance = 1/4 budget (expenditures)	\$412,571	\$397,709	\$457,913	\$438,594	same	\$532,905
Number of Licenses	569	595	577	588	same	577
Reported Value of Seed Sold PY in CA	\$582,014,337	\$628,484,636	\$649,158,000	\$671,105,200	same	\$688,822,678
Assessment Rate	0.25	0.25	0.25	0.25	same	0.25
	3.5% inc sales value	8% inc in sales value	used 19 yr graph	used 20 yr graph	same	used 21 yr graph
Projections versus Actuals	FY 12/13	FY 13/14	FY 14/15	FY 15/16		FY 16/17
Approved by Board at Prior Meetings	\$1,557,396	\$1,739,326	\$1,774,669	\$1,754,376	\$1,754,376	
Estimated Total Expenditure	\$1,650,285	\$1,590,835	\$1,831,650	\$1,754,376	\$1,930,596	\$2,131,620
Difference SAB Approv-Proj Expend	(\$92,889)	\$148,491	(\$56,981)			
% of approved budget spent	106% of init approv.	92% of init approv.	est 3% over budget	Not yet occurred		Not yet occurred