

IHAB Budget Task Force

VAN BUTSIC

JOSHUA CHASE

Overview

IHAB is reviewing current registration fees for farmers

- Currently, registration fees do not cover cost
- In addition to looking at fee increases, we felt it was prudent to also look at how CDFA was spending fees.
- IHAB Budget task force – Van Butsic and Joshua Chase – had first meeting with CDFA on Feb 25th 2021.
- Final meeting on April 5th

What are the CDFA positions and what do they do?

- **Senior Environmental Scientist (Supervisory) – oversees the statewide administration and coordination of activities and enforcement of regulations by state and county staff within the Hemp Program. The SES supervises and directs the work of office staff that perform duties related to industrial hemp cultivation, including:**
 - **Serve as statewide lead person for developing and implementation of hemp regulatory program**
 - **Develops statewide training and outreach material, regulatory guidelines and procedures, and rulemaking documents.**
 - **Collaborates with other state, federal and local agencies regarding regulatory compliance and public outreach**
 - **Board Manager to Industrial Hemp Advisory Board**
 - **Analysis of state and federal legislative initiatives**
 - **Evaluates and oversees budget reporting**
 - **Participate in meetings and conference with other agencies, institutions of higher education, industry groups and present information regarding hemp cultivation and related program activities**

What are the CDFA positions and what do they do?

- **3 environmental scientists – perform a broad range of scientific and professional duties involving the research, training, outreach, and logistics of the statewide Industrial Hemp Program, including:**
 - **Provide technical consultation to other state, federal, and local agencies regarding state laws and regulations.**
 - **Develops advisories, training aides, manuals, and other resources used by state, county, and industry personnel**
 - **Collaborates with other state, federal and local agencies regarding regulatory compliance and public outreach**
 - **Provide training and updates to counties on regulatory requirements and procedures**
 - **Respond to inquiries from industry, county, and the public and provide regulatory guidance.**
 - **Prepare responses for Public Records Act requests**
 - **Review laboratory applications for laboratory approval.**

What are the CDFA positions and what do they do?

- **1 administrative support analyst – performs a wide variety of fiscal, management and staff services functions including budgeting, personnel, contracting, purchasing, management analysis, and administrative services, including:**
 - **Coordinating the preparation of program budgets and fund conditions**
 - **Review and monitor county agreements to fund county activities**
 - **Analyze, prepare, reconcile county invoices**
 - **Coordinate with the program Senior Environmental Scientist in the administration and management of the Industrial Hemp Advisory Board, industry working groups, and other committees**
 - **Oversee program's procurement and business transactions**
 - **Oversee and monitor program's personnel transactions and recruitment process**
 - **Send out public notifications regarding hemp updates**

What are the CDFA positions and what do they do?

- **2 seasonal technicians – assist in a wide variety of tasks including data entry, maintaining records and various documents, including:**
 - **Review registration applications and fees submitted for accuracy and completeness**
 - **Inputs registration data and maintains database**
 - **Prepares mailers and other materials for distribution**
 - **Assist in various clerical support activities**

Could you please estimate the amount of contact hours your team has with:

- a. County Agricultural commissioners and staff: **Each ES dedicates at least 20 hours a week in working with county commissioners and staff to provide regulatory and technical guidance.**
- b. Performing public education events: **Staff participates in public education events as requested. We do not have an estimated amount of hours.**
- c. Responding directly to questions from the public **The program has responded to at least 2,900 public email inquiries since 2018. This does not include any phone contacts.**

The process of dealing with registration is based on paper documents that are scanned and data is hand entered by CDFA employees

Currently the workload to enter the registration information in our database is largely taken on by seasonal staff in the “Agricultural Technician I” classification.

- a. What are the barriers to automating this system? **Funding and time. Generally, developing a database will need to be coordinate through our IT department and will take at least a year to develop. Additional resources will be needed for county training and maintenance.**
- b. Is there anything in the law that prevents automation? **There is nothing in the law that prevents automation.**

What % of the industrial hemp program budget goes to pay for administration:

- Branch Chief: 0.7%
 - NSC Program Manager: 2.8%
 - Administrative staff: 0.37%
- a. How do these levels compare with other CDFA teams? **Other Programs within the Nursery Seed and Cotton Program have similar costs. Seed Services pays for the same percentage while Nursery Services pays twice as much.**

What is CDFA currently spending on with Counties

- a. Can you provide an updated list of county expenditures? **See table**
- b. To what extent are these costs negotiable? **Counties are reimbursed based on the scope of work. The scope of work for the current agreement can be provided.**
- c. Can counties require additional registration fees to make their departments whole? **Yes, counties are authorized through FAC Section 81005 to establish their own fees to recoup actual costs.**

County	Total Invoiced
Alameda	\$27,777.00
Butte	\$91,908.64
Colusa	\$22,102.00
Contra Costa	\$68,984.03
Del Norte	\$0.00
El Dorado	\$3,003.85
Fresno	\$211,801.95
Glenn	\$16,270.00
Humboldt	\$3,880.00
Imperial	\$37,242.94
Inyo	\$0.00
Kern	\$39,259.71
Kings	\$15,598.76
Lake	\$72,911.00
Lassen	\$4,275.16
Los Angeles	\$58,510.16
Madera	\$7,792.20
Marin	\$7,798.97
Mariposa	\$0.00
Mendocino	\$0.00
Merced	\$33,976.35
Modoc	\$0.00
Mono	\$0.00
Monterey	\$37,542.00
Nevada	\$1,968.40
Orange	\$3,424.00
Placer	\$4,705.99
Plumas	\$3,648.75
Riverside	\$50,947.64
Sacramento	\$1,171.50
San Benito	\$43,690.00
San Bernardino	\$17,584.66
San Diego	\$199,035.00
San Francisco	\$1,925.00
San Joaquin	\$18,093.00
San Luis Obispo	\$42,922.18
San Mateo	\$19,329.00
Santa Cruz	\$76,604.01
Shasta	\$5,484.00
Siskiyou	\$3,611.00
Solano	\$20,769.96
Sonoma	\$12,497.84
Stanislaus	\$53,712.00
Sutter	\$36,055.64
Tehama	\$3,505.00
Trinity	\$3,161.60
Tulare	\$20,171.63
Tuolumne	\$3,359.00
Ventura	\$93,326.00
Yuba	\$9,099.00
Total	\$1,510,436.52

Recommendations:

Huge number of hours in contact with county government: $3 \text{ ES} * 20 \text{ hours a week} = 2880$ hours. And CDFA potentially pays for County hours too!

- CDFA should identify common points of contact and develop materials to help counties through these difficulties
- In the future, these hours of contact should be reduced as counties become more familiar with hemp. This could be a major cost saving.
- CDFA should take bids to develop a web portal for Hemp registration.
 - Estimate of 1 year time frame to develop such a system is laughable. This could be done in a month by a private contractor.
 - Cost savings could be large because it reduces both CDFA time, as well as reimbursement.
- When County agreements are renegotiated CDFA should apply a uniform per/hr cost of reimbursement
 - Currently, low cost counties subsidize high cost counties
 - Counties can raise their own fees to cover cost, beyond the standard CDFA rate.

Brief Update on Registration, Rulemaking, and other Program Activities

Industrial Hemp Advisory Board Meeting

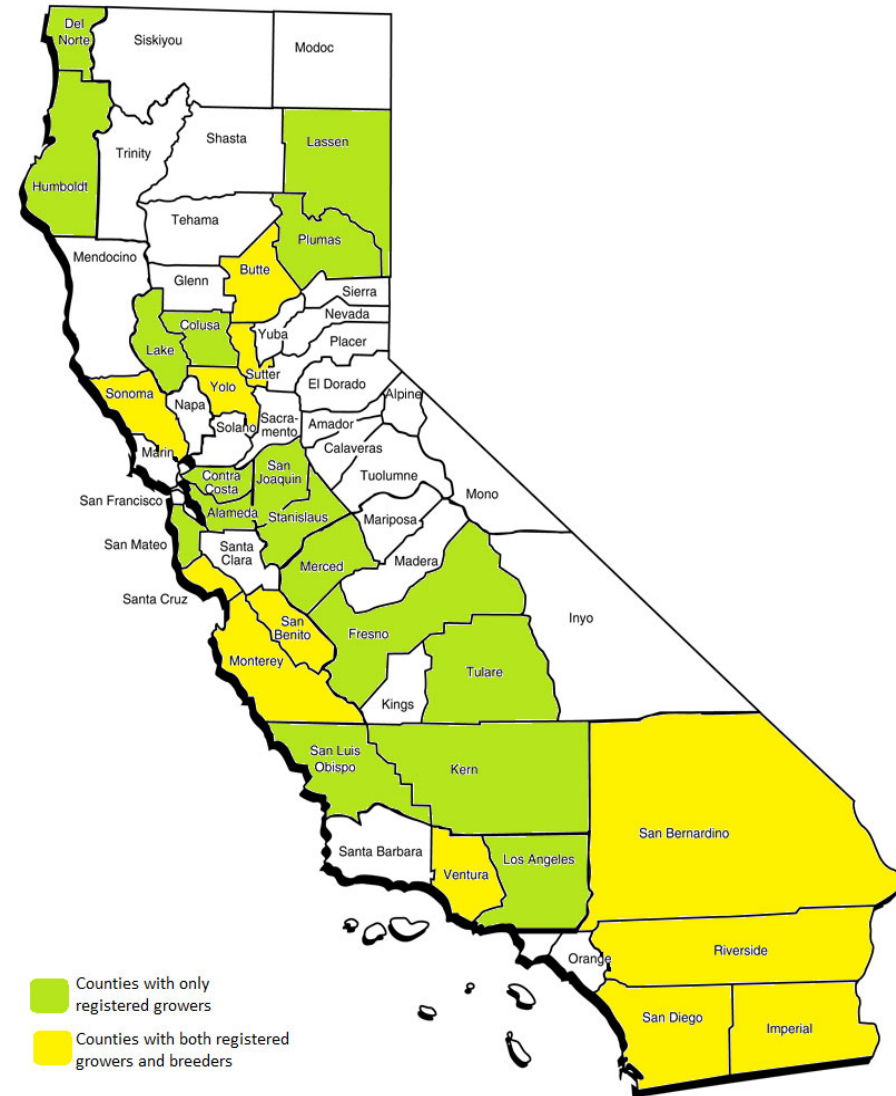
August 10, 2021

Current Registration – 7/23/2021

Registration Type	Counties	Registrants	Registered Sites	Registered Acreage
Grower	29	290	406	5,882
Breeders	12	16	20	168
Total	29	306	426	6,050

County with the most registrants – San Bernardino (81 registrants)
 County with the most registered acres – Riverside (1,453 acres)

A monthly registration summary is available on CDFA’s Industrial Hemp Program webpage.



Registration Summary

Calendar Year	Counties*	New Registrations*	Renewal Registrations*	Total Registrations*
2019	34	667	0	667
2020	34	390	133	523
2021**	25	107	42	149

- Registration started on April 30, 2019.
- Renewal notices have been mailed out on a monthly basis to registrants.

* Based on when the registration was issued

** Includes registrations that have been entered as of July 23, 2021.

Registration Summary (Cont.)

Calendar Year	Registered Sites*	Registered Acreages*
2019	1,471	40,703
2020	914	16,823

* Based on when the registration was issued

- Effective January 2021, additional information is being collected and will be reported to IHAB at least annually pertaining to:
 - Planting
 - Harvest
 - Destruction

Revenue Summary

- County agricultural commissioners receive the fees and forward the amount to CDFA.
- Veterans with honorable discharge are exempt from the registration fee in accordance with Business and Professions Code § 16102.

Fiscal Year	Revenue
18/19	\$259,200
19/20	\$576,000
20/21	\$456,300
Total	\$1,291,500

* Includes fees received through June 30, 2021

Rulemaking Update

California Code of Regulations Section(s)	Type of Rulemaking	Description	Status	Effective Date
4901-4902	Emergency	Registration and Criminal History Report	Readopted	01/07/21
4901-4902	Regular	Registration and Criminal History Report	CDFA proposed on 06/09/2021 and public comments closed on 07/26/2021.	
4940, 4944, 4946	Emergency	Timeframes for Pre-harvest notification, sampling, laboratory notification, and harvest	Adopted	04/09/21
4940, 4944, 4946	Regular	Timeframes for Pre-harvest notification, sampling, laboratory notification, and harvest	Under Development	
4900	Regular	Registration Fee	Under Development	

A copy of the California industrial hemp law and regulations is available on the CDFA Hemp webpage, while proposed regulations are available on CDFA PHPPS Regulations webpage.

Additional Program Activities

- Review and approval of testing laboratories, as of July 27, 2021
 - 14 laboratories have been approved
 - 9 laboratories are still pending approval
- Fill vacant positions, including Senior Environmental Scientist
- Revise and resubmit California's state plan for hemp production to USDA for review and approval based on changes to law and regulations
- Continue to collaborate with county agricultural commissioners on administering and enforcing the program
- Update online information including FAQs, forms and templates
- Responding to public inquiries

Program Contact Information

- Phone Number: 916-654-0435
- Email: industrialhemp@cdfa.ca.gov
- Webpage: <https://www.cdfa.ca.gov/plant/industrialhemp/>