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

8:15 AM, Wednesday May 11, 2016

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1. **Call to Order – Introductions – Roll Call - Oaths - Housekeeping**
   Chairman McShane called the meeting to order at 8:15am. The following members and guests were present:

Robert Simas*	Meir Peretz*	Cathy Vue
John McShane*	Doug Sumpter*	Joshua Kress
Joe Baglietto*	Greg Cassel*	Deborah Meyer
Bill White*	Mike Campbell*	Allen Van Deynze
Carl Hill*	Susan DiTomaso	Marcie Paolinelli
Greg Orsetti*	John Heaton	Amanda Priest

   * Denotes a Seed Advisory Board Member.

2. **Seed Advisory Board History**
   Chairman McShane requested John Heaton to provide new members with a brief history of the Seed Advisory Board.

   Heaton provided a handout titled "History of Seed Legislation" (attachment 1) and then gave a brief outline of a summary previously posted on the Seed Services webpage.

   https://www.cdfa.ca.gov/plant/pe/nsc/docs/seed/2015_History_of_CSL_and_Seed_Services_Program.pdf

3. **Oath for new members**
   New members were administered the oath and provided signed copies to John Heaton for filing with the Secretary of State and the Registrar.

4. **Housekeeping – Form 700 Incompatible Activities and Travel Reimbursements**
   John Heaton reviewed some of the form requirements for members appointed to the Seed Advisory Board and informed the Chairperson that all members have completed the necessary forms and were provided a copy of the Bagley Keene Act. He reminded Board members that ethics training must be completed online every two years.

   John McShane referenced the Seed Advisory Board roster (attachment 2) and noted the following members have terms set to expire March 31, 2017.

   John McShane – representative for southern California agricultural seed labelers
   Greg Orsetti – representative for central California vegetable seed labelers
   Doug Sumpter – representative of coastal California vegetable seed labelers
   Mike Campbell – public member representative
   William White – representative for coastal vegetable seed labelers

Chairman McShane requested that members with expiring terms complete the memo provided in their folders and return it to John Heaton so he has a record of whether they wish to be reappointed or vacate their seat.

Heaton informed the Board the expiring terms will be noted in a future web posting and a flyer will be provided to all firms seeking renewal for authorization to sell seeds in California. When he received applications, he will provide information about interested candidates to the Nominations Committee for review so they can make a recommendation to the Board at the November meeting.

Heaton reminded the Board that although the Secretary values their recommendations for appointments, there is no absolute guarantee that recommended individuals will be appointed. The final decision is made by the Secretary.

5. Review/accept Minutes of November 5, 2015 Meeting

Member Bill White motioned for approval of the minutes as presented. Joe Baglietto seconded the motion. Motion carried with the following votes.

Robert Simas	Yes	Carl Hill	Yes	Doug Sumpter	Yes
John McShane	Yes	Greg Orsetti	Yes	Meir Peretz	Yes
Joe Baglietto	Yes	Mike Campbell	Yes	Greg Cassel	Yes
Bill White	Yes				

6. Seed Biotechnology Center (SBC) Report

Per the terms of the current grant Chairman McShane requested Susan DiTomaso to present a brief summary of activities conducted by the SBC. Some key areas of SBC outreach and research were:

- Hosting four large conferences:
  - SolaGenomics Conference – 125 attendees registered
  - 2017 Annual Meeting for the International Society for Seed Science
  - 2017 National Plant Breeders Conference
  - 2018 Cucurbit Conference
- Offered several courses and participated in numerous events since November 2015:
  - Seed Business 101 in Thailand
  - Breeding with Genomics Class
  - Numerous Seed Central events
- Continuing Seed Business 101 efforts
  - Have now completed twenty, one-week sessions.
  - Three courses scheduled for near future:
    - Horticultural focused program at UCD in December
    - Field focused session in North Carolina
    - Field Focused session in conjunction with ASTA in December.
- Plant Breeding Academy marking 10 year anniversary
  - Have trained over 200 plant breeders from 44 different countries since inception
  - Graduation and celebration planned for June

    - Class 6 starts in September 2016
    - European Plant Breeding Academy ongoing
    - African Plant Breeding Academy began December 2015
- Offering several courses
    - Seed Production – 1st offered February 2016 to 54 participants.
    - Breeding with Genomics
    - Seed Business 101
    - Seed Biology Production and Quality
    - Plant Breeding Academy
    - Program Management for Plant Breeders
- Continuing outreach efforts
    - Participated in updates of Fact Sheets posted by the California Seed Association.
    - Developed page on SBC website to reference whenever SBC scientists have been in the news.
    - Sponsoring Seed Central/Food Central presentations the 2nd Thursday of every month.
    - Promoting Corporate Affiliates Program, which allows Seed Central members to conduct research at a much reduced overhead rate.
    - The Collaborative Research Lab (CoRe) has renewed interest but will take more work
    - Assisting Jr. Colleges to develop and implement seed related curriculum to develop interest about careers in the seed industry.
    - Hosting a Vegetable R&D Forum in November 2016 to discuss emerging research needs.
    - Promoting the Discover Series, which connects students with scientists and industry representatives to learn about seed science early in their careers.
    - Housing the Collaboration for Plant Pathogen Strain Identification (CPPSI) at the SBC.

Dr. Allen Van Deynze presented a brief summary of some of the ongoing research at the SBC.

- Research Projects are being conducted on:
    - Coffee
    - Spinach
    - Cotton
    - Lettuce
    - Eggplant
    - Pepper
    - Carrot
    - Tomato
    - Drying beads

- At the request of the California Leafy Greens Board, Dr. Van Deynze and Dr. Charlie Brummer initiated a spinach breeding program last November. The goal is produce spinach varieties with broad genetic resistance to downey mildew as well as having other traits.

Sue DiTomaso reminded the Board that a Plant Breeding Center was started and Dr. Brummer is in charge, with Dr. Van Deynze also serving as a Director.

Dr. Allen Van Deynze reported that the Center has received $1.5 million to specifically train plant breeders. One of the grants received was from the USDA Organic Research Line. It is a variety release program that allows students to obtain direct experience in variety development. Since field experience is now required for a plant breeding certificate from UC Davis, this kind of experience will be valuable.

Sue DiTomaso presented a budget report for fiscal years 2013 through 2015. (attachment 3). She noted that most of the funds from CDFA are used for salaries and benefits. Sue also presented a slide that reported other sources of funding for the SBC, including funds from the College of Letters and Science, the Collaboration for Plant Pathogen Strain Identification (CPPSI), the African Plant Breeding Academy and funds from various other research grants.

Dr. Van Deynze thanked the Board for their annual support of $200,000. He explained that it provides core funding that is very critical for continuity in a program that otherwise relies on research grants.

In conclusion, Sue DiTomaso informed the Board of a recent development that may impact funding for the SBC; namely AB20. Although the Seed Services Program and the SBC formally initiated a new three year grant immediately after the first of the year, CDFA and SBC have not been able to finalize terms of the Grant. Sue and John were informed that AB20 kicked in January 1, 2016 and the university was now required to be more diligent about assessing overhead costs. Consequently the SBC was served notice by UC that they would be receiving $50,000 less of the funds provided by CDFA. Although marketing order programs are exempt, money from the Seed Advisory Board is no longer considered exempt from overhead. Sue is hopeful this obstacle can be overcome. One avenue SBC is still trying to get consideration for is that the funds were recommended and approved by the Board in mid-2015, well before January 1, 2016. Consequently the funds should be exempt from AB20.

Joshua Kress noted that other Boards are also being affected. He said the Secretary is aware of the situation but it appears the decision has to be made at the UC level.

Dr. Van Deynze noted that some grant providers (Boards) have adopted formal policies that specifically state the level of overhead they will allow.

Member Mike Campbell motioned that the Seed Advisory Board recommend the Secretary adopt a policy that is consistent with the Board's original intent to use a portion of assessment collections to support core operations at the SBC. He was present at the time the SBC was formed and recalls it was the Board's intent not to pay overhead fees, such as indirect costs for UC to administer the funds received.

Greg Orsetti seconded the motion. John McShane called for discussion.

Sue DiTomaso inquired if there was a way to change the status of the Seed Advisory Board to a marketing order board.

Joshua Kress replied that it would require a statutory change that would move the Seed Advisory Board into the Marketing Division of CDFA. Such a change might change the intent of the Board. He noted that other Boards have made such a move in the past.

Motion carried with the following votes.

Robert Simas	Yes	Carl Hill	Yes	Doug Sumpter	Yes
John McShane	Yes	Greg Orsetti	Yes	Meir Peretz	Yes
Joe Baglietto	Yes	Mike Campbell	Yes	Greg Cassel	Yes
Bill White	Yes				

Member Doug Sumpter further motioned that the Seed Advisory Board adopt a policy that the Board pays zero percent overhead costs on grants awarded. Bill White seconded the motion. Motion carried with the following votes:

Motion carried with the following votes.

Robert Simas	Yes	Carl Hill	Yes	Doug Sumpter	Yes
John McShane	Yes	Greg Orsetti	Yes	Meir Peretz	Yes
Joe Baglietto	Yes	Mike Campbell	Yes	Greg Cassel	Yes
Bill White	Yes				

Mike Campbell observed that 2016 is the 20th anniversary for the UCD SBC. He noted that the Seed Advisory Board was instrumental in the formation of the SBC to the extent that if the Board did not provide funding, the SBC may never have been formed.

7. Consideration of a new Economic Study

After the last Board meeting, a request was made to place consideration for a new economic study on the current agenda. Chairman McShane observed the most recent economic study of the California seed industry was conducted in 2009 by the UC Agricultural Issues Center. Although a request was made, Chairman McShane suggested discussion and consideration for an economic analysis be placed on hold until the current business needs analysis is completed.

Sue DiTomaso stated that she believes the original author, Bill Matthews, is still employed at the UC Agricultural Issues Center.

Member Mike Campbell inquired about how information from the study is used.

Heaton explained the information is extremely helpful during discussions with policy makers in California, as well as in Washington D.C. He frequently uses the information when he writes legislative analyses. He believes the information is also useful when the SBC attempts to get grants from other sources.

Sue DiTomaso volunteered to find out the cost to update the original economic analysis.

John Heaton noted requirements under AB2487 provide another potential use for a new economic analysis. He explained that AB2487 will require the Seed Advisory Board to submit a report and recommendation about the Seed Services Program and the CDFA Seed Lab by July 1, 2017.

Chairman McShane directed Heaton to place the discussion about an economic analysis on the agenda for the next Board meeting.

8. Business Needs Analysis Update

Chairman McShane explained that during the November 2014 meeting, the Board expressed concern about increasing expenditures by the Seed Services Program and increased use of assessment collections for funding a greater percentage of expenditures by the lab. Consequently the Board worked with staff and industry to develop a scope of work for a business needs analysis (BNA). It took more than a year to get the scope approved and a contract for a BNA was awarded March 1st to the Highlands Consulting Group (HCG). Although some Board members may have already spoken with that Marcie Paulinelli and Amanda Priest, John requested that Marcie and Amanda provide the Board an update of the project.

Marcie stated the BNA is a seven month project consisting of two phases:

- The "As-Is" Phase – how business/services are currently conducted
- The "To-Be" Phase – how business/services might be conducted in the future

The first part of the "As-Is" Phase involves numerous interviews, which have already begun. The HCG has already spoken with CDFA staff in the Seed Services Program and at the CDFA seed lab. The consultants are currently talking with Board members and will next talk with individuals in various trade associations, including agricultural commissioners and USDA program leaders. The idea is to identify "As-Is" issues and problems that might be addressed in phase two of the BNA.

Another important part of the project is to have benchmarking data from other states. The HCG has just finished constructing a survey that will be sent to other states. The states will have until May 25th to submit the survey to HCG. Marcie envisions there will be a separate document for the state survey so it can be shared with other organizations (states) that cooperated through their participation.

The last part of phase one is to develop a graphic representation of how the organizations are interconnected and provide a written report of the "As-Is" assessment.

The second phase is a summary of "To-Be" recommendations. She plans on using Survey Monkey to learn the kinds of services the industry wants and how they might be delivered more efficiently. She envisions circling back to the Board to get their perspective on what questions the HCG should be asking the seed industry.

A possible way to review the "As-Is' report and get the Board's perspective on the "To-Be" survey is to possibly have an interim Board meeting, perhaps through a conference call.

The final report will contain the "As-Is" and "To-Be" portions of the analysis.

9. Summary of Recent Activities by the Seed Services Program

a) Summary of Seed Sampling by CDFA in FY2014-15

John Heaton provided a handout titled "YTD Seed Sampling Report–FY2015–May 11, 2015" (attachment 4). He noted that CDFA inspectors only collected 410 seed samples instead of the 500 samples he requested. He explained that some inspectors had medical issues and at least one inspector was directed to reduce his accrued leave balance, which caused him to miss several weeks when he would normally be sampling.

In anticipation of a sample shortage, Heaton initiated an audit of seed samplers certified by the AASCO Accredited Seed Sampler Trainer. While the samples were not official samples, they were received as regulatory samples for processing in the lab. Heaton explained that an audit of certified samplers is an essential part of the process to renew an AASCO Accredited Seed Sampler Trainer. Heaton was pleased with the level of participation and was grateful for the lab's assistance in his efforts.

Several investigations and enforcement were also conducted throughout the years. One recent example involved the CDFA placing half a million pounds of rice seed on stop-sale because the seed lab found watergrass weed seeds present at an unacceptable level. The enforcement involved extensive and effective cooperation between CDFA, the County Commissioner and the California Crop Improvement Association. Heaton complimented his Sacramento inspector and the lab staff for very timely sampling and seed testing. Eventually the seed lot was recleaned to a satisfactory level.

b) Analysis of CDFA's Compliance Monitoring Program

Heaton reminded the Board that seed sampling is only one aspect of CDFA's compliance monitoring program. He noted there are two other major aspects to CDFA's compliance monitoring program.

1. Contracted label evaluations by county inspectors (the seed subvention program)
2. Non-contracted label evaluations by county inspectors when they conduct quarantine inspections in response to 008 reports issued for incoming shipments of seed noticed by CDFA border stations.

Although it is very difficult to estimate the number of seed lots that are in the marketplace during a given fiscal year, Heaton presented an analysis (attachment 5) based on voluntary disclosure by 44% of the firms authorized to sell seeds in California. He used the total number of seed lots voluntarily reported by the 44% of companies to estimate the total number of seed lots by all firms. He then combined

the reported number of seed lots sampled by CDFA, the number of seed lots to be evaluated by counties under contract, and the number of seed lots reportedly inspected by counties in response to 008 reports issued by the border inspection stations. The results were surprising in that approximately 25% of the labels on seed lots were evaluated and about 3% of the seed lots in the marketplace were randomly sampled and tested in FY2014.

c) Status of Regulatory Changes

Heaton reported that in May 2015, the Board recommended the assessment rate be set at thirty cents per one hundred dollars of reported seed sales. He initiated the regulatory change in July 2015, but it will not be completed until May 28, 2016; just in time for renewal.

He believes it is important for the Board to recognize it took over 300 days to get a simple regulatory change. He explained the process has become considerably more complicated than prior years. In addition, there are many new people that must review proposed regulatory changes. Since the process has become more complicated regulatory changes will require more resources and result in more costs to the program.

d) Seed Advisory No. 01-2016 about seed libraries sent to Commissioners

The advisory (attachment 6) provided guidance to Commissioners about enforcement of the seed law at seed libraries, seed exchanges and seed banks. In short, after reviewing the nature of transactions, the Department determined that seed libraries are exempt from the labeling requirements of the seed law while seed exchanges are not.

Heaton noted that despite determinations by the Department and posting of the Advisory, AB1810 was proposed to redefine the definition of "sell" in the Food and Agricultural Code to exempt seed exchanges from labeling requirements in the seed law. Heaton reported that he spent a tremendous amount of time performing legislative analyses and meeting with various individuals and groups about the implications of AB1810 and attempting to find exact language that would not have unintended consequences for other entities distributing or selling seeds.

e) Seed Sales Comparison FY2013 versus FY2014

Heaton informed new Board members that CDFA only requires reporting under three categories; agricultural seed, vegetable seed and grass seed. He noted that the handout (attachment 7) shows total reported sales were about 1% higher than the prior year.

He explained that for the last twenty years, the California seed industry has averaged an increase of about 5.5% per year in reported sales. Although sales were up 1% over the prior year, he still consider FY2014 a down year for seed sales because the industry did not realize the normal 5.5% increase. Combining the two prior years, it is safe to say the industry has lost about 10% of where seed sales might have been if it were not for the drought.

10. Seed Services Fund Condition and Proposed Budgets

Chairman McShane directed Heaton to present a series of handouts to the Board and discuss their related financial information. He requested that the Board receive all of the information before motions are made. He explained that he will seek motions for each of the important recommendations once Heaton has explained each handout.

a) Out of State Travel Proposals

John Heaton presented the Board with a list of out-of-state trips to various meetings of professional associations (attachment 8). The total projected cost of the out of state trips for FY2017 was $12,896. Heaton explained that although staff members do not normally attend all of the meetings, it is important to receive a recommendation and approval from the Board for these expenditures. He stated that the proposed amount of $12,896 will occur as a line item in the budget he proposes for fiscal year 2017.

b) Explanation of Interdepartmental Charges and Statewide Indirect Costs

Heaton explained he frequently gets inquiries about certain line items in the budget because their amounts sometimes increase significantly and unexpectedly. When he explains the line items are fixed by the Department and he cannot change them, the Board wants to know exactly what they relate to. He provided the Board a handout (attachment 9) to more fully explain line items such as interdepartmental charges, statewide indirect costs, pro rata and the Ag Trust Fund.

c) Proposed budget for the CDFA Seed Lab – FY 2017

Deborah Meyer explained the new Branch Chief, Umesh Kodira, was unable to attend the meeting and present the proposed seed lab budget. Dr. Kodira did send his regards to the Board, however, and hopes to attend the next meeting.

John Heaton explained to new Board members that the seed lab budget used to only be presented as a line item in the budget for the Seed Services Program. A few years ago the Board requested expenditures for the seed lab be presented in a separate proposed budget in order for the Board to better understand expenditures by the seed lab.

Heaton briefly reviewed the proposed budget for the seed lab (attachment 10). He observed the greatest expenditure was for personnel services and benefits; namely $461,197. The total lab budget proposed for FY2017 was $825,320. Heaton explained that only 72% of the total lab budget will appear as a line item in the budget proposed for the Seed Services Program. This reduction occurs because the Board previously decided only 72% of the lab's activities are directly related to processing official or regulatory seed samples for the Seed Services Program.

d) Ag Fund Condition Report for PCA 13016 - Seed Lab Revenue Account

Heaton provided a Seed Lab Ag Fund Condition Report for PCA13016 (attachment 11). He explained this is the account revenue gets deposited in when the lab performs testing on various service samples and collects a fee. PCA13016 is also the account the Board designated to accrue funds for annual payment of the building

bond debt. Heaton stated tracking payment of the bond debt has been difficult but it appears FY2015 will be the last payment in the amount of approximately $5,439. Once the bond debt is completely paid, revenue will begin to accumulate in the account and is projected to be approximately $187,468 by the end of FY2017. Heaton suggested the Board needs to consider if it wants to use funds accumulated in PCA13016 to support major equipment repairs or purchases by the lab.

Chairman McShane requested such a discussion be placed on the agenda for the November meeting.

e) 22 Year Comparison of Reported Seed Sales versus Program Budgets

Prior to presentation of a proposed budget, Heaton likes to provide the Board with a graphic depiction of how budgets for the Seed Services Program and the seed lab relate to reported seed sales by the industry over years. He provided the Board a handout (attachment 12) with graphs of sales and budgets over 22 years.

He used recent trend data to project sales for FY2015 at $651,373,700, FY 2016 at $665,410,100, and FY2017 at $679,444,500. He noted these projections represent an increase in sales of approximately 2% per year, which is actually lower than the historical observation of approximately 5.5%. He stated that while the drought seems to be ending, he wanted to be conservative with his estimates of reported sales.

Member Mike Campbell asked if the bottom graph lines are separate representations of budgets for the Seed Services Program and the lab, or if the blue line contains both budgets and the yellow line is a representative breakout. Heaton clarified that the two lines would have to be combined to get a total amount of funding for CDFA Seed Services Program and seed lab.

Heaton stated the graphs are useful because they allow the Board to look critically at slopes of sales versus slopes of budgets. He provided another handout (attachment13) that presented a column graph to show total program budget as a percentage of reported sales. He noted the average level of funding over the last 22 years has been about 0.28 % of reported seed sales. The green columns in the graph show that using projected sales and budgets, the level of funding will be increasing to about 0.32%. Heaton noted this level is still lower than the historical high of 0.34% of sales in FY2003.

f) Analysis of Assessment Collections on Seed Sales – Pie Charts

For the benefit of new Board members, Heaton provided two handouts with pie charts depicting the percentage of the collections that come from a specific number of firms and how many firms collect various levels of the assessment.

On the first pie chart (attachment 14) he observed that 14 firms collected 47% of the assessments on seed sales. Using less stringent criteria for grouping reveals that 64 firms are responsible for 83% of the reported seed sales in California. The remaining 353 firms collected just 17% of the assessments.

The second pie chart (attachment 15) shows that 64% of the firms authorized to sell seeds in California, collected less than $1,000 in assessments. The average payment made by 64% of the firms was $230, which means they reported seed sales less than $82,100.

Heaton informed the Board these kinds of analyses are very important for determining fiscal impact and economic impact of proposed legislation. He uses the figures mentioned above to estimate the impact of certain legislation on sectors of the seed industry. The information is then used by the department's legislative analyst staff and executive-admin staff.

g) Proposed budget for Seed Services in FY2017

Heaton provided Board members a handout titled "Proposed Budget for FY2017 – Seed Services - PCA 15551" (attachment 16).

He explained the handout has an extra column to reflect an adjustment the Secretary had made to the current year's approved budget because of some unanticipated changes.

Since the state leaves budgets open for three years, Heaton believes it is relevant to briefly review actual expenditure for budgets from two years past, before reviewing the proposed budget. He noted that for the prior prior year (PPY), or FY2013, the end of year projection is $1,591,069. This amount is only 91% of the $1,739,326 recommended by the Board in May of 2011. In addition, Heaton explained the end of year projection for the prior year (PY) budget, FY2014, is $1,774,904 against a recommended budget of $1,807,469. This end of year projection is 98% of what was recommended by the Seed Advisory Board in May 2012. Heaton noted that despite a fairly significant increase in salaries and benefits, he expects the final accounting will show the Program was within the planned budget.

The third column was included in the report because Heaton wants to show how the Department adjusted the planned budget.

Joshua Kress explained that subsequent to the Board's approval of a recommended budget, staff received a salary increase and the Department also recalculated the departmental indirect costs to spread them more fairly across all programs.

Heaton noted that the adjusted budget of $1,930,596 was about 9% higher than the $1,754,376 amount previously recommended by the Board.

The fourth column predicts what Heaton believes will be the actual end of year expenditures for the Seed Services Program in FY2015. He noted that while the amount of $1,894,923 is greater than what the Board originally recommended, namely $1,754,376, it is $35,673 less than the adjusted budget of $1,930,596. In addition, the projected expenditures include the unforeseen expense of $50,000 which is approximately one-half the cost of the business needs analysis. If that expense were

removed, the end of year projection would have been 105% of the recommended budget, rather than the 111% as reported in the handout.

The fifth column is designated as "static" because the amounts were previously reviewed and the budget of $2,131,943 was previously recommended by the Board on May 13, 2015 for FY2016.

Heaton directed the Board's attention to the last column and explained column six represents the budget he is proposing for FY2017. He noted the proposed budget includes a few line items that are somewhat higher than might be expected because other line items cannot be adjusted, such as pro rata and centralized services. In addition, he anticipates some staff in the Seed Services Program may retire soon and it will be necessary for the Program to pay off their accrued vacation leave. Heaton's strategy is to have a little cushion in the budget to absorb unforeseen adjustments and expenditures.

Heaton pointed out the budget includes $12,896 for out of state travel, $200,000 for the UC SBC, $120,000 for seed subvention to counties, and $594,230 to support 72% of the budget for the seed lab that was discussed earlier.

The total proposed budget for FY2017 was $2,150,906 for the Seed Services Program. Heaton noted that this amount is about $19,000 more than the budget approved for FY2016 in May 2015.

Since the business needs analysis will be completed in FY2016, the proposed budget does not show an expenditure for the analysis. Instead, Heaton plans to charge $50,000 to FY2015 (column 4 Line Cons and Prof) and about $49,000 to FY2016. He acknowledged that that $49,000 expenditure for FY2016 is not shown in column 5 but explained the Program has adequate reserves to cover this expenditure if it cannot be absorbed in the budget of FY2016.

Chairman McShane requested John Heaton continue with the Fund Condition report before the Board discusses the proposed budget.

h) Fund Condition Report for Seed Services

Heaton provided the Board a handout (attachment 17) reporting actual revenue and expenditures for FYs 2013 through 2015 and expected revenue and expenditures for FYs 2016 and 2017.

He noted that when the assessment rate was at 25 cents per $100 of seed sales, the revenue started to fall short of total expenditures in FY2013. The difference became greater in FYs 2014 and 2015, such that the Board recommended an increase in the assessment rate from 25 to 30 cents per $100 of reported seed sales in FY2015.

Heaton projects that total revenue in FY2016 will be $1,990,599, which is still less than the recommended budget of $2,131,620. He explained that several years ago the

Board decided to run a deficit in order to reduce the reserve. A review of the ending cash balance shows the reserve going from $1,739,420 at the end of FY2013 to $1,162,488 at the end of FY2015; a significant reduction.

Heaton observed that if the proposed budget for FY2017 is approved by the Board, and if reported seed sales for FY2016 meet his projection, the ending cash balance for the Seed Services Program will be approximately $1,074,112, which is significantly less than the $1,739,420 observed in FY2013. Since the Program's budget is about $2 million per year, having $1 million in reserve is more than adequate to meet the Department's goal for Programs to have a cash reserve equivalent to 25% of their budgets. The section under Notes of Interest on the handout shows the reserve calculation to be $537,727. The Program is in very healthy condition. If sales turn out to be higher than projected, the Board may be in a position to reduce the assessment rate in the future.

Chairman McShane explained to new members that although the ending cash balance has gone from $1,739,420 in FY2013 to $1,074,112 in FY2017, this reduction was by design because the Board had concerns funds might be swept as a result of some unforeseen political decision. He noted there is precedent for such concern and consequently the Board wants to keep the cash balance from growing too large.

i) Motions for Financial Reports and Proposed Budget for FY2017

After some brief discussions, Chairman McShane requested motions for financial reports presented by Heaton.

- Member Bill White motioned the Board recommend funding the proposed out of state trips during FY 2017 in the amount of $12,896. Motion seconded by member Bob Simas.

  Motion carried with the following votes.

Robert Simas	Yes	Carl Hill	Yes	Doug Sumpter	Yes
John McShane	Yes	Greg Orsetti	Yes	Meir Peretz	Yes
Joe Baglietto	Yes	Mike Campbell	Yes	Greg Cassel	Yes
Bill White	Yes				

- Member Greg Orsetti motioned the Board accept the lab's proposed budget and recommend the Secretary redirect 72% of the lab's projected expenditures, which equals the amount of $594,230, to the Seed Services Program in FY2017. The motion was seconded by member Doug Sumpter.

  Motion carried with the following votes.

Robert Simas	Yes	Carl Hill	Yes	Doug Sumpter	Yes
John McShane	Yes	Greg Orsetti	Yes	Meir Peretz	Yes
Joe Baglietto	Yes	Mike Campbell	Yes	Greg Cassel	Yes
Bill White	Yes				

- Member Carl Hill motioned that the Board recommend the Secretary accept the fund condition report for the seed lab as presented. Bill White seconded the motion.

  Motion carried with the following votes.

Robert Simas	Yes	Carl Hill	Yes	Meir Peretz	Yes
John McShane	Yes	Greg Orsetti	Yes	Greg Cassel	Yes
Joe Baglietto	Yes	Mike Campbell	Yes		
Bill White	Yes	Doug Sumpter	Yes		

- Member Carl Hill motioned the Board recommend the Secretary accept and implement the proposed budget of $2,150,906 for the Seed Services Program in fiscal year 2017. Bob Simas seconded the motion.

  Motion carried with the following votes:

Robert Simas	Yes	Carl Hill	Yes	Doug Sumpter	Yes
John McShane	Yes	Greg Orsetti	Yes	Meir Peretz	Yes
Joe Baglietto	Yes	Mike Campbell	Yes	Greg Cassel	Yes
Bill White	Yes				

- Member Bill White motioned the Board accept the fund condition report for the Seed Services Program as presented. The motion was seconded by Joe Baglietto.

  Motion carried with the following votes:

Robert Simas	Yes	Carl Hill	Yes	Doug Sumpter	Yes
John McShane	Yes	Greg Orsetti	Yes	Meir Peretz	Yes
Joe Baglietto	Yes	Mike Campbell	Yes	Greg Cassel	Yes
Bill White	Yes				

Chairman McShane inquired if there were any public comments for the present agenda item (10). No comments were made. Item closed.

11. Recommendation for the Assessment Rate

Chairman McShane explained that because of the lead time necessary to make changes to the regulations, the Board must consider what the assessment rate should be on seed sales made in FY2016. He noted at the projected level of reported sales, every one cent change in the assessment rate, generates a change of about $65,000 in collections for the Program.

The Board conducted a brief discussion and concluded there was no need to change the assessment rate at the present time. No motions or requests for public comment were made.

12. Legislative Report

Heaton provided a brief description of three bills related to seed and introduced this legislative year.

AB1810 – was introduced to change the definition of "sell" in the Food and Agricultural Code in order to allow exemptions to labeling for seed distributed through seed libraries and seed exchanges. Heaton noted he spent considerable time identifying and discussing the ramifications and unintended consequences of exemptions in the seed law. He does not know if the legislation will pass.

AB2487 – requires the Seed Advisory Board to complete a comprehensive review of the Seed Program, including the seed laboratory and submit a report about its findings to the Secretary on or before July 1, 2017. Heaton did not see any problem with this bill because the Board has already contracted a business needs analysis to be completed in the fall of 2016. The report from the business needs analysis should make it easier to complete the required report.

AB2504 – was introduced to authorize the Secretary to use some of the assessment collections to fund alfalfa seed research. Heaton noted that passage of the bill would require companies to report their alfalfa seed sales under a separate category so they could pay additional assessments. He informed the Board that he does not believe this endeavor is cost effective because the assessment rate is already set at 30 cents per $100 of sales and is only allowed by statute to go as high as 40 cents per $100 of sales. In short, if an additional 10 cents were assessed on every $100 of alfalfa seed sales, the Program might collect another $20,000; hardly enough to fund a serious research program.

Sue DiTomaso noted that there are already two other Boards that have mechanisms to fund alfalfa research; the Alfalfa Research Board and the California Crop Improvement Association.

Heaton suggested that another possibility might be to create a marketing order in the CDFA Market Enforcement Branch.

John McShane requested public comments. None were made.

13. Nominating Committee

Chairman McShane noted that Greg Orsetti and Bill White agreed to serve another year with him on the nominating committee. He sought another volunteer and accepted Meir Peretz as a member. Chairman McShane identified two tasks for the nominating committee to complete by the November meeting.

a. Identify candidates for any seats on the Board that are terming out and determine which current members do not wish to be reappointed,
b. Identify a nomination for the Vice Chair position.

14. Public Comments - Next Meeting

John Heaton announced that he accepted a promotion to Environmental Program Manager I in the Interior Pest Exclusion Program. Consequently the present meeting is has last meeting as Secretary for the Seed Advisory Board. He anticipates he will

be assisting his replacement at future meetings. Heaton thanked the Board for their support and stated he believes the Program is in good shape for his successor. While he had some hesitation leaving, he felt his exit at this point in his career will allow some overlap with a new person before he retires.

Chairman McShane thanked John for his service to the Board and the many improvements he made to the Program.

John stated he could not have made the improvements he did without the help and assistance of Cathy Vue in headquarters, and other staff in the Seed Program. He extended thanks to his staff for their help.

Chairman McShane noted there may be an interim meeting to discuss phase 1 of the business needs analysis, as well as the initiation of phase 2. Since completion of work depends on many factors, he did not think it was possible to set a date for the interim meeting. He expects more information about the interim meeting will be sent to the Board later.

The regular fall meeting was set to occur on Thursday November 17th at CDFA's Gateway Oaks facility.

15. Adjournment

Chairman McShane adjourned the meeting at 12:15 pm.

16. Attachments 1 through 17

Respectfully Submitted

John Heaton

John Heaton
Senior Environmental Scientist
CDFA Seed Services Program

Approved by the California Seed Advisory Board on August 1, 2016.

I History of Seed Legislation

A. States

In 1821, Connecticut passed a law prohibiting the sale of grass seed containing Canada thistle and other weeds. Michigan, in 1871, prohibited the sale of Canada thistle and milkweed. In 1877 and 1895, Missouri and Nebraska legislated against Canada thistle.

The two earliest vegetable seed laws were passed by Florida in 1889 and by North Carolina in 1891. Maine was the first State to have a seed law, as such, in 1897. By 1926, only seven States had no seed law, and by 1929 only one state was without a State seed law. By 1941 all 48 states has a seed law.

A chronological history of the enactment of the first seed laws is the various States is as follows:

1871 – Michigan
1875 – Connecticut
1889 – Florida
1891 – North Carolina
1897 – Maine
1901 – Washington
1904 – Kentucky
1907 – Iowa
1908 – Vermont
1909 – New Hampshire
1909 – New York
1909 – North Dakota
1909 – Tennessee
1909 – Wisconsin
1909 – Wyoming
1910 – South Carolina
1910 – Virginia
1911 – Idaho
1911 – Nebraska
1912 – Maryland
1912 – New Jersey
1913 – Minnesota
1913 – Montana
1913 – Oregon
1913 – Pennsylvania
1914 – Louisiana
1915 – Delaware
1915 – West Virginia
1917 – Colorado
1919 – Illinois
1919 – Missouri
1919 – New Mexico
1919 – Ohio
1919 – Oklahoma
1919 – South Dakota
1919 – Texas
1920 – Utah
1921 – Arizona
1921 – Arkansas
1921 – California
1921 – Indiana
1924 – Mississippi
1925 – Kansas
1925 – Massachusetts
1926 – Rhode Island
1927 – Alabama
1929 – Nevada
1941 – Georgia

Source: Proposed Seed Inspector's Manual by The Association of American Seed Control Officials 1958 (Pg. 1).

California Department of Food and Agriculture
Plant Health and Pest Prevention Services
Pest Exclusion Branch
Nursery, Seed and Cotton Program
(916) 654-0435 ***FAX (916) 651-1207***

04/16

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)	Greg Cassel 28 N. East Street Woodland, CA 95776 (530) 666-3361 FAX (800) 320-4672	April 1, 2016- March 31, 2019
(3)	John McShane (Chairman) 1415 E. 6th Street Los Angeles, CA 90021 (213) 626-9668 *FAX (312) 626-4920*	April 1, 2014 - March 31, 2017
(4)	Meir Peretz 40-448 Periwinkle Ct Palm Desert, CA 92260 (760) 568-2674 FAX (831) 754-3816	April 1, 2016- March 31, 2019
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)	Kelly Keithly P.O. Box 177 Holtville, CA 92250-1156 (760) 356-5533 *FAX (760) 356-2409*	April 1, 2016 - March 31, 2019
(7)	Greg Orsetti P.O. Box 2350 Hollister, CA 95023 (831) 636-4822 *FAX (831) 636-4814*	April 1, 2014 - March 31, 2017
(8)	Doug Sumpter 3424 Roberto Court San Luis Obispo, CA 93401 (805) 547-9391 *FAX (805) 547-9391*	April 1, 2016 - March 31, 2017
(9)	William White P.O. Box 6108 Oxnard, CA 93031 (805) 983-4923 *FAX (805)983-1282*	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

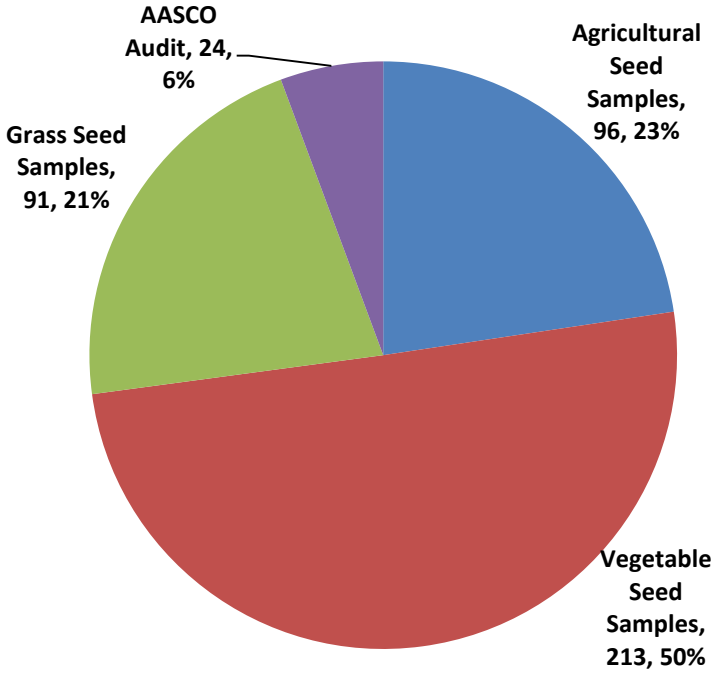
UC Davis Seed Biotechnology Center
2013 - 2016 CDFA Budget and Actual
(third of three year grant)

			Annual Budget 2013-16	Actual 2013-14	Actual 2014-15	Actual to-date 4/30/2016
	INCOME					
1	California seed assessment	$	200,000	200,000	200,000	200,000
	EXPENSES RELATED TO THE CDFA GRANT					
2	Personnel salaries & benefits	$	163,000	180,055	176,352	154,409
3	Computer equipment and software		3,000	20	3,620	65
4	Office communications		6,000	6,762	7,593	6,241
5	Publications		6,000	5,201	4,352	4,885
6	Office supplies and misc. expenses		3,000	2,022	1,753	1,658
7	Industry outreach travel and meeting expenses		18,000	5,940	5,790	9,593
8	Research and program support		500	-	415	-
9	Other		500	-	125	-
	TOTAL EXPENSES	$	200,000	200,000	200,000	176,852
	NET INCOME OVER EXPENSES	$	-	-	-	23,148

1 Funds collected by the CDFA and allocated by recommendation of the Seed Advisory Board.
2 Partial expenses for the following: Associate (50-75%) and Research (~70%) Directors.
3 Computers, software, projectors and other technical equipment. Internet communications, programming and web server support provided through UC.
4 Office communications (phone, fax, copier and postage).
5 Publications including annual reports, newsletters, brochures and special publications.
6 Office supplies and miscellaneous.
7 Meeting and conference expenses including travel and registration fees.
8 Staff funds for exploratory research or service-oriented projects.
9 Expenses incurred for special projects (i.e., start-up fees for workshops, conferences, courses etc.).

YTD Seed Sampling Report - FY 2015 - May 11, 2016

District	Approximate number of Samples to be collected monthly by District	Samples received by the CDFA Seed Laboratory for April 2016	Samples received in April 2016 that are on hold for errors	Samples released to the CDFA Seed Laboratory in April 2016	Number of samples released to the CDFA Seed Lab YTD	Number of samples needed to be collected for 2015-2016 fiscal year	Number of Samples that should have been collected YTD	Number of samples successfully collected so far	Percentage of completion for collecting required samples YTD	Percentage of completion for collecting required samples for entire year
Redding	6	30		30	**62**	72	60	62	**103.3**	86.1
Sacramento	9.5	24		24	**84**	114	95	84	**88.4**	73.7
Fresno	22.5	7		7	**173**	270	225	173	**76.9**	64.1
Riverside	12	0		0	**91**	144	120	91	**75.8**	63.2
Totals	50	61	0	61	**410**	600	500	410	**82.0**	68.3
AASCO Audit					**24**					
YTD Total					**434**					



2016 May Number of Samples Submitted

Considerations

Pie Chart represents YTD

17 samples from OS Labelers

Pass/ Fail Rate presented in Fall Report

Analysis of CDFA's Compliance Monitoring Program for Seed Lots Offered for Sale in FY 2014.

By John Heaton, Sr. Environmental Scientist
Presented to California Seed Advisory Board May 11, 2016

During July 2015, 271 of 618 firms seeking renewal, voluntarily reported the approximate number of seed lots they offered for sale in fiscal year 2014. The total number of seed lots reported by these 217 firms was 8,286. This figure represents a voluntary reporting rate of (217/618) x 100 = 44% by firms authorized to sell seeds in California.

If one uses this reporting rate, it is possible to extrapolate an estimated total number of seed lots offered for sale in California during fiscal year 2014. The question becomes if 8,286 seed lots were offered for sale by 44% of firms, how many seed lots might have been offered for sale by 100% of firms?

8,286 / .44 = 18,832 seed lots (or roughly 19,000 seed lots).

So the Seed Services Program has a rough estimate of approximately 19,000 seed lots in the marketplace in fiscal year 2014.

What % of the seed lots in the marketplace were tested by CDFA?

The Seed Services Program collected 500 seed samples in fiscal year 2014.

(500/19,000) x 100 = 2.6%

However 2014 was not a typical year. The normal target for Seed Services is 600 samples but was not attained due to staff illnesses. When 600 samples are collected, the Seed Services Program is evaluating approximately 3.2% of seed lots in the marketplace. While 3.2 % is less than the desired 10% for a compliance monitoring program, it should be noted that county agricultural inspectors also evaluated labels on another 3,280 seed lots shipments of seed and 686 seed lots in warehouses.

Although there may be some overlap between county inspectors and CDFA inspectors, the figures above mean that approximately 24% [((3,280 + 686 +500)/19,000) x 100] of labels on seed lots in the marketplace were evaluated in fiscal year 2014 and 3% were randomly sampled and tested.

CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE
Karen Ross, Secretary

SEED ADVISORY
No. 01-2016

DATE: March 1, 2016

TO: All County Agricultural Commissioners

FROM: Pest Exclusion/Nursery, Seed, and Cotton Program
Plant Health and Pest Prevention Services

SUBJECT: Seed Libraries, Seed Banks and Seed Exchanges

There have been several recent inquiries about whether seed libraries, seed banks and seed exchanges are required to obtain authorization to sell seeds per section 52351 of the Food and Agriculture Code [FAC]. Much of the confusion has been based around the nature of transactions by these organizations and whether they are "selling" seeds per the definition of sell in FAC 44.

The Department has reviewed the nature of transactions and made the following determinations:

EXEMPT:

1) The activities of seed libraries do not meet the definition of sell. Consequently, vegetable or agricultural seeds loaned to patrons at bona fide seed libraries are not subject to labeling requirements of the seed law. Patrons are not expected to provide any additional fees or services in exchange for their participation.

2) The California seed law does not regulate the sale of flower seeds. Firms or persons selling only flower seeds are already exempt from the labeling requirements of the seed law.

3) There are no labeling requirements for seeds in seed banks as long as there are only be deposits occurring and no other transactions.

4) While labeling requirements for agricultural seeds are more extensive than for vegetable seeds, the California seed law already provides an exemption for the occasional sale of agricultural seeds to neighbors, which means anyone within three miles or approximately 28 square miles. See FAC 52452(a)(8)(c).

Not EXEMPT:

5) Seed exchanges engage in the sale of seeds per FAC 44.
   - The seed law requires that labels on small packets of untreated vegetable seeds (1/2 pound or less) only need to state the kind of seed, the variety name, the seller or organization, and the planting year (season) the seed is intended to be planted in.
   - Seed that germinates less than standard, must have the words "Below Standard" on the package.

Nursery, Seed, and Cotton Program • 1220 N Street, Room 344 • Sacramento, California 95814
Telephone: (916) 654-0435 • Fax: (916) 651-1207 • nurseryservices@cdfa.ca.gov

State of California
Edmund G. Brown Jr., Governor

It is not necessary for all participants of a seed exchange organization to obtain authorization to sell seeds; however, it is necessary for the seed exchange organization to obtain authorization to sell seeds. Participants exchanging seeds should use the organization's name and address (city, state) on the label as the firm authorized to sell seeds.

An application for authorization to sell seeds and a copy of the seed law can be obtained at:

https://www.cdfa.ca.gov/plant/pe/nsc/seed/index.html

Commissioners are reminded that the Plant Variety Protection Act (PVPA) was passed by the US Congress in 1970 as an incentive for the development of new plant varieties. The Act provides plant breeders exclusive rights to commercialize plant varieties they develop. Once a variety is commercialized in the United States, it cannot be sold under other variety names. While growers may grow crops from PVP seeds, they are only allowed to retain enough seeds from their harvested crop to replant their own fields. They cannot sell harvested seeds from their PVP crop as new planting seed unless they have permission from the PVP certificate holder. Harvested seeds from PVP varieties cannot be sold even occasionally to a neighbor, without permission from the certificate holder. This means that the three mile exemption for the occasional sale of agricultural seed is not permitted if the seed comes from an unauthorized propagation of PVP seeds.

In addition, section 201.34(d)(2) of the Federal Seed Act (FSA) Regulations state that the variety name is the name assigned by the originator of the variety or the name used when the variety first enters U.S. commerce for sale to the public. This means that once a variety has been named, that name must be used for its lifetime. In other words, varieties cannot be renamed.

If you have any questions regarding this advisory, please contact John Heaton via e-mail at john.heaton@cdfa.ca.gov or by calling (916) 403-3715.

2 YEAR COMPARISON OF REPORTED SEED SALES BY CATEGORY

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**

Seed Sales in CA during FY2014; Reported in FY2015

Location of Firm	# of Firms	2014 Reported Ag Seed Sales	2014 Reported Veg Seed Sales	2014 Reported Lawn Seed Sales	2014 Total Reported Seed Sales
OS	254	$ 95,913,924	$ 149,886,226	$ 39,927,736	**$ 285,727,886**
CA	340	$ 106,738,353	$ 220,692,285	$ 16,948,912	**$ 344,379,550**
Total	**594**	**$ 202,652,277**	**$ 370,578,511**	**$ 56,876,648**	**$ 630,107,436**

2 Year Comparison (FY2013 vs FY2014) 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	-1.2%	-8.8%	8.8%	-16.5%	**-1.7%**
CA	1.2%	-2.4%	5.7%	9.2%	**3.2%**
Total	**0.2%**	**-5.6%**	**6.9%**	**-10.2%**	**0.9%**

Comparisons:

Seed Sales in CA slightly increased by 0.9 % in FY2014 instead of the average 5 (+) % annual increase that has been reported for CA seed sales since 1993, except in 2013.

The slight overall increase was caused by increase in veg seed sales. Reported lawn seed seed sales by OS Firms dragged down the reported Ag seed sales. Undoubtedly some of the drop is due to the extended drought but much of it can be atttibuted to a large firm that no longer reports sales because they were previously reporting on sales of seed that had already been assessed by their suppliers.

2017-18 Recommended Out-of-State Travel for Seed Services Program

Presented May 11, 2016 - Seed Advisory Board Meeting

Class Title	Total Attending	Total Days of Trip	Cost	PCA	Purpose / Justification (include benefit to state)
Sr. Env. Scientist or Env. Prog. Mgr. or Designee	1	5	$2,500	15551	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 is 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.
Sr. Seed Botanist or Env. Prog. Mgr. or Designee	2	8	$5,000	15551	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 is vital that California's 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 which are required to maintain accreditation. Lab scientists are responsible for prompt and accurate identification of all plant species via seed morphology and other methods, and diagnosing seedling abnormalities that can lead to crop failure. 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. If this trip is denied, CDFA will not have input on seed testing protocols that impact California. Expenses to participate at this meeting will be paid by AOSA. No conflict of interest will occur. Travel will not interfere with regularly assigned duties.
Sr. Env. Scientist or Env. Prog. Mgr. or Designee	1	5	$2,496	15551	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 passed a motion that the 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. Travel will not interfere with regularly assigned duties.
Sr. Env. Scientist or Env. Prog. Mgr. or Designee	1	6	$2,900	15551	To attend the annual meeting of the Association of American Seed Control Officials (AASCO). The SES serves as Secretary and Past President of AASCO as well as Chairman for the Seed Sampler Trainer Accreditation Commitee. There is tremendous benefit to the state for the success of AASCO's Seed Sampler Trainer Accreditation Program. The program allows CDFA to significantly reduce hours and expenditures for training seed samplers in California. The possibility for utilization of certified seed samplers can also reduce the burden on counties tasked with collecting seed samples for companies. In addition, members of AASCO will vote on changes to the Recommended Uniform State Seed Law (RUSSL) and changes to the Official Seed Sampling Manual. Most notably is a defintiion of seed libraries, which is the subject of AB 1810 in the current California legislative session. The California seed industry currently provides almost $3 billion of seed sales to the California economy per year. The training and knowledge 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. No general funds will be used for this one six day trip.
		Total	$12,896		

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

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 <u>same percentage for all agricultural programs</u>, 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.

California Department of Food and Agriculture
Seed Laboratory
Plant Pest Diagnostic Center - Budget
July 1, 2017 - June 30, 2018

Personnel Services		Amount
Permanent Salaries		$294,527
Benefits		$141,897
Temporary Salaries	1 seasonal	$22,318
Temporary Benefits		$2,455
	Total Personnel Services	**$461,197**
Operating Expenses and Equipment		
General Expense	*Dues & Memberships, calibration and balancing of microscopes & other equipment*	$5,000
Printing	*Office copier expense*	$1,500
Communications*	*Office phones*	$2,650
Postage/Freight*	*Overnight mail and postage*	$2,500
Travel / In-State		$2,000
Travel / Out-of-State		
Training		$680
Laboratory Supplies	*chem, drugs, lab supplies*	$12,000
Facilities Operations/Utilities*	*Includes electrical, gas, garbage, sewer, janitorial, landscaping, security, fire, enironmental control, HVAC and all building equipment*	$110,000
Inter departmental charges IT *		$75,000
Indirect Costs - Division*	*Support to Plant Division*	$20,369
Departmental Services**	*Contracts, purchasing, financial services*	$45,216
Information Technology Supplies*	*IT supplies, toner, paper*	$6,000
Central Admin Services*	*HR & Admin charges*	$1,208
Equipment		$60,000
Other Items of Expense	*Accreditation, DGS electrical, equipment install, NOC-Services*	$20,000
	Total Operating Expenses and Equipment	**$364,123**
	TOTAL PROGRAM BUDGET	**$825,320**

*16% of total laboratory costs
**20% of total laboratory costs

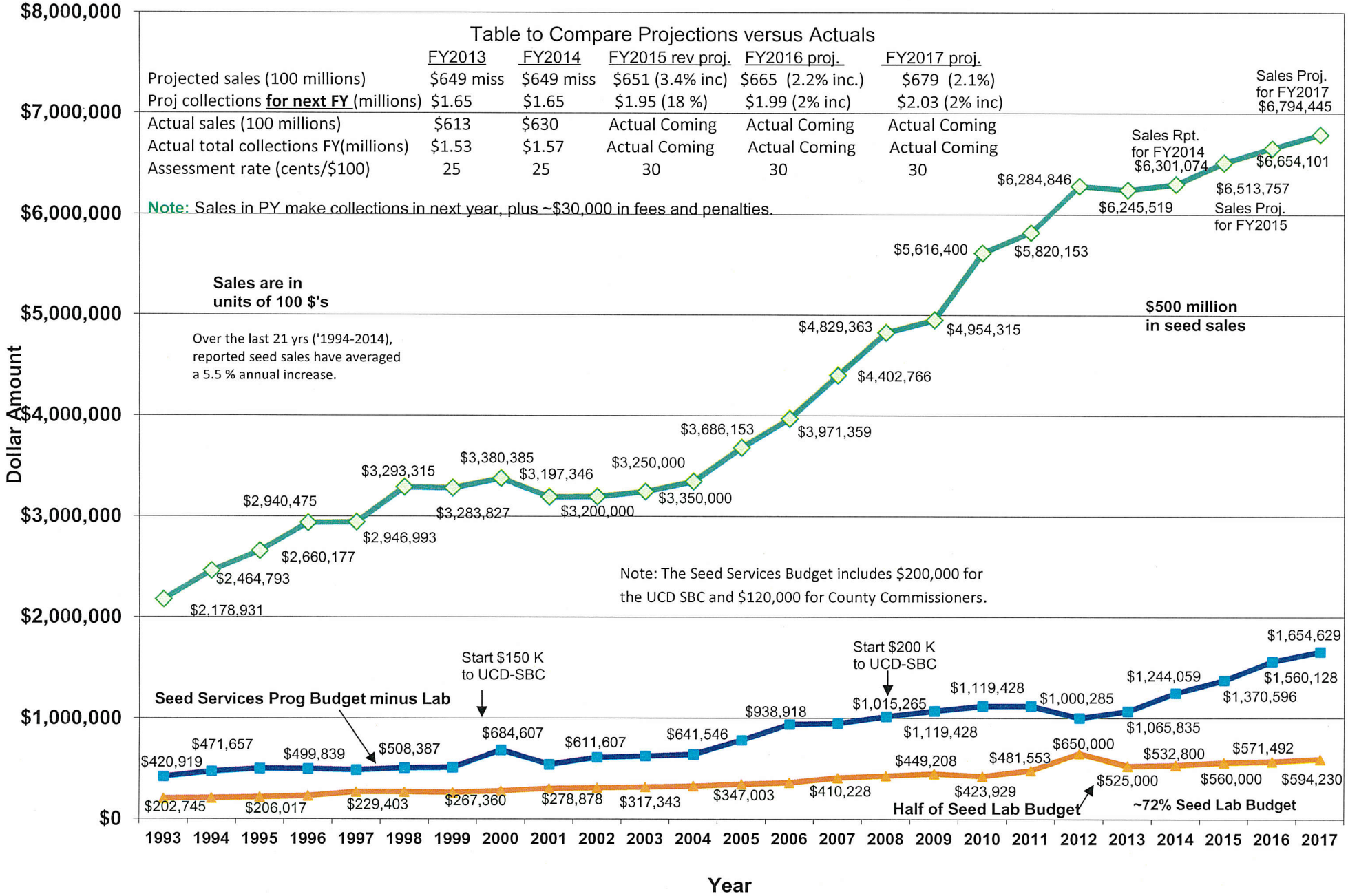
SEED LABORATORY 13016 **AG FUND CONDITION**

May 11, 2016

	PPY 2013/14 Estimate	PY 2014/15 projection	CY 2015/16 Projection	2016/17 Projection	2017/18 Projection
CASH BALANCE FORWARD	**$161,657**	**$157,883**	**$135,486**	**$151,200**	**$169,334**
Uncleared revenue (suspense)	$1,031	$8,662	$5,670	$5,121	$5,121
Transfer between codes (actually Bond Debt - see below)					
Controller Transfers	$0	$0	$0	$0	$0
BEGINNING CASH BALANCE	**$162,688**	**$166,544**	**$141,156**	**$156,321**	**$174,455**
Prior Yr Expenditures - Adjustment	-$9,212	-$2,014	-$4,037	-$5,088	-$5,088
Prior Prior Yr Expenditures - Adjustment	$790	-$4,896	-$7	-$1,371	-$1,371
ADJUSTED CASH BALANCE	**$154,267**	**$159,635**	**$137,112**	**$149,862**	**$167,996**
REVENUE					
Testing Fees & Services	$22,753	$15,650	$19,295	$19,233	$19,233
Miscellaneous	$0	$0	$0	$0	$0
Interest	$264	$201	$252	$239	$239
TOTAL REVENUE COLLECTED	$23,017	$15,851	$19,547	$19,472	$19,472
TOTAL CASH BALANCE (AG FUND)	**$177,284**	**$175,486**	**$156,659**	**$169,334**	**$187,468**
EXPENDITURES (Ag Fund)					
Plant Lab Bond Debt **	$19,401	$40,000	$5,459	$0	$0
Seed Lab Ag Fund: salary	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0
TOTAL PROGRAM EXPENDITURES	$19,401	$40,000	$5,459	$0	$0
BALANCE (ENDING RESERVE)	**$157,883**	**$135,486**	**$151,200**	**$169,334**	**$187,468**
AG TRUST FUND	$14,554	$14,602	$14,637	$14,672	$14,711
Interest	$48	$35	$35	$39	$39
TOTAL AG TRUST FUND (RESERVE)	**$14,602**	**$14,637**	**$14,672**	**$14,711**	**$14,750**

FY 2015 should be end of Bond Debt Repayment

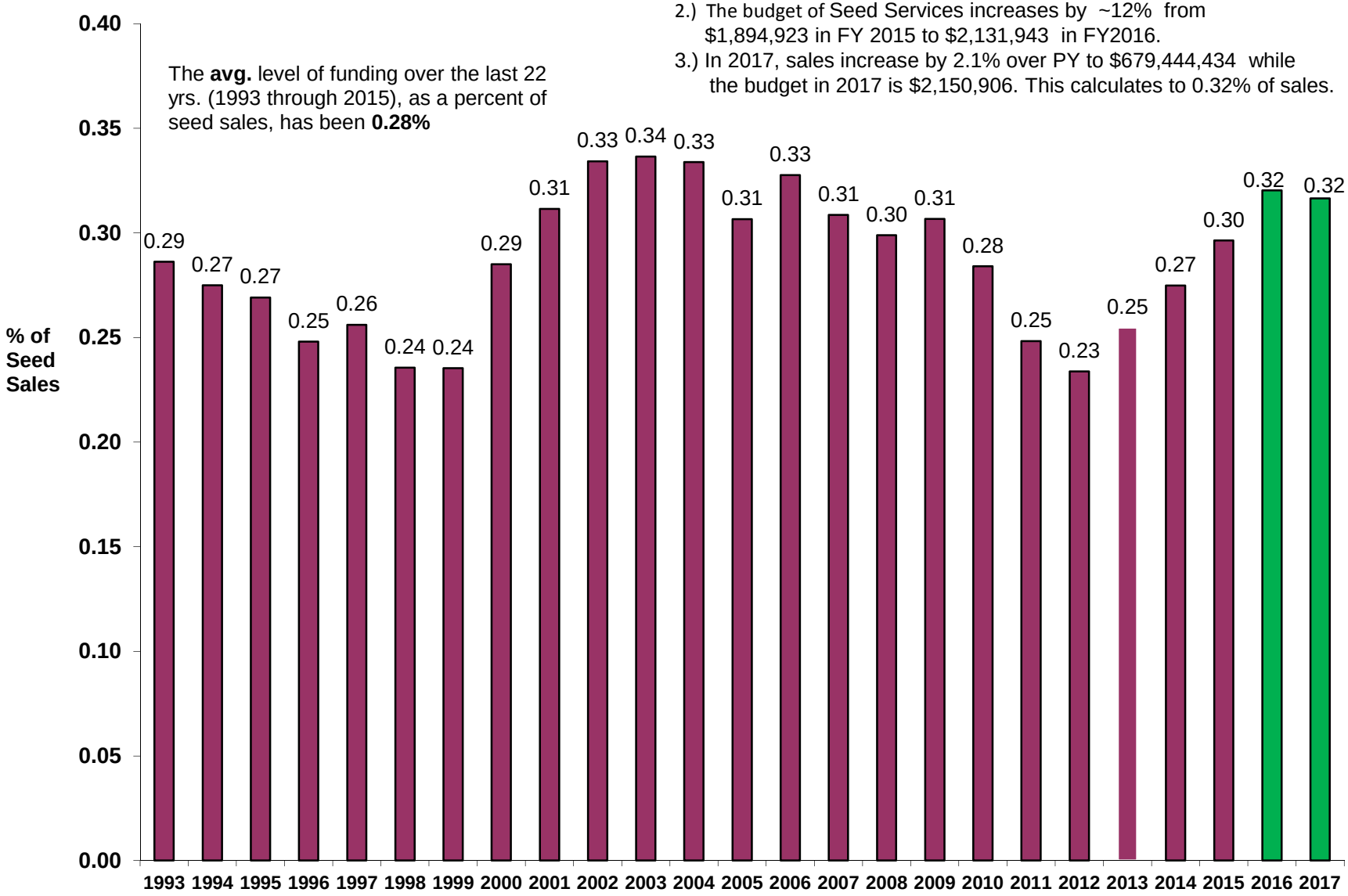
22 Year Comparison: Reported Seed Sales (scaled) versus the Seed Services Budget versus the Seed Lab Budget



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

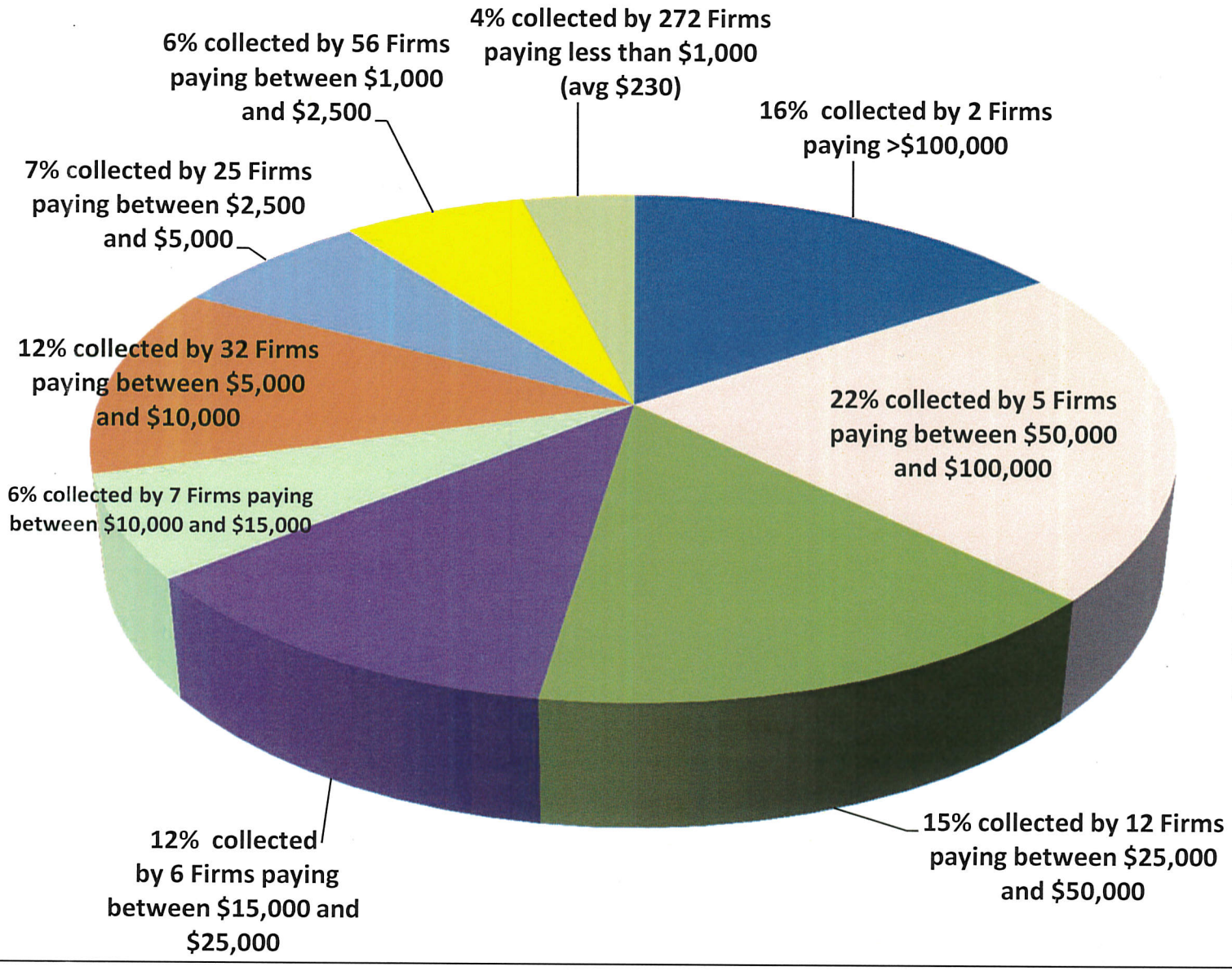
Assumptions for 2016 & 2017Sales and Expenditures Projection:

1.) The Seed Lab is funded at the $571K level in FY2016
2.) The budget of Seed Services increases by ~12% from $1,894,923 in FY 2015 to $2,131,943 in FY2016.
3.) In 2017, sales increase by 2.1% over PY to $679,444,434 while the budget in 2017 is $2,150,906. This calculates to 0.32% of sales.



Charts Sales and Budget History as of May 2015 w proj

Percentages of Assessment Collections on Seed Sales in FY2014 Submitted by Firms in FY2015 (no significant change from Nov. 2015 meeting)

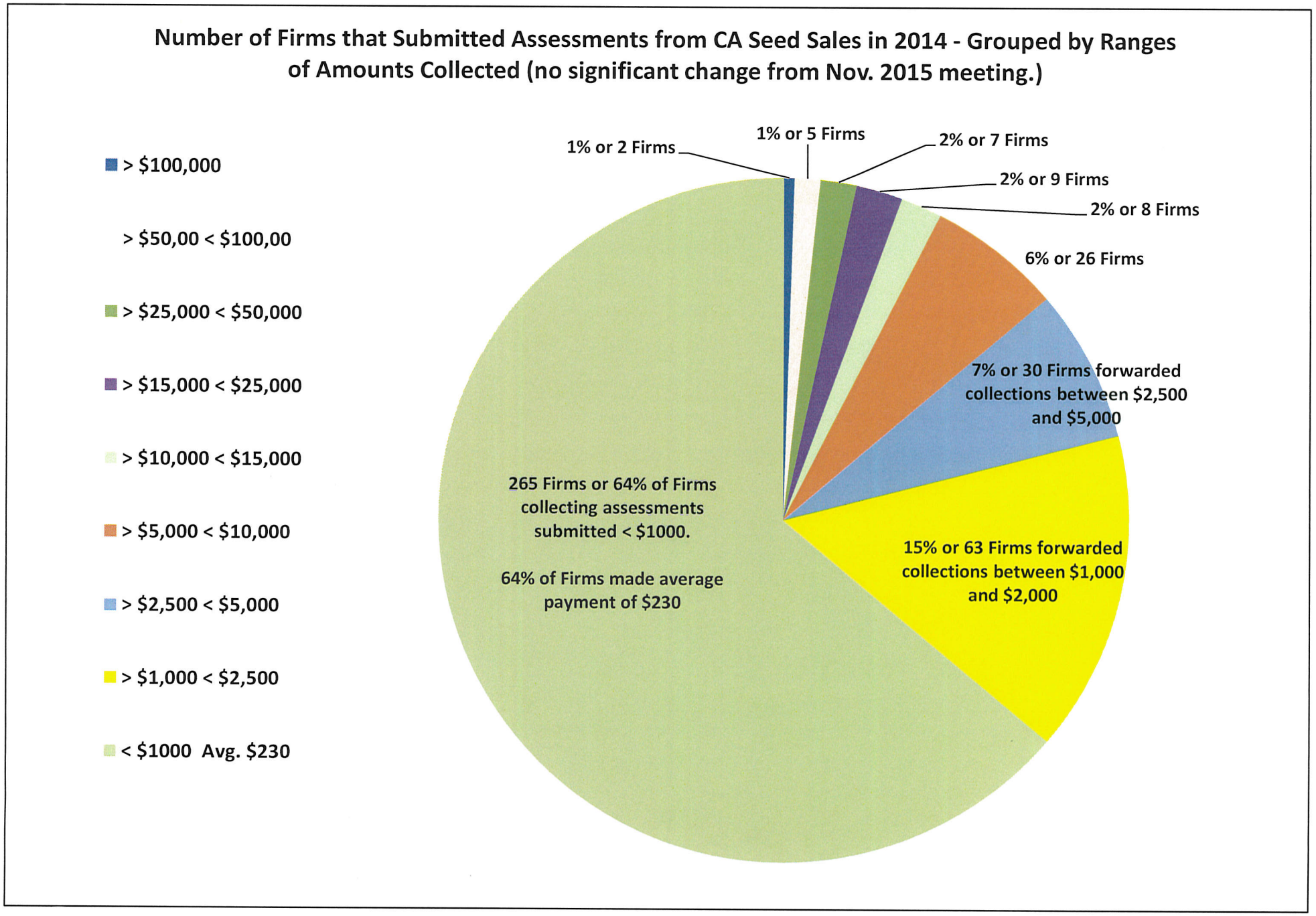


Some Conclusions

14 Firms collected 47% of the assessments on seed sales in CA. Same as PY.

64 Firms collected 83% of the assessments on seed sales in CA.

353 Firms collected the remaining 17% of the assessments on seed sales.


Number of Firms that Submitted Assessments from CA Seed Sales in 2014 - Grouped by Ranges of Amounts Collected (no significant change from Nov. 2015 meeting.)
> $100,000
> $50,00 < $100,00
> $25,000 < $50,000
> $15,000 < $25,000
> $10,000 < $15,000
> $5,000 < $10,000
> $2,500 < $5,000
> $1,000 < $2,500
< $1000 Avg. $230
1% or 2 Firms
1% or 5 Firms
2% or 7 Firms
2% or 9 Firms
2% or 8 Firms
6% or 26 Firms
7% or 30 Firms forwarded collections between $2,500 and $5,000
15% or 63 Firms forwarded collections between $1,000 and $2,000
265 Firms or 64% of Firms collecting assessments submitted < $1000.
64% of Firms made average payment of $230

Proposed Budget for FY 2017

SEED SERVICES PCA 15551 SAB Mtg. May 11, 2016

	PPY FY2013/14 EOY Proj	PY FY 2014/15 EOY Proj	CY FY2015 Secretary Ag Necessary Adj.	CY 2015/2016 Actual EOY Proj. 4/15/2016	Static Approved FY 2016/2017 SAB 5/13/2015	Proposed FY 2017-18 SAB 5/11/2016	
Permanent Sal	310,464	411,642	448,754	441,269	571,683	515,000	1
Temporary Help Sal	9,368	40,485	48,000	27,951	40,127	54,000	
Staff Benefits	153,194	209,981	195,212	242,244	303,751	283,000	2
Sal Sav	7,624	0		0	0		
Salary & Benefit Recovery	0	-1,695		0	0		3
TOTAL PERSONAL SERVICES	**480,650**	**660,413**	**691,966**	**711,464**	**915,561**	**852,000**	
General Expenses	2,500	3,507	10,000	5,330	3,721	7,000	4
Printing	494	325	2,000	580	345	1,500	
Communications	6,046	5,316	7,200	5,370	5,640	6,500	
Postage	2,329	2,040	7,200	1,700	2,164	2,500	5
Insurance-Vehicles	678	608	3,750	1,100	645	1,500	6
Travel In-State	12,527	10,230	32,875	10,000	10,853	14,000	7
Travel Out-of-State	3,877	1,569	1,205	4,000	4,584	12,896	8
Training	409	519	3,000	1,000	551	1,500	
Facilities	25,587	21,093	36,814	25,000	22,378	30,000	
Utilities	463	381	1,000	450	404	600	
Cons & Prof	178	0	10,000	50,000	3,000	15,000	9
Data Processing	0	0	0	0	0	0	
Interdeptl Charges	0	0	0	0	0	0	
Division - Indirect	39,411	38,725	32,189	40,000	43,174	46,000	10
Dept. - Indirect - Exec/Admin	61,039	78,782	81,148	88,500	89,552	95,580	
Legal Svs-Indirect	0	0	0	0	0	0	
Production Services - Direct	0	0	0	0	0	0	
Plant IT	44,645	48,739	47,059	47,059	51,707	57,000	11
Centralized Svs	1,430	1,435	1,400	1,400	1,522	1,600	
Other Interdeptl Charges	0	0	0	0	0	0	
Pro Rata	49,078	65,296	67,101	67,101	69,273	73,000	12
Equipment	22,098	13,114	25,000	25,000	25,000	27,500	13
Misc. Ag. Services	3,782	2,297	600				14
Field Expenses/Agri Supplies	1,661	579	240	750	1,500	1,000	15
Vehicle Operations	12,630	13,081	15,000	13,000	13,878	17,000	16
Other Misc. Charges (PY Expend & neg 24c)	-25,443	-26,411	-26,151	-26,151	-25,000	-27,000	17
Subtotal Oper Exp/Equip	**265,419**	**281,225**	**358,630**	**361,189**	**324,890**	**384,676**	
Ag Commissioners	120,000	120,000	120,000	120,000	120,000	120,000	18
Research Contracts UCD SBC	200,000	200,000	200,000	200,000	200,000	200,000	19
Seed Laboratory	525,000	513,266	560,000	502,270	571,492	594,230	20
TOTAL OPER EXP/EQUIP	**1,110,419**	**1,114,491**	**1,238,630**	**1,183,459**	**1,216,382**	**1,298,906**	
TOTAL BUDGET w Personnel & Benefits	**$1,591,069**	**$1,774,904**	**$1,930,596**	**$1,894,923**	**$2,131,943**	**$2,150,906**	21
	FY 13/14 May 3, 2012 Approved	FY 14/15 July 1, 2013 Approved	FY 15/16 Secty Adjust	FY 15/16 May 7, 2014 Approved	FY 16/17 Approved 5/13/2015	FY 17/18 Proposed 5/11/2016	
versus Previously approved by Seed Advisory Board	$1,739,326	$1,807,469		**$1,754,376**	$2,131,943	$2,150,906	
% of Approved Budget Expended	est. EOY use 91%	est EOY use 98%	est EOY use 99%	est EOY actual 111%	not occurred	not occurred	

FUND CONDITION FOR SEED SERVICES

May 11, 2016

	PPY 2013/2014 EOY Estimate	PY 2014/2015 EOY Estimate	2015/2016 CY EOY Proj per 4/15/2016	Static 2016/2017 Approved 5/13/2015	Projection for 2017/2018 Fund Condition
BEGINNING CASH BALANCE	**$ 1,711,791**	**$ 1,739,420**	**$ 1,531,880**	**$ 1,276,509**	**$ 1,162,488**
REVENUE CATEGORIES	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	With assessment at 30 cents /$100 sales made in 2015	With assessment at 30 **cents /$100** sales made in 2015
Assessment $	1,551,176	1,537,048	1,571,245	1,954,127	1,996,230
Miscellaneous	1,331	1,988	3,867	200	200
License Fees	23,780	23,240	23,520	23,080	23,800
Penalties	7,941	10,858	9,288	9,966	10,000
Interest	1,094	4,796	5,255	3,000	3,000
Interest from Infrfund Loan	121	53	225	225	300
TOTAL REVENUE	**1,585,443**	**1,577,983**	**1,613,401**	**1,990,599**	**2,033,530**
Reimbursement 224c - Admin	25,443	26,411	26,151	27,000	29,000
PY & PPY Adjustments and Encumberances	(139)		-	-	-
TOTAL RESOURCES before Expenditures	**$3,322,537**	**$3,343,814**	**$3,171,432**	**$3,294,108**	**$3,225,018**
EXPENDITURES			Newly projected for EOY FY2015	Newly projected for FY2016	Newly projected for FY2017
Seed Services	738,117	978,668	1,014,923	$1,240,128	$1,236,676
Seed Laboratory	525,000	513,266	560,000	571,492	594,230
Ag Commissioners	120,000	120,000	120,000	120,000	120,000
UCD SBC	200,000	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES (BUDGET)	**$1,583,117**	**$1,811,934**	**$1,894,923**	**$2,131,620**	**$2,150,906**
ENDING CASH BALANCE (Resources - Expenditures)	**$1,739,420**	**$1,531,880**	**$1,276,509**	**$1,162,488**	**$1,074,112**
AG TRUST FUND	133,638	133,961	134,284	134,607	134,930
Interest	323	$323	324	324	324
ENDING AG TRUST (RESERVE)	**$133,961**	**$134,284**	**$134,608**	**$134,931**	**$135,254**
Notes of Interest					
Reserve Calculation: The amount required to keep in balance = 1/4 budget (expenditures)	$395,779	$452,984	$473,731	$532,905	$537,727
Number of Licenses	595	581	588	577	594
Reported Value of Seed Sold PY in CA	$628,484,636	$649,158,000	$628,497,908	$651,375,700	$665,410,100
Assessment Rate	0.25	0.25	0.25	0.30	0.30
	8% inc in sales value	used 19 yr graph	used 20 yr graph	used 22 yr graph	used 22 yr graph
Projections versus Actuals	**FY 13/14**	**FY 14/15**	**FY 15/16**	**FY 16/17**	**FY 17/18**
Approved by Board at Prior Meetings	$1,739,326	$1,774,669	$1,754,376	$2,131,943	seeking
Estimated Total Expenditure	$1,583,117	$1,811,934	$1,894,923	$2,131,620	$2,150,906
Difference SAB Approv-Proj Expend	$156,209	($37,265)			
% of approved budget spent	92% of init approv.	est 3% over budget	Not yet occurred	Not yet occurred	Not yet occurred