

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (Department)

**FEED INSPECTION ADVISORY BOARD (FIAB)
SPECIAL MEETING**

2399 GATEWAY OAKS DRIVE, STE. 200, SACRAMENTO 95833 / HYBRID

**NOVEMBER 5, 2025
1:00 PM – 2:30 PM**

MINUTES

BOARD MEMBERS

Alejandro Hernandez
Dan Rice
Jed Asmus
Jeremy Banducci
Marit Arana, Chair
Michael Koewler
Shay Rambur, Vice Chair

MEMBERS ABSENT

Eric Benziger
Michael DeGroot

CDFA STAFF

Amanda Staudinger
Angelia Johnson
Arima Kozina
Ashley James
Brandi Alston
Jenna Leal
Maria Tenorio Alfred
Natalie Krout-Greenberg
Rachelle Kennedy
Samantha Moran-Defty

INTERESTED PARTIES

Jessica Lawrence
Tad Bell

ROLL CALL – ESTABLISH QUORUM

Dr. Marit Arana, Chair, called the meeting to order at 1:01 PM. Self-introductions were made, and a quorum was established.

CDFA BANK ACCOUNTS

Natalie Krout-Greenberg informed FIAB that Deputy Secretary of Administration and Finance, Arima Kozina, joined the meeting today to assist with answering questions and providing background information regarding the potential of moving the program's bank accounts from Bank of America (BOA) into the State Treasury.

Kozina explained that the goal is to create efficiency within the Department and that the Department held this special meeting to get feedback from FIAB regarding the accounts. Kozina further stated that by bringing the funds into the State Treasury, increased interest would be earned and there would be less administrative costs associated with managing the accounts.

Krout-Greenberg stated that currently the Feed, Fertilizer, and Livestock Drugs Regulatory Services (FFLDRS) Branch has three accounts with BOA. Those accounts

are for the Commercial Feed Regulatory Program (CFRP), the Fertilizing Materials Inspection Program (FMIP), and the Fertilizer Research and Education Program (FREP). Funds are transferred quarterly from BOA into the State Treasury to ensure that funds are available for program solvency, based on the FIAB approved budget. Currently, the external accounts accrue very little interest; BOA is around 0.03% and the Surplus Money Investment Fund (SMIF), which is the State Treasury, is around 4.42%. Krout-Greenberg also reviewed other available options, including US Bank, which is around 0.05% and BMO, which is around 4.08%. All these interest rates fluctuate slightly. There are also other options including Certificate of Deposits (CD), Money Market Accounts, and Public Funds Interest Checking that can be explored. Krout-Greenberg also reviewed annual revenue the programs are losing by keeping the funds in BOA. CFRP loses around \$35,000, FMIP loses around \$100,000, and FREP loses around \$92,000. There are also administrative costs associated with maintaining external bank accounts. CFRP's annual administrative costs are around \$7,000, FMIP's are around \$20,000, and FREP's are around \$19,000.

Krout-Greenberg discussed the historic reasons why funds have been maintained in external bank accounts. There are perceived vulnerabilities of the accounts being held within the State Treasury, as the funds could be swept in the face of budget deficits and therefore FIAB voted to move the funds to external accounts. Since then, a case has been brought to the Supreme Court and now there are Control Sections within the Budget Act that are specific about state funds being utilized for specific purposes or swept. Currently, if special funds were borrowed from, the funds would need to be paid back with interest and usually negotiations occur. Krout-Greenberg further explained that even if funds are held in external accounts, they can still be borrowed against, but this has not happened in many years.

Kozina elaborated that there have been two instances in which the State had borrowed against funds since the Supreme Court decision and none within Secretary Ross' tenure. Additionally, as described in Control Section 13.40 of the Annual Budget Act, there is specific language that the State can only borrow from idle resources. In discussion with Financial Services, idle resources have been interpreted to mean resources in excess of the reserve. If a situation arose where the State was trying to borrow funds, the approach would be to push back, especially if there was a board mandated or statutory requirement to maintain a reserve, and that going below that reserve level could be argued that those are not idle funds.

Krout-Greenberg explained to FIAB that if the decision is made to leave the funds in an external bank account, the programs would be losing revenue and would also be responsible to pay the administrative costs associated with managing those accounts. These administrative hours are equal to about 1,935 hours per labor year for the six accounts that are held externally, which is equal to around \$160,000. It is the Department's recommendation to move all industry funds currently in external bank accounts into the State Treasury.

Krout-Greenberg asked FIAB if they have any questions about the information presented and further asked, does FIAB wish to bring the funds into the State Treasury or leave the funds in external accounts. A recommendation from FIAB is needed by April 2026, to take effect at the beginning of the next fiscal year in July 2026.

Discussion ensued regarding the administrative costs, the rate of return on the external accounts versus the State Treasury, and the vulnerabilities with having funds in the State Treasury.

Krout-Greenberg stated that the Department recognizes that the numbers presented are not static numbers and they can fluctuate based on interests and account balances. Administrative costs may also fluctuate, but the presentation should give FIAB a general idea of where these numbers sit today.

Kozina elaborated on how the administrative costs were calculated. She explained that the Department looked at the total number of hours spent maintaining the external accounts, which can be tracked right now, and associated the dollar amounts to one lower-level analyst position. If FIAB wishes to keep the external accounts, the Department will track program specific hours to ensure the administrative charges are appropriately distributed after a more in-depth analysis.

Dr. Arana, Chair, requested additional time to review the information presented. The FIAB will decide the future of the accounts at the March 2026 meeting.

Krout-Greenberg stated the PowerPoint Presentation that was shared with FIAB will be emailed out after the meeting and if any additional questions arise, they should be directed to Jenna Leal, FFLDRS Branch Chief, so they can be addressed before the March 2026 meeting.

PUBLIC COMMENTS

Tad Bell stated that he agrees with Krout-Greenberg's assessment of the original reason funds were moved from the State Treasury into external accounts. Whether the accounts are maintained within the State Treasury or in an external account, there is no guarantee that the funds could not be borrowed against. Bell further stated that greater interest and lower administrative costs would be reasonable.

ADJOURNMENT

Dr. Arana requested a motion to adjourn the meeting. However, technical difficulties occurred and the meeting ended at 1:45 PM.

ORIGINAL SIGNED BY RACHELLE KENNEDY

Rachelle Kennedy, Environmental Program Manager I
Feed, Fertilizer, and Livestock Drugs Regulatory Services

11/05/2025
Date