

# 2022 Agricultural Commodity Commission Survey

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# 1 Introduction

This report covers the results of a survey of producers represented by agricultural Commodity Commissions in Washington State. In late 2021, the Washington State Auditor’s Office (SAO) sponsored the School of Economic Sciences (SES) at Washington State University, through a contractual interagency agreement (K665) to complete work (pursuant to Interlocal cooperation Act, chapter 39.34 RCW) for a mixed mode survey of agricultural commodity commissions’ producers. The survey was part of an ongoing effort to help improve state agency programs such as the commodity commissions.

**The role of the SAO.** The Washington State Office of the Auditor is authorized under RCW 43.88.160 to conduct independent, comprehensive performance audits<sup>1</sup> of state, local, other government(s) and each of its’ agencies, accounts, and programs. The term “government” in this initiative refers to an agency, department, office, officer, board, commission, bureau, division, or institution. The state auditor reviews and analyzes the efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state, local governments, agencies, programs, and accounts. Audits are conducted in accordance with United State general accounting office government auditing standards. As part of the SAO’s review process, input is obtained from the stakeholders of the agency. In this survey effort, input is obtained from producers who are the main stakeholders and recipients of commodity commissions’ services. To provide services, commodity commissions collect assessments from producers and expend assessments on behalf of producers.

**The role of Producers.** Producers pay mandatory assessment fees to their representative commodity commissions, usually at the time of sale. Assessment fees fund commodity commissions activities. Producers are represented by the commodity commission board. Producers were provided with the following information as part of the survey materials:

Washington State has twenty-one agricultural commodity commissions, each considered a state agency, engaged in primarily marketing and research activities on behalf of producers. They are funded by producer assessments, which for all commissions currently operating, is mandatory. Each commission is overseen by a board. Depending on the commission, the boards members may be appointed or elected. In addition, the Director of the Washington State Department of Agriculture or a designee serves on each of the 21 boards. The director approves both the annual budgets and programs of all but one of the commissions.

**The role of Commodity Commissions.** Each commodity commission provides leadership, strategic planning, and a governing board for a commodity industry’s assessment fees. Commodity commissions report to producers, Washington State Department of Agriculture, and to the State regarding expenditures. A short description of each commodity commissions’ stated purpose is provided:

**Alfalfa Seed Commission** - The Alfalfa Seed Commission is charged with: maintaining and creating markets; increasing production efficiency; ensuring a fair regulatory environment; and increasing consumption of alfalfa seed.

**Apple Commission** - The primary purpose of the Washington Apple Commission is advertising, promotion, education, and market development for the Washington fresh apple crop in countries around the world.

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<sup>1</sup>Initiative 900. AN ACT Relating to performance audits of governmental entities; amending RCW 82.08.020 and 43.88.160; adding new sections to chapter 43.09 RCW; adding a new section to chapter 82.12 RCW; creating new sections; and providing an effective date. Requiring independent, comprehensive performance audits of state and local governments, agencies, programs, and accounts.

**Asparagus Commission** - The Asparagus Commission helps asparagus producers establish orderly, fair, sound, efficient, unhampered marketing; facilitate cultural and harvesting improvements, and regulate unfair trade practices within the industry.

**Beef Commission** - The purpose of the Beef Commission is to fund beef promotion, research and consumer education activities supporting Washington State's beef industry.

**Beer Commission** - The mission of the Washington Beer Commission is to promote Washington beer, benefit the state's breweries, and increase awareness and demand.

**Blueberry Commission** - The Blueberry Commission serves as a touchstone for grower advocacy, research and best practices, and marketing for the hardworking growers and their 18,000+ planted acres across Washington State.

**Cranberry Commission** - The Cranberry Commission helps cranberry producers develop production methods and programs for the control of diseases and other problems associated with cranberry production, and disseminates information.

**Dairy Products Commission** - Dairy Farmers of Washington (WA Dairy Products Commission) conducts marketing, advertising, communications, research and nutrition education for the WA Dairy Industry.

**Fruit Commission** - The Washington State Fruit Commission is responsible for market development and grower education that is implemented through the Northwest Cherry Growers and the Good Fruit Grower Magazine.

**Grain Commission** - The mission of the Washington Grain Commission is to enhance the long-term profitability and competitiveness of Washington small grains (wheat and barley) and small grain producers by responsible allocation of assessment funds in research, marketing and education.

**Hop Commission** - The Hop Commission helps hop producers establish orderly, fair, sound, efficient, unhampered marketing and standardization of hops and regulate unfair trade practices within the industry.

**Mint Commission** - The Mint Commission helps mint producers develop improved production methods and/or programs for the control of disease, insects, and weeds, and disseminates information to affected producers.

**Oilseeds Commission** - The Oilseeds Commission's main function is to promote the general welfare of the state by: supporting researching; and marketing and information activities related to canola, rapeseed and mustard produced in Washington State.

**Potato Commission** - The mission of the Washington State Potato Commission is to support an economically and environmentally sustainable Washington State potato industry by providing strong leadership and innovation, and building partnerships to meet the demands of global consumers.

**Puget Sound Salmon Commission** - The Puget Sound Salmon Commission started the Sound Catch™ program that encourages fishermen to produce high quality salmon from sustainable Puget Sound runs and offer it directly to consumers and the market.

**Pulse Crops Commission** - The Washington Pulse Crops Commission was established by the growers of dry peas, lentils and chickpeas to make strategic investments in Research, International market development, Domestic market development, and Education/Risk Management.

**Red Raspberry Commission** - The mission of the Red Raspberry Commission is to create a positive future for Washington red raspberry growers through research,

marketing and advocacy.

**Seed Potato Commission** - The purpose of the Seed Potato Commission is to maintain or create new markets; ensure a fair regulatory environment; and increase production efficiency of seed potatoes in Washington state.

**Tree Fruit Research Commission (WTFRC)** - The Washington Tree Fruit Research Commission is a grower-funded organization focused on supporting research and extension activities of benefit to tree fruit producers and processors in the Pacific Northwest.

**Turfgrass Seed Commission** - The Turfgrass Seed Commission was established for the purposes of funding research, collecting and disseminating information on turfgrass seed and turfgrass seed by-products, and conducting programs to develop markets for turfgrass seed and byproducts.

**Wine Commission** - The mission of the Washington State Wine Commission is to raise awareness and demand for Washington State wine through marketing and education, while supporting viticulture and enology research to drive industry growth.

## 2 Methodology

In 2022, Washington State University conducted a survey of commodity commission members (agricultural producers) on behalf of the Washington State Auditor's Office. The survey was conducted in support of a performance audit designed to help improve state agency programs, in this instance Commodity Commissions services.

### 2.1 Implementation and Methods

Researchers at SES-WSU developed survey questions to evaluate commission performance and to identify operations/activities providing benefits to producers and operations/activities in need of improvement. This survey solicited feedback from producers who fund the commissions through their assessment fees. WSU collaborated with SAO to finalize the questions to help ensure that the survey met the objectives of their performance audit. As part of the development process, WSU and SAO invited commodity commissions to provide feedback and offer questions that they wished to be included in the survey. This feedback was provided through online video meetings, with attendance by representatives of each commodity commission (usually the president of the board). The WSU institutional review board reviewed and assigned an exempt determination to this study. The survey was voluntary.

The survey was administered by the Washington State University research team. The survey included both online and mailed questionnaires. The online survey utilized Qualtrics survey software. Each participant was issued a unique access code to prevent duplicate entries and ensure only commodity commission members had access to the survey. For returned mail responses, these completions were data entered into the same Qualtrics survey interface controlling for ID to prevent duplication, All responses and data were hosted on secure servers, and were password protected. Data was only accessible to the WSU research team. All responses were kept confidential. Only de-identified aggregated data are provided in report summaries below.

Each participant was contacted by mail and/or email, depending on the information provided in a commission's producer list. Each type of contact included a description of the survey, the purpose of the study, and an invitation to participate. Two follow-up emails and/or mailings were sent as reminders.

The survey was available to be completed April 14 through August 31 of 2022. As a first contact, individuals were sent a mail and/or email invitation to the survey. Two email reminders were sent with invitations to complete the survey. One paper-mailer was sent with an invitation to complete the survey. On July 15, 2022, non-respondents with mailing addresses were sent a mail survey packet. This packet included: 1) a cover letter that explained the purpose of the survey, had a web link to the online survey, had the participant's unique survey access code, and included the QR code for accessing the online survey; 2) a paper booklet questionnaire; and 3) postage paid business reply envelope for returning the paper questionnaire. Respondents could complete either the mailed paper questionnaire or the online survey. Once a respondent's unique code was used to access a survey and the survey was completed, the survey was closed. Survey team contact information was provided in the emails, mailings, and on the surveys to address respondents questions.

## 2.2 Sample and Response

Potential survey participants were identified through each commodity commission's member list. For 20 of the 21 commissions, all individuals included in the commodity commissions' member lists were invited to participate in the survey and were sent all survey reminders and invitations.<sup>2</sup> To reduce costs, a random sample of 2,201 producers was drawn from the Grain Commission's total member list of 11,572 producers.

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<sup>2</sup>Producers paying assessments to the Tree Fruit Research Commission, who also pay assessments to either the Fruit Commission, the Apple Commission, or both, had the opportunity to respond to the online survey, and received a second reminder through the mail. However, we did not provide producers a unique Tree Fruit Research survey in paper form.

Commission	Contact List
Alfalfa Seed	30
Apple	1,508
Asparagus	67
Beef	5,353
Blueberry	248
Beer	419
Fruit	50
Cranberry	89
Dairy	882
Grain	2,201 <sup>a</sup>
Hop	47
Mint	62
Oilseed	737
Potato	180
Puget Sound Salmon	16
Pulse Crops	1,597
Red Raspberry	64
Seed Potato Grower	8
Tree Fruit Research	- <sup>b</sup>
Turfgrass Seed	139
Wine	2,383
Total	16,080

*Notes:*

<sup>a</sup> A random sample of 2,201 individuals from the full member list of 11,572 individuals was chosen to contact for participation in the survey.

<sup>b</sup> Tree Fruit Research Commission members are comprised of members of the Fruit and Apple Commissions, and so are included in their respective member contacts rather than here.

Among the total contact lists provided by the commissions' 489 individuals/operations were identified as duplicates due to double listing within a single member list, or membership across multiple commodity commissions; 15,591 unique individuals remained after deduplicating the contact list. Of the remaining list, 1,203 individuals were non-contactable due to no contact information or wrong addresses (identified through USPS NCOALink, return to senders, and bounced emails).<sup>3</sup> The final contact list included 14,388 unique individuals with valid contact information: 11,684 with only a mailing address, 1,339 with only an email address, and 1,365 with both a mailing and email address. Upon contact, 199 individuals indicated they were not eligible to participate in the survey as they were retired, no longer in business, deceased, or

<sup>3</sup>1,598 undeliverable mailing addresses and 293 undeliverable email addresses.

production was transitioned to another operator of the land (e.g. rented, ownership transfer, etc). The final contactable and eligible sample frame included 14,189 individuals.

For all but one of the commissions, the survey was a census survey, which means every producer/operation had a chance to participate. For the Grain Commission, a random sample of producers were selected to participate in the survey. This sampling results in sample error. The sample error for the Grain Commission is +/-5.5%, and the overall sample error of the full survey is +/-2.6%. These sample errors are close to zero, indicating that the survey findings are representative of the target population (Washington state producers that were reported as having paid assessment fees to Washington commodity commissions).

A total of 1,328 individuals responded to the survey, yielding a response rate of 9.4%. Summary results for each question are provided below. For open-ended questions, common themes were identified and coded, to identify the percentage of comments that responded to each theme.<sup>4</sup>

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<sup>4</sup>A respondent could have left multiple comments in their response. Each comment was coded individually.

# PERFORMANCE AUDIT



Office of the  
Washington  
State Auditor  
Pat McCarthy

## Washington's Agricultural Commodity Commissions: An assessment of effectiveness

January 17, 2023

Report Number: 1031726

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# Executive Summary

## State Auditor's Conclusions (page 24)

Agriculture is a vital part of Washington's economy, helping to fill our grocery store shelves and restaurant kitchens, as well as employing approximately 160,000 people in every corner of the state. To support specific commodities, the state has created 21 separate commissions to conduct research, education and marketing of the products, from blueberries to beef.

The Washington State Department of Agriculture (WSDA) is well positioned to better coordinate and assist these commissions, but is likely to need additional resources if it is to do so. For example, today a single, half-time position within the department is charged by statute with many key tasks, such as reviewing and approving commission budgets and conducting board elections. More assistance from the department in areas such as communicating with producers and navigating state requirements would increase both their transparency and effectiveness.

Additionally, those within the industry believe they would benefit from statewide branding of Washington's products, something WSDA is also well positioned to take on. This report includes a number of recommendations to both the agency and the commissions.

## Background (page 6)

Washington's rich soils and access to water for irrigation result in a diverse agricultural economy that produces more than 300 commodities. Agricultural production in Washington is nearly a \$10 billion industry, and together with food processing, supports more than 160,000 jobs and generates income in all 39 counties. The agriculture industry currently faces intense pressures including rising costs, supply chain issues and a changing climate. These issues can affect Washington's ability to compete in the global agricultural marketplace and continue to provide jobs and revenue for the state.

In Washington, as in many other states, agricultural commodity commissions help promote specific products and provide a voice for producers. The state's 21 commodity commissions are funded through producer assessments, primarily based on the volume of production, totaling more than \$40 million annually in recent years. Commissions primarily conduct research, education and marketing activities to support their industries.

As is required by law, WSDA provides oversight and administrative services to the commissions, and offers other assistance as its resources allow.

This audit assessed the benefits agricultural commodity commissions provide to Washington's producers and their industry by reviewing commission processes and surveying the state's producers.

**Producers recognized that commodity commissions benefit the state's agriculture industry, and more communication from commission boards could improve awareness of the benefits** (page 10)

Most surveyed producers believe they benefit from their commission's activities, and found value in their efforts. However, more transparent operations could help commissions communicate their value to producers and the public. For example, producers want more information about commission priorities and programs. WSDA is well positioned to communicate information about commission operations to producers and the general public by making it available online. Producers also said commissions could improve efforts to actively solicit feedback. To do that, commissions could use surveys to engage with their producers and better understand their needs.

**A coordinated and comprehensive approach to marketing the state's agriculture industry could help ensure its future growth and success** (page 17)

Commission boards and producers both believe creating more demand for Washington's commodities is key to the industry's future. Developing a statewide brand for agricultural commodities could enhance demand for Washington products, and the experiences of other states suggest opportunities worth exploring here. In addition, coordination between commissions could help enhance their promotional efforts, both nationally and internationally.

## Additional WSDA support and assistance could help ensure commissions and their producers succeed (page 20)

Nearly all commissions say they need help in understanding and navigating state agency requirements and services, and WSDA is again well positioned to help commissions with these issues. WSDA could help commissions ensure they have accurate and current member lists. In these and other areas, if WSDA had additional resources itself, it would be in a position to offer commissions even better support.

## Recommendations (page 25)

We made a series of recommendations to WSDA to enhance the benefits the commissions provide to producers and the agriculture industry overall. Among the issues addressed are: increased transparency for the commissions through online information about their operations; engagement with producers through periodic surveys; and assistance that will help commissions – particularly small ones – navigate state requirements. Additional recommendations address the need for more coordination and a statewide agriculture brand to help market the state’s industry both domestically and internationally. To achieve them, we recommended the agency determine the resources it would need to provide further support for the commissions. A final recommendation is to the commissions themselves, to measure and report the results of their activities, with the goal of improving transparency and informing producers about the value of their assessment dollars.

### Next steps

Our performance audits of state programs and services are reviewed by the Joint Legislative Audit and Review Committee (JLARC) and/or by other legislative committees whose members wish to consider findings and recommendations on specific topics. Representatives of the Office of the State Auditor will review this audit with JLARC’s Initiative 900 Subcommittee in Olympia. The public will have the opportunity to comment at this hearing. Please check the JLARC website for the exact date, time, and location ([www.leg.wa.gov/JLARC](http://www.leg.wa.gov/JLARC)). The Office conducts periodic follow-up evaluations to assess the status of recommendations and may conduct follow-up audits at its discretion. See **Appendix A**, which addresses the I-900 areas covered in the audit. **Appendix B** contains information about our methodology. **Appendix C** contains a summary overview of Washington’s commodity commissions.

# Background

## Agriculture is a significant part of Washington's overall economy, and an economic pillar of many rural communities

Washington's rich soils and access to water for irrigation produce more than 300 different commodities, resulting in a diverse agricultural economy. Washington is the top-producing state for apples, blueberries, hops, pears, spearmint oil and sweet cherries, and ranks in the top three states for several other crops.

Agricultural production in Washington is nearly a \$10 billion industry, and sends nearly \$7 billion in food and related exports to other countries. The state's agriculture industry also underpins a food processing industry that generates an additional \$21.8 billion in revenue, and supports supply and marketing services in machinery, transportation and packaging, to name just a few. Together, agriculture and food processing in our state support more than 160,000 jobs, and generate income in all 39 counties.

## The agriculture industry faces many challenges, including rising costs, supply chain issues and a changing climate

The agriculture industry currently faces intense pressures that can affect the state's ability to compete in the global marketplace and continue to provide jobs and revenue for the state. For example, feed prices were up significantly in 2022 over the previous year, primarily due to high fertilizer prices and drought conditions that have limited grain and hay supplies. In our survey of Washington's producers, discussed in more detail in the Results section of this report, producers identified rising input costs as the greatest challenge the state's agricultural industry faces in the near future.

In addition, the COVID-19 pandemic disrupted labor markets, both in the demand for and the supply of agricultural commodities. The hospitality and leisure industry, another important sector of Washington's economy and one that relies heavily on the availability of agricultural commodities, was the hardest hit by pandemic-related layoffs and shutdowns. Another consequence of the pandemic was the disruption of traditional shipping patterns, and Washington producers face continuing supply chain challenges due to a lack of affordable or available shipping options.

This report uses the term **producers** to represent any person paying assessment fees to any of Washington's 21 agricultural commodity commissions.

The effects of climate change threaten water availability and crop production both nationally and globally, potentially reducing agricultural productivity and food availability. The University of Washington's Climate Impacts Group expects the state's crops and livestock will be affected by warming temperatures, rising levels of carbon dioxide and less water for irrigation. These changes will likely be compounded by new threats from changing pests and weeds.

Beyond Washington, the global agriculture industry faces current and future challenges that will force producers to find varied and nimble strategies to remain productive and robust.

## Washington's commodity commissions support the agriculture industry primarily through promotion, research and education

In Washington, as in many other states, agricultural commodity commissions help promote specific products and provide a voice for producers. The state's 21 commodity commissions (listed in the sidebar) function as state agencies. Producers are the commissions' primary source of funding through the assessments they pay, which totaled more than \$40 million annually in recent years. In most cases, assessments are determined by the volume of production.

The Legislature created the first commission – the Apple Commission – in 1937. Since then, it has codified seven others and passed two laws giving the Washington State Department of Agriculture (WSDA) authority to issue marketing orders creating others. Through that authority, which requires a vote of producers of the commodity, WSDA has formed 13 more commissions.

Each commission is governed by a board that includes the director of WSDA or a designee. Some boards have elected members, while others are appointed by WSDA's director. Some appointed boards rely on producer advisory votes to help inform those appointments. Aside from the board, most commissions employ paid staff, who may be state employees or engaged through a contract.

In 2021, assessment revenues varied from less than \$6,500 annually for the smallest commission (Puget Sound Salmon), to nearly \$8 million for the largest (Grain); they account for varying proportions of each commission's total revenue. For example, assessments contribute only 5 percent of the Beer Commission's funds, which derives its revenue primarily from festivals. For some others, virtually 100 percent of their revenue is collected through assessments.

### Washington's 21 Commodity Commissions

Alfalfa Seed	Hops
Apple	Mint
Asparagus	Oilseeds
Beef	Potato
Beer	Puget Sound Salmon
Blueberry	Pulse Crops
Cranberry	Red Raspberry
Dairy Products	Seed Potato
Fruit	Tree Fruit Research
Grain	Turfgrass Seed
	Wine

## Commissions primarily conduct research, education and marketing activities to support their industries

The laws and rules that govern the commissions set out both required and allowed activities that fall into five broad categories:

- Promotion and market development
- Research
- Education (producer and public)
- Standards and labeling
- Ensuring a fair regulatory environment

Nearly three-quarters (72 percent) of the commissions' combined budgets is used for promotion, market development and research. Two commissions – Tree Fruit Research and Cranberry – are by law or rule engaged solely in research; the others conduct a mix of programs across the five categories. In most cases, enabling laws and rules require a commission to conduct at least one activity from a specified list of activities. None of the laws and rules explicitly preclude a commission from conducting any particular activity. (See Appendix C for an overview of the commodity commissions.)

## WSDA plays an integral role in overseeing and supporting the commissions

As required by law, WSDA provides oversight and administrative services to the commissions, such as conducting board member elections and advisory votes. The law allows the Legislature to directly fund staff support for boards and commissions. However, without Legislative funding, it allows WSDA to develop rules to fund up to a half-time WSDA staff person to support the commissions (“one-half full-time equivalent employee” in RCW 43.23.033). The Legislature has not historically funded any staff support for the commissions. Currently, WSDA collects a portion of commissions' assessments to fund its half-time coordinator position, collecting about \$67,000 in 2021.

WSDA has a number of statutory responsibilities related to the commissions, including:

- Oversee the issuance, amendment and termination of marketing orders
- Conduct board member elections and advisory votes, including mailing ballots to producers
- Administer commission referenda votes
- Review and approve commission budgets and programs annually

- Calculate and collect funds from each commission to fund WSDA's half-time coordinator
- Provide a board member from WSDA for each commission

In addition to fulfilling WSDA's statutory responsibilities to the commissions, the half-time coordinator supports commissions based on their needs and requests within the limits of the agency's existing resources. For example, WSDA organizes and facilitates an annual all-commission meeting that allows boards and staff to assemble as a group for discussion and training. The coordinator also offers advice on how to implement and comply with new or changing laws or regulations imposed by other state agencies. The coordinator also completes bill analyses and fiscal notes for legislation affecting the commissions.

For commissions that hire their executive directors through contracts, the coordinator drafts the requests for proposals, helps draft resulting contracts, and manages the contracts on behalf of the commissions. The coordinator also researches and analyzes topics affecting agricultural commissions, and produces and distributes a monthly newsletter touching on a variety of relevant issues.

With some additional short-term funds from the Legislature, WSDA is also currently helping two new industries, hemp and cannabis, as they consider forming new commissions.

## **This audit assessed the benefits agricultural commodity commissions provide to Washington's producers and agricultural industry**

This audit was designed to answer the following questions:

1. To what extent do Washington's agricultural commodity commissions benefit the state's producers and its agricultural industry?
2. What opportunities exist to enhance the effectiveness of the state's agricultural commodity commissions?

# Audit Results

## **Producers recognized that commodity commissions benefit the state's agriculture industry, and more communication from commission boards could improve awareness of the benefits**

### **Results in brief**

Most surveyed producers believe they benefit from their commission's activities, and found value in their efforts. However, more transparent operations could help commissions communicate their value to producers and the public. For example, producers want more information about commission priorities and programs. The Washington State Department of Agriculture (WSDA) is well positioned to communicate information about commission operations to producers and the general public by making it available online. Producers also said commissions could improve efforts to actively solicit feedback. To do that, commissions could use surveys to engage with their producers and better understand their needs.

## **Most surveyed producers believe they benefit from their commission's activities**

Commission boards make decisions to execute programs and other activities on behalf of the producers who fund them. For board members to make good investments/decisions, they need to understand the perspectives of the producers they represent, especially if they want to know whether producers value their activities. To better understand those producer perspectives, we contracted with the Washington State University's School of Economic Sciences to help us create and administer a survey.

The survey sought to learn producers' viewpoints about a variety of commission activities, including:

- Board priorities
- How well the board communicates information
- Quality of information provided
- How the board solicits feedback from producers

Commission board members and staff worked with us to finalize the survey questions; a number of them added questions specific to their commission’s activities.

We contacted more than 14,000 producers who had paid assessments to a commission, inviting them to respond to the survey. The survey was offered to all producers for 20 commissions; for the largest – Grain – we selected a random sample of 2,201 of the state’s more than 11,500 grain producers. Response rates varied by commission, but overall, we received valid responses from nearly 10 percent of producers. Their responses can be considered representative of the general population because the overall sample error of the survey was close to zero. (Appendix B has more detail about the survey methodology.)

### Most respondents found value in the commissions’ efforts

Most survey respondents said their commission’s activities benefited them, and that the commission met their expectations, at least to some degree (Exhibits 1A, 1B). They derived the most benefit from activities related to marketing, promotion and consumer education. These three areas were also most often cited as the commission’s most important accomplishments over the previous five years.

While most responses to questions about the value of the commission’s activities were positive, significant numbers of producers said they derived little or no benefit from commission activities. For those producers, the survey went on to ask them to identify their reason. Most identified one of two reasons: they were unaware of what the benefits were, or they did not believe the commission’s activities met their specific needs. (How commissions might improve awareness of the value they provide is discussed later in this chapter.)

Most producers also indicated they believed their commission is addressing the most important issues or challenges facing their industry (Exhibit 1C).

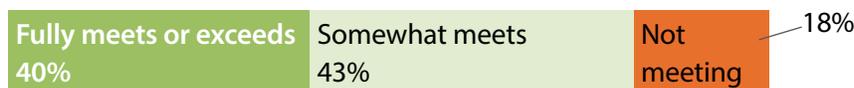
Producer perspectives on how commissions could address specific challenges are discussed in the next chapter.

#### Exhibit 1A, 1B, 1C – Producers were generally positive about their commission’s efforts

1A. How much do you or your operation benefit from the commission’s activities?



1B. Overall, how well is the Commission meeting your expectations?



1C. Do you believe the commission is addressing the most important issues and challenges facing producers?



Note: Total responses may not add to 100% due to rounding.

Source: Auditor created from survey data.

## More transparent operations could help commissions communicate their value to producers and the public

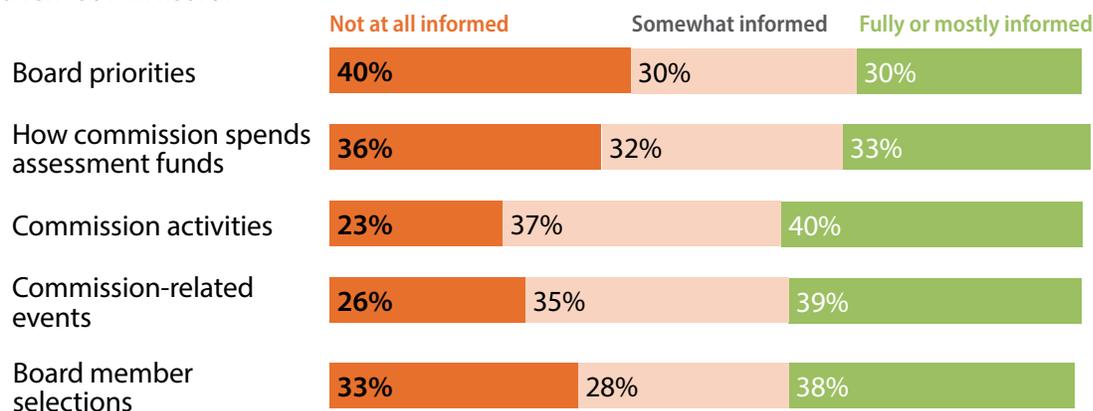
The public expects a state or federal agency to be transparent about its financial and operational activities. Although commodity commissions are state agencies, they are primarily funded by their producers, making the need for transparent operations important to people in both the public and private sectors. Transparency builds trust within the organization itself and fosters both internal and external support.

At a minimum, commission boards' efforts are transparent when they communicate information about their priorities, the programs and activities they implement to achieve them, and the results of their efforts. Doing so helps producers understand what efforts their assessment dollars are funding, and the value those efforts bring to their businesses. For the general public, including legislators and other policy-makers, the information provides assurance that the commissions are operating in the best interests of the state and the agricultural industry they represent.

### Producers want more information about commission priorities and programs

One question was designed to assess whether producers felt they were well informed about their commission's activities. The multi-part question asked about their knowledge of: board priorities, how their assessment funds were used, the commission's activities and events, and board member selections. For each of those areas, 30 percent to 40 percent of respondents were mostly to fully informed, but the remaining 60 percent to 70 percent were either only somewhat informed or not at all informed (Exhibit 2). Producers identified board priorities as the topic they were least informed about, followed by how the commission spent assessment funds.

#### Exhibit 2 – Most producers felt not at all or only somewhat informed about their commission



Note: Total responses may not add to 100% due to rounding.

Source: Auditor created from survey data.

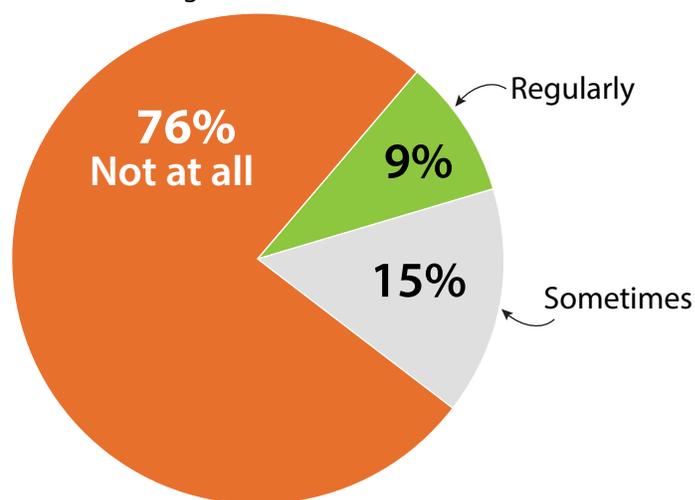
This correlates to responses to a separate question that asked producers how they believe commissions could improve, with survey respondents citing better communication more often than any other desired improvement.

Communicating with producers and giving them more information about commission activities are clearly areas where boards have opportunities to improve.

Often, such improvements are/can be fairly inexpensive to fulfill. To better understand how commissions currently share information and how that information is accessed by producers, we posed questions to both groups.

Commission boards primarily provide relevant information to their producers through newsletters and magazines (mailed or emailed), or during annual or other meetings. Producers said that while they regularly or at times get information through newsletters or magazines, most said they never receive information from board meetings (Exhibit 3). Scheduled meetings offer those who can attend an opportunity to gain valuable information, but it is unlikely that all producers are available for all meetings.

**Exhibit 3 – Most respondents never obtained information at board meetings**



Source: Auditor created using survey results.

### WSDA is well positioned to communicate relevant information about commission operations to producers and the general public by providing it online

Placing information about an organization’s operations on its website or other online platform is an increasingly common way of allowing anyone to better understand the organization. Such information can include its priorities, programs, budgets and decisions. In the case of agricultural commissions, there are currently no formal expectations that every commission operate a website, nor specifications about what kinds of information each one should contain. In many respects, doing so would be impractical. Commission needs vary widely, so mandating standardized content would not necessarily be helpful; furthermore, very small commissions – a few of which do not currently have commission-specific websites at all – could find the expense of building and maintaining a site prohibitive. Existing commission websites vary widely in purpose, format and the kind of information they provide.

This means consistent and comprehensive operational information about each commission’s programs and expenditures does not currently exist online. With a single online location that provides access to operational material about commissions in a consistent format, producers would have easier access to the information they say they want.

In addition, an easily accessed location would provide comprehensive information about the commissions and the agriculture industry overall to policymakers and the general public. Both producers and commission boards recognized the importance of the public's understanding of and support for this industry. Indeed, the issue producers most often identified as the one boards did not address well enough was educating the public.

On its website, WSDA currently provides links to each of the existing commission sites. With additional resources, the agency is well positioned to compile information about each commission's programs, budgets and activities in a consistent format and post it in one easily accessed online location.

### **Commissions could further improve awareness and understanding of their efforts by reporting program results**

Commission boards can also improve transparency and demonstrate their value by communicating how they use assessment revenue effectively and efficiently. To do that, boards will first need to understand whether their program expenditures have achieved the intended results, where they have not, and how they might adapt their strategies to improve their success.

An organization wanting to understand the outcomes of its efforts typically uses a process called performance management. Performance management involves measuring and reporting the results of various activities, especially as they compare to previously set goals. By doing so, commission boards can:

- Validate they use producers' assessment money judiciously
- Inform program decisions
- Provide sufficient information about what activities are working and which might need to be revised to achieve the intended results
- Help inform the public and policymakers about the industry

We reviewed each commission's performance management efforts, focusing on any practices the board used to understand whether its programs were achieving desired results. We excluded the two commissions that exclusively conduct research on behalf of their producers.

Performance management of research activity, while potentially meaningful, is much more complex to evaluate. The returns on research are uncertain, long-term, and indirect, making it difficult to measure their results. The fact that commissions contracted with WSU to conduct much of the research further complicates a performance management approach.

Based on the information that the remaining 19 commissions supplied, we found various stages of performance management implementation:

- Four commissions – Red Raspberry, Beef, Fruit and Wine – demonstrated comprehensive and sophisticated performance management programs that corresponded directly to objectives. Programs included performance measures, intended targets for the measures, and timelines for achieving the targets.
- Seven commissions had some elements of performance management, such as some performance measures
- Eight commissions did not appear to have attempted to measure the results of their programs

Measuring program results – especially for topics that involve global issues – can be challenging, particularly for very small agencies with limited staff. However, the information that even modest performance management efforts could provide would be valuable to all concerned. Commission boards would gain insight into whether their investments are “moving the needle.” Producers would have a better understanding of their board’s priorities and programs. Members of the public would have a clearer picture of Washington’s agriculture industry and the role the commissions play in its success.

Given the value that measuring and reporting program results could offer, the State Auditor’s Office has arranged for its Center for Government Innovation to offer a free, voluntary workshop to commission boards and staff in early 2023. The workshop will offer suggestions to help attendees consider how they might measure and communicate the results of their efforts.

## Commissions could use surveys to engage with their producers and better understand their needs

### Producers said commissions could improve efforts to actively solicit their feedback

By giving producers a real voice in commission priorities and activities, boards can enhance their relationship with them and ensure their actions align with the needs of the people they represent. This is particularly important in Washington because – unlike in some other states – producers cannot opt out of commission assessments or request refunds if they are dissatisfied with the value their commission provides.

Nearly two-thirds of survey respondents said they believe their commission board valued their input (Exhibit 4A). However, more than half said their commission had not actively solicited feedback in the previous three years (Exhibit 4B).

**Exhibit 4A, 4B – While most producers believe their board values their input, more than half said it had not recently solicited their feedback**

4A. In your opinion, how much does the board value your input or that of other producers?



4B. In the past three years, has the commission solicited your input or feedback about its events and activities?

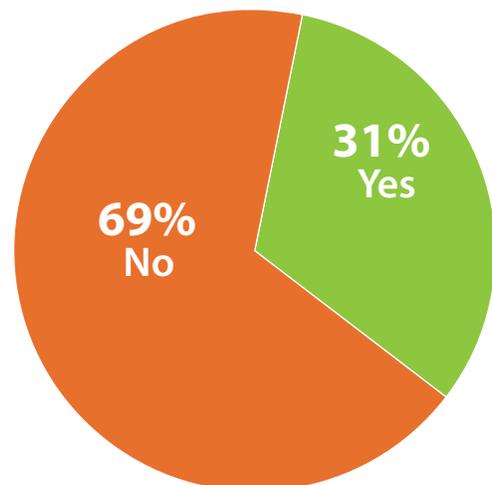


Source: Auditor created from survey data.

We asked commission boards how they offer opportunities for producers to voice ideas and opinions. More than half of boards said they rely primarily on meetings, particularly annual meetings, to solicit producer input. However, only 16 percent of producers said they were able to offer input through annual conferences or board meetings, demonstrating the need for a more wide-ranging approach.

Some commissions also told us that producers are able to provide input by contacting board members through online contact information. However, more than two-thirds of respondents said they did not know the board member who represents them (Exhibit 5).

**Exhibit 5 – Most respondents did not know who represented them on the commission board**



Source: Auditor created using survey results.

**Surveys could give producers opportunities to give boards valuable insights**

Periodic surveys, such as the survey conducted as part of this performance audit, could allow commission boards to gather perspectives from producers about their activities and decisions. Three commissions said they conduct some type of survey, although two are only available at their respective commission’s annual meeting.

During the development of our survey, commission staff expressed enthusiastic interest in obtaining the results. We have given copies of the survey materials to the commissions, which would enable them to administer their own, similar, anonymous surveys in the future. The goal is to gain ongoing information and perspectives from producers.

Administering a survey and compiling and evaluating survey results can be costly. Smaller commissions likely do not have the resources and expertise to do so on their own or to contract for the work. Again, WSDA is well positioned, with additional resources, to help commissions solicit producer feedback through periodic surveys.

## **A coordinated and comprehensive approach to marketing the state's agriculture industry could help ensure its future growth and success**

### **Results in brief**

Commission boards and producers both believe creating more demand for Washington's commodities is key to the industry's future. Developing a statewide brand for agricultural commodities could enhance demand for Washington products, and the experiences of other states suggest opportunities worth exploring here. In addition, coordination between commissions could help enhance their promotional efforts, both nationally and internationally.

## **Commission boards and producers both believe creating more demand for Washington's commodities is key to the industry's future**

Supply and demand are the driving forces of agriculture. Farmers strive to achieve high yields of their commodities and deliver quality products. Without adequate demand, however, market prices can fall below a level that keeps production profitable. Balancing supply and demand is complex, particularly as the industry faces intense pressures, from soaring input costs and growing inflation to shortages and changing weather.

Both producers and boards said they view the need to grow demand for Washington commodities as vital for the ongoing success of the state's agriculture industry. Building awareness and thus generating demand is at the core of marketing campaigns, and marketing is one of the most common roles commission boards undertake. Producers in particular identified growing domestic and international trade as high priorities for the investment of commission resources.

## **A statewide brand for agricultural commodities could enhance demand for Washington products, as other states have indicated**

One approach to improving the marketing of Washington's agricultural products is through a statewide branding program that incorporates specific marketing campaign strategies. Branding these commodities as "grown or produced in

Washington” allows commissions and producers to differentiate their products and draw attention to their high quality. Branding programs can also help consumers by making locally-grown items easy to identify, so consumers can choose to support local producers with their purchasing decisions.

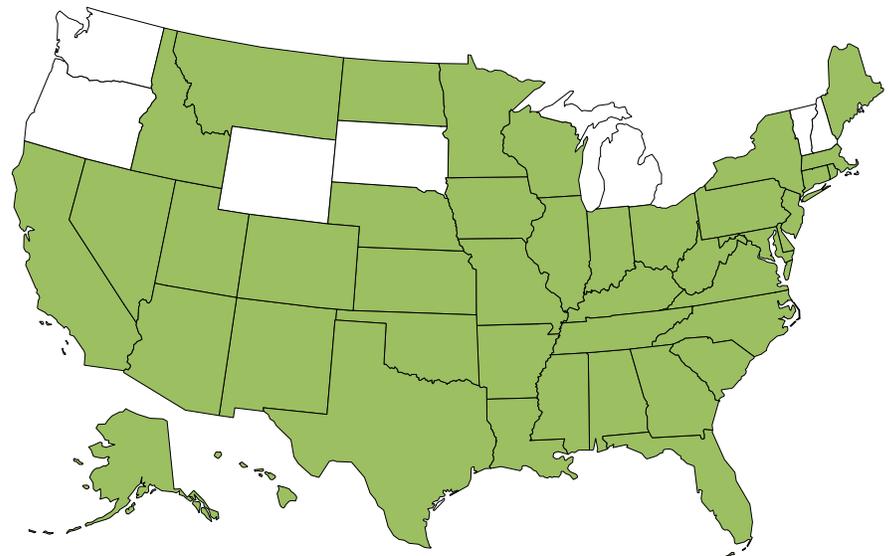
While existing laws allow producers to label their agricultural commodities as “Washington state grown, or other similar language,” the state currently lacks a comprehensive and organized branding effort to distinguish its agricultural commodities and products from those grown elsewhere. Our research identified states with current branding programs that met two conditions:

- The state Department of Agriculture plays a role in the program, indicating that the state invests resources in the effort
- The program includes a logo that producers can use to promote agricultural commodities grown or produced in the state

We found that 43 states have agricultural branding programs that met those two criteria. Washington is one of just seven states that does not (Exhibit 6). Programs in all states were designed to raise consumer awareness of and promote purchases of state-produced commodities. In each program, the state’s agriculture department plays a key role, either by leading it or by partnering with another organization.

In addition to marketing and labeling benefits for brand program participants, some state programs included unique elements. In New York’s branding program, *New York State Grown & Certified*, producers must meet certification criteria for food safety and environmental management. In Florida, the *Fresh From Florida* program focuses some efforts on prominent industry tradeshows and discounted tradeshow participation costs. The *Grown in Montana* program is managed through a partnership between the state’s tourism and agriculture agencies.

**Exhibit 6 – All but seven states, including Washington, have statewide agricultural branding programs**



Source: Auditor created from state websites.

Some states have completed studies suggesting their branding programs have been successful in enhancing the demand for their agricultural commodities. For example, an economic impact study conducted by the University of South Carolina estimated that, as of 2018, the maximum potential direct annual economic benefit

from the state's *Certified SC Grown* branding initiative was more than \$175 million. A 2020 brand study of Kansas' *From the Land of Kansas* program, conducted by an integrated marketing consulting company, suggested that more than 80 percent of Kansas consumers were more likely to purchase a product with the Kansas agricultural brand logo.

Funding information about state programs is limited; the recent investments of those we did find ranged between \$250,000 and \$3 million in a single year. For example, for the first time in 2017, Indiana included \$250,000 for its branding program in the state budget. Since 2019, Pennsylvania has channeled \$10 million to its branding program through its state-level farm bill. South Carolina allocated between \$1 million and \$3 million annually to its branding program over the past several years. In 2022, Iowa appropriated \$500,000 to the Iowa State Department of Agriculture and Land Stewardship to establish a branding program.

In Washington, WSDA is well placed to seek funding for and then coordinate a statewide branding effort for Washington's agriculture industry.

## Coordination between commissions could help enhance their promotional efforts, both nationally and internationally

Commissions could also grow demand by developing coordinated marketing efforts that highlight two or more Washington products in one campaign. By coordinating their marketing and other promotional events, commissions could achieve more efficient promotional strategies and share costs while growing customer awareness of the diversity of Washington's agricultural products. Such campaigns are particularly useful for products the purchaser consumes directly.

Roughly a third of commission boards said they currently engage in some coordination with other commissions; some said they were open to additional coordination in the future. Coordination can be difficult for small organizations, as boards and staff are focused on solving problems within their own industries. Taking an organized and collaborative approach could help lift some of the burden of individual, unique efforts. A collaboration that represents Washington's entire agriculture industry could benefit marketing efforts ranging from domestic promotional events to overseas trade missions.

As the primary oversight agency for the commissions, WSDA is in the best position to foster and facilitate coordination where it could benefit commissions and the state's overall agriculture industry.

## Additional WSDA support and assistance could help ensure commissions and their producers succeed

### Results in brief

Nearly all commissions say they need help in understanding and navigating state agency requirements and services, and WSDA is well positioned to help commissions with these issues. WSDA could also help commissions maintain more accurate and current member lists. In these and other areas, if WSDA had additional resources itself, it would be in a position to offer commissions even better support.

## Nearly all commissions say they need help in understanding and navigating state agency requirements and services

As state agencies, commissions must follow state laws and rules that govern them, and comply with those of other state agencies that oversee some of their activities. For example, when commission boards want to contract for goods, they must work with the Department of Enterprise Services (DES), which grants the commissions their authority to do so: DES must approve procurements that exceed certain limits. They must also conduct routine procurement risk assessments and submit them to DES. In addition, many boards contract for services, including for staff and for businesses with particular expertise to fulfill specific programs.

These laws and regulations can be complex and may change over time. Navigating these complex requirements can be challenging for commission boards because they are very small agencies, often with few or even no staff members.

The one area in which boards said they needed the most help and training from WSDA was to fulfill their roles as state agencies. This included wanting guidance in obtaining approval for procurement contracts through DES, and in understanding state laws and rules to ensure they complied with them properly.

In addition to navigating regulatory requirements, commissions need to understand when and why they should solicit services from other state agencies. For example, DES provides a variety of fee-based human resources services to state agencies. The cost of these services has recently increased, making it too costly for

some commissions to make use of them. We discussed this with staff at DES, who expressed willingness to discuss consolidating services to multiple small agencies, which might lower the cost per FTE of services purchased.

Again, WSDA is well placed to help commissions function more efficiently, by helping:

- Ensure boards are in compliance with all state requirements, including those involving other regulatory agencies
- Identify opportunities for commissions to collaborate on services to reduce their costs, then facilitating negotiations/conversations with agencies like DES

## WSDA could help commissions ensure they have accurate and current member lists

Commissions rely on accurate lists of producers to collect the assessments that pay for their programs, and WSDA staff rely on accurate lists to conduct board elections and referenda votes. Accurate lists are also essential for communication of relevant information to producers. State statute requires most commissions to maintain a list of their producers or to provide a list of known producers to WSDA as needed for sending out ballots.

To administer the producer survey, we asked each commission for its list of current producer contact information; most lists were a mix of mailing and email addresses. Of the total, 11 percent proved to be invalid addresses. In addition, nearly 200 producers in our sample notified WSU that they were not eligible to participate in the survey because they were retired, no longer the primary operator or no longer in business, or the addressee was deceased. The actual number of ineligible producers is likely much higher, as many surveys may not have reached the intended recipient.

WSDA staff expressed their frustration with the inaccuracy of some contact lists. For some commissions, many mailed election ballots are returned as undeliverable, and many other producers contact staff to say they should not be on the list. This results in unnecessary costs to the commissions who paid for the mailings, and annoys the people whose addresses remain on lists and are tired of being repeatedly contacted. More importantly, the outcome of an election or referenda vote could be incorrect if the right producers are not notified of the vote.

For many commissions, particularly those with few staff or large numbers of producers, it is likely too costly to reach out to all their producers frequently to verify contact information. They are more likely to remove contacts from their lists only when they learn about producers who have sold the operation, passed away or are no longer farming for other reasons.

WSDA could use corrected contact information they gather and provide that information to commissions to help them maintain current, complete and accurate producer lists.

## **If WSDA had additional resources itself, it would be in a position to offer commissions even better support**

WSDA is well positioned to further help commissions serve their producers more effectively. The audit noted five major areas where WSDA can contribute with support or expertise, including:

- Communicating relevant information about board programs and results, both to producers and to the general public
- Helping commissions better understand and engage with their producers
- Helping commissions successfully navigate and comply with state laws and rules
- Facilitating coordinated events and activities
- Marketing Washington's agriculture industry and its products

As noted earlier, commission activities are funded primarily through assessments levied on the state's producers. A portion of those assessment funds is collected by WSDA to pay for a half-time staff person who provides statutorily required support to commissions, and additional support as those funds allow. However, the statutory responsibilities currently consume almost all the funding available for the half-time position, meaning less is available for that person to provide additional support. For example, increasingly complex state obligations – such as updated procurement laws that contain additional requirements to promote open competition and transparency – have meant the staff person must invest more hours ensuring the commissions fully understand and comply with state laws and rules.

To undertake even a portion of the additional support needs this audit identified would require WSDA to obtain added funding that would allow it to expand its existing role, beyond a half-time position. The sources of such additional funding are limited:

- Existing agency funds redirected from other programs
- New funding garnered from the commissions
- New funding provided by the Legislature

Existing law currently prohibits WSDA from creating rules to fund more than a one-half full-time equivalent employee to support commissions. For that reason, additional funding obtained by redirecting existing agency funds or by garnering funds from the commissions themselves would require a change in law.

WSDA already participates on the 21 commission boards within its existing operating budget, as the agency director or other representative serves on each board. In addition, the agency is unlikely to have funds not currently dedicated to its existing programs and regulatory activities to redirect to commission support.

Similarly, as noted on pages 6-7, Washington's producers are facing daunting new challenges that suggest they are also unlikely to be able to afford to pay a higher percentage of their assessment funds for the additional support. The need for additional WSDA staff support is greatest for the medium- and smaller-sized commissions, who can least afford to pay a higher percentage of their assessments.

In interviews during this audit, commission boards were very complimentary about WSDA's assistance, and said they valued the relationships they have with both WSDA's director and staff. With additional funding, WSDA would be better able to support commodity commissions in meeting their critical functions to support their respective industries.

# State Auditor's Conclusions

Agriculture is a vital part of Washington's economy, helping to fill our grocery store shelves and restaurant kitchens, as well as employing approximately 160,000 people in every corner of the state. To support specific commodities, the state has created 21 separate commissions to conduct research, education and marketing of the products, from blueberries to beef.

The Washington State Department of Agriculture (WSDA) is well positioned to better coordinate and assist these commissions, but is likely to need additional resources if it is to do so. For example, today a single, half-time position within the department is charged by statute with many key tasks, such as reviewing and approving commission budgets and conducting board elections. More assistance from the department in areas such as communicating with producers and navigating state requirements would increase both their transparency and effectiveness.

Additionally, those within the industry believe they would benefit from statewide branding of Washington's products, something WSDA is also well positioned to take on. This report includes a number of recommendations to both the agency and the commissions.

# Recommendations

## For the Washington State Department of Agriculture (WSDA)

To expand the scope of assistance that WSDA provides to the commissions discussed throughout this report, and to implement recommendations 2-7 below, we recommend the agency:

1. Determine the resources it would need to provide further support for the commissions

To improve both producer and public awareness and understanding of the agricultural commissions' role in the state's agriculture industry, as described on pages 12-14, we recommend the agency:

2. Create and publicize a website that contains consistent information about each commission, aimed at informing producers and the general public about such topics as:
  - Key commission facts
  - Commission programs and budgets
  - Commission revenues
  - Contact information for commission board members and staff, and a means for producers to provide online suggestions or input
  - Commission program results

To ensure producers have the opportunity to provide feedback and perspectives to the commissions they fund, as described on pages 15-16, we recommend the agency:

3. Work together with commissions to periodically survey producers

To boost awareness of Washington's high-quality agricultural products, as described on pages 17-19, we recommend the agency:

4. Coordinate a statewide branding effort for Washington's agricultural industry

To enhance coordination of the agriculture industry, as described on page 19, we recommend the agency:

5. Assume a more targeted role in coordinating among the commissions to enhance marketing opportunities and other collaborative efforts

To assist commissions in navigating and complying with state laws and rules, as described on pages 20-21, we recommend the agency:

6. Provide additional technical assistance and training to commissions to ensure they are in compliance with state laws and rules, and serve as a liaison between commissions and other state agencies such as the Department of Enterprise Services

To address the challenges in maintaining more accurate and complete lists of producers at all times, as described on pages 21-22, we recommend the agency:

7. Provide updated contact information from nominations and elections processes to commissions to help them maintain and ensure more complete and accurate producer lists

### **For the Agricultural Commodity Commissions**

To help foster more understanding of and better transparency about the programs other than research that commodity commissions conduct, as described on pages 14-15, we recommend commissions:

8. Measure and report on the results of their programs. To help commission boards develop approaches to doing so, the State Auditor's Office Center for Government Innovation will offer a free, voluntary workshop, to be held in early 2023.

# Agency Response



## STATE OF WASHINGTON

January 10, 2023

The Honorable Pat McCarthy  
Washington State Auditor  
P.O. Box 40021  
Olympia, WA 98504-0021

Dear Auditor McCarthy:

Thank you for the opportunity to review and respond to the State Auditor's Office (SAO) performance audit report, "Washington's Agricultural Commodity Commissions: An assessment of effectiveness." The Washington State Department of Agriculture (WSDA) worked with the 21 agricultural commodity commissions and the Office of Financial Management to provide this response.

On behalf of Washington's agricultural commodity commissions, we sincerely appreciate the SAO performance audit team and how they conducted this audit. We are pleased that the audit acknowledges the importance of agriculture in our state and the necessary role of agricultural commodity commissions. Agriculture is a significant economic driver in Washington, and we want to ensure the industry continues to be recognized both nationally and internationally for producing top-quality products.

As the audit indicated, WSDA has statutory obligations to provide services to the commodity commissions. All of these are met with one half-time employee, whose salary is paid for partially by the commodity commissions. WSDA appreciates the SAO recognizing the value of the WSDA commission administrator and the potential for expanded support to the commodity commissions. At this time, WSDA is limited by law in its resource availability to expand this role. We will look at ways to improve current processes to better uphold our obligations to the commissions.

The commissions recognize the importance of performance evaluations and appreciate the SAO putting together a training session that further enhances their understanding. Ensuring the commissions remain relevant to their producers and respective industries is paramount.

Please extend our thanks to your team for their collaborative work on this performance audit.

Sincerely,

Derek Sandison  
Director  
Washington State Department of Agriculture

David Schumacher  
Director  
Office of Financial Management

cc: Jamila Thomas, Chief of Staff, Office of the Governor  
Kelly Wicker, Deputy Chief of Staff, Office of the Governor  
Nick Streuli, Executive Director of Policy and Outreach, Office of the Governor  
Emily Beck, Deputy Director, Office of Financial Management  
Mandeep Kaundal, Director, Results Washington, Office of the Governor  
Tammy Firkins, Performance Audit Liaison, Results Washington, Office of the Governor  
Scott Frank, Director of Performance Audit, Office of the Washington State Auditor

## OFFICIAL STATE CABINET AGENCY RESPONSE TO PERFORMANCE AUDIT ON WASHINGTON'S AGRICULTURAL COMMODITY COMMISSIONS: AN ASSESSMENT OF EFFECTIVENESS – JANUARY 10, 2022

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The Washington State Department of Agriculture (WSDA) consulted with the 21 agricultural commodity commissions and the Office of Financial Management (OFM) to provide this management response to the State Auditor's Office (SAO) performance audit report received on December 6, 2022.

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### SAO PERFORMANCE AUDIT OBJECTIVES

The SAO's performance audit assessed the benefits that Washington's agricultural commodity commissions provide to the state's producers and its agriculture industry. The audit had two objectives:

- To what extent do Washington's agricultural commodity commissions benefit the state's producers and its agriculture industry?
  - What opportunities exist to enhance the effectiveness of the state's agricultural commodity commissions?
- 

### Recommendations to the Washington State Department of Agriculture in brief:

**SAO Recommendation 1:** To expand the scope of assistance that WSDA provides to the commissions:

1. Determine the resources it would need to provide further support for the commissions.

**STATE RESPONSE:** The Washington State Department of Agriculture has statutory obligations to provide services to the agricultural commodity commissions. The law explicitly limits the department to one-half FTE (RCW 43.23.033) to provide these services. Expanding WSDA's level of assistance would require legislative support to change the statute. It is also important to note that the department is funded largely through service fees. If the Legislature changed the law, additional funding would be needed.

#### Action Steps and Time Frame:

- Gather input from agricultural commodity commissions to assess the need for additional funding sources. *By May 31, 2023.*
- 

**SAO Recommendation 2:** To improve both producer and public awareness and understanding of the agricultural commissions' role in the state's agriculture industry:

2. Create and publicize a website that contains consistent information about each commission, aimed at informing producers and the general public.

**STATE RESPONSE:** The Washington State Department of Agriculture currently has a web page devoted to information about agricultural commodity commissions, including links to each commission's web page. While we appreciate the need for a one-stop location of information for the general public, we are concerned that having multiple places where information is posted will increase the risk for errors.

Instead, we will develop guidelines and work with the commissions to help them develop pages on their own websites to satisfy this recommendation. WSDA will continue linking to each commission's website.

#### Action Steps and Time Frame:

- Draft guidelines for commission websites. *By May 1, 2023.*

- WSDA distributes guidelines to all commissions and holds a Q&A session to obtain feedback at the 2023 all-commission meeting. *By October 1, 2023.*
- 

**SAO Recommendation 3:** To ensure producers have the opportunity to provide feedback and perspectives to the commissions they fund:

3. Work together with commissions to periodically survey producers.

**STATE RESPONSE:** The audit identified a need to continue surveying the agricultural producers who pay assessments to the commodity commissions. The department agrees with this recommendation and will work with the commissions to identify a process to continue the survey.

**Action Steps and Time Frame:**

- Consult with commodity commissions and work to develop a process and timeline for the ongoing surveying of assessment-paying producers. *By October 1, 2023.*
- 

**SAO Recommendation 4:** To boost awareness of Washington’s high-quality agricultural products:

4. Coordinate a state-wide branding effort for Washington’s agricultural industry.

**STATE RESPONSE:** The department submitted a decision package to OFM, and the request is included in the governor’s 2023-25 budget proposal.

**Action Steps and Time Frame:**

- Provide education during the 2023 legislative session about the department’s budget request to support a statewide branding effort. *By April 30, 2023.*
- 

**SAO Recommendation 5:** To enhance coordination of the agriculture industry:

5. Assume a more targeted role in coordinating among the commissions to enhance marketing opportunities and other collaborative efforts.

**STATE RESPONSE:** We see this recommendation as expanding something we are currently doing through our annual all-commodity commission meeting.

To further explore the recommendation, the department will consult with the commissions about the opportunities and resources needed to organize quarterly meetings. By increasing communications with the commissions, we will be better able to identify more opportunities for collaboration.

**Action Steps and Time Frame:**

- Work with the commodity commissions to identify a meeting date in the first six months of 2023. This meeting would be held virtually. *By June 30, 2023.*
- 

**SAO Recommendation 6:** To assist commissions in navigating and complying with state laws and rules:

6. Provide additional technical assistance and training to commissions to ensure they are in compliance with state laws and rules, and serve as a liaison between commissions and other state agencies such as the Department of Enterprise Services.

**STATE RESPONSE:** We will address this recommendation in two parts. The WSDA commission administrator has been and will continue to be the liaison between the commissions and other state agencies, including the Department of Enterprise Services. We will continue this role while looking for opportunities to better ensure the commissions are provided current and applicable information.

With regard to providing training, the department has concerns about having the commission administrator serve as a trainer on various topics. While the department has historically helped coordinate training for commissions to ensure they are in compliance, it has never conducted the training. We are concerned about the level of risk it would place on the administrator to be the subject-matter expert on various issues. We will continue to coordinate and make commissions aware of applicable training and work with them to identify trainings they are interested in receiving or that are necessary to ensure they remain in compliance.

**Action Steps and Time Frame:**

- Work with commissions to identify appropriate training for the 2023 all-commission meeting. *By July 1, 2023.*

**SAO Recommendation 7:** To address the challenges in maintaining more accurate and complete lists of producers at all times:

7. Provide updated contact information from nomination and election processes to commissions to help them maintain and ensure more complete and accurate producer lists.

**STATE RESPONSE:** The department is responsible for the nominations and elections for all 21 commodity commissions. We are required to send out notices for these via U.S. mail. The commissions provide the producer mailing lists to us. To meet this recommendation, we will work with them to develop an agreed-upon process to ensure they are provided any returned mail or that we have notified them of phone calls we received regarding a change of land ownership or change of address.

**Action Steps and Time Frame:**

- Identify and agree upon a process at the all-commission meeting in September 2023. *By September 30, 2023.*

**Recommendation for the Agriculture Commodity Commissions in brief:**

**SAO Recommendation 8:** To help foster more understanding of and better transparency about the programs other than research that commodity commissions conduct:

8. Measure and report on the results of their programs. *To help commission boards develop approaches to doing so, the State Auditor's Office Center for Government Innovation will offer a free, voluntary workshop to be held in early 2023.*

**STATE RESPONSE:** The commodity commissions appreciate the opportunity for this free, voluntary workshop and recognize the value and importance of measuring and reporting the results of their programs. WSDA will continue to work with the commissions to engage with their boards to prioritize performance measures and reporting out on their work.

**Action Steps and Time Frame:**

- Commodity commission representatives attend the free, voluntary workshop in January 2023. *By January 31, 2023.*
- Commodity commissions present on their process to report results at the all-commission meeting in the first quarter of 2024. *By March 31, 2024.*

# Appendix A: Initiative 900 and Auditing Standards

## Initiative 900 requirements

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorized the State Auditor’s Office to conduct independent, comprehensive performance audits of state and local governments.

Specifically, the law directs the Auditor’s Office to “review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts.” Performance audits are to be conducted according to U.S. Government Accountability Office government auditing standards.

In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor’s Office evaluates the relevance of all nine elements to each audit. The table below indicates which elements are addressed in the audit. Specific issues are discussed in the Results and Recommendations sections of this report.

I-900 element	Addressed in the audit
1. Identify cost savings	<b>No.</b> However, while the objectives of the audit did not explicitly address how costs can be reduced, there could be some unquantified cost savings associated with improved efficiency.
2. Identify services that can be reduced or eliminated	<b>No.</b>
3. Identify programs or services that can be transferred to the private sector	<b>No.</b>
4. Analyze gaps or overlaps in programs or services and provide recommendations to correct them	<b>No.</b>
5. Assess feasibility of pooling information technology systems within the department	<b>No.</b>

I-900 element	Addressed in the audit
6. Analyze departmental roles and functions, and provide recommendations to change or eliminate them	<b>Yes.</b> The audit analyzed the role of the Washington State Department of Agriculture (WSDA) in the agricultural commodity commissions' activities, and made recommendations to expand it.
7. Provide recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	<b>No.</b>
8. Analyze departmental performance data, performance measures and self-assessment systems	<b>Yes.</b> The audit reviewed the commissions' performance management efforts, and made recommendations to improve them.
9. Identify relevant best practices	<b>Yes.</b> The audit identified agricultural branding efforts that exist in other states.

## Compliance with generally accepted government auditing standards

We conducted this performance audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with generally accepted government auditing standards as published in *Government Auditing Standards* (July 2018 revision) issued by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## The mission of the Office of the Washington State Auditor

To provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective. The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic [subscription service](#). We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program. For more information about the State Auditor's Office, visit [www.sao.wa.gov](http://www.sao.wa.gov).

# Appendix B: Objectives, Scope and Methodology

## Objectives

The purpose of this performance audit is to assess the benefits that Washington's agricultural commodity commissions provide to the state's producers and its agriculture industry, and identify any potential opportunities to enhance those benefits. The audit addressed the following objectives:

1. To what extent do Washington's agricultural commodity commissions benefit the state's producers and its agriculture industry?
2. What opportunities exist to enhance the effectiveness of the state's agricultural commodity commissions?

For reporting purposes, the audit results have been organized into key findings. The messages relate to the original objectives as follows:

- Producers recognized that commodity commissions benefit the state's agriculture industry, and more communication from commission boards could improve awareness of the benefits (pages 10-16) – This finding addresses Objectives 1 and 2.
- A coordinated and comprehensive approach to marketing the state's agriculture industry could help ensure its future growth and success (pages 17-19) – This finding addresses Objective 2.
- Additional Washington State Department of Agriculture (WSDA) support and assistance could help ensure commissions and their producers succeed (pages 20-23) – This finding addresses Objective 2.

## Scope

This audit focused on the effectiveness of Washington's 21 agricultural commodity commissions. The 21 commodity commissions are: Alfalfa Seed, Apple, Asparagus, Beef, Beer, Blueberry, Cranberry, Dairy Products, Fruit, Grain, Hop, Mint, Oilseeds, Potato, Puget Sound Salmon, Pulse Crops, Red Raspberry, Seed Potato, Tree Fruit Research, Turfgrass Seed, and Wine. WSDA was also included in the scope of the audit because the agency plays an integral role in overseeing and supporting the commissions.

## Methodology

We obtained the evidence used to support the findings, conclusions, and recommendations in this audit report during our fieldwork period (November 2021 to August 2022), with some additional follow-up work afterward.

To address the audit's objectives, we used a combination of audit methodologies.

- Review of laws and rules related to commissions, WSDA, and federal marketing orders
- Online research to understand commissions' performance management activities, and programs and commissions in other states
- Commission questionnaire and interviews to understand the commissions' challenges, barriers, processes, and their perspectives on WSDA's support
- WSDA questionnaire and interviews to understand the agency's role in supporting and overseeing the commissions
- Survey of producers to understand their perspectives about the commissions' activities, priorities, and the value they believe the commissions provide
- Analysis of commission budgets and programs to learn how funds are spent and the percentage of their revenue generated from assessments
- Analysis of election and referendum vote processes to understand who conducts the processes, how they are conducted, and the controls in place to ensure they are fair and impartial

We have summarized the work we performed to address each of the audit objectives in the following sections.

### Review of law and rules

We reviewed the enabling statutes and applicable rules for each commission to understand their formation, governance, allowed activities, assessment amounts and other characteristics. We also reviewed WSDA's laws and rules to understand the statutory relationship of the agency to the commissions. Finally, we reviewed federal marketing orders to determine how state laws and rules align with federal laws and rules.

### Online research

*Performance management.* To learn about commissions' performance management activities, we reviewed their websites and responses to our questionnaire (described on page 35). We also conducted online searches to find relevant information present on other websites, such as reports they submitted to the Legislature. We then evaluated the quality of each commission's activities based on whether they had key aspects of a robust performance management framework including output and outcome measures tied to objectives, targets, and timeframes. We excluded from our evaluation the two commissions (Cranberry and Tree Fruit Research) that, by law or rule, exclusively conduct research on behalf of their

producers because performance management of research activity, while potentially meaningful, is much more complex to evaluate. The returns on research are uncertain, long-term, and indirect, making it difficult to measure their results. The fact that commissions contracted with WSU to conduct much of the research further complicates a performance management approach.

*Programs in other states.* We reviewed commodity commissions and programs in other states to identify practices or programs that Washington may want to consider. We identified states to include in our analysis based on several factors including: states that border Washington, states that have commodity commissions, and states with similar revenue from agriculture. We selected 11 states to research: California, Georgia, Idaho, Kansas, Louisiana, Maryland, Michigan, Minnesota, Oregon, Pennsylvania and South Carolina. We reviewed relevant websites to identify practices in these states related to the roles of the state agriculture agency and the commodity commissions, commission funding, and requirements related to performance management and accountability.

During our research, we discovered that nine out of 11 states in our sample had statewide branding programs for agricultural products. Given the prevalence of these programs in our sample, we decided to expand our research to all 50 states so we could understand the prevalence of branding programs in the country as a whole. States were considered to have a branding program if the following two criteria were met:

- The state Department of Agriculture plays a role in the program, indicating that the state invests resources in the effort
- The program includes a logo that producers can use to promote agricultural commodities grown or produced in the state

For programs that met our criteria, we documented information about membership cost, funding and program performance if available.

## **Commission questionnaire and interviews**

We developed a questionnaire and conducted interviews to gain information about the commissions' challenges, barriers, and processes around performance management. We also worked with WSDA to craft additional questions for the commissions to gain their perspectives on WSDA's oversight and support. We then categorized commission responses into similar topics to identify the most common themes.

## **WSDA questionnaire and interviews**

We developed a questionnaire and conducted interviews to gain information from WSDA about the agency's statutory role in overseeing and supporting the commissions, and any other support and assistance it provides to the commissions. The questionnaire was designed to elicit information about WSDA's processes for conducting elections, advisory votes, rulemaking and referenda votes, and to learn about the responsibilities of the commodity commission coordinator position. We used WSDA's responses and information gained through our review of laws and rules to identify the agency's duties that are statutorily required, and identify the additional support and technical assistance it provides to the commissions.

## Producer survey

We contracted with Washington State University's School of Economic Sciences (WSU) to design and administer a survey to understand producers' perspectives on the value commissions provide. We chose to work with WSU based on their extensive background in agriculture and economics, and previous experience conducting independent agricultural surveys. In accordance with our audit objectives, we designed the survey questions to elicit producer perspectives on what commissions are doing well, and what, if anything, could be improved. Commission board members and staff worked with us to finalize the survey questions. A number of boards added specific questions to their commission's survey that were unique to their activities.

WSU identified potential survey participants through each commodity commission's producer list. The online survey was open from April 14 to August 31, 2022. We invited producers to participate by mail and/or email, depending on the contact information provided in the commissions' lists. Periodic reminders were sent throughout the survey. On July 15, 2022, we sent non-respondents with mailing addresses a survey packet that included a paper questionnaire and a link to the online survey. Respondents could complete either the paper questionnaire or the online survey. The online survey used Qualtrics survey software. Mail responses were entered into the Qualtrics survey interface.

For 20 of the 21 commissions, all individuals included in the commodity commissions' member lists were invited to participate in the survey and were sent all survey invitations and reminders. To reduce costs, we selected a random sample of producers from the largest commission (Grain). A random sample of 2,201 producers was selected from the Grain Commission member list of 11,572 producers. This random sample received all survey materials.

Our final sample included 14,189 producers. We received a total of 1,328 responses for a response rate of 9.4 percent. For all but one commission, the survey was a census survey, meaning that every producer/operation had a chance to participate. For the Grain Commission, a random sample of producers was selected to participate in the full survey, which resulted in sample error. WSU concluded that the sample error for Grain was +/-5.5 percent, and that the overall sample error of the survey was +/-2.6 percent. WSU also concluded that these sample errors are close to zero, indicating that the survey findings are representative of the target population (producers that were reported as having paid assessment fees to Washington state commodity commissions).

Once the survey closed, WSU prepared summary results for each question. WSU categorized qualitative responses to open-ended questions to identify prevalent themes. WSU also disaggregated the results for each question by size by categorizing producers into small, medium, and large size bands. Bands were established based on data published by the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) and producer responses to survey questions that asked about the size of their operation.

We provided customized reports to each commission that contained quantitative and qualitative results for their specific producers. We also gave copies of the survey instrument to the commissions and WSDA.

## **Analysis of commission budgets**

We analyzed commission budgets to learn how funds are spent within and across commissions. For our analysis, we used the most recent proposed budget data available that is provided annually by the commissions to WSDA for review and approval. We categorized commissions' expenditures into several topics such as marketing/promotion, research, and grower education. We then calculated the percentage spent on each topic by commission and overall across commissions.

We also used the proposed budgets to calculate the percentage of commissions' revenue that is generated from assessments. To do this, we divided the commissions' projected assessment revenue by their total projected revenue for their upcoming fiscal year.

## **Analysis of commission election and referendum vote processes**

To learn about commission election and referendum vote processes, we reviewed applicable laws and rules that govern these processes, and analyzed information gathered from the commission and WSDA questionnaires and interviews described above. We sought to understand who conducts these processes, how they are conducted, and the controls in place to ensure they are fair and impartial.

## **Work on internal controls**

Internal controls were significant to our first audit objective which sought to determine to what extent Washington's agricultural commodity commissions benefit the state's producers and agriculture industry. We evaluated internal controls related to the performance management efforts of each commission. We focused on whether the commission boards employed any practice aimed at understanding whether their programs were achieving their desired results. We did this by reviewing information available online and commissions' responses to our questionnaire. We found various stages of performance management implementation. See pages 14-15 of our report for detailed results.

# Appendix C: Washington's Agricultural Commodity Commissions

This appendix lists all 21 Washington agricultural commodity commissions active at the time of the audit (published in January 2023). Unless otherwise noted in the **Board structure** column, board member appointments are made by the Washington State Department of Agriculture director. The spending categories listed in the **Primary expenditure categories** column are based on the most recent commission budget submissions to WSDA and listed in order of magnitude of expenditure; *Marketing/promotion* includes consumer education.

Commission	Authorizing laws and rules	Formation	Board structure	Primary expenditure categories
Alfalfa Seed	RCW 15.65; WAC 16-529	Marketing order	8 members (3 elected, 4 appointed, WSDA director or designee)	Research; Marketing/ promotion
Apple	RCW 15.24; WAC Title 24	Separate statute	14 members (13 appointed, WSDA director or designee)	Marketing/ promotion
Asparagus	RCW 15.65; WAC 16-557	Marketing order	9 members (8 elected, WSDA director or designee)	Research; Marketing/ promotion
Beef	RCW 16.67; WAC 60-12	Separate statute	9 members (8 appointed, WSDA director or designee)	Marketing/ promotion
Beer	RCW 15.89; WAC 16-505	Separate statute	7 members (6 appointed, WSDA director or designee)	Marketing/ promotion
Blueberry	RCW 15.65; WAC 16-550	Marketing order	7 members (3 elected, 3 appointed, WSDA director or designee)	Research; Marketing/ promotion
Cranberry	RCW 15.65; WAC 16-565	Marketing order	8 members (7 elected, WSDA director or designee)	Research
Dairy Products	RCW 15.44; WAC Title 142	Separate statute	9 members (8 appointed, WSDA director or designee)	Marketing/ promotion
Fruit	RCW 15.28; WAC 224-12	Separate statute	17 members (16 appointed, WSDA director or designee)	Marketing/ promotion

Commission	Authorizing laws and rules	Formation	Board structure	Primary expenditure categories
Grain	RCW 15.115; WAC 16-531	Separate statute	11 members (10 appointed, WSDA director or designee)	Marketing/ promotion; Research; Grower education
Hop	RCW 15.65; WAC 16-532	Marketing order	8 members (7 elected, WSDA director or designee)	Research; Marketing/ promotion
Mint	RCW 15.65; WAC 16-540	Marketing order	8 members (3 elected, 4 appointed, WSDA director or designee)	Research; Marketing/ promotion
Oilseeds	RCW 15.65; WAC 16-573	Marketing order	7 members (3 elected, 3 appointed, WSDA director or designee)	Research
Potato	RCW 15.66; WAC 16-516	Marketing order	15 members (9 elected, 5 appointed by elected members, WSDA director or designee)	Marketing/ promotion; Research
Puget Sound Salmon	RCW 15.65; WAC 16-585	Marketing order	7 members (3 elected, 3 appointed, WSDA director or designee)	Marketing/ promotion
Pulse Crops	RCW 15.65; WAC 16-536	Marketing order	10 members (9 appointed, WSDA director or designee)	Marketing/ promotion; Research
Red Raspberry	RCW 15.65; WAC 16-561	Marketing order	7 members (3 appointed, 3 elected, WSDA director or designee)	Fair regulatory environment; Research; Marketing/ promotion
Seed Potato	RCW 15.66; WAC 16-520	Marketing order	5 members (2 elected, 2 appointed, WSDA director or designee)	Research; Marketing/ promotion
Tree Fruit Research	RCW 15.26; WAC 16-560	Separate statute	10 members (5 appointed by the Apple Commission, 3 appointed by the Fruit Commission, 1 appointed to represent the winter pear industry, WSDA director or designee)	Research

Commission	Authorizing laws and rules	Formation	Board structure	Primary expenditure categories
Turfgrass Seed	RCW 15.65; WAC 16-545	Marketing order	7 members (5 elected or appointed, 1 appointed by the 5 elected or appointed members, WSDA director or designee)	Research; Marketing/ promotion
Wine	RCW 15.88; WAC 16-575	Separate statute	13 members (12 appointed, WSDA director or designee)	Marketing/ promotion; Research



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