

**NEW JERSEY DEPARTMENT OF AGRICULTURE
RESPONSES TO
DISCUSSION POINT QUESTIONS**

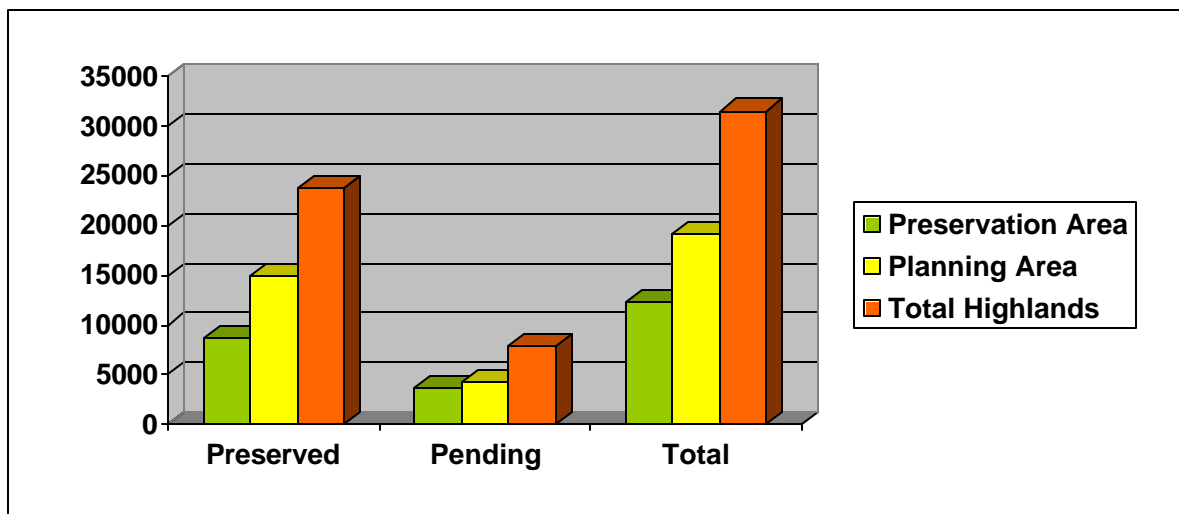
1. Since the approval of the Highlands Act, farmers in that region have been increasingly concerned by uncertainty surrounding the continued availability of farmland preservation funds and the lack of an alternative stable funding source to compensate farmers adversely affected by the act. According to a recently formed Highlands farmers group, many farmers feel they should be compensated because the act limits the development of their properties, which subsequently affects the amount of equity they can use for loans.

Question: Given that farmland preservation funds from the Garden State Preservation Trust are almost exhausted, how much of the remaining monies (in percentage and actual sums) is expected to be spent in both the preservation and planning areas of the Highlands Region? Please estimate the number of acres in both areas these remaining funds will preserve, as well as the number of acres already preserved in each area through the farmland preservation program since August 10, 2004 (the date of enactment of the Highlands Act).

Since the inception of the Farmland Preservation Program, \$118.3 million in State funds has been spent to preserve 23,705 acres in the Highlands Region (8,733 acres in the Preservation Area and 14,972 in the Planning Area). This represents 22 percent of all State funding spent and 16 percent of the total State acreage preserved.

Of these preserved acres, 3,965 have been preserved since August 10, 2004, the date of enactment of the Highlands Protection Act (1,490 acres in the Preservation Area and 2,475 acres in the Planning Area). The State’s cost-share to preserve these lands averaged approximately \$6,800 per acre, for a total state funding commitment of \$27.2 million.

Currently, there are an additional 7,812 acres within the Highlands Region that have been approved for preservation, and to which necessary SADC funding has been appropriated (3,597 in the Preservation Area and 4,215 acres in the Planning Area). Upon completion of these pending acquisitions, total farmland preserved within the Highlands is anticipated to rise to 31,517 acres (12,330 in the Preservation Area and 19,187 in the Planning Area).



The State Agriculture Development Committee (SADC) continues to encourage and fund the preservation of farms throughout the Highlands Region within all of its four acquisition programs (State Acquisition, County Easement Purchase, Planning Incentive Grants and Non-Profit Grants). It will dedicate an anticipated appropriation of \$15 million this year – as well as \$15 million appropriated last year – for a total \$30 million “Highlands Fund” to support additional Highlands applications in each program where demand for funding has outstripped otherwise approved SADC funding. Priority for that supplemental funding will be given to farms in the Preservation Area to maximize the preservation of farmland resources in the area determined by the Highlands Act to be in critical need of natural resource conservation and protection.

Additionally, the SADC continues to qualify for Federal Farm and Ranchland Protection funds that may be used toward the preservation of Highlands farms. A total of \$3.6 million in federal funds currently is available, and an application for an additional approximately \$4.0 million will be submitted shortly. These federal funds have the potential of bringing additional financial resources to bear on the preservation of Highlands Region farms.

Approximately \$150 million of Garden State Preservation Trust funds is currently available (not yet appropriated) to support new farmland preservation program acquisitions. Expenditure of remaining GSPT funds in the Highlands region is dependent in large part on landowner demand. While unquestionably additional Highlands landowners will pursue preservation to mitigate financial impacts of the Highlands Act, others are taking a wait-and-see approach as the master plan and potential options such as transfer of development rights evolve.

If Highlands Region farms continue to qualify for, on average, 22 percent of all state funds available, and in addition the SADC expends the \$30 million dedicated “Highlands Fund,” it is anticipated that approximately \$60 million will be spent in the Highlands Region over the next several years. Assuming the state’s cost share toward these acquisitions remains approximately \$7,000 per acre, we project an additional 8,500 acres of preserved farmland in the Highlands Region before remaining GSPT funding is depleted. We would further anticipate that one-half to two-thirds of those acres will be preserved within the Preservation Area in light of the SADC’s stated prioritization of this area.

2. The Budget Recommendation proposes two new grant programs to fight hunger: \$3 million for the Food Assistance Program and \$1 million for Capital Improvements for Storing Food for Food Banks. According to the Budget in Brief, these initiatives will enable an additional 500,000 people to receive food assistance.

Question: Please explain how these funds will be utilized and distributed, with particular attention to grant criteria, grantee matching amounts, administrative costs, federal drawdowns, implementation timetables and coordination with existing State or federal programs. What is the program’s current and expanded target population? What level of funding will be required in FY 2008 and thereafter?

The \$3 million will be provided to the major Emergency Feeding Organizations (EFO) on a quarterly basis, after approval of an application for participation. The funds must be spent on nutrient dense food supplies, including fresh fruits and vegetables in accordance with the following priority; locally, regionally and nationally. As part of the application to receive grant funds, the EFO will document existing sources of food supplies, service area, distribution plan, proof of non-profit status and their most recent independent CPA audit.

EFO'S will not be required to match any funds received.

The \$1 million will be available to each of the EFO'S based on their documented service levels, in accordance with pre-established criteria. Priority will be given to requests demonstrating the most need that will enable the grantee to store and distribute increased amounts of nutrient dense foods and fresh fruits and vegetables. Upgrades will include food storage, food delivery and food handling equipment. EFO'S will purchase the approved equipment from their own supplier, with monitoring by the NJDA.

The second priority will be providing infrastructure support to soup kitchens, food pantries and needy feeding organizations providing direct food assistance to individuals. These organizations will submit an application to their assigned EFO, who will approve it and forwarded to the NJDA. NJDA staff will perform an on site inspection for verification and order the equipment via a state approved vendor.

There will be no federal drawdown. Both programs will be implemented within 30 days of funds being provided to the NJDA. Since all agencies receiving grant funds currently participate in other NJDA Food Distribution Programs, coordination of benefits and accountability are assured.

Since this is a new initiative, no current population is being served. It is estimated, that on a monthly basis, 389,429 people receive food stamps, 5,417 participate in WIC, 3,333 in senior farm markets, 125,538 receive food packages from emergency food providers and 304,024 receive meals at a soup kitchen or shelter. Currently, 19.1 percent of the total population or about 1.6 million NJ residents suffer from food insecurity. These new monies will be used to provide an additional 4-5 million pounds of healthy food that is currently not available for distribution through the EFOs.

The department would need to analyze the effects of this budget's \$4 million investment and any remaining unmet need before requesting additional funding in FY 2008. New Jersey has appropriated only \$338,000 on hunger alleviation programs, less than all of the other Northeast Corridor states (MD, DE, PA, NY, CT, MA).

3. The department is recommended to receive \$250,000 in capital funding to purchase new chromatographic diagnostic equipment for its plant industry laboratory.

Question: Please describe the nature of this equipment and its potential impact on the laboratory's operations and the constituencies it serves.

The \$250,000 capital funding request to replace outdated "hand-me-down" liquid and gas chromatographic analytical equipment that is more than 20 years old. While the equipment currently fulfills its intended purpose, it is no longer supported by the manufacturer, and cannot be repaired in the event of mechanical breakdown.

This equipment is used by two of our laboratory divisions (Plant Industry and Animal Health) to identify harmful chemicals and compounds that can be found in pasture grasses and animal feeds. Naturally-occurring mycotoxins and other chemical agents can cause sickness, death and abortions in agricultural animals such as horses, cows, and sheep. The equipment is also used to for the identification plant pathogens and insect species, and to separate species of look-alike foreign noxious weeds on the basis of biochemical "finger prints."

Reliable semi-automated chromatographic equipment will provide prompt and accurate analytical data, and the ability to analyze a significantly greater number of samples in the event of an agricultural emergency or agricultural bioterrorism incident.

4. The Soil and Water Conservation grant program is currently funded at \$300,000, with budget language authorizing up to \$700,000 in additional funds from past farmland preservation bond acts. No funding from these two sources is recommended in FY 2007. To date, no money from the bond source has been appropriated for this purpose. Budget documents indicate that the program will continue but be supported from "non-state resources."

Question: Why has all State funding been removed from this program? If the program is to be continued, what "non-state resources" will be utilized? How will the elimination or curtailment of grants affect eligible farmers who are currently awaiting such funds or farmers who may want to join the farmland preservation program in the future?

Funding for the SADC's soil and water conservation grant program was originally provided for through a series of voter-approved Farmland Preservation Program bond referenda. Transfer of funding for farmland preservation from repeated bond issuances to the Garden State Preservation Trust in FY 2000 left the soil and water program without a predictable funding source, since GSPT funds were not permitted to be used in support of the soil and water program. In light of this shift, in FY 2000 the program began to receive annual state appropriations to supplement the diminishing bond fund balance still available to support the program.

FY05 and FY06 witnessed unprecedented program demand that has resulted in the expenditure of all remaining bond funds, and \$1 million dollars in accumulated bond

interest earnings. There are currently no remaining funds to provide grants for any additional applications. The only potentially available revenues identified at this point are \$250,000 in interest earnings from previous farmland preservation bond acts that can be applied to the grants program.

Funding for soil and water conservation grants is authorized as one of the benefits to owners of eligible farmlands who have voluntarily enrolled in either the Eight-Year Farmland Preservation Program, or the Permanent Farmland Preservation Program. These landowners are eligible to apply for cost-share grants to install more water efficient irrigation systems to increase crop production, protect the soil from erosion, install needed animal waste facilities and implement many other critical practices that help protect the environment and enhance agricultural viability.

Because landowners enrolled in the 8 Year Farmland Preservation program are not paid to enroll their farms (because the prohibition to develop is temporary – for an eight year period only), the main incentive for landowners to enter the 8 Year Program is eligibility for soil and water conservation grant funding.

Substantial curtailment of the soil and water conservation program will deter landowner enrollment in the eight-year farmland program by reducing the primary incentive to program enrollment. The effect of this is that the state loses an important tool used to help stabilize the agricultural land base. It is estimated that there are approximately 30,000 acres of farmland enrolled in the 8 Year Program at this time.

Further, curtailment of the program will discourage the implementation of beneficial conservation practices that protect the environment and improve agricultural productivity on farms in both types of farmland preservation programs. There are some 1,300 farmland owners who own approximately 145,000 acres of permanently preserved farmland.

5. According to the Budget in Brief, the department's operating budget will be reduced by \$575,000 as a result of "management efficiencies." Most of these "efficiencies," or mandated reductions in operating expenses, are manifested in salary accounts throughout the department.

Question: What impacts will the recommended reductions have on the department's operations? Please describe how these reductions will affect staffing levels and where such reductions will occur. If applicable, please identify any such efficiencies taken in the current fiscal year.

As part of the Department's plan to reduce the number of positions funded by Direct State Services, the Department will reduce or reallocate a total of twelve positions to fee based or federal accounts for a savings of state dollars in the amount of \$535,000. One program, the Seed Certification Program in the Division of Plant Industry, will be eliminated as a result of these reductions. The one employee of this program will be shifted to fill an operational need in our Asian Long-horned Beetle program. Two positions will now be funded by Storm-water fees, two from Dairy fees and six will be reallocated to existing federal grants. Two of our positions will be lost to attrition and not rehired. The remaining \$40,000 will

come from reduction of operating costs in our Divisions of Plant Industry, Agricultural and Natural Resources, Markets and Operations. The Department of Agriculture utilizes less than 3 % of its total direct state funding for operational needs.

6. The department's recommended budget indicates federal funding of \$1,187,000 for the Asian Longhorned Beetle Monitoring program and \$750,000 for the Cooperative Gypsy Moth Suppression program. The former program currently receives \$200,000 in State funding, which is also proposed in FY 2007. The latter program provides in-kind and technical support as well as \$75,000 in federal funding in FY 2006.

Question: Please describe the current and projected status of these activities, including staffing requirements, effectiveness and administrative expenses. Why is federal gypsy moth funding expected to significantly increase in FY 2007 and how will that affect the State matching share? What is the cost and funding source of trees planted to replace those destroyed by the Asian beetle? What is the extent of municipal, county and federal cooperation in the implementation of these programs? If applicable, how has the New Jersey Invasive Species Council addressed these pest issues?

Municipal, county, interagency and federal cooperation is the cornerstone of the New Jersey Asian longhorned beetle program; USDA APHIS frequently points to the New Jersey program as a model program. State, county and local officials are provided with weekly updates throughout the season, and are regularly consulted before any actions are taken within their municipalities. The Department of Agriculture worked with the City of Linden and USDA APHIS to purchase a grinding machine for wood recycling. Through a series of cooperative agreements, municipalities within the regulated area can now take their tree debris to Linden for disposal - at cost - providing greatly reduced rates.

The Asian longhorned beetle program is moving forwards in detecting and eradicating this dangerous foreign insect pest. While the regulated area in Middlesex and Union counties has expanded greatly in FY 2005-2006 due to the discovery of a few isolated infested trees, the Jersey City area was deregulated and considered controlled. The tree removal and treatment activities are controlling the beetle in known infested areas. Surveys based on computer modeling from those isolated trees have led to the recent discovery of a pocket of infested trees in an industrial area east of the NJ Turnpike in Linden, which are believed to be the source. Those trees will be removed in the spring of 2006, prior to insect emergence.

In order to minimize administrative expenses (particularly salaries and fringe costs), the Department of Agriculture contracts with a variety of commercial arborists and tree care businesses for tree surveys and tree removal; the USDA APHIS contracts for insecticide treatment. The permanent state staff assigned to this program is 4.75 FTEs; seasonal temporary employees supplement these positions, along with cross-utilization of other Department staff. Administrative expenses (salaries, fringes, personnel, legal, outreach, etc.) associated with the program are tracked and either directly chargeable, or considered as part of the state match - which, including the \$200,000 in state funding - is 17.26% of \$2.2 million.

Surveys and preventative treatments will continue in areas of Carteret, Woodbridge, Linden, Rahway, Roselle and Elizabeth for the next three years, and the Department and USDA APHIS is still on target to deregulate the Middlesex and Union county area in 2009. Routine monitoring surveys to ensure eradication in Jersey City area and in the Middlesex and Union county area are expected to continue through 2016, or until the New York City infestation is successfully eradicated (assuming federal funding remains available).

The Department of Agriculture is not directly involved with the tree restoration program. The US Forest Service is the source of funding for trees planted to replace those destroyed by the Asian longhorned beetle. The tree restoration program is carried out by the NJ Forest Service Community Forestry Program (NJDEP), under a MOU with the US Forest Service.

The gypsy moth suppression program is a voluntary cooperative effort between local governments, the New Jersey Department of Agriculture and the USDA Forest Service. The goal of the gypsy moth suppression program is to protect forested-residential areas and parks from tree loss.

A total of 29,535 acres of residential, state and federal forested properties in seven counties are proposed for treatment using *Bacillus thuringiensis* var. *kurstaki* (B.t.k.) to protect trees from defoliation by gypsy moth caterpillars. In 2006, 21 municipalities and 5 agencies are participating in the suppression program. The Department of Agriculture provides technical expertise by delineating treatment blocks based on population assessments, and prepares an environmental impact statement pursuant to NEPA; bids a statewide cooperative purchasing contract for aerial treatment; and monitors the aerial treatment operation. Each participating municipality (or county) is responsible for resident notification, providing labor to mark the spray block boundaries and paying the aerial treatment vendor. The Forest Service provides technical advice and funding to cost share the aerial treatment costs. The Department of Agriculture formally requests federal cost-share funds, and disburses funds to participating municipalities.

Gypsy moth defoliation fluctuates from year to year due to the population dynamics with the pest and biological control agents (gypsy moth fungus, parasitic and predatory insects) and environmental conditions (i.e., dry spring or wet spring). Federal funding is expected to rise during FY 2007, because there has been a population explosion of gypsy moth throughout the Mid-Atlantic States.

There are 2 FTE's on the gypsy moth program. The program expands to meet the increased need by supplementing these positions with seasonal temporary employees (including retired former program staff), along with cross-utilization of other Department staff. Administrative expenses (salaries, fringes, personnel, legal, outreach, etc.) associated with the program are tracked and either directly chargeable, or considered as part of the state match. The Department of Agriculture consistently overmatches the federal cost share for gypsy moth through state and local municipal cost sharing - there are no perceived additional impacts on the state-matching share.

The question regarding the New Jersey Invasive Species Council is not applicable. The New Jersey Invasive Species Council is an advisory group at present, and is in the process of formulating a recommended management plan. It is not yet in a position to address these pest issues.

7. According to the "Overview" section of the Budget Recommendation, some of the department's newer initiatives include involvement in the Low Pathogenic Avian Influenza (bird flu) program, investigation of violations to the Humane Standards for Livestock regulations, and the regulation of aquaculture through the issuance of aquatic farmer licenses.

Question: Please describe the department's role in each of these efforts, including costs, staffing requirements, disposition of revenues, and other pertinent data.

Low Pathogenic Avian Influenza (bird flu) program [LPAI]:

The purpose of this initiative is to enhance avian influenza control in the Northeast and Mid-Atlantic states and to aid in the identification, control and eradication of avian influenza in poultry populations. Control of avian influenza is essential to maintain free international trade and eliminate production loss due to infection. The New Jersey Department of Agriculture in cooperation with its federal and surrounding state counterparts and private industry is responsible for: obtaining appropriate diagnostic samples to determine avian influenza status of poultry and environments where they are held, assessing clinical health of birds in the live bird markets and other premises, auditing and review live poultry market records to ascertain compliance with state avian influenza control regulations, monitoring live bird markets at least quarterly following removal of birds and thorough cleaning and disinfection, supervising proper cleaning and disinfection of avian influenza infected premises, issuing quarantines and movement restrictions as appropriate and consistent with state regulations to control the spread and amplification of avian influenza, promoting appropriate avian influenza biosecurity measures in the live bird market system, conducting poultry trace backs and epidemiology to determine the probable source of avian influenza infected birds.

Since the implementation of this program in December 03 the incidence of low pathogenic strain in the Live Bird Marketing System (LBMS) has decreased from 35% to 7%. The ultimate goal of this program is to eradicate this virus altogether from the LBMS. This will be accomplished only through active field surveillance for the disease, laboratory testing, continued producer education and enforcement of the rules and regulations of the department.

Field activities consist of testing birds, monitoring and record keeping, and educational outreach. Testing and surveillance occurs at live bird markets, auctions, wholesalers, dealers, backyard flocks and private individuals. Professional staff participates in national, regional, and intrastate training seminars and provide education materials to all LBMS Stakeholders, and visit each Stakeholder at least one time each year to inspect facilities and maintain cooperative relationships. The State organizes at least four continuing education meetings for the Live Bird Market Working Group for veterinarians and stakeholders each

year and two-four educational meetings for live bird market personnel, describing and teaching biosecurity protocols. Other activities performed by the State include regular monitoring of the live bird markets and shutdown/cleaning & disinfection of positive markets.

The laboratory processes 5,000 pooled swab samples per year, and data is maintained in USDA's database (GDB). Reports, required for national and international trade, are provided to USDA quarterly or as requested.

As the national avian influenza surveillance and response programs continue to evolve, the Division responds will the proposal of new rules and regulations, which provide for uniform implementation and compliance.

YEARLY COSTS
STATE and FEDERAL RESOURCES

ITEM	COST	TOTAL
Staff for testing, surveillance, investigations		\$ 506,020.00
Attorney fees (estimated)		35,000.00
Equipment, supplies and maintenance		63,150.00
Training		9,000.00
Administrative costs		12,000.00
TOTAL :		\$625,170.00

Humane Standards for Livestock

NJDA developed and adopted the Humane Standards for Livestock, the first comprehensive humane regulations strictly for livestock in the country. These standards use a holistic approach to determine if an animal is being treated in an inhuman manner. It ensures that practices that are taught in land grant universities, agricultural extension agencies and schools of veterinary medicine are not deemed cruel by laymen and will be modified as new science becomes available on the humane treatment and care of livestock. Since the adoption in June 2004, the division has investigated over 80 alleged abuse cases.

In 1995, the Legislature directed the New Jersey State Board of Agriculture and the Department of Agriculture, in consultation with the New Jersey Agricultural Experiment Station, to develop and adopt 1) standards for the humane raising, keeping, care, treatment, marketing and sale of domestic livestock, and 2) rules and regulations governing enforcement of those standards. P.L. 1995, c.311. New Jersey Administrative Code 2:8, Humane Treatment of Domestic Livestock, was adopted May 4, 2004, by the State Board of Agriculture and Charles M. Kuperus, Secretary and published in the New Jersey Register Volume 36, Number 11 on Monday, June 7, 2004.

The rule reflected the culmination of consultations with the New Agricultural Experiment Station, as well as with other academicians, the New Jersey Society for the Prevention of the Cruelty to Animals, veterinarians, Department staff, extension agents, producers, and allied industries. The Board and the Department have committed themselves to ongoing review of scientific literature, veterinary school, land grant colleges, and agricultural extension curricula, and other pertinent scientific studies to ensure that New Jersey's standards continue to reflect practices supported by science and as informed by animal welfare concerns.

The Department, upon receipt of funding, has proposed to undertake a program to establish, develop and implement the training programs, including educational materials, needed for enforcement agents, including the Certified Livestock Inspectors established in the rules, producers, law enforcement staff and/or the public. Comprehensive training is required so that everyone involved in the process of caring for or inspecting livestock have a clear understanding of the responsibilities set forth in the rules as to raising, keeping, care, treatment, marketing, sale of livestock, as well as enforcement of the rules. In addition to responsible implementation of the rules, cooperation between the Department and those entities who enforce the State's animal cruelty laws will enhance the ability of the State to ensure that diseases (or threats of disease) will be identified quickly and appropriate action taken to prevent the transmission of these diseases which could harm the public or other animals.

The Department anticipates continued investment of time and resources from staff as well as legal consultants once re-proposed sections of the rule are published, and, anticipated legal challenges from animal rights groups are received. The Department notes that, as a result of increased interest and concern within the state and country about livestock handling and welfare, there has been a marked increase in the number of cases requiring staff investigations. As local law enforcement partners recognize the expertise available in the department to assist them in the determination of validity of complaints within their jurisdiction, there has been an increase in requests for such assistance. The Department expects such involvement to continue to expand.

Currently the division is expending the following resources:

Staff involved in investigations/training	\$150,915.00
Legal	\$ 50,000.00
Administrative assistance	\$ 43,296.00
Miscellaneous	<u>\$ 5,000.00</u>
Total	\$249,211.00

An Aquaculture Development Specialist working in the Aquaculture program within the Division of Agricultural & Natural Resources performs ALL required duties regarding the administration of the Aquatic Farmer License program. The Division absorbs all costs. There are no fees charged to the industry for an Aquatic Farmer License, so the NJDA does not collect revenues from this program. There are no fees because the Aquatic Farmer

License functions more like a certification process, and serves as a vehicle for identifying existing regulatory requirements, as oppose to adding new regulation.

The Program was initiated in June 2004. Launching the Program required significant staff hours. The licensing process was performed by the Aquaculture Development Specialist, in conjunction with existing administrative staff in the Division. Currently, most aquatic farmers in the state are licensed. 180 AFL licenses have been issued. The Office of Aquaculture Coordination currently processes about one application every month, so the administrative aspect of the program is not a challenge currently, nor does it require significant resources. However, Aquatic Farmer Licenses must be reissued in the spring of 2009.

The Aquaculture Rule (2:89) requires an annual site visit to ALL licensed aquatic farms. Due to staff and budget limitations in the Fish and Seafood Program, which contains the Office of Aquaculture Coordination, only a small fraction of these site visits can be completed. These limitations have also delayed the full implementation of other aspects of the Aquaculture Rule including the development of an import program and health certifications for finfish.