

ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 1999 - 2000 BUDGET



DEPARTMENT OF AGRICULTURE

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 1999

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF AGRICULTURE

Budget Pages.....C-7, C-15, C-20; D-17 to D-25; E-2

Fiscal Summary (\$000)

	Expended FY 1998	Adjusted Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$19,121	\$18,955	\$20,521	8.3%
Federal Funds	157,754	194,177	206,964	6.6%
<u>Other</u>	<u>9,551</u>	<u>10,847</u>	<u>11,462</u>	<u>5.7%</u>
Grand Total	\$186,426	\$223,979	\$238,947	6.7%

Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	141	143	143	0.0%
Federal	45	42	40	(4.8)%
<u>Other</u>	<u>53</u>	<u>52</u>	<u>55</u>	<u>5.8%</u>
Total Positions	239	237	238	0.4%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

Introduction

The prime mission of the Department of Agriculture (DOA) is to ensure the continued viability of New Jersey's agriculture and its related industries. The department's regulatory functions and operational programs provide services that support the following objectives: preserving the State's agricultural land base; developing fisheries and aquaculture resources; promoting and expanding domestic and foreign agricultural markets; detecting, controlling, and eradicating animal and plant pests and diseases; conserving soil and water resources; stimulating and expanding the State's agribusiness and equine industry; preventing unfair, illegal, and improper trade practices that may adversely affect the production and sale of agricultural products; and distributing federally donated food commodities and cash reimbursements for child and adult nutrition programs.

Key Points

- ! The department's total State-funded appropriation is recommended at \$20.5 million, a net increase of \$1.6 million or 8 percent over the current adjusted funding level.
- ! The Direct State Services (DSS) portion of the State budget is recommended at \$8.9 million, a decrease of \$399,000 or 4 percent from the current adjusted appropriation. The net reduction reflects the elimination of funding for the Sussex Soil Conservation District (\$65,000) and the Aquaculture Technology (\$250,000) line items, and a funding decrease of \$150,000 for the Future Farmers' Youth Development program. Funding for these three items was either included or adjusted in the FY 1999 Appropriations Act by the Legislature.
- ! An increase of \$100,000 in DSS funding is recommended to upgrade the department's computer systems, which is expected to result in lower annual maintenance costs.
- ! The Salaries and Wages account is reduced by \$35,000 in recognition of the curtailment in aerial spraying for gypsy moths due to low infestation levels. Budget language is proposed that authorizes this amount if such levels increase again during the year.
- ! The total Grants-In-Aid budget is recommended at \$1.6 million, a decrease of \$895,000 or 36 percent from the current funding level. Most of this reduction, \$850,000, is taken from the Conservation Cost Share Program but reflects a reallocation of funding sources rather than reduced funding. Recommended budget language authorizes \$850,000 to be transferred to this account from the DEP's Water Resources Monitoring and Planning account, which is funded from constitutionally dedicated Corporation Business taxes.
- ! Grants-In-Aid funding for the Promotion/Market Development matching grant program is increased by \$100,000, to \$250,000.
- ! Grants-In-Aid funding for the New Jersey Museum of Agriculture is reduced by \$145,000, to \$180,000. This account was increased by \$145,000 in the FY 1999 Appropriations Act by the Legislature.
- ! The total State Aid budget is recommended at \$8.9 million, an increase of \$1.8 million or 27 percent over the current amount. Most of the increase reflects a new appropriation of \$1.7 million to promote greater participation in the National School Breakfast Program.
- ! A new State Aid appropriation of \$25,000 is recommended for Payments In Lieu of Taxes to compensate towns for certain land resold under the Farmland Preservation Program.
- ! A new State Aid appropriation of \$100,000 is recommended for the Right to Farm Program to assist County Agriculture Development Boards in mediating complaints against farmers.
- ! The Capital Construction budget consists of two projects for a total recommendation of \$1.15 million, an increase of nearly \$1.0 million over the current appropriation. It includes \$153,000 to expand an existing accessory building at the Beneficial Insect Laboratory, and \$1.0 million for facility improvements at the Horse Park of N.J. at Stone Tavern.

Key Points (Cont'd)

- ! Federal funding is estimated at \$207 million, an increase of approximately \$13 million or 7 percent over the current funding level. Most of the increase is anticipated for the various activities funded under the federal Child Nutrition programs.

- ! The off-budget or All Other Funds portion of the budget is estimated at \$11.5 million, an increase of \$615,000 or 6 percent over the current adjusted level. The recommended funding level includes \$430,000 in additional administrative funds allocated from Farmland Preservation bonds to increase staff support for the State Agriculture Development Committee.

Program Description and Overview

The functions and programs of the Department of Agriculture (DOA) are grouped and displayed in the Budget Recommendation under one Statewide Program: Agricultural Resources, Planning, and Regulation. This Statewide Program consists of the following program classifications, which generally correspond to the department's organizational structure and reflect the operating levels at which specific appropriations are recommended:

Animal and Plant Disease Control refers to the budgets of the Division of Animal Health and the Division of Plant Industry. The former provides programs and services that control the introduction and spread of disease in animals. Its major activities include exotic disease surveillance, investigations, regulatory enforcement, SPCA training, and diagnostic laboratory services. The latter protects the ornamental, vegetable, and field crop plants and forested acreage of the State from pest insects and diseases. Its major programs include nursery inspection, seed certification, gypsy moth suppression, apiary inspection, and biological control of plant pests through the operation of the Alampi Beneficial Insect Rearing Laboratory.

Resource Development Services funds the Division of Rural Resources, which encompasses the State Soil Conservation Program, activities related to nonpoint source pollution, waste and stormwater management, the seafood and aquaculture industry, the Future Farmers of America program, and various research projects concerning the agricultural economy. It also is responsible for agricultural statistics, farm management training and financial and technical support for the State's 16 Soil Conservation Districts.

Dairy and Commodity Regulation refers to the Division of Dairy and Commodity Regulation, which is responsible for the inspection and grading of commodities such as fruits, eggs and vegetables (under the Jersey Fresh Quality Grading Program), the regulation of feeds, fertilizers, and liming materials, and the regulation and enforcement of dairy and commodities laws.

Marketing Services funds the Division of Markets, which supports the promotional matching grants and Jersey Fresh programs, the State portion of the Temporary Emergency Food Assistance Program (TEFAP), commodity councils, sire stakes, horse breeding programs, and the Horse Park of N.J. This division also includes the Bureau of Child Nutrition, which administers the federal and State subsidies for the child nutrition, school breakfast and school lunch programs.

Farmland Preservation supports the staff of the State Agricultural Development Committee, an independent agency charged with the administration of the Farmland Preservation program and other related activities, such as right-to-farm and Transfer of Development Rights activities.

Administration and Support Services supports the Division of Administration, the Office of the Secretary, and the State Board of Agriculture. The division provides all the department's support services while the Office of the Secretary is involved with legislative and industry liaison, legal services, policy development and providing support to the State Board of Agriculture.

Commodity Distribution contains only off-budget funds provided by federal and non-State funding sources. This classification encompasses federally-supported programs run by the department that receive and process federal surplus foods which are distributed to schools, food banks, institutions and needy individuals.

Program Description and Overview (Cont'd)

FY 2000 Budget Overview

The department's total State-funded appropriation is recommended at \$20.5 million, a net increase of \$1.6 million or 8 percent more than the FY 1999 adjusted appropriation of \$19.0 million. Variations between the current and recommended amounts include nearly \$2.0 million in new program appropriations, about \$1.1 million in program expansion, and \$850,000 in funding source reallocations. Notwithstanding these changes, the recommended funding levels of the department's regular operating accounts are not significantly different from existing funding levels.

Direct State Services

The recommended Direct State Services (DSS) or operating budget is \$8.9 million, a decrease of \$399,000 or 4 percent from the current adjusted budget of \$9.3 million. This net reduction reflects the elimination of two appropriations added to the current budget by the Legislature, \$65,000 for the Sussex Soil Conservation District and \$250,000 for Aquaculture Technology studies, plus a reduction of \$150,000 in the Future Farmers' Youth Development program (also added by the Legislature). The lone major increase in DSS funding is recommended in the Services Other Than Personal major object account, where an additional \$100,000 is included to upgrade the department's computer systems.

The funding levels of the department's remaining Special Purpose line items and regular spending accounts are recommended at about the same budget levels as in FY 1999. The Salaries and Wages account, recommended at \$5.81 million, is \$35,000 less than the current adjusted level due to a reduction in the activity level of the gypsy moth control program.

Grants-In-Aid

The recommended Grants-In-Aid budget is \$1.6 million, a decrease of \$895,000 or 36 percent less than the current funding level of \$2.5 million. Most of this net decrease, \$850,000, is found in the Conservation Cost Share program and represents a reallocation of funding sources rather than a budget reduction. The \$850,000 reduction in this account would be replaced by a transfer of the same amount from the Department of Environmental Protection's (DEP) \$5.0 million appropriation for Water Resources Monitoring and Planning, which is supported by constitutionally dedicated Corporation Business Tax (CBT) revenues. Recommended budget language would authorize this transfer.

Other Grants-In-Aid line items affected by proposed funding changes are the Promotion/Market Development account, increased by \$100,000 to provide more matching grants to commodity councils, and the New Jersey Museum of Agriculture, which is reduced by \$145,000. The reduction amount in the latter account corresponds to the additional funds that were added to this account in the current budget by the Legislature.

State Aid

The total State Aid budget is recommended at \$8.9 million, an increase of \$1.8 million or 27 percent over the FY 1999 total of \$7.0 million. Most of the increase, \$1.7 million, is contained in a new line item called "School Breakfast Program" which represents the introduction of a State-supported subsidy of 10 cents per breakfast that is intended to boost school district participation in the federally-funded School Breakfast program. This appropriation would raise the total subsidy level for this program rather than serve as matching funds to draw down additional federal funding,

Program Description and Overview (Cont'd)

which is currently anticipated at about \$20 million. The two other State Aid accounts associated with federal child nutrition programs, \$6.6 million for the school lunch program and \$439,000 for non-public nutrition aid, are recommended at their present funding levels.

Two new State Aid appropriations for the State Agriculture Development Committee (SADC) are recommended, \$25,000 for "Payments in Lieu of Taxes" and \$100,000 for "Right to Farm Program." The former sum would be used to compensate municipalities for taxes lost during the time period when properties are bought and sold under the Farmland Preservation program. The latter sum would be distributed to County Agriculture Development Boards for costs incurred while mediating right to farm disputes.

Capital Construction

The department's one Capital appropriation for FY 1999, \$156,000 to upgrade the HVAC system at the Alampi Beneficial Insect Rearing Laboratory, is not renewed in FY 2000. Two Capital appropriations are recommended for FY 2000: \$153,000 to construct an extension to an existing accessory building at the Beneficial Insect Laboratory, and \$1.0 million to construct a covered work area at the Horse Park of N.J.

Federal Funding

The department anticipates receiving \$207 million in federal funds in FY 2000, an increase of about \$13 million or 7 percent over the current appropriation level of \$194 million. Approximately 99 percent of the federal funds administered by the department are associated with the various federal child nutrition programs. Hence, the most noteworthy increases in FY 2000 are projected for the school lunch program, \$121 million to \$128 million, and for the summer child nutrition program, \$39 million to \$43 million.

Off-Budget Funds

The department's off-budget or "below the line" funding consists of revenues generated from various sources that are "dedicated" or appropriated directly to the department pursuant to budget language or other statutory authority. These monies are mostly derived from commodity inspection and grading fees, parimutuel betting (to support sire stakes and horse breeding activities), federal surplus food distribution and processing fees, bond administration funds, and commodity council assessments. In the Recommendation, these monies are displayed under "**All Other Funds**" on Page D-24 and are also listed under "**Schedule II--Other Revenues**" on Page C-15.

In FY 2000, the total amount of appropriated revenues is projected at \$11.5 million, an increase of \$615,000 or 6 percent over the current level of \$10.8 million. The recommended total reflects increases of \$50,000 for the administration of the transfer of Development Rights Bank and \$380,000 for the administration of the Farmland Preservation program. Both increases are derived from Farmland Preservation bond funds, which fully support the staff expenses of the SADC, the agency responsible for administering these programs. These increases are being requested in anticipation of new funding from the Open Space Preservation initiative.

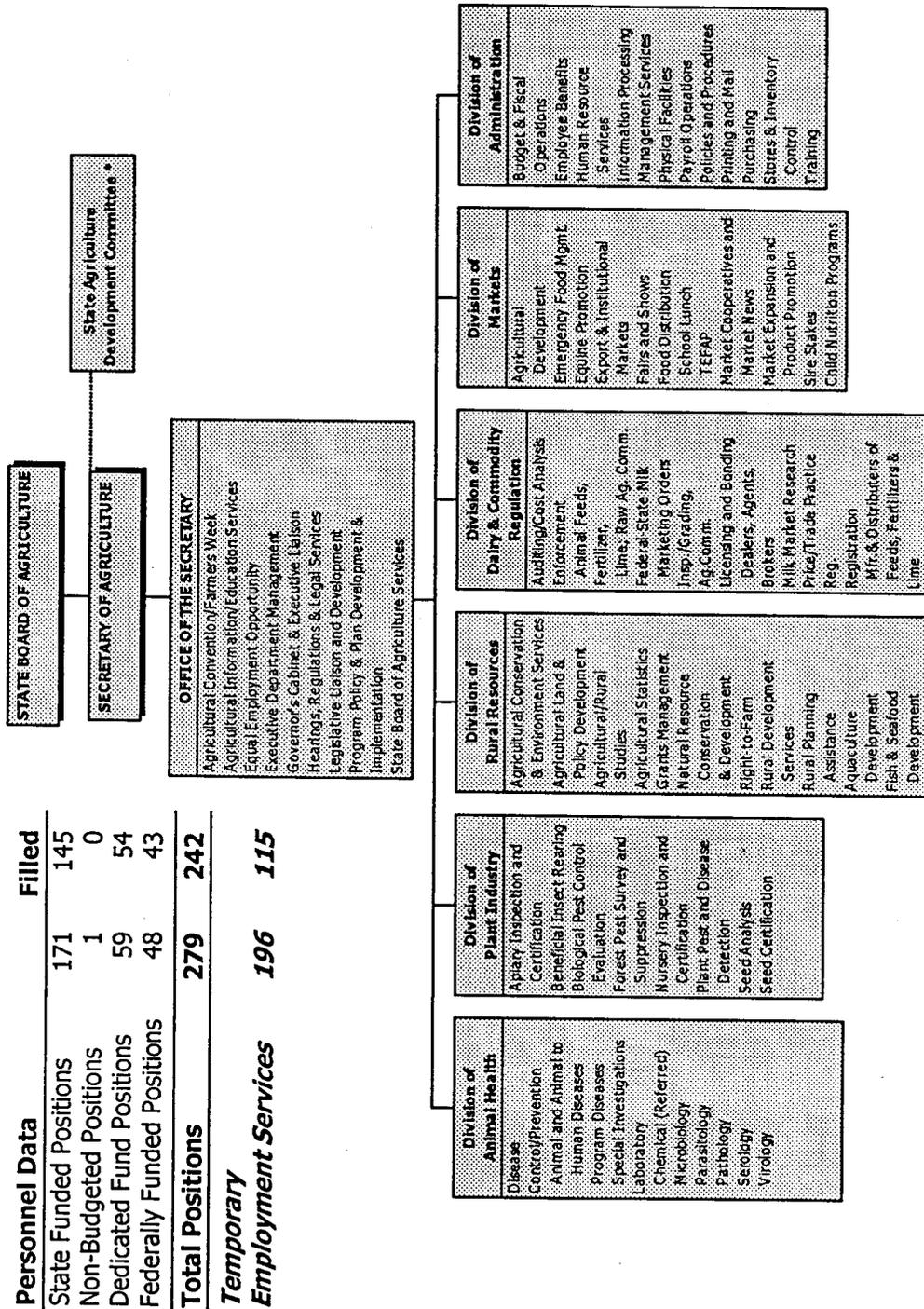
Program Description and Overview (Cont'd)

Positions

According to data made public by the Administration concerning the Budget Recommendation, no State or federally-funded departmental employees are scheduled to be laid off due to salary account or program reductions in FY 2000.

As displayed in the Recommendation and in the "Fiscal and Personnel Summary" section of this report, the FY 1998 and FY 1999 position data figures reflect the actual number of employees on the department's payroll at a given point in time while the FY 2000 figures reflect the total number of positions to be funded without regard to vacancy status. The Recommendation lists 143 State-funded positions both in FY 1999 and FY 2000.

Organization Chart



* In, but not of, the New Jersey Department of Agriculture.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 1998	Adj. Approp. FY 1999	Recom. FY 2000	Percent Change	
				1998-00	1999-00
General Fund					
Direct State Services	\$10,225	\$9,296	\$8,897	-13.0%	-4.3%
Grants - In - Aid	1,507	2,499	1,604	6.4%	-35.8%
State Aid	7,004	7,004	8,867	26.6%	26.6%
Capital Construction	385	156	1,153	199.5%	639.1%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$19,121	\$18,955	\$20,521	7.3%	8.3%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$19,121	\$18,955	\$20,521	7.3%	8.3%
Federal Funds	\$157,754	\$194,177	\$206,964	31.2%	6.6%
Other Funds	\$9,551	\$10,847	\$11,462	20.0%	5.7%
Grand Total	\$186,426	\$223,979	\$238,947	28.2%	6.7%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change	
				1998-00	1999-00
State	141	143	143	1.4%	0.0%
Federal	45	42	40	-11.1%	-4.8%
All Other	53	52	55	3.8%	5.8%
Total Positions	239	237	238	-0.4%	0.4%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	21.0%	21.0%	21.0%	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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DIRECT STATE SERVICES

Services Other Than Personal	\$422	\$522	\$100	23.7%	D-22
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The recommended increase is intended to finance the acquisition and installation of NT technology to the department's central computer system. According to the Administration, the acquisition of this computer equipment and software will provide greater and faster information processing capacity while reducing annual maintenance costs (currently about \$100,000) by up to 60 percent.

Special Purpose:

Aquaculture Technology	\$250	\$0	(\$250)	(100.0)%	D-22
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This appropriation was included by the Legislature in the current budget to provide \$125,000 each to the Aquaculture Extension Program at Rutgers and to the Aquaculture Technology Information Center at Cumberland County College. These allocations were designated by budget language also initiated by the Legislature (see **Language Provisions** section of this report).

Future Farmers' Youth Development	\$195	\$45	(\$150)	(76.9)%	D-22
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During the FY 1999 budget development process, the Legislature increased the Administration's original recommendation of \$45,000 for this program to \$345,000; the Governor subsequently reduced this amount to \$195,000 in her Veto Message. The recommended amount for FY 2000 would essentially restore the program's budget to its pre-FY 1999 funding level. The \$150,000 that was added in FY 1999 is being used to provide grants of \$7,500 to 20 selected high schools that participate in the Agricultural Education Technology Network, a nationwide organization that promotes agricultural education. The grants will be used toward the purchase of computer equipment necessary for network participation.

Sussex Soil Conservation District	\$65	\$0	(\$65)	(100.0)%	D-22
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This appropriation was included in the FY 1997, FY 1998 and FY 1999 budgets by the Legislature to help support a three-year survey to update the district's soil data. No further funding is recommended because the survey is scheduled to be completed during 1999.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
GRANTS-IN-AID					
Conservation Cost Share Program	\$2,000	\$1,150	(\$850)	(42.5)%	D-23

This program was introduced in the current budget. It provides 75/25 (State/recipient) matching grants to farmers to assist them in developing and implementing conservation management plans incorporating "best management practices" (BMPs) to control nonpoint source pollution, also called surface runoff. The program is operated by the State's 16 Soil Conservation Districts in conjunction with a similar federal program.

The recommended funding level does not reflect a budget reduction, but rather a reallocation of funding sources. The \$850,000 General Fund reduction would be replaced by the transfer of \$850,000 from the DEP's \$5.0 million appropriation of constitutionally dedicated Corporation Business Tax (CBT) revenues for Water Resources Monitoring and Planning. Recommended budget language (see **Language Provisions** section of this report) would authorize this transfer.

Promotion/Market Development	\$150	\$250	\$100	66.7%	D-23
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This program is part of the Jersey Fresh campaign and provides matching grants to commodity groups to promote their particular products. The additional funding will serve to leverage more industry advertising and to further promote Jersey Fresh products.

New Jersey Museum of Agriculture	\$325	\$180	(\$145)	(44.6)%	D-23
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Beginning in FY 1994, this private, non-profit facility at Cook College has received annual State grants to support its operations. The recommended amount matches the original amount proposed in the FY 1999 Budget Recommendation; the Legislature eventually increased this amount to its current level in order to support the cost of upgrading the facility's HVAC system.

STATE AID

School Breakfast Program	\$0	\$1,738	\$1,738	—	D-23
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This new appropriation is intended to increase by 10 cents the subsidy paid to school districts for each breakfast served to eligible children who participate in the federally-funded School Breakfast Program. According to the Administration, it is hoped that this initiative will encourage the number of breakfasts served Statewide to increase by up to 5 percent annually. The current rates of federal reimbursement for school breakfasts are \$1.04 for free breakfasts, 75 cents for reduced price breakfasts, and 25 cents for fully-paid breakfasts.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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The State currently receives approximately \$193 million for various child nutrition programs, about \$20 million of which is for school breakfasts. While the State annually appropriates about \$7 million for school lunches and non-public school nutritional programs, it does not provide funding for school breakfasts. Although the recommended amount would not draw down additional federal funding, it would provide an additional subsidy for school districts who are willing to provide school breakfasts but cannot currently afford to do so. This initiative reflects the first State funding for school breakfasts since FY 1989 and it is recommended in part to counter New Jersey's low participation rate (nearly last nationwide) in the National School Breakfast Program.

Payments in Lieu of Taxes	\$0	\$25	\$25	—	D-23
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This new appropriation is proposed to help the State Agriculture Development Committee (SADC) compensate municipalities for the loss of property taxes when land it has acquired in fee simple, under the Farmland Preservation Program, is resold for agricultural purposes with deed restrictions. These payments will mostly apply to land that is donated to or purchased by the program. Payments will be made to municipalities for taxes owed during the period in which such properties are for sale.

Right to Farm Program	\$0	\$100	\$100	—	D-23
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This new proposal provides funds to the SADC to financially assist County Agriculture Development Boards when they incur costs in settling right to farm disputes, pursuant to amendments to the Right to Farm Act approved in 1998 (P.L. 1998, c.48). The revised Act included a provision for this type of mediation in order to help protect farmers from dealing with nuisance complaints that could require court action.

CAPITAL CONSTRUCTION

Beneficial Insect Laboratory-Upgrade HVAC System	\$156	\$0	(\$156)	(100.0)%	E-2
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The current amount was a one-time appropriation to upgrade the HVAC system at the Alampi Beneficial Insect Rearing Laboratory in Ewing Township, Mercer county. According to the department, this upgrade was needed to provide a more optimal environment for the mass production of insects.

Beneficial Insect Laboratory-Expansion	\$0	\$153	\$153	—	E-2
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The recommended amount would be used to construct an extension to an existing accessory building at the Alampi Beneficial Insect Rearing Laboratory. This project is intended to increase the building's capacity by 48 percent so it can accommodate additional agricultural implements and

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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greenhouse and laboratory supplies. These items are presently stored in an area which can be otherwise utilized for insect rearing.

Horse Park of NJ- Indoor Arena	\$0	\$1,000	\$1,000	—	E-2
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These funds are recommended to construct a covered work area at the New Jersey Horse Park in Upper Freehold, Monmouth county. This facility would be adjacent to a future indoor arena and would provide a covered staging area where horse show participants could prepare for shows.

ALL OTHER FUNDS

Farmland Preservation	\$1,065	\$1,495	\$430	40.4%	D-24
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This line item provides the administrative funding for the SADC, an independent agency that is statutorily mandated to operate the Farmland Preservation Program and related activities. These monies are derived from the 1992 and 1995 Farmland Preservation Bond Act Funds. Of the recommended amount, \$125,000 is for the administration of the Transfer of Development Rights Bank, an increase of \$50,000 over the current amount. This bank was created by the Open Space Preservation Act of 1989 to reimburse municipalities that have adopted viable development transfer ordinances. It is capitalized by \$20 million as authorized under the 1989 bond act.

The balance of \$1.37 million, which reflects an increase of \$380,000, is recommended to administer the Farmland Preservation program. This increase is proposed in anticipation of increased activity from the Open Space Preservation initiative, which was approved by voters in November, 1998 and is intended to preserve up to 500,000 acres of farmland over the next 10 years. The SADC's current funding sources will eventually be replaced by new funding sources connected to projects supported by this initiative. These sources will ultimately be determined by enabling legislation to implement the objectives of the Open Space initiative.

Language Provisions

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p. B-9

p. D-24

Receipts from the seed laboratory testing and certification programs are appropriated for program costs.

Same language, except the following provision is added: "The unexpended balance as of June 30, 1999 in the seed laboratory testing and certification account is appropriated for the same purpose."

Explanation

This language provision is amended to authorize the reappropriation of any unspent monies remaining in this account at the end of FY 1999. This authority will allow such funds to be carried forward into the same accounts in FY 2000 rather than be lapsed into the General Fund. All program receipts, including those that are collected near the end of a fiscal year, could therefore be utilized for program support.

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No comparable language.

p. D-24

In addition to the amounts hereinabove, there is appropriated up to \$35,000 for the Gypsy Moth program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The threat of significant gypsy moth infestation has been dramatically reduced in recent years as a result of the department's aerial spray program and a naturally occurring virus that is deadly to this pest. As a result, the department's recommended Salaries and Wages account has been reduced by \$35,000. This language is proposed in the event that infestation levels increase during the upcoming year, thereby requiring additional funds to resume the spray program.

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No comparable language.

p. D-25

The unexpended balance as of June 30, 1999 in the Conservation Cost Share Program account is appropriated for the same purpose.

Language Provisions (Cont'd)

Explanation

This language provision authorizes the reappropriation of any unspent monies remaining in this account at the end of FY 1999. This authority will allow such funds to be carried forward into the same account in FY 2000 rather than be lapsed into the General Fund.

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p. B-9

In addition to the amount hereinabove for Rural Development Services, such sums as may be necessary shall be transferred, pursuant to an agreement between the Department of Environmental Protection and the Department of Agriculture, from the Department of Environmental Protection's Water Resources Monitoring and Planning - Constitutional Dedication account to support non-point source pollution control programs in the Department of Agriculture, subject to the approval of the Director of the Division of Budget and Accounting.

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p. D-25

In addition to the amount hereinabove for the Conservation Cost Share program, an amount not less than \$850,000 shall be transferred, pursuant to an agreement between the Department of Environmental Protection and the Department of Agriculture, from the Department of Environmental Protection's Water Resources Monitoring and Planning - Constitutional Dedication account to support non-point source pollution control programs in the Department of Agriculture, subject to the approval of the Director of the Division of Budget and Accounting. The unexpended balance of this program as of June 30, 1999 is appropriated for the same purpose.

Explanation

The current language is amended in three ways: First, the Conservation Cost Share (CSC) program, instead of the Rural Development Services budget classification, is designated as the recipient of any funds that may be transferred from the DEP's \$5.0 million appropriation for Water Resources Monitoring and Planning. Second, a specific minimum amount, \$850,000, is authorized to be transferred to the program rather than an unspecified amount. Last, language is added to carry forward any unspent program funds at the end of FY 1999 in FY 2000.

These changes are proposed in conjunction with the program's recommended line-item reduction of \$850,000, as explained more fully in the **Significant Changes/New Programs** section of this report. In essence, the lower, proposed line-item amount would be offset or supplemented by the transfer of funds from the cited DEP account as authorized by the amended language. In FY 1998, \$1.3 million was transferred from this DEP account to the department. However, these funds were used for nonpoint source pollution control projects that were not part of the CSC program. The amended language changes this in that the funds to be transferred are designated to supplement the budget of this program. Similarly, a transfer of CBT funds from the FY 1999 appropriation for Water Resources Monitoring and Planning is currently being negotiated, and will, as in FY 1998, be used in conjunction with, but not as part of, the CCS program.

Language Provisions (Cont'd)

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Receipts derived from the Soybean Integrated Pest Management Program are appropriated for the same purpose.

No comparable language.

Explanation

This language is deleted because the Office of Management and Budget has determined that it is not needed, as such receipts are already authorized by existing General Provision language to be appropriated to the department for program support.

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Of the amount appropriated hereinabove for Aquaculture Technology, \$125,000 shall be allocated for the aquaculture extension program and \$125,000 shall be allocated for the Aquaculture Technology Information Center at Cumberland County College.

No comparable language.

Explanation

The elimination of this language corresponds to the recommended elimination of the referenced line-item (see **Significant Changes/New Programs** section of this report). This language, along with the referenced appropriation, was included in the current budget by the Legislature to provide Rutgers and Cumberland County College with funding for their aquaculture programs.

Discussion Points

1. The Conservation Cost Share program was initiated in the current budget at \$2.0 million. This program, which provides matching grants to farmers to develop plans to control nonpoint source pollution, is recommended in FY 2000 at the same funding level but from two separate funding sources: \$1.15 million as a direct appropriation to the department, and \$850,000 from dedicated Corporation Business Tax (CBT) revenues as authorized by recommended budget language. This language allocation would be derived from a \$5.0 million CBT-supported line item entitled "Water Resources Monitoring and Planning-Constitutional Dedication" in the Department of Environmental Protection. Pursuant to similar budget language in FY 1998 and FY 1999, \$1.3 million was allocated to the department from this line item's FY 1998 appropriation and \$850,000 is expected to be allocated from the FY 1999 appropriation (according to the "Budget In Brief"). Unlike the recommended budget language allocation, these two previous allocations were authorized to support unspecified nonpoint source pollution activities rather than those supported by the Conservation Cost Share program.

! *Question:* Please describe the program's activities and fiscal status (including administrative costs) thus far, plus its objectives for the remainder of FY 1999 thru FY 2000. Please explain how the two previous CBT allocations are being utilized, especially in relation or in conjunction with the Cost Share program.

2. A State Aid appropriation of \$1.738 million is recommended to initiate a State subsidy of the federal school breakfast program. According to the Administration, this appropriation will subsidize 10 cents of the cost of each breakfast served by participating school districts, thereby increasing the number of breakfasts served Statewide by five percent. The FY 1999 federal support for school breakfasts in New Jersey is \$20.15 million; \$21.2 million is anticipated in FY 2000.

! *Question:* Please explain how the \$1.738 million amount was calculated. What assumptions were used to predict that this subsidy will increase the number of breakfasts served by up to five percent? Is this appropriation expected to be a permanent State subsidy that school districts can annually rely upon?

3. In the FY 1999 Appropriations Act, the department received \$50,000 for "Sludge/Fertilizer Testing" which was to be used for the collection and analysis of fertilizers, liming materials and soil conditioners made from a variety of bio-solids materials. The department stated that added laboratory analysis for nutrient content and for heavy metals would be the focal point of these funds. The Administration had also anticipated an additional \$174,000 in dedicated fee revenues for this effort through the passage of legislation that would raise the regulatory fees for fertilizers, feed and liming materials. To date, however, such legislation has not been enacted.

! *Question:* Please describe how these funds have been spent thus far and what, if any, impacts on the agricultural chemistry program have resulted from this testing. In light of the absence of the additional fee revenues that were intended to augment this effort, are any additional State funds needed for further testing?

4. An appropriation of \$250,000 for "Aquaculture Technology" was included in the current budget by the Legislature to provide \$125,000 grants to Rutgers and Cumberland County College. Further funding is not recommended in FY 2000.

Discussion Points (Cont'd)

! *Question:* Please explain how these grants were expended. Are the programs supported by these funds connected or associated with the department's aquaculture development activities and, if so, how? Please detail the progress or accomplishments of the aquaculture program during the past year, including total program costs.

5. The recommended appropriation for "Promotion/Market Development" is \$250,000, an increase of \$100,000 over the current funding level. This program provides funds for matching grants to commodity groups to promote their particular products.

! *Question:* Please describe the program's scope, procedures and awards. What impacts are expected from the recommended increase?

6. A new appropriation of \$25,000 is recommended for "Payments In Lieu of Taxes." This sum will be appropriated to the State Agriculture Development Committee and is intended to provide compensation to municipalities for the loss of property taxes during the period when deed-restricted land bought under the Farmland Preservation program is in the process of being resold.

! *Question:* Please explain how this appropriation amount was calculated and the method by which it will be disbursed. Is this type of compensation expected to become a permanent feature of the Farmland Preservation program and, if so, how will future funding levels be affected by the new Open Space Preservation initiative?

7. A new appropriation of \$100,000 is recommended for the "Right to Farm Program." This amount will be appropriated to the State Agriculture Development Committee and is intended to provide assistance to County Agriculture Development Boards when mediating right to farm disputes.

! *Question:* Please describe the procedures and criteria under which these funds will be awarded. Is this appropriation expected to become an annual funding source for this activity and, if so, is it expected to stay at the same funding level?

8. As a result of the increasing pressure on deer habitats brought about by development and an increase in the size of deer herds, a survey by Rutgers estimated crop damage caused by deer at \$5 million to \$10 million in 1997. Various options such as deer fencing, extended hunting seasons, deer depredation permits, and the opening of more private land to hunting have been tried but have not been successful in significantly reducing the deer population or the increasing level of crop damage.

! *Question:* Please discuss how the department is addressing this problem, including the status of its involvement with the DEP and other government or private agencies. Is State financial support required in addressing this problem and, if so, at what levels and for what purposes? Please provide further information, if available, on the economic impacts of this problem and any feasible options that may be used to address it.

Discussion Points (Cont'd)

9. In the current budget, \$50 million in State Aid funding was appropriated to the DEP for "Open Space-Local Match" to provide interim funding for the Green Acres and Farmland Preservation programs until new funding under the Open Space Preservation initiative becomes available in FY 2000 and thereafter. The budget recommendation includes \$98 million for this purpose. Current budget language authorizes that a negotiated portion of the interim funding be transferred to the State Agriculture Development Committee to support the Farmland Preservation program. The department, along with the DEP, have both indicated to the Office of Legislative Services that the negotiated portion would be \$25 million.

- ! **Question:** Please confirm the amount to be transferred for Farmland Preservation and describe how these funds will be utilized in conjunction with existing farmland preservation program activities, including administrative cost charges. How will any unexpended balances be used in relation to the new funding to be appropriated under the Open Space Preservation initiative in FY 2000?

Background Paper: Impacts of Deer on Farmland

At the 84th Annual State Agricultural Convention, which convened in Atlantic City on February 2 and 3, 1999, one of the most discussed topics was the increasing rate of crop damage caused by white-tailed deer. The State's agriculture industry estimates that wildlife, mostly deer, cause an annual loss of \$15 million to \$30 million in income through crop damage, reduced harvests and loss of potential sales. The growth of the State's deer herds, now estimated at 150,000 to 175,000, is attributed to various factors, the most prominent being the increase of residential development, the restriction of access (for hunting) to privately owned and publicly-preserved lands, a shortage of deer hunters, and a tendency for hunters to target bucks rather than does. This paper will discuss the current status of this problem and its potential solutions.

The factors cited above have contributed to a situation where deer sanctuaries or refuges have inadvertently been created on land adjacent to farms, especially on land protected from hunting by residential development or open space preservation. Such refuges offer deer both protection and a ready source of food at nearby farms. Various farm groups have expressed concern that this problem could be exacerbated over the next 10 years as more land is publicly preserved for recreation or conservation purposes under the Open Space Preservation initiative. This initiative could adversely affect the amount of farmland that may be preserved in the future because, as more public land is preserved, more deer refuges may be created, thereby increasing the herd size. As a result, more crops could be damaged which could further threaten the livelihoods of farmers and increase their reluctance to preserve additional farmland.

The Survey

While farmers, the Department of Agriculture (DOA) and the Division of Fish, Game and Wildlife (DFGW) have long been aware of what is referred to in the agricultural community as economically "intolerable" losses of grain, nursery stock, fruits, vegetables and field crops caused by excessive numbers of deer, a recent study conducted by the Rutgers Center for Wildlife Damage Control brought this problem to the public's attention when it was issued in October, 1998. Earlier that year, the Center conducted a survey in which 2,142 New Jersey farmers (about half of the total number of farmers polled) responded to a questionnaire concerning deer and their impacts on farming operations during 1997. The major findings of this survey are as follows:

- ! A grand total of between \$5 million and \$10 million in crop losses for 1997 were reported by the respondents.
- ! While deer damage was found Statewide, the most affected areas were in Hunterdon and Somerset counties. Deer density per square mile in Hunterdon county is reported to be double the desired number.
- ! Deer were responsible for 70 percent of crop losses caused by wildlife.
- ! Statewide, 34 percent of the total acreage cultivated for farming have been damaged by deer; this figure is 43 percent in northern New Jersey.
- ! 25 percent of respondents reported abandoning a parcel of tillable ground because of excessive deer damage.
- ! 36 percent of respondents have ceased growing their preferred crops as a result of

Background Paper: Impacts of Deer on Farmland (Cont'd)

excessive deer damage.

- ! 17 percent of respondents did not allow deer hunting on their lands.

As listed below, the study offered the several recommendations that may help ameliorate this problem. It should be noted that the director of the study also stated that the effectiveness of some ongoing preventative methods, such as deer fencing and deer repellent, is limited because of the expense or the fact that such measures only force deer to seek out other farmers' fields. Some of the study's more salient recommendations are as follows:

- ! The DFGW could designate the appropriate number of does or bucks to be killed at specific locations.
- ! Farmers could allow hunters greater access to their lands and more guidance concerning the nature or location of the herd.
- ! Farmers renting land could encourage their landlords to reduce the deer population as a condition of continuing a farming lease.
- ! Farmers could maintain specific records of deer populations on their lands and report such data to wildlife officials on a periodic basis.
- ! The State could require that deer-management plans be incorporated into open space preservation programs or as a condition of receiving open space funding.
- ! The State could establish deer-management programs in State parks that currently do not allow hunting.

State Deer Management Efforts

The State, particularly the DFGW and the DOA, is currently addressing the deer damage issue through various activities that encompass both longstanding policies and recent responses to this problem. The DFGW has modified some of the state hunting license rules, such as extending the deer hunting season into February in deer management zones where problems are most severe. It has also allowed farmers with deer depredation permits to kill deer on their land in February and March rather than only in the summer.

In 1998, the DOA responded to this problem by making \$300,000 available from its Production Efficiency and Business Incentive grant programs to enable the DFGW to purchase 4,890 rolls of deer fencing to be given at no cost to eligible farmers. Farmers who generate at least \$10,000 in annual gross sales of agricultural products are eligible to receive up to 30 165-foot rolls of eight-foot high fencing. They must supply the fence posts (at \$3 to \$5 per post) and the labor to install them. Deer repellent is also available from the DFGW at no cost. At the time of this writing, about 800 rolls of fencing remains available.

The DOA has also started a venison donation pilot project that will operate in conjunction with its traditional food distribution programs. Under this plan, hunters can donate field-dressed deer to approved butchering facilities. The processed meat will then be distributed to two food banks serving as coordinating agencies for the project. The DOA will cover the costs of meat

Background Paper: Impacts of Deer on Farmland (Cont'd)

processing and distribution using off-budget funds from existing accounts.

State Agricultural Convention

As mentioned at the beginning of this paper, the State Agricultural Convention adopted a resolution that addressed the deer damage problem. In this resolution, it called for the DFGW to revise its deer harvest formulas and management goals to not only reduce the losses borne by agriculture, but also to reduce losses from deer incurred by homeowners, businesses, the motoring public, and the State's woodlands and forests. Resolution #2, "Agriculture and Deer Damage," concluded by calling for the State to take the following actions:

- ! Make restitution to farmers from appropriated funds for the cost of materials and labor expended for deer damage prevention.
- ! Promptly complete a comprehensive analysis of the deer population and submit deer control recommendations to the Governor, as outlined in the Governor's conditional veto of Assembly Bill Nos. 1932 and 1933 of 1996.
- ! Enact legislation appropriating at least \$500,000 to the DOA to support a statewide venison donation program.
- ! Enact legislation that requires all publicly-owned or purchased lands to have site-specific deer management plans that mandate deer reduction where economic or environmental damage has occurred.
- ! Evaluate and strengthen the Landowner Liability Law to provide additional protections for landowners, especially for those who allow deer hunting, and to encourage the opening of additional lands for that purpose.
- ! Enact legislation that would give farmers free hunting permits and allow them to hunt on leased, noncontiguous agricultural lands.
- ! Amend current laws dealing with the baiting of deer to permanently extend the baiting provision to the entire State.

Other Proposals

Finally, other measures to control deer damage that have recently been offered by legislators and farming groups include: an education campaign conducted by the DFGW to encourage hunters to kill more does than bucks, and to encourage private landowners near farms to allow greater access to deer hunters; liberalizing regulations concerning the hunting of does; allowing deer depredation permits to be valid all year rather than only when crops are growing; transferring responsibility for issuing such permits to the DOA; requiring that farmland be open to deer hunting as a condition for saving tax money through farmland assessment; permission to bait deer that take refuge on properties where hunting is not allowed; and reserving antlerless deer hunting permits for farmers, who sometimes cannot obtain them because they have all been sold.