

**ANALYSIS OF THE NEW JERSEY BUDGET**

**DEPARTMENT OF  
AGRICULTURE**

**FISCAL YEAR**

**2004 - 2005**

# NEW JERSEY STATE LEGISLATURE

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# DEPARTMENT OF AGRICULTURE

Budget Pages.....C-13, C-21, C-38, D-15 to D-23

## Fiscal Summary (\$000)

	Expended FY 2003	Adjusted Appropriation FY 2004	Recommended FY 2005	Percent Change 2004-05
State Budgeted	\$21,882	\$18,520	\$20,346	9.9%
Federal Funds	179,911	255,880	255,880	0.0%
<u>Other</u>	<u>9,883</u>	<u>9,604</u>	<u>9,784</u>	<u>1.9%</u>
Grand Total	\$211,676	\$284,004	\$286,010	0.7%

## Personnel Summary - Positions By Funding Source

	Actual FY 2003	Revised FY 2004	Funded FY 2005	Percent Change 2004-05
State	152	153	147	(3.9)%
Federal	47	51	57	11.8%
<u>Other</u>	<u>47</u>	<u>52</u>	<u>55</u>	<u>5.8%</u>
Total Positions	246	256	259	1.2%

FY 2003 (as of December) and revised FY 2004 (as of September) personnel data reflect actual payroll counts. FY 2005 data reflect the number of positions funded.

## Introduction

The primary mission of the Department of Agriculture is to ensure the continued viability of New Jersey's agricultural environment and its related industries. The department's regulatory functions and operating programs provide services that support the following objectives: farmland preservation; development of fisheries and aquaculture resources; promotion and expansion of domestic and foreign agricultural markets; detection, control, and eradication of animal and plant pests and diseases; conservation of soil and water resources; stimulation and expansion of the equine industry; prevention of unfair, illegal, and improper trade practices that may adversely affect the production and sale of agricultural products; promotion of agricultural education and training programs; distribution of federally donated food commodities; and cash reimbursements for child and adult nutrition programs, including school breakfast and lunch programs.

## Key Points

- The total General Fund (GF) appropriation is recommended at \$20.3 million, a net increase of \$1.8 million or 10 percent above the current adjusted funding level. Notable changes recommended within the three funding categories of the General Fund are indicated below.
- The **Direct State Services** (DSS) portion of the GF appropriation is recommended at \$9.1 million, a decrease of \$319,000 or 3 percent less than the FY 2004 adjusted appropriation level. This decrease is largely due to budget changes in the following two **DSS** accounts:
- The salary account for Marketing and Development Services is reduced by \$190,000, from \$1.5 million to \$1.3 million, due to the elimination of the Dairy Statistics Program (\$103,000) and the replacement of State funding with federal funding (\$87,000).
- The salary account for Administration and Support Services is reduced by \$105,000, from \$605,000 to \$500,000, by absorbing the operating expenses for the Office of the Secretary into the department's normal operating base budget.
- The **Grants-In-Aid** (GIA) segment of the GF budget is recommended at \$1.3 million, an increase of \$819,000 or 188 percent higher than the current adjusted funding level. These additional funds are recommended for the Soil and Water Conservation Grant program (now funded at \$361,000) and would boost its GF appropriation to \$1.2 million, the same as its FY 2003 funding level. In FY 2004, open space bond monies are intended to provide supplementary funding to this program.
- The **State Aid** portion of the GF budget is recommended at \$9.97 million, an increase of \$1.3 million or 15 percent more than the current funding level. This change is attributable to an increase in State funding for the School Breakfast program, from \$1.6 million to \$2.9 million, due to mandated program expansion.
- No GF funding for the **Capital Construction** budget is recommended. The department's FY 2004 Budget also contains no new or previously appropriated capital funds.
- **Federal** funding is recommended at \$255.9 million, the same as the current authorized level. While federal support is supplied in many program areas, the majority of the total estimated appropriation supports various child nutrition activities such as the school breakfast and lunch subsidy programs.
- The **All Other Funds** portion of the budget is estimated at \$9.8 million, a net increase in anticipated revenues of \$180,000 or 2 percent over the current appropriation. Notable changes are found in the Stormwater Discharge fees account, from \$130,000 to \$200,000, and in the Administrative Cost - Farmland Preservation bond accounts, from \$500,000 to \$651,000.
- Two new budget language provisions are recommended, the first to reappropriate unexpended monies in the Promotion/Market Development account, and the second to authorize the State Lottery Fund to support the State costs of the school breakfast and lunch nutrition programs.

## 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 (identified by a two-digit budget code), which generally correspond to the department's organizational structure and reflect the operating levels at which specific appropriations are recommended:

Animal Disease Control (01). Refers to and supports the operating budget of the Division of Animal Health. This unit provides services that control the introduction and spread of disease in livestock, poultry and other farm animals, including horses. It operates the State's animal health diagnostic laboratory and is involved in exotic disease surveillance, special investigations, regulatory licensing and enforcement, SPCA training, and homeland security activities.

Plant Pest and Disease Control (02). Supports the functions of the Division of Plant Industry, which is responsible for protecting ornamental, vegetable, and field crop plants, as well as forested acreage, from pest insects and diseases. Its major programs include plant pest detection, 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.

Agriculture and Natural Resources (03). Funds the Division of Agricultural and Natural Resources. The division's major activities involve the State Soil Conservation Program, the Conservation Cost Share program, 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, smart growth planning, farm management training and financial and technical support for the State's 16 Soil Conservation Districts.

Food and Nutrition Services (05). Supports the programs of the Division of Food and Nutrition, which administers the federal and State subsidies for the school breakfast and lunch programs as well as other child nutrition activities. The division also manages emergency food services such as the Temporary Emergency Food Assistance Program, and programs that receive and process federal surplus foods that are distributed to schools, food banks, institutions and needy individuals.

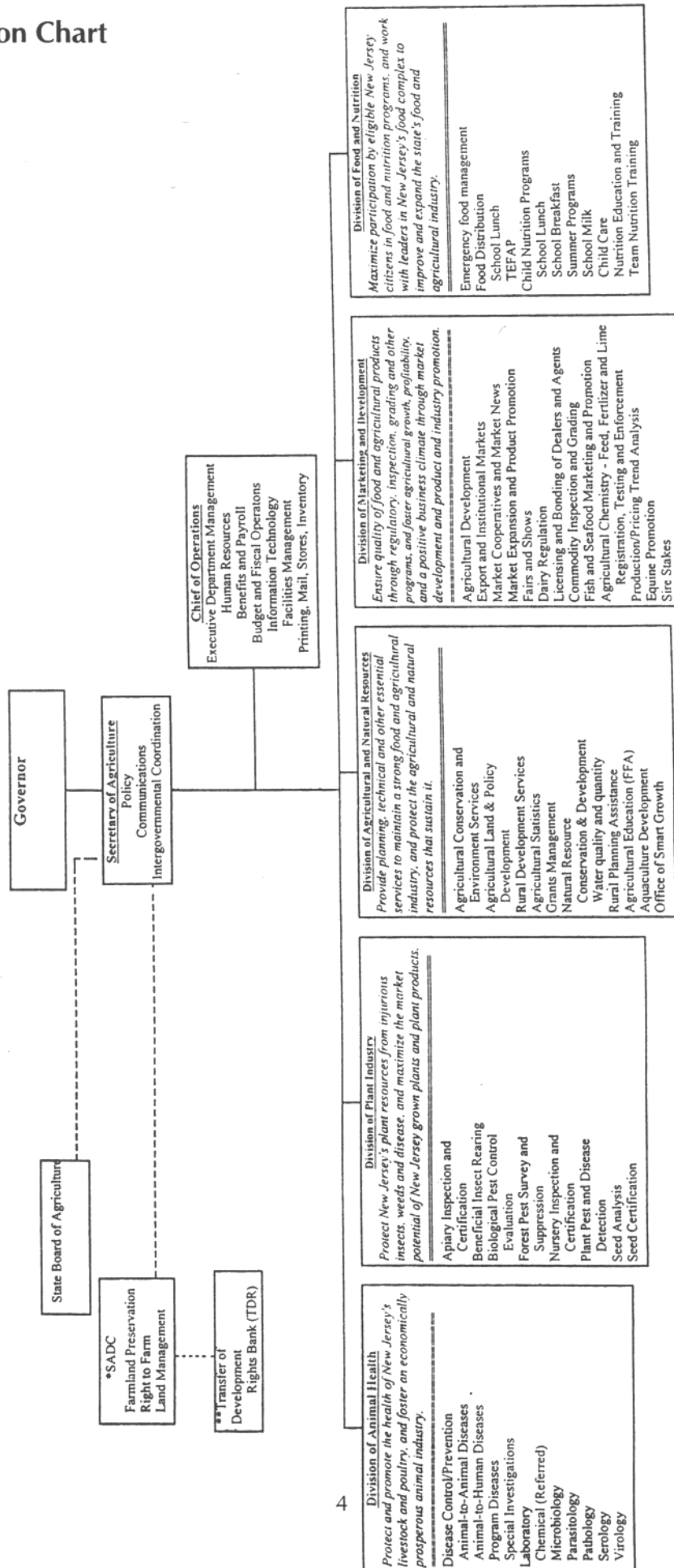
Marketing Services (06). Refers to and supports the Division of Marketing and Development. This unit is responsible for the inspection and grading of commodities such as fruits, eggs and vegetables (under the Jersey Fresh Quality Grading Program), the regulation of feeds, fertilizers, and liming materials, and the regulation and enforcement of dairy and commodities laws. The division oversees the management of promotional matching grants, the Jersey Fresh program, commodity councils, sire stakes and horse breeding programs, and the Horse Park of N.J.

Farmland Preservation (08). Supports the budget of the State Agricultural Development Committee, an independent agency "in, but not of" the department. This office is charged with the administration of the Farmland Preservation program and other related land management and preservation activities such as Right to Farm, Transfer of Development Rights, soil and water conservation grants, and some County Agriculture Development Board functions.

Administration and Support Services (99). Funds the Chief of Operations office, the Office of the Secretary, and the State Board of Agriculture. These units provide departmental support services as well as legislative and industry liaison, legal services, policy development, agricultural information services, and staff support to the State Board of Agriculture.

# Organization Chart

## New Jersey Department of Agriculture



\*In but not of the Department of Agriculture  
 \*\*In but not of the State Agriculture Development Committee (SADC)  
 3/27/03

# Fiscal and Personnel Summary

## AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2003	Adj. Approp. FY 2004	Recom. FY 2005	Percent Change	
				2003-05	2004-05
<b>General Fund</b>					
Direct State Services	\$11,157	\$9,442	\$9,123	(18.2)%	(3.4)%
Grants-In-Aid	1,731	436	1,255	(27.5)%	187.8%
State Aid	8,994	8,642	9,968	10.8%	15.3%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$21,882</b>	<b>\$18,520</b>	<b>\$20,346</b>	<b>(7.0)%</b>	<b>9.9%</b>
<b>Property Tax Relief Fund</b>					
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%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Control Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>State Total</b>	<b>\$21,882</b>	<b>\$18,520</b>	<b>\$20,346</b>	<b>(7.0)%</b>	<b>9.9%</b>
<b>Federal Funds</b>	<b>\$179,911</b>	<b>\$255,880</b>	<b>\$255,880</b>	<b>42.2%</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>\$9,883</b>	<b>\$9,604</b>	<b>\$9,784</b>	<b>(1.0)%</b>	<b>1.9%</b>
<b>Grand Total</b>	<b>\$211,676</b>	<b>\$284,004</b>	<b>\$286,010</b>	<b>35.1%</b>	<b>0.7%</b>

## PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2003	Revised FY 2004	Funded FY 2005	Percent Change	
				2003-05	2004-05
State	152	153	147	(3.3)%	(3.9)%
Federal	47	51	57	21.3%	11.8%
All Other	47	52	55	17.0%	5.8%
<b>Total Positions</b>	<b>246</b>	<b>256</b>	<b>259</b>	<b>5.3%</b>	<b>1.2%</b>

FY 2003 (as of December) and revised FY 2004 (as of September) personnel data reflect actual payroll counts. FY 2005 data reflect the number of positions funded.

## AFFIRMATIVE ACTION DATA

Total Minority Percent	20.1%	20.2%	20.4%	----	----
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**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>GRANTS-IN-AID</b>					
<b>Soil and Water Conservation Grants</b>	<b>\$361</b>	<b>\$1,180</b>	<b>\$819</b>	<b>226.9%</b>	<b>D-21</b>

This program provides matching grants for soil and water conservation projects to farmers enrolled in the eight (8)-year or permanent development easement categories of the Farmland Preservation program. The recommended increase of \$819,00 matches the program's FY 2003 General Fund appropriation. According to the Administration, the FY 2004 appropriation was reduced to \$361,000 with the expectation that the program's FY 2003 funding level would be maintained by using available bond monies from the 1992 and 1995 Open Space bond acts. As of March 15, 2004, no such bond monies have been transferred into the program's account.

**STATE AID**

<b>School Breakfast - State Aid Grants</b>	<b>\$1,588</b>	<b>\$2,914</b>	<b>\$1,326</b>	<b>83.5%</b>	<b>D-21</b>
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This account was initiated in the FY 2000 Budget to provide a State subsidy to school districts that participate in the federally-funded School Breakfast program. In addition to the federal subsidy, the State subsidy pays a participating school district an additional 10 cents of the cost of each breakfast served. The recommended increase is in anticipation of an estimated 145,000 more students participating in the program as a result of the enactment of P.L. 2003, c.4, which mandates school participation in the program under certain circumstances beginning in September, 2004. Prior to this law, school district participation in the program was voluntary.



## Language Provisions

### 2004 Appropriations Handbook

### 2005 Budget Recommendations

p. D-23

No comparable language.

The unexpended balances as of June 30, 2004 in the Promotion/Market Development Account are appropriated for the same purpose.

#### Explanation

This matching grant program supports various local marketing and promotion activities, such as agricultural fairs and commodity promotions. Its current funding level of \$75,000 is recommended again in FY 2005. This "carryforward" language is proposed to reappropriate in FY 2005 any unexpended balances remaining in this account at the end of FY 2004. This will give the department greater flexibility and more available funding to award grants during the summer months when the prime growing season is underway.



### 2004 Appropriations Handbook

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No comparable language.

Of the amount appropriated hereinabove from the General Fund for the Department of Agriculture, such sums as the Director of the Division of Budget and Accounting shall determine from the amount listed under School Nutrition in the Department of Agriculture schedule included in the Governor's Budget Message dated February 24, 2004, first shall be charged to the State Lottery Fund.

#### Explanation

According to the Administration, this language is recommended to provide consistency with other programs charged to the State Lottery Fund, which is constitutionally dedicated to supporting educational programs and activities. As indicated on Budget page H-60, \$9.9 million of the department's recommended State Aid budget for school nutrition programs, i.e. school breakfast, school lunch and non-public nutrition aid, would first be charged to the State Lottery Fund pursuant to this language.

## Discussion Points

1. According to data supplied by the Office of Management and Budget, salary account reductions of \$103,000 and \$105,000 are recommended, respectively, in the Division of Marketing and Development Services and in the Office of the Secretary. The former reduction is associated with the proposed elimination of the Dairy Statistics Program.

- **Question:** Please briefly describe the functions and budget of the Dairy Statistics Program. Why is it being eliminated? What impact will its elimination have on the department and the State's dairy industry? What impact will the salary reduction in the Office of the Secretary have on the Office and the department?

2. The State Aid appropriation for the School Breakfast program is recommended to increase by \$1.3 million. According to the Administration, this increase is in anticipation of 145,000 more students participating in the program as a result of the enactment of P.L. 2003, c.4, which mandates certain school participation in the program beginning in September, 2004.

- **Question:** Please explain how P.L. 2003, c.4 affects the school breakfast program and its participation levels. What has the response been thus far by affected school systems to this law? How will the additional \$1.3 million appropriation be utilized? Although the "Budget In Brief" states that \$19 million in federal funding will be leveraged by the State's support of the program, the Budget Recommendation indicates \$30 million in federal dollars being appropriated for this purpose. Which figure is correct?

3. Federal enactments often impact significantly on State programs and fiscal resources. For example, at the 2004 State Agricultural Convention in February, 2004, the Governor signed an agreement with the U.S. Department of Agriculture (USDA) to participate in the federal Conservation Reserve Enhancement Program. This voluntary program is designed to protect water resources by providing financial incentives to New Jersey farmers to install stream buffers to reduce nonpoint source pollution. The State's goal is to enroll 30,000 acres of farmland in the program over a 10-year period at a cost of \$100 million. Of this amount, the USDA is to provide \$77 million and the State \$23 million through the value of farmland preservation easement purchases.

- **Question:** Please describe the program's basic features, requirements, benefits, and implementation schedule, including annual federal allocations. Please identify the State agencies involved in managing the program and provide estimated staffing and administrative cost requirements, including funding sources. Please explain how the value of easement purchases will be calculated to meet State share requirements.

4. The recommended appropriation for the Soil and Water Conservation grants program is \$1.18 million, an increase of \$819,00 over the current line-item funding level. This matches the program's FY 2003 appropriation. According to the Administration, the FY 2004 appropriation was reduced to \$361,000 with the expectation that the reduction would be offset by using unexpended bond funds from the 1992 and 1995 Open Space bond acts. As of March 1, 2004, no such bond monies have been transferred into the program's account and only \$18,000 of the FY 2004 appropriation of \$361,000 has been expended thus far. Furthermore, over \$1 million in prior years' appropriations have yet to be expended.

- **Question:** Are open space bond monies expected to be transferred to the program before the end of FY 2004 and, if not, why? What factors have contributed to the apparent slow pace of program expenditures? Please describe the program's funding activities during FY 2003 and FY 2004, including grant application and approval rates.

## Discussion Points (Cont'd)

5. In the current budget, language was introduced and adopted that appropriated \$150,000 from increased revenues generated by Agriculture Chemistry fees to support the department's organic certification program. These fees, which are charged to regulate the sale of feeds, fertilizers, and liming materials, were raised in July, 2002. The same budget language is contained in the FY 2005 Budget Recommendation, thereby providing a total of \$300,000 for this program over a two-year period.

- **Question:** Please describe the duties and accomplishments, thus far, of the organic certification program. What is its estimated operating budget, including expenses and staffing requirements, in FY 2004 and estimated in FY 2005? What is the current economic condition of the State's organic farm industry and how will the organic certification program, or other pertinent factors, affect its growth?

6. During the past year, the department has developed the Agricultural Smart Growth Plan to provide a coordinated strategy to the farming community and local governments to help accommodate economic growth while retaining a strong agricultural industry. This effort is expected to promote farmland retention, agricultural prosperity, protection of the State's natural resources, and environmentally sound development planning.

- **Question:** Please describe the department's current and future efforts in implementing this plan, especially in terms of budgetary and manpower resources. What options or tools are currently available to encourage the achievement of the plan's objectives? What tools are needed but unavailable, and how could they be realized?

7. In January, 2004, the department and the Pinelands Commission announced that a total of 21 Pinelands farms covering nearly 1,900 acres were preserved in 2003 under the Pinelands Direct Easement Purchase Program. This program, administered jointly by the State Agriculture Development Committee and the Pinelands Commission, is designed to purchase and permanently retire Pinelands Development Credits and other development rights on farmland in order to reduce development in the Pinelands Regional Growth Area communities. Funding is provided through the Farmland Preservation program and the Pinelands Commission.

- **Question:** Please explain how this program differs in criteria and financing from other Farmland Preservation transactions. How much Farmland Preservation money was or will be expended for this program in FY 2003, FY 2004 and FY 2005 (estimated)? How much money has the Pinelands Commission contributed to the program, and from what funding source? In contrast to the lack of previous participation from Pinelands farmers, why has this program become more active in recent years?

8. The Governor recently signed an Executive Order establishing a New Jersey Invasive Species Council for the purpose of developing measures to combat threats to the State's natural and agricultural resources from invasive plants, insects and other non-native organisms. This action was taken in response to a DEP report that identified such invasive species as one of the top four environmental problems facing the State. The DEP commissioner and the Secretary of Agriculture will co-chair the council.

- **Question:** What role will the department play in the council's activities? What manpower and resource costs are expected to be incurred by the department during the formulation of the council's management plan?

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Individuals wishing information and committee schedules on the FY 2005 budget are encouraged to contact:

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