



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF AGRICULTURE

FISCAL YEAR

2006-2007

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF AGRICULTURE

Budget Pages.....

C-11, C-18, D-13 to D-22

Fiscal Summary (\$000)

	Expended FY 2005	Adjusted. Appropriation FY 2006	Recommended FY 2007	Percent Change 2006-07
State Budgeted	\$24,586	\$22,871	\$25,996	13.7%
Federal Funds	223,900	286,534	313,460	9.4%
<u>Other</u>	<u>9,276</u>	<u>10,950</u>	<u>10,764</u>	<u>(1.7%)</u>
Grand Total	\$257,762	\$320,355	\$350,220	9.3%

Personnel Summary - Positions By Funding Source

	Actual FY 2005	Revised FY 2006	Funded FY 2007	Percent Change 2006-07
State	150	150	144	(4.0%)
Federal	54	60	71	18.3%
<u>Other</u>	<u>51</u>	<u>53</u>	<u>65</u>	<u>22.6%</u>
Total Positions	255	263	280	6.5%

FY 2005 (as of December) and revised FY 2006 (as of September) personnel data reflect actual payroll counts. FY 2007 data reflect the number of positions funded

Key Points

- The total General Fund appropriation is recommended at \$25.99 million, a net increase of \$3.13 million or 13.7 percent higher than the current adjusted funding level.
- Mandated reductions, or management efficiencies, totaling \$575,000 are recommended in the Direct State Services operating budget, primarily in salary accounts.
- A major \$4 million expansion of the department's federal surplus food distribution system is proposed. Of this amount, \$3 million would be added to the existing State share for federal surplus food in order to accommodate more eligible recipients. The remaining \$1 million would help food banks improve food storage capacity.

Key Points (Cont'd)

- Line-item funding for the Conservation Assistance Program is reduced by \$250,000. This State-funded amount will be offset with monies transferred, through new budget language, from constitutionally dedicated Corporation Business Tax revenues in the Department of Environmental Protection.
- No funding is recommended for the Soil and Water Conservation Grants program. The current \$300,000 line item appropriation is eliminated, as well as accompanying budget language that appropriates \$700,000 from open space bond fund accounts.
- Capital funding of \$250,000 is recommended to purchase new chromatographic diagnostic equipment for the department's plant industry and animal disease laboratories.
- Federal funding for the gypsy moth suppression program is increased from \$75,000 to \$750,000 in anticipation of increased gypsy moth activity this summer.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2005	Adj. Approp. FY 2006	Recom. FY 2007	Percent Change	
				2005-07	2006-07
General Fund					
Direct State Services	\$11,403	\$9,569	\$8,994	(21.1%)	(6.0%)
Grants-In-Aid	2,688	1,575	5,025	86.9%	219.0%
State Aid	10,345	11,727	11,727	13.4%	0.0%
Capital Construction	150	0	250	66.7%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$24,586	\$22,871	\$25,996	5.7%	13.7%
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	\$24,586	\$22,871	\$25,996	5.7%	13.7%
Federal Funds	\$223,900	\$286,534	\$313,460	40.0%	9.4%
Other Funds	\$9,276	\$10,950	\$10,764	16.0%	(1.7%)
Grand Total	\$257,762	\$320,355	\$350,220	35.9%	9.3%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2005	Revised FY 2006	Funded FY 2007	Percent Change	
				2005-07	2006-07
State	150	150	144	(4.0%)	(4.0%)
Federal	54	60	71	31.5%	18.3%
All Other	51	53	65	27.5%	22.6%
Total Positions	255	263	280	9.8%	6.5%

FY 2005 (as of December) and revised FY 2006 (as of September) personnel data reflect actual payroll counts. FY 2007 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	20.0%	22.0%	23.2%	—	—
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2006</u>	<u>Recomm. FY 2007</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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GRANTS-IN-AID**Conservation**

Assistance Program	\$1,200	\$950	(\$250)	(20.8%)	D-19
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This grant program was initiated in the FY 2005 budget to augment the department's Conservation Cost Share Program. It provides grants and technical assistance to farmers who implement conservation practices that control non-point source pollution. The recommended reduction is offset by a new allocation of \$250,000 from dedicated Corporation Business Tax revenues in the Department of Environmental Protection's Water Resources Monitoring and Planning--Constitutional Dedication account. Proposed budget language authorizing this allocation specifies that it be used for Animal Waste Management activities.

Food Assistance

Program	\$0	\$3,000	\$3,000	—	D-19
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Capital Improvements**for Storing Food for**

Food Banks	\$0	\$1,000	\$1,000	—	D-19
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This funding initiative is designed to significantly expand the State's effort to provide food to those in need. The first funding item would augment the department's current State share of \$338,000 for federal surplus food assistance. The resulting increase in the State's federal food allocation is expected to serve an additional 500,000 recipients. The second funding item would support the establishment or expansion of food storage capacity at emergency food distribution centers Statewide. The extra storage capacity is needed to accommodate the increase in federal food as well as provide more storage flexibility for perishable food items.

Soil and Water

Conservation Grants	\$300	\$0	(\$300)	(100.0%)	D-19
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This program provides matching grants for soil and water conservation projects to farmers enrolled in the eight-year or permanent development easement categories of the Farmland Preservation program. In the current budget, the line item amount is supplemented by a budget language allocation of \$700,000 from the 1992 and 1995 Open Space bond acts. This language is not continued in the Budget Recommendation. It is unclear at this time whether the program will be continued in FY 2007.

CAPITAL CONSTRUCTION**Chromatographic****Diagnostic**

Equipment	\$0	\$250	\$250	—	D-20
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This appropriation will be used to purchase new equipment to replace and upgrade obsolete chromatographic equipment in the department's plant industry and animal disease laboratories. This equipment is used to identify and analyze various pathogens and bacteria in plants, animal feed, livestock and crops.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2006</u>	<u>Recomm. FY 2007</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
FEDERAL FUNDS					
Plant Pest and Disease Control	\$1,473	\$2,743	\$1,270	86.2%	D-20

The projected amount includes an increase in federal gypsy moth suppression funding, from \$75,000 to \$750,000. The department requested this increase because heavy damage caused by this pest in 2005 is expected again during 2006. The aerial spraying program, which is expected to cover 27,203 acres in FY 2007, is managed cooperatively by the Departments of Agriculture and Environmental Protection, the U.S. Forest Service and participating municipalities.

The balance of the projected increase in federal funding reflects the restoration of \$400,000 for the Indemnities-Cattle, Swine and Fowl Diseases program, plus modest increases in several ongoing grant-funded activities.

Language Provisions

2006 Appropriations Handbook

2007 Budget Recommendations

p. B-9

In addition to the amounts hereinabove appropriated for Farmland Preservation – Soil and Water Conservation Grants, an amount not to exceed \$700,000 shall be transferred from the 1992 Farmland Preservation Fund (P.L.1992, c.88) and the 1995 Farmland Preservation Fund (P.L. 1995, c.204) to provide matching grants for Soil and Water Conservation projects on farms enrolled in the Farmland Preservation program, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This language was included in the FY 2006 budget to authorize the transfer of bond funds to this account to replace most of the program’s State-funded reduction of \$880,000. The program, which provides grants for soil and water conservation projects to farmers enrolled in the Farmland Preservation Program, currently receives \$300,000 from a State-funded line-item appropriation plus \$700,000 in off-budget bond funds authorized by the subject language. In the recommended budget, no program funding is proposed, either by line-item or through budget language. It is unclear at this time if the program will be funded in FY 2007.

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p. D-21

No comparable language.

Receipts from organic program fees are appropriated for program costs.

Explanation

The organic certification program was created by statute in 2003. It authorized the department to establish rules and regulations to certify organic growers and assist in the marketing and growth of this industry. The administrative costs of this effort, about \$150,000 annually, have been mostly supported by Agriculture Chemistry fees charged for feed, fertilizer and liming materials. The proposed language allows fees charged to applicants for organic certification to be appropriated directly to the department to support program costs.

Language Provisions (Cont'd)**2006 Appropriations Handbook**

No comparable language.

2007 Budget Recommendations**p. D-22**

Notwithstanding any law to the contrary, \$250,000 shall be transferred from the Department of Environmental Protection's Corporation Business Tax receipts and is appropriated for the Animal Waste Management program of the Conservation Assistance Program in the Division of Agriculture and Natural Resources in the Department of Agriculture.

Explanation

This language is proposed in conjunction with the recommended line-item reduction of \$250,000 in the subject program, which provide grants and technical assistance to farmers for non-point source pollution projects. The language appropriation would offset the reduction of State funds by authorizing the transfer of \$250,000 from constitutionally dedicated Corporation Business Tax (CBT) revenues in the Department of Environmental Protection's (DEP) Water Resources Monitoring and Planning-Constitutional Dedication account. Although the proposed language does not identify this specific CBT account, similar language in the DEP's recommended budget does identify this account. The proposed language also designates that the subject funds be used for Animal Waste Management activities.

Discussion Points

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).

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?

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.

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?

Discussion Points (Cont'd)

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.

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?

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.

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