



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
AGRICULTURE**

FISCAL YEAR

2007-2008

NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Environment, Agriculture, Energy and Natural Resources Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Richard M. Handelman.

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DEPARTMENT OF AGRICULTURE

Budget Pages..... C-8; C-15; D-13 to D-23

Fiscal Summary (\$000)

	Expended FY 2006	Adjusted Appropriation FY 2007	Recommended FY 2008	Percent Change 2007-08
State Budgeted	\$23,363	\$25,840	\$26,090	1.0%
Federal Funds	250,688	322,190	327,776	1.7%
<u>Other</u>	<u>9,905</u>	<u>10,764</u>	<u>10,268</u>	<u>(4.6%)</u>
Grand Total	\$283,956	\$358,794	\$364,134	1.5%

Personnel Summary - Positions By Funding Source

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change 2007-08
State	132	115	123	7.0%
Federal	61	65	74	13.8%
<u>Other</u>	<u>77</u>	<u>79</u>	<u>82</u>	<u>3.8%</u>
Total Positions	270	259	279	7.7%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded

Key Points

- The total State funded appropriation is recommended at \$26.1 million, a net increase of \$250,000 or 1 percent higher than the current adjusted funding level.
- The Hunger Initiative/Food Assistance Grants-in-Aid program is increased by \$1 million, to \$4 million, to enable food assistance organizations to purchase an additional 1.6 million pounds of nutrient-dense food.
- The "Conservation Assistance Program" Grants-in-Aid account is reduced by \$150,000, to \$800,000, to reflect a reallocation of this sum to the Division of Agriculture and Natural Resources' salary account to meet projected salary needs in FY 2008. The grant program, which assists farmers who implement conservation practices that control non-point source pollution, is administered under this division.

Key Points (Cont'd)

- No additional funding is recommended for the \$1 million "Capital Improvements for Storing Food for Food Banks" Grants-in-Aid account. Budget language is proposed to authorize the reappropriation of unexpended monies remaining in this account at the end of FY 2007 for expenditure in FY 2008.
- Capital funding of \$250,000 is recommended to purchase new chromatographic diagnostic equipment for the department's plant industry and animal disease laboratories.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2006	Adj. Approp. FY 2007	Recom. FY 2008	Percent Change	
				2006-08	2007-08
General Fund					
Direct State Services	\$11,074	\$9,088	\$9,238	(16.6%)	1.7%
Grants-In-Aid	2,157	5,025	4,875	126.0%	(3.0%)
State Aid	10,132	11,727	11,727	15.7%	0.0%
Capital Construction	0	0	250	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$23,363	\$25,840	\$26,090	11.7%	1.0%
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	\$23,363	\$25,840	\$26,090	11.7%	1.0%
Federal Funds	\$250,688	\$322,190	\$327,776	30.8%	1.7%
Other Funds	\$9,905	\$10,764	\$10,268	3.7%	(4.6%)
Grand Total	\$283,956	\$358,794	\$364,134	28.2%	1.5%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change	
				2006-08	2007-08
State	132	115	123	(6.8%)	7.0%
Federal	61	65	74	21.3%	13.8%
All Other	77	79	82	6.5%	3.8%
Total Positions	270	259	279	3.3%	7.7%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	22.0%	21.0%	21.0%	—	—
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2007</u>	<u>Recomm. FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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GRANTS-IN-AID

Conservation Assistance Program	\$950	\$800	(\$ 150)	(15.8%)	D-20
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The recommended reduction reflects the reallocation of \$150,000 to a salary account in the Division of Agriculture and Natural Resources, which administers this grant program, to meet the division's projected salary needs in FY 2008. Current budget language authorizes \$750,000 of the program's FY 2007 appropriation to be used for administrative purposes. Proposed budget language would reduce this amount to \$600,000 to reflect the reallocation.

This grant program augments the department's Conservation Cost Share Program by supplying grants and technical assistance to farmers who implement conservation practices that control non-point source pollution. In addition to the line item appropriation, the program receives \$250,000 in dedicated Corporation Business Tax (CBT) revenues that are transferred by budget language to the department from the Department of Environmental Protection.

Hunger Initiative/ Food Assistance Program	\$3,000	\$4,000	\$ 1,000	33.3%	D-20
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This program was initiated in the current budget to assist emergency feeding organizations, food pantries, soup kitchens, and homeless shelters in purchasing an estimated 4.7 million pounds of nutrient-dense food during FY 2007. The geographic origins of food purchased under this program are prioritized as buying locally-grown products first, regionally-grown products second and national/international products last. The proposed increase is projected to raise the current level of food purchased from this account by 1.6 million pounds in FY 2008.

Capital Improvements For Storing Food for Food Banks	\$1,000	\$0	(\$1,000)	(100.0%)	D-20
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This funding item was included in FY 2007 Budget to support the establishment or expansion of food storage capacity at emergency food distribution centers. According to the department, the extra storage capacity was needed to accommodate the increase in food purchases from the Hunger Initiative Food Assistance Program as well as provide more storage flexibility for perishable food items. While no new funding is recommended, budget language is proposed to reappropriate or "carry forward" any unexpended monies remaining in this account at the end of FY 2007 for expenditure in FY 2008. At the time of this writing, approximately \$419,000 of this appropriation remains unexpended.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2007</u>	<u>Recomm. FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
CAPITAL CONSTRUCTION					
Chromatographic Diagnostic Equipment	\$0	\$250	\$ 250	—	D-21

The recommended appropriation will 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.

Language Provisions

2007 Appropriations Handbook

No comparable language.

2008 Budget Recommendations

p. D-23

The unexpended balances at the end of the preceding fiscal year in the Capital Improvements for Storing Food for Food Banks Account are appropriated for the same purpose.

Explanation

This capital funding item was included in the current budget to support the establishment or expansion of food storage capacity at emergency food distribution centers. According to the department, extra storage capacity was needed to accommodate the increase in food purchases from the Hunger Initiative Food Assistance Program as well as provide more storage flexibility for perishable food items. While no new funding is recommended for this activity, the proposed language would reappropriate or "carry forward" any unexpended monies remaining in this account at the end of FY 2007 for expenditure in FY 2008. At the time of this writing, approximately \$419,000 of this appropriation remains unexpended.

Language Provisions (Cont'd)**2007 Appropriations Handbook****2008 Budget Recommendations****p. B-10**

Notwithstanding the provisions of any other law to the contrary, the State Agriculture Development Committee, in determining eligibility for funding from the amount hereinabove appropriated for Soil and Water Conservation projects, shall give consideration to applications pursuant to the following priority: a. lands from which a development easement has been permanently conveyed pursuant to section 17 of P.L.1983, c.32 (C.4:1C-24), section 5 of P.L.1988, c.4 (C.4:1C-31.1), section 39 of P.L.1999, c.152 (C.13:8C-39), section 40 of P.L.1999, c.152 (C.13:8C-40) or section 1 of P.L.1999, c.180 (C.4:1C-43.1); b. lands certified by the State Agriculture Development Committee to be within a municipally approved program or other farmland preservation program on or before January 1, 2006 pursuant to P.L.1983, c.32; c. lands certified by the State Agriculture Development Committee to be within a municipally approved program or other farmland preservation program subsequent to January 1, 2006 pursuant to P.L.1983, c.32.

No comparable language.

Explanation

This language clarifies several eligibility and priority factors in determining the awarding of Soil and Water Conservation Grants. It is not continued because the program is no longer being funded. These grants, which supported farmers enrolled in the Farmland Preservation Program with soil and water conservation projects, were previously financed from past Open Space bond acts that are now fiscally exhausted.

Discussion Points

1. The enacted FY 2007 budget anticipated savings from management efficiencies (\$50 million), information technology efficiencies (\$20 million) and procurement efficiencies (\$15 million). These savings, while reflected in the Interdepartmental Accounts section of the budget, were to be obtained from executive agency budgeted appropriations, presumably in direct correlation with identified efficiency improvements.

- **Question:** What amount of the department's original FY 2007 appropriations were reallocated to Interdepartmental Accounts as savings from management efficiencies, information technology efficiencies and procurement efficiencies, respectively? What specific efficiencies were achieved by the department that correlate to the reallocations? What adverse impacts, if any on the output and outcomes of department programs and services resulted or will result from these funding reallocations, in the current fiscal year and as projected for FY 2008?

2. The budget recommendation includes \$4 million in Grants-In-Aid funding for "Hunger Initiative/Food Assistance Program," an increase of \$1 million over this account's initial appropriation in FY 2007. According to the Budget-In-Brief, this program is expected to provide grants to Emergency Feeding Organizations, food pantries, soup kitchens, and homeless shelters to purchase 4.7 million pounds of nutrient-dense food in FY 2007. The proposed funding increase is projected to purchase an additional 1.6 million pounds of food.

- **Question:** Please provide a listing of grants awarded or scheduled to be awarded thus far under this program. Include the recipient's name, location, pounds of food purchased, and population served. In addition, please describe the types of food purchased, their origins (local, regional or national) and the resultant economic benefits to New Jersey farmers, distributors or food processors. How does the additional \$1 million recommendation compare with program need or demand?

3. The current budget includes \$1 million for "Capital Improvements for Storing Food for Food Banks," a grant program to help community food operators upgrade their facilities. No additional funding for this activity is recommended for FY 2008.

- **Question:** Please explain the disposition of these funds, including project descriptions, recipients and benefits. What was the total amount of funding requested by applicants for this assistance?

4. The department has reported that gypsy moth infestation may be worse in 2007 than in 2006, when over 125,000 acres of forests suffered some degree of defoliation. Municipalities participating in the State's voluntary spraying program must share some costs but are eligible to receive federal reimbursement funds. Although the recommended budget estimates receiving \$750,000 in federal funding in FY 2008 for this activity (the same amount as FY 2007), department officials have publicly stated that federal funding is still uncertain at this time.

- **Question:** What is the department's gypsy moth operating budget in FY 2007, including its funding sources and expenditures thus far? Assuming the federal funding projection proves accurate, will sufficient funds be available to meet the spraying levels needed in 2007? What steps can the department take to prevent municipalities from leaving the spraying program if they can no longer secure federal funding for this activity?

Discussion Points (Cont'd)

5. In the department's "Overview" section of the Budget Recommendation, a description of the Biofuels Action Group is offered. This multi-agency working group was formed in 2006 to study and promote the production of renewable energies while at the same time helping farmers develop new markets for products used in the manufacture of biofuels.

- **Question:** Please describe the ideas, strategies or accomplishments of this group thus far. Would the economic or environmental benefits envisioned by this group justify an infusion of State funding to support this effort and, if so, at what level?

6. Available balances in the Garden State Preservation Trust and, in particular, the Garden State Farmland Preservation Trust Fund, are expected to be significantly reduced or exhausted by the end of FY 2008. Notwithstanding "reprogrammed" funds derived from cancelled projects, fee simple sales, and federal grants, or appropriated funds that have not yet been expended, future funding for farmland preservation activities will be extremely limited.

- **Question:** Please provide a "snapshot" view of the current and projected financial status of the Farmland Preservation Fund. Include available appropriated and unobligated fund balances, projected appropriation and expenditures levels in FY 2007, FY 2008 and FY 2009 (if applicable), and reprogrammed fund balances. Assuming that the trust fund will not be recapitalized, what actions could the department take to promote farmland preservation in the future?

7. Although the recent outbreak of e-coli in spinach from fast food restaurants during 2006 did not originate on New Jersey farms, our spinach crop growers were still adversely affected by this incident. Sales of this vegetable plummeted as did consumer faith in the safe processing of spinach and other crops.

- **Question:** What has been the department's response, including any budgetary actions, to this incident thus far? How can the department better assure the public that the State's crops are safe and healthy? What fiscal impacts or implications, if any, has this issue had on farmers and the State's economy?

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Individuals wishing information and committee schedules on the FY 2008 budget are encouraged to contact:

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