



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
AGRICULTURE**

FISCAL YEAR

2008-2009

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.

Questions or comments may be directed to the OLS Environment, Agriculture, Energy and Natural Resources Section (609-292-7676) or the Legislative Budget and Finance Office (609-292-8030).

DEPARTMENT OF AGRICULTURE

Budget Pages..... C-7; C-14; D-14 to D-23

Fiscal Summary (\$000)

	Expended FY 2007	Adjusted Appropriation FY 2008	Recommended FY 2009	Percent Change 2008-09
State Budgeted	\$28,277	\$26,673	\$22,878	(14.2%)
Federal Funds	\$271,295	\$328,390	\$353,470	7.6%
<u>Other</u>	<u>\$9,474</u>	<u>\$11,115</u>	<u>\$10,461</u>	<u>(5.9%)</u>
Grand Total	\$309,046	\$366,178	\$386,809	5.6%

Personnel Summary - Positions By Funding Source

	Actual FY 2007	Revised FY 2008	Funded FY 2009	Percent Change 2008-09
State	114	113	96	(15.0%)
Federal	63	58	58	—
<u>Other</u>	<u>78</u>	<u>74</u>	<u>74</u>	<u>—</u>
Total Positions	255	245	228	(6.9%)

FY 2007 (as of December) and revised FY 2008 (as of January) personnel data reflect actual payroll counts. FY 2009 data reflect the number of positions funded

Key Points

- The department's total State-funded appropriation is recommended at \$22.9 million, a decrease of \$3.8 million or 14 percent lower than the current adjusted funding level.
- The Direct State Services (DSS) appropriation is recommended at \$7.9 million, a decrease of \$1.8 million or 18 percent below the current adjusted appropriation. This reduction is the result of the following four recommendations:
- Unspecified savings of \$525,000 anticipated from the elimination of the department and its functions transferred to other State agencies;
- A cumulative reduction of \$700,000, or 11 percent, in salary accounts throughout the department;

Key Points (Cont'd)

- The elimination of State funding for the Asian Longhorned Beetle Monitoring Program, which now receives \$150,000. Federal funding of \$3 million is anticipated for this program in FY 2009; and
- A 50 percent reduction, totaling \$400,000, in the Promotion/Market Development account, which promotes the Jersey Fresh brand and other agricultural commodities.
- In the department's Grants-In-Aid budget, no State funding is recommended for the Conservation Assistance Program, now budgeted at \$600,000. Although this program is scheduled to be eliminated, it will still receive \$250,000 from constitutionally dedicated Corporation Business Tax revenues for animal waste management grants.
- The Soil and Water Conservation Grants program, which currently receives \$300,000, is scheduled to be eliminated in FY 2009. No funding is recommended in FY 2009.
- The proposed State Aid appropriation for the School Breakfast Program is reduced by \$854,000, to \$3.0 million, as a result of overfunding in previous years.
- A one-time capital appropriation of \$250,000 to purchase new chromatographic diagnostic equipment in the department's laboratories is not renewed in FY 2009.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2007	Adj. Approp. FY 2008	Recom. FY 2009	Percent Change	
				2007-09	2008-09
General Fund					
Direct State Services	\$11,376	\$9,721	\$7,930	(30.3%)	(18.4%)
Grants-In-Aid	5,751	4,975	4,075	(29.1%)	(18.1%)
State Aid	11,150	11,727	10,873	(2.5%)	(7.3%)
Capital Construction	0	250	0	0.0%	(100.0%)
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$28,277	\$26,673	\$22,878	(19.1%)	(14.2%)
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	\$28,277	\$26,673	\$22,878	(19.1%)	(14.2%)
Federal Funds	\$271,295	\$328,390	\$353,470	30.3%	7.6%
Other Funds	\$9,474	\$11,115	\$10,461	10.4%	(5.9%)
Grand Total	\$309,046	\$366,178	\$386,809	25.2%	5.6%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2007	Revised FY 2008	Funded FY 2009	Percent Change	
				2007-09	2008-09
State	114	113	96	(15.8%)	(15.0%)
Federal	63	58	58	(7.9%)	0.0%
All Other	78	74	74	(5.1%)	0.0%
Total Positions	255	245	228	(10.6%)	(6.9%)

FY 2007 (as of December) and revised FY 2008 (as of January) personnel data reflect actual payroll counts. FY 2009 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	20.8%	23.3%	29.8%	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2008</u>	<u>Recomm. FY 2009</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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DIRECT STATE SERVICES

**Department
Consolidation
Savings (b)**

	\$0	(\$525)	(\$ 525)	—	D-19
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As stated in footnote (b) on Budget Page D-22, this item represents estimated savings from the proposed consolidation (i.e., elimination) of the department and the subsequent transfer of its functions to other State agencies. It is presented as a deduction in the Direct State Services budget. Details concerning the nature of these savings are not specified. Notwithstanding this line item, the department's recommended budget is displayed as if the department remained intact in FY 2009.

Personal Services:

Salaries and Wages	\$6,106	\$5,406	(\$ 700)	(11.5%)	D-19
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The recommended amount reflects lower funding levels in salary accounts throughout the department. This reduction is probably attributable to the proposed elimination of funded vacant positions, attrition, and the elimination of several programs (see below). The OLS assumes that these reductions, plus the consolidation savings indicated above, account for the decrease of 17 State-supported positions listed in the Position Data section of the department's recommended budget.

Special Purpose:

**Asian Longhorned
Beetle Monitoring**

	\$150	\$0	(\$ 150)	(100.0%)	D-20
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Since FY 2006, this State/federally-funded program has controlled the spread of this pest, which infested hundreds of trees in north and central New Jersey counties. According to the Budget Overview, this program is to be eliminated in FY 2009. However, the department's budget indicates that the current federal grant of \$3 million will be received again in FY 2009.

**Promotion/Market
Development**

	\$800	\$400	(\$ 400)	(50.0%)	D-20
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This account supports the advertising and promotion budgets of the "Jersey Fresh" brand and "Jersey Fresh Quality" grading programs. These activities will be reduced accordingly in FY 2009.

GRANTS-IN-AID

**Conservation
Assistance Program**

	\$600	\$0	(\$ 600)	(100.0%)	D-20
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Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2008</u>	<u>Recomm. FY 2009</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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This grant program augments the department's Conservation Cost Share Program. It offers grants and technical assistance to farmers who implement conservation practices that control non-point source pollution. In addition to its line item appropriation, the program receives \$250,000 in constitutionally dedicated Corporation Business Tax (CBT) funds from the Department of Environmental Protection (DEP) to support animal waste management projects. According to the Budget Overview, this program is to be eliminated in FY 2009. However, as authorized in proposed budget language, the program would still receive \$250,000 in CBT funds from the DEP, plus any unspent balances remaining at the end of FY 2008.

Soil and Water

Conservation Grants	\$300	\$0	(\$ 300)	(100.0%)	D-20
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According to the Budget Overview, this program is to be eliminated in FY 2009. The 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 addition to the current appropriation, \$784,000 from cancelled or de-obligated grants was transferred into this account during FY 2008. These monies were mostly derived from dedicated CBT revenues originally intended for non-point source pollution projects within the Conservation Cost Share or Conservation Assistance programs.

STATE AID

**School Breakfast-
State Aid Grants**

\$3,854	\$3,000	(\$ 854)	(22.2%)	D-21
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This account provides a State subsidy of 10 cents for each breakfast served to school districts that participate in the federally-funded School Breakfast program. According to the Budget Overview, the proposed State Aid reduction corrects historic overfunding of this account.

CAPITAL CONSTRUCTION

**Chromatographic
Diagnostic
Equipment**

\$250	\$0	(\$ 250)	(100.0%)	D-21
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This one-time appropriation was used to purchase new equipment to replace and upgrade obsolete chromatographic equipment in the department's plant industry and animal disease laboratories. This type of equipment identifies and analyzes various pathogens and bacteria in plants, animal feed, livestock and crops.

Language Provisions**2008 Appropriations Handbook****2009 Budget Recommendations****p. B-10**

Of the amounts appropriated hereinabove for the Conservation Assistance Program, an amount not to exceed \$600,000 is allocated for the administrative expenses of the Conservation Assistance Program, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

According to the Budget Overview, the subject program is to be eliminated in FY 2009. This language is therefore eliminated in conjunction with the elimination of the program's line-item appropriation for FY 2009. It should be noted, however, that in FY 2009, the program is still recommended to receive, through other budget language, \$250,000 in dedicated funds from the Corporation Business Tax, plus any unspent balances remaining at the end of FY 2008.

Discussion Points

1. The FY 2009 Budget seeks to reduce State employee levels through early retirement, attrition, program consolidation, management efficiencies, elimination of funded vacancies and targeted layoffs. Only 10 percent of positions vacated through these actions will be allowed to be refilled. In the Position Data section of the department's proposed budget, the Administration and Support Services program class has been reduced by 17 positions.

- **Question:** By division, how many employees are eligible for the early retirement initiative? Assuming one-third of eligible early retirement staff opt for this offer, how many other employees could be laid off as a result of program consolidation or management efficiencies? To the extent that 90 percent of lost positions will not be refilled, what services or programs are likely to be reduced or eliminated? How will these reductions affect the department's monitoring and oversight of State and federal contracts or grant programs?

2. In his Budget Message, the Governor called for the elimination of the department, with its functions transferred to other State agencies. The Budget Recommendation indicates \$525,000 in Direct State Services savings as a result of "Department Consolidation Savings (b)," with "(b)" indicating that such savings would result from departmental functions being consolidated with other State agencies.

- **Question:** How was this amount calculated? Which agencies would receive the department's major functions and programs? If more employees opt for early retirement than expected, would this have any effect on the decision to eliminate the department?

3. According to the Budget Overview, the Conservation Assistance Program (CAP), which augments the Conservation Cost Share Program by supplying grants and technical assistance to farmers who implement conservation practices that control non-point source pollution, is to be eliminated in FY 2009. In addition to its FY 2008 appropriation of \$600,000, this account received \$447,000 from FY 2007 carryforward balances, and \$250,000 for animal waste management from constitutionally dedicated Corporation Business Tax (CBT) funds transferred through budget language from the Department of Environmental Protection. The CBT transfer language and program carryforward language are both continued in the FY 2009 budget recommendation.

- **Question:** What is the anticipated expenditure plan for this program during the remainder of FY 2008? In what capacity will this program operate in FY 2009? Why does the Budget Overview announce the elimination of this program when carryforward language and language transferring CBT funds for Animal Waste Management is continued? How will farms and farmers be affected if this program is significantly downsized or eliminated in FY 2009?

4. No funding for the Soil and Water Conservation grants is recommended because, according to the Budget Overview, this program is to be eliminated in FY 2009. In addition to its current appropriation of \$300,000, an additional \$784,000 from cancelled and de-obligated grants was transferred into this account during FY 2008. The recommended budget does not include carryforward language for this program.

Discussion Points (Cont'd)

- **Question:** What is the anticipated expenditure plan for this program during the remainder of FY 2008? How will unexpended balances remaining at the end of FY 2008 be utilized? In what capacity, if any, will this program operate in FY 2009? How will farms and farmers be affected if this program is significantly downsized or eliminated in FY 2009?
5. The "Promotion/Market Development" account, which promotes Jersey Fresh products, is reduced by half, \$800,000 to \$400,000, in the recommended budget. The Budget Overview cites that New Jersey has recently gained federal accreditation to offer in-state certification services to organic farmers which, in turn, fosters the promotion of the Jersey Organic brand of agricultural products.
- **Question:** Please describe the anticipated impact of the proposed reduction in the Jersey Fresh program, including the promotion of the Jersey Organic program. Now that State accreditation is secured, how will the Jersey Organic advertising campaign be financed and promoted? What effect, if any, will the proposed elimination of the department have on the State's accreditation status? What impact would the loss of accreditation have on the income and economic viability of participating farms and farmers?
6. No funding is recommended for the Asian Longhorned Beetle Monitoring account because, according to the Budget Overview, this program is to be eliminated in FY 2009. This account received \$150,000 in State funding and \$3 million in federal funding in FY 2008, with the same amount of federal funding expected in FY 2009. The Cooperative Gypsy Moth Suppression program, which is mostly supported by local and federal funds, currently receives \$1.45 million in federal monies and is expected to receive the same amount in FY 2009.
- **Question:** Please explain the current operating status of both programs and their anticipated status in FY 2009. Will the beetle program be solely supported by federal funds in FY 2009 and, if so, will these funds be jeopardized by the elimination of the department and this State-funded account? In light of the high levels of gypsy moth infestation in 2007 and 2008, what steps are being taken to assure sufficient funding and resources to address program needs?
7. State Aid funding for the School Breakfast program is recommended at \$3 million, a decrease of \$854,000 from its current funding level. According to the Budget Overview, the reduction is due to chronic overfunding of this account. Conversely, federal funding in FY 2009 is projected at \$195 million, an increase of \$15 million over the present appropriation.
- **Question:** Why has the school breakfast program been overfunded over the last few years and why does it need to be reduced? What effect, if any, will the proposed reduction in State Aid funding have on the program's federal appropriation in FY 2009? Why is the federal appropriation projected at a higher level in FY 2009, and how will this increase affect program operations and subsidy levels?

Discussion Points (Cont'd)

8. In February 2008, the Office of Management and Budget approved a transfer of \$373,070 from the Animal Disease control account, which contains animal laboratory testing receipts, to the Services Other Than Personal account to purchase a Laboratory Information Management System (LIMS). This system would enable the department to be in compliance with Animal Health Laboratory Network (NAHLN) standards. Failure to comply with these standards could result in the loss of federal funds.

- **Question:** Please describe the functions and benefits of LIMS, its current and future budgetary and staffing needs, and the consequences of not pursuing this purchase. What is the normal disposition of animal laboratory receipts, particularly the amount transferred to purchase LIMS? What is the source, amount and purpose of the federal funds connected to LIMS?

9. One of the major issues the agricultural community has raised regarding the proposed elimination of the department is that this action may jeopardize existing or future federal support for agricultural activities administered solely by the department. Specifically, this concern applies to cases in which (1) federal regulations designate state Departments of Agriculture as the designated recipients of federal funds; (2) the transfer of departmental functions to another State agency may not meet federal program regulations or protocols, or (3) the department has received federal certification or accreditation to conduct certain interstate commerce.

For example, the department is the designated recipient of over \$4 million for specialty crop and marketing grants from the U.S.D.A. Likewise, the federal Farm Bill appropriates \$1 million to the department for New Jersey marketing activities. Further, interstate marketing of nursery and organic products from New Jersey is permissible only because the department has federal certification to market these products nationally. Lastly, the future availability of \$1.3 million in federal funds for the Division of Animal Health's laboratory may be in question due to conflicting confidentiality protocols if this facility and the laboratory managed by the Department of Health and Senior Services are consolidated.

- **Question:** Considering the examples mentioned above, how will existing or anticipated federal grant monies designated specifically to the department be affected by its elimination?

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**Legislative Budget and Finance Office
State House Annex
Room 140 PO Box 068
Trenton, NJ 08625
(609) 292-8030 • Fax (609) 777-2442**