

Chairman Bryant and members of the Senate Budget and Appropriations Committee, good morning.

It is my pleasure to appear before you today. With me are Lou Bruni, my Chief of Operations, as well as other senior staff members.

You have heard from state Treasurer Abelow about the budget outlook and have heard from several Departments. Now, I would like to give you my perspective on the fiscal 2007 spending plan recommended by the Department of Agriculture.

We understand the daunting task before you – to craft a fiscally responsible budget that also meets the needs of New Jersey residents. Since becoming Secretary of Agriculture, I have been committed to working with budgets that achieve the utmost results with the tax dollars allocated to us.

We are more interested in growing the markets for our farmers' great agricultural products than in growing the size of our agency.

To reach that goal, I would like to outline three areas of focus: our administrative operating efficiencies; the creation of new markets and strengthening of our current markets for our food and agriculture sector; and, tackling hunger and providing healthy and nutritious foods for young people and the needy.

The Department of Agriculture is the smallest executive department and we operate a lean agency. Four years ago, the Department was reorganized, flattening the management structure, to make it more efficient and responsive to the diverse constituents we serve.

We have implemented many operating efficiencies. In the last year, we:

- reduced the vehicle fleet by 10 percent;
- reduced state-funded positions by 12 and a total of 36 in the past four years;
- cut 6 percent for fiscal year 2007 from the Direct State Service Budget;

- and, reduced general operating expenses by \$40,000.

Less than 3 percent of the Department's budget is used for operating expenses.

A key way to get the job done at the least cost has been through partnerships, both at the federal and state levels, and we will continue to reinforce and strengthen our partnerships in the coming year to achieve our goals.

- With the Office of Information Technology, last month we completed the new Department website, which is user-friendly and easy to navigate. This was done at no cost to the Department, adding to our Jersey Fresh, Jersey Seafood and Jersey Grown websites, which also were created for us by OIT.
- With the Department of Labor and Workforce Development, we are working on the Agriculture Development Initiative to train workers, managers and producers to increase productivity in the industry;
- With the Board of Public Utilities we are working on a Green Energy Initiative to promote renewable energy sources to the agricultural community;
- With Rutgers Cook College and the New Jersey Beekeepers Association we created the Beeginning Beekeepers start-up program you might have read about in the news;
- With USDA, US Forestry Service and the Department of Environmental Protection we are working to eradicate the Asian longhorned beetle and replant downed trees; and,
- With USDA we conduct ongoing fruit, vegetable, egg and seafood inspections as well as Third Party Auditing for safe food handling practices on our farms.

Other ways in which we are achieving efficiencies are through updating our information technology, which in turn helps our employees to be more productive.

A true success story in that area is our Division of Food and Nutrition's web-based voucher system to manage disbursements of funds to school districts and community based organizations for the school breakfast and school lunch programs, as well as adult, child and dependent care programs that feed more than 1.3 million people daily.

This saves countless man-hours of processing time and has expedited payments to our clients. This allows for sponsors to receive program payments within 10 to 15 days instead of the 30 to 60 days in the former paper-based billing system.

In these ways, we are doing more with less, especially at a time when we are preparing for the possibility of Avian Influenza entering the United States. Our Division of Animal Health and our public information officers are working with other state agencies and USDA on a preparedness plan. They also have been training and drilling to respond in the event that the more dangerous form of Avian Influenza now present in Asia and Europe should enter our country.

We also are continuing our eradication program for the Asian longhorned beetle. Recently, at least 50 more trees infested with the beetle were found in the City of Linden between the New Jersey Turnpike and the Arthur Kill. A single additional tree also was found in western Linden. This will require an expansion of the quarantine area, into three new towns in Union County – Roselle, Elizabeth, and Clark and into an additional area of Carteret in Middlesex County.

The program will encompass nearly 25 sq. mi. with these new additions. The infested trees were found in surveys based on computer modeling, and are believed to be the source of the past few isolated finds.

This will require the surveying of a wider area and the taking down of more trees, but we are very optimistic that we are gaining ground in our battle to find and stop this pest.

Thus far, 528 infested trees and 16,652 high-risk host trees have been removed in the existing quarantine area of Carteret, Rahway, Woodbridge and Linden.

Because of last year's dry spring weather, another pest – the gypsy moth – has had a resurgence. A naturally occurring fungus, which has helped control the gypsy moth population in recent years, relies on moisture to thrive and reduce the gypsy moth larval population. But, the dry weather reduced its activity. Because of that, gypsy moth caterpillars were responsible for about 44,000 acres of defoliation in 2005, compared to about 6,500 acres the year before. The hardest-hit counties were Ocean, Burlington, Monmouth and Sussex.

This year, the suppression effort was expanded to protect the trees in these and other counties. Last week, more than 26,000 acres in 19 municipalities in 7 counties were treated.

There's no doubt we all understand the problem of hunger in our state. We will continue our work to feed more than a million of our neediest citizens daily.

We are living in a time when, even with our current efforts, the state is struggling to provide emergency food supplies to those residents who may seek food through a network of 660 food pantries, soup kitchens and homeless shelters supplied by our six emergency feeding operations.

There are 1.6 million New Jersey residents eligible to receive food assistance through our emergency food distribution system...that's 19.1 percent of the 8.6 million state residents. Annually, 26.4 percent of recipients are turned away from food pantries and 9.2 percent are turned away from soup kitchens, primarily due to lack of food.

While the Department has seen decreased funding in several other areas, Governor Corzine sees the hunger problem in our state as an urgent need and has proposed a \$4 million Hunger Initiative that will help feed an additional 500,000 people.

The initiative consists of three parts:

- \$3 million of the funding would be used to purchase healthy, nutritious foods, with an emphasis on buying locally first.
- The other million dollars would be used to improve the infrastructure of facilities. I have visited emergency feeding operations, pantries and soup kitchens and they are doing an admirable job with the facilities and equipment they have, but they funnel most of their resources to feeding their clients and don't have much left for updating and upgrading their equipment and facilities.
- The third component to the Governor's plan would be to improve the efficiency of the food delivery system. Our Division of Food and Nutrition is set to work with the Governor's office to identify efficiencies, such as allowing food banks to capitalize on cooperative buying power.

Through this three-pronged approach, we hope to feed 500,000 more people who seek food through these outlets. I hope that you will agree with the Governor and I that this important issue deserves our support.

At the same time, we are continuing with our implementation of the comprehensive statewide school nutrition policy, which -- by September 1, 2006 -- will require New Jersey school districts to adopt a plan that will assure that only healthy and nutritious foods are offered and better eating habits are stressed. Full implementation of the policy consistent with our standards will take place by September of 2007.

The Division of Food and Nutrition has held seminars to train school food service directors, school administrators, school board representatives, health and physical education teachers, school nurses, parents, students, and community members on how to develop and meet the new standards.

There was such intense interest that more than 995 people attended the sixteen training sessions held throughout the state in March. Additional training locations were added to meet the growing number of participants who wanted to attend.

Another important aspect of what we do in Agriculture is our work to reposition New Jersey agricultural products in the marketplace and nurture an environment of innovation with our agency and other partners.

We've spoken before of branding milk *Jersey Fresh*. Well, we are now closer than ever. The Department is patiently shepherding a group of entrepreneurial farmers developing the product. The group is in the process of finalizing financing to purchase an existing processing plant that will use the Jersey Fresh program to promote the sale of the milk and milk products processed by the dairy producer-controlled plant.

Earlier this year, we formed a Vegetable Task Force to strengthen market opportunities for the state's second largest agriculture sector. The produce industry farms more than 70,000 acres of New Jersey farmland.

Two years after forming a similar task force for peaches, the once shrinking industry is growing. In fact, the state's peach farmers harvest more than 8,000 acres each year.

To help the peach industry, we enacted a Premium peach rule last season to set the product apart in the marketplace through offering a freshness guarantee, which reinforces the quality taste experience for consumers who purchase our Garden State's branded products.

Soon, you will see *Jersey Seafood*-branded bagged clams. Our Department has been working with a group of entrepreneur clammers to develop the product, assisting them in obtaining federal grant money for the project. New Jersey's fishing industry is an important sector of the state's economy with a port-side value of \$146 million.

And, last month, we kicked off a new *Jersey Fresh* advertising campaign to reinvigorate the 22-year-old marketing program to promote New Jersey grown agricultural products.

We've got a new slogan, Jersey Fresh, As Fresh as Fresh Gets, and a new concept highlighting that the products are "Born" in New Jersey.

Watch for the 15-second television ads for asparagus – Born to Be Tender and romaine lettuce – Born to be Caesar and others throughout the next few months.

The new ad campaign provides a holistic approach to Jersey Fresh marketing, which is being supported by websites and an aggressive public relations effort.

We have proof that our efforts are paying off. A recent study showed that the Jersey Fresh program returns \$33 for every \$1 spent to our farming community and \$56 to our overall State economy. All of this was done while our Jersey Fresh budget has decreased or remained stable.

Before I close, I'd briefly like to talk about our successful farmland preservation program. We know that program funding is getting increasingly tight as the Garden State Preservation Trust funds are drawn down. In addition, land prices continue to increase which reinforces the need for us to continue to be very strategic in spending our preservation money. We are working on streamlining the preservation process to make it easier and less time-consuming for landowners to preserve their land.

New Jersey residents don't want to see farmland disappear. They depend upon it as part of their quality of life here in New Jersey. We hope you will continue to support the program.

As you can see, we may be agriculture, but we touch a lot of lives, whether feeding the hungry, protecting our natural resources or lending a hand to farmers or fishermen.

We will stand by our commitment to preserve our farms, promote our New Jersey produced and harvested commodities in the region, nation and the world, protect our food supply from invasive pests and infectious diseases and conserve and preserve our natural resources. A healthy food and agriculture industry is vital to New Jersey residents' quality of life. We need to keep these industries strong. With your continued help, we will do that.

For our part, our Department stands ready to work with you in meeting these goals.

At this time I would be pleased to answer any questions you may have.