

Chairman Greenwald and members of the Assembly Budget Committee, good morning.

It is my pleasure to appear before you today to discuss the fiscal 2006 budget recommended by the Department of Agriculture. With me today are Jack Gallagher, my Chief of Operations, as well as my other senior staff members.

Clearly, the task before you to craft a budget that is both fiscally responsible and responsive to the needs of New Jersey residents is a daunting one. As Secretary of Agriculture, it is part of my duty to manage a budget that demonstrates our Department's commitment to achieving the utmost results with the tax dollars allocated to us.

To that end, I would point out that the Department of Agriculture recently was the subject of a financial and operations audit by the Office of the State Auditor, which concluded in mid-March. I am pleased to say that the audit revealed no problems or negative conclusions concerning the Department's finances and operations. In fact, one member of the audit team even commented that he did not see how we accomplished all that we do with the resources we have.

We are extremely proud of the results of this audit, and believe it speaks volumes about our ability to operate a lean department while providing effective and efficient service to our constituents and all residents of our Garden State.

I want to take a minute to speak about some of the efficiencies we already have achieved by maximizing technology, consolidation and interagency cooperation.

A recent Departmental reorganization reduced seven organizational units to five, eliminated the Assistant Secretary of Agriculture and Chief of Staff positions, resulting in a flatter management structure, which has provided greater flexibility and has been more responsive to the needs of our constituents.

Also, we have already submitted a plan to reduce our workforce that meets the Governor's mandate to cut 500 state jobs.

In the area of technology, the Department has implemented a web-based voucher payment system for schools participating in the National School Lunch, School Breakfast, After School Snack and Special Milk programs. 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.

Implemented in the fall of 2003, the new system has netted the Department cost-savings realized through significant reductions in staff time associated with the handling, processing and mailing of paper claims and vouchers. The payment system has been streamlined and worker productivity has increased.

Now, all public school program sponsors receive their federal and state nutrition funds in a timelier manner. Non-public schools receive expedited payments through the traditional state process.

On a smaller scale -- but still significant -- the Department is utilizing technology to reduce expenses and allow for faster and more efficient delivery of services through bar-coding of dairy store licenses in an effort to streamline the inspection and renewal process. Also, through the installation of EZ Pass transponders in all our state vehicles to reduce administrative paperwork and error, improve internal controls for toll and other travel expenses and provide greater management and oversight of field staff activities.

Coming into the current year's budget, our Department reduced its state-funded staff following a comprehensive review of all of our programs and services, with the least-needed being eliminated and the staff associated with these programs having to be let go.

As for interagency cooperation, the Department of Agriculture has joined with the Departments of Corrections and Treasury to develop a local purchasing program for up to one million dollars of fresh Jersey produce. This produce is processed at the Department of Correction's Southwoods facility for use throughout the state prison system.

I might add that this serves as an additional market opportunity for New Jersey farmers. In addition, we worked with the Department of Environmental Protection's Division of Fish and Wildlife to resurrect a popular program to provide assistance to farmers to protect their crops from deer damage.

As you can see, we have tried to be proactive and creative in our approaches to achieving efficiencies. We have been no less innovative in our approaches to serving our wide array of constituents.

In the past, you have heard me describe how our Department's diverse number and type of programs serve an extremely broad constituency – perhaps the broadest of any Department in state government. The budget proposed for us in Fiscal Year 2006 will permit us to continue providing those programs and services.

In the coming year, we expect to continue to aggressively preserve our state's non-renewable farmland. With over 134,000 acres on more than 1,200 farms now permanently preserved, New Jersey continues to be a national leader in farmland preservation with over 16 percent of its available farmland preserved -- the highest percentage in the nation.

We expect continuing challenges in our plant and animal health sectors. With avian influenza a genuine threat to our poultry flocks and control and monitoring of the Asian longhorned beetle facing us, our resources will be tested again. I am pleased to report to you, though, that efforts to control the current Asian longhorned beetle infestation are proceeding very well.

Currently, more than 3,200 trees either infested with the beetle or at high-risk of being infested have been removed from the affected area in Middlesex and Union counties.

In addition, just over two years since the beetle was discovered in Jersey City, surveys there show no signs of the beetle, and that area is on track to be deregulated this coming summer. We're very pleased to receive added federal funding to support this effort. As you know, \$200,000 in matching state funding has been recommended for this purpose in the proposed budget.

To assist our farmers, we will continue to press on in identifying economic development strategies to keep our agricultural sectors viable and thriving. One strategy calls for the expansion of the number of community farmers' markets, which provide growers greater access to consumers. In the past two years alone, we have established 19 new community farmers markets, bringing the current total to 69, with more new markets planned this summer.

Another strategy would increase the number of "value-added" products from growers to provide them with ownership further into the market chain. You will soon be seeing a new Jersey Fresh branded milk and a Jersey Seafood branded bagged clams. Also, watch for Jersey Fresh branded peach cider and blueberry ice tea, all taking our already sought after locally produced products to a new level.

Other strategies include: identifying opportunities for farmers to enhance their operations through agri-tourism; and working with farmers to promote their products and open doors to new markets.

One of our standard-bearer programs, Jersey Fresh, will continue to promote locally grown fruits, vegetables and other of our products produced on our farms. And, we have expanded the branding programs to also promote other farm sectors such as nursery, seafood and organic, using the Jersey Grown, Jersey Seafood and Jersey Organic brands. You're welcome to visit our new Jersey Grown and Jersey Seafood websites, which has extensive information on those topics.

Pointing to another constituency, we will continue to receive, store and distribute federally donated foods to our state's school children and most needy citizens through six Emergency Feeding Operations and many of the 912 soup kitchens, food pantries and homeless shelters in New Jersey.

And, the success of our mandated school breakfast program continues to grow. During the current school year, more than 132,000 children from 1,600 schools participated daily and received benefits from the program. To support this mandate, \$642,000 in added funding has been recommended in our '06 budget. In the next phase of the mandate, it is projected that an additional 68 schools participating with an enrollment of more than 59,000 gaining access to program benefits.

In the natural resource area, we will continue to work with our federal and state partners to provide needed technical assistance to landowners to promote soil and water conservation and control farm runoff. Relatedly, we expect to soon introduce administrative rules, in response to EPA provisions, that would help large animal operators, such as dairy farms and equine operations, improve the handling of manure to improve water quality.

In closing, let me say I am very proud to represent our state's \$64 billion food and agriculture complex, which encompasses everything from production and marketing to safety.

And, we are especially proud of our family farmers, who toil at their labors to provide us with safe and affordable food and agricultural products. They grow steak for our grills, greens for our salads, and grapes for our wine. We need to keep that industry strong. With your continued help, we will do that.

No one can doubt the enormous task that lies before you in crafting a 2006 budget that is balanced and yet responsive to the needs of all New Jerseyans – including our farmers, fishermen and the food industry.

For our part, our Department stands ready to work with you in meeting that end.

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