

ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 2002 - 2003 BUDGET



DEPARTMENT OF AGRICULTURE

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2002

NEW JERSEY STATE LEGISLATURE

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

Wayne R. Bryant (D), 5th District (Parts of Camden and Gloucester), *Co-Chair*
Robert E. Littell (R), 24th District (Sussex and parts of Hunterdon and Morris), *Co-Chair*
Martha W. Bark (R), 8th District (Part of Burlington)
Anthony R. Bucco (R), 25th District (Part of Morris)
Barbara Buono (D), 18th District (Part of Middlesex)
Joseph Charles, Jr. (D), 31st District (Part of Hudson)
Sharpe James (D), 29th District (Parts of Essex and Union)
Walter J. Kavanaugh (R), 16th District (Parts of Morris and Somerset)
Bernard F. Kenny, Jr. (D), 33rd District (Part of Hudson)
Joseph M. Kyrillos, Jr. (R), 13th District (Parts of Middlesex and Monmouth)
Leonard Lance (R), 23rd District (Warren and part of Hunterdon)
Joseph Suliga (D), 22nd District (Parts of Middlesex, Somerset and Union)

GENERAL ASSEMBLY BUDGET COMMITTEE

Louis D. Greenwald (D), 6th District (Part of Camden), *Chairman*
William D. Payne (D), 29th District (Parts of Essex and Union), *Vice-Chairman*
Francis J. Blee (R), 2nd District (Part of Atlantic)
Joseph Cryan (D), 20th District (Part of Union)
Douglas H. Fisher (D), 3rd District (Salem and parts of Cumberland and Gloucester)
Linda R. Greenstein (D), 14th District (Parts of Mercer and Middlesex)
Thomas H. Kean, Jr. (R), 21st District (Parts of Essex, Morris, Somerset and Union)
Joseph R. Malone III (R), 30th District (Parts of Burlington, Mercer, Monmouth and Ocean)
Kevin J. O'Toole (R), 40th District (Parts of Bergen, Essex and Passaic)
Elba Perez-Cinciarelli (D), 31st District (Part of Hudson)
Bonnie Watson Coleman (D), 15th District (Part of Mercer)

OFFICE OF LEGISLATIVE SERVICES

Alan R. Kooney, *Legislative Budget and Finance Officer*
Frank W. Haines III, *Assistant Legislative Budget and Finance Officer*

Glenn E. Moore, III, *Director, Central Staff*
Mark T. Connelly, *Section Chief, Environment, Agriculture, Energy and Natural Resources Section*

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 (Tel. 609 292-7676) or the Legislative Budget and Finance Office (Tel. 609 292-8030).

DEPARTMENT OF AGRICULTURE

Budget Pages.....C-15; C-23; C-28; D-15 to D-24

Fiscal Summary (\$000)

	Expended FY 2001	Adjusted Appropriation FY 2002	Recommended FY 2003	Percent Change 2002-03
State Budgeted	\$35,273	\$24,988	\$21,627	(13.5)%
Federal Funds	176,635	237,439	231,575	(2.5)%
<u>Other</u>	<u>8,797</u>	<u>8,982</u>	<u>10,203</u>	<u>13.6%</u>
Grand Total	\$220,705	\$271,409	\$263,405	(2.9)%

Personnel Summary - Positions By Funding Source

	Actual FY 2001	Revised FY 2002	Funded FY 2003	Percent Change 2002-03
State	167	171	179	4.7%
Federal	45	46	43	(6.5)%
<u>Other</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>0.0%</u>
Total Positions	257	262	267	1.9%

FY 2001 (as of December) and revised FY 2002 (as of September) personnel data reflect actual payroll counts. FY 2003 data reflect the number of positions funded.

Introduction

The primary mission of the Department of Agriculture (DOA) is to ensure the continued viability of New Jersey's agricultural environment and its related industries. The department's regulatory functions and operating programs provide services that support the following objectives: farmland preservation; developing fisheries and aquaculture resources; promoting and expanding domestic and foreign agricultural markets; detecting, controlling, and eradicating animal and plant pests and diseases; conserving soil and water resources; stimulating and expanding the State's agribusiness and equine industry; preventing unfair, illegal, and improper trade practices that may adversely affect the production and sale of agricultural products; promoting agricultural education and training programs; and distributing federally donated food commodities and cash reimbursements for child and adult nutrition programs.

Key Points

- The total General Fund appropriation recommended for the department is \$21.6 million, a decrease of \$3.4 million or 13 percent below the current adjusted funding level. No new programs or spending increases are recommended.
- The **Direct State Services** (DSS) portion of the General Fund appropriation is recommended at \$10.7 million, a decrease of \$661,000 or 6 percent less than the FY 2002 adjusted appropriation level. Significant DSS budget changes are as follows:
- Special Purpose funding is eliminated for Fish and Seafood Development and Promotion (\$100,000), Future Farmers' Youth Development (\$45,000), and Dairy and Commodity Regulation (\$75,000).
- Special Purpose funding is eliminated for the Warren County Soil Conservation District-Soil Survey (\$90,000), a Legislative initiative introduced in the FY 2002 Budget.
- Special Purpose funding is reduced for Aquaculture Development by \$30,000, and Promotion/Market Development (i.e. Jersey Fresh) by \$140,000.
- The **Grants-In-Aid** (GIA) segment of the General Fund appropriation is recommended at \$2.3 million, a decrease of \$1.7 million or 42 percent under the current adjusted funding level. Key changes include:
- The following Legislative initiatives, each funded at \$50,000 in FY 2002, are eliminated: Agricultural Fairs Association of N.J.; Gloucester County 4-H Association; Farmers Against Hunger; and the N.J. State Fair/Sussex County Farm and Horse Show.
- Funding is eliminated for the Farmland Stewardship Program and Farmland Administration - County Grants, each funded at \$250,000. Both programs were introduced in the FY 2002 Budget but were not implemented due to the FY 2002 budget deficit.
- Three grant programs are reduced: Conservation Cost Share Program, by \$400,000; Promotion/Market Development grants, by \$150,000; and the Soil and Water Conservation Grants program, by \$400,000.
- The **State Aid** portion of the General Fund appropriation is recommended at \$8.6 million, a decrease of \$1.0 million or 10 percent less than the FY 2002 funding level. This reduction reflects a decrease of \$900,000 or 36 percent in the School Breakfast Program, plus the elimination of the Right to Farm Program account, now funded at \$100,000.
- No General Fund funding for **Capital Construction** is recommended. The FY 2002 appropriation of \$50,000 for the Alampi Beneficial Insect Laboratory is not continued.
- **Federal** funding is recommended at \$231.6 million, a net decrease of \$5.9 million or 2 percent from current authorized levels. Most federal funds support the various child nutrition programs operated by Bureau of Child Nutrition Programs. A decrease of \$7.2 million is projected for the Child Food Care component of these nutrition programs.
- The **All Other Funds** portion of the budget is estimated at \$10.2 million, a net increase of \$1.2 million or 14 percent more than the current appropriation. Most of this increase, \$1.1 million, is attributable to increased parimutuel activity for the Sire Stakes program.

Key Points (Cont'd)

- New budget language is recommended to transfer \$1.65 million from the Garden State Farmland Preservation Trust Fund to the department to fully support the State Agriculture Development Committee's administration of the Farmland Preservation program and related activities, which is presently supported by the General Fund. This language would override the provision in the Garden State Preservation Trust Fund Act (P.L.1999, c.152) that prevents trust funds from being used for administrative purposes.
- Current budget language concerning the transfer of at least \$850,000 in dedicated Corporation Business Tax funds to the department from the Department of Environmental Protection to support non-point source pollution projects is amended to replace this amount with an unspecified amount to be negotiated between the two departments.
- Additional revenues totaling \$527,000 are projected from planned increases in Agricultural Chemistry and dairy regulation fees. The additional revenue is intended to support a greater proportion of the costs borne by the regulatory units that administer these programs.

Program Description and Overview

The functions and programs of the Department of Agriculture (DOA) are grouped and displayed in the Budget Recommendation under one Statewide Program: Agricultural Resources, Planning, and Regulation. This Statewide Program consists of the following program classifications (identified by a two-digit budget code), which generally correspond to the department's organizational structure and reflect the operating levels at which specific appropriations are recommended:

Animal Disease Control (01). Refers to the Division of Animal Health, which provides programs and services that control the introduction and spread of disease in animals. Its major activities include exotic disease surveillance, investigations, regulatory enforcement, SPCA training, and diagnostic laboratory services.

Plant Pest and Disease Control (02). Supports the Division of Plant Industry, which protects the ornamental, vegetable, and field crop plants and forested acreage of the State from pest insects and diseases. Its major programs include nursery inspection, seed certification, gypsy moth suppression, apiary inspection, and biological control of plant pests through the operation of the Alampi Beneficial Insect Rearing Laboratory.

Resource Development Services (03). Funds the Division of Rural Resources, which encompasses the State Soil Conservation Program, activities related to nonpoint source pollution, waste and stormwater management, the seafood and aquaculture industry, the Future Farmers of America program, and various research projects concerning the agricultural economy. It also is responsible for agricultural statistics, farm management training and financial and technical support for the State's 16 Soil Conservation Districts.

Dairy and Commodity Regulation (04). Refers to the Division of Dairy and Commodity Regulation, which is responsible for the inspection and grading of commodities such as fruits, eggs and vegetables (under the Jersey Fresh Quality Grading Program), the regulation of feeds, fertilizers, and liming materials, and the regulation and enforcement of dairy and commodities laws.

Marketing Services (06). Funds the Division of Markets, which supports promotional matching grants and the Jersey Fresh program, the State portion of the Temporary Emergency Food Assistance Program, commodity councils, sire stakes, horse breeding programs, and the Horse Park of N.J. This division also includes the Bureau of Child Nutrition programs, which administers the federal and State subsidies for the child nutrition, school breakfast and school lunch programs.

Commodity Distribution (07). Contains only off-budget funds provided by federal and non-State funding sources. This classification encompasses federally-supported programs run by the department that receive and process federal surplus foods which are distributed to schools, food banks, institutions and needy individuals.

Farmland Preservation (08). Supports the staff of the State Agricultural Development Committee, an independent agency charged with the administration of the Farmland Preservation program and other related activities, such as Right to Farm, Transfer of Development Rights, soil and water conservation grants and some County Agriculture Development Board functions.

Administration and Support Services (99). Supports the Division of Administration, the Office of the Secretary, and the State Board of Agriculture. The division provides departmental support services while the Office of the Secretary is involved with legislative and industry liaison, legal services, policy development and providing support to the State Board of Agriculture.

Program Description and Overview (Cont'd)

FY 2003 Budget Overview

The FY 2003 Budget Recommendation reflects the general condition of the State's static economy and revenue forecasts. All of the department's State-funded accounts are either continued at current adjusted levels, moderately reduced, or eliminated. No new programs, line items or funding increases are recommended.

The department's total **General Fund** appropriation is recommended at \$21.6 million, a net decrease of \$3.4 million or 13 percent below the FY 2002 adjusted appropriation level. The two other funding sources in the department's budget are **Federal** funds, recommended at \$231.6 million, a decrease of \$5.9 million or 2 percent below the current amount authorized, and off-budget revenues (i.e. "**Other Funds**"), recommended at \$10.2 million, an increase of \$1.2 million or 14 percent over the FY 2002 budget level. The recommended total of these three funding sources is \$263.4 million, a net decrease of \$8.0 million or 3 percent less than the adjusted FY 2002 total.

The four funding categories of the General Fund recommendation include decreases of \$661,000 or 5.8 percent in **Direct State Services**; \$1.7 million or 42.3 percent in **Grants-In-Aid**; \$1.0 million or 10.4 percent in **State Aid**; and \$50,000 or 100 percent in **Capital Construction**. These changes are summarized as follows:

Direct State Services

The recommended Direct State Services (DSS) or operating budget of \$10.7 million reflects a decrease of \$661,000. Of the decrease, \$480,000 has been eliminated from the following Special Purpose accounts: Warren County Soil Conservation District - Soil Survey, \$90,000 (Legislative initiative); Fish and Seafood Development and Promotion, \$100,000; Future Farmers' Youth Development \$45,000; Dairy and Commodity Regulation \$75,000; Aquaculture Development, \$30,000; and Promotion/Market Development (Jersey Fresh), \$140,000.

The balance of the reduction is attributable to decreases totaling \$35,000 in various operating accounts, pursuant to the Governor's 5 percent operating reduction directive. A salary account savings of \$146,000 from attrition is also projected and budgeted during FY 2003.

Grants-In-Aid

The recommended \$1.7 million decrease in the Grants-In-Aid budget reflects the elimination of four Legislative initiatives, all funded at \$50,000: Agricultural Fairs Association of N.J.; Gloucester County 4-H Association; Farmers Against Hunger; and the N.J. State Fair/Sussex County Farm and Horse Show. Funding is also discontinued for the Farmland Stewardship Program and the Farmland Administration-County Grants program, both funded at \$250,000. These programs were introduced in the current budget but were never implemented due to the FY 2002 budget deficit.

The recommended Grants-In-Aid budget also reduces the Soil and Water Conservation Grants account by \$400,000; the Conservation Cost Share Program by \$400,000; and the Promotion/Market Development account by \$150,000. Funding for the Farm Management and Training Initiative program remains the same at \$24,000.

Program Description and Overview (Cont'd)

State Aid

The State Aid budget of \$8.6 million recommends a decrease of \$900,000 in the School Breakfast program, which received \$2.5 million in FY 2002, and the elimination of the \$100,000 appropriation for the Right to Farm Program account. The two other State Aid accounts associated with the federal child nutrition programs, \$6.6 million for the School Lunch program and \$439,000 for non-public nutrition aid, are recommended at current funding levels.

Capital Construction

The department received funding for one project in FY 2002, \$50,000 to replace a cooling tower at the Beneficial Insect Laboratory. No capital funding is recommended in FY 2003.

Federal Funding

The department anticipates receiving \$231.6 million in federal funds in FY 2003, or about \$5.9 million less than the FY 2002 total. About 96 percent of the federal funds recommendation is associated with the following Child Nutrition programs, as listed in the Budget Recommendation with their FY 2003 appropriation levels: Child Care (\$39.9 million); Administration (\$3.3 million); School Lunch (\$145.0 million); Special Milk (\$1.5 million); Summer Programs (\$8.7 million); School Breakfast (\$28.0 million); and Team Nutrition Training (\$225,000). These amounts are preliminary and are normally revised later in the budget process.

Off-Budget Funds

The department's off-budget or "below the line" funding consists of revenues generated from various sources that are dedicated, or appropriated, directly to the department pursuant to budget language or other statutory authority. These monies are derived from regulatory fees, commodity inspection and grading fees, parimutuel betting (to support sire stakes and horse breeding activities), federal surplus food distribution and processing fees, bond administration funds, and commodity council assessments. In the Budget Recommendation, these monies are displayed under "**All Other Funds**" on page D-23 and are also listed under "**Schedule 2--Other Revenues**" on Page C-23.

In FY 2003, the total amount of appropriated revenue is projected at \$10.2 million, nearly \$1.2 million more than the current adjusted level. The largest single increase in this category is the Sire Stakes program, budgeted at \$4.1 million in FY 2002 and \$5.2 million in FY 2003. This account is supported by a dedicated percentage of parimutuel betting receipts that are used for sire stakes purses and related equine activities.

Last, it should be noted that additional revenues from planned fee rate adjustments, totaling \$100,000 for "Agricultural Chemistry" and \$65,000 for "Dairy and Commodity Regulation," are projected and listed in Schedule 2. In addition to the Schedule 2 amounts, the two fee adjustments are projected to generate \$362,000 in increased revenues that would be deposited in the General Fund, as displayed in "**Schedule 1-State Revenues**" (page C-15) under "Fertilizer Inspection Fees" and "Milk Control Licenses and Fees." Hence, a total of \$527,000 in additional revenues from these two fee programs are projected for FY 2003.

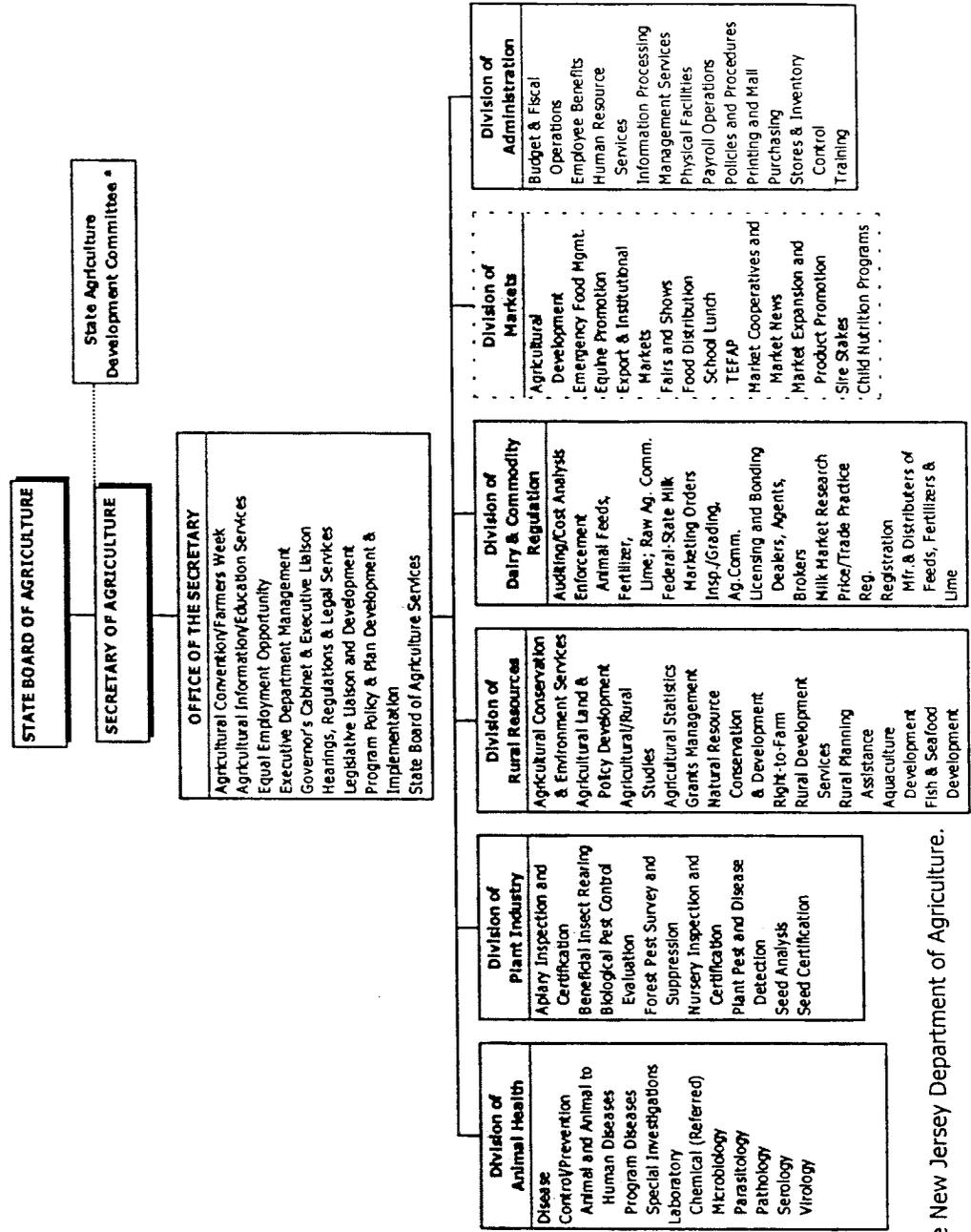
Program Description and Overview (Cont'd)

Positions

As displayed in the Budget Recommendation and in the "Fiscal and Personnel Summary" section of this report, the FY 2001 and FY 2002 position data figures reflect the actual number of employees on the department's payroll at a given point in time. The FY 2003 figures reflect the total number of positions to be funded without regard to vacancy status. The Budget Recommendation lists 171 State-funded positions in FY 2002 and 179 positions in FY 2003.

It should be noted that the department's FY 2003 funded position level could change through the implementation of an early retirement incentive program, a managed attrition program or other actions as proposed by the Governor.

Organization Chart



* In, but not of, the New Jersey Department of Agriculture.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2001	Adj. Approp. FY 2002	Recom. FY 2003	Percent Change	
				2001-03	2002-03
General Fund					
Direct State Services	\$12,273	\$11,392	\$10,731	(12.6)%	(5.8)%
Grants-In-Aid	3,597	3,904	2,254	(37.3)%	(42.3)%
State Aid	8,714	9,642	8,642	(0.8)%	(10.4)%
Capital Construction	10,689	50	0	(100.0)%	(100.0)%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$35,273	\$24,988	\$21,627	(38.7)%	(13.5)%
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	\$35,273	\$24,988	\$21,627	(38.7)%	(13.5)%
Federal Funds	\$176,635	\$237,439	\$231,575	31.1%	(2.5)%
Other Funds	\$8,797	\$8,982	\$10,203	16.0%	13.6%
Grand Total	\$220,705	\$271,409	\$263,405	19.3%	(2.9)%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2001	Revised FY 2002	Funded FY 2003	Percent Change	
				2001-03	2002-03
State	167	171	179	7.2%	4.7%
Federal	45	46	43	(4.4)%	(6.5)%
All Other	45	45	45	0.0%	0.0%
Total Positions	257	262	267	3.9%	1.9%

FY 2001 (as of December) and revised FY 2002 (as of September) personnel data reflect actual payroll counts. FY 2003 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	19.9%	19.5%	21.5%	----	----
------------------------	-------	-------	-------	------	------

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2002</u>	<u>Recomm. FY 2003</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
--------------------	---------------------------------	----------------------------	--------------------------	---------------------------	------------------------

DIRECT STATE SERVICES**Special Purpose:**

**Fish and Seafood
Development and
Promotion**

	\$100	\$0	(\$100)	(100.0)%	D-20
--	-------	-----	---------	----------	------

Since FY 1985, funding from this account has supported the promotion and market development of the State's seafood and aquaculture industries. The elimination of this account will curtail the department's support of these activities.

**Future Farmers' Youth
Development**

	\$45	\$0	(\$45)	(100.0)%	D-20
--	------	-----	--------	----------	------

The State has funded this activity since FY 1987 to support the department's promotion of agricultural education in secondary schools and youth organizations. The elimination of this support will significantly curtail or end the department's role in these activities.

**Dairy and Commodity
Regulation**

	\$75	\$0	(\$75)	(100.0)%	D-20
--	------	-----	--------	----------	------

Since FY 1998, this line item has supported the Dairy Improvement Program, which aids farmers in improving milk quality through bacterial testing and herd management training. In addition to the absence of FY 2003 funding, \$40,000 from the account's current balance is scheduled to be lapsed to help reduce the FY 2002 budget deficit. To offset these reductions, the Administration has proposed that milk license and inspection fees be increased to generate more revenues. Consequently, the Budget Recommendation includes \$189,000 in additional revenues from these fees in anticipation of such rate adjustments.

**Promotion/Market
Development**

	\$1,166	\$1,026	(\$140)	(12.0)%	D-20
--	---------	---------	---------	---------	------

This account finances the advertising and promotion of the Jersey Fresh program as well as supporting the Jersey Fresh Quality Grading program. The recommended funding level would reduce the advertising budget by \$100,000 and the grading program budget by \$40,000. The FY 2002 advertising budget is also being reduced by \$267,000 as part of the department's FY 2002 budget deficit reduction plan.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2002</u>	<u>Recomm. FY 2003</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
GRANTS-IN-AID					
Conservation Cost Share Program	\$1,150	\$750	(\$400)	(34.8)%	D-21

This program provides grants to farmers to implement conservation projects to control non-point source pollution. In addition to the recommended reduction, \$150,000 is scheduled to be lapsed from the program's FY 2002 appropriation to help reduce the FY 2002 budget deficit. Further, budget language that annually transfers a minimum of \$850,000 to this account from the Department of Environmental Protection is amended to replace this sum with an unspecified amount to be negotiated between the two departments. According to the Administration, additional federal funding will be sought to offset State funding reductions.

Promotion/Market Development	\$250	\$100	(\$150)	(60.0)%	D-21
---	--------------	--------------	----------------	----------------	-------------

This account provides matching grants to various local marketing and promotion activities, such as agricultural fairs and commodity promotions. The program is also scheduled to lapse \$20,000 from its current salary budget to help reduce the FY 2002 budget deficit. The Administration anticipates that the recommended reduction will be somewhat mitigated by a plan to coordinate Jersey Fresh marketing with the Commerce Commission's Fall advertising campaign.

Soil and Water Conservation Grants	\$1,600	\$1,200	(\$400)	(25.0)%	D-21
---	----------------	----------------	----------------	----------------	-------------

This program, begun in FY 2000 with a \$600,000 supplemental appropriation (P.L. 1999, c.371), provides matching grants to farmers for soil and water conservation projects. Grant recipients must be enrolled either in the eight (8)-year or permanent development easement categories of the Farmland Preservation program. In addition to the recommended reduction in FY 2003, the account is scheduled to lapse \$1.0 million from its FY 2002 appropriation and another \$1.0 million from carryforward balances as part of the FY 2002 budget deficit reduction plan.

STATE AID

School Breakfast Program	\$2,488	\$1,588	(\$900)	(36.2)%	D-22
-------------------------------------	----------------	----------------	----------------	----------------	-------------

This account was initiated in the FY 2000 Budget to provide a State subsidy to school districts that participate in the School Breakfast program. The subsidy pays 10 cents of the cost of each breakfast served. While the account's FY 2002 funding level was increased by \$550,000 in an effort to incrementally raise the program's Statewide participation rate (which was ranked last nationally), the Administration believes that insufficient progress has been made to justify or maintain the current funding level. This is further evidenced by the scheduled lapse of \$1.3 million from the account's current balance to help reduce the FY 2002 budget deficit.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2002</u>	<u>Recomm.</u> <u>FY 2003</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Right to Farm Program	\$100	\$0	(\$100)	(100.0)%	D-22

Since FY 2000, this appropriation has enabled the State Agriculture Development Committee to financially assist County Agriculture Development Boards when they incur costs in settling right to farm disputes, pursuant to 1998 amendments to the Right to Farm Act (P.L. 1998, c.48). The revised Act included a provision for this type of mediation in order to help protect farmers from dealing with nuisance complaints that could require court action.

Language Provisions

2002 Appropriations Handbook

2003 Budget Recommendations

p. B-9

In addition to the amounts hereinabove, there is appropriated up to \$35,000 for the Gypsy Moth program, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

The threat of gypsy moth infestation has been dramatically reduced in recent years as a result of the department's aerial spray program and a naturally occurring virus that is deadly to this pest. Consequently, the department's Salaries and Wages account was reduced by \$35,000 in FY 2000 and replaced by this language to provide funds to resume the spray program if necessary. The Administration has determined that this language is no longer needed because such funding could be made available through other budgetary means if the need arises.



2002 Appropriations Handbook

2003 Budget Recommendations

p. B-9

In addition to the amounts hereinabove, there is appropriated up to \$75,000 for non-salary costs for completing the survey for Plum Pox Virus, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This language was included in the current budget to retain a consultant to survey and study the Plum Pox virus, a disease that affects plum and other stone fruit trees throughout the State. This language is not continued because no further funding is needed to complete the survey.



2002 Appropriations Handbook

2003 Budget Recommendations

p. B-9

Receipts from dairy licenses and inspections are appropriated for program costs.

p. D-23

Receipts in excess of the amount anticipated from dairy licenses and inspections are appropriated for program costs.

Language Provisions (Cont'd)

Explanation

The current language authorizes all revenues generated from the sale of dairy store licenses and dairy inspection fees to be appropriated to the department to support its Dairy and Commodity Regulation program. In FY 2001, approximately \$375,000 was appropriated to the department from this source to augment staff salary costs.

The amended language would permit only revenues collected in excess of the anticipated amount of revenues for this activity to be appropriated to the department for this purpose. The anticipated amount, \$124,000, is displayed in Schedule 1 of the Budget Recommendation (page C-15) under "Milk Control Licenses and Fees." The projected "excess" amount, \$427,000, is listed in Schedule 2 of the Budget (page C-23) under "Dairy and Commodity Regulation."

The FY 2003 "excess" amount is \$65,000 greater than the FY 2002 revenue level because of planned rate increases in milk license and inspection fees that are projected to generate \$189,000 in additional revenues. The language is therefore changed to not only ensure that the General Fund retains a portion of the revenues generated from the fee increase, i.e. the \$124,000 total listed in Schedule 1, but that the department receive an additional \$65,000 to offset a recommended budget reduction of \$75,000 in its Dairy Improvement Program.

2002 Appropriations Handbook

No comparable language.

2003 Budget Recommendations

p. D-23

Notwithstanding any other law to the contrary, an amount not to exceed \$1,650,000 shall be transferred from the Garden State Farmland Preservation Trust Fund to the General Fund and is appropriated to the Department of Agriculture for Open Space Administrative Costs.

Explanation

This language authorizes the transfer and appropriation of monies from the cited Trust Fund to the department to support the recommended appropriation for the "Open Space Administrative Costs" account. This account supports the operating budget of the State Agriculture Development Committee, which manages the Farmland Preservation Program and related activities. The Trust Fund is supported from the constitutional dedication of \$98 million annually from sales tax revenues for the Open Space Preservation Program.

The recommended language essentially replaces General Fund monies normally appropriated for this purpose with dedicated Open Space monies. In doing so, it overrides the provision in the Garden State Preservation Trust Fund Act (P.L. 1999, c.152) that prevents trust funds from being used for administrative purposes. This policy is being implemented in other parts of the Budget that contain similar appropriations for Open Space programs as part of the Administration's plan to produce a balanced budget for FY 2003.

Language Provisions (Cont'd)

2002 Appropriations Handbook

p. B-10

In addition to the amount hereinabove for the Conservation Cost Share program, an amount not less than \$850,000 shall be transferred from the Department of Environmental Protection's Water Resources Monitoring and Planning - Constitutional Dedication account to support non-point source pollution control programs in the Department of Agriculture based upon an expenditure plan subject to the approval of the Director of the Division of Budget and Accounting. Further, such sums as may be necessary shall be transferred pursuant to an agreement between the Department of Environmental Protection and the Department of Agriculture, from the Department of Environmental Protection's Water Resources Monitoring and Planning - Constitutional Dedication account to support non-point source pollution control programs in the Department of Agriculture, subject to the approval of the Director of the Division of Budget and Accounting. The unexpended balance of this program as of June 30, 2001 is appropriated for the same purpose.

2003 Budget Recommendations

p. D-23

Comparable language, except that the cited transfer amount is deleted.

Explanation

This language refers to the transfer of funds from the Department of Environmental Protection's (DEP) water resources account, which is supported by dedicated Corporation Business Tax (CBT) revenues. For the last several years, this transfer has supplemented the budget for Conservation Cost Share grants, a program that provides matching grants to farmers to address non-point source pollution problems. The recommended provision requires the two departments to negotiate the level of funding from this source instead of authorizing a specific amount as cited in the present language.

The FY 2002 language is amended in conjunction with a recommended reduction of \$850,000 in the DEP's General Fund appropriation for watershed management activities. This decrease, however, would be offset by a recommended increase in the DEP's CBT-supported watershed activities account. Part of this increase, \$850,000, would be derived from the transfer amount normally authorized under the subject language provision.



Language Provisions (Cont'd)2002 Appropriations Handbook2003 Budget Recommendations**pp. B-9 and B-10**

The unexpended balance as of June 30, 2001 in the Promotion/Market Development account is appropriated for the same purpose.

No comparable language.

The unexpended balance as of June 30, 2001 in the Conservation Cost Share Program account is appropriated for the same purpose.

The unexpended balance as of June 30, 2001 in the Soil and Water Conservation Grant account is appropriated for the same purpose.

The unexpended balance as of June 30, 2001 in the School Breakfast account is appropriated for the same purpose.

Explanation

These four language provisions authorize the reappropriation or carryforward of any unspent balances remaining in these accounts at the end of FY 2001. This authority allows such funds to be utilized in these accounts during FY 2002 rather than being lapsed to the General Fund. The absence of this authority in the Budget Recommendation is directly related to the FY 2002 budget deficit reduction plan, whereby it is expected that any unspent balances from these accounts will be lapsed to help reduce the FY 2002 budget deficit.

Discussion Points

1. In the "Various Fee Adjustments" section of the Governor's Budget Message briefing book, it is stated that \$400,000 in additional revenues are to be generated from agricultural fee rate adjustments. These adjustments pertain to milk licensing fees and agricultural chemistry tonnage fees on feed, fertilizer and lime manufacturers and distributors. Such higher fees are deemed necessary by the Administration to more accurately reflect the department's cost of providing various services. However, the revenue schedules in the Budget (pages C-15 and C-23) indicate a total of \$527,000 in additional revenues for agricultural chemistry and dairy regulation programs.

- **Question:** Which of the two revenue amounts cited above reflects the more accurate estimate of increased fee revenues? Please identify the authority (i.e., legislation, executive order, or agency regulation) for any fee changes or other new State revenue sources reflected in the FY 2003 budget for your department. If legislation is required to implement these changes, what is the status of those bills?

2. Federal enactments and federal budget proposals often impact significantly on State programs and fiscal resources. For example, the Budget Recommendation indicates that the department will receive \$7.2 million less for the Child Food Care program while receiving an additional \$3 million for the School Breakfast Program.

- **Question:** What impact will the expectation of (a) increased or decreased federal funding, or (b) new or revised federal mandates or matching requirements, have on your department's resources and activities in FY 2003? Please be specific with regard to the expected federal action and the corresponding State or local impact.

3. In February, 2002, the Governor announced a comprehensive plan to close an anticipated deficit of \$2.9 billion in the FY 2002 State Budget. A total of \$9.9 million in savings from the Department of Agriculture was designated to help this effort, as follows: \$689,000 from reductions in various Direct State Services accounts; \$5.1 million from available Open Space funds appropriated in the FY 1999 Budget; and \$4.0 million to be lapsed from FY 2002 Grants-In-Aid, Capital or State Aid accounts. Some of the affected programs, such as Soil and Water Conservation Grants, Conservation Cost Share Grants, and Promotion/Market Development (Jersey Fresh) are also recommended at reduced funding levels in FY 2003.

- **Question:** Please describe how the planned FY 2002 budget reductions will affect current program operations. How will those programs affected by both FY 2002 and FY 2003 reductions be impacted during FY 2003?

4. The State Aid recommendation for the School Breakfast Program is \$1,588,000, a decrease of \$900,000. The reduction, as explained on page D-15 of the Budget Recommendation, "..... more accurately reflects the level sufficient to continue the program at its current capacity." The account's FY 2002 balance was also reduced by \$1.3 million to help alleviate the FY 2002 budget deficit. This account was initiated in FY 2000 to help counter the State's dubious distinction of ranking last nationally for school breakfast participation. It provided an additional 10 cent per meal subsidy for school districts that participated in this federally-funded program. Funding was increased by \$550,000 in FY 2002 in order to raise the program's participation rate by 5 percent.

- **Question:** How will the FY 2002 and FY 2003 budget reductions affect this program? What is the current participation rate of school districts in the breakfast program, and what effect, if any, has the State subsidy had on this rate? Does the statement quoted

Discussion Points (Cont'd)

above reflect a change in policy regarding the goal of increasing program participation by 5 percent annually?

5. The recommended budget does not include the following items that were added by the Legislature in the current budget, at \$50,000 each: Agricultural Fairs Association of N.J., Gloucester County 4-H Association, Farmers Against Hunger, and the N.J. State Fair/Sussex County Farm and Horse Show. The Warren County Soil Conservation District-Soil Survey, at \$90,000, also pertains to this group.

- **Question:** Briefly describe these programs and the disposition of the related appropriations. Do these monies expand existing programs or are they used to provide new or different services? Which of these activities, if any, receive matching federal, local or private funding and in what amounts?

6. The recommended budget does not include Special Purpose funding to continue four established program activities: Right to Farm Program (\$100,000), Fish and Seafood Development and Promotion (\$100,000), Future Farmers' Youth Development (\$45,000), and Dairy and Commodity Regulation (\$75,000).

- **Question:** Please describe how these appropriations are utilized and how their absence will affect program activities and related operations. Which of these activities, if any, receive matching federal, local or private funding and in what amounts?

7. Current budget language that authorizes the transfer of \$850,000 to the department from the Department of Environmental Protection's (DEP) Water Resources Monitoring and Planning - Constitutional Dedication account to support non-point source pollution projects is recommended to be amended by replacing the cited amount with "..... such sums as may be necessary." The DEP is scheduled to retain this amount in order to offset a General Fund reduction in its Watershed Management Program accounts.

- **Question:** What is the department's anticipated transfer request? How will these funds be utilized in FY 2003? What projects are currently being financed by the FY 2002 transfer amount? Will the FY 2002 and recommended FY 2003 reductions in the Conservation Cost Share program affect the department's request to the DEP for funding from this source and, if so, how?

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Staff Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2003 budget are encouraged to contact:

Legislative Budget and Finance Office
State House Annex
Room 140 PO Box 068
Trenton, NJ 08625

(609) 292-8030

Fax (609) 777-2442