



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
AGRICULTURE**

FISCAL YEAR

2005 - 2006

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF AGRICULTURE

Budget Pages.....C-9, C-16, C-33, D-13 to D-21

Fiscal Summary (\$000)

	Expended FY 2004	Adjusted Appropriation FY 2005	Recommended FY 2006	Percent Change 2005-06
State Budgeted	\$26,873	\$23,353	\$22,717	(2.7)%
Federal Funds	239,014	255,911	280,985	9.8%
<u>Other</u>	<u>8,899</u>	<u>11,004</u>	<u>12,628</u>	<u>14.8%</u>
Grand Total	\$274,786	\$290,268	\$316,330	9.0%

Personnel Summary - Positions By Funding Source

	Actual FY 2004	Revised FY 2005	Funded FY 2006	Percent Change 2005-06
State	150	146	153	4.8%
Federal	54	51	72	41.2%
<u>Other</u>	<u>50</u>	<u>54</u>	<u>61</u>	<u>13.0%</u>
Total Positions	254	251	286	13.9%

FY 2004 (as of December) and revised FY 2005 (as of September) personnel data reflect actual payroll counts. FY 2006 data reflect the number of positions funded.

Introduction

The primary mission of the Department of Agriculture 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; development of fisheries and aquaculture resources; promotion and expansion of domestic and foreign agricultural markets; detection, control, and eradication of animal and plant pests and diseases; conservation of soil and water resources; stimulation and expansion of the equine industry; prevention of unfair, illegal, and improper trade practices that may adversely affect the production and sale of agricultural products; promotion of agricultural education and training programs; distribution of federally donated food commodities; and cash reimbursements for child and adult nutrition programs, including school breakfast and lunch programs.

Key Points

- ! The total **General Fund** (GF) appropriation is recommended at \$22.7 million, a net decrease of \$636,000 or 3 percent below the current adjusted funding level. Significant changes recommended within the funding categories of the GF are indicated below.
- ! The **Direct State Services** (DSS) portion of the GF appropriation is recommended at \$9.4 million, a net decrease of \$98,000 or 1 percent less than the FY 2005 adjusted appropriation. Notable budget activity is found in the following **DSS** accounts:
- ! The salary account for the Division of Agriculture and Natural Resources is reduced by \$213,000, or 21 percent.
- ! A new line item, Asian Longhorned Beetle Monitoring, is recommended in the Division of Plant Industry with an appropriation of \$200,000. A federal funding increase of \$379,000 is also projected for this program.
- ! The **Grants-In-Aid** (GIA) segment of the GF budget is recommended at \$1.6 million, a decrease of \$1.2 million or 43 percent lower than the current funding level. The reduction is attributable to decreases of \$880,000 in the Soil and Water Conservation Grants account and \$300,000 in the Conservation Assistance Program account. The soil and water grants reduction, however, is largely offset by a \$700,000, off-budget appropriation of open space bond monies for this purpose.
- ! The **State Aid** portion of the GF budget is recommended at \$11.7 million, an increase of \$642,000 or 6 percent more than the current appropriation. This change reflects an increase in the State subsidy for the School Breakfast-State Aid Grants program, from \$3.2 million to \$3.9 million, due to mandated program expansion.
- ! No GF funding for **Capital Construction** is recommended. The department's FY 2005 Budget also contains no appropriations for new or ongoing projects.
- ! **Federal** funding is recommended at \$281.0 million, an increase of \$25.1 million or 10 percent higher than the current authorized level. Most of the estimated increase, nearly \$20 million, is earmarked for various child nutrition activities such as the school breakfast and lunch subsidy programs. Farmland preservation grants are also increased by \$4.2 million.
- ! The **All Other Funds** portion of the budget is estimated at \$12.6 million, a net increase in anticipated revenue of \$1.6 million or 15 percent over the current funding level. The Sire Stakes account is increased by \$700,000, and \$700,000 in open space bond monies is allotted to the Soil and Water Conservation Grants program to offset most of its GF reduction (as explained above).
- ! New budget language is recommended that appropriates \$278,000 from the N.J. Domestic Security Fund to support the department's agro-terrorism efforts. This fund is credited with the proceeds of a \$2 per day fee on car rentals.

Program Description and Overview

The functions and programs of the Department of Agriculture 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 and supports the operating budget of the Division of Animal Health. This unit provides services that control the introduction and spread of disease in livestock, poultry and other farm animals, including horses. It operates the State's animal health diagnostic laboratory and is involved in exotic disease surveillance, special investigations, regulatory licensing and enforcement, SPCA training, and homeland security activities.

Plant Pest and Disease Control (02). Supports the functions of the Division of Plant Industry, which is responsible for protecting ornamental, vegetable, and field crop plants, as well as forested acreage, from pest insects and diseases. Its major programs include plant pest detection, 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.

Agriculture and Natural Resources (03). Funds the Division of Agriculture and Natural Resources. The division's major activities involve the State Soil Conservation Program, the Conservation Cost Share and Conservation Assistance programs, non-point source pollution control, 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, the Office of Smart Growth, farm management training, and technical support for the State's 16 Soil Conservation Districts.

Food and Nutrition Services (05). Supports the Division of Food and Nutrition, which administers the federal and State subsidies for the school breakfast and lunch programs as well as other child and adult nutrition activities. The division also manages emergency food services, such as the Temporary Emergency Food Assistance Program, and the commodity distribution program, which processes federal surplus foods for distribution to schools, food banks, institutions and needy individuals.

Marketing and Development Services (06). Refers to and supports the Division of Marketing and Development. This unit 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. The division oversees the management of promotional matching grants, the Jersey Fresh program, commodity councils, sire stakes and horse breeding programs, and the Horse Park of N.J.

Farmland Preservation (08). Supports the budget of the State Agriculture Development Committee, an independent agency "in, but not of" the department. This office is charged with the administration of the Farmland Preservation program and other related land management and preservation activities such as Right to Farm, the Transfer of Development Rights bank, soil and water conservation grants, and some County Agriculture Development Board functions.

Administration and Support Services (99). Funds the Chief of Operations office, the Office of the Secretary, and the State Board of Agriculture. These units provide departmental support services as well as legislative and industry liaison, legal services, policy development, agricultural information services, and staff support to the State Board of Agriculture.

Program Description and Overview

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2004	Adj. Approp. FY 2005	Recom. FY 2006	Percent Change	
				2004-06	2005-06
General Fund					
Direct State Services	\$11,266	\$9,513	\$9,415	(16.4)%	(1.0)%
Grants-In-Aid	930	2,755	1,575	69.4%	(42.8)%
State Aid	10,678	11,085	11,727	9.8%	5.8%
Capital Construction	3,999	0	0	(100.0)%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$26,873	\$23,353	\$22,717	(15.5)%	(2.7)%
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	\$26,873	\$23,353	\$22,717	(15.5)%	(2.7)%
Federal Funds	\$239,014	\$255,911	\$280,985	17.6%	9.8%
Other Funds	\$8,899	\$11,004	\$12,628	41.9%	14.8%
Grand Total	\$274,786	\$290,268	\$316,330	15.1%	9.0%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2004	Revised FY 2005	Funded FY 2006	Percent Change	
				2004-06	2005-06
State	150	146	153	2.0%	4.8%
Federal	54	51	72	33.3%	41.2%
All Other	50	54	61	22.0%	13.0%
Total Positions	254	251	286	12.6%	13.9%

FY 2004 (as of December) and revised FY 2005 (as of September) personnel data reflect actual payroll counts. FY 2006 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	20.7%	20.0%	21.9%	----	----
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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DIRECT STATE SERVICES**Special Purpose:**

**Asian Longhorned
Beetle Monitoring**

\$0	\$200	\$200	—	D-18
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This new line item will help support the Division of Plant Industry in its efforts to control the spread of this pest, which has infested trees in several north and central New Jersey counties. The department is also anticipating an increase in federal funding for this activity, from \$721,000 to \$1.1 million. Further, the Department of Environmental Protection expects to receive \$800,000 in federal funding for the same purpose in FY 2006.

GRANTS-IN-AID**Soil and Water**

Conservation Grants

\$1,180	\$300	(\$880)	(74.6)%	D-19
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This program provides matching grants for soil and water conservation projects to farmers enrolled in the eight (8)-year or permanent development easement categories of the Farmland Preservation program. The line item amount is reduced in order to replace \$700,000 in General Fund spending with available bond funds from the 1992 and 1995 Open Space bond acts. These bond funds would be appropriated in an off-budget account (see Farmland Preservation below). The program will therefore experience a net reduction of \$180,000 in FY 2006. New budget language is recommended to authorize the use of bond monies for this purpose.

**Conservation Assistance
Program**

\$1,500	\$1,200	(\$300)	(20.0)%	D-19
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This grant program was initiated in the current budget to augment the department's Conservation Cost Share Program, which provides grants and technical assistance to farmers who implement conservation practices that control non-point source pollution. Notwithstanding the proposed reduction, current budget language authorizing up to \$750,000 of the program's appropriation for administrative costs is continued.

STATE AID

**School Breakfast - State
Aid Grants**

\$3,212	\$3,854	\$642	20.0%	D-19
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This account was initiated in FY 2000 to provide a State subsidy to school districts that participate in the federally-funded School Breakfast program. The State subsidy pays a participating school district an additional 10 cents of the cost of each breakfast served. The recommended increase is in anticipation of the implementation of Phase II of P.L. 2003, c.4, which mandates increased school participation in the program.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2005</u>	<u>Recomm. FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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FEDERAL FUNDS

Animal Disease Control	\$18	\$718	\$700	3888.9%	D-20
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This increase reflects the anticipated receipt of the following new grants: Johne's Disease, Diagnostic Testing -\$150,000; Indemnities: Cattle, Swine and Fowl Diseases -\$392,000; NJ Cattle Health Assurance -\$20,000; Swine Feeding - \$60,000; BSE Surveillance -\$27,000; and Animal Emergency -\$51,000.

Food and Nutrition

Services	\$248,139	\$267,534	\$19,395	7.8%	D-20
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The recommended amount anticipates increases of \$4.2 million for Child Care Food, \$6.0 million for School Breakfast, and \$8.2 million for the School Lunch program.

ALL OTHER FUNDS

Farmland Preservation	\$891	\$1,800	\$909	102.0%	D-20
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As detailed above, \$700,000 of the recommended increase represents the off-budget appropriation of available monies from the 1992 and 1995 Open Space bond acts to partially replace a reduction of General Funds monies in the Soil and Water Conservation Grant program. New budget language authorizes the use of these monies for this purpose. The balance of the increase, \$200,000, is appropriated from the 1989 Open Space bond act to support the operating budget of the State Transfer of Development Rights Bank.

Language Provisions

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No comparable language.

Receipts derived from the surcharge on vehicle rentals pursuant to section 54 of P.L. 2002, c.34 (C.App.A:9-78), not to exceed \$278,000, are appropriated to support the Agro-Terrorism program within the Department of Agriculture.

Explanation

This provision appropriates dedicated revenues to the department from the N.J. Domestic Security Fund for the purpose cited therein. The Division of Animal Health is the department's lead unit in coordinating these activities. The N.J. Domestic Security Fund is credited with the proceeds of a \$2 per day fee on car rentals.

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No comparable language.

In addition to the amounts hereinabove appropriated for Farmland Preservation – Soil and Water Conservation Grants, an amount not to exceed \$700,000 shall be transferred from the 1992 Farmland Preservation Fund (P.L. 1992, c.88) and the 1995 Farmland Preservation Fund (P.L. 1995, c.204) to provide matching grants for Soil and Water Conservation projects on farms enrolled in the Farmland Preservation program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This program, which provides grants to farmers enrolled in the Farmland Preservation Program for soil and water conservation projects, is recommended to receive \$300,000 in FY 2006, an \$880,000 decrease from its current budget of \$1.18 million. The proposed language authorizes the transfer of bond funds to this account in order to replace most of its State-funded reduction. This off-budget transfer therefore allows the General Fund appropriation to be lowered substantially while reducing the resources available to the program by only \$180,000.

Language Provisions (Cont'd)2005 Appropriations Handbook2006 Budget Recommendations

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No comparable language.

The unexpended balances at the end of the preceding fiscal year in the Conservation Assistance Program are appropriated for the same purpose.

No comparable language.

The unexpended balances at the end of the preceding fiscal year in the School Breakfast – State Aid Grants Account are appropriated for the same purpose.

No comparable language.

The unexpended balances at the end of the preceding fiscal year in the School Lunch – State Aid Grants Account are appropriated for the same purpose.

Explanation

These language provisions are recommended to ensure that any unexpended monies remaining in these accounts at the end of FY 2005 will be reappropriated or "carried forward" into the same accounts in FY 2006. Otherwise, any unexpended funds would be reverted, or lapsed, into the General Fund.

Discussion Points

1. According to data supplied by the Office of Management and Budget (OMB), salary account reductions of \$213,000 and \$85,000 are recommended, respectively, in the Division of Agriculture and Natural Resources and the Division of Plant Industry.

! *Question:* Please explain how these reductions were calculated. How will they impact program operations and staffing?

2. The State Aid appropriation for the School Breakfast program is recommended to increase by \$642,000, to \$3.85 million. According to the Administration, this increase is in anticipation of greater student participation as a result of the enactment of P.L. 2003, c.4, which mandates certain school participation in the program on a phased basis. The Budget Recommendation also indicates an increase of \$6 million in federal funding for the program.

! *Question:* Please explain how the appropriation increase was calculated. Will this increase and the federal increase affect the program's per meal cost and subsidy rates? How many additional school breakfasts are being served as a result of Phase I of P.L. 2003, c.4, and how many more breakfasts are expected when Phase II begins this September? In cases where school districts not subject to P.L. 2003, c.4 do not join the program, what steps are being taken to encourage such school districts to participate?

3. Federal enactments often impact significantly on State programs and fiscal resources. For example, the Budget Recommendation indicates over \$1 million in new federal grants anticipated by the department, such as \$150,000 for Diagnostic Testing for Johne's Disease; \$784,000 for Indemnities for Cattle, Swine and Fowl Diseases; \$160,000 for Fish Inspection Service, and an increase of \$4.2 million for farmland preservation.

! *Question:* Please describe the objectives and anticipated impacts of these new or expanded grants. If applicable, describe any State matching requirements. How will these grants be coordinated or integrated with ongoing departmental activities?

4. The Conservation Assistance Program, a new \$1.5 million Grants-In-Aid program initiated in the current budget, is reduced by \$300,000 in FY 2006. According to the Administration, this program was designed to augment the Conservation Cost Share Program by making grants available for non-point source pollution or related projects not normally covered under the latter activity. In both FY 2006 and the current fiscal year, budget language authorizes up to \$750,000 of the program's appropriation for administrative costs.

! *Question:* Please discuss the current status of this program, particularly the grants under review or awarded and the future disposition of its funding. How will its reduction affect project awards in FY 2006? How will the program's administrative component be utilized, and why does it comprise such a large portion of the total program budget?

5. A new appropriation of \$200,000 is recommended for Asian Longhorned Beetle Monitoring in the Division of Plant Industry. The Budget Recommendation also indicates two increases in federal funding for this activity, from \$721,000 to \$1.1 million in the Department of Agriculture and from \$100,000 to \$800,000 in the Department of Environmental Protection. Last, State legislation appropriating \$1.3 million in federal funds for the same purpose has passed both houses and is currently awaiting the Governor's signature.

Discussion Points (Cont'd)

! *Question:* Please clarify the federal funding sources cited above and total amount of federal funding anticipated from them in both FY 2005 and FY 2006. How will the department use State and federal funding for this program in both years? What is the DEP's role in this program and how do the two departments coordinate their activities?

6. New budget language authorizes \$278,000 for the department's Agro-Terrorism program from the Domestic Security Fund, which receives revenues from a surcharge on vehicle rentals pursuant to P.L. 2002, c.34.

! *Question:* Please describe the department's current agro-terrorism budget and activities. How will the funds authorized by the budget language be utilized?

7. In the "Position Data" section of the department's Budget Recommendation, an increase of 21 federally funded positions and seven off-budget or non-State funded positions are indicated for FY 2006.

! *Question:* Please describe the funding source, titles, location and utilization of the new positions. Are any of these positions replacing State funded positions and, if so, where?

8. In January 2005, Secretary Kuperus announced the establishment of the Garden State Dairy Alliance. According to the Secretary, this public-private partnership would provide one-stop information to dairy farmers in need of assistance with the management of their farms. It would also focus on helping dairy farmers with issues concerning animal health, herd management, milk quality and marketing.

! *Question:* Please explain the department's role in the Alliance, particularly its staffing and fiscal obligations. Please identify the other agencies or organizations involved with this initiative and their level of participation.

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Individuals wishing information and committee schedules on the FY 2006 budget are encouraged to contact:

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