

Discussion Points

1. The 2012 Census of Agriculture indicates that New Jersey now has 715,057 acres of farmland, which amounts to about 15% of its land mass. The State has been losing significant acreage of farmland to development for decades.
 - **Question:** *Since the department believes that there are sufficient funds available for farmland preservation only through FY 2015, what specific sustainable long-term sources of funding will be used in FY 2016 and beyond to fund the program?*

Response: New Jersey has just over 715,000 acres of farmland, according to the newly released 2012 Census of Agriculture. The rate of decline over the 2007 to 2012 reporting period was 3% (loss of 18,393 acres or 3,679 acres/year) – compared to the prior five-year reporting period, when the rate of decline was 9% (loss of 72,232 acres or 14,446 acres/year). However, this most recent decline came during the recent economic downturn, and as such, pressures to develop farmland were less than in the past. History shows us that as the economy picks up, pressure on farmers to sell their land for development will return.

The Farmland Preservation Program is administered by the State Agriculture Development Committee (SADC). Remaining funding from the Garden State Preservation Trust and the 2007 and 2009 bond acts is expected to sustain farmland preservation efforts through FY2015. .

The SADC this month will formally notify county, municipal and nonprofit farmland preservation partners that it plans to review all farmland preservation accounts to identify funding previously appropriated for their projects if those funds are not associated with an approved project by the end of this year. This could generate as much as \$20 million that could be available for re-appropriation through 2015 to those areas of the program in most immediate need of additional funding.

- **Question:** *Please provide a financial status update on the Farmland Preservation Program and its spending projections for FY 2015.*

Response: The Farmland Preservation Program is currently funded from three sources: remaining Garden State Preservation Trust (GSPT) funds, and the 2007 and 2009 Farmland Preservation bond funds. These funds provide for administration of the Farmland Preservation Program and the preservation of farmland through four separate programs. Following is a status update of each program:

- 1) **State Acquisition Program:** \$34.5M allocated; 86% spent/encumbered. 100% of remaining funds obligated to active projects.

Discussion Points (Cont'd)

- 2) **County Grant Program:** \$122.5M allocated; 71% spent/encumbered. 50% of counties (9 out of 18) have not expended all available State grant funds to support new projects in FY2015 and thus have a balance..
- 3) **Municipal Grant Program:** \$66.25M allocated; 36% spent/encumbered. ~25% of municipalities have utilized $\geq 50\%$ of their grant funds.
- 4) **Nonprofit Grant Program:** \$18.5M allocated; 50% spent/encumbered. All 10 of the non-profit organizations involved will exhaust all or most of their remaining funding in FY2015. Currently, 30% of non-profits have spent/encumbered 100% of their grant funds.

2. Preliminary data from the U.S. Department of Agriculture 2012 Census of Agriculture shows that the total number of farms (family and non-family) in New Jersey is significantly declining. In 2007, there were 10,327 farms in the State and in 2012 the number fell to 9,071, for a loss of 1,256 farms in five years.

- **Question:** *What is the impact to the New Jersey economy, its agricultural industry and residents from the decrease in these once-working farms?*

Response: While the number of farms in New Jersey decreased from 2007 to 2012, there was an increase in the average size of farms, from 71 acres per farm in 2007 to 79 acres per farm in 2012. This indicates a consolidation pattern in the industry, in which some larger farms are growing even bigger. Thus, the first part of the answer of what the impact is to the state's economy, agricultural industry and residents depends largely on how efficient the remaining farms are in using the additional acreage they have. The second part of the answer is whether those farm properties that are no longer being counted as farms eventually re-emerge as farms or follow a pattern that was common in the 1980s and 1990s and are instead developed for housing. With about 1,000 fewer farms, total farm income is up over the past five years, from about \$950,000,000 in 2007 to more than \$1.1 billion in 2013, and that's an indication of the consolidation pattern resulting in higher efficiencies.

- **Question:** *What amount of funding per year for farmland acquisition and development right acquisition, respectively, does the department estimate is required to halt this trend for the next five years? To reduce the rate of decline by half over*

Discussion Points (Cont'd)

the next five years? Are there farmland preservation programs, other than acquisition, that the department believes would be as effective in slowing the decline of farms in New Jersey, but which it is not authorized to implement? Please summarize any such program and, if possible, provide an estimate of an annual funding level that would enable program success.

Response: The program currently in place has proven to be the most effective, especially as acquiring development rights provides the opportunity for the farmer to re-invest in his or her farm and create a privately managed property that creates far less than a dollar in needed municipal services for each dollar of property taxes it generates. The Department's role in retaining New Jersey's agricultural land base is to preserve as much of the best farmland as possible while it remains available. While farmland preservation can help to offset the rate of land loss, that rate is greatly influenced by other factors out of the Department's control, such as local zoning and development market conditions. Therefore, the Department cannot predict with any certainty the required funding to keep farmland loss below any given rate. However, in response to the question, just under 41,000 acres were preserved under the Farmland Preservation Program during the 2007 to 2012 Census reporting period at a State cost of \$300 million (~\$60 million/year), or approximately \$7,300 per acre.

The Department strongly supports providing municipalities with all the tools possible to preserve farmland, in addition to the Farmland Preservation Program. These include the Transfer of Development Rights (TDR) Program, which enables towns to plan for growth and for preservation in a manner that protects landowner equity. Approximately 2,900 acres of farmland have been preserved through New Jersey's pilot TDR program in Burlington County - approximately 2,100 acres through Chesterfield Township's TDR program and approximately 850 acres through Lumberton Township's TDR program. However, TDR programs can be complex and time-consuming to undertake. That is why the Department worked to advance the Cluster Development Bill signed into law in August 2013, which amended the Municipal Land Use Law to provide municipalities with enhanced provisions for the use of contiguous and non-contiguous clustering and lot-size averaging to preserve farmland, open space and historic preservation on a smaller scale. We will not know for a few years the extent to which this new tool may be utilized to preserve farmland, as towns are just beginning to become aware of it.

3. The 2012 Census of Agriculture also showed farmers are getting older, and the average age of a New Jersey farmer went up from 57 in 2007 to 59 in 2012.

Discussion Points (Cont'd)

- **Question:** *Does the department consider recruitment of new farmers or farm families to be part of its core mission? What programs and funding does the department utilize to recruit new farmers? What programs or strategies for recruiting new farmers are effective in other states, particularly those in the mid-Atlantic region, that the department lacks the authorization, resources, or both to implement?*

Response: Helping to attract and support new and beginning farmers is an important part of the Department's mission of promoting a strong and sustainable agricultural industry. New Jersey farmers are a diverse group. No longer just individuals who grew up on farms, they include recent college graduates with farming interests but little production and business marketing experience, as well as older career-changers who may have more financial resources but are similarly in need of farming experience and business support. Overall, new farmers need access to land, capital, experience and education.

There are many new-farmer courses and programs offered by other organizations, including Rutgers University, the Northeast Organic Farming Association of New Jersey (NOFA-NJ) and regional initiatives, such as the Northeast Beginning Farmers Project that offers online learning classes, and a multitude of other resources developed by other states or organizations across the country.

The Department partners on some of these projects and provides support of its own. For example, the SADC currently is collaborating with NOFA-NJ on a USDA Beginning Farmer Program grant project. Access to tenure-secure land is critical for new and established farmers, and leasing farmland can be a cost-effective way to get started. Through the grant project, the SADC has developed a leasing guide ("Leasing Farmland in New Jersey: A Guide For Landowners and Farmers"), held leasing workshops and networking sessions, and is working to enhance online linking resources through the SADC's Farm Link Program.

The Farm Link Program provides a service to help match individuals interested in getting access to farmland or opportunities to farm with those farmland owners looking for renters or folks to work their land. The program also refers new farmers to information and resources that can assist them. The Farm Link Program derives funding through the SADC's administrative budget. Additional funding would allow the SADC to dedicate more staff time to responding to new farmer inquiries, develop further beginning farmer resources and potentially explore development of a beginning farmer incubator project - where land owned by the SADC in fee simple could be made available to new and beginning farmers on a temporary basis (3-5 years) to allow them the ability to develop

Discussion Points (Cont'd)

their agricultural business planning and practice skills before having to expend large sums of capital to purchase farmland.

One of the most effective tools in ensuring a healthy interest in farming in the next generation is our agricultural education programs and FFA and 4-H chapters throughout the state. The focus on Science, Technology, Engineering and Mathematics (STEM) in those programs is important in that it helps young people see agricultural career opportunities in a new light they may not have previously considered. The Department's funding for these programs comes from the New Jersey Department of Education, which in FY2014 provided \$305,417 to NJDA. This is a state match to federal funds NJDOE receives through the Perkins Act.

The Department's Division of Marketing and Development also works to assist new farmers and provides business development and agricultural credit information.

4. In 2003 the department developed an Agricultural Smart Growth Plan comprised of five components – Farmland Preservation, Agricultural Land Use Planning, Economic Development, Natural Resource Conservation, and Agricultural Industry Sustainability. The purpose of the plan is to ensure all levels of government, the farming community and the public have the necessary guidance and tools to plan for retaining New Jersey farms, agriculture and the benefits they offer while accommodating necessary growth.

- **Question:** *Given that the Agricultural Smart Growth Plan was last updated, in 2006, does the department plan to do another update? If so, when?*

Response: The Department and SADC continue integrating the goals of the 2006 plan update into our programs. Those basic tenets have not changed. The NJDA's Smart Growth Plan will continue to be the framework of the Department's Implementation Plan, which focuses on protecting the agricultural land base, improving profitability and innovation, providing for a better integrated food system and increasing public awareness and support of agriculture.

- **Question:** *How successful have the plan strategies been in meeting its goals and objectives in each of the five components?*

Response:

Examining the success of the plan requires looking at other areas of the plan as well. To be sure, our farmers have seen steady growth in the economics of their operations. In 2006, total farmgate sales were \$923,000,000 annually. Today, they are over \$1.1 BILLION annually. Additionally, in the area of Natural Resource

Discussion Points (Cont'd)

Conservation, the rules either recently adopted or being pursued for inclusion of solar, wind and biomass power generation on farms means our farmers are reducing the demand for energy created through fossil fuels and are, conversely, providing power from renewable sources, both of which contribute to the betterment of New Jersey's environment overall.

5. In November of last year, voters approved an increase in the State's hourly minimum wage. On January 1, New Jersey's hourly minimum wage increased by \$1 from \$7.25 to \$8.25 per hour.

- **Question:** *What will be the effects of this increase (and future possible annual increases due to cost of living adjustments) on the State's agricultural economy?*
- **Response:** Agricultural operators are in the unusual position of compensating their employees not only through wages, but also, in many cases, by meals throughout the day, lodging in on-farm labor housing, and travel costs to get both from other areas of the country to a location on or near the farm and then from the home to the farm if they are not living in on-farm labor housing. This is why many in agriculture, including the delegates to our State Agricultural Convention in February, have advocated a state-tax offset for agriculture, in which the costs of housing, meals and travel can be used to help make up the difference in what farmers are paying their employees through the new higher minimum wage. Frankly, the farm-labor market is so tight, due to a broken federal guest worker program for agriculture, that few of our farmers are actually paying the minimum wage and instead are paying a dollar or two above it already. However, when the minimum wage rises, it has a ratcheting effect on all wages above it, and they, by necessity, rise as well. Because New Jersey has moved ahead of nearby states in increasing the minimum wage while those around us have not, it puts our farmers at a competitive disadvantage against agricultural products from other nearby states as they try to compete in a marketplace where profit margins are razor thin and where a few cents per piece of produce either way can mean the difference between a sale to a retailer or wholesaler or the loss of that income.

6. Standardbred horse racing is on the decline in New Jersey due to competition from surrounding states and a reduction in the Sire Stakes program. The Governor also stated that he wanted to end subsidies to the horse racing industry and get the State out of the horse racing business.

- **Question:** *So far, what has been the impact from this decline on the horse racing industry, and if this continues, what will be the impact to the industry and the State in*

Discussion Points (Cont'd)

the future? Specifically, what will be the impact on related jobs, State and local economies, State revenue, and the department's budget?

Response: Standardbred horseracing in general has been on the decline for many years. The decline was somewhat tempered by the infusion of funds from Atlantic City casinos for purse enhancements. Changes to the right-size racing in the state and the end of purse enhancements did contribute to the reduction of racing dates at the Meadowlands and at Freehold Raceway.

With the decline in racing dates and purse sizes, some in the horseracing industry, specifically breeders, have closed, reduced their activity or moved out of state. To combat the loss of horses and breeders, the Sire Stakes program has been restructured. The impact of that restructuring will not be able to be accurately evaluated until 2016, when these newly eligible horses will race for the first time. In the interim, however, the restructuring has provided some additional revenue to the Sire Stakes program.

The Department will continue to work with the industry to provide support wherever possible.

7. The budget proposal increases the total number of funded positions for the department from 203 filled positions in FY 2014 to 221 positions for FY 2015, a proposed increase of 18 additional positions.

- **Question:** *Please explain the need for this staff increase. What are the titles and salary levels of the positions? How will they be funded and where will they be allocated within the department? Will they all be permanent full-time positions?*

Response: The NJDA was allocated a total of 216 positions in FY 2014, with an approved increase to 221 positions in FY 2015. The breakout of this allocation is as follows;

	FY 2014	FY 2015
State Funded Positions	91	91
Federally Funded Positions	59	65
Dedicated Funded Positions	66	65
Total Positions	216	221

At the time the budget presentation was displayed, the NJDA employed 203 full time positions. Due to attrition across all funding areas and impacting all Divisions of the Department, the NJDA was not at its full complement of

Discussion Points (Cont'd)

employees. The NJDA is in the process of hiring the necessary backfills to return us to the complement allotted.

In response to changes in USDA regulations that apply to our Division of Food and Nutrition, the Department has been required to hire five new positions for FY2015 in order to maintain compliance with federal standards. This includes the ability to more frequently visit schools to ensure compliance with new meal plans. These positions are fully funded by federal dollars and will not impact the Department’s direct state services budget. Both salary costs and fringe benefits will be paid through the USDA support of food and nutrition programs in the Department.

Specifically, the following positions, all allocated to the Division of Food and Nutrition, will be hired in the FY 2015 year:

Position number 916355	Auditor 2	\$ 63,173
Position number 923434	Nutrition Program Asst 2	\$ 69,534
Position number 923435	Administrative Analyst 2	\$ 90,429
Position number 933208	Accountant 3	\$ 62,445
Position number 920287	Nutrition Program Spec 1	\$ 50,643

8. In the FY 2015 recommended budget, the budget amount of federal funds for Food and Nutrition Services has been increased by \$12,966,000 from \$430,313,000 to \$443,279,000.

- **Question:** *Please explain why this funding increases, and describe the impact it will have on the child nutrition and food programs that it funds.*

Response: Federal funding in the Division of Food and Nutrition is projected to increase in the FY 2015 year due to higher participation in its programs specifically the School Breakfast, Child Care Food and Summer Food programs. The School Breakfast program, due to a joint effort of the Department and the Department of Education, has added nearly 40,000 students over the past two years. The federal funds received by the Division are reimbursement funds that it further distributes to its sponsors for the meals they serve. When participation increases, funds provided to these programs also increases.

9. In the FY 2015 recommended budget, the budget amount of all other funds for Marketing and Development Services has been reduced by \$412,000 from \$6,337,000 to \$5,925,000.

- **Question:** *Please explain why this line item was reduced, identify the specific areas that will be affected by the reduction, and describe its impact on the marketing*

Discussion Points (Cont'd)

and promotional services that the department provides to the agricultural community and the public.

Response: Specific reductions in this area relate to lower collection totals in the New Jersey Horsebreeding and Development Fund (\$47k) and the Sire Stakes Fund (\$365k). The expenses are simply meeting the revenue.