

ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 2003 - 2004 BUDGET



DEPARTMENT OF AGRICULTURE

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2003

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF AGRICULTURE

Budget Pages.....C-9; C-16; C-22; D-15 to D-23

Fiscal Summary (\$000)

	Expended FY 2002	Adjusted Appropriation FY 2003	Recommended FY 2004	Percent Change 2003-04
State Budgeted	\$30,944	\$20,582	\$18,462	(10.3)%
Federal Funds	219,115	229,777	234,901	2.2%
<u>Other</u>	<u>7,928</u>	<u>10,138</u>	<u>9,114</u>	<u>(10.1)%</u>
Grand Total	\$257,987	\$260,497	\$262,477	0.8%

Personnel Summary - Positions By Funding Source

	Actual FY 2002	Revised FY 2003	Funded FY 2004	Percent Change 2003-04
State	168	151	150	(0.7)%
Federal	44	42	48	14.3%
<u>Other</u>	<u>44</u>	<u>47</u>	<u>45</u>	<u>(4.3)%</u>
Total Positions	256	240	243	1.3%

FY 2002 (as of December) and revised FY 2003 (as of September) personnel data reflect actual payroll counts. FY 2004 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; 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; and distribution of federally donated food commodities and cash reimbursements for child and adult nutrition programs.

Key Points

- The total General Fund (GF) appropriation recommended for the department is \$18.5 million, a decrease of \$2.1 million or 10 percent below the current adjusted funding level. However, as noted below, almost \$1.4 million of this decrease will be replaced by funding support from other sources. No new programs or spending increases are proposed.
- The **Direct State Services** (DSS) portion of the GF appropriation is recommended at \$9.4 million, a decrease of \$647,000 or 6 percent less than the FY 2003 adjusted appropriation level. Significant budget changes are indicated for the following three **DSS** line items:
- No funding is recommended for the Plant Pest Detection Program, a Special Purpose account currently funded at \$100,000.
- No funding is recommended for the Wine Promotion Program, whose annual appropriation (now at \$60,000) is supported by dedicated alcoholic beverage excise tax revenues.
- The Promotion/Market Development (i.e. "Jersey Fresh") account is recommended at \$826,000, a decrease of \$200,000.
- The **Grants-In-Aid** (GIA) segment of the GF budget is recommended at \$436,000, a decrease of \$1.5 million or 77 percent under the current adjusted funding level. Key **GIA** changes are as follows:
- Grant funding is eliminated for the Farm Management and Training Initiative (\$24,000) and the New Jersey Museum of Agriculture (\$90,000).
- The State-funded line item of \$540,000 for the Conservation Cost Share Program is replaced by a budget language appropriation for the same amount from Corporation Business Tax revenues dedicated to the Department of Environmental Protection.
- The Soil and Water Conservation Grants program, currently funded at \$1.2 million, is reduced by \$819,000 to \$361,000; the reduction amount will be supplied by the Garden State Preservation Trust Fund through a budget language appropriation.
- The **State Aid** portion of the GF appropriation matches the current appropriation of \$8.6 million and maintains funding levels for School Breakfast at \$1.6 million, School Lunch at \$6.6 million, and the Non-Public Nutrition Aid program at \$439,000.
- No GF funding for the **Capital Construction** budget is recommended. The department's FY 2003 Budget also contains no such appropriations.
- **Federal** funding is recommended at \$234.9 million, a net increase of \$5.1 million or 2 percent above current authorized levels. These monies largely support the various child nutrition programs such as the school breakfast and lunch subsidies. Of the anticipated increases, the Child Nutrition Care appropriation is expected to rise by \$4 million (to \$44 million) and farmland preservation support is increased by \$1.1 million (to \$1.7 million).
- The **All Other Funds** portion of the budget is estimated at \$9.1 million, a net decrease of \$1 million or 10 percent less than the current appropriation. Most of this reduction is attributable to decreased parimutuel activity, which supports the Sire Stakes program.

Key Points (Cont'd)

- Notable budget language changes include a provision that appropriates \$150,000 from Agriculture Chemistry fee revenues (i.e. feed, fertilizer, and liming materials) to support the organic certification program, and the language appropriations mentioned above for the Conservation Cost Share program and the Soil and Water Conservation grants.

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 dairy and commodity regulation portion of the Division of Marketing and Development, 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 units of the Division of Marketing and Development that manage promotional matching grants and the Jersey Fresh program, 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 2004 Budget Overview

The FY 2004 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 significant funding increases are recommended. In order to reduce General Fund obligations, State funding support in several accounts has been replaced by special revenue funding, as will be explained in greater detail below in the Grants-In-Aid section.

The department's total **General Fund** (GF) appropriation is recommended at \$18.5 million, a net decrease of \$2.1 million or 10 percent below the FY 2003 adjusted appropriation level. The two other funding sources in the department's budget are **Federal Funds**, recommended at \$234.9 million or \$5.1 million more than the current authorization, and **Other Funds** (i.e. off-budget revenues), recommended at \$9.1 million or about \$1 million less than the FY 2003 budget level. The total of these three funding sources is \$262.5 million, a net decrease of \$2.0 million or 1 percent less than the adjusted FY 2003 total.

Two of the four funding categories under the GF appropriation are recommended at reduced funding levels: **Direct State Services** accounts are reduced by \$647,000 or 6 percent while **Grants-In-Aid** funding is reduced by \$1.5 million or 77 percent. **State Aid** funding is maintained at the current level, while no appropriation is recommended for **Capital Construction**, as was the case in FY 2003. Significant budgetary changes and features are summarized below:

Direct State Services

As noted above, the recommended Direct State Services (DSS) or operating budget of \$9.4 million is \$647,000 lower than the current adjusted funding level. Of this decrease, \$360,000 has been eliminated from three Special Purpose accounts: Plant Pest Detection, \$100,000; Promotion/Market Development (Jersey Fresh), \$200,000; and Wine Promotion, \$60,000. The balance of the reduction is attributable to decreases in various operating accounts, most notably the salary account, where \$231,000 in savings is projected during FY 2004.

Grants-In-Aid

The \$1.5 million decrease in the Grants-In-Aid budget reflects the elimination of funding for the Farm Management and Training Initiative (\$24,000) and the New Jersey Museum of Agriculture (\$90,000). Although no line item appropriation is recommended for the Conservation Cost Share program, which now receives \$540,000, this account is recommended to receive a budget language appropriation for the same amount from another funding source, namely Corporation Business Tax revenues that are dedicated to the Department of Environmental Protection for water resources activities. Likewise, the Soil and Water Conservation Grants account shows a reduction of \$819,000, but this amount is replaced by a budget language appropriation from the Garden State Preservation Trust Fund.

State Aid

The recommended State Aid budget of \$8.6 million matches the department's FY 2003 budget total. Funding levels are maintained for the State subsidies of the School Breakfast (\$1.6 million) and School Lunch (\$6.6 million) programs, as well as for the Non-Public Nutrition Aid program (\$439,000).

Program Description and Overview (Cont'd)

Capital Construction

As in FY 2003, no capital funding is recommended in FY 2004. The department's request for \$393,000 to finance two capital projects, the replacement of chromatographic diagnostic equipment for its laboratories and new carpeting for its administration building, was not recommended by the Commission on Capital Budgeting and Planning due to budgetary constraints.

Federal Funding

The department anticipates receiving \$235.9 million in federal funds in FY 2004, or about \$5.1 million more than the FY 2003 total. About \$231 million or 98 percent of the federal funds recommendation is associated with the following Child Nutrition programs: Child Care (\$44 million); Administration (\$3.3 million); School Lunch (\$145 million); Special Milk (\$1.4 million); Summer Programs (\$8.7 million); School Breakfast (\$28 million); and Team Nutrition Training (\$225,000). Of the \$5.1 million increase, \$4 million is included in the Child Care account. However, these estimates 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 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, and commodity council assessments. In the Budget Recommendation, these monies are displayed under "**All Other Funds**" on page D-22 and are also listed under "**Schedule 2--Other Revenues**" on Page C-16.

In FY 2004, the total amount of appropriated revenue is projected at \$9.1 million, nearly \$1 million less than the current adjusted level. The largest single decrease in this category is the Sire Stakes program, budgeted at \$4.6 million in FY 2003 and \$3.5 million in FY 2004. This account is supported by a dedicated percentage of parimutuel betting receipts that are used for sire stakes purses and related equine activities.

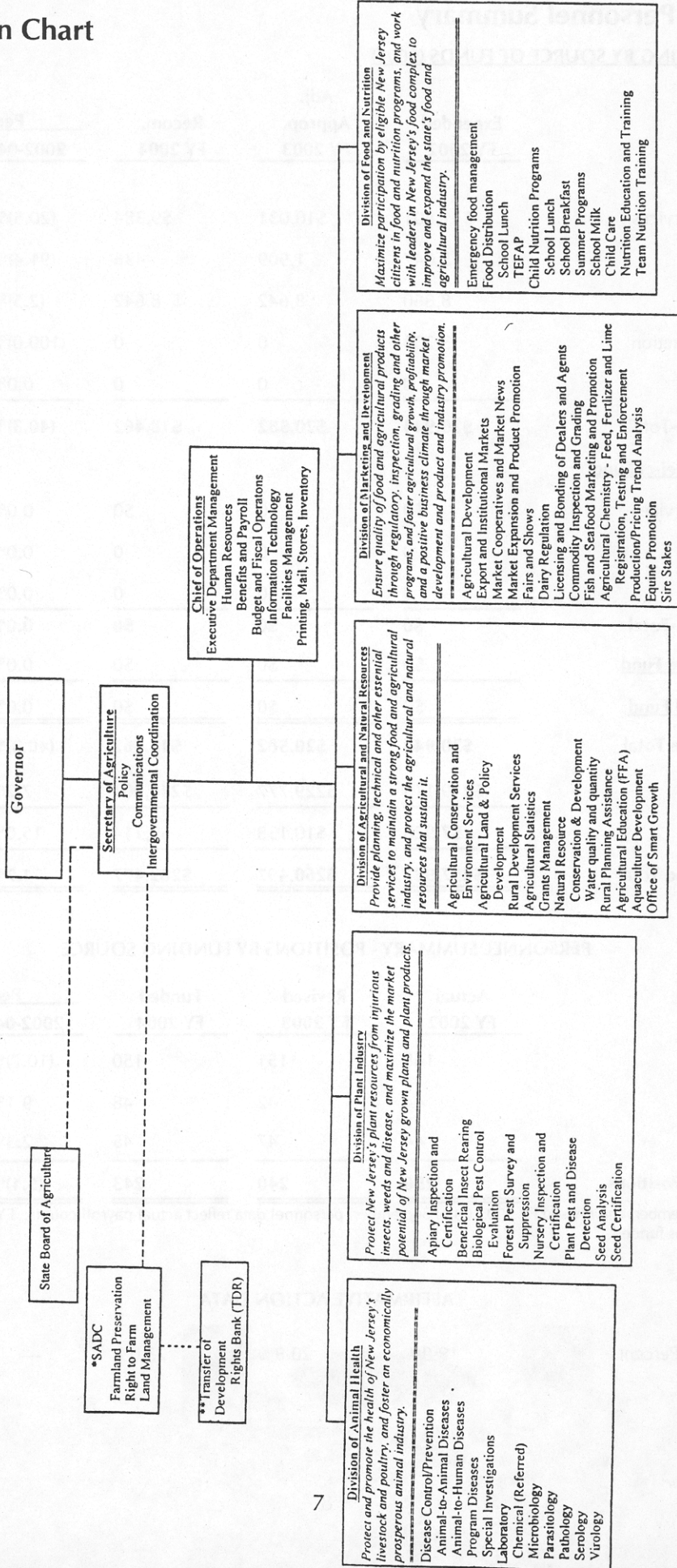
Positions

As displayed in the Budget Recommendation and in the "Fiscal and Personnel Summary" section of this report, the FY 2002 and FY 2003 position data figures reflect the actual number of employees on the department's payroll at a given point in time. The FY 2004 figures reflect the total number of positions to be funded without regard to vacancy status. The Budget Recommendation lists 151 State-funded employees in FY 2003 and 150 State-funded positions in FY 2004.

It should be noted that the department's staffing levels for FY 2003 were reduced by the implementation of the Early Retirement Incentive and managed attrition programs.

Organization Chart

New Jersey Department of Agriculture



*In but not of the Department of Agriculture
 **In but not of the State Agriculture Development Committee (SADC)
 3/27/03

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2002	Adj. Approp. FY 2003	Recom. FY 2004	Percent Change	
				2002-04	2003-04
General Fund					
Direct State Services	\$11,801	\$10,031	\$9,384	(20.5)%	(6.5)%
Grants-In-Aid	5,047	1,909	436	(91.4)%	(77.2)%
State Aid	8,860	8,642	8,642	(2.5)%	0.0%
Capital Construction	5,236	0	0	(100.0)%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$30,944	\$20,582	\$18,462	(40.3)%	(10.3)%
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	\$30,944	\$20,582	\$18,462	(40.3)%	(10.3)%
Federal Funds	\$219,115	\$229,777	\$234,901	7.2%	2.2%
Other Funds	\$7,928	\$10,138	\$9,114	15.0%	(10.1)%
Grand Total	\$257,987	\$260,497	\$262,477	1.7%	0.8%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2002	Revised FY 2003	Funded FY 2004	Percent Change	
				2002-04	2003-04
State	168	151	150	(10.7)%	(0.7)%
Federal	44	42	48	9.1%	14.3%
All Other	44	47	45	2.3%	(4.3)%
Total Positions	256	240	243	(5.1)%	1.3%

FY 2002 (as of December) and revised FY 2003 (as of September) personnel data reflect actual payroll counts. FY 2004 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	19.9%	20.8%	23.0%	----	----
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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DIRECT STATE SERVICES**Special Purpose:**

Plant Pest Detection Program	\$100	\$0	(\$100)	(100.0)%	D-20
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This appropriation supports two employees in the Division of Plant Industry who inspect domestic plant and nursery goods for diseases and pests. These inspections focus on products imported into the State from other parts of the country as well as products exported from New Jersey. The recommended reduction could adversely affect the department's efforts in developing and conducting surveys specifically targeted at detecting new exotic pests.

Promotion/Market Development	\$1,026	\$826	(\$200)	(19.5)%	D-20
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This account supports the advertising and promotion budgets of the "Jersey Fresh" brand and "Jersey Fresh Quality" grading programs. The recommended reduction could limit the activities associated with these programs.

Wine Promotion Program	\$30 \$30S	\$0	(\$60)	(100.0)%	D-20
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Pursuant to current budget language and State tax law, this account is supported by "excess" (i.e. greater than anticipated) revenues generated from the alcoholic beverage excise tax that are dedicated to promote the State's homegrown wine industry. Recommended budget language negates this appropriation, thereby allowing all such receipts to be deposited into the General Fund.

The "\$30S" amount displayed in FY 2003 refers to an additional, or supplemental, appropriation of these receipts as a result of a recent statutory increase in the portion of excise tax revenues dedicated for wine promotion.

GRANTS-IN-AID

Farm Management and Training Initiative	\$24	\$0	(\$24)	(100.0)%	D-21
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This appropriation supports farm management and training seminars conducted at Rutgers, Cook College, for the benefit of farmers who want to maximize the earning potential of their farming operations. The recommended reduction could curtail the continuation of this program.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Conservation Cost Share Program	\$540	\$0	(\$540)	(100.0)%	D-21

This program provides grants to farmers to implement conservation projects that primarily address non-point source pollution problems. In FY 2004, it is recommended that this account be funded from a budget language appropriation of \$540,000 from Corporation Business Tax revenues that are dedicated to the Department of Environmental Protection for water resources activities. Consequently, the program's recommended funding level will not be displayed as a line item appropriation.

New Jersey Museum of Agriculture	\$90	\$0	(\$90)	(100.0)%	D-21
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The annual State grant that helps support the operating budget of this private, non-profit facility at Rutgers, Cook College is not recommended. This reduction could jeopardize the continued operation of this facility unless alternate funding can be found.

Soil and Water Conservation Grants	\$1,180	\$361	(\$819)	(69.4)%	D-21
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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. In FY 2004, it is proposed that the amount represented by the recommended reduction be provided from the Garden State Preservation Trust Fund through a budget language appropriation.

Language Provisions

2003 Appropriations Handbook

2004 Budget Recommendations

No comparable language.

p. D-23

Receipts from agriculture chemistry fees not to exceed \$150,000 shall be available to support the organic certification program.

Explanation

The department's organic certification program received an initial appropriation of \$160,000 in the FY 2001 Budget to support organic label enforcement and the Northeast Organic Farmers Association of New Jersey (NOFA), which serves as the State's certifying agent. As no additional funding has been specifically appropriated for the program since FY 2001, the proposed language would provide needed support in this area. The cited receipts are made available as a result of legislation approved in July, 2002 (P.L.2002. c.34) that increased the regulatory fee rates for agriculture chemistry (i.e. feed, fertilizer, lime) products.



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p. B-9

p. D-23

Receipts in excess of those anticipated, generated at the rate of \$.47 per gallon of wine, vermouth and sparkling wines sold by plenary winery and farm winery licenses issued pursuant to R.S.33:1--10, and certified by the Director of the Division of Taxation, are appropriated to the Department of Agriculture from the alcoholic beverage excise tax for expenses of the Wine Promotion Program. If receipts are less than anticipated, the appropriation shall be reduced proportionately.

Notwithstanding any provisions of any law to the contrary, no funds are appropriated to the Wine Promotion account in the Department of Agriculture established pursuant to R.S.4:10-76.

Explanation

The current language appropriates the cited "excess" receipts to the department to help promote the State's wine industry. In FY 2003, the certified appropriation is estimated at \$60,000, as indicated in the "Wine Promotion Program" line item on Budget page D-20. Since the FY 2004 Budget Recommendation contains no funding for this Special Purpose account, the proposed language essentially rescinds the current authorizing language to ensure that no such funding is appropriated pursuant to existing law.



Language Provisions (Cont'd)

2003 Appropriations Handbook

p. B-9

In addition to the amount hereinabove for the Conservation Cost Share program, such sums as may be necessary 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, pursuant to an agreement between the Department of Environmental Protection and the Department of Agriculture and based upon an expenditure plan to be prepared by 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, 2002 is appropriated for the same purpose.

2004 Budget Recommendations

p. D-23

Notwithstanding any law to the contrary, \$540,000 shall be made available from the Department of Environmental Protection's Water Resources Monitoring and Planning--Constitutional Dedication special purpose account to support the Conservation Cost Share program in the Department of Agriculture, subject to a Memorandum of Understanding between the Commissioner of the Department of the Environmental Protection and the Secretary of Agriculture that the use of the funds shall be consistent with the State's watershed management goals. Further additional sums may be transferred pursuant to a Memorandum of Understanding 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, 2003 is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The current language authorizes the transfer of constitutionally dedicated Corporation Business Tax (CBT) funds from the Department of Environmental Protection to the Department of Agriculture to augment the Conservation Cost Share program, which provides grants to farmers for non-point source pollution control projects. While the proposed language continues this inter-departmental arrangement, it is also amended to authorize an additional transfer of \$540,000 to the grant program to replace the elimination of \$540,000 in State funding which this account currently receives. As a result, the entire program would be supported by CBT monies, thereby decreasing the General Fund obligation in the Budget Recommendation.

Language Provisions (Cont'd)2003 Appropriations Handbook

No comparable language.

2004 Budget Recommendations**p. D-23**

Notwithstanding the provisions of any other law to the contrary, in addition to the amount hereinabove for the Soil and Water Conservation Grants, an amount of \$819,000 shall be transferred to the Soil and Water Conservation grants account from the Garden State Preservation Trust Fund.

Explanation

The proposed language authorizes the cited transfer for the purpose of offsetting an identical decrease in State funding recommended for this account. The subject program, which provides grants to farmers enrolled in the Farmland Preservation Program for soil and water conservation projects, is recommended to receive \$361,000 in FY 2004, or \$819,000 less than its current budget of \$1.18 million. The Garden State Preservation Trust Fund is supported by an annual appropriation of \$98 million from sales tax revenues that is constitutionally dedicated to support Green Acres, farmland preservation and historical preservation projects. The partial shift of funding source support for this grant program is recommended to decrease the General Fund obligation in the Budget Recommendation.

Discussion Points

1. Agriculture Chemistry fees, which are charged to regulate the sale of feeds, fertilizers, and liming materials, were raised in July, 2002 pursuant to P.L. 2002, c.34. Proposed budget language appropriates \$150,000 of these fee revenues to support the organic certification program.

- **Question:** How much additional revenue is expected to be generated in FY 2003 and FY 2004 as a result of the rate increase in agriculture chemistry fees? How will all such revenues be allocated and where are these allocations reflected in the Budget Recommendation? What is the organic certification program's operating budget and status regarding the implementation of state or federal standards? What other fee changes, if any, are scheduled in FY 2003 and FY 2004 and what additional revenues are projected?

2. Federal enactments and federal budget proposals often impact significantly on State programs and fiscal resources. For example, the Budget Overview states that the federal Farm Bill will ".....provide New Jersey farmers with additional resources for conservation projects." Also, the Farmland Preservation budget classification indicates an increase of \$1.2 million in federal monies expected in FY 2004.

- **Question:** In addition to providing details concerning the examples cited above, what impact will the expectation of (a) increased or decreased federal funding, or (b) new or revised federal mandates or matching requirements, have on the department's resources and activities in FY 2004? Please be specific with regard to the expected federal action and the corresponding State or local impact.

3. The Administration has announced that several legislative initiatives will be introduced that will benefit farmers and spur participation in the Green Acres and Farmland Preservation programs. One initiative concerns a limited time, capital gains tax waiver for landowners who sell their property to the State open space programs. Another provides a State tax break to farmers wherein they would be allowed to average yearly net profits over a four-year period.

- **Question:** Please provide a more detailed description of these two initiatives, with particular attention to estimated costs and benefits to the State and participating landowners. Have similar initiatives been implemented in other states and, if so, how have they affected farmland preservation efforts?

4. Funding for the Wine Promotion account (\$60,000) and the Museum of Agriculture grant (\$90,000) are not recommended in FY 2004. Four other Special Purpose accounts (John's Disease, West Nile Virus, Gypsy Moth, and Aquaculture Development) show no line item appropriations for FY 2003 or FY 2004 because their appropriations have been "...distributed to applicable operating accounts" according to footnotes (b) through (e) on Budget page D-22.

- **Question:** How will the elimination of funding for Wine Promotion and the Museum of Agriculture affect these programs? Regarding the footnoted accounts cited above, what are their FY 2003 adjusted appropriation levels and their budgeted funding levels in FY 2004?

Discussion Points (Cont'd)

5. Pursuant to Reorganization Plan No. 003-2002, the Division of Marketing and the Division of Dairy and Commodity Regulation were merged into one division, the Division of Marketing and Development. This plan was approved November 25, 2002 and became effective January 24, 2003.

- **Question:** What was the rationale for proposing this reorganization? What is the current implementation status of the merger? What are the anticipated administrative, programmatic and budgetary impacts of the merger? How are these impacts reflected in the Budget Recommendation?

6. No line item appropriation is displayed for the Conservation Cost Share (CCS) program, which currently receives \$540,000 in State funding to support mostly non-point source pollution control projects. According to proposed budget language amendments, \$540,000 would be transferred to this program in FY 2004 from the Department of Environmental Protection's (DEP) Water Resources Monitoring and Planning account, which is supported by constitutionally dedicated Corporation Business Tax (CBT) revenues. Further, the proposed language specifies that these monies be used in accordance with the State's watershed management goals. Current language authorizing the transfer of additional CBT monies for non-point source pollution projects is continued in FY 2004.

- **Question:** Given the fact that watershed management goals have been revised by the current Administration, how will the condition regarding consistency with watershed management goals affect the types of projects traditionally funded by CCS grants? What monies have or will be transferred from the CBT account in FY 2003 and how will they be utilized? How much additional CBT funding for non-point source pollution control projects will be requested by the department in FY 2004?

7. The recommended appropriation for the Soil and Water Conservation (SWC) grants program is \$361,000, a reduction of \$819,000. This decrease in State funding is to be offset, however, by the provision of the same sum from the Garden State Preservation Trust Fund (GSPTF), pursuant to new budget language. The Budget Overview section states that SWC grants supported by the Trust Fund will be used on farms permanently preserved through the Farmland Preservation program. The proposed budget language does not contain this condition.

- **Question:** Will funding provided under the proposed budget language pertain only to farms permanently preserved under the Farmland Preservation program, as stated in the Budget Overview? If so, how will this affect the normal distribution of grants? How will the \$819,000 allotment from the GSPTF affect the Farmland Preservation program's annual allocation for easement or development rights funding? How was the proportion of the GSPTF funding of the SWC program determined?

Discussion Points (Cont'd)

8. At the most recent State Agricultural Convention, the department proposed a series of economic development strategies designed to strengthen all sectors of the State's farming industry. Key components of the strategies included the expansion of the Jersey Fresh brand, efforts to build an ethanol plant to assist corn growers, and the enhancement of worker training programs.

- **Question:** Please briefly describe the strategies proposed at the Convention, with particular attention to future State funding liabilities or impacts. Are any of these strategies reflected in the current and recommended budgets and, if so, where? In light of the recommended budget reduction of \$200,000 in the Promotion/Market Development account, as well as other budgetary limitations, how can the department hope to achieve or advance these strategies?

9. Bioterrorism aimed at farms and agriculture products is a growing concern. Legislators and other government officials are in the process of addressing these issues through proposed legislation and other strategies.

- **Question:** Please describe what steps the department is taking to address these concerns and what costs may be involved. In light of these concerns, what impact will the elimination of \$100,000 in funding for the Plant Pest Detection program have on anti-bioterror activities?

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