

Arizona Department of Agriculture

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DESCRIPTION	FY 2003	FY 2004	FY 2005	
	ACTUAL	ESTIMATE	OSPB	JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	272.2	250.2		252.2
Personal Services	7,632,000	7,323,800		7,442,500
Employee Related Expenditures	2,254,900	2,582,000		2,611,500
Professional and Outside Services	283,100	74,100		74,100
Travel - In State	707,400	729,900		729,900
Travel - Out of State	21,300	41,700		41,700
Other Operating Expenditures	1,327,000	1,761,000		1,762,000
Equipment	80,800	21,600		21,600
OPERATING SUBTOTAL	12,306,500	12,534,100		12,683,300
SPECIAL LINE ITEMS				
Agricultural Employment Relations Board	10,000	23,300		23,300
Animal Damage Control	65,000	65,000		65,000
Red Imported Fire Ant	23,200	23,200		23,200
AGENCY TOTAL	12,404,700	12,645,600		12,794,800
FUND SOURCES				
General Fund	10,236,500	9,972,100		9,972,100
<u>Other Appropriated Funds</u>				
Agricultural Consulting and Training Fund	62,100	63,700		63,700
Aquaculture Fund	5,200	9,200		9,200
Arizona Protected Native Plant Fund	152,300	249,600		249,600
Citrus, Fruit and Vegetable Revolving Fund	746,200	1,008,000		1,008,000
Commercial Feed Fund	203,300	205,400		205,400
Dangerous Plants, Pests and Diseases Fund	21,400	21,400		21,400
Egg Inspection Fund	430,000	488,200		637,400
Fertilizer Materials Fund	250,600	257,700		257,700
Livestock Custody Fund	29,400	79,400		79,400
Pesticide Fund	236,800	240,000		240,000
Seed Law Fund	30,900	50,900		50,900
SUBTOTAL - Other Appropriated Funds	2,168,200	2,673,500		2,822,700
SUBTOTAL - Appropriated Funds	12,404,700	12,645,600		12,794,800
Other Non-Appropriated Funds	8,077,700	9,126,300		8,897,800
Federal Funds	3,211,400	2,612,100		2,612,100
TOTAL - ALL SOURCES	23,693,800	24,384,000		24,304,700

CHANGE IN FUNDING SUMMARY

	FY 2004 to FY 2005 JLBC	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	149,200	5.6%
Total Appropriated Funds	149,200	1.2%
Non Appropriated Funds	(228,500)	(1.9%)
Total - All Sources	(79,300)	(0.3%)

AGENCY DESCRIPTION — The Arizona Department of Agriculture administers and enforces agriculture-related statutes. The department regulates certain phases of food production (such as milking, butchering, and harvesting) to protect public health and to ensure product quality. The department administers programs to protect livestock and crops from diseases and to protect farm workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, and provides administrative support to several product promotion groups.

PERFORMANCE MEASURES	FY 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Recommend.
• % of industry stakeholders rating the department's quality of communication excellent or good	95	NA	95	95
• Meat and poultry product tests in compliance with bacteria, drug and chemical residue requirements (percent)	100	99	100	100
• % of inspected trucks rejected at all ports (NEW)	--	13.0	--	12.0
• % of inspections within the state interior resulting in pest interceptions (NEW)	--	34.3	--	32.0
• % of industry satisfied that the level of inspection ensures that only quality produce reaches the market	98	NA	98	--
• Number of retailers actively participating in the "Arizona Grown" program	150	NA	3,300	--
• Overall customer satisfaction rating for laboratory services (percent)	98	96	98	98
• % of agency staff turnover	10.5	19.9	10.5	10.5
• Administration as a % of total cost	13.7	8.7	8.3	8.0

Comments: The agency did not submit information for any measure labeled as "NA".

RECOMMENDED CHANGES FROM FY 2004

Operating Budget

The JLBC recommends \$12,683,300 for the operating budget in FY 2005. This amount includes:

General Fund	\$9,860,600
Agricultural Consulting and Training Fund	63,700
Aquaculture Fund	9,200
Arizona Protected Native Plant Fund	249,600
Citrus, Fruit, and Vegetable Revolving Fund	1,008,000
Commercial Feed Fund	205,400
Dangerous Plants, Pests, and Diseases Fund	21,400
Egg Inspection Fund	637,400
Fertilizer Materials Fund	257,700
Livestock Custody Fund	79,400
Pesticide Fund	240,000
Seed Law Fund	50,900

These amounts would fund the following adjustments:

Lease Costs	GF	\$ 0
	OF	1,000

The JLBC recommends no change from the General Fund for increased lease costs. The agency would absorb a FY 2005 lease increase of \$4,400 within its Other Operating Expenditures. Within its budget, the agency has discretion to shift these monies from other line items.

The JLBC recommends an increase of \$1,000 from the Egg Inspection Fund for lease costs.

Egg Inspectors OF 148,200

The JLBC recommends an increase of \$148,200 from the Egg Inspection Fund and 2 FTE Positions to provide for increased egg inspection activities. The amounts will be

used to hire additional egg inspectors and fund overtime for existing egg inspectors. Egg inspections are funded through fee-for-service charges to the egg producers, who have requested additional egg inspectors for a new grading facility.

Special Line Items

Agricultural Employment Relations Board

The JLBC recommends \$23,300 from the General Fund for Agricultural Employment Relations Board in FY 2005. This amount is unchanged from FY 2004. This Special Line Item funds accounting and budgeting support to the Agricultural Employment Relations Board. The board receives and investigates complaints and conducts farm labor union elections.

Animal Damage Control

The JLBC recommends \$65,000 from the General Fund for Animal Damage Control in FY 2005. This amount is unchanged from FY 2004. This Special Line Item funds agreements with the U.S. Department of Agriculture (USDA) to control, dispatch, or relocate predatory animals and noxious rodents, which are injurious to livestock, poultry, agriculture, other industries, or the public health.

Red Imported Fire Ant

The JLBC recommends \$23,200 from the General Fund for Red Imported Fire Ant in FY 2005. This amount is unchanged from FY 2004. This Special Line Item funds ongoing pest exclusion efforts aimed at preventing the introduction of the red imported fire ant. The state has successfully suppressed isolated infestations of red imported fire ants and continues to be federally certified as free from this pest.

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JLBC RECOMMENDED FORMAT — Operating
Lump Sum with Special Line Items by Agency

JLBC RECOMMENDED FOOTNOTES

Deletion of Prior Year Footnotes

The JLBC recommends deleting the footnote concerning allocation of any FY 2004 reductions.

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Administrative Support (AHA2436/A.R.S. § 3-108)		Non-Appropriated
Source of Revenue: Monies are collected from each commodity council based on annually negotiated interagency agreements.		
Purpose of Fund: For costs incurred by the department in providing administrative support.		
Funds Expended	48,300	48,800
Year-End Fund Balance *	1,400	(3,500)
Agricultural Consulting and Training (AHA1239/A.R.S. § 5-113)		Appropriated
Source of Revenue: One percent of the funds resulting from horse and dog racing permittees, permits, and licenses, as well as from the proceeds of unclaimed property in the custody of the state, as defined by A.R.S. § 44-303.		
Purpose of Fund: To fund the agricultural consulting and training program established by A.R.S. § 3-109.01		
Funds Expended	62,100	63,700
Year-End Fund Balance *	(425,000)	(488,700)
Aquaculture (AHA2297/A.R.S. § 3-2913)		Appropriated
Source of Revenue: Fees and fines resulting from the regulation of aquaculture.		
Purpose of Fund: To administer and enforce the provisions of A.R.S. Title 3, Chapter 16, relating to aquaculture. Aquaculture is the controlled growth and harvest of aquatic plants and animals such as fish, shellfish, and algae.		
Funds Expended	5,200	9,200
Year-End Fund Balance	35,500	33,900
Beef Council (Livestock Board Collection and Administration) (AHA2083/A.R.S. § 3-1236)		Non-Appropriated
Source of Revenue: \$1 per head surcharge collected on behalf of the Arizona Beef Council when animals are inspected by the department for sale. The department retains 5 cents per dollar, while 95 cents per dollar is forwarded to this fund.		
Purpose of Fund: For collection and administration costs.		
Funds Expended	773,500	665,000
Year-End Fund Balance	9,500	9,500
Citrus, Fruit and Vegetable Revolving (AHA2260/A.R.S. § 3-447)		Appropriated
Source of Revenue: Assessments, fees, and civil penalties relating to the standardization of citrus, other fruits, and vegetables.		
Purpose of Fund: To enable producers and shippers to develop uniform grades and standards for citrus, fresh fruit, and vegetables and to allow field and shed inspections of commodities produced in Arizona.		
Funds Expended	746,200	1,008,000
Year-End Fund Balance *	161,500	(27,100)
Citrus Research Council (AHA2299/A.R.S. § 3-468.04)		Non-Appropriated
Source of Revenue: An assessment on citrus produced in Arizona, as well as fines, other charges, and interest.		
Purpose of Fund: To support research, development, and survey programs concerning varietal development, eradication of citrus pests, and other programs deemed appropriate to production, harvesting, handling, and hauling from field to market.		
Funds Expended	78,500	90,000
Year-End Fund Balance	143,500	123,500

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Commercial Feed (AHA2012/A.R.S. § 3-2607)		Appropriated
Source of Revenue: Licensing fees and fines associated with the regulation of animal and bird feeds.		
Purpose of Fund: To regulate animal and bird feeds.		
Funds Expended	203,300	205,400
Year-End Fund Balance	322,300	342,600
Commodity Promotion (AHA2458/A.R.S. § 3-109.02)		Non-Appropriated
Source of Revenue: Proceeds of a fee collected for a Certificate of Free Sale and any excess monies donated to the Arizona Grown program. A Certificate of Free Sale is a document authenticating that a commodity is generally and freely sold in domestic channels of trade. Many countries require this documentation before allowing a shipment of consumable products to enter their borders and markets.		
Purpose of Fund: To foster the promotion and consumption of Arizona agricultural products domestically and abroad.		
Funds Expended	7,100	10,000
Year-End Fund Balance	10,800	10,800
Cotton Research and Protection Council Abatement (AHA2013/A.R.S. § 3-1085)		Non-Appropriated
Source of Revenue: Assessments on cotton produced in the state, as well as fines and interest earnings.		
Purpose of Fund: To support research programs related to cotton production or protection, including programs and research for cotton pest eradication; and to provide an incentive program for voluntary boll weevil control.		
Funds Expended	1,292,100	1,361,000
Year-End Fund Balance	1,129,400	967,900
Dangerous Plants, Pests and Diseases (AHA2054/A.R.S. § 3-214.01)		Appropriated
Source of Revenue: License fees on and reimbursements for the destruction of dangerous plants, pests, and diseases.		
Purpose of Fund: To prevent the introduction and propagation of, and to control and destroy, dangerous plants, pests, and diseases.		
Funds Expended	21,400	21,400
Year-End Fund Balance	21,000	13,500
Designated (AHA3011/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Fees for laboratory services and phytosanitary certifications (certifying produce that is sent overseas), industry contributions for the Arizona Grown Program, 5% of Beef Council surcharges, Risk Management grant from the Arizona Department of Administration, and other grants and contributions.		
Purpose of Fund: To administer the purpose for which the fee, grant, or contribution is intended.		
Funds Expended	922,000	1,569,700
Year-End Fund Balance	916,600	249,400
Egg Inspection (AHA2022/A.R.S. § 3-717)		Appropriated
Source of Revenue: Fees resulting from the regulation of eggs and egg products.		
Purpose of Fund: To administer the egg inspection program.		
Funds Expended	430,000	488,200
Year-End Fund Balance	272,800	317,500
Equine Inspection (AHA9500/2489/A.R.S. § 3-1345.01)		Non-Appropriated
Source of Revenue: Equine inspection and transfer fees.		
Purpose of Fund: To fund the issuance of equine ownership and hauling certificates.		
Funds Expended	37,800	50,800
Year-End Fund Balance	10,100	1,300

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Federal (AHA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: As determined by federal law with regard to exotic pest control (e.g., fire ant, gypsy moth, medfly), agricultural chemicals regulation, farm mediation, endangered species, and meat, poultry, and egg inspection. (The meat and poultry inspection amounts are a reimbursement to the General Fund and, therefore, pass through this fund without a net impact on expenditures shown here.)		
Funds Expended	3,059,400	2,169,000
Year-End Fund Balance	219,200	20,000
Arizona Federal-State Inspection (AHA2113/A.R.S. § 3-499)		Non-Appropriated
Source of Revenue: Fees for inspection of produce imported from Mexico, as well as interest on those monies.		
Purpose of Fund: As determined by a cooperative agreement with the U.S. Department of Agriculture. On July 1, 1996, the Arizona Department of Agriculture became the fiduciary of this program, which monitors produce being imported from Mexico at the Nogales Port of Entry.		
Funds Expended	2,703,500	2,752,500
Year-End Fund Balance	1,658,800	1,646,900
Fertilizer Materials (AHA2081/A.R.S. § 3-269)		Appropriated
Source of Revenue: A portion of the fertilizer manufacturer's license fee, fees collected for the inspection of materials, and the proceeds from the sale of seized, non-complying materials.		
Purpose of Fund: To regulate fertilizers.		
Funds Expended	250,600	257,700
Year-End Fund Balance	356,800	399,100
Grain Research and Promotion Council (AHA2201/A.R.S. § 3-590)		Non-Appropriated
Source of Revenue: An assessment on commercial grain sales.		
Purpose of Fund: To support the council's promotion and research activities with public or private organizations. Such activities relate to reducing fresh water consumption, developing new varieties, improving production and handling methods, researching and designing new or improved harvesting and handling equipment, and similar programs.		
Funds Expended	106,600	145,300
Year-End Fund Balance	194,400	191,100
Iceberg Lettuce Research Council (AHA2259/A.R.S. § 3-526.06)		Non-Appropriated
Source of Revenue: An assessment on iceberg lettuce prepared for market.		
Purpose of Fund: To support research, development, and survey programs concerning varietal development, including programs for pest eradication, production harvesting, handling and hauling from field to market, and other activities deemed appropriate.		
Funds Expended	261,700	343,500
Year-End Fund Balance	342,800	99,300
Indirect Cost Recovery (AHA9000/A.R.S. § 3-107)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: For indirect costs associated with administration of federal grants.		
Funds Expended	152,000	443,100
Year-End Fund Balance	309,400	41,200
Interagency Service Agreement (AHA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: From an agreement with the State Parks Board for the Conservation-Based Management Alternatives portion of the Growing Smarter initiative.		
Purpose of Fund: To award grants to individual land owners, or to grazing or agricultural lessees of state or federal land, who contract with the Parks Board to implement conservation-based management alternatives to livestock or crop production, or to reduce livestock or crop production, providing wildlife habitat or other public benefits that preserve open space.		
Funds Expended	1,836,600	46,900
Year-End Fund Balance	46,900	0

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Livestock and Crop Conservation (AHA9600/A.R.S. § 41-511.23)		Non-Appropriated
Source of Revenue: \$2 million annually from the Land Conservation Fund, as established by A.R.S. § 41-511.23.		
Purpose of Fund: Continuously appropriated for grants to landowners, as well as to grazing and agricultural lessees of state or federal land, who implement conservation measures.		
Funds Expended	0	2,000,000
Year-End Fund Balance	0	0
Livestock Custody (AHA2065/A.R.S. § 3-1377)		Appropriated
Source of Revenue: Fines assessed for and proceeds resulting from mistreated livestock.		
Purpose of Fund: To enforce any of the provisions of Title 3, relating to agriculture and dairying.		
Funds Expended	29,400	79,400
Year-End Fund Balance	108,300	87,600
Pesticide (AHA2051/A.R.S. § 3-350)		Appropriated
Source of Revenue: A portion of pesticide registration fees and proceeds resulting from condemnation and sale of non-compliant equipment.		
Purpose of Fund: To regulate pesticides.		
Funds Expended	236,800	240,000
Year-End Fund Balance	150,000	180,200
Arizona Protected Native Plant (AHA2298/A.R.S. § 3-913)		Appropriated
Source of Revenue: Fees from permits issued for the removal or salvage of protected native plants.		
Purpose of Fund: For the protection of native plants.		
Funds Expended	152,300	249,600
Year-End Fund Balance *	50,200	(74,200)
Seed Law (AHA2064/A.R.S. § 3-1483)		Appropriated
Source of Revenue: Seed dealers' and labelers' license fees and penalties and fees for the inspection and testing of seeds.		
Purpose of Fund: To regulate seeds, including all agricultural, vegetable, and ornamental plant seed, transported or offered for sale in this state.		
Funds Expended	30,900	50,900
Year-End Fund Balance	49,100	31,000
Arizona Wine Promotional (AHA2205/A.R.S. § 3-555 and § 42-3105)		Non-Appropriated
Source of Revenue: The first \$100,000 of proceeds from the tax on the sale of wine is deposited into the fund. In FY 1994, \$200,000 was appropriated from the Commerce and Economic Development Commission (CEDC) Fund as "start-up" monies. Laws 1993, Chapter 40 requires that CEDC be repaid that amount. As of yet, only minimal repayment has occurred, leaving the Wine Promotional Fund with a liability reflected in the Year-End Fund Balance shown below.		
Purpose of Fund: To promote the Arizona wine industry through trade promotions, marketing, and advertising, as well as to support Wine Commission staff and operating expenses. Also funds a research grant to the University of Arizona.		
Funds Expended	10,000	42,800
Year-End Fund Balance *	(299,000)	(341,100)

* As reported by the agency. Actual ending balance will not be negative.

[Click here to return to the Table of Contents](#)