

# Arizona Department of Agriculture

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC	FY 2007 JLBC
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	250.2	252.2	252.2	252.2
Personal Services	7,254,000	7,394,700	7,394,700	7,394,700
Employee Related Expenditures	2,448,300	2,777,100	2,834,100	2,834,100
Professional and Outside Services	175,000	330,800	180,800	180,800
Travel - In State	687,800	776,300	776,300	776,300
Travel - Out of State	25,600	44,700	44,700	44,700
Other Operating Expenditures	1,399,400	1,949,100	1,906,400	1,906,400
Equipment	52,900	64,700	64,700	64,700
<b>OPERATING SUBTOTAL</b>	<b>12,043,000</b>	<b>13,337,400</b>	<b>13,201,700</b>	<b>13,201,700</b>
<b>SPECIAL LINE ITEMS</b>				
Agricultural Employment Relations Board	10,000	23,300	23,300	23,300
Animal Damage Control	65,000	65,000	65,000	65,000
Red Imported Fire Ant	23,200	23,200	23,200	23,200
<b>AGENCY TOTAL</b>	<b>12,141,200</b>	<b>13,448,900</b>	<b>13,313,200</b>	<b>13,313,200</b>

<b>FUND SOURCES</b>				
General Fund	9,953,400	10,337,600	10,337,600	10,337,600
<u>Other Appropriated Funds</u>				
Agricultural Consulting and Training Fund	49,900	65,600	64,500	64,500
Aquaculture Fund	5,000	9,200	9,200	9,200
Arizona Protected Native Plant Fund	139,900	258,600	262,400	262,400
Citrus, Fruit and Vegetable Revolving Fund	778,600	1,047,500	1,058,200	1,058,200
Commercial Feed Fund	204,700	411,000	270,200	270,200
Dangerous Plants, Pests and Diseases Fund	0	21,400	21,400	21,400
Egg Inspection Fund	453,600	656,300	646,200	646,200
Fertilizer Materials Fund	257,400	263,400	267,300	267,300
Livestock Custody Fund	28,300	79,400	79,400	79,400
Pesticide Fund	239,000	247,100	247,000	247,000
Seed Law Fund	31,400	51,800	49,800	49,800
SUBTOTAL - Other Appropriated Funds	2,187,800	3,111,300	2,975,600	2,975,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>12,141,200</b>	<b>13,448,900</b>	<b>13,313,200</b>	<b>13,313,200</b>
Other Non-Appropriated Funds	6,353,100	8,513,600	8,513,600	8,513,600
Federal Funds	1,702,900	2,323,500	2,323,500	2,323,500
<b>TOTAL - ALL SOURCES</b>	<b>20,195,200</b>	<b>24,286,000</b>	<b>24,150,300</b>	<b>24,150,300</b>

CHANGE IN FUNDING SUMMARY	FY 2005 to FY 2006 JLBC		FY 2005 to FY 2007 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	0	0.0%	0	0.0%
Other Appropriated Funds	(135,700)	(4.4%)	(135,700)	(4.4%)
Total Appropriated Funds	(135,700)	(1.0%)	(135,700)	(1.0%)
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	(135,700)	(0.6%)	(135,700)	(0.6%)

**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 guard public health and to ensure product quality. The department administers programs to protect livestock and crops from pests and diseases and to protect farm workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, as well as providing administrative support to several agricultural product promotion groups.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• % of industry stakeholders rating the department's quality of communication excellent or good	NA	NA	95	95
• % of meat and poultry product tests in compliance with bacteria, drug and chemical residue requirements	99	99.6	100	100
• % of inspected trucks rejected at all ports	13.0	11.0	12.0	--
• % of inspections within the state interior resulting in pest interceptions	34.3	NA	32.0	32.0
• Overall customer satisfaction rating for laboratory services (%)	96	96	98	98
• % of agency staff turnover	19.9	NA	10.5	--
• Administration as a % of total cost	8.7	7.9	8.0	--

**Comments:** The agency did not submit information for any measure labeled as "NA". The rating of the department's quality of communication is not reported because of low survey response. The percent of inspections resulting in pest interceptions was not reported for FY 2004 because of errors in the data. Meat and poultry inspections continue to show very high levels of compliance. The department's laboratory services have consistently received high customer satisfaction marks.

### RECOMMENDED CHANGES FROM FY 2005

#### **Operating Budget**

The JLBC recommends \$13,201,700 for the operating budget in FY 2006 and FY 2007. These amounts consist of:

	FY 2006	FY 2007
General Fund	\$10,226,100	\$10,226,100
Agricultural Consulting and Training Fund	64,500	64,500
Aquaculture Fund	9,200	9,200
Arizona Protected Native Plant Fund	262,400	262,400
Citrus, Fruit, and Vegetable Revolving Fund	1,058,200	1,058,200
Commercial Feed Fund	270,200	270,200
Dangerous Plants, Pests, and Diseases Fund	21,400	21,400
Egg Inspection Fund	646,200	646,200
Fertilizer Materials Fund	267,300	267,300
Livestock Custody Fund	79,400	79,400
Pesticide Fund	247,000	247,000
Seed Law Fund	49,800	49,800

These amounts include the following adjustments:

#### **Standard Changes OF 14,300 14,300**

The JLBC recommends an increase of \$14,300 in FY 2006 and FY 2007 for standard changes. These amounts consist of:

Agricultural Consulting and Training Fund	(1,100)	(1,100)
Arizona Protected Native Plant Fund	3,800	3,800
Citrus, Fruit, and Vegetable Revolving Fund	10,700	10,700

Commercial Feed Fund	9,200	9,200
Egg Inspection Fund	(10,100)	(10,100)
Fertilizer Materials Fund	3,900	3,900
Pesticide Fund	(100)	(100)
Seed Law Fund	(2,000)	(2,000)

#### **ALIRT Funding OF (150,000) (150,000)**

The JLBC recommends a decrease of \$150,000 from the Commercial Feed Fund in FY 2006 and FY 2007 for Arizona Livestock Incident Response Team (ALIRT) funding. In FY 2005, the ALIRT program was funded with \$200,000 from the Commercial Feed Fund. This eliminates the one-time start costs for the program, and continues funding at \$50,000. The continued funding would enable the department to maintain the network of trained private veterinarians that are capable of responding to a livestock health emergency.

#### **Special Line Items**

##### **Agricultural Employment Relations Board**

The JLBC recommends \$23,300 from the General Fund for the Agricultural Employment Relations Board in FY 2006 and FY 2007. These amounts are unchanged from FY 2005. This Special Line Item funds accounting and budgeting support for 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 2006 and FY 2007. These amounts are unchanged from FY 2005. 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 the Red Imported Fire Ant in FY 2006 and FY 2007. These amounts are unchanged from FY 2005. 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

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>Administrative Support (AHA2436/A.R.S. § 3-108)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies are collected from each commodity council based on annually negotiated interagency agreements.		
<b>Purpose of Fund:</b> For costs incurred by the department in providing administrative support.		
<b>Funds Expended</b>	31,500	30,500
<b>Year-End Fund Balance</b>	8,900	10,400
<b>Agricultural Consulting and Training (AHA1239/A.R.S. § 5-113)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To fund the agricultural consulting and training program established by A.R.S. § 3-109.01		
<b>Funds Expended</b>	49,900	65,600
<b>Year-End Fund Balance</b>	144,500	151,800
<b>Aquaculture (AHA2297/A.R.S. § 3-2913)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees resulting from the regulation of aquaculture.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	5,000	9,200
<b>Year-End Fund Balance</b>	37,600	35,900
<b>Beef Council (Livestock Board Collection and Administration) (AHA2083/A.R.S. § 3-1236)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> \$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.		
<b>Purpose of Fund:</b> For collection and administration costs.		
<b>Funds Expended</b>	602,800	585,000
<b>Year-End Fund Balance *</b>	(9,200)	10,700
<b>Citrus, Fruit and Vegetable Revolving (AHA2260/A.R.S. § 3-447)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Assessments, fees, and civil penalties relating to the standardization of citrus, other fruits, and vegetables.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	778,600	1,047,500
<b>Year-End Fund Balance *</b>	209,900	(800)
<b>Citrus Research Council (AHA2299/A.R.S. § 3-468.04)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment on citrus produced in Arizona, as well as fines, other charges, and interest.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	102,600	75,000
<b>Year-End Fund Balance</b>	123,900	127,100

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>Commercial Feed</b> (AHA2012/A.R.S. § 3-2607)		<b>Appropriated</b>
<b>Source of Revenue:</b> Licensing fees and fines associated with the regulation of animal and bird feeds.		
<b>Purpose of Fund:</b> To regulate animal and bird feeds.		
<b>Funds Expended</b>	204,700	411,000
<b>Year-End Fund Balance</b>	359,700	181,800
<b>Commodity Promotion</b> (AHA2458/A.R.S. § 3-109.02)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Proceeds of a fee collected for a Certificate of Free Sale and any sales of merchandise with the Arizona Grown trademark. 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.		
<b>Purpose of Fund:</b> To provide programs that promote production and consumption of Arizona agricultural products domestically and abroad.		
<b>Funds Expended</b>	0	3,500
<b>Year-End Fund Balance</b>	23,200	30,600
<b>Cotton Research and Protection Council Abatement</b> (AHA2013/A.R.S. § 3-1085)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Assessments on cotton produced in the state, as well as fines and interest earnings.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	1,162,600	1,118,000
<b>Year-End Fund Balance</b>	1,020,500	1,047,500
<b>Dangerous Plants, Pests and Diseases</b> (AHA2054/A.R.S. § 3-214.01)		<b>Appropriated</b>
<b>Source of Revenue:</b> License fees on and reimbursements for the destruction of dangerous plants, pests, and diseases.		
<b>Purpose of Fund:</b> To prevent the introduction and propagation of, and to control and destroy, dangerous plants, pests, and diseases.		
<b>Funds Expended</b>	0	21,400
<b>Year-End Fund Balance</b>	37,700	30,900
<b>Designated</b> (AHA3011/A.R.S. § 35-142)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To administer the purpose for which the fee, grant, or contribution is intended.		
<b>Funds Expended</b>	1,153,600	1,194,400
<b>Year-End Fund Balance</b>	659,300	374,800
<b>Egg Inspection</b> (AHA2022/A.R.S. § 3-717)		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees resulting from the regulation of eggs and egg products.		
<b>Purpose of Fund:</b> To administer the egg inspection program.		
<b>Funds Expended</b>	453,600	656,300
<b>Year-End Fund Balance</b>	232,700	257,900
<b>Equine Inspection</b> (AHA2489/A.R.S. § 3-1345.01)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Equine inspection and transfer fees.		
<b>Purpose of Fund:</b> To fund the issuance of equine ownership and hauling certificates.		
<b>Funds Expended</b>	35,200	16,000
<b>Year-End Fund Balance</b>	2,100	3,400

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>Federal (AHA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants.		
<b>Purpose of Fund:</b> 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.)		
<b>Funds Expended</b>	1,507,000	1,982,500
<b>Year-End Fund Balance</b>	385,400	396,800
<b>Arizona Federal-State Inspection (AHA2113/A.R.S. § 3-499)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees for inspection of produce imported from Mexico, as well as interest on those monies.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	2,774,700	3,249,900
<b>Year-End Fund Balance</b>	1,577,500	1,065,400
<b>Fertilizer Materials (AHA2081/A.R.S. § 3-269)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To regulate fertilizers.		
<b>Funds Expended</b>	257,400	263,400
<b>Year-End Fund Balance</b>	431,500	444,900
<b>Arizona Grain Research (AHA2201/A.R.S. § 3-590)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment on commercial grain sales.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	120,900	151,300
<b>Year-End Fund Balance</b>	240,800	247,900
<b>Iceberg Lettuce Research Council (AHA2259/A.R.S. § 3-526.06)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment on iceberg lettuce prepared for market.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	267,900	90,000
<b>Year-End Fund Balance</b>	170,900	174,100
<b>Indirect Cost Recovery (AHA9000/A.R.S. § 3-107)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants.		
<b>Purpose of Fund:</b> For indirect costs associated with administration of federal grants.		
<b>Funds Expended</b>	195,900	341,000
<b>Year-End Fund Balance</b>	312,000	146,900
<b>Interagency Service Agreement (AHA2500/A.R.S. § 35-142 )</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> From an agreement with the State Parks Board for the Conservation-Based Management Alternatives portion of the Growing Smarter initiative.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	46,900	0
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>Livestock and Crop Conservation (AHA2378/A.R.S. § 41-511.23)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> \$2 million annually from the Land Conservation Fund, as established by A.R.S. § 41-511.23.		
<b>Purpose of Fund:</b> Continuously appropriated for grants to landowners, as well as to grazing and agricultural lessees of state or federal land, who implement conservation measures.		
<b>Funds Expended</b>	44,700	2,000,000
<b>Year-End Fund Balance</b>	1,973,000	1,998,900
<b>Livestock Custody (AHA2065/A.R.S. § 3-1377)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Fines assessed for and proceeds resulting from the sale of mistreated or stray livestock.		
<b>Purpose of Fund:</b> To enforce any of the provisions of Title 3, relating to agriculture and dairying.		
<b>Funds Expended</b>	28,300	79,400
<b>Year-End Fund Balance</b>	129,100	97,500
<b>Pesticide (AHA2051/A.R.S. § 3-350)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> A portion of pesticide registration fees and proceeds resulting from condemnation and sale of non-compliant equipment.		
<b>Purpose of Fund:</b> To regulate pesticides.		
<b>Funds Expended</b>	239,000	247,100
<b>Year-End Fund Balance</b>	198,600	248,600
<b>Arizona Protected Native Plant (AHA2298/A.R.S. § 3-913)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees from permits issued for the removal or salvage of protected native plants.		
<b>Purpose of Fund:</b> For the protection of native plants.		
<b>Funds Expended</b>	139,900	258,600
<b>Year-End Fund Balance *</b>	37,700	(94,900)
<b>Seed Law (AHA2064/A.R.S. § 3-234)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Seed dealers' and labelers' license fees and penalties and fees for the inspection and testing of seeds.		
<b>Purpose of Fund:</b> To regulate seeds, including all agricultural, vegetable, and ornamental plant seed, transported or offered for sale in this state.		
<b>Funds Expended</b>	31,400	51,800
<b>Year-End Fund Balance</b>	58,700	41,000
<b>Arizona Wine Promotional (AHA2205/A.R.S. § 3-555 and § 42-3105)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> The Wine Commission was terminated on July 1, 2004. The legislative intent is for this fund to continue to make payments to the CEDC Fund until the load is repaid.		
<b>Funds Expended</b>	9,700	0
<b>Year-End Fund Balance *</b>	(133,600)	(138,600)

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

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