

Director: Donald Butler

JLBC Analyst: Matt Busby

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved	FY 2009 Approved
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	234.2	234.2	249.2	249.2
Personal Services	7,149,300	8,138,800	8,831,600	8,581,900
Employee Related Expenditures	2,756,400	3,420,200	3,894,700	3,652,300
Professional and Outside Services	339,800	155,000	269,800	262,000
Travel - In State	708,000	698,800	741,300	741,300
Travel - Out of State	48,100	40,200	42,800	41,400
Other Operating Expenditures	1,718,600	1,773,900	1,994,200	1,781,400
Equipment	442,000	73,100	77,300	297,600
OPERATING SUBTOTAL	13,162,200	14,300,000	15,851,700	15,357,900
SPECIAL LINE ITEMS				
Agricultural Employment Relations Board	20,800	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
AGENCY TOTAL	13,271,200	14,411,500	15,963,200^{1/}	15,469,400^{1/}
FUND SOURCES				
General Fund	10,715,000	11,369,600	12,481,600	12,117,500
<u>Other Appropriated Funds</u>				
Agricultural Consulting and Training Fund	67,400	71,700	106,500	103,400
Aquaculture Fund	6,700	9,200	9,200	9,200
Arizona Protected Native Plant Fund	160,600	186,100	195,300	186,500
Citrus, Fruit and Vegetable Revolving Fund	828,100	1,042,800	1,092,400	1,044,900
Commercial Feed Fund	277,700	291,300	302,000	293,200
Dangerous Plants, Pests and Diseases Fund	21,400	21,400	40,000	40,000
Egg Inspection Fund	564,400	721,300	905,900	866,700
Fertilizer Materials Fund	277,600	290,800	308,000	298,500
Livestock Custody Fund	57,300	79,400	79,400	79,400
Pesticide Fund	259,300	274,800	388,400	376,900
Seed Law Fund	35,700	53,100	54,500	53,200
SUBTOTAL - Other Appropriated Funds	2,556,200	3,041,900	3,481,600	3,351,900
SUBTOTAL - Appropriated Funds	13,271,200	14,411,500	15,963,200	15,469,400
Other Non-Appropriated Funds	8,097,300	10,071,900	10,071,900	10,071,900
Federal Funds	3,613,600	4,707,900	3,685,100	3,685,100
TOTAL - ALL SOURCES	24,982,100	29,191,300	29,720,200	29,226,400

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.

^{1/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

PERFORMANCE MEASURES	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
<ul style="list-style-type: none"> • % of industry stakeholders rating the department's quality of communication excellent or good Comments: The agency did not submit information for this measure in FY 2006 as required by the General Appropriation Act. The rating of the department's quality of communication is not reported because of low survey response. The department is currently developing a new instrument for this performance measure and expects to have more reliable data for FY 2007. 	NA	NA	NA	95
<ul style="list-style-type: none"> • % of meat and poultry product tests in compliance with bacteria, drug and chemical residue requirements 	99.6	93	91	95
<ul style="list-style-type: none"> • % of inspections within the state interior resulting in pest interceptions Comments: The percent of inspections resulting in pest interceptions was not reported for FY 2004 and FY 2005 because of errors in the data. 	NA	NA	6.8	7.0
<ul style="list-style-type: none"> • Overall customer satisfaction rating for laboratory services (%) 	96	97	96	98

Operating Budget

The budget provides \$15,851,700 and 249.2 FTE Positions for the operating budget in FY 2008 and \$15,357,900 and 249.2 FTE Positions in FY 2009. These amounts consist of:

	FY 2008	FY 2009
General Fund	\$12,370,100	\$12,006,000
Agricultural Consulting and Training Fund	106,500	103,400
Aquaculture Fund	9,200	9,200
Arizona Protected Native Plant Fund	195,300	186,500
Citrus, Fruit, and Vegetable Revolving Fund	1,092,400	1,044,900
Commercial Feed Fund	302,000	293,200
Dangerous Plants, Pests, and Diseases Fund	40,000	40,000
Egg Inspection Fund	905,900	866,700
Fertilizer Materials Fund	308,000	298,500
Livestock Custody Fund	79,400	79,400
Pesticide Fund	388,400	376,900
Seed Law Fund	54,500	53,200

Statewide Adjustments

The budget provides an increase of \$715,900 in FY 2008 and an increase of \$3,200 in FY 2009 for statewide adjustments. These amounts consist of:

General Fund	583,000	(3,100)
Agricultural Consulting and Training Fund	3,300	200
Arizona Protected Native Plant Fund	9,200	400
Citrus, Fruit, and Vegetable Revolving Fund	49,600	2,100

Commercial Feed Fund	9,300	500
Egg Inspection Fund	37,900	1,800
Fertilizer Materials Fund	10,000	500
Pesticide Fund	12,200	700
Seed Law Fund	1,400	100

(Please see the Statewide Adjustments section at the end of this Appropriations Report for details. The annualization of these adjustments for FY 2009 will be addressed in the 2008 budget process.)

Nursery Certification Program

The budget provides an increase of \$18,600 from the Dangerous Plants, Pests, and Diseases Fund in FY 2008 and FY 2009 for the Nursery Certification Program. Nurseries throughout Arizona that ship products out of state are often required by the recipient to receive certification that the products meet certain state-specific standards. Laws 2006, Chapter 279 changed this program from discretionary to mandatory. In addition, fees have been increased to the statutory maximum so there is additional revenue in the fund. The additional funding will allow the department to be more flexible in providing this service to nurseries. The majority of the funding for this program is for motor pool costs associated with travel throughout the state to perform the certifications.

Pesticide Label Comprehension Courses

The budget provides an increase of \$31,500 from the Agricultural Consulting and Training Fund in FY 2008 and FY 2009 for Pesticide Label Comprehension Training Courses. Pesticide product labels are typically 50 pages in length and include instructions regarding how to properly mix, apply, store, and dispose of pesticides. The Pesticide Label Comprehension Training Courses teach pesticide handlers how to better comprehend and use relevant label information to improve safety in the workplace. These

courses were taught in FY 2007 using funding from a one-time grant from the Environmental Protection Agency. This funding will allow the program to continue.

Pesticide Disposal and Recycling Program

The budget provides an increase of \$100,000 from the Pesticide Fund in FY 2008 and FY 2009 for a Pesticide Disposal and Recycling program. The program assists pesticide users in the state to dispose of unused pesticides and recycle large pesticide containers. Currently, the department uses federal homeland security funds for a small version of this program in Yuma. A large fund balance in the Pesticide Fund allows for this appropriation and will provide for this level of funding for approximately 3 years, assuming the full estimated amount is utilized. The amount of funding available from the Pesticide Fund for this program is unclear beyond 3 years.

Egg Inspection Program FTE Positions

The budget provides an increase of \$146,700 and 3 FTE Positions from the Egg Inspection Fund in FY 2008 and an increase of \$143,600 and 3 FTE Positions in FY 2009 for the Egg Inspection Program. A local egg producer is proposing to build a new processing plant with a capacity larger than the 2 existing egg ranches. The department currently has a cooperative agreement with the United States Department of Agriculture (USDA) to provide grading and inspection services for egg products in Arizona. The FY 2008 amount includes \$3,100 for one-time startup costs.

Agricultural Laboratory Costs

The budget provides an increase of \$114,000 and 2 FTE Positions in FY 2008 and an increase of \$336,000 and 2 FTE Positions in FY 2009 for agricultural laboratory costs. These amounts consist of:

General Fund	104,000	326,000
Fertilizer Materials Fund	7,200	7,200
Commercial Feed Fund	1,400	1,400
Pesticide Fund	1,400	1,400

The State Agricultural Laboratory (SAL) provides various agricultural and environmental laboratory analysis, identification, certification and training services to various regulatory divisions of the department. Funding will allow SAL to hire 2 scientific staff to assist in laboratory analysis for contamination in food or other products and testing environmental samples. Of the total FY 2009 amount, \$222,000 will be used to replace laboratory equipment and is a one-time appropriation. The \$10,000 from the other appropriated funds will be used to support laboratory personnel performing analysis related to the fund's statutorily defined purposes.

Ports of Entry

The budget provides \$425,000 and 10 FTE Positions from the General Fund in FY 2008 and FY 2009 for Agricultural Inspections at the Ports of Entry. The

Department of Agriculture performs inspections of trucks hauling agricultural products into Arizona at the ports-of-entry to prevent harmful pests and plant diseases from entering the state. Currently there are 4 operating ports of entry performing inspections: San Simon, Sanders, Duncan, and Yuma. The increase in funding will enable the department to resume inspections at the Ehrenberg port of entry, located on Interstate 10 near the California border.

Special Line Items

Agricultural Employment Relations Board

The budget provides \$23,300 from the General Fund for the Agricultural Employment Relations Board in FY 2008 and FY 2009. This amount is unchanged from FY 2007. 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 budget provides \$65,000 from the General Fund for Animal Damage Control in FY 2008 and FY 2009. This amount is unchanged from FY 2007. This Special Line Item funds agreements with the 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 budget provides \$23,200 from the General Fund for the Red Imported Fire Ant in FY 2008 and FY 2009. This amount is unchanged from FY 2007. 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.

Additional Legislation

Livestock and Land Conservation Fund

The Environmental Protection Budget Reconciliation Bill (Laws, 2007, Chapter 262) permanently changes the amount that the Department of Agriculture can use for administering the Livestock and Land Conservation Program from 5% to 10% of the amount transferred into the fund each fiscal year. Pursuant to A.R.S. § 511.23, \$2,000,000 is transferred into the Livestock and Land Conservation Fund from the Public Conservation Account of the Land Conservation Fund. The grant monies are to be used for individual landowners and lessees of state or federal land to implement conservation based management alternatives or to reduce livestock/crop production to provide wildlife habitat or other public benefits that preserve open space.

State Agricultural Laboratory Relocation

The Capital Outlay Bill (Laws 2007, Chapter 257) provides \$2,207,000 from the General Fund in FY 2008 to ADOA for the renovation of the former state health laboratory. Laws 2007, Chapter 257 also appropriates \$2,207,000 from the General Fund in FY 2009 to finish the renovations. The combined funding will allow the renovation of the laboratory to replace the existing Department of Agriculture laboratory and allow for the sale of the current Agricultural lab. *(Please see the Capital Outlay section of this Appropriations Report for additional details.)*