

Arizona Department of Agriculture

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	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	249.2	222.2	217.2
Personal Services	6,766,700	6,457,100	6,457,100
Employee Related Expenditures	3,260,700	3,229,000	3,229,000
Professional and Outside Services	244,700	415,300	415,300
Travel - In State	554,800	620,000	620,000
Travel - Out of State	6,700	20,900	20,900
Other Operating Expenditures	1,891,600	1,657,900	1,657,900
Equipment	129,300	24,800	24,800
OPERATING SUBTOTAL	12,854,500	12,425,000	12,425,000
SPECIAL LINE ITEMS			
Agricultural Consulting and Training Pari-Mutuel	0	128,500	128,500
Agricultural Employment Relations Board	23,300	23,300	23,300
Animal Damage Control	65,000	65,000	65,000
Red Imported Fire Ant	23,200	23,200	23,200
5th Special Session Reduction	0	(768,100)	(768,100)
AGENCY TOTAL	12,966,000	11,896,900	11,896,900
FUND SOURCES			
General Fund	10,161,400	8,584,900	8,584,900
<u>Other Appropriated Funds</u>			
Agricultural Consulting and Training Fund	106,700	0	0
Aquaculture Fund	7,300	9,200	9,200
Citrus, Fruit and Vegetable Revolving Fund	932,900	1,028,700	1,028,700
Commercial Feed Fund	263,600	302,000	302,000
Dangerous Plants, Pests and Diseases Fund	40,000	40,000	40,000
Egg Inspection Fund	696,800	904,400	904,400
Fertilizer Materials Fund	270,600	307,700	307,700
Livestock Custody Fund	54,300	79,400	79,400
Pesticide Fund	310,000	388,300	388,300
Protected Native Plant Fund	71,200	197,700	197,700
Seed Law Fund	51,200	54,600	54,600
SUBTOTAL - Other Appropriated Funds	2,804,600	3,312,000	3,312,000
SUBTOTAL - Appropriated Funds	12,966,000	11,896,900	11,896,900
Other Non-Appropriated Funds	7,815,600	8,661,000	8,661,000
Federal Funds	4,457,600	4,692,100	4,692,100
TOTAL - ALL SOURCES	25,239,200	25,250,000	25,250,000

CHANGE IN FUNDING SUMMARY

	FY 2010 to FY 2011 Baseline	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	0	0.0%
Non-Appropriated Funds	0	0.0%
Total - All Sources	0	0.0%

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.

Operating Budget

The Baseline includes \$12,425,000 and 217.2 FTE Positions for the operating budget in FY 2011. These amounts consist of:

General Fund	\$9,041,000
Aquaculture Fund	9,200
Citrus, Fruit, and Vegetable Revolving Fund	1,100,700
Commercial Feed Fund	302,000
Dangerous Plants, Pests, and Diseases Fund	40,000
Egg Inspection Fund	904,400
Fertilizer Materials Fund	307,700
Livestock Custody Fund	79,400
Pesticide Fund	388,300
Protected Native Plant Fund	197,700
Seed Law Fund	54,600

These amounts are unchanged from FY 2010.

Agricultural Consulting and Training Pari-Mutuel

The Baseline includes \$128,500 from the General Fund for the Agricultural Consulting and Training (ACT) Pari-Mutuel Special Line Item (SLI) in FY 2011. This amount is unchanged from FY 2010.

Prior to FY 2010, 1% 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, were deposited into the ACT Fund, an appropriated fund. Beginning in FY 2010, \$128,500 is deposited from the General Fund to this new SLI. (The statutory distribution in FY 2008 was \$128,500.) The FY 2010 General Revenues Budget Reconciliation Bill (BRB) (Laws 2009, 4th Special Session, Chapter 3) permanently repealed the pari-mutuel formula, required pari-mutuel revenues to be deposited into the General Fund instead of the appropriated ACT Fund, and made the ACT Fund non-appropriated beginning in FY 2010. General Fund monies are now deposited into this SLI, which are then deposited into the non-appropriated ACT Fund.

This SLI funds on-site visits to establishments and for consultation, interpreting, and applying alternative methods of complying with statutes, rules, regulations, and standards relating to compliance.

Agricultural Employment Relations Board

The budget includes \$23,300 from the General Fund for the Agricultural Employment Relations Board line item in FY 2011. This amount is unchanged from FY 2010.

This SLI 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 Baseline includes \$65,000 from the General Fund for the Animal Damage Control SLI in FY 2011. This amount is unchanged from FY 2010.

This SLI funds agreements with the U.S. Department of Agriculture 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 Baseline includes \$23,200 from the General Fund for the Red Imported Fire Ant line item in FY 2011. This amount is unchanged from FY 2010.

This SLI 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.

5th Special Session Reduction

The Baseline includes \$(768,100) in FY 2011 to continue the 5th Special Session FY 2010 Lump Sum Reduction. This amount consists of:

General Fund	(696,100)
Citrus, Fruit, and Vegetable Revolving Fund	(72,000)

This lump sum reduction would be allocated to specific line items in the FY 2011 General Appropriation Act.

FORMAT — Operating Lump Sum with Special Line Items by Agency

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

STATUTORY CHANGES

The Baseline would, as session law, permit the director, upon recommendation from the Agricultural Advisory Council to continue to increase fees in FY 2011 with the intent that the additional revenues would not exceed \$561,000. The department will continue to increase Pesticide Registration, Meat and Poultry Inspection, Dairy Inspection, and Animal Health and Welfare fees to raise this additional revenue for the continued FY 2009 \$172,000 fee authority, and this revenue will be deposited into the Pesticide Fund and General Fund. The department has not yet determined which fees will be increased due to the new FY 2010 \$389,000 fee authority. (The increased fee revenue has not been recorded in the summary table above.)

5% FTE Position Reduction

The Arizona Department of Agriculture was originally budgeted 175.7 General Fund FTE Positions in FY 2010. Laws 2009, 3rd Special Session, Chapter 11, Section 17 mandates a 5% General Fund FTE Position reduction by February 1, 2010. Given the mid-year implementation, this provision requires the department to reduce an additional 4 General Fund FTE Positions in FY 2010 and 9 General Fund FTE Positions in FY 2011.

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Administrative Support Fund (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	41,700	40,500
Year-End Fund Balance	46,100	64,400
Agricultural Consulting and Training Fund (AHA1239/A.R.S. § 5-113)		Appropriated in FY 2009 Non-Appropriated in FY 2010
Source of Revenue: Prior to FY 2010, 1% 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, were deposited into this appropriated fund. Beginning in FY 2010, \$128,500 is deposited from the General Fund to the new Agricultural Consulting and Training (ACT) Pari-Mutuel Special Line Item (SLI). (The statutory distribution in FY 2008 was \$128,500.) Laws 2009, 4 th Special Session, Chapter 3 permanently repealed the pari-mutuel formula, required pari-mutuel revenues to be deposited into the General Fund instead of this appropriated fund, and made this fund non-appropriated beginning in FY 2010. General Fund monies are now deposited into this fund. Expenditures are not displayed in FY 2010 to avoid double counting the General Fund.		
Purpose of Fund: To fund the agricultural consulting and training program established by A.R.S. § 3-109.01. Expenditures are not displayed in FY 2010 to avoid double counting of the General Fund.		
Funds Expended	106,700	0
Year-End Fund Balance	11,800	165,800
Agricultural Products Marketing (AHA2368/A.R.S. § 3-419)		Non-Appropriated
Source of Revenue: Assessments on the Arizona Leafy Green Products Shipper Marketing Agreement commodities.		
Purpose of Fund: To fund the Arizona Leafy Green Products Shipper Marketing Committee and to ensure compliance with the accepted food safety practices through mandatory government audits.		
Funds Expended	105,000	212,900
Year-End Fund Balance	131,900	0
Agricultural Protection Fund (AHA2381/A.R.S. § 3-3304)		Non-Appropriated
Source of Revenue: Gifts, grants, or donations.		
Purpose of Fund: To award grants to state agencies, political subdivisions, and non-profit conservation groups for the establishment of agricultural easements.		
Funds Expended	15,200	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Aquaculture Fund (AHA2297/A.R.S. § 3-2913)		Appropriated
Source of Revenue: Fees 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	7,300	9,200
Year-End Fund Balance	16,400	13,200
Beef Council (Livestock Board Collection and Administration) Fund (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	602,600	620,000
Year-End Fund Balance	20,400	0
Citrus, Fruit and Vegetable Revolving Fund (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 the state.		
Funds Expended	932,900	1,028,700
Year-End Fund Balance	239,800	23,600
Citrus Research Council Fund (AHA2299/A.R.S. § 3-468.04)		Non-Appropriated
Source of Revenue: An assessment on citrus produced in the state, 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	49,500	0
Year-End Fund Balance	15,500	0
Commercial Feed Fund (AHA2012/A.R.S. § 3-2607)		Appropriated
Source of Revenue: Licensing fees and fees collected for the inspection of animal and bird feeds.		
Purpose of Fund: To regulate animal and bird feeds.		
Funds Expended	263,600	302,000
Year-End Fund Balance	254,700	213,000
Commodity Promotion Fund (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 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.		
Purpose of Fund: To provide for programs to promote the production and consumption of Arizona agricultural products domestically and abroad.		
Funds Expended	9,500	5,700
Year-End Fund Balance	5,200	6,500
Cotton Research and Protection Council Abatement Fund (AHA2013/A.R.S. § 3-1085)		Non-Appropriated
Source of Revenue: Assessments on each bale of 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 and to provide a program to refund collected fees as an incentive for boll weevil control.		
Funds Expended	1,733,200	1,610,700
Year-End Fund Balance	858,200	586,500

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Dangerous Plants, Pests and Diseases Fund (AHA2054/A.R.S. § 3-214.01)		Appropriated
Source of Revenue: Certification 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	40,000	40,000
Year-End Fund Balance	181,100	173,600
Designated Fund (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	478,300	567,900
Year-End Fund Balance	441,700	256,900
Egg Inspection Fund (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	696,800	904,400
Year-End Fund Balance	130,800	31,700
Equine Inspection Fund (AHA2489/A.R.S. § 3-1345.01)		Non-Appropriated
Source of Revenue: Inspection fees for processing ownership and transportation of horses.		
Purpose of Fund: To fund the issuance of horse ownership and transportation certificates.		
Funds Expended	2,000	1,900
Year-End Fund Balance	1,100	1,200
Federal - State Inspection Fund (AHA2113/A.R.S. § 3-499)		Non-Appropriated
Source of Revenue: Fees for inspection of domestic produce imported from Mexico pursuant to a cooperative agreement with the U.S. Department of Agriculture.		
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	3,018,000	3,065,500
Year-End Fund Balance	1,626,000	1,289,100
Federal Fund (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	4,287,400	4,497,100
Year-End Fund Balance	760,100	1,162,700
Fertilizer Materials Fund (AHA2081/A.R.S. § 3-269)		Appropriated
Source of Revenue: A portion of the fertilizer manufacturer's license fee and fees collected for the inspection of materials.		
Purpose of Fund: To regulate fertilizers.		
Funds Expended	270,600	307,700
Year-End Fund Balance	242,900	206,600

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Grain Research Fund (AHA2201/A.R.S. § 3-590)		Non-Appropriated
Source of Revenue: An assessment on commercial grain sales.		
Purpose of Fund: To support the Grain Research and Promotion 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	138,200	138,200
Year-End Fund Balance	66,400	31,200
Iceberg Lettuce Research Council Fund (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	99,800	39,000
Year-End Fund Balance	12,500	0
Indirect Cost Recovery Fund (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	170,200	195,000
Year-End Fund Balance	275,800	171,800
Livestock and Crop Conservation Fund (AHA2378/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	1,522,600	2,358,700
Year-End Fund Balance	5,988,700	1,010,400
Livestock Custody Fund (AHA2065/A.R.S. § 3-1377)		Appropriated
Source of Revenue: Fines assessed for and proceeds resulting from the sale of mistreated or stray livestock.		
Purpose of Fund: To enforce any of the provisions of Title 3, relating to agriculture and dairying.		
Funds Expended	54,300	79,400
Year-End Fund Balance	154,900	122,500
Pesticide Fund (AHA2051/A.R.S. § 3-350)		Appropriated
Source of Revenue: A portion of pesticide registration fees.		
Purpose of Fund: To regulate pesticides.		
Funds Expended	310,000	388,300
Year-End Fund Balance	309,500	188,200
Protected Native Plant Fund (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	71,200	197,700
Year-End Fund Balance*	69,700	(10,100)

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Seed Law Fund (AHA2064/A.R.S. § 3-234)		Appropriated
Source of Revenue: Seed dealers' and labelers' license fees and penalties.		
Purpose of Fund: To regulate seeds, including all agricultural, vegetable, and ornamental plant seed, transported or offered for sale in this state.		
Funds Expended	51,200	54,600
Year-End Fund Balance	149,000	129,900

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