

Arizona Department of Agriculture

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	222.2	217.2	217.2
Personal Services	5,681,000	5,540,700	5,540,700
Employee Related Expenditures	3,112,300	3,055,600	3,055,600
Professional and Outside Services	285,800	328,000	328,000
Travel - In State	414,400	445,900	445,900
Travel - Out of State	7,900	5,000	5,000
Other Operating Expenditures	1,229,400	2,152,600	2,152,600
Equipment	133,500	47,900	47,900
OPERATING SUBTOTAL	10,864,300	11,575,700	11,575,700
SPECIAL LINE ITEMS			
Agricultural Consulting and Training Pari-Mutuel	126,600	128,500	128,500
Agricultural Employment Relations Board	19,800	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	11,098,900	11,815,700	11,815,700
FUND SOURCES			
General Fund	8,569,800	8,434,300	8,434,300
<u>Other Appropriated Funds</u>			
Aquaculture Fund	9,200	9,200	9,200
Citrus, Fruit and Vegetable Revolving Fund	586,200	1,030,600	1,030,600
Commercial Feed Fund	296,500	300,300	300,300
Dangerous Plants, Pests and Diseases Fund	40,000	100,000	100,000
Egg Inspection Fund	713,600	919,000	919,000
Fertilizer Materials Fund	307,300	303,800	303,800
Livestock Custody Fund	67,200	79,400	79,400
Pesticide Fund	373,700	385,500	385,500
Protected Native Plant Fund	80,900	199,700	199,700
Seed Law Fund	54,500	53,900	53,900
SUBTOTAL - Other Appropriated Funds	2,529,100	3,381,400	3,381,400
SUBTOTAL - Appropriated Funds	11,098,900	11,815,700	11,815,700
Other Non-Appropriated Funds	9,575,000	8,443,700	8,443,700
Federal Funds	5,382,600	6,080,000	6,080,000
TOTAL - ALL SOURCES	26,056,500	26,339,400	26,339,400

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.

Operating Budget

The Baseline includes \$11,575,700 and 217.2 FTE Positions for the operating budget in FY 2012. These amounts consist of:

General Fund	FY 2012 \$8,194,300
Aquaculture Fund	9,200

Citrus, Fruit, and Vegetable Revolving Fund	1,030,600
Commercial Feed Fund	300,300
Dangerous Plants, Pests, and Diseases Fund	100,000
Egg Inspection Fund	919,000
Fertilizer Materials Fund	303,800
Livestock Custody Fund	79,400
Pesticide Fund	385,500
Protected Native Plant Fund	199,700
Seed Law Fund	53,900

These amounts are unchanged from FY 2011.

Agricultural Consulting and Training Pari-Mutuel

The Baseline includes \$128,500 from the General Fund for the Agricultural Consulting and Training Pari-Mutuel line item in FY 2012. This amount is unchanged from FY 2011.

This line item 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 Baseline includes \$23,300 from the General Fund for the Agricultural Employment Relations Board line item in FY 2012. This amount is unchanged from FY 2011.

This 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 Baseline includes \$65,000 from the General Fund for the Animal Damage Control line item in FY 2012. This amount is unchanged from FY 2011.

This line item 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 2012. This amount is unchanged from FY 2011.

This 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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FORMAT — Operating Lump Sum with Special Line Items by Agency

STATUTORY CHANGES

As session law, the FY 2012 Baseline would permit the director, upon recommendation from the Agricultural Advisory Council, to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$561,000. It is anticipated that the department will continue fee increases for pesticide registration, meat and poultry inspection, dairy inspection, and animal health and welfare. In FY 2011, the department estimates collecting only \$357,000, of which \$218,000 will be deposited into the Livestock Inspection Service Fee Increase Fund, \$113,000 into the Pesticide Service Fee Increase Fund, and the remaining \$26,000 into the Dangerous Plant Service Fee Increase Fund.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 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	38,200	38,600
Year-End Fund Balance	63,000	61,900
Agricultural Consulting and Training Fund (AHA1239/A.R.S. § 5-113)		Non-Appropriated
Source of Revenue: Legislative appropriations.		
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 and FY 2011 to avoid double counting of the General Fund.		
Funds Expended	0	0
Year-End Fund Balance	65,300	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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	235,600	0
Year-End Fund Balance	51,800	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	0	0
Year-End Fund Balance	0	0
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	9,200	9,200
Year-End Fund Balance	12,800	9,100
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	518,300	513,000
Year-End Fund Balance	10,500	7,000
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	586,200	1,030,600
Year-End Fund Balance*	147,200	(525,400)
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	6,100	30,800
Year-End Fund Balance	30,200	2,900
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	296,500	300,300
Year-End Fund Balance	146,600	93,900

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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	5,000	6,900
Year-End Fund Balance	7,200	7,200
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	1,561,000	1,386,700
Year-End Fund Balance	389,500	270,300
Dangerous Plants Service Fee Increase Fund (AHA2055/Laws 2010, 7th Special Session, Chapter 7)		Non-Appropriated
Source of Revenue: As session law, the FY 2012 Baseline would permit the Director of the Arizona Department of Agriculture, upon recommendation from the Agricultural Advisory Council, to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$561,000. It is anticipated that the department will continue fee increases for pesticide registration, meat and poultry inspection, dairy inspection, and animal health and welfare. In FY 2011, the department estimates collecting only \$357,000, of which \$218,000 will be deposited into the Livestock Inspection Service Fee Increase Fund, \$113,000 into the Pesticide Service Fee Increase Fund, and the remaining \$26,000 into the Dangerous Plant Service Fee Increase Fund.		
Purpose of Fund: Operating activities.		
Funds Expended	0	26,000
Year-End Fund Balance	0	0
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. Laws 2010, Chapter 274 appropriated an additional \$60,000 to the department in FY 2011 for eradication of the Asian citrus psyllid.		
Purpose of Fund: To prevent the introduction and propagation of, and to control and destroy, dangerous plants, pests, and diseases.		
Funds Expended	40,000	100,000
Year-End Fund Balance	172,400	115,000
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	408,200	450,300
Year-End Fund Balance	422,800	221,900
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	713,600	919,000
Year-End Fund Balance	355,100	403,000

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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	1,900	1,600
Year-End Fund Balance	900	700
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	3,209,900	3,408,100
Year-End Fund Balance	1,689,900	1,567,900
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	5,239,200	5,852,800
Year-End Fund Balance	759,000	354,500
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	307,300	303,800
Year-End Fund Balance	141,000	31,100
Grain Research and Promotion Council 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	134,000	112,000
Year-End Fund Balance	71,700	12,300
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	7,100	106,300
Year-End Fund Balance	50,100	23,800
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	143,400	227,200
Year-End Fund Balance	237,600	164,300

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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	3,292,200	2,032,400
Year-End Fund Balance	4,764,800	4,778,100
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	67,200	79,400
Year-End Fund Balance	95,200	105,800
Livestock Inspection Service Fee Increase Fund (AHA1050/Laws 2010, 7th Special Session, Chapter 7)		Non-Appropriated
Source of Revenue: As session law, the FY 2012 Baseline would permit the Director of the Arizona Department of Agriculture, upon recommendation from the Agricultural Advisory Council, to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$561,000. It is anticipated that the department will continue fee increases for pesticide registration, meat and poultry inspection, dairy inspection, and animal health and welfare. In FY 2011, the department estimates collecting only \$357,000, of which \$218,000 will be deposited into the Livestock Inspection Service Fee Increase Fund, \$113,000 into the Pesticide Service Fee Increase Fund, and the remaining \$26,000 into the Dangerous Plant Service Fee Increase Fund.		
Purpose of Fund: Operating activities.		
Funds Expended	44,500	218,000
Year-End Fund Balance	1,400	0
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	373,700	385,500
Year-End Fund Balance	155,300	98,500
Pesticide Service Fee Increase Fund (AHA2052/Laws 2010, 7th Special Session, Chapter 7)		Non-Appropriated
Source of Revenue: As session law, the FY 2012 Baseline would permit the Director of the Arizona Department of Agriculture, upon recommendation from the Agricultural Advisory Council, to continue fee increases authorized in earlier years. As in earlier years, the Baseline also includes legislative intent that the fees would not generate more than \$561,000. It is anticipated that the department will continue fee increases for pesticide registration, meat and poultry inspection, dairy inspection, and animal health and welfare. In FY 2011, the department estimates collecting only \$357,000, of which \$218,000 will be deposited into the Livestock Inspection Service Fee Increase Fund, \$113,000 into the Pesticide Service Fee Increase Fund, and the remaining \$26,000 into the Dangerous Plant Service Fee Increase Fund.		
Purpose of Fund: Operating activities.		
Funds Expended	113,000	113,000
Year-End Fund Balance	0	0
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	80,900	199,700
Year-End Fund Balance*	81,800	(35,000)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 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	54,500	53,900
Year-End Fund Balance	129,300	74,300

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