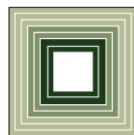


Department of Agriculture & Consumer Services (DACCS)



March 20, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Today's Agenda

- DACS Overview
 - Mission
 - Program Organization
 - Budget History
 - Major Revenue Sources
 - Position Counts by Program
- Division Overviews
 - Summary of Administration and Agricultural Services Divisions
 - NCGA Actions
 - Budget Information
 - Positions (FTEs)

Upcoming Agendas

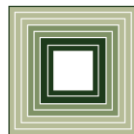
Thursday, March 28, 2013

- Consumer Protection Division Overview
- DACS Food & Drug Presentation

Tuesday, April 2, 2013

- Soil & Water Conservation Overview
- Forest Service Overview
- DENR Transition Review
- DACS Forest Service Presentation

Department Overview



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Mission Statement

“To provide services that promote and improve agriculture, agribusiness and forests; protect consumers and businesses; and conserve farmland and natural resources for the prosperity of all North Carolinians.”

DACS Facts

75,000

Approximate acreage managed by DACS

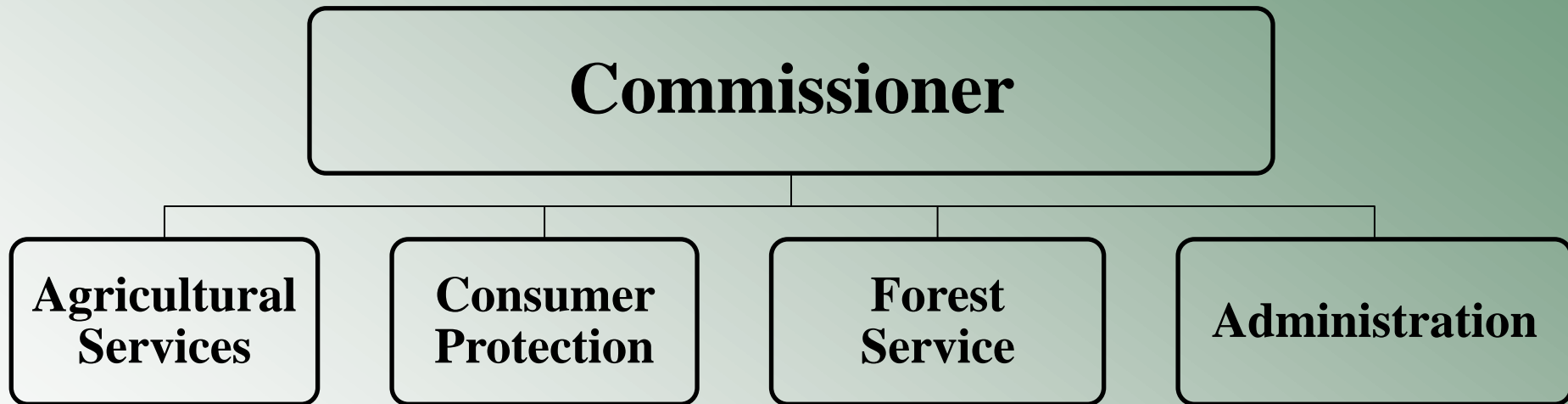
965,297

2012 - State Fair attendees

2,100

Approximate number of total FTE's (including receipt supported positions)

Organizational Structure



NCGA Actions

FY 2011-12

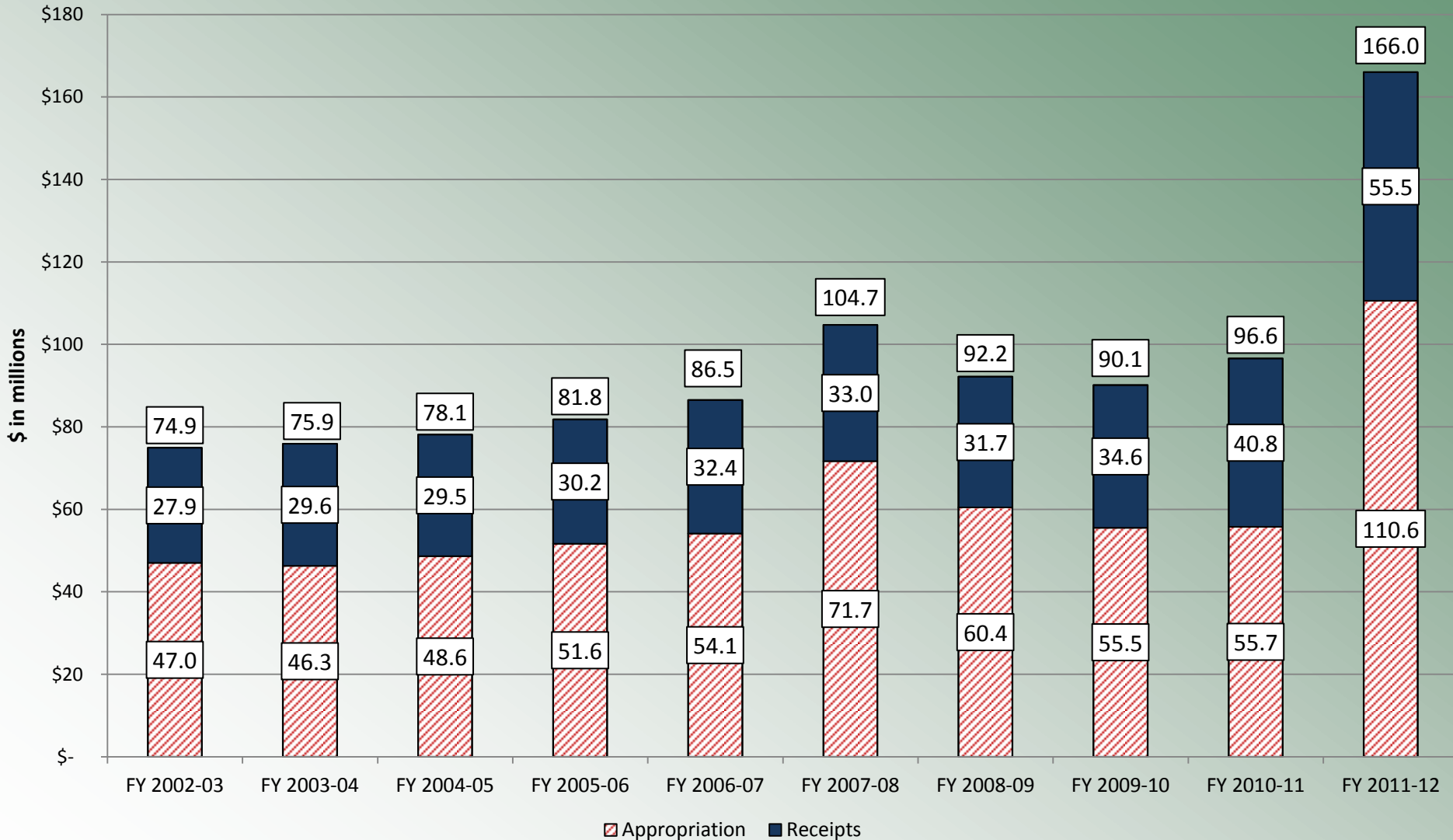
- Transferred Forest Service from DENR
- Transferred Soil & Water Conservation from DENR
- Transferred Sleep Products program from DENR
- Transferred Grade “A” Milk program from DENR
- Eliminated 12 vacant positions and shifted 1 position to receipt support – (\$824,249 R)
- Reduced appropriation for cell phones, longevity pay, and motor fleet – (\$194,531 R)
- Reduced Farmland Preservation Funding – (\$300,000 R)

NCGA Actions

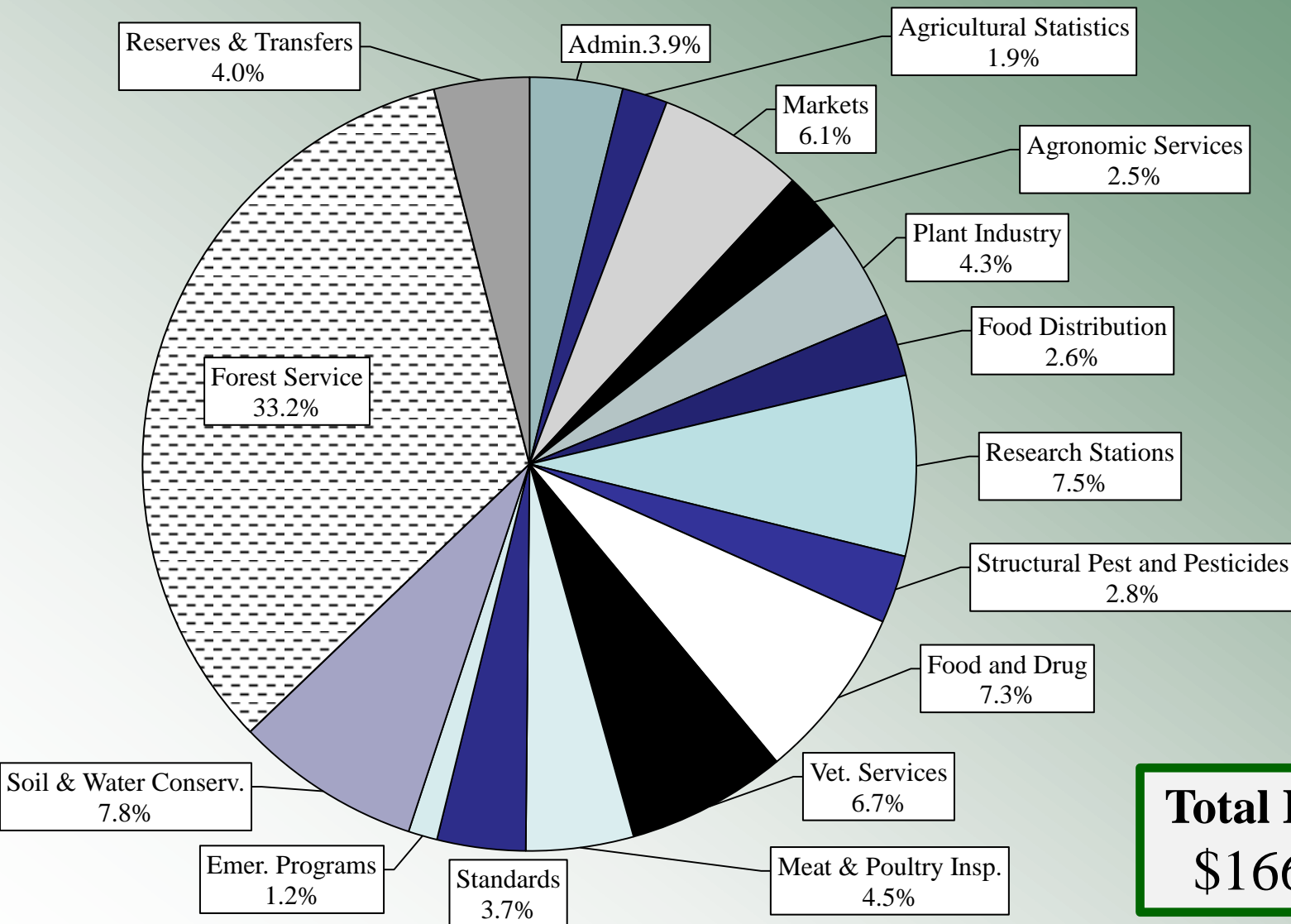
FY 2012-13

- Transferred Wine and Grape Growers Council from Commerce to DACS (\$500,000 NR)
- Transferred portion of BRIDGE program funded through Public Safety to DACS
- Management flexibility reduction – (\$2,183,266 R)

Budget History

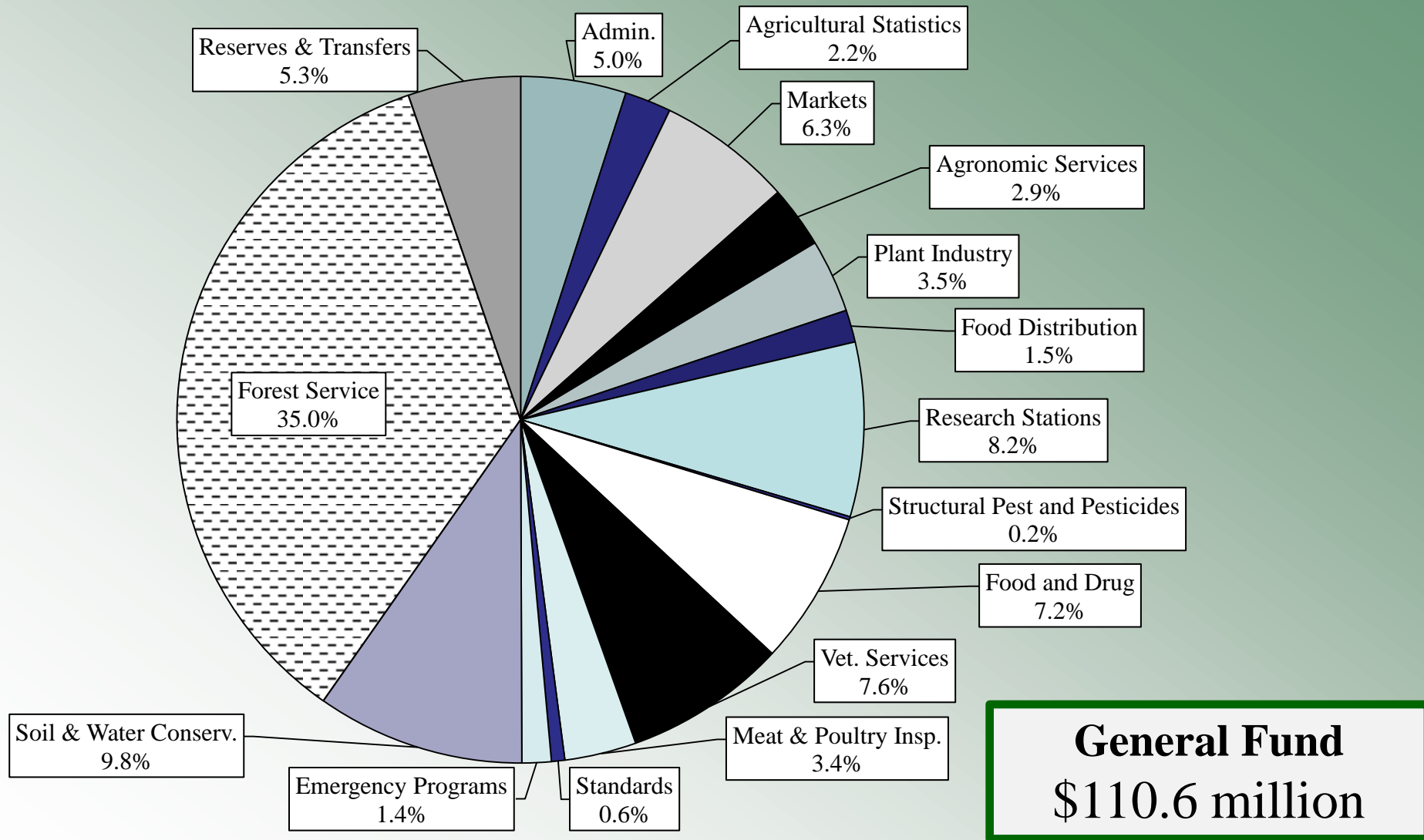


FY 2011-12 Total Expenditures



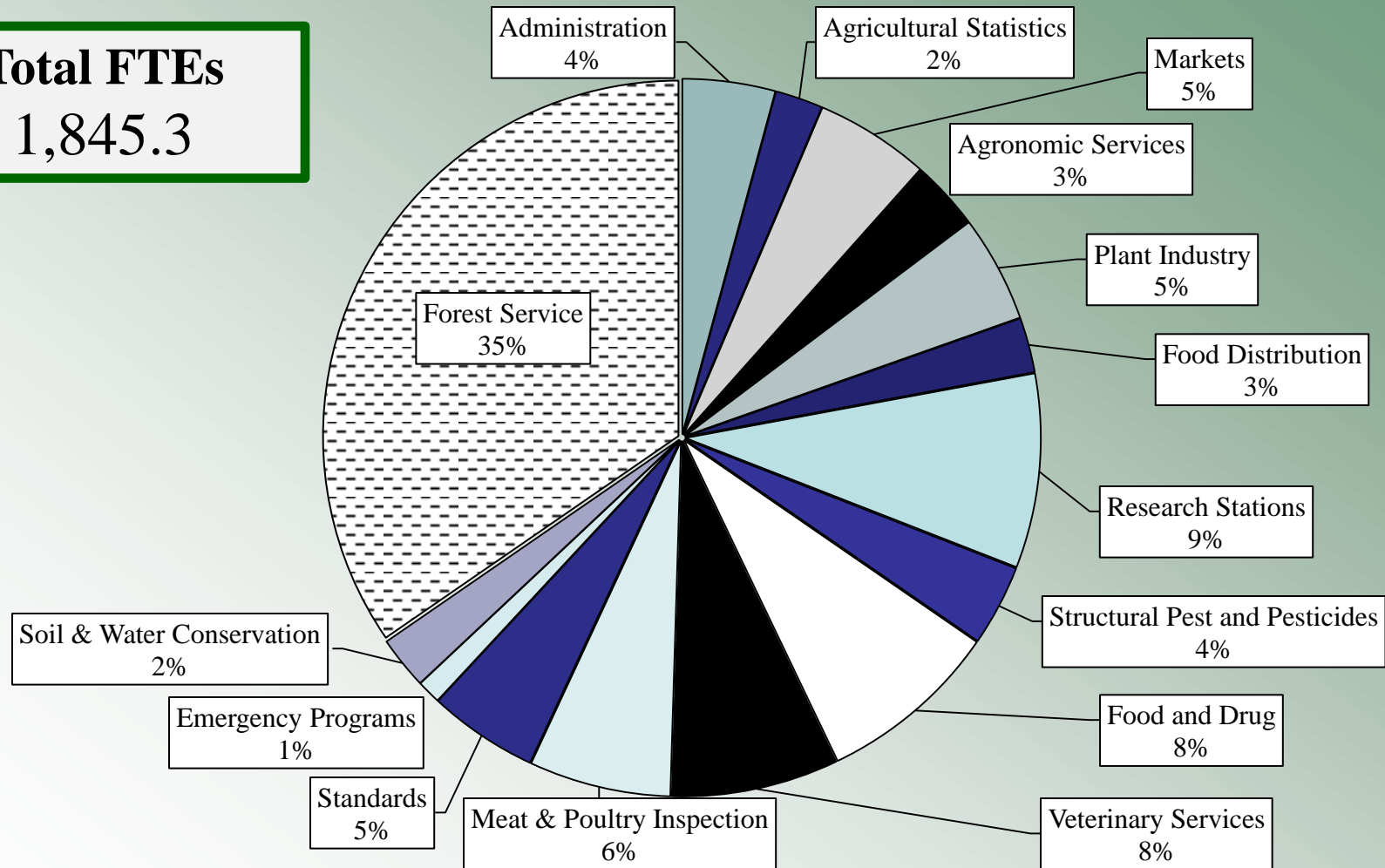
Total Expenditures
\$166.0 million

FY 2011-12 General Fund Appropriation



General Fund Position Counts

Total FTEs
1,845.3



FY 2011-12 Actual Budget	Total Expenditures	Appropriation	FTEs
	<i>\$ in thousands</i>		
Administration	\$ 6,442	\$ 5,482	77.8
Ag. Stats	3,141	2,417	40
Marketing	10,177	7,004	96
Agronomic Services	4,171	3,214	58
Plant Industry	7,101	3,821	89.8
Food Distribution	4,341	1,679	46
Research Stations	12,494	9,068	163
Structural Pest and Pesticides	4,722	167	68
Food and Drug	12,096	7,973	153
Veterinary Services	11,114	8,451	140
Meat and Poultry Inspection	7,461	3,735	119
Standards	6,133	692	92
Emergency Programs	2,013	1,522	20
Soil and Water Conservation	12,907	10,825	44.2
Forest Service	55,083	38,667	638.6
Reserves & Transfers	6,602	5,856	N/A
Total	\$ 165,999	\$ 110,577	1,845.3

Governor's Continuation Budget

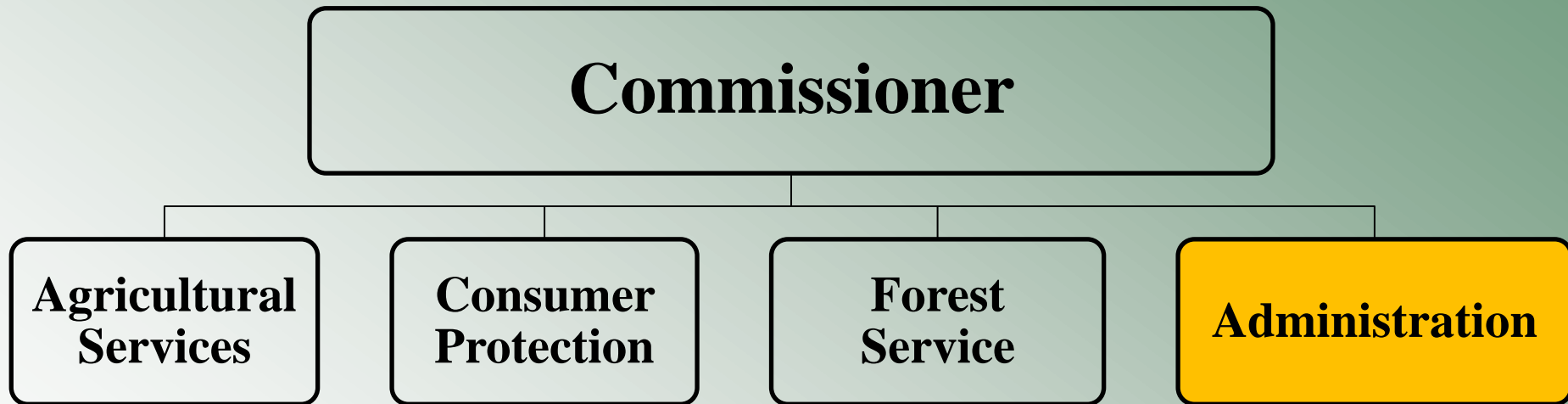
Removed non-recurring funding from:

- Markets
 - Southeastern Ag Center - \$362,230
 - Water Resource Assistance Program (AgWRAP) - \$500,000
 - Wine & Grape Growers Council - \$500,000
 - Additional marketing funds - \$250,000
- Tobacco Trust Fund (pass-through) - \$2 M

Division Overviews



Division Overview



Administration

Composed of the following functions:

- Administrative Services:
 - Human Resources
 - Legal
 - Policy/Government/Public Affairs
 - Internal Audit
 - Budget/Finance
- Property & Construction
- Agricultural Statistics
- Reserves (i.e. Farmland Preservation Trust Fund)

Administrative Services

Includes:

- Budget/Finance
- Human Resources
- Government/Public Affairs
- Legal
- General Administration

FY 2011-12 (in millions)	
Expenditures	\$ 5.85
Receipts	0.80
Appropriation	5.04
Positions	69.8

Property & Construction

- Provide support to all DACS Divisions
- Assist agribusinesses with planning and design of development projects upon request
- Over 1,300 structures
- 75,000 acres
- 200 locations

FY 2011-12 (in millions)	
Expenditures	\$ 0.59
Receipts	0.16
Appropriation	0.44
Positions	8

Agricultural Statistics

- Collects, prepares, and distributes:
 - Crop estimates
 - Livestock estimates
 - Price estimates
- Perform graphic design for DACS communications
- Surveys completed collaboratively with USDA
- Individual responses remain confidential

FY 2011-12 (in millions)	
Expenditures	\$ 3.14
Receipts	0.72
Appropriation	2.42
Positions	40

Reserves & Transfers

- Pass-through to Tobacco Trust Fund (\$2 M)
- Farmland Preservation Trust Fund (\$1.7 M)
- State Fair (\$2.4 M)
- Indirect Cost (\$0.5 M)

FY 2011-12 (in millions)	
Expenditures	\$ 6.60
Receipts	0.75
Appropriation	5.85

Administration

Notable Special Funds

Farmland Preservation Trust Fund

- Payments made to counties and conservation nonprofits to remove development rights from farm property
- \$1.7 million appropriation in each year of previous biennium
- FY 2011-12 Activities:
 - \$387,170 to agricultural development plans
 - \$1.3 million to fund 9 farmland easements (770 acres)

Administration

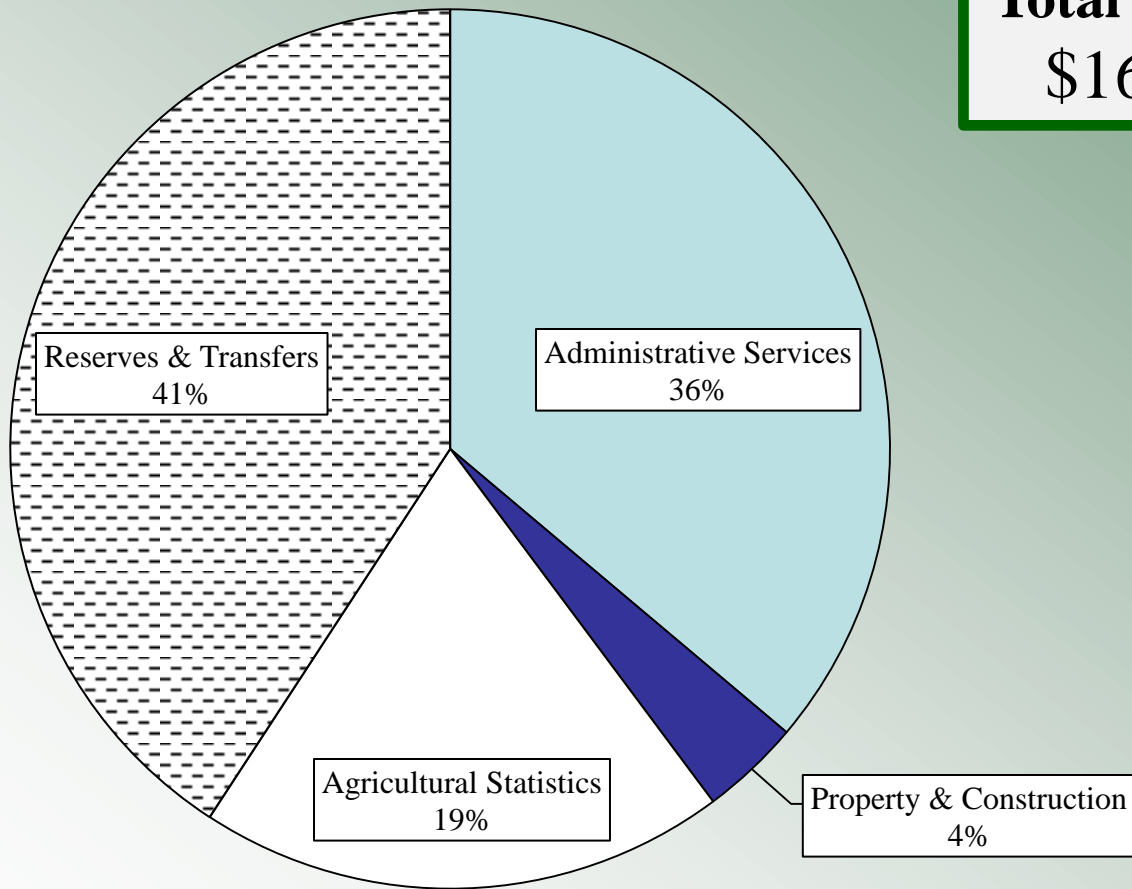
Notable Special Funds

State Fair

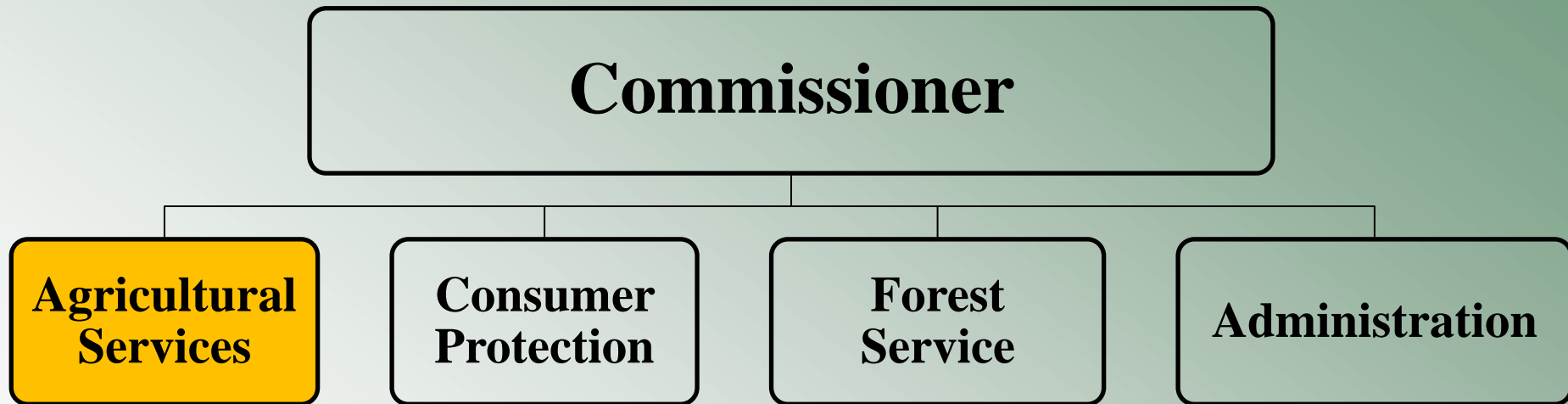
- Enterprise fund - fully receipt supported
- Fees collected from admissions, event rental fees, etc.
- Cash balance used for repair and renovations of fairgrounds
- FY 2011-12:
 - Receipts - \$17.9 million
 - Expenditures - \$13.9 million
 - Cash balance at 6/30/12 - \$5.5 million

Administration

Total Expenditures
\$16.2 million



Division Overview



Agricultural Services Programs

- Agronomic Services
- Markets
- Plant Industry
- Food Distribution
- Research Stations

Agronomic Services

Analyzes soil, plant, solution, and waste samples to predict input needs, diagnose problems and provide recommendations.

Agronomic Service Areas

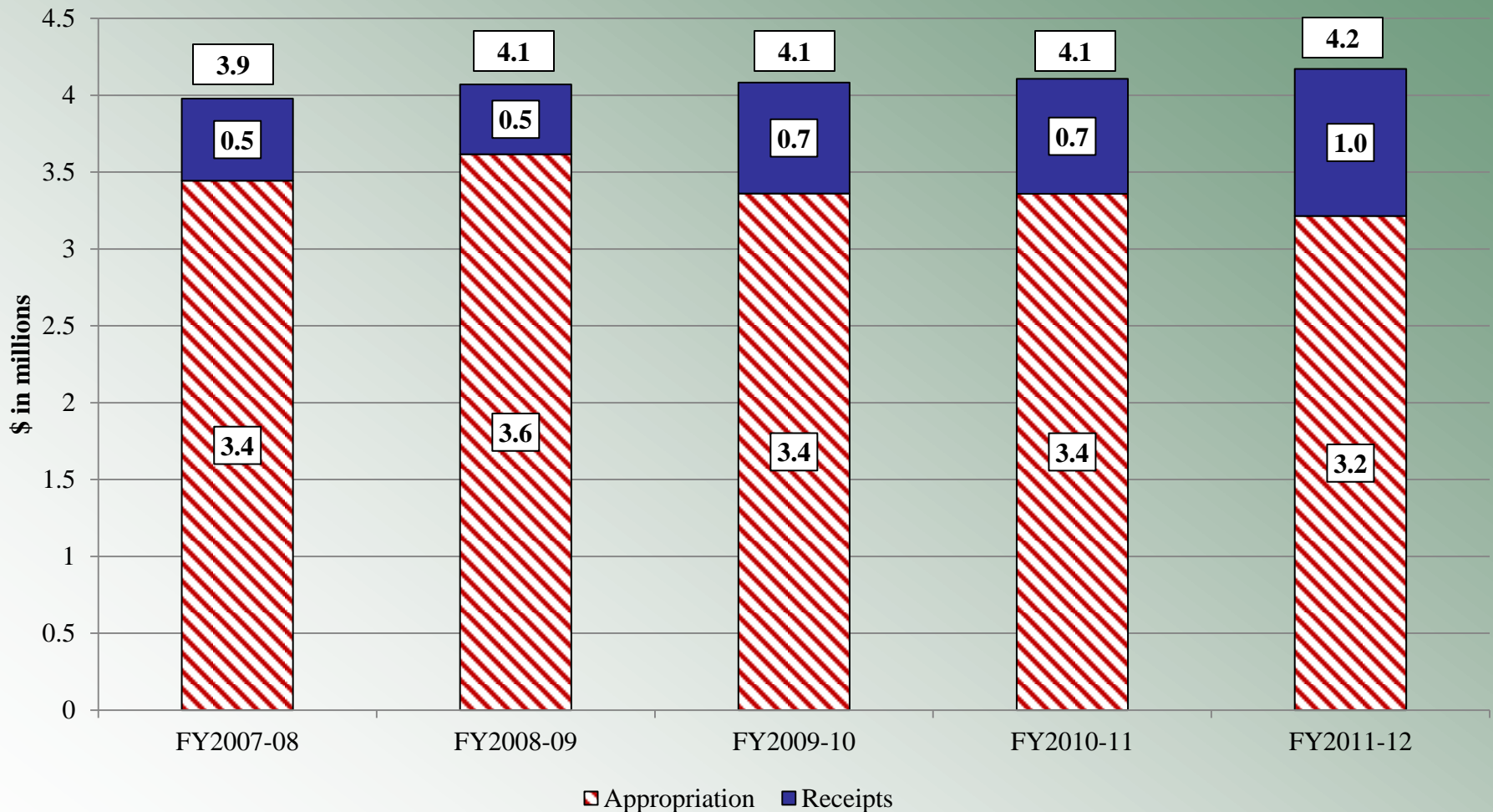
- Soil Testing
- Plant Tissue, Waste, & Solution Analysis
- Nematode Assay
- Field Staff (14 FTEs)

FY 2011-12

(in millions)

Expenditures	\$ 4.17
Receipts	0.96
Appropriation	3.21
Positions	58

Agronomics 5-Year Budget History



Agronomic Services

FY 2011-13 NCGA Actions

- Implemented fee for out of state samples
- Established expedited bulk soil sample program and associated fee
- Increased lime tonnage fee



FY 2011-12 Samples Submitted

	NC	Non-NC
Soil	389,903	0
Nematode Assay	31,259	715
Waste	15,004	32
Plant Tissue	7,007	94
Solution	2,443	16

*** Figures exclude specialty samples (heavy metals, research samples, etc.)**

Agronomic Services

Revenue Sources

- Fertilizer Assessment - \$.65/ton
 - DACS - \$.50/ton – Agronomics receives ~\$.31/ton
 - NCSU Agriculture Foundation - \$.15/ton
- Lime Assessment - \$.50/ton – Agronomics receives ~\$.34/ton
- Sample Fees
 - Nematode - \$3 (\$10 non-NC)
 - Plant, Waste, Solution - \$5 (\$25 non-NC)
- \$100 expedited soil testing (36 samples, 2 week turnaround)

Sample Fee Comparison

Soil

NC - \$0

VA - \$10*

TN - \$7

SC - \$6

GA - \$6

Nematode Assay

NC - \$3

VA - \$11

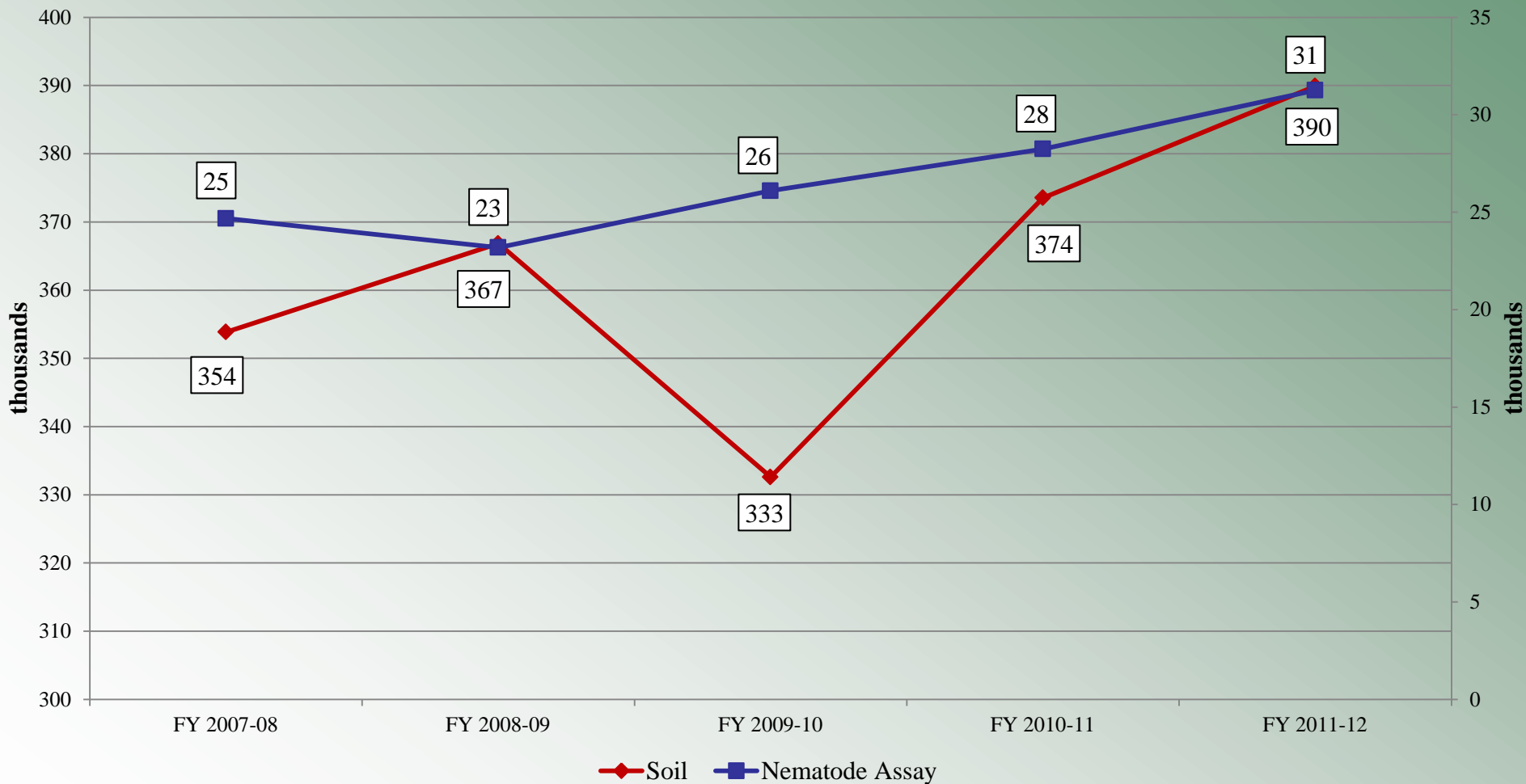
TN - \$15

SC - \$10

GA - \$12

*VA exempts commercial farmers from soil test fee (85% of NC sample submissions)

5-Year Sample Submission History



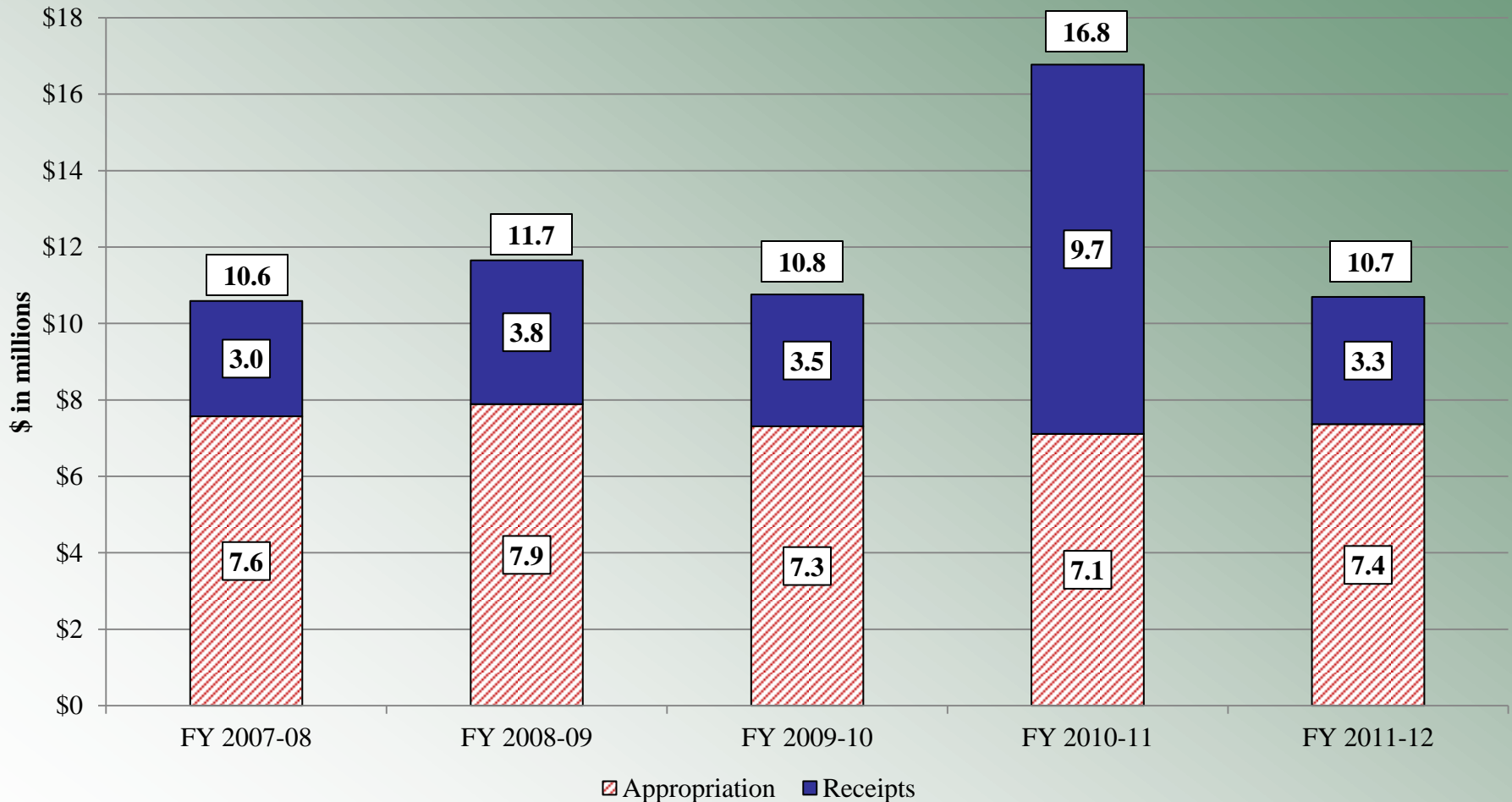
Markets

- General agriculture marketing
- Agribusiness marketing assistance
- International marketing development (\$3B exports)
- Provides current commodity information
- Voluntary grading service
- Ag Centers & Farmers Markets



FY 2011-12 (in millions)	
Expenditures	\$ 10.18
Receipts	3.17
Appropriation	7.00
Positions	96

Markets 5-Year Budget History



Markets

FY 2011-12 NCGA Actions

- Eliminated GF support for Piedmont Triad Farmers Market (\$22,000 R)
- Eliminated recurring funding for Southeastern Ag Center and made subject to Justification Review
- Appropriated additional funding for international marketing (\$500,000 NR)

Markets

FY 2012-13 NCGA Actions

- Transferred Wine & Grape Growers Council from Commerce (\$500,000 NR)
- Restored funding for Southeastern Ag Center and directed DACS to study alternative operating models for the facility (\$362,230 NR)
- Provided additional marketing funds (\$250,000 NR)

Ag Centers & Farmers Markets

Agricultural Centers

Self-Supporting

- WNC – Fletcher

General Fund Supported

- Southeastern –
Lumberton
- Sen. Bob Martin -
Williamston

Farmers Markets

Self-Supporting

- State – Raleigh
- Piedmont Triad –
Colfax

General Fund Supported

- WNC – Asheville
- Charlotte Regional –
Charlotte

Southeastern Agricultural Center Review

Directed DACS to study the following alternative operating models with the goal of General Fund support not to exceed 50% of annual operating cost:

1. Change services provided
2. Pool staff, resources, and profits between staff and other similar DACS facilities
3. Contract with private entity to operate the facility
4. If 50% goal not achievable, options for transferring property to local government or closure

Southeastern Agricultural Center Review (DACS Findings)

Alternative 1: Change Services Provided

- Eliminated farmers market function due to low interest
- Converting retailer spaces to horse stalls to support equestrian events at Center

Alternative 2: Pool Staff, Resources, & Profits

- Few resources available to be shared due to geographical limitations
- Shared temporary horse stalls from Sen. Bob Martin Ag Center
- Plan to move six Forest Service staff to the location

Southeastern Agricultural Center Review (DACS Findings)

Alternative 3: Contract with Private Entity

- No demand for wholesalers
- Insufficient attendance for permanent food vendor
- One sponsor – Golden Corral - \$750 annually

Alternative 4: Transfer to Local Gvmt. or Closure

- Did not evaluate
- Stated concern that discussions would discourage potential facility partners

Southeastern Agricultural Center Review (DACS Findings)

DACS Conclusions

- After incorporating changes, the Center has not reached 50% self-sustainability
- Facility benefits multiple Tier 1 and Tier 2 counties in the area
- Facility received significant investment from General Assembly and Golden LEAF for pavilion construction (\$5.4 M)
- General Assembly should continue support of the Center

Plant Industry

Two main responsibilities:

1. Ensure seed and fertilizer meet prescribed standards and are properly labeled
2. Protect plants from pests

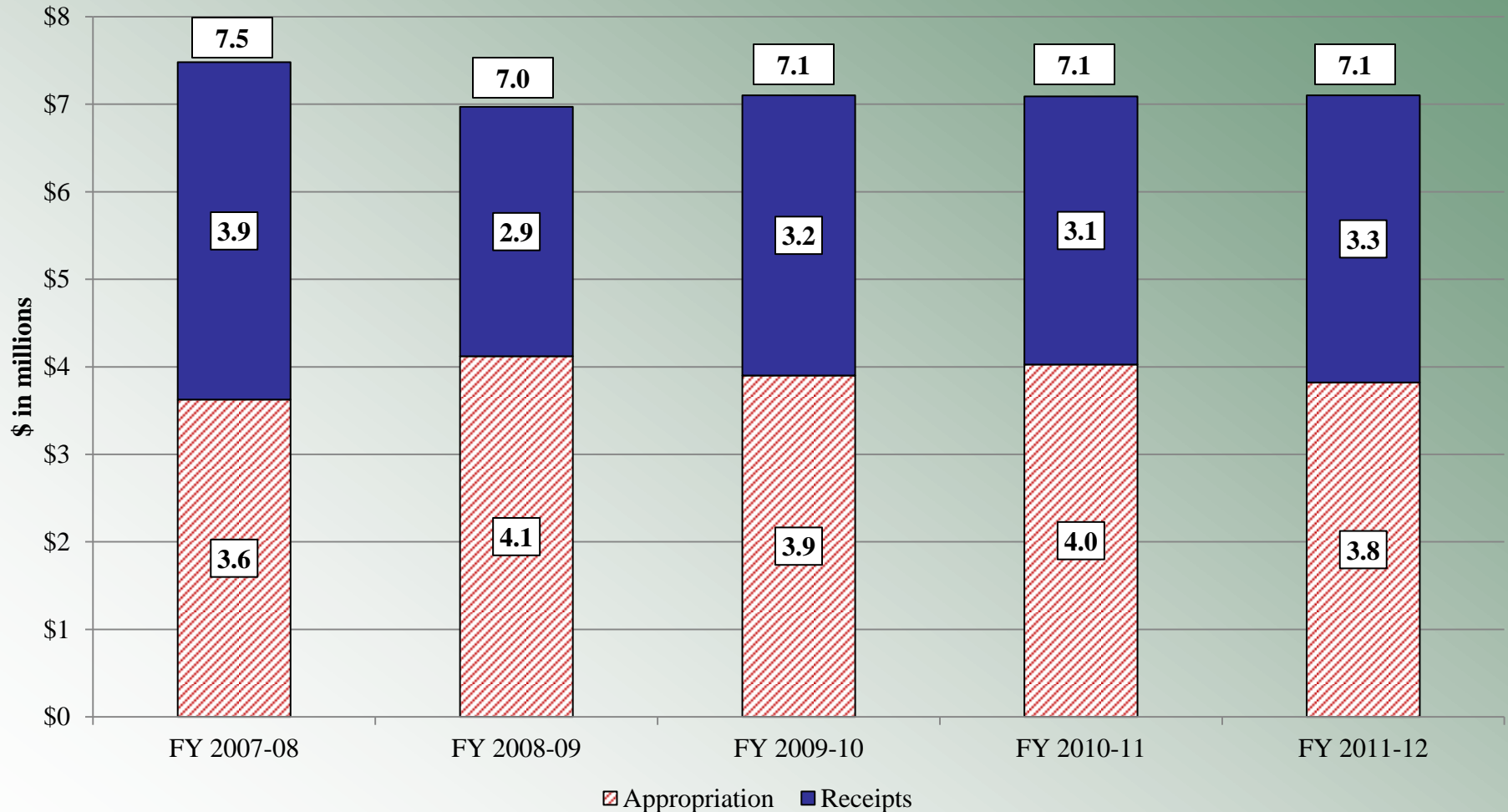
Division enforces multiple NC laws related to:

- Fertilizer
- Lime
- Pests
- Vegetables
- Honeybees
- Weeds

FY 2011-12 **(in millions)**

Expenditures	\$ 7.10
Receipts	3.28
Appropriation	3.82
Positions	89.8

Plant Industry 5-Year Budget History



Plant Industry

Issue Permits and Licenses for the following:

- Seed Dealer/License
- Apiary Registration
- Protected Plant/Propagation Permit
- Ginseng Dealer Permit
- Tobacco Plant Import Permit
- Fertilizer/Limestone/Landplaster
- Soil Additive Registration
- Nursery/Dealer Certification
- Collected Plant Certificate
- Permit to move Plant Pests

FY 2011-12 Division Metrics

Seed Purity &
Germination Tests

12,177

Phytosanitary Export
Certifications

4,458

Fertilizer and Lime
Products Registered

4,603

Plant Industry

Plant Conservation Program

- Identify endangered, threatened or special concern plants
- Determine if limits or regulations on a plant are needed
- Develop, establish and coordinate conservation programs for endangered species and threatened species of plants

Plant Industry

Major Revenue Sources

- Federal Funds – \$1,478,571
- License/Assessments/Fees – \$975,775
- Fertilizer Assessment – \$166,156 (~\$.15/ton)
- Lime Assessment - \$106,053 (~\$.16/ton)
- Natural Heritage Trust Fund - \$68,481

Plant Industry

FY 2011-13 NCGA Actions

- Directed Division to budget over-realized receipts from business licenses (\$50,000 R)
- Eliminated General Fund support for the Plant Conservation Program and transferred program to receipt support from Natural Heritage Trust Fund (\$68,481)

Food Distribution

Distributes USDA commodities to eligible USDA programs.

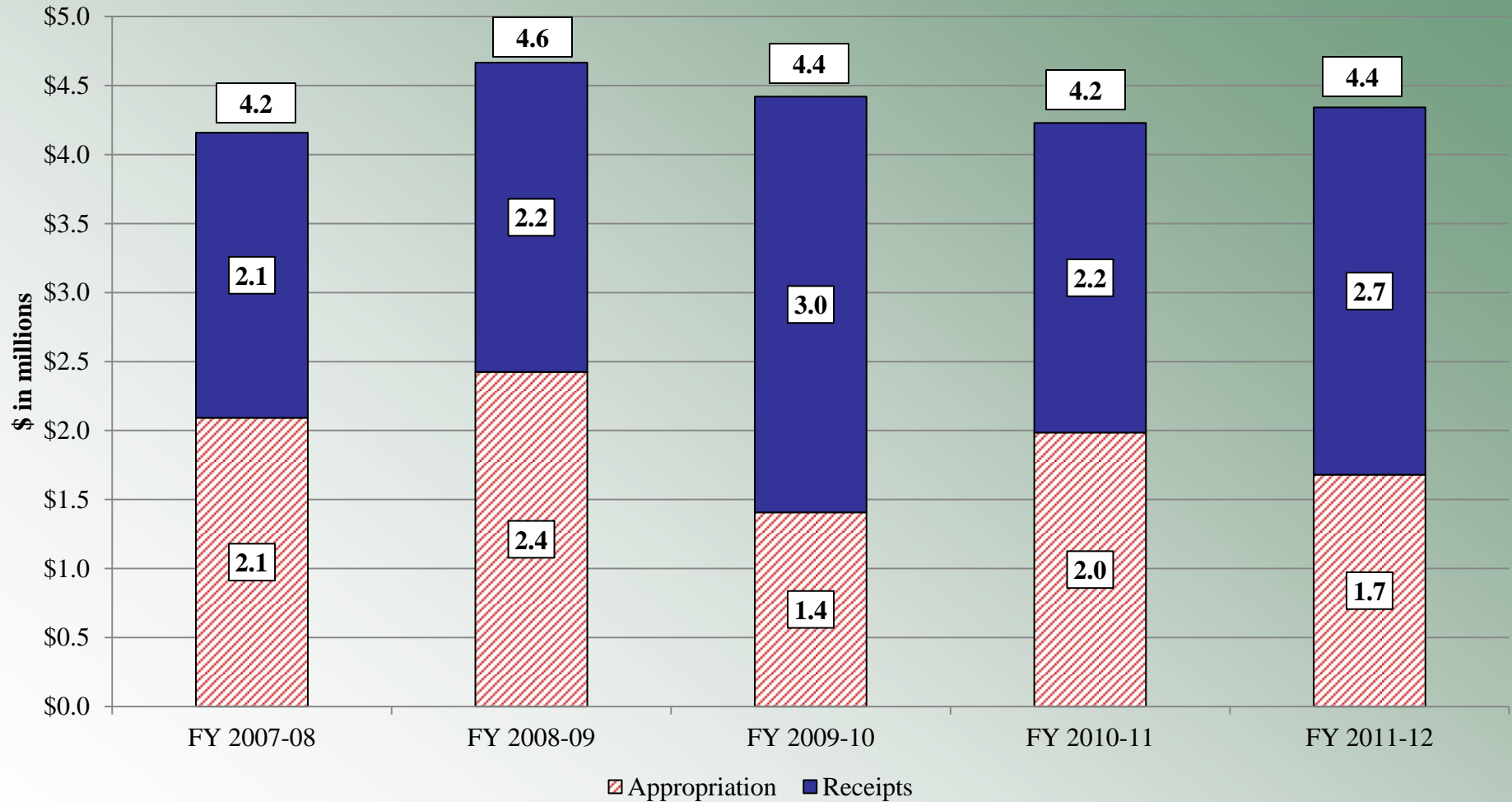
FY 2011-12 **(in millions)**

Expenditures	\$ 4.34
Receipts	2.66
Appropriation	1.68
Positions	46

Programs Receiving Aid

- Emergency Food Assistance Program
- National School Lunch
- Soup Kitchen Program
- Summer Feeding/Camps
- Disaster Feeding
- Charitable Institutions
- Commodities Supplemental Food Program
- Federal Distribution Program on Indian Reservations
- Farm to Schools Program (NC only)

Food Distribution 5-Year Budget History



Food Distribution

- Two major distribution facilities
 - Butner
 - Salisbury
- Distributed over \$50 million of USDA food in FY 2011-12 (70% to schools)
- Provided over \$800,000 in financial assistance to nonprofits and counties to distribute food
- Administers Farm to Schools Program

Research Stations

- 18 Research Stations
 - 12 operated by DACS
 - 6 operated by NCSU
- Research performed by outside scientists
 - 75 NCSU/NC A&T faculty
 - 9 USDA scientists
- 476 research projects

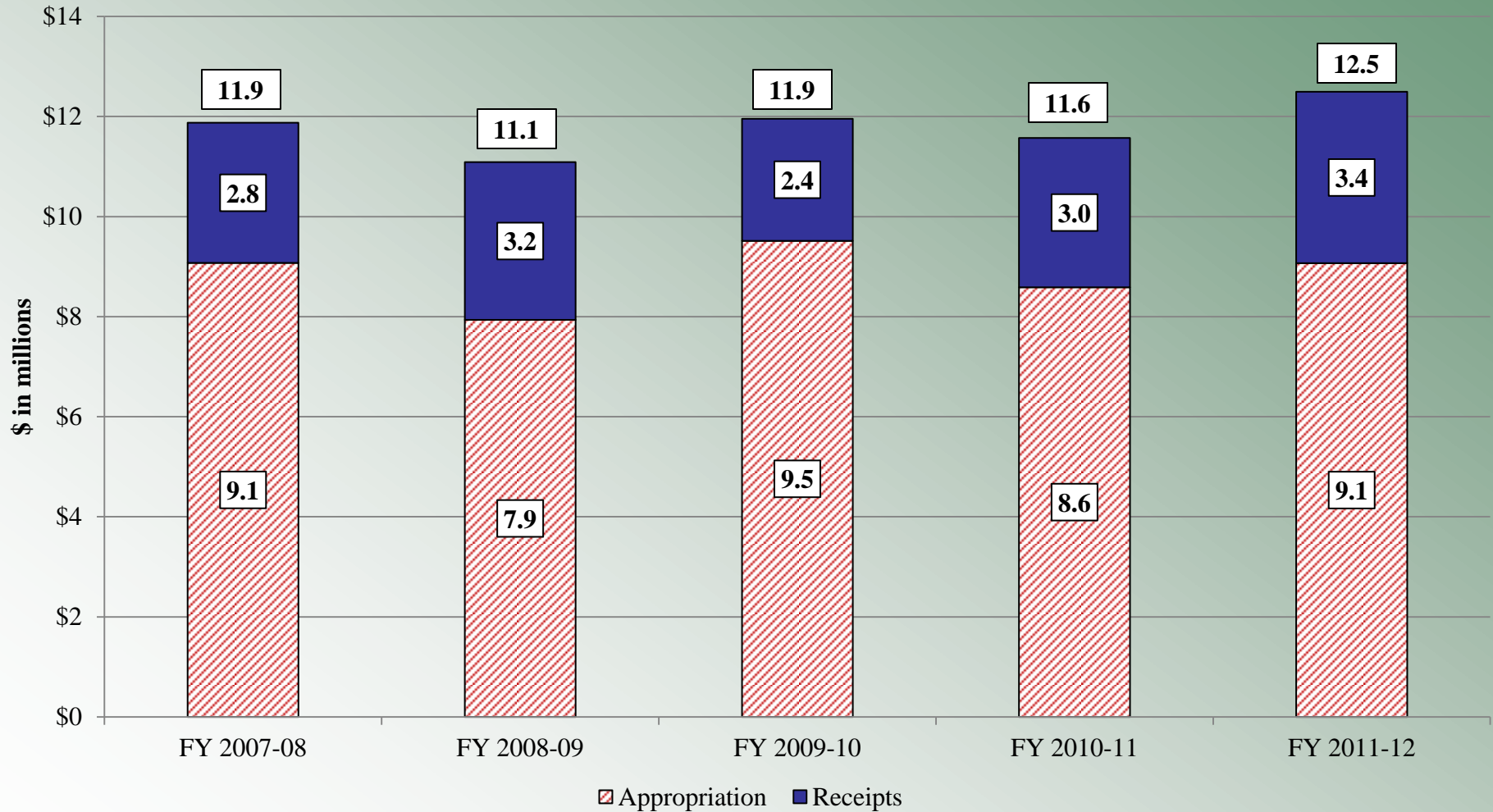
Mission: *To manage crop and livestock facilities that serve as a platform for agriculture research to make farming more efficient, productive, and profitable, while maintaining a sound environment and providing consumers with safe and affordable products.*

FY 2011-12 (in millions)

Expenditures	\$ 12.49
Receipts	3.43
Appropriation	9.07
Positions	163

Research Stations

5-Year Budget History

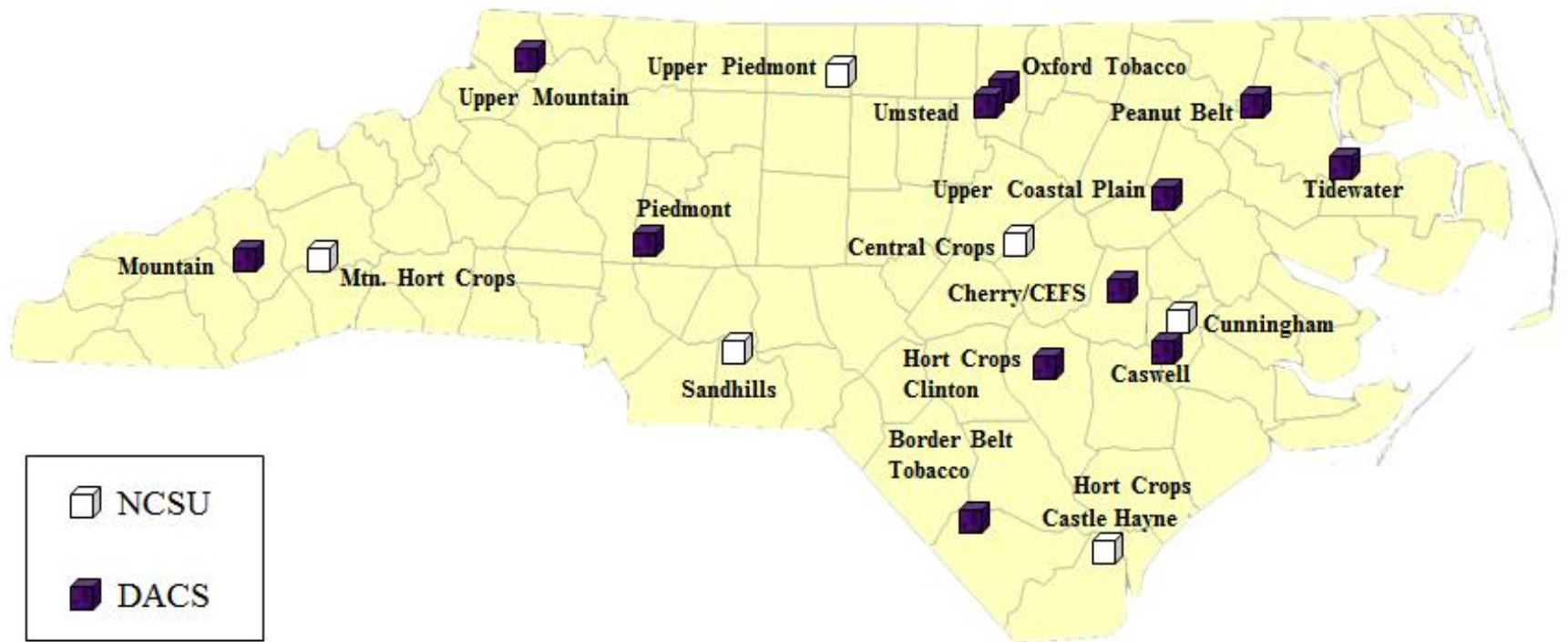


Research Stations

*NCSU/ NC A&T does the science,
DACS does the farming*

- Combined - 19,157 acres
- University researchers typically provide in-kind support (i.e. fertilizer for project)
- Limited financial support from researchers
- Receipts generated sale of crops/livestock

Research Stations



Research Stations

FY 2011-13 NCGA Action

Reduced appropriation to encourage support from University researchers (\$50,000 R)



Key Takeaways

- Large, diverse agency
- Receipts steadily increasing over time
- Many non-recurring budgetary items
- Overall budget remained relatively stable over time
- Large number of employees work outside of Raleigh



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Questions?