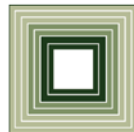


Overview of the Department of Agriculture & Consumer Services (DACS)



March 19, 2015



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

Outline

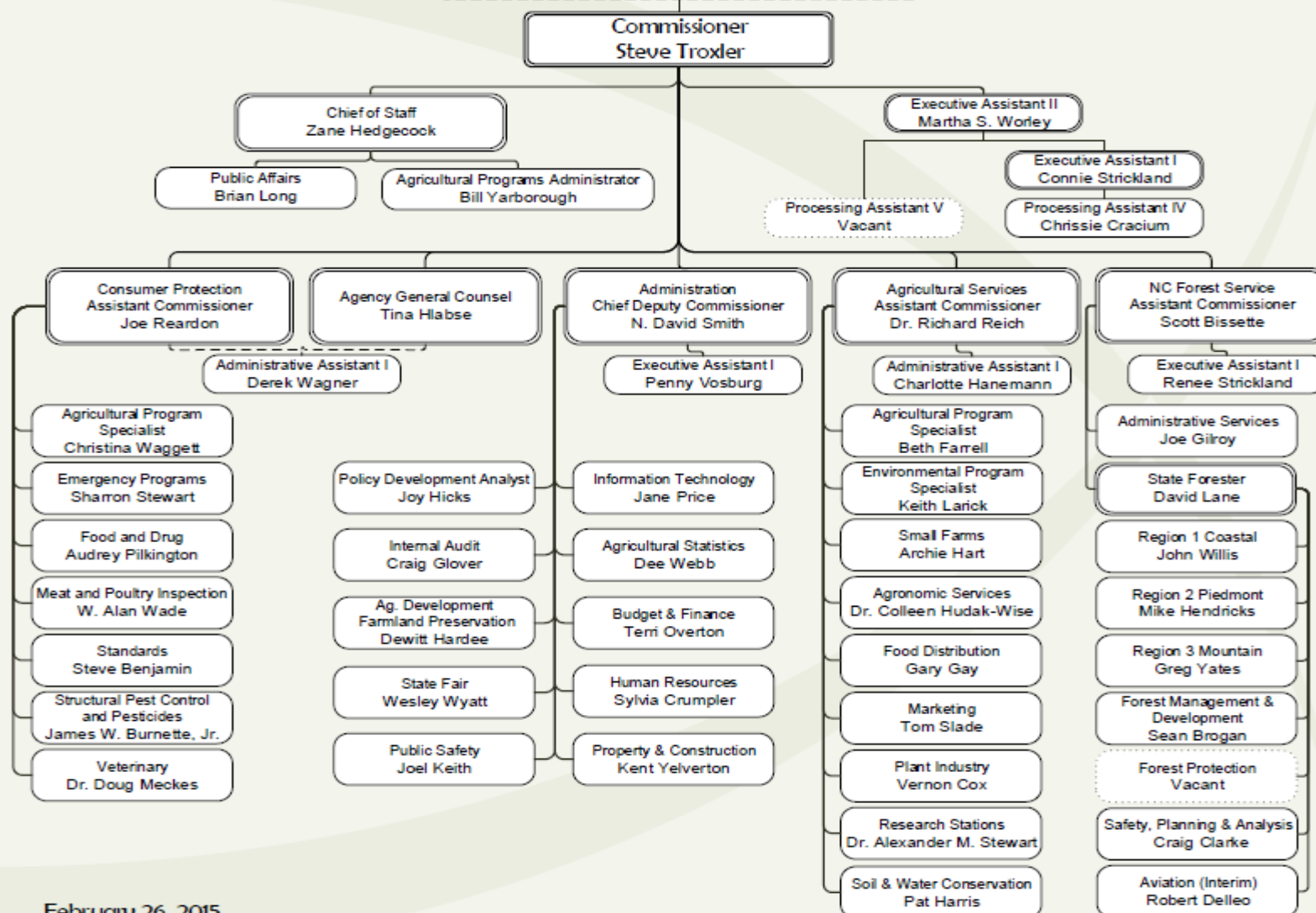
- Overview of the Department
 - Mission
 - Organizational Structure
 - Budget History & Trends
 - Revenue Sources
 - Governor's Budget
- Division Summaries
 - Programs/Funding
- Key Takeaways

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.”

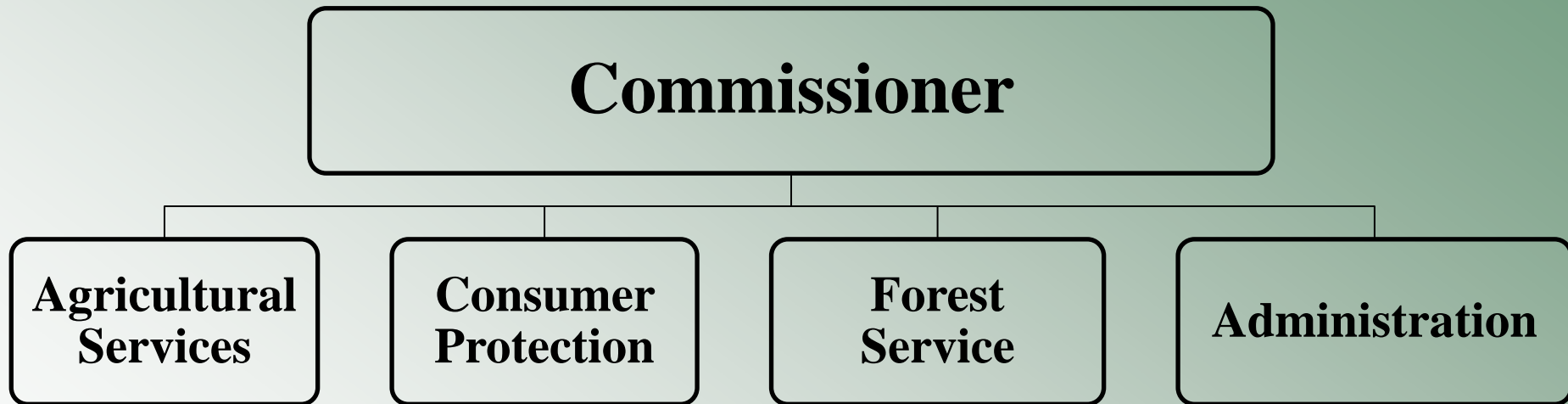
NORTH CAROLINA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

North Carolina Board of Agriculture



February 26, 2015

Organizational Structure



Recent NCGA Actions

FY 2013-14

- Provided additional marketing funds - \$1.5 million R
- Provided funding to support Forest Service operations - \$350,000 R
- Provided additional funds for aircraft maintenance - \$500,000 NR
- Provided funding to continue operation of the Southeastern NC Ag Center - \$362,230 R
- Transferred bioenergy development initiative from Biofuels Center - \$900,000 R in FY 2013-14, \$1.5 million R in FY 2014-15

Recent NCGA Actions

FY 2013-14 (cont.)

- Provided funding to purchase new equipment on research stations - \$2.5 million NR in each year of biennium
- Provided funding to continue operation of the Tobacco Trust Fund - \$2 million R
- Provided recurring funding to the AgWRAP program - \$500,000 R

Recent NCGA Actions

FY 2013-14 (cont.)

- Management flexibility reduction – (\$1.6 million) in FY 2013-14, (\$1.5 million R) in FY 2014-15
- Reduced General Fund support of Farmland Preservation Trust Fund with TVA Settlement Funds – (\$1 million NR) in each year of the biennium
- Established \$4 soil testing fee during “peak season” (December 1 – March 31)

Recent NCGA Actions

FY 2014-15

- Provided additional funding to ADFPTF for military buffers - \$1 million NR
- Provided additional funding to AgWRAP - \$1 million NR
- Provided funding to NCSU to study Plant Science/Food Processing initiatives - \$600,000 NR

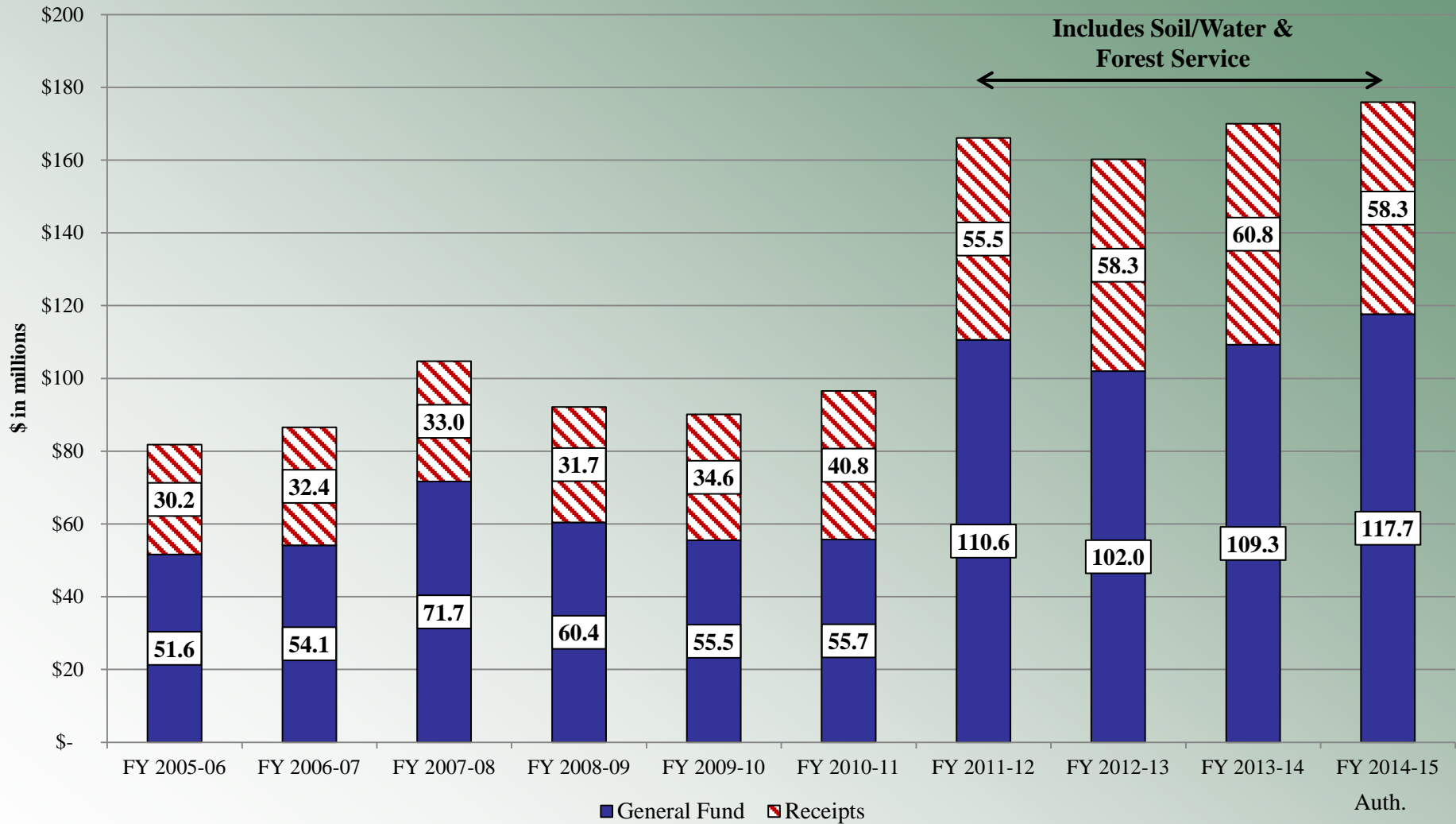
Recent NCGA Actions

FY 2014-15 (cont.)

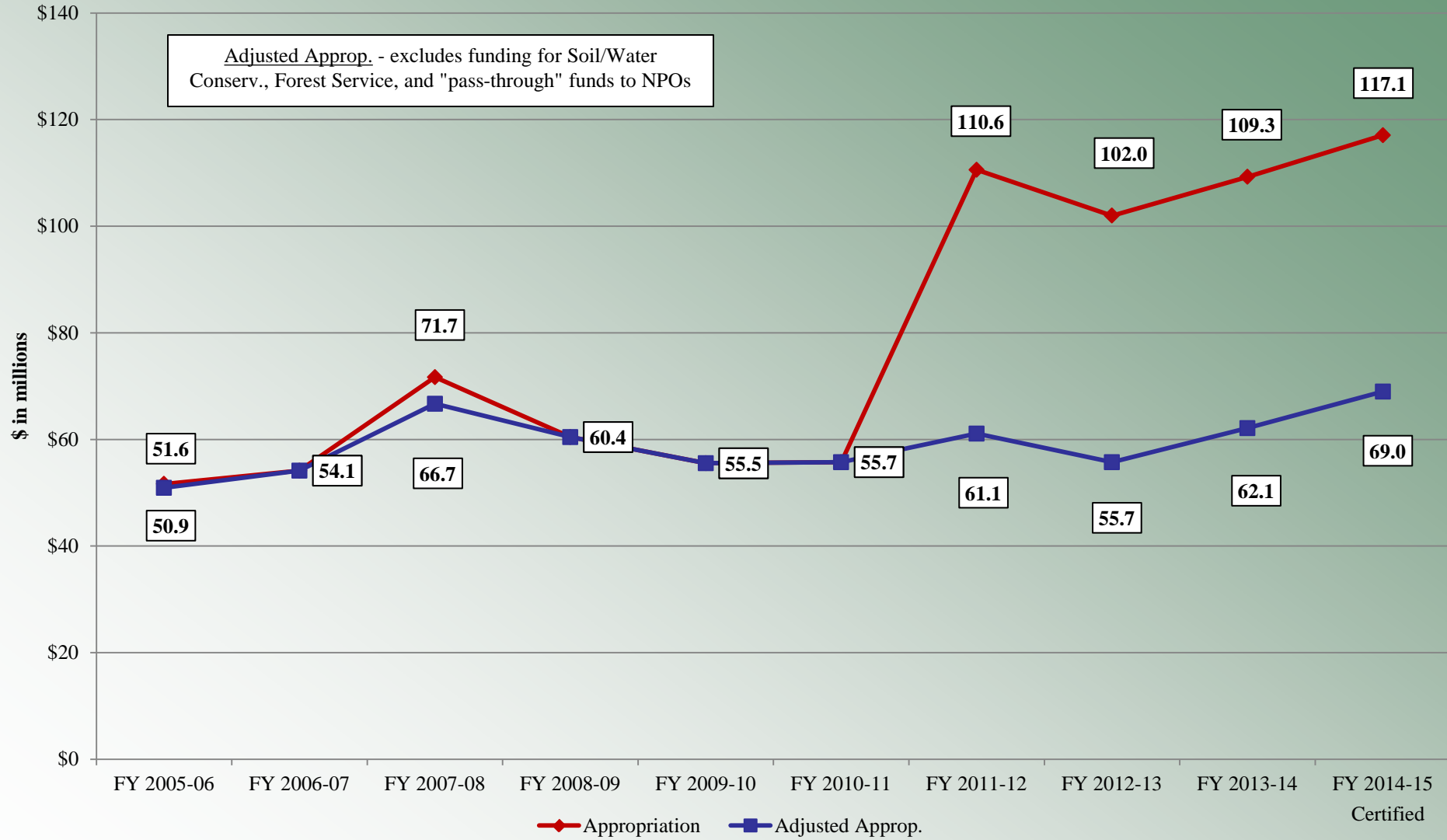
- Management flexibility reduction – (\$1,356,590 R)
- Reduced funding to Forest Service and directed Ag Board to establish fees for Forestry Management Plans – (\$761,750 R)
- Budgeted additional research station receipts – (\$200,000 R)
- Swept cash balances from certain special funds – (\$1.45 million NR)

10-Year Budget History

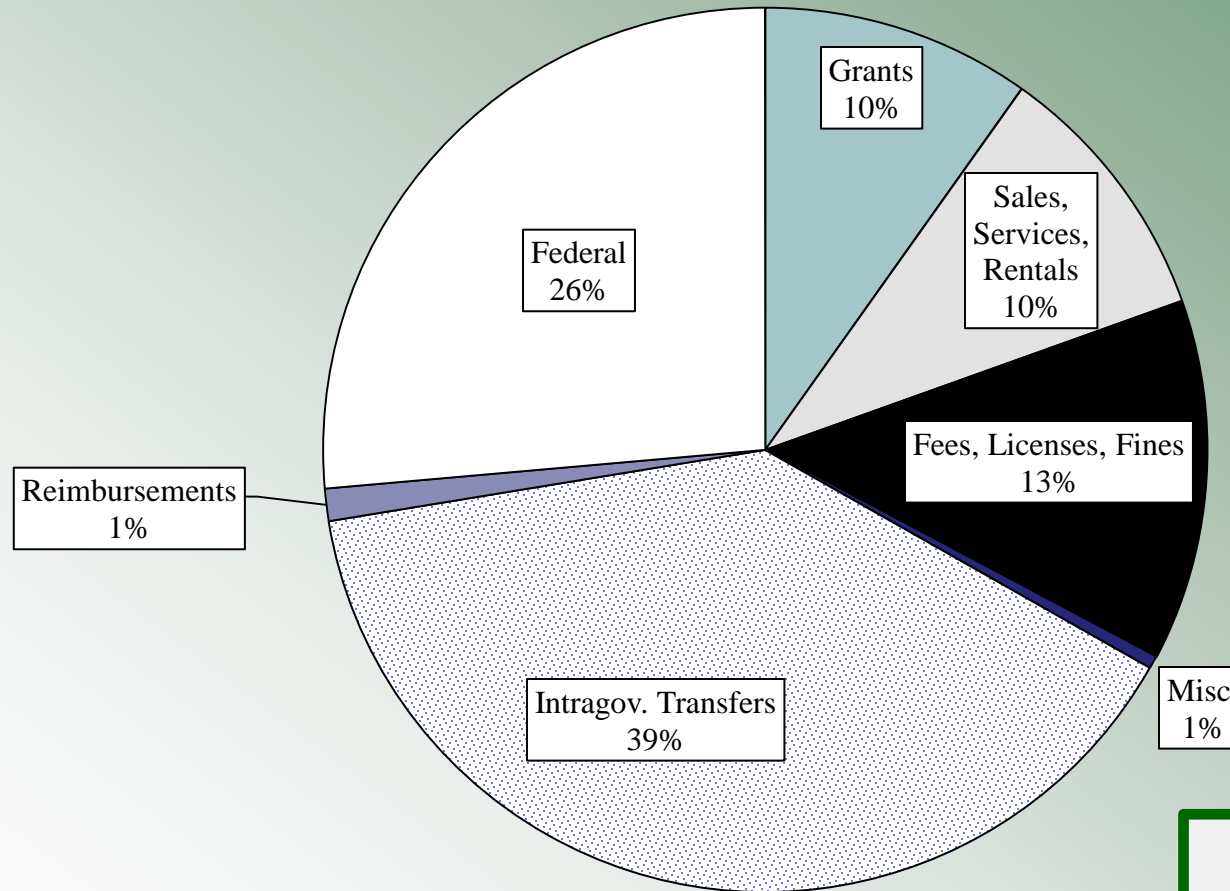
(Actuals)



DACS 10-Year Budget History (Appropriation & Adjusted Approp.)



Revenue Sources



Total Receipts
\$60.8 million

Governor's Base Budget

Less than FY 2014-15 Certified Budget due to:

- Removal of nonrecurring expansion:
 - AgWRAP - \$1 M
 - ADFPTF - \$1 M
 - Research Stations Equipment - \$2.5 M
 - NCSU Transfer (Initiative Studies) - \$600,000
- Removal of nonrecurring reductions:
 - Bioenergy Program - \$438,583
 - ADFPTF - \$1 M

Governor's Recommended Budget

Reductions

None

Expansion

ADFPTF - \$1 million NR in FY 2015-16

Transfer

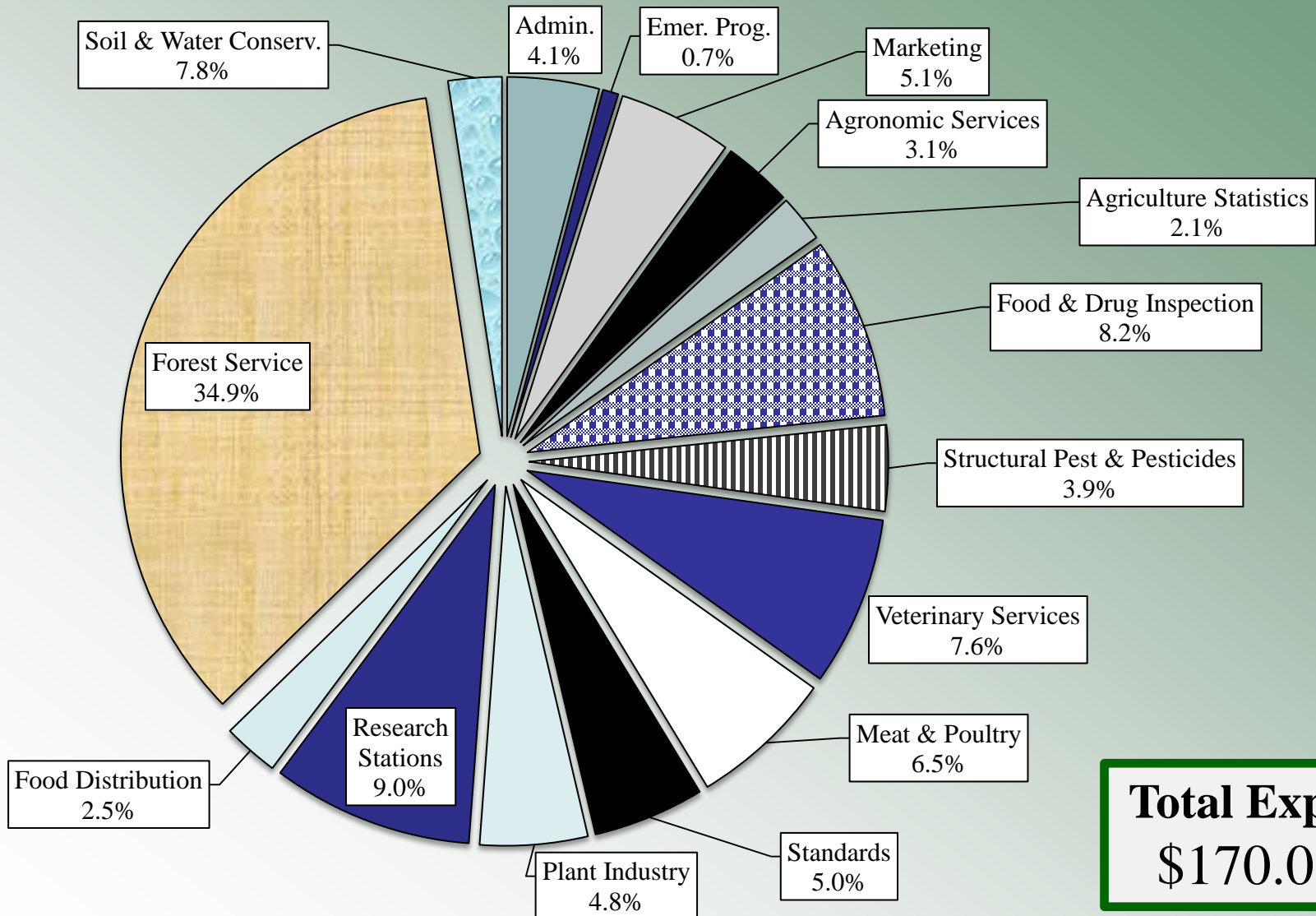
Animal Welfare Section to DPS - \$658,892 R; 10 FTEs

Division Overviews

Division Level Budget Summary

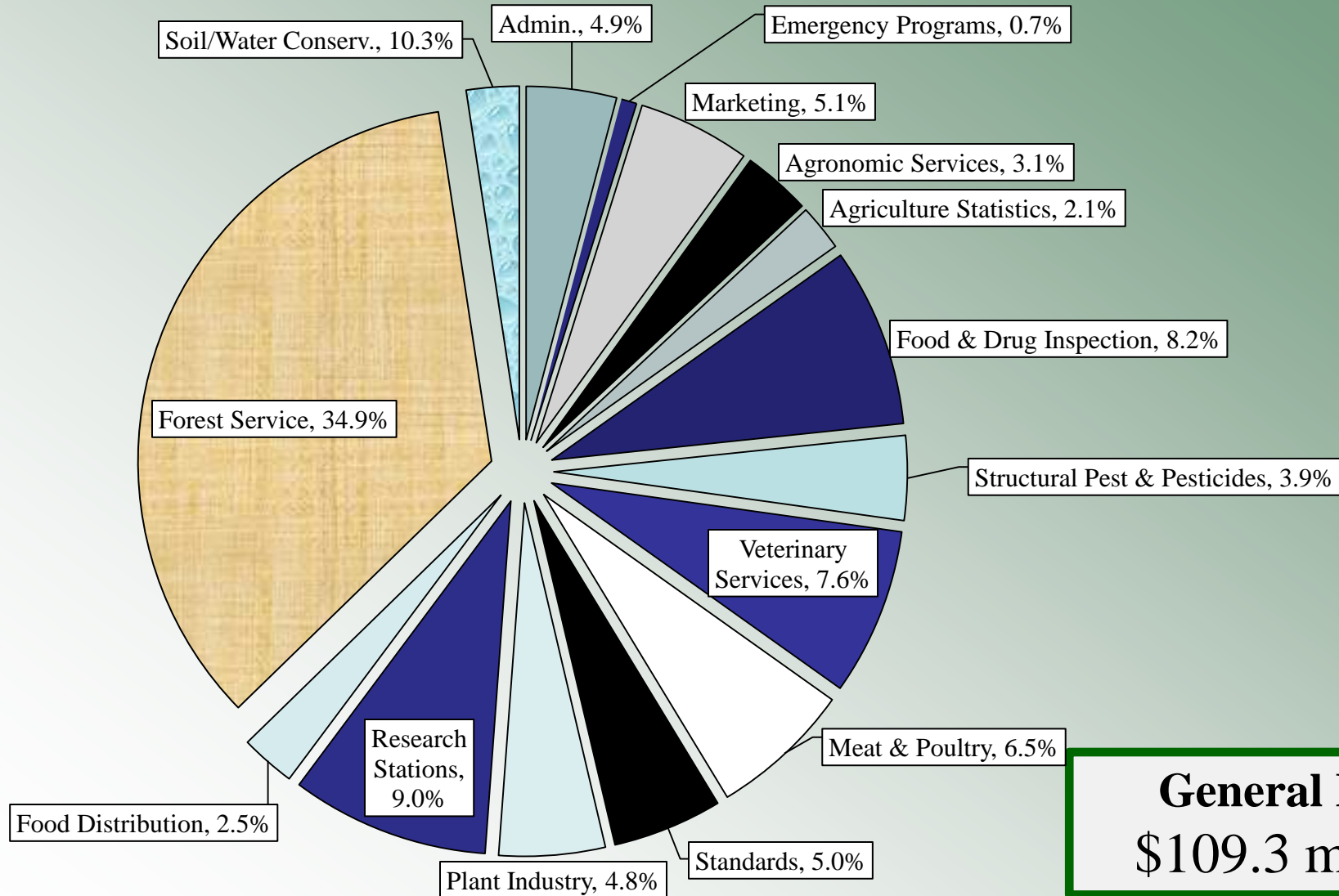
Program/Division	FY 2013-14 Actuals (\$ in thousands)			FY 2014-15 Certified Budget (\$ in thousands)			Positions (FY 2014-15 FTE's)
	Requirements	Receipts	General Fund Appropriation	Requirements	Receipts	General Fund Appropriation	
Administration	\$ 6,737	\$ 1,404	\$ 5,333	\$ 7,117	\$ 1,157	\$ 5,960	75.8
Agriculture Statistics	3,022	565	2,457	3,278	812	2,466	39.0
Marketing	11,208	3,110	8,098	10,047	1,866	8,181	94.0
Agronomic Services	4,427	1,294	3,133	4,536	1,299	3,237	57.0
Plant Industry	6,470	3,233	3,237	6,880	2,766	4,114	88.8
Food Distribution	5,465	3,268	2,197	3,709	1,453	2,256	46.0
Research Stations	17,429	4,303	13,126	17,011	3,683	13,328	166.0
Structural Pest and Pesticides	4,840	4,769	71	5,033	4,286	747	70.8
Food & Drug	11,763	3,722	8,041	11,721	2,773	8,948	150.0
Veterinary Services	11,498	2,366	9,132	11,419	2,072	9,347	140.0
Meat and Poultry Inspection	7,127	3,556	3,571	8,054	4,050	4,004	119.0
Standards	6,250	5,363	887	6,625	5,703	922	92.0
Emergency Programs	1,866	461	1,405	1,940	432	1,508	13.0
Soil & Water Conservation	12,851	1,612	11,239	16,588	4,481	12,107	44.2
Forest Service	54,688	18,816	35,872	56,776	20,464	36,312	640.4
Reserves & Transfers	4,388	2,922	1,466	6,148	1,933	4,215	0.0
Total	\$ 170,028	\$60,766	\$ 109,261	\$ 176,883	\$59,228	\$ 117,655	1,836

FY 2013-14 Total Expenditures



Total Expenditures
\$170.0 million

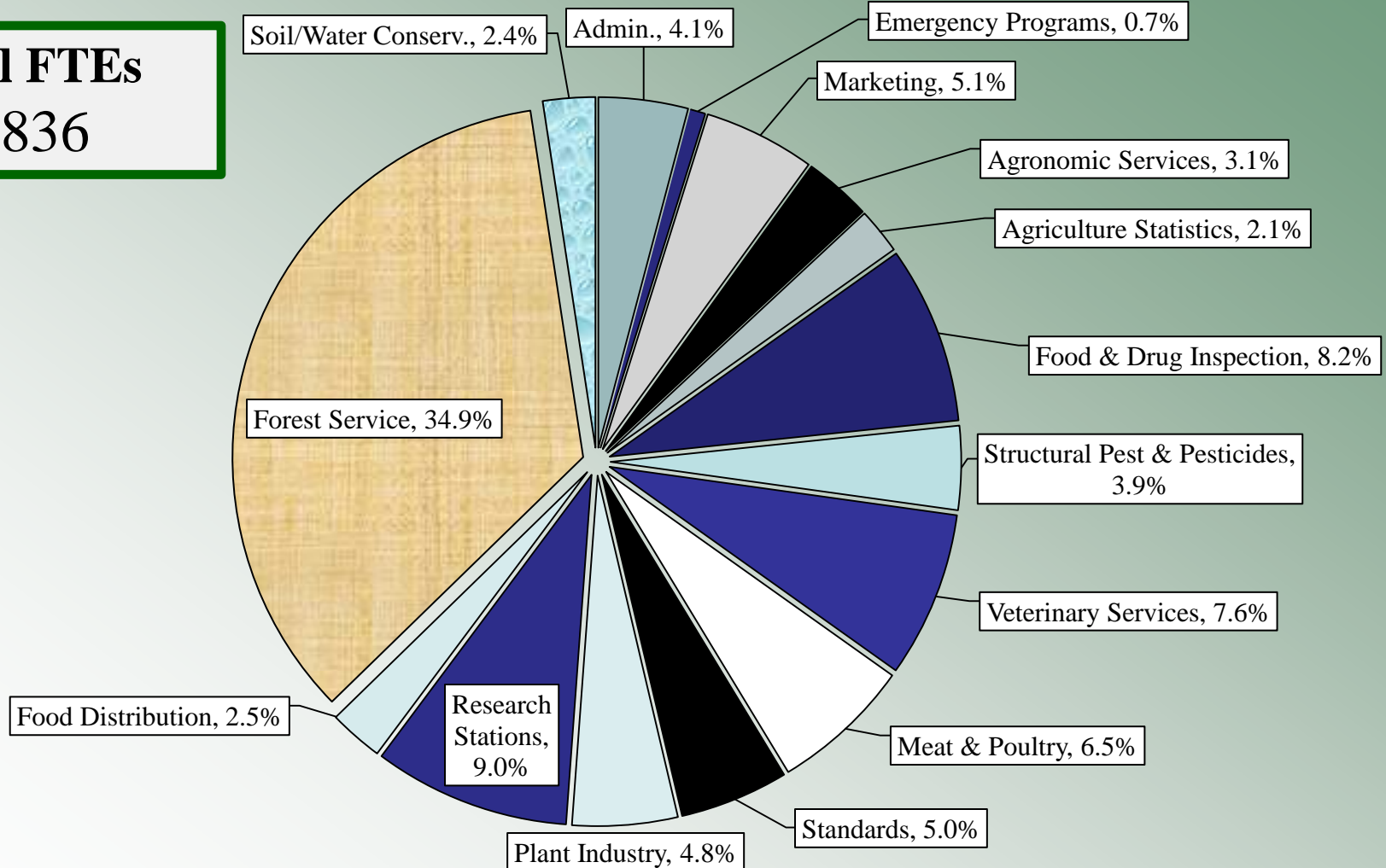
FY 2013-14 General Fund Appropriation



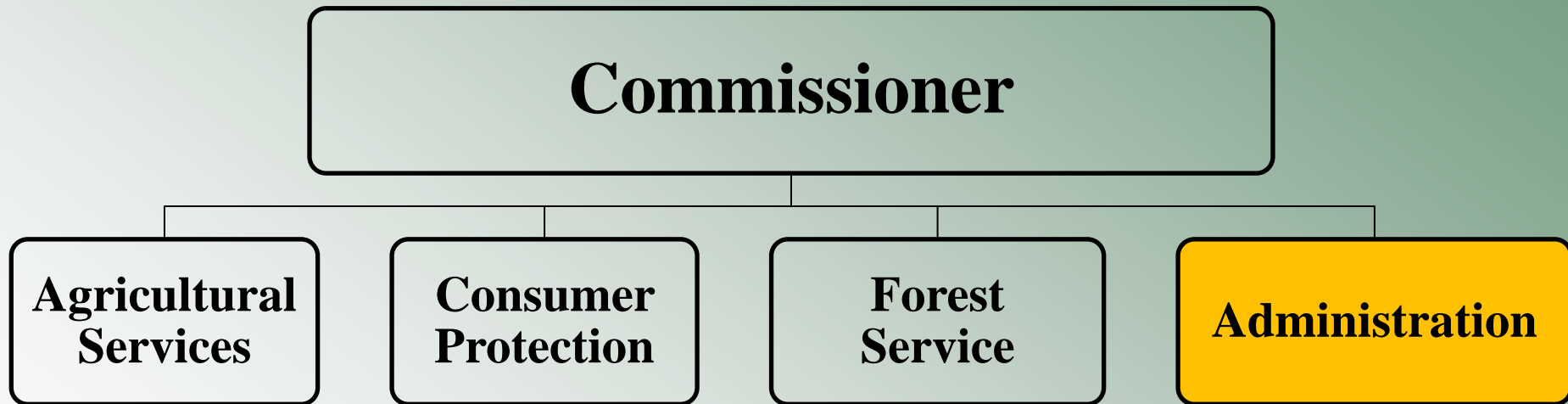
General Fund
\$109.3 million

Position Counts

Total FTEs
1,836



Division Overview



Administration

Composed of the following functions:

- Administrative Services:
 - Human Resources
 - Legal
 - IT
 - Policy/Government/Affairs
 - Internal Audit
 - Budget/Finance
 - Property and Construction
- Agriculture Statistics
- Reserves/Transfers

FY 2013-14 (in millions)	
Expenditures	\$ 14.1
Receipts	4.9
Appropriation	9.3
Positions	114.8

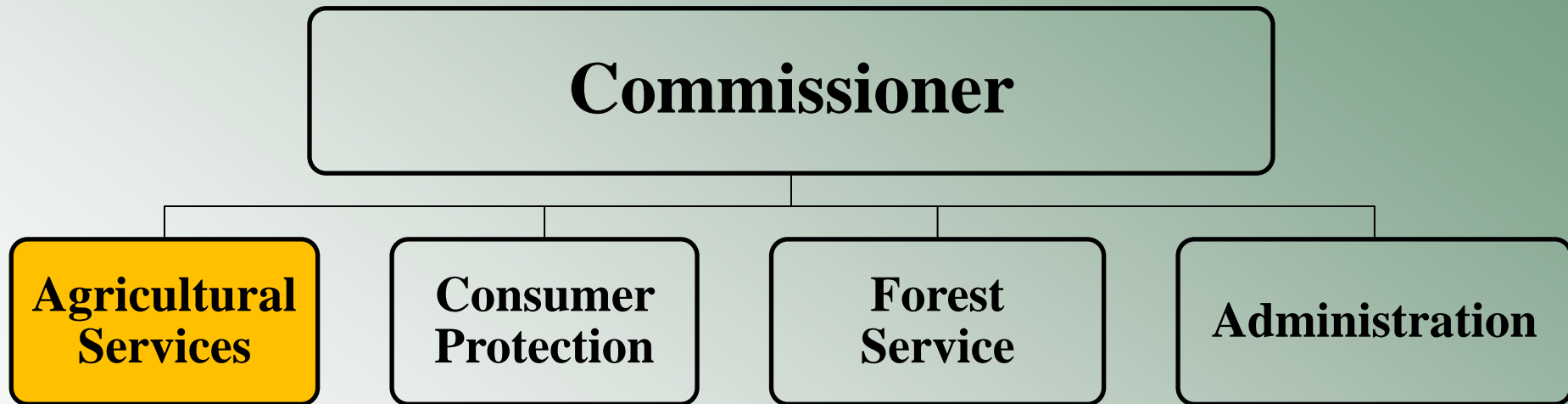
Administration

Notable Special Fund

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 2013-14:
 - Receipts - \$17.9 million
 - Expenditures - \$16.6 million
 - Cash balance at 6/30/14 - \$3.6 million

Division Overview



Agricultural Services Divisions

- Agronomic Services
- Marketing
- Plant Industry
- Food Distribution
- Research Stations
- Soil and Water Conservation

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 2013-14

(in millions)

Expenditures	\$ 4.4
Receipts	1.3
Appropriation	3.1
Positions	57

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
 - Soil - \$4 during “peak-season”
 - Nematode - \$3 (\$10 non-NC)
 - Plant, Waste, Solution - \$5 (\$25 non-NC)
- \$200 expedited soil testing (36 samples, 2 week turnaround)

Marketing

- Agribusiness marketing assistance
- International marketing development
- Host regional events highlighting NC agricultural products
- Voluntary grading/certification services
- Ag Centers & Farmers Markets



FY 2013-14 (in millions)	
Expenditures	\$ 11.2
Receipts	3.1
Appropriation	8.1
Positions	94

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

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 2013-14 (in millions)

Expenditures	\$ 6.5
Receipts	3.2
Appropriation	3.2
Positions	88.8

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
- FY 2013-14 – General Assembly replaced support from Natural Heritage Trust Fund with General Fund

Food Distribution



- Distributes USDA donated commodities to eligible USDA programs
- Administers the Farm to School program
- Two distribution facilities
 - Salisbury
 - Butner

FY 2013-14 (in millions)

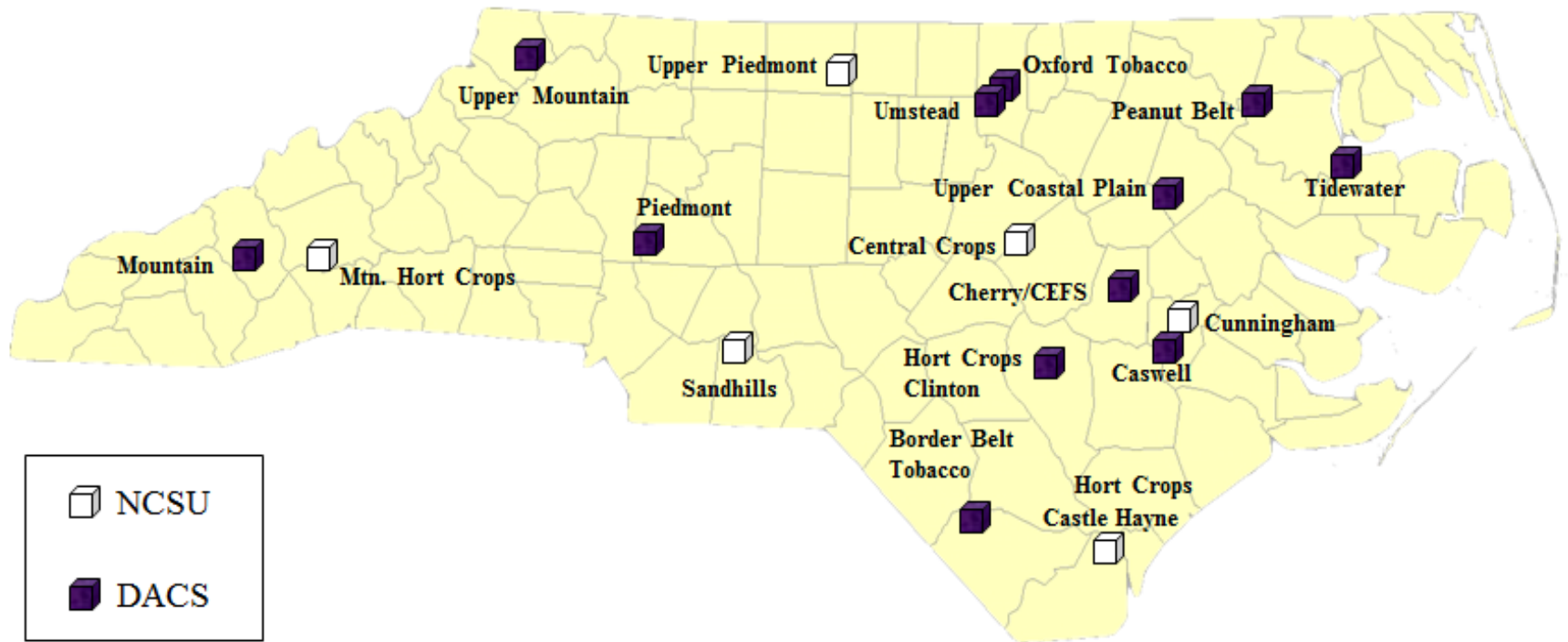
Expenditures	\$ 5.5
Receipts	3.3
Appropriation	2.2
Positions	46

Research Stations

- Operate 12 of the State's 18 Research Stations
 - 6 operated by NCSU
- Research primarily performed by NCSU/NC A&T researchers
- Day-to-day activities necessary to conduct research performed by DACS

FY 2013-14 (in millions)	
Expenditures	\$ 17.4
Receipts	4.3
Appropriation	13.1
Positions	166

Research Stations



Soil and Water Conservation

- Administers voluntary, incentive-based programs to encourage landowners to adopt soil and water conservation strategies
- Provide coordinating, administrative, and program support to 96 local soil and water districts

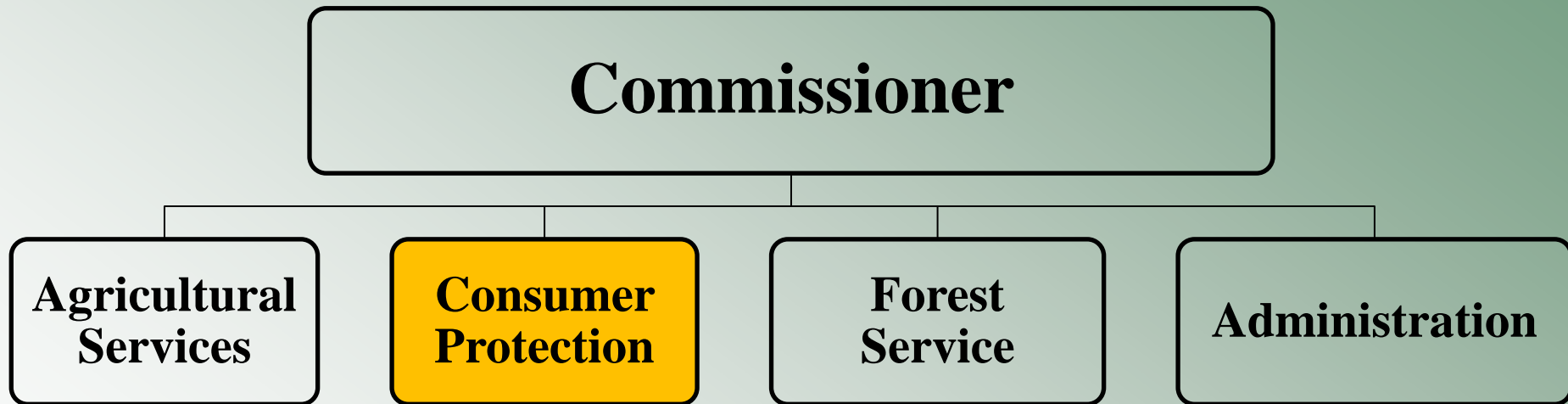
FY 2013-14 (in millions)	
Expenditures	\$ 12.9
Receipts	1.6
Appropriation	11.2
Positions	44.2

Soil and Water Conservation

Primary programs:

- Agriculture Cost-Share Program
- Agricultural Water Resources Assistance Program
- Community Conservation Assistance Program
- Conservation Reserve Enhancement Program

Division Overview



Consumer Protection Programs

- Emergency Programs
- Food and Drug Inspection
- Meat and Poultry Inspection
- Standards
- Structural Pest Control/Pesticides
- Veterinary Services

Emergency Programs

Program designed to assist agribusinesses in the event of:

- Natural disaster
- Disease outbreak
- Terrorist attack
- Other Force Majeure

**Enforces G.S. 106-520.3A –
Aedin's Law**

FY 2013-14 (in millions)	
Expenditures	\$ 1.9
Receipts	0.5
Appropriation	1.4
Positions	13

Food and Drug

Regulate entities that store, manufacture, produce or distribute:

- Food
- Dairy
- Animal feed
- Medical gas
- Drugs

Constable Lab - ISO 17025 – Highest level of certification received for accuracy/quality of lab findings.

FY 2013-14 (in millions)	
Expenditures	\$ 11.8
Receipts	3.7
Appropriation	8.0
Positions	150

Food and Drug

Do Inspect

- Grocery Stores
- Distribution Facilities
- Seafood Markets
- Feed Mills
- Convenience Stores
- Eggs
- Grade “A” Milk
- Antifreeze

Do Not Inspect

- Meat Processing Facilities
- Restaurants

Meat and Poultry Inspection

Enforce state and federal laws to ensure meat and poultry production is safe for consumption.



FY 2013-14 (in millions)	
Expenditures	\$ 7.1
Receipts	3.6
Appropriation	3.6
Positions	119

Meat and Poultry Inspection

Key Facts

- 1 of 27 state administered programs
- 50% USDA receipt supported
- Daily inspections of facility (State and Talmadge-Aiken)
- Inspection of each animal (pre and post mortem)
- Random sampling of slaughtered animals to test for harmful pathogens

Standards

Responsible for testing all commercial weighing and measuring devices to ensure accuracy.



FY 2013-14 (in millions)	
Expenditures	\$ 6.3
Receipts	5.4
Appropriation	0.9
Positions	92

Standards

What do they inspect?

- Motor/Liquid Fuels
 - Quality
 - Measurement accuracy
- Scales
- Register Scanners
- Other (Lottery balls, grain moisture meters, etc.)

Structural Pest Control/Pesticides

Oversees pest control industry by licensing commercial operators, reviewing pesticide labels, and administering State and federal laws regulating the industry.



FY 2013-14 (in millions)	
Expenditures	\$ 4.8
Receipts	4.7
Appropriation	0.1
Positions	70.8

Structural Pest Control/Pesticides

Certifies, licenses, and monitors:

- Insecticide, rodenticide, and fungicide used in NC
- Commercial applicators
- Farmers/public operators
- Pesticide dealers
- Bedding manufacturers/sanitizers

**Pesticide Law of 1971:
Article 52, GS 143
Structural Pest Control Law:
Article 4C, GS 106**

Veterinary Services

Focus on three programs related to animal well-being:

- Animal Health
 - Monitor disease and interstate transportation of animals
- Animal Welfare
 - Animal Shelter facilities
 - Boarding Kennels
 - Other
- Animal Disease
 - Respond to disease outbreaks

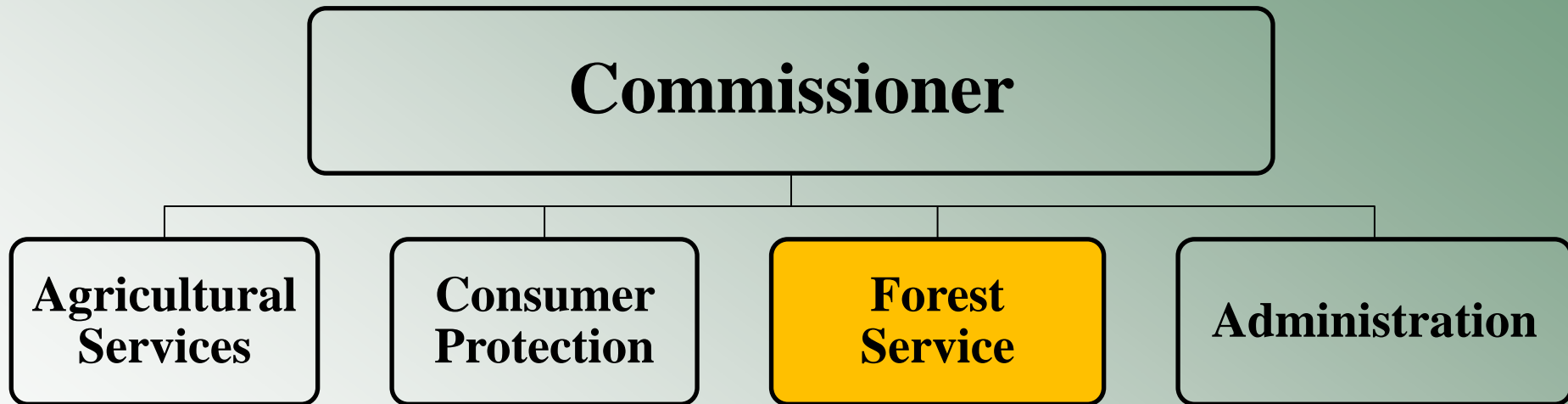
FY 2013-14 (in millions)	
Expenditures	\$ 11.5
Receipts	2.4
Appropriation	9.1
Positions	140

Veterinary Services

Responsibilities:

- Inspect shelters, kennels, pet shops
- Diagnose suspicious animal deaths
- Quarantine and destroy diseased animals
- License livestock dealers
- Inspect records of animals entering or leaving NC
- Monitor disease outbreak in other states and respond accordingly

Division Overview



Forest Service

- 3 regions - 13 regional districts
- Local offices in each county
 - County supports 30-40% of the operating costs of the local office
 - Reimbursement rate agreed upon between NCFS & County

FY 2013-14 (in millions)	
Expenditures	\$ 54.7
Receipts	18.8
Appropriation	35.9
Positions	640.4

Forest Service

Responsibilities Include:

- Protect 18.3 million acres of forestland
- Regulate/permit controlled burns
- Provide assistance to other states to fight major wildfires
- Provide landowners with forestry technical assistance
- Operate 7 educational state forests
- Operate nursery for sales/ forest development

Key Takeaways

- Large, diverse agency
- Budget level remained relatively flat over time
- Employees are geographically spread throughout the State due to nature of responsibilities



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Questions?