

<b>2008-09 Spending Plan</b>	<b>NYS Department of Agriculture and Markets</b>
	<b>Patrick Hooker, Commissioner</b>

## **A. Overview of Proposed Plan**

### *A.1 Overall Approach*

In accordance with Bulletin B-1178, we have prepared the Department of Agriculture and Markets' Financial Management Plan for 2008-09 reflecting all funds spending and fill levels. This Plan is consistent with the Department's Priorities for Agency Results included in the Monthly Report to the Director of State Operations. During 2008-09 the Department will continue to rethink and redefine core programs, consider ways to deliver them more efficiently, and work to eliminate any unnecessary functions.

The Department will achieve the required spending reduction and keep spending from growing via the following measures:

- Aggressive personnel management actions based on attrition and consolidation or elimination of functions that are not deemed critical to the agency's mission and/or protection of the public's health and safety;
- A top to bottom review of agency nonpersonal service needs to eliminate non-essential spending to stay within fiscal constraints;
- Continued actions that take advantage of new technology and ensure that services are being delivered in the most efficient manner possible; and
- The maximization of Federal and other third party revenues.

### *A.2 Achievement of Savings on a Recurring Basis*

#### Personal Service

During 2008-09, only job openings that are: 1) absolutely essential to agency operations; 2) necessary to protect public health and safety; and 3) required to further the Department's strategic priorities will be filled. Positions that do not fit this criterion will be left vacant. To this end, the list of positions recently vacated and approved for backfill was re-examined. Many of the vacancies are in the Food Safety and Inspection program pending the results of the Enacted Budget, and must be refilled to meet statutory requirements and protect public health and safety. However, two vacancies in the Dairy Statistics program have been identified for abolition and the Department is working on an alternative for compiling required information. In addition, a field audit position that ensures collection of receivables under the market orders will be left vacant. Fee-supported Farm Products Inspection positions will also be left vacant as attrition occurs. Further savings in personal service will accrue from vacancies held open as long as possible, particularly in administrative areas.

## Nonpersonal Service

To achieve significant economies in the current year and next, spending for nonpersonal service will be limited to essential needs. All obligations will be reviewed and approved by the Commissioner or First Deputy. Spending for technology acquisitions, office equipment and supplies, conferences, publications, out-of-state travel, and contractual services will only be approved for compelling reasons. The Department has taken the following actions to achieve savings:

- Each Division has been required to submit a travel plan for the year. The number of attendees at training events will be reduced, and the length of “updates” – at which Food Safety Inspectors, Milk Inspectors, Veterinarians, and other professional affiliations within the Department come together to receive and share information – will be cut in half.
- Requests for conference attendance, training, and out-of-state travel are routinely submitted, reviewed and approved or disapproved via submission of the agency’s Travel Request Form to the Commissioner prior to an employee making formal arrangements. These will be given particular scrutiny and travel will be restricted and minimized to activities deemed critical.
- Under Department policy, all technology acquisitions and office equipment must be approved centrally. This continuing control will allow the Commissioner and First Deputy to curtail spending on discretionary items or purchases that can be deferred.
- Use of wireless devices will be monitored and reduced wherever possible.
- Vehicles will be leased rather than purchased and personal car mileage will be carefully managed. Vehicles will be standardized and fuel economy will trump utility.
- Annual contracts for soil survey, mapping, and other services to the Department will be reviewed to find any services that could be reduced or eliminated.
- Beginning May 1, all expenditures authorized under existing advertising contracts for the State Fair and “Pride of NY” program will require prior approval.

## Local Assistance

To achieve the required savings, various appropriations were reduced from the levels that were originally proposed in the Executive Budget.

## Capital

The Department will closely analyze capital spending over the course of the year for potential current and outyear savings, and work closely with the Division of the Budget to estimate future capital needs.

### *A.3 Protecting Key Priorities*

**Improvement in Agriculture and Economic Policy-** The linkage between agriculture and economic development in the policy realm is a top priority of the Department. While the Department and Empire State Development Corporation (ESDC) have a strong record of collaboration with regard to support for the food processing industry, successful approaches need to be expanded to assist businesses that form the rest of the \$3.4 billion in farm gate sales (2006) in the upstate and Long Island economies. The Department has been working with ESDC to change the paradigm for economic development policy and assistance to agriculture which will ultimately play an important role in revival of the upstate economy. The \$40 million provided to the Empire State Development in the Agricultural Economic Development Fund in the 2008-09 budget will be instrumental in this effort.

**Streamlining the Farmland Protection Program**– Within available resources, efforts must be increased for the difficult task of closing the easement deals made under awards for this signature Department program. This is an intricate process that often involves the municipality, the landowner, and one or more conservation groups, all of whom can have competing priorities. This requires significant program and legal staff effort. To address the backlog of projects waiting to close, the Department will redeploy staff when such opportunity is presented. In 2007, the Commissioner created a goal to increase the acres protected by the program by 20% and decrease the contract time frame from the current average of 36 months to 30. The Department has created an internal work group and an external advisory group to draft guidance documents covering the inter-relationship of the program with the Agricultural Districts Law, conservation easement drafting and project land planning. Changes to the program have been recommended for the 2008 legislative session.

**Agricultural Environmental Stewardship**- In light of diminishing Federal investment, the State must step up its efforts to protect New York's natural resources. The primary cause of New York's water quality challenges can be attributed to nonpoint source (NPS) pollutants. The Agricultural Environmental Management program (AEM) established by Article 11-A of the Agriculture and Markets Law coordinates a framework for farms to voluntarily protect and enhance the environment while maintaining their economic viability. This program has become increasingly complex and technical due to new environmental standards and specifications and increased use of technology on farms. The services provided through AEM are vitally important to the farms that participate as the program assists farmers in meeting environmental regulations and operating more efficiently. Additionally, projects such as composting methane digesters have the potential to produce savings or income to make farms more profitable and less reliant on fossil fuels. The Executive and Legislature have demonstrated their support for the NPS program by doubling EPF funding for this program over the past four years. However, staffing has remained the same. Accordingly, within available resources, the Department must redeploy staff to meet the growing demand and developing complexity of the AEM program.

**Food Safety and Inspection – New York City Port of Entry Food Imports**- The Department must increase its efforts to safeguard the New York food supply, in particular with regard to inspecting foreign imports for consumption by New Yorkers. More than 75% of the food recalls issued by the Department in both 2005 and 2006 were for imported foods. Weaknesses in Federal surveillance and control of food imports have been widely reported, particularly after the recent discoveries of contaminated human and pet food imported from China. Roughly 25% of the 19.8 million entries coming into this country come through the Port of New York, with significant additional entries from Canada coming into the State via the St. Lawrence Seaway and Western New York. The FDA acknowledges that it inspects less than one percent of those imports. Accordingly, it is left to the states to locate, sample and recall imported foods in domestic markets after they have entered the United States.

**New York State Wholesale Farmers' Market** – The Department has been leading the effort to locate a new wholesale farmers' market that would provide locally grown and processed products to New York City buyers, including restaurants, caterers, institutional food buyers, and grocers. With resources provided from the \$40 million Agricultural Economic Development Fund, groundbreaking for a new Wholesale Farmers' Market on Hunts Point in the Bronx is planned for 2008. Using "green design" in its construction and operation, the Market will be a state-of-the-art facility which will provide a major outlet for Upstate farmers to increase production to meet the growing need of New York consumers, while at the same time providing a place for consumers and students to learn the importance of eating fresh, healthy foods.

**State Fair** - The 2007 State Fair reflected the Commissioner's priority to feature a renewed emphasis on agriculture, with new displays from the Pride of New York program and the New York State Brewers Association to help educate fairgoers on the importance of local food and food production. During 2008-09 there will be significant investment in the Fairground facility for the responsible preservation of State assets. The buildings and grounds have been long neglected with only minimal investments made in recent years to protect public health and safety or to address the most obvious of problems. The infusion of \$3.5 million in the 2008-09 Budget from Parks Capital will provide much needed resources as investment in the aging facility can be deferred no longer.

#### A.4 Treatment of New Initiatives

**Organic Farming**- The Department is prioritizing promotion of organic food production and marketing opportunities, a growing market segment that New York producers are well-positioned to take advantage of. The Department has hired a coordinator to run the Organic Development and Assistance Program, created a website with an Organic Farming Resource Center and organic production guides, started an Organic Farming Status Report, and developed a survey that will assess the number of farmers transitioning and/or interested in transitioning.

**Food Policy Council** - The Council on Food Policy is chaired by the Commissioner and consists of 22 members, including seven agency heads and 14 members representing all aspects of the food system. The Council is tasked to establish new food policies for the State that will help ensure the availability of safe, fresh, nutritious and affordable food for all New Yorkers, especially low income individuals, senior citizens and children.

The key issue areas for the Council fall under four broad categories:

- Maximize participation in food and nutrition assistance programs;
- Strengthen the connection between local food products and consumers;
- Support agricultural food production and food retail infrastructure; and
- Increase consumer awareness of good food safety practices and healthy diets.

## B. Summary of General Fund Financial Impacts

<b>GENERAL FUND -- SAVINGS SUMMARY</b>			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	449,000	449,000	449,000
Personal Service	N/A	350,000	380,000
Non-personal Service	N/A	857,000	827,000
Total State Operations	1,207,000	1,207,000	1,207,000
Capital	0		
<b>TOTAL</b>	<b>1,656,000</b>	<b>1,656,000</b>	<b>1,656,000</b>

<b>GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS</b>				
<b>\$s in 000s</b>	<b>DOB</b>			<b>Y to Y Percent Change</b>
	<b>2007-08 Actual</b>	<b>Projection w/ 3.35% Cut</b>	<b>Revised Projection</b>	
Local Assistance *includes \$1.3 million for "007"	28,174	33,524*	33,524	19%
Personal Service	23,059	23,979	24,427	
Non-personal Service	11,059	12,154	11,706	
Total State Operations	34,118	36,133**	36,133	5.9%
** still need PEF paybill cash				
Capital	1,205	1,750	1,750	45%
<b>TOTAL</b>	<b>63,497</b>	<b>71,407</b>	<b>71,407</b>	<b>12.5%</b>

### C. Identification of Proposed General Fund Actions

	<u>2008-09 Cash</u>	<u>2009-10 Cash</u>	<u>2010-11 Cash</u>
<b>GENERAL FUND</b>			
<b>Local Assistance</b>			
1. 2% reduction to appropriations proposed in the 08-09 Executive Budget	449,000	449,000	449,000
<b>Total – Local Assistance</b>	<b>449,000</b>	<b>449,000</b>	<b>449,000</b>
<b>State Operations</b>			
2. PS - Dairy Statistics staff reduction	100,000	105,000	110,000
3. PS – Market Order audit	50,000	50,000	50,000
4. PS - Summer Internship program	50,000	75,000	75,000
5. PS – Vacancy Control as attrition occurs	150,000	150,000	150,000
6. NPS - Printing, supplies, postage savings	25,000	25,000	25,000
7. NPS – Defer technology/equipment replacement	282,000	252,000	247,000
8. NPS – Curtail travel for training and conferences	50,000	50,000	50,000
9. NPS – Defer streamlining of licensing programs (technology project that will centralize licenses into a single database for each business regulated by the Department.) The consultant will be phased out, and the project will be brought in-house. It will take much longer to complete.	500,000	500,000	500,000
<b>Total – State Operations</b>	<b>1,207,000</b>	<b>1,207,000</b>	<b>1,207,000</b>
<b>Capital Projects</b>			
10. N/A	0	0	0

**D. Summary of Impact on Other Funds**

<b>OTHER FUNDS -- SAVINGS SUMMARY</b>			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	N/A	N/A	N/A
Personal Service	N/A	500,000	500,000
Non-personal Service	N/A	280,000	280,000
Total State Operations	780,000	780,000	780,000
Capital		N/A	N/A
<b>TOTAL</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>

<b>OTHER FUNDS -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS</b>				
<b>\$s in 000s</b>	2007-08	DOB	Revised	Y to Y
	Actual	Projection w/ 3.35% Cut	Projection	Percent Change
Local Assistance	0	0	0	
Personal Service	7,148	6,690	6,690	
Non-personal Service	20,697	19,840	19,840	
Total State Operations	27,845	26,530	26,530	
Capital	0	0	0	
<b>TOTAL</b>	<b>27,845</b>	<b>26,530</b>	<b>26,530</b>	<b>N/A</b>

The Department is precluded from taking reductions in nonpersonal service in the market order special revenue funds. The majority of this funding is pass-through for contracts for promotion and advertising for grower-driven programs. Agriculture and Markets Law Article 25 provides a mechanism for growers to ask that a marketing order be proposed for adoption. The subsequent referendum cost is paid for by the affected growers. If the proposed order is adopted, the money collected from growers is not state money (see Agriculture and Markets Law Section 294 (8)) which says "All moneys collected by the commissioner pursuant to this article shall not be deemed state funds" and can only be spent for the marketing order under which they were collected. The advisory board for each order sets the order's goals and, in consultation with the Commissioner, sets an assessment rate sufficient to fund the proposed activities. The board for each order decides how it will spend its money, not the Commissioner. Also, upon the termination of a marketing order, after payment of the 'closing expenses' incurred by the Commissioner, any remaining fund balance is returned to the growers, as it is considered to be their money. As such, in order to hit the savings target for "other funds," significant reductions will be taken in the remaining SRO's.

**E. Identification of Proposed Other Fund Actions**

	2008-09 Cash	2009-10 Cash	2010-11 Cash
<b>OTHER FUNDS (Note the fund/s affected by each proposal, in parentheses at the end of each entry)</b>			
<b>Local Assistance</b>			
1. The Department does not have any Other – Local funds			
<b>State Operations</b>			
2. PS - Farm Products Inspection– FTE reduction (results in corresponding revenue reduction, as this is a fee-for-service activity for industry) (339.65)	300,000	300,000	300,000
3. NPS – Curtail travel for training and conferences (339.65, 339.99, 339.CZ, 339.R4)	80,000	80,000	80,000
4. NPS – Reduce participation in trade shows that assist NYS businesses to sell products (339.69)	200,000	200,000	200,000
5. PS – Vacancy control as attrition occurs (all)	200,000	200,000	200,000
<b>Total – State Operations</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>
<b>Capital Projects</b>			
6. The Department does not have any Other – Capital. The \$2 million State Fair approp is “dry” to enable receipt and expenditure of revenues that have not been forthcoming to date.			

**F. Plan to Manage the Workforce***F.1 Overall Approach*

The Department reviewed all currently existing vacancies. The Department will eliminate two positions related to collection and dissemination of dairy statistics. Only minimal information will be kept and reliance on federal capabilities in this area will increase. In addition, a position responsible for audit of the market order funds will be left vacant. The Department will also hold three positions vacant as attrition occurs in Farm Products Inspection. Additional savings will be achieved by delaying the fill of vacated positions administratively, evaluating the importance of these positions as the attrition occurs, and replacing only those positions deemed critical to the agency’s operations or needed to maintain health and safety requirements. Use of overtime, interns, seasonal positions and temporary items will be curtailed to yield additional personal service savings.

*F.2 Plan for Refill of Vacant Positions (both current and anticipated vacancies)*

The Department has a rigorous vacancy control process. When a vacancy occurs, each division director is required to complete a written request containing how/why the position became vacant,

how long the item has been open, the funding source and a description of the duties to be performed. In addition, the director must provide sufficient justification for the fill, including what work will not be accomplished and why, how critical the need is, and the consequences of not completing this work.

Each request is then reviewed and approved or disapproved by Human Resources, Fiscal Management, and the deputy in charge of the program area in turn and recommended for backfill if appropriate. The Commissioner or his designee must sign off before the position is formally posted.

During 2008-09, as each vacancy occurs, the position will be closely scrutinized. Lower-priority activities will be considered for elimination or reduced staffing. New hiring will also be reevaluated to determine if it can be modified to yield personal service savings.

The Department, like other State agencies, has a number of staff at or nearing retirement. We have a number of key positions vacant at present or that will be vacated in the near future that simply cannot be left vacant. This will present significant challenges – and opportunities – as we go forward.

Every effort will be made during 2008-09 to increase staffing in priority areas including Farmland Protection, Nonpoint Source Pollution Control, and to implement the Administration’s priorities. This will require the redeployment of positions as attrition occurs in lower priority functions and holding additional administrative positions open for long periods.

<b>Workforce Impact -- All Funds</b>	
<b>a. Initial Target: 636 [for reference]</b>	-----
b. Current Fills PP# 3 or 4	621
c. Recurring impact of proposed actions (see Parts C & E)	-15
d. Recurring impact of vacancy-refilling plan (see F.2)	25
e. Total FTEs March 31, 2009 (line b minus line c, plus/minus line d)	631
f. Change from Initial 2008-09 Target (line a minus line e)	-5

**G. Monthly Projections: All Funds Workforce; General Fund State Operations/Local/Capital**

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
<b>A. Workforce - All Funds</b>													
Est FTEs Month-end	618	621	624	624	627	627	627	626	627	628	629	630	631
<b>B. State Operations (defined as 003 and 339 - does not include Fiduciary, Enterprise or Federal)</b>													
Personal Service													
1st PP	1,174,680	1,135,387	1,135,872	1,137,998	1,224,899	1,185,882	1,187,823	1,173,272	1,183,687	1,185,598	1,178,624	1,179,344	14,083,066
2nd PP	1,184,389	1,139,238	1,134,961	1,129,056	1,223,772	1,185,342	1,210,771	1,177,633	1,185,293	1,184,779	1,179,782	1,178,900	14,113,916
3rd PP (if applies)	1,256,177						1,215,842	0	0	0	0	0	2,472,019
Subtotal PS	3,615,246	2,274,625	2,270,833	2,267,054	2,448,671	2,371,224	3,614,436	2,350,905	2,368,980	2,370,377	2,358,406	2,358,244	30,669,000
NPS	1,576,369	2,650,891	2,536,581	2,584,019	2,628,981	2,658,891	2,688,688	2,739,613	2,788,912	2,928,996	2,933,167	3,278,892	31,994,000
<b>Total Disbursements -- State Ops</b>	<b>5,191,615</b>	<b>4,925,516</b>	<b>4,807,414</b>	<b>4,851,073</b>	<b>5,077,652</b>	<b>5,030,115</b>	<b>6,303,124</b>	<b>5,090,518</b>	<b>5,157,892</b>	<b>5,299,373</b>	<b>5,291,573</b>	<b>5,637,136</b>	<b>62,663,000</b>
<b>C. Local Assistance</b>													
Ag Business Services	867,836	1,000,000	2,000,000	2,500,000	2,000,000	4,000,000	2,000,000	4,000,000	2,857,000	2,000,000	4,000,000	4,999,164	32,224,000
Fund 007	169,193	100,000	104,500	110,000	100,000	100,000	100,000	100,000	100,000	110,000	100,000	106,307	1,300,000
<b>Total Disbursements - Local</b>	<b>1,037,029</b>	<b>1,100,000</b>	<b>2,104,500</b>	<b>2,610,000</b>	<b>2,100,000</b>	<b>4,100,000</b>	<b>2,100,000</b>	<b>4,100,000</b>	<b>2,957,000</b>	<b>2,110,000</b>	<b>4,100,000</b>	<b>5,105,471</b>	<b>33,524,000</b>
<b>D. Capital Projects</b>													
State Fair	82,664	300,000	500,000	600,000	267,336	0	0	0	0	0	0	0	1,750,000
Food Lab	0	30,000	50,000	60,000	80,000	80,000	80,000	120,000	150,000	200,000	200,000	200,000	1,250,000
Fredonia Vineyard Lab	0	0	0	0	0	0	0	0	0	0	0	0	0
Equine Drug Testing	0	0	0	0	0	0	0	0	0	0	0	0	0
Grape Genomics	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Disbursements - Capital</b>	<b>82,664</b>	<b>330,000</b>	<b>550,000</b>	<b>660,000</b>	<b>347,336</b>	<b>80,000</b>	<b>80,000</b>	<b>120,000</b>	<b>150,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>3,000,000</b>

**H. Assumptions Underlying the Proposed Plan**

None.

**I. Management of Risks Inherent in the Plan**

The Department's Plan assumes that there will be no food borne illness outbreaks or recalls of food products that are extensive in nature in 2008-09. The Plan also assumes that there will be no threats to animal health detected in routine surveillance activities (i.e. BSE, Foot and Mouth Disease, etc.) With detection of any such problems, resources will need to be allocated to address them.

**J. Additional Savings Opportunities for 2008-09**

The following administrative actions will be developed as potential savings opportunities:

- Elimination of certain tests performed on milk and food if not absolutely necessary for health and safety or protection of consumers.
- Establish a contract audit position in Fiscal Management to ensure that funds used inappropriately are recovered and restored to the General Fund.
- Increase penalty recovery efforts in Counsel's Office.
- Examine sponsorship agreements at the State Fair to ensure that the State is maximizing its return on investment.