

State of Alaska FY2002 Governor's Operating Budget

Department of Natural Resources
Agricultural Development
Budget Request Unit

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BRU Mission

Promote and encourage development of an agriculture industry in the state.

BRU Services Provided

The Director of Agriculture manages the following programs:

1. Agricultural Development provides services aimed at improving agriculture enterprises.
2. North Latitude Plant Materials Center providing basic support for Alaska agriculture through testing, production and development of plant materials.
3. Agricultural Revolving Loan Fund an agricultural bank extending credit to borrowers based on their ability to repay.

The Division of Agriculture, in cooperation with industry representatives and at the direction of the Commissioner of the Department of Natural Resources, administers the Governor's agricultural policy for Alaska. The division seeks to create opportunities by providing consistency and stability in state agricultural programs. The agricultural assets owned by the division are managed to encourage privatization, maximize return to the state and promote economically viable development.

BRU Goals and Strategies

- Initiate Governor's goals for agriculture at the division level.
- Prepare budgets and develop policies to allow for delivery of effective state government services to the agricultural industry in the state.
- Encourage employee efficiency and industry service.
- Maintain economic development opportunities for agricultural producers, processors, and marketers to use natural resources for sustainable agricultural production.
- Encourage division staff and industry leaders to identify and promote new markets for farm products, both in state and for export.
- Maintain industry liaison with other state, federal, and municipal government agencies to influence issues related to agricultural development in Alaska.
- Coordinate activities related to USDA agreements in produce inspection, plant material, agricultural statistics, Federal Seed Act, shell eggs, and phytosanitary certificates for exports.
- Work to finalize the transfer of the Palmer Trading Post and Warehouse to a private sector firm obligated to restore the buildings to National Historic Standards.
- Work with the Department of Community and Economic Development on organic certification of wild Alaska fish by the United States Department of Agriculture. Work with organic vegetable farmers on approval of Alaska Fish fertilizer on the national approved list.
- Maintain cooperative services with USDA commodity control, insurance, conservation and lending agencies serving Alaska producers.
- Provide testing, production, development and distribution of plant materials to resource industries, meeting environmental requirements.
- Continue to develop a native seed industry.
- Assist the United States Department of Agriculture in the operation of the Arctic Germplasm Repository.
- Provide leadership and create opportunities for economic development.

Key BRU Issues for FY2001 – 2002

Initiate and comply with legislative changes which sunset the Agricultural Revolving Loan Fund Board and created the Board of Agriculture and Conservation. Work with the new board to educate and inform of statutory responsibilities and assist with regulation preparation for implementation of the new law.

Lack of General Funds to perform services and responsibilities and continued use of Agricultural Revolving Loan Fund source creates a long-term negative impact on the ARLF program.

Simplified regulatory services, marketing services, lending programs, and cooperation with other agencies involved in resource development.

Make agricultural land available in various parcel sizes as dictated by regional and local demand for land sales, leases, and permits as funding allows. Emphasize selling previously sold land, returned to the state through foreclosure. It is important to resell these parcels before they re-grow and the clearing investment is lost.

Provide soil and water resources to the private sector and lands that are suitable for agriculture in sufficient amounts to encourage viable enterprises.

The Plant Materials Center provides stability in seed and potato production. It is also the leading marketer of native seed. Reclamation in the north frequently requires difficult-to-obtain plants and development of unconventional revegetation methods. In addition, seedlings, work with vegetables, berries, and revegetation plants can provide opportunities for producers to compete successfully in the marketplace. Locally adapted high-yielding grain, seed and forage plants are in demand.

Inspection and marketing activities enable Alaska's agricultural products to be sold commercially. Individuals would not be able to market these items without the Division of Agriculture's assistance. Improvements can be facilitated with commodity commission or marketing order legislation to allow for producer input and control. We will provide small-scale grants for commodity group promotion efforts.

Cooperative agreements with the USDA, Federal Seed Act, National Plant Board, Animal and Plant Health Inspection Service (APHIS) have continued to generate revenue. We expect to expand our service to the military, and grocery wholesalers and retailers statewide. Potential new programs are organic product certification, feed and fertilizer registration, as well as increased bee registration and brand program assistance.

Major BRU Accomplishments for FY2000

Offered a co-operative marketing program that helped producers make Alaska grown products more visible to the public. We assisted farmers in overcoming barriers in the Alaska marketing infrastructure by identifying barriers, providing consumer awareness and targeting specific markets.

Worked with the Department of Health and Social Services to expand the Farmers Market Program. A redemption value of market coupons exceeded \$85.7 in the FY 01 season. This was an increase from \$40.6 in the FY 00 season.

Worked with the University of Alaska Fairbanks to produce a Marketing Alaska Action Plan for Potato and Vegetable Producers. This plan is in process and we expect it to be complete in FY 02.

Prepared request for proposal documents and offered for sale the Mt. McKinley Meat and Sausage Facility. No offers were received.

In cooperation with the Department of Corrections, Correctional Industries partially funded and accomplished Hazard Analysis and Critical Point (HACCP) approval for the Mt. McKinley Meat and Sausage facility for United States Department of Agriculture mandatory compliance.

Provided an intern for marketing assistance, in cooperation with the University of Alaska Fairbanks.

Export and sale of potatoes and carrots to Taiwan.

No late blight has been detected in Alaska potatoes for the past two years.

Provided a pest scout in cooperation with the University of Alaska Fairbanks.

Held successful agricultural land sales that increased revenue to the state.

Provided greater consumer availability of quality Alaskan grown products for market and export.

Worked with Retail Industry (Safeway) and growers to comply with Independent Third Party Audits required for certain crops before they can be sold to the retail industry. We are working to identify private sector provider for future years.

Monitored the state's investment in agriculture science and technology to protect and enhance the quality of Alaska's agricultural soils, seeds, plants, livestock, and associated products.

Secured federal funding to assist in developing a strong native seed industry.

Supplied essential plant materials, and new technology.

Decreased import of plant material poorly adapted to Alaska conditions.

Participated at United States - China Bi-Lateral Trade Negotiations for agricultural products, including seed potato entry into China. Worked with subsequent mission of Chinese inspection authorities to verify Alaska growing conditions and standards.

Agricultural Development
BRU Financial Summary by Component

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures Agricultural Development	142.7	170.1	547.9	860.7	1.5	205.3	955.1	1,161.9	1.5	205.4	1,021.1	1,228.0
N. Latitude Plant Material Ctr	14.0	642.1	536.8	1,192.9	14.5	1,163.5	651.9	1,829.9	14.5	1,471.5	649.1	2,135.1
Totals	156.7	812.2	1,084.7	2,053.6	16.0	1,368.8	1,607.0	2,991.8	16.0	1,676.9	1,670.2	3,363.1

Agricultural Development

Proposed Changes in Levels of Service for FY2002

Increment in federal funding for a new programs at the North Latitude Plant Material Center.

The United States Cold Regions Plant Materials Evaluation Network \$300.0, will be responsible for the acquisition, storage and evaluation of plant material/seed of plants indigenous to regions north of the 52 degrees North Latitude and equivalent vegetated regions in the southern hemisphere. A national systematic and uniform trial program does not exist for cold region plants.

The Alaska Post Entry Plant Quarantine Facility will allow for controlled examination, evaluation and phytosanitary inspection of prohibited and otherwise restricted plant material primarily from circumpolar regions. This will be accomplished under growing conditions to which the plant materials were adapted.

Agricultural Development

Summary of BRU Budget Changes by Component

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	16.0	1,368.8	1,607.0	2,991.8
Adjustments which will continue current level of service:				
-Agricultural Development	0.0	0.1	3.7	3.8
-N. Latitude Plant Material Ctr	0.0	8.0	-2.8	5.2
Proposed budget increases:				
-Agricultural Development	0.0	0.0	62.3	62.3
-N. Latitude Plant Material Ctr	0.0	300.0	0.0	300.0
FY2002 Governor	16.0	1,676.9	1,670.2	3,363.1