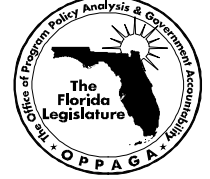




Office of Program Policy Analysis And Government Accountability



John W. Turcotte, Director

February 5, 1997

Follow-Up Report on the Division of Fruit and Vegetables Within the Department of Agriculture and Consumer Services

Report Abstract

Pursuant to our recommendations, the 1995 Legislature eliminated 70 vacant positions within the Division of Fruit and Vegetables. This action reduced the Department's appropriations by \$2.4 million. As we recommended, the Department has taken additional steps to reduce overtime inspection costs and implement cost savings within the Citrus and Vegetable Inspection Programs.

Purpose of Review

In accordance with s. 11.45(7)(f), F.S., this follow-up report informs the Legislature of actions taken by the Department of Agriculture and Consumer Services in response to our Report No. 94-43, which we issued April 4, 1995. This report presents our assessment of the extent to which the Department has addressed the findings and recommendations included in our report.

Background

The Division of Fruit and Vegetables inspects and grades over 100 agricultural commodities. Inspections of citrus, limes, avocados, peanuts, and tomatoes are required by the Florida Citrus Code and federal marketing orders. Inspections of other commodities are not required by law but are provided as a service to Florida growers and shippers. The Division is funded through the Citrus Inspection Trust Fund (citrus) and the General Inspection Trust Fund (vegetables). Revenues are derived from inspection fees that are

required by s. 570.481, F.S., to recover the cost of inspection services. For fiscal year 1994-95, the Division was appropriated \$18.6 million and 467 positions. This included \$13.9 million for salaries and benefits, and \$350,000 for other personal services (OPS).

Prior Findings

Division Staffing. Our prior report found that the Division had a pool of over 100 vacant Career Service positions that could be eliminated without affecting its ability to provide services. The Division asserted that vacant positions are needed in order to respond to peak production demands and agricultural emergencies. However, we determined the Division has consistently had a large number of vacancies in both periods of peak citrus production and in years where major freezes occurred. Elimination of 100 vacant positions would reduce the Division's salaries and benefits appropriation by approximately \$2.5 million, while allowing the Division to retain some vacant positions in order to respond to peak production demands and agricultural emergencies.

Use of Appropriated Funds. Increasing the Division's OPS and expense appropriations to more accurately address anticipated needs would reduce the Division's budget amendments and provide the Division with adequate budget flexibility to respond to changing industry conditions. During fiscal year 1993-94 the Division implemented seven budget amendments and transfers to shift funds from its salaries and benefits appropriation to other budget categories. Division administrators said that the salaries and benefits appropriation provided critical budget flexibility during periods of peak workload.

Based on fiscal year 1993-94 expenditures, we recommended that OPS and expense appropriations be increased by \$300,000 and \$550,000, respectively. Additional appropriation increases should be based on future crop estimates and corresponding workload.

Overtime Inspection Policies. We determined that the Division's overtime inspection policies appeared reasonable and helped reduce overall inspection costs. The Division does not assess packing houses and processing plants for overtime inspection services based on overtime incurred by individual inspectors. Instead, the Division charges an overtime premium, in addition to its standard per-box inspection fee, whenever it provides more than 40 hours of inspection services per week at a facility. We recommended that the Division continue its efforts to reduce its overtime inspection expenses and increase industry understanding of its overtime inspection fee policies.

Adequacy of Inspection Fees. Although inspection fees were adequate to cover the costs of the Citrus Inspection Program, vegetable inspection fees were insufficient to recover the Division's costs. Increasing the vegetable inspection fee would enable the Division to recover its cost of providing these services and avoid the need to subsidize this program with \$526,000 in revenues from other sources within the General Inspection Trust Fund.

Current Status

The Legislature and Department have taken steps to address each of the recommendations contained in our prior report.

Eliminated Vacant Positions. The 1995 Legislature eliminated (effective July 1, 1995) 70 vacant positions within the Division. Elimination of these positions reduced the Division's fiscal year 1995-96 appropriation by \$2,423,573. The Division continues

to retain an adequate number of vacant positions in order to respond to changing industry conditions.

Increased OPS and Expense Appropriations. As we recommended, the Legislature increased the Division's fiscal year 1995-96 OPS appropriation by \$300,000. However, no additional appropriations were provided for the Division's expense category. During fiscal year 1995-96 the Division implemented one budget amendment transferring \$160,000 to OPS and \$385,000 to expenses. The 1996 Legislature appropriated continuation funding of this budget amendment in the 1996-97 General Appropriation Act.

Reduced Overtime Inspection Costs. As we recommended, the Division has taken actions to reduce its overtime inspection costs. The Division's overtime inspection expenses decreased in fiscal year 1995-96 by approximately \$107,000 compared to fiscal year 1994-95. The Division reported that it continues to conduct meetings with representatives from the citrus and vegetable industries to keep them informed regarding overtime inspection fee policies.

Reduced Vegetable Inspection Costs. Although the Division did not increase vegetable inspection fees as recommended, it has taken several steps to reduce expenses in this program. The Division reported that it eliminated 16 positions within the Vegetable Inspection Program and is continuing to implement improvements in overtime management. The Division has reassigned 30 positions from the Vegetable Inspection Program to the Citrus Inspection Program. The Division's fiscal year 1997-98 Legislative Budget Request would reduce the Vegetable Inspection Program by an additional 20 positions. The Department estimates that this would reduce the Division's fiscal year 1997-98 appropriation by \$615,336.

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302).

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