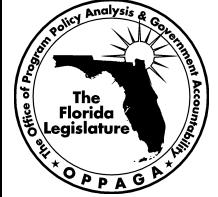




Office of Program Policy Analysis And Government Accountability



John W. Turcotte, Director

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Follow-Up Report on the Division of Marketing and Development Within the Department of Agriculture and Consumer Services

Abstract

The Department has taken some steps that we recommended, and these actions have reduced its funding needs by approximately \$1.3 million. However, additional steps are feasible that would produce further general revenue savings from \$495,000 in program cost reductions and another \$72,000 in new revenues. The Department has proposed outcome measures for its programs but needs to develop a comprehensive marketing plan.

includes \$9.7 million from general revenue and \$12.5 million from various trust funds. Revenue sources include license fees paid by agricultural and seafood dealers, rental charges paid by businesses that lease space in state farmers' markets, excise taxes paid by citrus growers, federal grants, and voluntary industry contributions to the Division's agricultural promotional efforts.

Purpose

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 Report No. 95-29 issued January 11, 1996. This follow-up report presents our assessment of the extent to which the Department has addressed the findings and recommendations included in our original report.

Prior Findings

The Division is authorized by law to charge fees for its program services but general revenue provides 43% of its funding in Fiscal Year 1997-98. We found that the Division could reduce its need for state funding by approximately \$1.7 million by modifying or privatizing certain activities, discontinuing or transferring some activities, selling unprofitable and declining state farmers' markets, charging user fees for some services, and modifying fees that did not cover costs. Also, the Division lacked comprehensive marketing plans for some marketing efforts, and its effectiveness measures did not assess program outcomes.

Background

The Division of Marketing and Development administers programs that provide marketing services to Florida's agricultural industry. The Division was appropriated \$22.2 million for Fiscal Year 1997-98 that

Current Status

The Division and Legislature have taken some steps that we recommended, and these actions have reduced the Division's funding needs by about \$1.3 million. However, the Department could take additional steps that

could produce another \$495,000 in program cost reductions and another \$72,000 in new revenues. Also, the Department has proposed program outcome measures but needs to develop a comprehensive marketing plan that sets marketing strategies and priorities.

Actions Taken

The Division and Legislature have taken some actions recommended in our prior report that have reduced funding needs by \$1.3 million.

Fiscal Impact of Actions Taken

Action Taken	Fiscal Impact
Miami Marketing Office funding shift	\$ 79,000
Market News Program funding shift	600,000
Eliminate state farmers' market positions	126,000
Increased trade show participation	111,000
Expanded Florida Agricultural Promotional Campaign participation	38,000
Agriculture dealer fines and expansion	184,000
Trade lead mailing list purging	4,900
Florida Market Bulletin cost reductions	136,000
Agriculture Museum cost reductions	60,000
Total	\$1,338,900

Source: OPPAGA analysis.

Miami Marketing Office. The Legislature shifted funding to the General Inspection Trust Fund beginning in Fiscal Year 1995-96, thereby reducing general revenue needs by \$79,000 in salaries, benefits, and expenses.

Market News Program. The Division cut back on some reports provided and is assessing equipment needs to streamline operations and provide Internet access to information users. Funding levels from USDA and the industry have not changed since Fiscal Year 1994-95 when they provided only 5% of program costs. The Legislature eliminated 11 positions in 1997-98 and shifted funding from general revenue to the General Inspection Trust Fund. These actions reduced general revenue needs by \$600,000.

State Farmers' Markets. The Division has saved approximately \$87,000 by not filling two vacant manager positions and another \$39,000 (net of privatized costs) by eliminating four security positions.

The Division continues to operate the Sanford and Starke markets which generated a combined net loss of approximately \$20,000 during Fiscal Year 1995-96 and an estimated \$71,000 net loss for 1996-97. Negotiations regarding the sale of the Pompano market are suspended due to a bid protest.

Industry Trade Shows. The Division increased industry participation in trade shows to cover 80% of its costs of sponsoring this activity. This has reduced the Division's state funding needs by a total of \$111,000.

Florida Agricultural Promotional Campaign. The Division has expanded industry participation in the Florida Agricultural Promotional Campaign to 1,034 members, plus 1,225 seafood members, compared to 661 in Fiscal Year 1994-95. This increased program revenues by \$38,000.

Agriculture Dealer Fees. The agriculture dealer licensing program was generally self-supporting in Fiscal Year 1996-97 but has not modified fees to fully cover the cost of the program as required by s. 604.19, F.S. It has stepped up assessing fines for dealer licensing violations and has 757 more licensed dealers than in Fiscal Year 1994-95. These actions had a fiscal impact of \$184,000, including \$98,000 in fine assessments. Fine assessments may decline as enforcement has its effect, at which time the Division should assure that fees are sufficient to cover costs as required by law.

Trade Lead Publication. The Division saved \$4,900 by purging the trade lead mailing list and is assessing the feasibility of a subscription fee.

Arabian Horse Registration. The Division continues to administer these activities.

Florida Market Bulletin. The Division reduced bulletin costs approximately \$136,000 by purging the mailing list and mailing it once a month rather than twice a month.

Agricultural Museum. The Division continues to administer the museum but has relocated it to Palm Coast, Florida. The museum will open on a limited basis to the public around April 1998 and will have two buildings open in June 1999. The Division has eliminated one of two curator positions, thereby saving \$60,000.

Actions Not Taken

While the Division has taken some of the actions we recommended, other options have not been acted upon. These options could produce another \$495,000 in program cost reductions and another \$72,000 in new revenues. Specifically, the Division should:

- streamline the Market News Program and make the program self-supporting through negotiating increased USDA and industry support;
- reduce the State Farmers' Markets funding needs by \$160,000 by requiring tenants to provide their own security services and eliminating the remaining eight state-funded security positions;
- transfer or sell the Sanford and Starke farmers' markets and thereby eliminate net losses of about \$71,000, as well as avoid approximately \$7 million in fixed capital outlay needs. This action would also generate one-time proceeds the Legislature could use for needed capital improvements for other markets;
- raise the Florida Agricultural Promotional Campaign \$50 and \$100 fees by \$40 per member to further reduce funding needs by over \$65,000;
- establish a trade lead subscription fee. A \$32 fee could further reduce the Division's funding needs by about \$7,100 and make the trade lead publication self-supporting;
- transfer the Arabian Horse Registration activities to the industry. This action is estimated to reduce the Division's funding needs by approximately \$75,000;
- eliminate the Florida Market Bulletin since similar industry publications could serve these needs through partnership efforts. This action would further save approximately \$144,000; and

- amend s. 570.901, F.S., to transfer the Agricultural Museum to an outside organization. This action would reduce the Division's state funding needs by approximately \$45,000.

Implementing these options to reduce funding needs would have an overall fiscal impact of \$567,100.

Options for Funding Reductions

Options Remaining	Fiscal Impact
Eliminate farmers' market security	\$160,000
Transfer/sell farmers' markets	71,000
Transfer Arabian horse program	75,000
Eliminate Florida Market Bulletin	144,000
Transfer Agriculture Museum	45,000
Increase Florida Agricultural Promotional Campaign fees	65,000
Increase trade lead publication fees	7,100
Funding Reductions Available	\$567,100

Source: OPPAGA analysis.

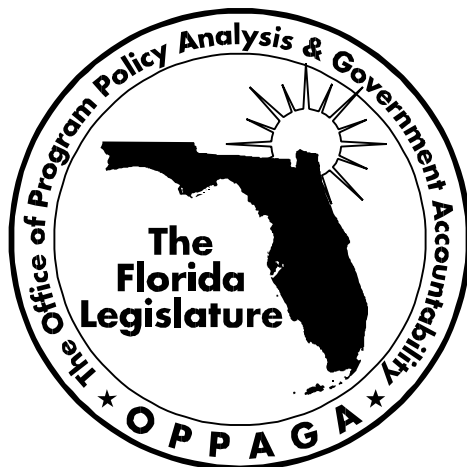
Further Actions Needed

Marketing Plans and Budgets. The Division has made little progress in establishing comprehensive marketing plans and budgets. The Division's market planning documents include goals and benchmarks, but they still do not identify specific strategies and marketing priorities. The Division needs to develop a formal marketing plan similar to that of the Department of Citrus that identifies strategies, priorities, target markets, and budgets for the Division's various marketing efforts.

Performance Measures. The Department submitted proposed programs and measures to the Executive Office of the Governor in October 1997. These proposed measures identify outcomes that will allow the Department to better measure its performance. We will formally assess the Department's performance measures as a part of our responsibilities pursuant to the Florida 1994 Government Performance and Accountability Act.

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



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