



Steven W. Troxler
Commissioner

North Carolina Department of Agriculture and Consumer Services

An Open Letter Regarding the Senate's Proposal to Transfer the Research Stations Division

June 13, 2007

Dear Friend of Agriculture,

Over the last few days, many of you have contacted my office regarding the State Senate's proposal to transfer the Research Stations Division from the North Carolina Department of Agriculture and Consumer Services to the UNC Board of Governors for NC State University. At the outset, let me be clear about two things. First, I am opposed to this proposal. Second, and perhaps more importantly, you should know that my opposition is based entirely on my conviction that the transfer of the Research Stations Division would be contrary to the best interests of North Carolina's number one industry – agriculture and agribusiness. To me, this is not a “turf war,” nor should it be a political issue. I have no desire to be at odds with my alma mater on any issue, much less one that is so critical to our state's farmers. Nonetheless, I feel that I have both a statutory duty and a moral obligation to explain why I believe the transfer of the Research Stations Division would be a grave mistake. I appreciate your interest and I hope that the information I provide in this letter will assist you as you diligently consider your own response to the Senate's proposal.

By way of background, North Carolina's agricultural research station network currently includes eighteen research stations located across the state. The Department owns and manages twelve of the research stations, and the other six are owned by NC State but managed by the Department. NC State also operates seven field laboratories, most of which are within close proximity of its main campus, and those are used primarily for educational and demonstrative purposes. The field laboratories are not at issue in the proposed legislation, and in fact NC State utilizes two different management structures to operate its research stations and its field labs. An important fact to keep in mind is that the overwhelming majority of “applied research” (research that helps determine whether the results of lab experiments can actually be used by North Carolina farmers) takes place on the research stations. The North Carolina system is widely recognized as one of the best in the nation, and our farmers have reaped the benefits of this unique collaborative approach for over seventy years.

There are several key points to consider with regard to the language set out in the State Senate's proposal. I have attached a copy of the proposal for you to review. I would encourage you to read the language of the proposal for yourself:

North Carolina State University shall . . . consolidate and downsize the agricultural research stations and research farms . . . [and] determine which of the stations or

farms should be retained by the State and which are noncritical and should be divested by the State. (Section 9.15(b))

Notably, this language does not simply *suggest* that NC State eliminate research stations and farms, it *requires* such elimination. The legislation further provides that the Board of Governors of the University of North Carolina System will determine how any funds from research farm sales will be used. The language does not require that the University consult farmers, the Department of Agriculture, or the General Assembly on how the funds will be used.

[T]he proceeds from the sale of any agricultural research station or research farm sold pursuant to this section shall be reinvested in the State’s agricultural research efforts, as determined by the Board of Governors of The University of North Carolina. (Section 9.15(e))

The Senate budget actually contains a “one, two punch” to agricultural research. While directing the University System to sell farms, it also slashes agricultural research funding by over two million dollars. The House’s proposed budget appropriated approximately \$9.1 million for the Research Stations Division for each of the next two years. The Senate budget provides \$9.1 million in the upcoming fiscal year and only \$7 million in 2008-09.

Fiscal Year:	<u>2007-08</u>	<u>2008-09</u>
House Proposal – funding to NCDA&CS	\$9,188,217	\$9,162,654
Senate Proposal – funding to UNC System	\$9,188, 217	\$7,000,000

It seems to me that the notion of looting the research farms to fund agricultural research is a bit like trying to have your cake and eat it, too. A cut to the research stations budget means at least two things. Number one, some research which could benefit the state’s farming community will be eliminated. Number two, many of the individuals employed on research stations will soon be looking for work. I would prefer that the research farms be preserved, and that the Senate fully fund the need for agricultural research in North Carolina.

As the author of one editorial column put it: “The irony of it all is that while NC State . . . is selling the idea along the lines of consolidation and downsizing on one hand, it is simultaneously opening two new research facilities in the central part of the state. That doesn’t sound like an agency with a basic interest in downsizing.”

Along those same lines, it appears there is some misunderstanding with regard to the University’s obligation to secure approval from the General Assembly before selling farms. In fact, some legislators have told their constituents that they would never allow “their” research station to be closed and sold. The bill does not require that the General Assembly approve any sales. The bill merely requires that NC State “report to the General Assembly.”

North Carolina State University shall not take any action to consolidate, downsize, or close any agricultural research station or research farm or to determine which of the stations or farms should be retained by the State and which should be divested, prior to reporting to the General Assembly on any such proposed action and any findings and recommendations supporting those actions. (Section 9.15(e1))

According to this language, the University is free to act so long as they have “reported” their plans to the General Assembly. Compare this language to the language adopted by the General Assembly in 2005 regarding the Dorothea Dix property, located in G.S. § 146-27, which states that the Dix property cannot be sold “or otherwise disposed of without the prior approval of the General Assembly.” The difference in language speaks for itself.

In addition to taking time to review the actual language of the bill, I want you to consider the bigger picture. It is no secret that North Carolina has recently led the nation in number of farms lost to development. Several years ago, the General Assembly created a Farmland Preservation Trust Fund, the purpose of which was to promote the preservation of farmland and to promote small, family-owned farms. Other trust funds preserve land for wildlife and watershed management to the tune of well over \$100 million a year. In my view, the Senate is robbing Peter to pay Paul. It simply does not make sense to sell research farms while simultaneously devoting millions of tax dollars to trust funds whose primary function is to purchase property. I believe that agricultural leaders should work to reverse the trend of disappearing farmland, rather than contribute to it.

You should also know that the first official notice of the proposed transfer of the research stations came on the day the Senate’s budget proposal was released. The agricultural community was not given an opportunity to express its thoughts with regard to the proposed transfer. I regret that for two reasons. First, the Department and the University have successfully managed the research stations since 1938. I believe that a decision to end that relationship should be made only after careful, open discussion. Second, I believe the agricultural community in North Carolina – which consists of farmers, commodity groups, and the Department, among others – truly knows what is best for agriculture in this state, and their voices should be heard before a decision of this magnitude is made. I am puzzled as to why the Senate and the proponents of the transfer did not wish to discuss this issue openly. It’s almost as if the proponents of the research station transfer do not believe the facts would justify their position.

I also want to speak specifically to the suggestion that the transfer of the research stations to the University will instantaneously result in a more “efficient” research system. In recent years, the Department has initiated a number of discussions with NC State regarding how the research stations could better serve producers of all commodities. For example, during 2004, the Department initiated a review of the public dairy research facilities in North Carolina. The review team (composed of unbiased individuals from outside North Carolina) conducted site visits of existing facilities, consulted dairy industry representatives, analyzed the operational budget needs and infrastructure improvement needs of the State, and prepared recommendations which were then provided to the Department and the University. The Department implemented *all* of the recommendations. Not surprisingly, the review team did not recommend that the management structure of the dairy research facilities be altered in any way. In fact, the review team concluded:

It is apparent that the NCDA&CS is committed to providing the resource needs of the dairy research facility both with regard to facilities and animals in an equal partnership relationship. (2004 Dairy Review, April 2004.)

As this statement makes clear, the Department remains committed to working with NC State to maintain our state’s reputation as a leader in agricultural research. The mere transfer of a division from one state entity to another will not necessarily result in “efficiencies.” Working together, on the other hand, would be a much better approach.

Briefly, I must mention that I am troubled by several rumors regarding the Senate's proposal. The first is that the Senate carefully considered the transfer provision. To the contrary, several members with whom I have spoken were not aware of the provision until after it was voted upon. Others had been told that the Department was consulted regarding the transfer. Another source of confusion is that some materials have been distributed which gloss over and misrepresent the funding commitments the Department has made to the research stations. In the past four years alone, the Department has invested \$5,750,000 in equipment, repair and renovation, capital improvement, and revolving fund purchases to support plant and animal research at the farms.

I am also concerned that some individuals have disparaged the current condition of the research stations. At least one person has stated that the Department's research farms are "similar to the test farms of fifty years ago." As a farmer, I can honestly say that the condition of our research farms actually mirrors or is better than the condition of a majority of private farms in operation across North Carolina. If the Senate truly believes that the research farms are antiquated, I would suggest that they increase appropriations to support the farms, or update the farms currently in existence. Instead, the Senate has suggested decreasing appropriations for existing farms and starting from scratch on new ones.

Finally, I am not persuaded by the argument that this transfer is needed because North Carolina is the only state that has a dual management structure for the research farms. North Carolina is also the only state in the nation that is number one in sweet potato and tobacco production. We are the number one producer of meat and animal products and we are in the top three for swine production, Christmas trees, cucumbers for pickling, poultry and egg products and trout. Agribusiness contributes over \$65 billion to our state's economy, we are the third most agriculturally diverse state, and we rank eighth in the nation in total farm receipts. Additionally, approximately sixty percent of our land is in timber production. Notwithstanding these impressive agricultural statistics, we are one of the fastest growing states in the country and we recently surpassed New Jersey as the tenth most populous state. (U.S. Census Press Release, December 22, 2006.) In short, I'm proud of the work done on our State's research stations – it appears that it is working. I am proud that our research stations house one of the premier sweet potato breeding facilities in the world. I am proud that our stations include the largest blueberry breeding nursery in the world. I appreciate the organic and sustainable agriculture research being done at the Center for Environmental Farming Systems in Goldsboro. I am pleased with the investments this Department has made in lateral move irrigation, cotton and tobacco research, and in animal agriculture. The list could go on and on.

In closing, many of you who understand this issue have asked what you might do to stop the transfer of the Research Stations Division out of the Department. At the least, I would encourage you to call your own State Representative and State Senator to express your concerns and to ask for their help. The time to act is now. This cannot wait. Again, thank you for your willingness to fully consider this issue and I appreciate your support.

Sincerely,



Steven Troxler
Commissioner

Transfer Agricultural Research Stations and Research Farms from the Department of Agriculture and Consumer Services to UNC Board of Governors for NC State University

From the Senate Budget Bill (HB 1473, 8th edition, pp. 59-60)

SECTION 9.15.(a) The Division of Research Stations is transferred from the Department of Agriculture and Consumer Services to the Board of Governors of The University of North Carolina to be allocated to North Carolina State University. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. The agricultural research stations and research farms transferred by this section shall be under the direction and control of North Carolina State University, in consultation with North Carolina Agricultural and Technical State University.

SECTION 9.15.(b) North Carolina State University is designated as the lead agency for all of the State's agricultural research stations and research farms, including those already under the direction and control of North Carolina State University on June 30, 2007, and those that are transferred to North Carolina State University by subsection (a) of this section. As lead agency for the management of all of the State's agricultural research stations and research farms, North Carolina State University shall do all of the following:

- (1) Manage the agricultural research stations and research farms pursuant to G.S. 116-40.9.
- (2) Consolidate and downsize the agricultural research stations and research farms to make them operate more efficiently and to reduce administrative costs beginning with the 2008-2009 fiscal year.
- (3) Evaluate each agricultural research station and research farm to determine which of the stations or farms should be retained by the State and which are noncritical and should be divested by the State.

SECTION 9.15.(c) North Carolina State University shall consult with North Carolina Agricultural and Technical State University, the Department of Agriculture and Consumer Services, the Farm Bureau, and other interested parties as appropriate in implementing subdivisions (2) and (3) of subsection (b) of this section. The Board of Governors of The University of North Carolina shall consult with North Carolina Agricultural and Technical State University prior to consolidating, downsizing, or closing any agricultural research station or research farm at which North Carolina Agricultural and Technical State University has ongoing research.

SECTION 9.15.(d) By March 15, 2008, North Carolina State University shall report its findings and recommendations regarding the implementation of this section to the Board of Governors of The University of North Carolina.

SECTION 9.15.(e) Notwithstanding G.S. 146-30, the proceeds from the sale of any agricultural research station or research farm sold pursuant to this section shall be reinvested in the State's agricultural research efforts, as determined by the Board of Governors of The University of North Carolina.

SECTION 9.15.(e1) North Carolina State University shall not take any action to consolidate, downsize, or close any agricultural research station or research farm or to determine which of the stations or farms should be retained by the State and which should be divested, prior to reporting to the General Assembly on any such proposed action and any findings and recommendations supporting those actions.

SECTION 9.15.(f) Part 3 of Article 1 of the General Statutes is amended by adding a new section to read:

"§ 116-40.9. State farms.

State-owned farmland, including timberland, allocated to North Carolina State University, shall be managed by North Carolina State University, in consultation with North Carolina Agricultural and Technical State University, for research, teaching, and demonstration in agriculture, forestry, and aquaculture. Research projects on the State farms shall be approved by North Carolina State University. North Carolina State University may sell surplus commodities produced on the farms."

SECTION 9.15.(g) G.S. 106-22.1 is repealed.

SECTION 9.15.(h) G.S. 66-58(c)(1b) reads as rewritten:

"(c) The provisions of subsection (a) shall not prohibit:

...

(1b) The sale by North Carolina State University at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the Dairy and Process Applications Laboratory, so long as any profits are used to support the Department of Food Science and College of Agriculture and Life Sciences at North Carolina State University. The sale by North Carolina State University of surplus commodities on State farms, as allowed by G.S. 116-40.9.