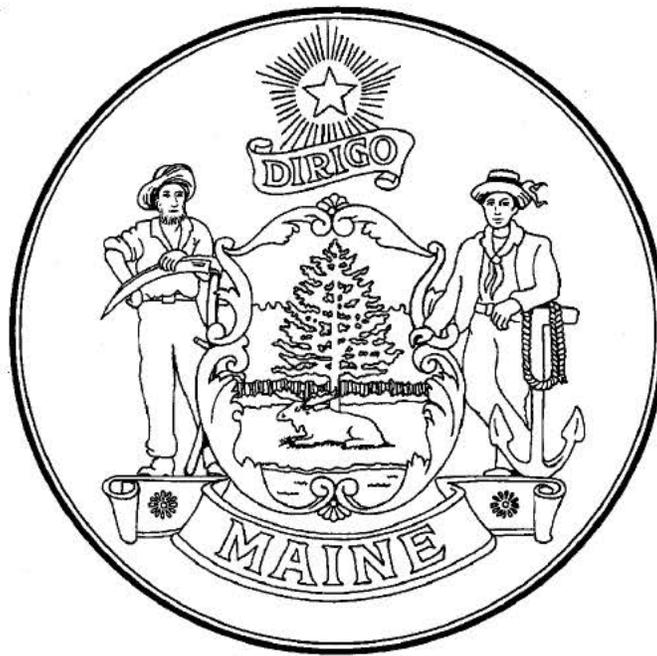


# MAINE STATE LEGISLATURE

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# **BOARD OF AGRICULTURE**

## **Annual Report to Maine State Legislature**

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March 24, 2015

Joint Standing Committee on Agriculture, Conservation and Forestry  
c/o Legislative Information  
100 State House Station  
Augusta, ME 04333

Dear Senator Edgecomb, Representative Hickman, and Distinguished Committee Members:

As Chair and Vice Chair of the Board of Agriculture it is our pleasure to provide the Joint Standing Committee on Agriculture, Conservation and Forestry this annual report on the Board's progress and activities for the past year. The Board of Agriculture was established by the Legislature in 1997 to provide input from Maine's agricultural community into the agricultural research and Extension programs at the University of Maine. The Board's primary interaction is with the Maine Agricultural and Forest Experiment Station in the College of Natural Sciences, Forestry, and Agriculture and the University of Maine Cooperative Extension. In the last year the Board has also directly communicated on a regular basis with the Chancellor of the University Maine System (UMS) and the President of the University.

The focus of the Board over the last year has been the budgetary challenges facing the University and related impacts to agricultural and food programs. While the Board has monitored budgets since its inception, it has become more focused on budgetary issues since 2013 as UMS structural budget gap issues became more acute. Moreover, the Board was formed out of the University budget challenges in the early to mid-1990s. Because of agriculture's experience of losing significant agricultural research and Extension capacity at that time, the Board seeks to avoid a repeat of that experience. It should be pointed out that shrinking budgets have been a concern for many years as reported to the legislature; however, the challenge just became more acute over the last couple of years.

A number of meetings were held throughout the 2014 timeframe between the Board and University leadership, which is further explained in this report. The first was the February 2014 Board meeting held at the State House Complex to afford Legislator members an opportunity to attend as well as provide a briefing to members of key Legislative Committees during the lunch hour at the State House. The focus of this meeting was briefings by University leaders on the budget situation to give Board members a solid foundation on budgetary trends. Jake Ward, V.P. of Innovation and Economic Development, University of Maine; Dr. Edward Ashworth, Dean of the College of Natural Sciences, Forestry, and Agriculture and Director of the Maine Agricultural and Forest Experiment Station (MAFES); Dr. Fred Servello, Associate Dean for Research and Associate Director of MAFES; and John Rebar, Executive Director Cooperative Extension briefed the Board.

## **University of Maine Budget Overview**

Overall, the budget challenges of the University of Maine System stem from recent employee contract resolutions, a freeze on tuition, flat state funding, increasing operating costs, and a reduction in student matriculation on some campuses. While the University of Maine's own student number trends are more positive than the system as a whole, the campus still has major budget challenges.

Research and Extension programs are not funded through tuition; rather, they are funded through a combination of state University appropriations, Maine Economic Improvement Funds (MEIF), Federal funding and grants, industry contributions, and other grants. Periodic state bonds help support capital investments in facilities and equipment. The University of Maine has successfully leveraged MEIF funding for Advanced Technologies for Forestry and Agriculture 3.5 times over the last ten years; however, these funds are fully utilized. Current levels of research and development (R+D) funding is limiting the ability of agricultural and food researchers to pursue grants as matching funds are not available. Furthermore, MEIF funding has never reached the aspirations of a decade and a half ago. Increased state investment in R+D will help grow R+D opportunities and the Maine economy, including agriculture.

## **College of Natural Sciences, Forestry, and Agriculture**

As previously mentioned, the Board's interaction with the University of Maine focuses primarily on the College of Natural Sciences, Forestry, and Agriculture (NSFA), the Experiment Station, and Cooperative Extension. With respect to NSFA, compensation and employee benefits comprise the major portion of the annual expenditures of the college. The good news is the NSFA is bucking UMS enrollment trends with undergraduate enrollment up 9% since 2011. However, it was reported that the UMaine structural gap for the upcoming FY 15 year is about \$11M. The NSFA was asked to plan for a \$1.7M "reallocation." The reallocations or budget reductions have a direct impact on programs largely through personnel reductions. The proposed budget reduced faculty and staff (including graduate assistants) and reduced operating dollars for research.

The Federal government provides a match of Federal funds to state investments. There was better news regarding the FY 14 Federal budget that restored the FY 13 sequester cuts and increased the budget 3% over FY 12. Further, the new Farm Bill (2014) restored the Specialty Crops Research Initiative and Organic Agriculture Research and Extension Initiative grant opportunities. NSFA grant income was strong the first half of the year, including agriculture related grants which were greater than \$2M.

## **Maine Agricultural and Forest Experiment Station**

The experiment station continues to invest a lot of its resources to improve infrastructure and equipment at the research farms such as phased energy efficiency upgrades, renovations, and major equipment replacements to begin to address years of deferred repairs. The college intends to work on deferred maintenance issues despite budget challenges to prevent getting further behind. In addition, the experimental farms need to be structured to meet future industry needs within the resources available. The Director and Associate Director are beginning to meet with crop groups to

determine future needs and directions of the farms to meet the future needs of Maine's agricultural businesses.

### **University of Maine Cooperative Extension**

The Board was briefed on Extension's budgetary trends between FY 2006-2015. Similar to the college, compensation and employee benefits comprise most of Extension's budget. Downward budget trends have resulted in the downsizing of the Extension faculty work force as well as regionalization of services. It was reported that Extension's reduction of state Educational & General funds was 9.4% for the coming year, the same as other academic units. (Note: Individual Board members heard later in 2014 that it is likely that Extension took a disproportionately larger budget cut than other academic units.) Despite budget reductions, Extension is trying to maintain core Agricultural Food System and 4-H Youth Development programs. Extension leadership reached out to partners around the state to gather input on how to address budget cuts. Federal sequester cuts were also restored to Extension, representing welcome support in the face of University reductions of state appropriations.

### **Experiment Station Farm Facilities**

The Board was briefed on the experiment station farm facilities at the October 2014 meeting. Dr. Fred Servello is leading an effort internally with faculty and externally with agricultural groups to determine what farm and greenhouse facility capacity is needed now and in the foreseeable future to meet research needs and how to fund both ongoing operations and capital investments necessary to meet facility and equipment needs and lower operating costs. Concerns include that significant portions of the facilities are not up to current research standards, high energy use and other operating costs, and aging facilities. On the positive side there are signals that USDA has an interest in supporting capital improvements at land grant Universities in the near future.

The following is a sampling of current issues, needs and opportunities for experiment station facilities:

- Currently, the vegetable research capacity at Highmoor and Rogers farms is close to capacity.
- The Clapp greenhouse on campus was built in 1924. It is estimated that \$220,000 is needed to bring two of the houses to research standards.
- The dominant large animal activity at the Witter Center in recent years has been teaching. \$60,000 was spent to fix the Witter Center road. It is estimated that at least another \$740,000 in critical infrastructure and equipment replacements are needed.
- There appear to be opportunities to consolidate six buildings at Aroostook Farm to upgrade research functions and reduce operating costs.
- The University has been working with the Pomological Society to determine needs for research on modern advanced production systems at Highmoor Farm.
- The challenges are smaller at Blueberry Hill Farm because a new lab and shop were built about eight years ago with funding obtained and provided by Wild Blueberry growers and processors through the Wild Blueberry Commission.

### **Discussion with Chancellor Page**

Chancellor Page joined the Board at its October 2014 meeting. The Chancellor outlined for the Board the structural budget gap the University of Maine System is addressing. The Trustees and staff are working hard to restructure the System to meet the current needs of the state and reduce overhead costs. In an effort to prioritize, the University of Maine has identified significant and emerging programs. The Chancellor has allocated \$2M a year for 5 years to support research for Maine businesses in alignment with the seven Legislatively defined research sectors. He has three budget initiatives with the Governor and the Legislature for the next biennial budget: 1. Cost of Living increases in the Educational & General budget line, the first in seven years; 2. Continue the \$2.5M per year debt service supporting \$20-25M in capital needs; 3. Increasing the Maine Economic Improvement Fund (MEIF) to \$20M/year.

### **University Research and Development Funding and Budget Impacts**

In October the Board also received a briefing by Ryan Lowe, Interim Vice President for Administration and Finance, University of Maine, on the history, successes, and challenges with the MEIF funding. Board members acknowledged how important MEIF has been to support and maintain agricultural research and Extension infrastructure and provide state matching funds for grants. There was discussion on how it was important to provide Legislators with examples on how MEIF has helped the different agricultural sectors. There was consensus of the Board that it needed to actively support MEIF funding and base funding to the University in the next budget cycle.

It was also reported that as a result of budget cuts the NSFA college had a 6.3% reduction in faculty with no other staff reductions. The University offered an early retirement incentive which was accepted by 16 faculty, 1 research faculty and 2 professionals. Of this group the agriculturally related included: 1 animal science faculty, 1 food science faculty, and 1 food science staff person.

### **Plant and Animal Diagnostic Laboratory Bond Funding**

The Board discussed support for the Diagnostic Lab bond initiative at the February 2014 meeting which has been a high priority in recent years. Individual Board members recommitted to actively supporting the bond. It was agreed a subset of the Board should meet with Legislative leadership and the Governor's staff. A group of five Board members conducted the meetings in early March and received strong support from all for the bond. Many members from the agricultural community worked on the grass roots support for the diagnostic facility bond which was passed by Maine voters in November 2014. The leadership of Representative Dill and Executive Director Rebar on this bond initiative is acknowledged. The support of the Legislature, Governor, and the voters of Maine is appreciated.

### **Board Discussions and Recommendations**

During the February 2014 meeting Board members discussed the budget impacts to agricultural research and Extension capacity. The Board expressed concern with shrinking faculty numbers,

and the possible elimination of important research, teaching, and outreach programs of the experiment station, college and Extension. It also appears to the Board that new University of Maine System funding allocations does not factor in the value and the cost of the University land grant mission.

To address concerns, there was consensus that the Board needed to be in a better position to advocate for the University of Maine and the uniqueness of the land-grant mission and to advocate for increasing Maine Economic Improvement Fund (MEIF) funds, with agriculture continuing to be an important sector. The Board agreed it needed to have a deeper relationship with the University President, the Chancellor and the Board of Trustees. As a first step the Board agreed at the winter meeting that a working group of the Board should meet with the University president as soon as possible.

During the spring, summer and fall of 2014 a working group of the Board had multiple meetings with University of Maine leadership, including the President and the Chancellor. Working with the College, Experiment Station and Extension leadership, the working group and the Board developed a list of current critical faculty positions supporting Maine agriculture and food producers. A list of seven critical unmet expertise faculty positions was also developed. These lists were endorsed by Board consensus at its October 2014 meeting.

#### **Board of Agriculture Summary**

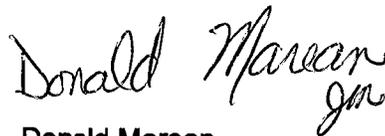
In 2014, the Board was extremely active in supporting critical agricultural research and Extension capacity at the University of Maine both with University leadership and the Legislature. The Board continues to work constructively with University leadership to identify and support critical capacity needs while at the same time being mindful of limited resources. Board members have acknowledged that addressing critical human capital needs and aging infrastructure related to experimental farms, facilities and labs is going to take a few years of focused commitment. The Board is pleased with the open dialogue it has had with University leadership and the Legislature and believes it can be successful in maintaining critical University capacity in support of the growth and protection of Maine agriculture. The Board is grateful that the bond for the Diagnostic Lab Facility passed after many years of effort.

We look forward to discussing the challenges and opportunities with the Committee at its convenience.

Regards,



David K. Bell  
Chair



Donald Marean  
Vice Chair

Cc: Board of Agriculture