The Structure of the Merger

Department of Agriculture, Conservation and Forestry

March 26, 2013

The following groups who participate in the Natural Resource Network (NRN) are in support of a well-executed merger resulting in the Department of Agriculture, Conservation and Forestry: Maine Aquaculture Association, Maine Farm Bureau, Maine Forest Products Council, Maine Professional Guides Association, Small Woodland Owners of Maine, Maine Snowmobile Association, Maine Potato Board, and the Wild Blueberry Commission of Maine. Some folks refer to us as Farming, Fishing, Forestry and Fun.

Reasons to Properly Complete the Department of Agriculture, Conservation and Forestry Merger Include:

- A merger will help to maintain and enhance Department services in the face of dwindling budgets over the recent decades.
- We still believe there are synergistic opportunities between agricultural, conservation and forestry functions.
- There is a long standing propensity for a merger. Mergers have been discussed for at least a couple of decades. The previous administration wanted to combine 4-5 natural resource related departments which we believe was the wrong scale and approach for agriculture, conservation and forestry.
- Previous proposals would have reduced the budgets of already resource deficient Departments. This effort does not.
- For these and other reasons we support a well implemented merger.

Members of the Natural Resource Network who endorse this effort have worked collaboratively to help design a functional and effective ACF Department. We bring a diverse set of experiences focused primarily on the perspectives of practitioners in our respective fields. Members of our organizations are farmers, foresters, landowners, resource managers and recreationalists who have for a long time recognized the similar concerns and principles we all share in managing natural resources.
We supported the merger last year based on two goals: there should be a reduction in administrative expenses and increased/improved services delivered to the department’s constituents. As currently proposed, we believe the merger plan contained in the Biennial Budget and in LD 837 fails to meet those two goals. However, we continue to support the merger of the departments of Conservation and Agriculture because we think it will result in a stronger voice for Maine's natural resource economy and help focus on the opportunities we all believe exist. In that spirit, we offer the following proposal.

See Chart Attached

**Bureaus**

The current design in the budget, with all programs and divisions organized in a flat-line reporting design, would detract from the focus on essential business and diminish the atmosphere of collaboration, which is so vital to the success of the merged department.

The group proposes the creation of four bureaus, each representing one of the department’s key areas of responsibility:

- Bureau of Agriculture
- Bureau of Forestry
- Bureau of Parks and Lands
- Bureau of Resource Information and Planning

Each of the Bureau Directors will be an appointed position, along with some of the Division Director Positions (Land Use Planning Commission, Geology and Forest Protection). Limiting appointed positions preserves expertise and continuity within the divisions and units.

Bureau Directors will be the key providers of services and enforcement and shall be empowered to perform their duties as efficiently as possible. Directors will be part of the Commissioner’s management team and report to him or her directly on matters of operational, financial and policy related issues. Directors shall biennially and as otherwise needed, prepare a budget for the bureau and submit it to the Commissioner.
Accountability

The ACF Department covers a broad geographical base throughout Maine. The nature of large-scale field operations requires reasonable financial autonomy at the Bureau Divisions level. Controls will emphasize efficiency and strong accountability without creating bottlenecks that delay essential services and effective operations.

Currently, two Natural Resource Service Center accountants are assigned to the ACF Department to ensure compliance with State accounting practices. In addition, centralized services have been created to reduce overhead structures in the natural resource agencies. Discussions about building absolute controls at the level of the Commissioner’s office and eliminating Bureau (currently division level) financial control and accountability would result in inefficient operations and are unacceptable.

We believe a more balanced system of financial controls and structure is required. The Commissioner, ultimately, is responsible for policies and procedures that reflect sound financial management, but Bureau Directors need to oversee implementation of these directives to their staffs.

To assist Bureau Directors, each will have a Resource Administrator assigned to their bureau to help prepare budgets and evaluate expenses incurred in day-to-day operations. They will also assist the Director in implementing cost controls and policy changes required by the Commissioner’s office.

Office of the Commissioner - Staffing

There are synergies in combining the two agencies, but efforts should be made to limit overhead expenses that may detract from program services. Prior to the merger, approximately five positions were housed in the Agriculture commissioner’s office, while the Conservation commissioner’s office had eight positions. Combining 146 Agriculture positions with approximately 400 Conservation positions should create incremental opportunities for the Commissioner to administer the ACF department with a staff of 8-10.

Limiting DiCap funding changes for three years is another mechanism included in this alternative proposal to help guide financial discipline in establishing the correct level of department overhead.
Natural Resource Economic Development Specialist (NREDS) – Replaces Deputy Commissioner of Economic Development and Marketing

The NREDS shall report to the Commissioner and shall not be involved in the day-to-day operations of the department. This person will focus on identifying strategic opportunities for agriculture, forestry, parks and public lands, and building business plans that coordinate government policies, regulations and permitting procedures to encourage private sector investment and economic growth. This is not a marketing function. Marketing functions would remain in the Resource Management Division under the new Bureau of Agriculture.

Examples of how this position could function:

a. Performing a strategic analysis of opportunities in the forestry sector (including private sector representatives) to develop more secondary processing (i.e. paper converting, hardwood flooring, furniture making). Determine factors within the control of state government that need to be addressed to achieve opportunities.

b. Benchmark Maine against other natural resource competitors in the US and globally to help inform policy decisions (e.g. cost of electricity, labor, raw material).

c. Gather and generate information, including surveys and statistics, to help inform policy decisions.

d. Work with agricultural groups to develop value added opportunities in their sectors.

Other Statutory Changes. We support Section 13 which repeals the sunset of the merger and Section 16 which clarifies creating a unified statutory framework for Department laws.

We recommend the section dealing with Potato Marketing Improvement Fund (PMIF) be address through LD 5 instead of in LD 1837.

We have some specific suggestions to the qualifications of the Commissioner, along with the Mission and Guiding Principles of the Department which we think reflects it’s wide ranging responsibilities.
SUMMARY

The organizations listed above are supportive of the merger, but we are concerned that the structure be carefully designed to meet the needs of the practitioners of agricultural and forest resource businesses, while protecting the public interest in natural resources.

The key to moving forward is a well implemented merger. We understand mergers of Departments are difficult as often operating cultures, policies and procedures are different and take time to align. Many of us have gone through mergers in the public and private sector. We also understand full implementation takes many units and individuals working together.

A lot of work has been done to date on the merger. We know mergers take a lot of extra work while ongoing programs must be carried out. We understand the ideas presented would require some statutory changes as well as budgetary changes. We know this will require additional work of the Legislature and the Department staff. We believe now is the right time to make appropriate corrections in the merger process for the long-term benefit of Maine’s Agricultural, Conservation and Forestry interests. In the interest of moving forward and for the moral of Department employees, we urge that the decisions to merge the departments be finalize in this legislative session. We look forward to working with this Committee and the full Legislature to implement the merger.