

Consolidating Agricultural Research Facility Management Would Improve Efficiency and Effectiveness

A presentation to the Joint Legislative
Program Evaluation Oversight Committee

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Agricultural Research Stations: Overview

S.L. 2007-323, Section 11.4(a)

- Study the structure and management practices of the 18 agricultural research stations
- Consider ways to achieve efficiency savings
- Consider whether to consolidate or transfer the stations to another State department



Agricultural Research Stations: Project Team

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Agricultural Research Stations: Overview

1. A strong agricultural research system is important to North Carolina industry and citizenry.
2. Current management structure hinders strategic planning.
3. Underutilized facilities could be eliminated and/or consolidated.



Agricultural Research Stations: Overview

Proposed Legislative Action

1. Consolidate central management
2. Close 7 underutilized stations, pending review
3. Sell or transfer discrete parcels attached to stations but not used for research
4. Sell or transfer Department of Agriculture forest tracts

See report p.1

Total Estimated Fiscal Impact

- ✓ \$3,671,413 (recurring)
- ✓ \$54,746,501 (non-recurring)



Agricultural Research Stations: Scope and Background



Background: Agriculture and Agricultural Research in North Carolina

- **Economic impact of agriculture and agribusiness (2005)**
 - \$66 billion in total income (19%)
- **Farmland comprises 29% of land in the state**
 - 48,000 farms
- **\$40.6 million in research grants awarded, 2002-2006**
- **NCSU and NCA&T research benefits local farmers**



See report pp.12-14

Three Guiding Assumptions

1. Focus on agricultural research station efficiency and management structure.
2. The purpose of research facilities is research and research-related activities.
3. Assessing efficiency and management structure required considering *all* research facilities as well as 5 forest tracts managed under the Research Stations Division.



Current Agricultural Research Facility Ownership and Management Structure

Research Stations
Manager: NCDA&CS

Owner: NCDA&CS



Sites: 12

Owner: NCSU



Sites: 6

Field Laboratories
Owner/Manager: NCSU



Sites: 10

University Farm
Owner/Manager:

NCA&T



Sites: 1

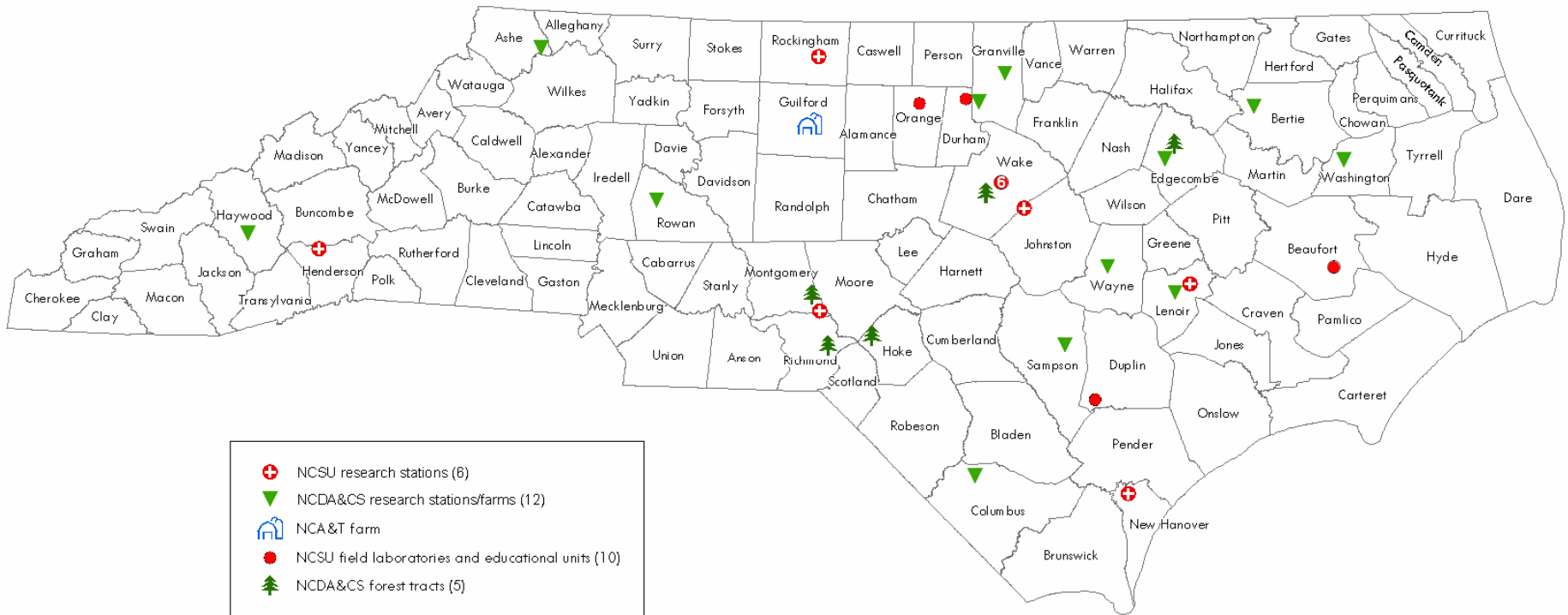
Forest Tracts
Owner/Manager:
NCDA&CS



Sites: 5

Source: Program Evaluation Division based on data from NCDA&CS, NCSU, and NCA&T

Agricultural Research Facilities and Forest Tracts



Agricultural Research Stations: Data Sources

- **On-site facility inspections and staff interviews**
- **NCDA&CS, NCSU, and NCA&T past and current administrators**
- **NCA&T and NCSU faculty researchers**
- **Commodity association leaders**
- **Other states**
- **2002-2007 fiscal and research grant data**

See report p.2



Agricultural Research Facilities: Key Findings



Finding 1. The Current Management Structure Hinders Strategic Planning

- **There is no strategic plan**
- **Other states engage in strategic planning**
- **Resource utilization data are insufficient to determine return on research investment**

See report pp.6-9



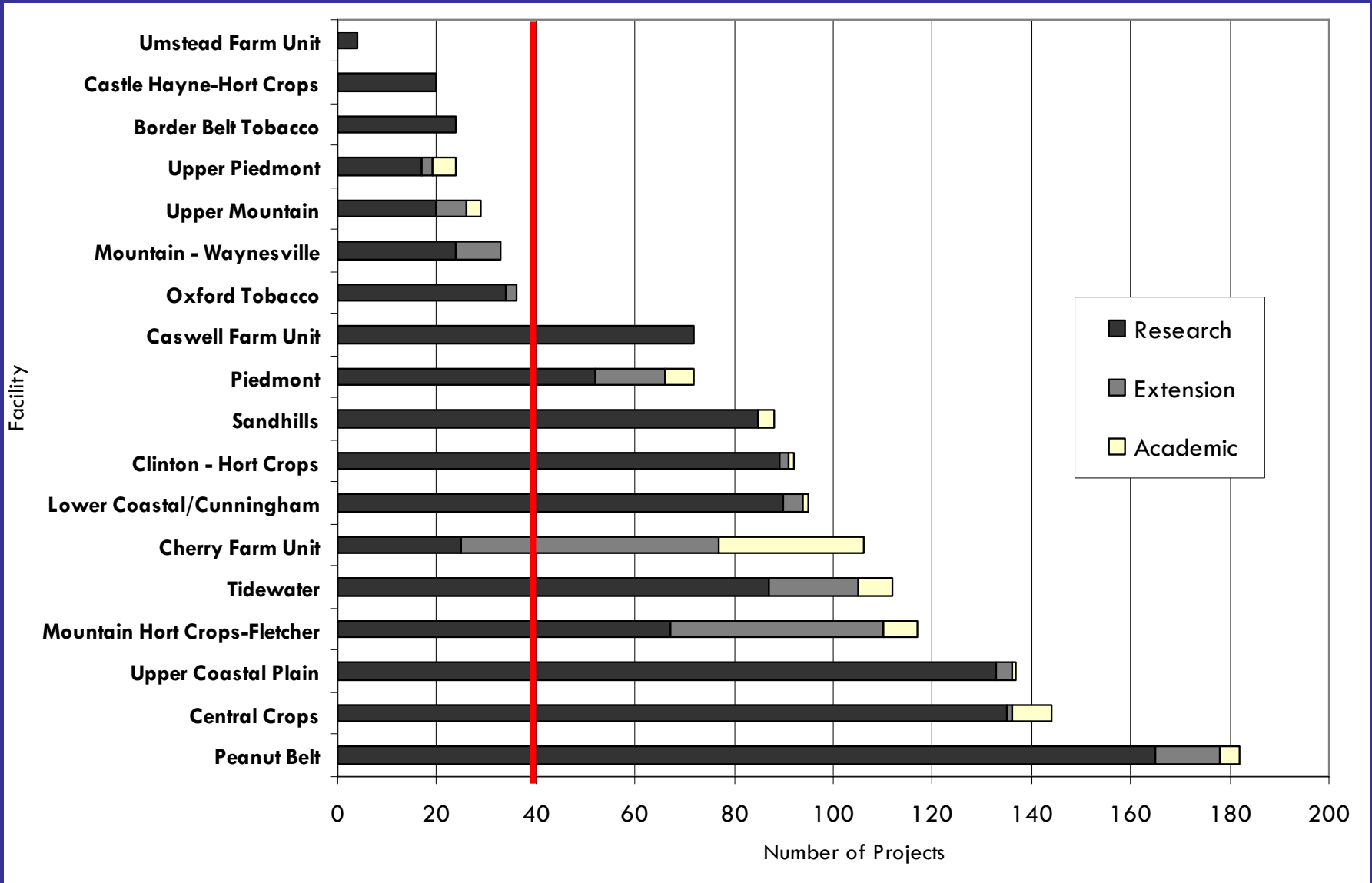
Finding 2. Facilities Could Be Eliminated and/or Consolidated

- Facilities struggle to meet research needs
- Other states operate fewer facilities
- Forest tracts are not used for research
- Some stations appear to be under-utilized



See report pp. 9-12

Some Stations May Be Underutilized



Agricultural Research Facilities: Recommendations



Recommendation 1: Create a System Managed by Land-Grant Universities

- **Transfer station ownership to NCSU**
- **NCA&T retains its farm**
- **System managed by department deans**
- **Forest tracts remain with the Department of Agriculture to be reviewed for transfer to another agency**
 - **Potential conservation value**
 - **If not transferred, then land should be sold**

See report pp.14-16



Recommendation 2: Establish an Advisory Board to Guide the System

- **Provide leadership and vision to system managers**
- **Membership from:**
 - **Department of Agriculture,**
 - **Both land-grant universities, and**
 - **Wider agricultural interests.**
- **Oversee a comprehensive review**

See report pp.16-18



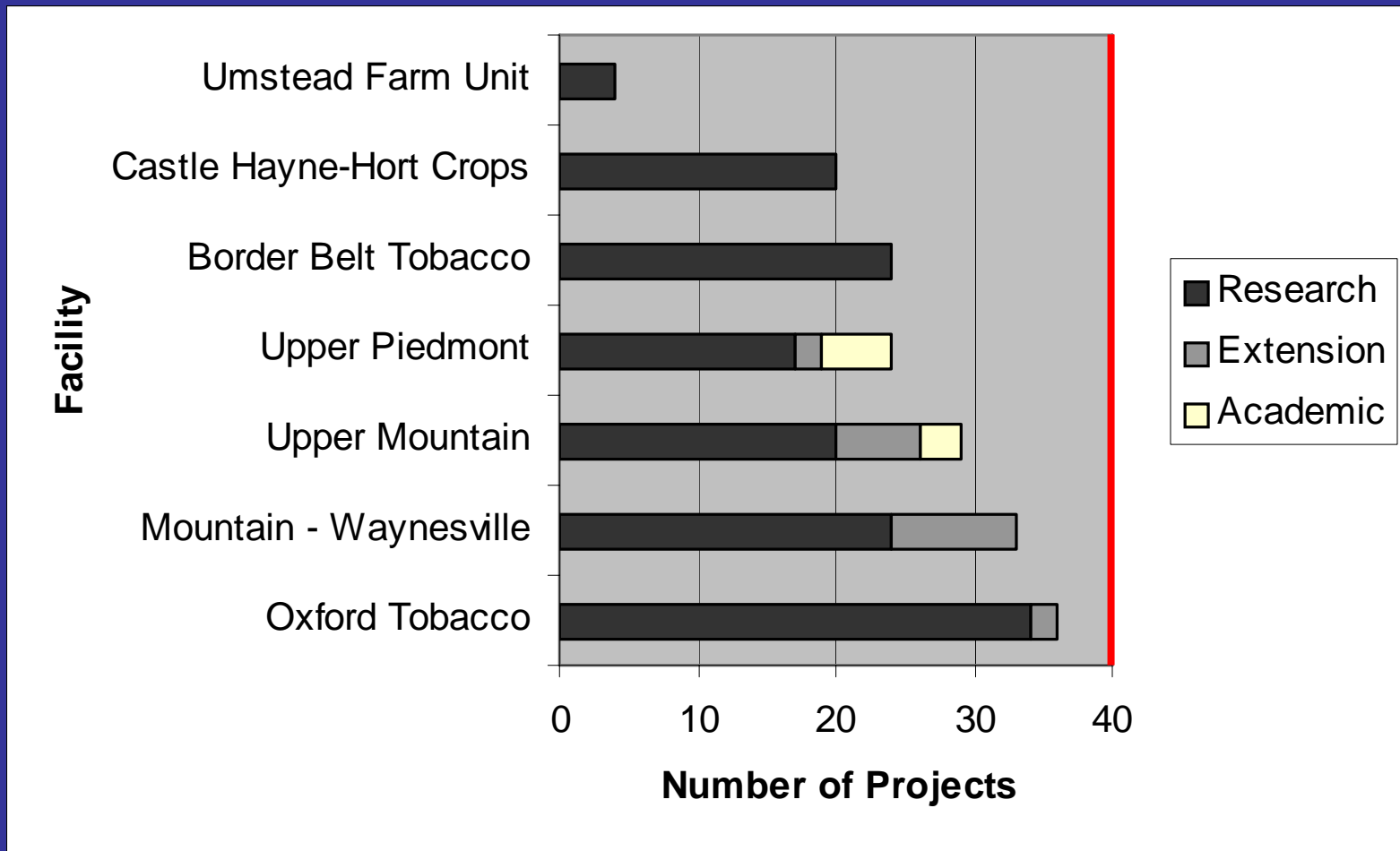
Recommendation 3: Conduct a Comprehensive Review of the System

- **Advisory Board appoints panel of out-of-state experts**
- **Guided by:**
 - **Agricultural science**
 - **Current needs and capacity**
 - **Future trends**
- **Recommend streamlining strategies**
 - **Consider actions suggested in this report**

See report pp.18-20



Consider Closing 7 Stations that Hosted 12% of Projects in 2007



Recommendation 4: Accountability

- Annual reports to appropriate substantive and appropriations committees on:
 - Review panel findings and strategic plans
 - Advisory board activity
 - System inputs
 - Resource utilization
 - Research outcomes and economic impact



See report pp.20-21

Counter-Arguments

- *If it ain't broke...*
- *NCDA&CS provides direct accountability to the people.*
- *Farmland preservation is a priority.*
- Restructuring is needed to create a unified system of facilities, and this is essential to efficiency.
- The Department of Agriculture should continue to provide guidance on the Advisory Board; researchers are ultimately responsible for assuring relevance and return on investment.
- All recommended transfers will be reviewed before implementation



Summary

- **Recommended streamlining could save up to \$3.7 million in recurring and \$54.7 million nonrecurring funds.**
- **A strong, accountable system for agricultural research is important to North Carolina.**
- **As research institutions, the land-grant universities are best suited to manage a unified system of facilities.**
- **The system must be guided by a comprehensive strategic plan with continuing input from the Department of Agriculture.**
- **PED is preparing draft legislation.**

