

COL A93		
SCH VIIIB-2		
REDUCTIONS		
POS	AMOUNT	CODES
CITRUS, DEPT OF		57000000
<u>AGRIC PRODUCTS MARKETING</u>		57030000
<u>ECONOMIC OPPORTUNITIES</u>		11
<u>BUSINESS DEVELOPMENT</u>		<u>1101.00.00.00</u>
PROGRAM REDUCTIONS		33V0000
REDUCTION OF PAID ADVERTISING /		
PROMOTIONS		33V0100
SPECIAL CATEGORIES		100000
PAID ADVERTISING/PROMOTION		102380
CITRUS ADVERTISING TF.....	2,777,449-	2090
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AGENCY ISSUE NARRATIVE:

SCH VIIIB-2 NARR 13-14 NARRATIVE:

IT COMPONENT? NO

Priority #1  
 Department of Citrus  
 Schedule VIIIB-2 LBR 2012-13  
 Priority Listing of Agency Budget Issues for Possible Reduction for Legislative Budget Request Year

Summary Narrative:

The planned appropriations request for 2013-14 is \$61.1 million, the same as current year, which includes a reduction of \$5 million from 2011-12 appropriations. This will adequately support an expected 2013-14 operating budget of approximately \$53 million, which primarily funds marketing of Florida citrus products, with a smaller allocation to support citrus research programs. The gap between appropriations and the internal operating budget is needed to allow for additional revenue generated by larger crops, or unexpected federal grant awards for scientific research activity.

Because the Department's programs are directly funded by a tax on growers, any attempt to balance the general budget of the state by capturing citrus trust funds would amount to a general tax increase on a select group. The Department does not recommend reductions to the current operating budget unless acts of God take place that reduce the projected production of Florida citrus in the 2013-14 season. To mitigate that situation the Department plans advertising programs with flexibility to reduce television and on-line media advertising in the last half of the year without incurring penalties.

As with most other consumer goods at retail, the price of orange juice has increased substantially over recent years. The Department's advertising messages intend to give consumers a reason other than price to purchase and drink orange juice. With a health conscious-society, Florida orange juice is the perfect beverage to naturally provide vitamin C and other antioxidants that consumers desire. Our current message, "Take on the Day", helps consumers relate the benefits of Florida orange juice to their everyday living.

In the event of a Florida citrus crop shortfall, orange juice television and on-line advertising would be reduced. The result would be a loss of targeted rating points (TRPs), the system used by the advertising industry to measure the reach and frequency of each commercial spot. The TRPs expected for 2013-14 are at levels lower than prior years because of already declining budgets. The impact of further reductions would affect other metrics such as reducing consumer recall of the generic orange juice message and reductions in consumer intent to purchase orange juice on their next shopping trip. This translates to lower sales of orange juice at retail stores, increased inventory build up, and ultimately

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lower prices to Florida citrus growers at a time when all costs are increasing.

The Department of Citrus does not recommend a 5% or \$2,777,449 reduction to recurring funds for 2013-14 because of the financial consequences to the Florida citrus grower, the \$9 billion Florida citrus industry and the State of Florida.

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