

COL A93		
SCH VIIIIB-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.....	2,820,371-	2090
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AGENCY ISSUE NARRATIVE:

SCH VIIIIB-2 NARR 14-15 NARRATIVE:

IT COMPONENT? NO

Priority #1
 Department of Citrus
 Schedule VIIIIB-2 LBR 2014-15
 Priority Listing of Agency Budget Issues for Possible Reduction for Legislative Budget Request Year

Summary Narrative:

The planned appropriations request for 2014-15 is \$58.2 million, which already includes a reduction of \$3.1 million as compared to 2013-14 appropriations. This will adequately support an expected 2014-15 operating budget of approximately \$48.1 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 allows for fluctuations in crop forecasts during the season. Additional trust fund revenue may be generated by larger crops, or unexpected federal grant awards for scientific research activity, which could increase the Department's operating budget.

The Department does not receive any general revenue to support its budget. The Department's programs are directly funded by a tax on citrus growers, which is restricted by enabling legislation under Chapter 601 of the Florida Statutes. To mitigate the impact of act of God which could reduce revenues, 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. Therefore, the Department does not recommend reductions to the legislative budget request.

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 consumer's desire. Our current message helps consumers relate the benefits of Florida orange juice to their everyday living, "Take on the Day".

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 2014-15 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 lower

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

The Department of Citrus does not recommend a 5% or \$2,820,371 reduction to recurring funds for 2014-15 because of the financial consequences to the Florida citrus grower, the \$9 billion Florida citrus industry and the State of Florida.
