

AGRICULTURE
House Committee Recommendation
House Bill 5875 H-1
FY 2010-11

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IDG/IDT	FY 2009-10 YTD as of 2/12/10	FY 2009-10 Executive	FY 2009-10 House Committee	FY 2009-10 Senate	FY 2009-10 Enacted	Difference: House Committee From FY 2009-10 YTD	
						Amount	%
Federal							
ARRA	22,300					(22,300)	
Non-ARRA	15,531,100	14,769,900	14,769,900			(761,200)	(4.9)
Local							
Private	243,200	260,100	260,100			16,900	6.9%
Restricted	33,809,600	33,530,000	28,621,200			(5,188,400)	(15.3)
GF/GP	30,050,500	28,828,700	28,828,700			(1,221,800)	(4.1%)
Gross	\$80,369,000	\$77,677,800	\$72,769,000			(\$7,600,000)	(9.5%)
FTEs	573.0	459.9	454.4			(118.6)	(20.7)

Notes: (1) FY 2009-10 appropriation figures do not reflect the impact of executive order, supplemental, or transfer adjustments made after the release of the FY 2009-10 Executive Budget on February 12. (2) "ARRA" represents temporary funds received under federal American Recovery and Reinvestment Act.

Overview

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

Summary of Major Budget Issues

House Substitute HB 5857 H-1 is \$4.9 million less (Gross) than the **Executive** recommendation. General Fund appropriations would be the same as proposed by the Executive. The differences between the House Substitute and the Executive all relate to restricted funds; the House Substitute does not recognize proposed increases in dairy inspection fees or migrant labor housing inspection fees proposed by the Executive. In addition, the House substitute does not include revenue from the Refined Petroleum Fund. The fee supporting the Refined Petroleum Fund is set to sunset at the end of this fiscal year. The Executive budget assumes extending the sunset and recognizes \$3.9 million in the Agriculture budget. Most of the Refined Petroleum Fund revenue in this budget had been appropriated for the motor fuel quality and consumer protection programs, as well as for certain administrative support lines.

Major Budget Changes From FY 2009-10 YTD Appropriations

Except as noted, the House substitute follows the Executive Rec.

		FY 2009-10 YTD (as of 2/12/10)	House Committee Change From YTD
1. Commissions and Boards	Gross	\$23,800	\$0
No change from current year.	Restricted	8,800	0
	GF/GP	\$15,000	\$0
2. Unclassified Positions	FTEs	2.0	0.0
No change from current year.	Gross	\$213,000	\$0
	GF/GP	\$213,000	\$0
3. Executive Direction	FTEs	10.0	(2.0)
Reduces FTE count to better align with actual. Increase reflects economic factors.	Gross	\$973,800	\$52,000
	Restricted	36,500	1,900
	GF/GP	\$937,300	\$50,100

Major Budget Changes From FY 2009-10 YTD Appropriations

Except as noted, the House substitute follows the Executive Rec.

4. Management Services

Increase of \$54,000 reflects economic factors. Offset by shift of 8.0 FTEs and \$878,300 GF/GP to MDOT as part of accounting function consolidation (see item 8 below), additional 4.0 reduction in FTE count to better align with actual.

	FY 2009-10 YTD (as of 2/12/10)	House Committee Change From YTD
FTEs	24.0	(12.0)
Gross	\$1,840,900	(\$882,100)
Restricted	121,000	(50,900)
GF/GP	\$1,719,900	(\$831,200)

The House substitute does not recognize \$57,800 in Refined Petroleum Fund revenue.

5. Statistical Reporting Service

Increase reflects economic factors.

FTEs	1.0	0.0
Gross	\$145,000	\$5,300
Restricted	79,700	2,900
GF/GP	\$65,300	\$2,400

6. Emergency Management

Increase reflects economic factors.

FTEs	6.5	(0.0)
Gross	\$747,100	\$12,300
Federal	500,000	12,300
Restricted	0	0
GF/GP	\$247,100	\$0

7. Producer Security/Grain Dealer Licensing

Function transferred to Pesticide and Plant Pest Management Division (see below).

FTEs	5.0	(5.0)
Gross	\$238,500	(\$238,500)
Restricted	238,500	(238,500)
GF/GP	\$0	\$0

8. Accounting Service Center

Reflects consolidation and transfer of accounting functions and related FTEs and funding to the Michigan Department of Transportation.

Gross	\$0	\$878,300
GF/GP	\$0	\$878,300

9. Departmentwide – Rent and Building Occupancy

The Executive recommends \$1,042,200 which better reflects actual department building occupancy costs. However; since there is no GF/GP revenue appropriated, the appropriation may not be supported by actual revenue. Building occupancy costs not supported by actual revenue are charged to department program lines.

Gross	\$421,100	\$363,900
Federal	153,400	311,000
Restricted	267,700	52,900
GF/GP	\$0	\$0

The House substitute does not recognize \$257,200 in Refined Petroleum Fund revenue.

10. Food and Dairy – Food Safety and Quality Assurance

Reflects economic factors of \$620,200 gross, \$441,600 GF/GP, and reduces FTE count to better align with actual. Represents largest use of GF/GP revenue in this budget.

FTEs	115.0	(8.0)
Gross	\$12,539,700	\$120,200
Federal	470,500	23,200
Restricted	3,139,100	155,400
GF/GP	\$8,930,100	(\$58,400)

Executive proposed to offset a \$500,000 reduction in GF/GP support with restricted revenue from a proposed alternative milk inspection fee. *The House substitute does not recognize the proposed \$500,000 in increased dairy inspection fee revenue.*

Note that the current year budget does recognize \$100,000 in new milk inspection fee revenue. Senate Bills 1131 and 1132 would amend the Grade A Milk Law of 2001 and the Manufacturing Milk Law of 2001, respectively, to increase dairy inspection fees by an estimated \$100,000. The two bills have passed both chambers in identical form but have not yet been presented to the Governor.

Major Budget Changes From FY 2009-10 YTD Appropriations

Except as noted, the House substitute follows the Executive Rec.

11. Animal Industry – Animal Health and Welfare

Reflects the elimination of \$259,400 in baseline GF/GP support, and elimination of 2.1 FTE positions. In some cases, the reduction in funding would eliminate programs; in other cases the program would be maintained with only restricted fund support. Specific program reductions are as follows:

Animal Control Shelter program (\$150,000)
Animal Protection Shelters (\$70,400)
Aquaculture licensing program (\$20,000)
Bodies of Dead Animals program (\$750)
Livestock Marketing (\$2,200)
Animal Shelters program (\$8,000)
Animal Welfare program (\$8,000) *

Budget eliminates \$75,000 IDG related to Cervid fees; no actual revenue is available to support this IDG.

Reflects economic factors of \$70,100 Gross, \$47,800 GF/GP, and transfer of 7.0 FTE positions to Bovine TB line to better align with actual program funding.

* The Executive budget appears to make a \$8,000 GF/GP reduction related to department activities under 117 PA 2009 relating to animal welfare, however, no funds are currently provided for those activities under the current year budget.

12. Animal Industry – Bovine Tuberculosis

State Budget Office identified economic increases of \$233,400 Gross, \$208,500 GF/GP. The \$6.6 million GF/GP appropriation is the second largest use of GF/GP within this budget.

13. Pesticide and Plant Pest Management – PPPM

Reflects economic adjustments of \$500,900 Gross, \$194,300 GF/GP. Reduces FTE count by 12.0 to better align with actual.

Reduces GF/GP support for Plant Health and Export program by \$379,400 and eliminates 4.0 FTE positions – a 22% reduction in GF/GP support for this program. GF/GP funding is \$3.8 million; GF/GP support had been \$6.6 million in FY 2000-01.

Budget retains \$200,000 in pesticide dealer license fee revenue in the base. This restricted revenue was used to replace GF/GP in the FY 2007-08 budget, in anticipated the passage of 2008 PA 18. The fee generated no additional revenue in FY 2007-08 and only \$17,700 in actual revenue in FY 2008-09.

14. Emerald Ash Borer Program

Appropriation of \$2.1 million reflects continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05.

15. Producer Security/Grain Dealer Licensing – PPPM

In the current year this line item is in the Executive direction appropriation unit, funded at \$238,500. The proposed \$14,100 increase reflects economic factors. The department indicates that the program can not be sustained at current funding levels.

	FY 2009-10 YTD (as of 2/12/10)	House Committee Change From YTD
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FTEs	21.5	(9.1)
Gross	\$2,290,800	(\$263,700)
IDG	75,000	(75,000)
Federal	470,100	15,100
Restricted	246,000	7,800
GF/GP	\$1,499,700	(\$211,600)

FTEs	48.5	7.0
Gross	\$7,338,300	\$233,400
Federal	781,100	24,900
GF/GP	\$6,557,200	\$208,500

FTEs	110.0	(16.0)
Gross	\$11,929,300	(\$562,500)
Federal	2,549,600	(530,100)
Private	152,600	13,800
Restricted	5,211,800	138,900
GF/GP	\$4,015,300	(\$185,100)

FTEs	24.5	(14.5)
Gross	\$3,034,200	(\$895,700)
Federal	3,034,200	(895,700)

FTEs	0.0	4.0
Gross	\$0	\$252,600
Restricted	0	252,600
GF/GP	\$0	\$0

Major Budget Changes From FY 2009-10 YTD Appropriations

Except as noted, the House substitute follows the Executive Rec.

16. Environmental Stewardship

Gross appropriation is \$910,100 Gross, \$718,600 GF/GP – GF/GP funding for this program had been \$2.7 million in FY 2000-01.

The Executive would shift authority for the Michigan Agriculture Environmental Assurance Program (MAEAP) to Michigan State University's Agriculture Experiment Station, with associated reduction of \$586,400 GF/GP and 5.0 FTE positions. There is no corresponding budgetary increase for MSU in the Higher Education budget. The shift would require amendment of Section 8707 of the Michigan Natural Resources and Environmental Protection Act which currently gives the department primary authority over the program.

Reduces department support for Right to Farm program by \$150,000 GF/GP and 1.0 FTE position.

Eliminates \$351,600 IDG from MDEQ related for MAEAP program; the IDG is not supported by actual revenue.

Shifts Migrant labor housing inspection program to separate line item, resulting in a reduction of \$537,900 GP/GP and the shift of \$110,000 in migrant labor housing inspection fees to the new line.

Reflects economic factors of \$63,500 gross, \$55,600 GF/GP, and elimination of 5.0 FTE positions to better align with actual program funding.

16a. Michigan Agriculture Environmental Assurance Program (MAEAP)

The H-1 substitute includes a \$100 placeholder for a new MAEAP line item.

17. Groundwater/Freshwater Protection Program

Reflects economic increase of \$99,000. Federal funding from EPA grants; restricted revenue from Freshwater protection fund.

18. Farmland/Open Space Preservation

Reduces funding from Freshwater Protection Fund by \$131,000 to better reflect actual revenue. State Budget Office spread economic increases of \$52,700 to Agriculture Preservation Fund.

19. Agriculture Pollution Prevention Program

No change from current year appropriation.

	FY 2009-10 YTD (as of 2/12/10)	House Committee Change From YTD
FTEs	27.0	(19.0)
Gross	\$2,582,500	(\$1,672,400)
IDG	445,400	(348,200)
Federal	39,500	2,200
Restricted	160,400	(107,700)
GF/GP	\$1,937,200	(\$1,218,700)
Gross	\$0	\$100
GF/GP	\$0	\$100
FTEs	15.0	0.0
Gross	\$5,255,100	\$99,000
Federal	215,500	99,000
Restricted	5,039,600	0
FTEs	9.0	0.0
Gross	\$1,006,900	(\$78,300)
Restricted	1,006,900	(78,300)
Gross	\$1,000,100	\$0
Federal	1,000,000	0
Restricted	100	0

Major Budget Changes From FY 2009-10 YTD Appropriations

Except as noted, the House substitute follows the Executive Rec.

20. Migrant Labor Housing

Consolidates inspection program (transferred from Environmental stewardship line) with grant program. The current year inspection program in Environmental stewardship had been funded with \$537,900 GF/GP. The current year budget also recognized \$110,000 in restricted funding from a proposed \$5 per occupant migrant labor housing inspection fee. House Bills 5657 and 5658 were recently enacted as 2010 PA 14 and 2010 PA 13 to establish the new \$5 fee.

	FY 2009-10 YTD (as of 2/12/10)	House Committee Change From YTD
FTEs	0.0	2.0
Gross	\$425,100	\$179,700
Federal	400,000	63,900
Restricted	25,000	115,900
GF/GP	\$100	(\$100)

The Executive proposed to offset a reduction in GF/GP funding through a \$25 increase in the inspection fee. The proposed \$30 per occupant regulatory fee was estimated to generate \$647,900 – a \$537,900 increase from the current year baseline.

The House substitute does not recognize the proposed \$537,900 in increased migrant labor housing inspection fee revenue. The House substitute recognizes only 2.0 FTE positions; the Executive budget had recognized 8.0. The House substitute is also \$100 GF/GP less than the Executive and current year.

21. Laboratory Services

Reflects economic increase of \$249,400 Gross, \$104,000 GF/GP. Reduces FTE count to better align with actual. Appropriation includes \$2.6 million GF/GP – GF/GP funding for this program had been \$4.0 million in FY 2000-01.

FTEs	63.0	(18.0)
Gross	\$5,893,100	(\$155,600)
IDG	189,100	0
Federal	916,200	0
Restricted	2,330,600	(259,600)
GF/GP	\$2,457,200	\$104,000

The House substitute does not recognize \$405,000 in Refined Petroleum Fund revenue.

22. USDA Monitoring

Reflects economic increase. Reduces FTE count to better align with actual.

FTEs	17.0	(4.0)
Gross	\$2,171,700	\$87,300
Federal	2,171,700	87,300

23. Consumer Protection Program

Reflects economic adjustments of \$260,700 Gross; \$100 GF/GP.

Line item supports motor fuel quality program, weights and measures, and metrology laboratory. Restricted revenue includes \$3.0 million from the Refined petroleum fund. The fee that supports the Refined petroleum fund is set to sunset on September 30, 2010. The Executive budget assumes extending the sunset.

FTEs	51.0	(12.0)
Gross	\$5,237,400	(\$2,890,200)
Restricted	5,236,900	(2,890,300)
GF/GP	\$500	\$100

The House substitute does not recognize \$3,150,900 in Refined Petroleum Fund revenue.

24. Agriculture Development

Reflects economic increase of \$35,400. Reduces FTE count to better align with actual; \$27,300 baseline GF/GP reduction.

Appropriation includes \$305,300 GF/GP – GF/GP funding had been \$915,000 FY 2000-01.

FTEs	6.0	(2.0)
Gross	\$2,177,000	\$8,100
Private	10,900	200
Federal	1,579,300	25,700
Restricted	259,500	4,200
GF/GP	\$327,300	(\$22,000)

25. Grape and Wine Program

Recognizes economic increase.

FTEs	3.0	0.0
Gross	\$722,200	\$14,600
Restricted	722,200	14,600
GF/GP	\$0	\$0

Major Budget Changes From FY 2009-10 YTD Appropriations

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26. Fairs and Racing

Recognizes economic increase. The fund source for this line item is the Agriculture Equine Industry Development Fund (AEIDF).

	FY 2009-10 YTD (as of 2/12/10)	House Committee Change From YTD
FTEs	4.0	0.0
Gross	\$496,500	\$29,400
Restricted	496,500	29,400
GF/GP	\$0	\$0

27. Horse Racing Programs

AEIDF funding for horse racing programs at current year levels.

Gross	\$4,568,000	\$0
Restricted	4,568,000	0

	Current YTD
Purses & supplements-fairs/licensed tracks	\$1,019,100
Licensed tracks - light horse racing	56,800
Standardbred (SB) breeders' awards	416,700
SB purses/supplements-licensed tracks	769,400
SB sire stakes	348,300
SB training and stabling	15,500
Thoroughbred owners' awards	53,300
Thoroughbred program	1,032,000
Thoroughbred sire stakes	356,900
Distribution of outstanding winning tickets	500,000
Total	\$4,568,000

28. Office of Racing Commissioner

Reflects the transfer of this office to the Michigan Gaming Control Board (MGCB). The related funding from the AEIDF was also transferred to the MGCB in the General Government budget.

FTEs	10.0	(10.0)
Gross	\$1,785,000	(\$1,785,000)
Restricted	1,785,000	(1,785,000)

29. Information Technology

Reflects transfer of Office of Racing Commission to the MGCB and related transfer of \$120,000 in associated AEIDF revenue. Budget recognizes \$82,800 in economic increases.

Gross	\$1,540,300	(\$39,900)
IDG	2,800	0
Restricted	409,500	(101,700)
GF/GP	\$1,128,000	\$61,800

30. Capital Outlay - Farmland/Open Space Acquisition

Adjusts state restricted Agriculture Preservation Fund support to better align with available revenue.

Gross	\$3,750,000	(\$450,000)
Federal	1,250,000	0
Restricted	2,500,000	(450,000)

31. Economics

State Budget Office identified \$3.2 million for economic increases: \$857,200 for employee salary and wages; \$528,900 for insurances increases; \$1.2 million for retirement contributions; \$31,600 for workers compensation, and \$621,100 for building occupancy charges. The increase in building occupancy better reflects actual department building occupancy costs, which have been under appropriated. In addition, the budget recognizes \$82,800 in economic increases related to information technology.

Gross	N/A	\$3,241,300
IDG	N/A	3,400
Federal	N/A	917,000
Private	N/A	16,900
Restricted	N/A	1,147,200
GF/GP	N/A	\$1,156,800

Major Boilerplate Changes From FY 2009-10

The House substitute does not include any new boilerplate sections.

The House substitute updates reporting requirements for sections 229 (Impact of Administrative Rules); 237 (General Fund lapse estimate); 402 (Food-borne illness report); 706 (Ag. Development report); and 709 (Grape and Wine Industry Council report).

The House substitute deletes sections 212(2) (Indemnification due to animal kills); 220 (standard Information Technology language no longer requested by State Budget Office); 224 (Employee discipline/ communicating with legislative branch); 232 (Continuous improvement report); 235 (C. S. Mott funding); 238 (FTE report); 407 (Dairy Inspection baseline); 455 (Animal ID); 456 (Animal ID); 457 (Bovine TB quarterly report); 458 (aquaculture inspection baseline); 459 (Bovine TB exemption from hiring freeze); 460 (aquaculture inspection baseline); 608 (right to farm program baseline); 609 (legislative intent regarding migrant labor housing inspection fees); 610 (water withdrawal directive); 705 (export market directive); 707 (regarding Julian-Stille grants); and 713 (\$100,000 earmark for export market development).