

**FY 2013-14: DEPARTMENT OF  
AGRICULTURE AND RURAL DEVELOPMENT**  
**Summary: As Passed by the Senate**  
**Senate Bill 201**



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	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	<i>Difference: Senate From FY 2012-13 YTD</i>	
						<i>Amount</i>	<i>%</i>
<b>IDG/IDT</b>	\$519,300	\$524,300	\$524,300	\$524,300		\$5,000	1.0
<b>Federal</b>	11,199,600	9,720,900	9,720,900	9,720,900		(1,478,700)	(13.2)
<b>Local</b>	0	0	0	0		0	--
<b>Private</b>	175,800	96,900	96,900	96,900		(78,900)	(44.9)
<b>Restricted</b>	28,959,400	29,020,900	29,020,900	29,020,900		61,500	0.2
<b>GF/GP</b>	36,098,900	37,630,300	37,430,300	39,780,300		3,681,440	10.2
<b>Gross</b>	<b>\$76,953,000</b>	<b>\$76,993,300</b>	<b>\$76,793,300</b>	<b>\$79,143,300</b>		<b>\$2,190,300</b>	<b>2.9</b>
<b>FTEs</b>	431.0	434.0	434.0	435.0		4.0	0.9

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

**Overview**

The Department of Agriculture and Rural Development's key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

**Major Budget Changes From FY 2012-13 YTD Appropriations**

**1. Economic Adjustments**

The Senate and House concur with the Executive to reflect increased costs of \$1.8 million Gross (\$0.9 million GF/GP) for negotiated salary and wage amounts, insurance rate increases, actuarially-required retirement rate increases, building and other economic adjustments. Additional economics increase of \$1.2 million Gross (\$0.7 million GF/GP) is projected for FY 2014-15.

	<b>FY 2012-13 Year-to-Date (as of 2/7/13)</b>	<b>FY 2013-14 Senate Change</b>
<b>Gross</b>	<b>N/A</b>	<b>\$1,764,400</b>
IDG	N/A	7,400
Federal	N/A	230,300
Private	N/A	3,400
Restricted	N/A	618,700
GF/GP	N/A	\$904,600

**2. Food Safety**

The Senate and House concur with the Executive to include net \$250,000 GF/GP reduction for food safety wholesale and retail sampling and follow-up and related laboratory testing with elimination of \$500,000 GF/GP one-time funding, offset by \$250,000 GF/GP increase in ongoing funding. The ongoing funding increase is allocated \$65,000 to food safety and \$185,000 to laboratory services. YTD shown is Food Safety and Quality Assurance line item, and one-time New Food Safety Requirements line item.

<b>Gross</b>	<b>\$10,667,500</b>	<b>(\$250,000)</b>
Federal	687,400	0
Restricted	3,296,400	0
GF/GP	\$6,683,700	(\$250,000)

**3. Produce Assurance and Certification Program**

The Senate and House concur with the Executive to include net \$12,400 Gross reduction for Pesticide and Plant Pest Management. \$1.0 million GF/GP and 8.0 FTEs are added to maintain and enhance current inspection and certification programs to assure safety and integrity of agricultural products and commodities for export and for domestic purchase, including certificate requests, sampling and laboratory analysis, survey activities, and outreach to identify presence of exotic pests. GF/GP increase offsets reductions to the program of 4.0 FTEs and \$1.0 million, which include \$435,600 federal USDA and EPA categorical grant funds, \$66,800 private funding and \$510,000 state restricted funds.

FTEs	77.0	4.0
<b>Gross</b>	<b>\$10,610,100</b>	<b>(\$12,400)</b>
Federal	2,049,300	(435,600)
Private	86,800	(66,800)
Restricted	4,837,400	(510,000)
GF/GP	\$3,636,600	\$1,000,000

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Senate Change	
<b>4. Animal Industry - Disease Prevention and Response</b>		<b>Gross</b>	<b>\$8,956,700</b>	<b>(\$449,300)</b>
The <u>Senate</u> and <u>House</u> concur with the <u>Executive</u> to recognize revenue reductions to the animal disease prevention and response program including decline of \$336,200 from federal USDA grants, and decline of \$113,100 from agriculture licensing and inspection fees.		Federal	880,400	(336,200)
		Restricted	332,700	(113,100)
		GF/GP	\$7,743,600	\$0
<b>5. Producer Security/Grain Dealer Program</b>		FTEs	4.0	1.0
The <u>Senate</u> and <u>House</u> concur with the <u>Executive</u> to reflect increase of 1.0 FTE and \$150,000 of state restricted fee revenue from recently enacted grain dealer license fee increase (PA 148 of 2012). Funds are used to provide regulatory oversight of grain dealers and administer the farm producer security program.		<b>Gross</b>	<b>\$574,200</b>	<b>\$150,000</b>
		Restricted	557,400	150,000
		GF/GP	\$16,800	\$0
<b>6. Farmland and Open Space Preservation</b>		<b>Gross</b>	<b>\$1,372,000</b>	<b>\$192,500</b>
The <u>Senate</u> and <u>House</u> concur with the <u>Executive</u> to: 1) increase funding for administration of the Farmland and Open Space Preservation program by \$392,500 from the state restricted Agricultural Preservation Fund, an increase from \$872,000 to \$1.26 million, which requires statutory amendment; 2) reduce capital outlay appropriation for farmland and open space development acquisition from \$500,000 to \$300,000 of funds from the state restricted Agricultural Preservation Fund.		Restricted	1,372,000	192,500
		GF/GP	\$0	\$0
<b>7. Agriculture Drain Survey and Registration</b>		<b>Gross</b>	<b>N/A</b>	<b>\$100,000</b>
The <u>Senate</u> provides \$100,000 GF/GP to conduct a survey and registration of existing agriculture drains. <u>House</u> does not include.		GF/GP	N/A	\$100,000
<b>8. USDA Monitoring</b>		<b>Gross</b>	<b>\$2,548,700</b>	<b>(\$1,000,000)</b>
The <u>Senate</u> and <u>House</u> concur with the <u>Executive</u> to recognize \$1.0 million reduced funding for the USDA Monitoring Program from USDA federal grants. Program collects data on pesticide residue and microbiological pathogens in foods, and has food emergency response network capabilities in case of microbiological threat agents in food.		Federal	2,548,700	(1,000,000)
		GF/GP	\$0	\$0
<b>9. Agriculture Development Staffing</b>		FTE	10.0	1.0
The <u>Senate</u> provides an increase of \$150,000 GF/GP and 1.0 FTE to add an agriculture economic development specialist position with a focus on the Upper Peninsula. <u>House</u> does not include.		<b>Gross</b>	<b>\$2,712,000</b>	<b>\$150,000</b>
		Federal	1,566,800	0
		Restricted	104,500	0
		GF/GP	1,040,700	\$150,000
<b>10. New Food and Agriculture Industry Strategic Growth Initiative</b>		<b>Gross</b>	<b>N/A</b>	<b>\$1,000,000</b>
The <u>Senate</u> and <u>House</u> concur with the <u>Executive</u> to provide \$1.0 million GF/GP to fund a new competitive grant program to foster agriculture industry-wide development and growth through research, education, and technical assistance, focused on removing barriers and leveraging opportunities in food processing and other areas as identified by an advisory board formed by the Director. Initiative also includes \$2.0 million appropriation proposed in the Michigan Strategic Fund budget. <u>Senate</u> and <u>House</u> include new related boilerplate (identical), <u>Senate</u> as Sec. 702, <u>House</u> as Sec. 711.		GF/GP	N/A	\$1,000,000
<b>11. Roll Up Line Items</b>		<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
The <u>Senate</u> and <u>House</u> do not concur with the <u>Executive</u> to roll up 45 appropriation line items into 11 line items.		GF/GP	\$0	\$0
<b>12. County Fairs Capital Improvement Grants</b>		<b>Gross</b>	<b>\$281,600</b>	<b>\$0</b>
The <u>House</u> increases county fairs capital improvement grants program by \$400 GF/GP, shifting funds from the livestock depredation indemnification payments line item, now funded at \$49,600. <u>Senate</u> does not include.		GF/GP	\$281,600	\$0
<b>13. Qualified Forest Affidavit Program - One-Time Appropriation</b>		<b>Gross</b>	<b>NA</b>	<b>\$1,700,000</b>
The <u>Senate</u> provides new one-time funding for a qualified forest affidavit program, as proposed in Senate Bills 51-59, as passed by the Senate. <u>House</u> does not include.		GF/GP	NA	\$1,700,000

<b>Major Budget Changes From FY 2012-13 YTD Appropriations</b>		<b>FY 2012-13 Year-to-Date (as of 2/7/13)</b>	<b>FY 2013-14 Senate Change</b>
<b>14. Water Resources Study - One-Time Appropriation</b>		<b>Gross</b>	<b>NA</b>
The <u>Senate</u> and <u>House</u> both include new one-time funding for a water resources study. <u>Senate</u> provides \$200,000 for an Ottawa County water resources study, and includes related Sec. 1104 to provide that the study: shall include test well monitoring and flow models of glacial and bedrock aquifers, modeling of different impact scenarios based on water usage, climate, and policies, and solutions to address declining groundwater levels; and findings shall be made available to the Department and to the Department of Environmental Quality. <u>House</u> provides \$100,000 GF/GP for an aquifer and water resources study and includes similar Sec. 1104, including a provision that the study be conducted with assistance from Michigan State University.		<b>GF/GP</b>	<b>NA</b>
<b>15. Other One-Time Appropriations</b>		<b>Gross</b>	<b>\$1,970,300</b>
The <u>Senate</u> concurs with the <u>Executive</u> to retain one-time private forestry funding of \$600,000 GF/GP. The <u>House</u> reduces one-time funding for the private forestry program by \$300,000. The <u>Senate</u> and <u>House</u> concur with the <u>Executive</u> to discontinue one-time appropriations for lump-sum payments to state employees of \$470,300 Gross (\$235,300 GF/GP), and for rural development value-added grants of \$900,000 GF/GP.		<b>IDG</b>	<b>(2,400)</b>
		<b>Federal</b>	<b>(85,000)</b>
		<b>Private</b>	<b>(1,500)</b>
		<b>Restricted</b>	<b>(146,100)</b>
		<b>GF/GP</b>	<b>(\$1,135,300)</b>

#### **Major Boilerplate Changes From FY 2012-13**

##### ***Sec. 232. Department Online Scorecard and Metrics – NEW***

Requires that the Department maintain a public scorecard on a publicly accessible website which updates key metrics used to monitor and improve the agency's performance. Senate concurs with Executive to add new section. House does not concur.

##### ***Sec. 402. Food Safety – RETAINED***

Requires report on food-borne outbreaks and emergencies related to food safety by April 1. Senate does not concur with Executive and House to delete, and updates dates.

##### ***Sec. 453. Indemnification Payments – DELETED***

Authorizes Department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; requires report on reason for, amount of, and person to whom indemnification is to be paid. Subsection (2) authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) indicates that the appropriation in Part 1 for indemnification is for indemnification under Subsection (2) and related Department costs. Requires a report, due March 1. Senate concurs with Executive to delete. House does not concur, and updates reporting date and cost dates in (3).

##### ***Sec. 551. Commodity Export Inspection Programs – RETAINED***

States legislative intent that department work with industry to ensure development of sustainable system of third-party inspections of fruits and vegetables. Allocates \$200,000 to ensure timely commodity export inspections. Senate does not concur with Executive and House to delete.

##### ***Sec. 552. Clean Sweep Program – DELETED***

Encourages Department to work with local public health departments and the USDA to maintain and expand Clean Sweep program, including disposal of prescription drugs; requires report. Senate concurs with Executive to delete. House does not concur, and updates reporting date.

##### ***Sec. 601. Environmental Stewardship – RETAINED***

Clarifies intent that line item funding be used to support Department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan Natural Resources and Environmental Protection Act, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal Farm Bill of 2008. Senate does not concur with Executive and House to delete.

##### ***Sec. 608. MAEAP and Lake St. Clair Water Quality – DELETED***

Directs the Department to address water quality issues affecting Lake St. Clair, including non-point source pollution, from the funds appropriated for the Michigan Agriculture Environmental Assurance Program. Senate and House concur with Executive to delete.

##### ***Sec. 706. Agricultural Development – DELETED***

Requires report due April 1 on agricultural development and export market development activities. Senate concurs with Executive to delete. House does not concur, and updates reporting date.

## **Major Boilerplate Changes From FY 2012-13**

### ***Sec. 801. Agriculture Equine Industry Development Fund - DELETED***

Requires that appropriations of the Agriculture Equine Industry Development Fund be spent on equine-related purposes. Senate concurs with Executive to delete. House does not concur.

### ***Sec. 803. Thoroughbred Program Escrow – DELETED***

Provides for "escrowing" of funds for thoroughbred program if there is no live thoroughbred race meet in 2011 or 2012. Senate concurs with Executive to delete. House does not concur, and updates all dates.

### ***Sec. 804. Michigan Gaming Control Board – DELETED***

Requires the Michigan Gaming Control Board to use actual expenditure data in determining regulatory costs of conducting racing dates. Senate concurs with Executive to delete. House does not concur and adds a reporting date by November 1.

### ***Sec. 1101. Rural Development Value-Added Grant Program – REVISED***

Provides criteria for Rural Development Value-Added Grant Program, and provides for reports. Senate concurs with Executive to delete subsection (5) work project language, and move the remaining language from One-Time Basis Only Appropriations section to Agriculture Development section, renumbering to Sec. 701. House retains (5), and concurs with moving all language to Sec. 701.

### ***Sec. 1201. Anticipated Appropriations – REVISED***

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors. Senate and House do not concur with Executive to delete, and updates all dates.

### ***Sec. 1202. FY 2014-15 Distinguish Retirement Costs - NEW***

Senate includes new boilerplate establishing Legislative intent that the Department identify normal retirement costs and legacy retirement costs for FY 2014-15.