



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 782 (as introduced)
Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 823.](#)

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 GOV.'S REC.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	454.0	473.0	19.0	4.2
GROSS	86,594,000	91,591,300	4,997,300	5.8
Less:				
Interdepartmental Grants Received	317,300	323,200	5,900	1.9
ADJUSTED GROSS.....	86,276,700	91,268,100	4,991,400	5.8
Less:				
Federal Funds.....	10,427,900	10,471,200	43,300	0.4
Local and Private	128,100	130,700	2,600	2.0
TOTAL STATE SPENDING.....	75,720,700	80,666,200	4,945,500	6.5
Less:				
Other State Restricted Funds.....	32,647,100	32,629,300	(17,800)	(0.1)
GENERAL FUND/GENERAL PURPOSE.....	43,073,600	48,036,900	4,963,300	11.5
PAYMENTS TO LOCALS	4,750,000	4,750,000	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation	\$86,594,000
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Changes from FY 2015-16 Year-to-Date:

- Laboratory Upgrades.** Governor recommended GF/GP funded upgrades to departmental lab services, including the Geagley Lab \$350,000 and 2.5 FTE for food and feed section, \$70,000 and 0.5 FTE for pesticide, \$280,000 and 2.0 FTE for dairy, and \$770,000 for lab equipment, with \$140,000 and 1.0 FTE for the Heffron Lab. 1,610,000
- Lab Service Funding Adjustments.** Governor recommended the shift of the responsibility of providing lab services for equine racing to contracted services under the Department of Treasury's Gaming Commission and supplanted \$600,200 in lost restricted revenue from this service with \$600,000 GF/GP. The Governor also added \$900,000 GF/GP for the Heffron Lab to counter declining restricted revenue. 899,800
- Rural Development Fund Grant Program.** Governor recommended the establishment of a new grant program per PA 411 of 2012, funded by severance tax revenue from mining (\$2.0 million restricted) which would be used for a grant and/or loan program governed by an appointed board which would establish criteria for grants and/or loans to meet goal of addressing energy, transportation, communications, water and wastewater infrastructure issues in rural communities. 2,000,000
- On-Farm Safety Requirements.** Governor recommended \$1,169,000 GF/GP and 2.0 FTEs to provide informational assistance to farmers to support the implementation of the on-farm requirements under the new Federal Food Safety Modernization Act, providing MDARD itself with \$339,000 and \$440,000 being provided to Michigan State University Extension and \$390,000 to State Conservation Districts for this objective. 1,169,000

5. Farmland Preservation Program. Governor recommended adding \$500,000 GF/GP to support program due to declining restricted revenue support.	500,000
6. Refined Petroleum Fund (RPF). Governor recommended the replacement of \$1.5 million in RPF revenue support with GF/GP, leaving \$2,373,200 in RPF support for FY 2016-17.	0
7. Commercial Forestry Audit Program. Governor recommended the elimination of funding of \$300,000 GF/GP due to the completion of the audit project.	(300,000)
8. Grant Eliminations. Governor recommended the elimination of two competitive economic development GF/FP grant programs, including County Fairs Capital Improvement Grants (\$300,000) and grants for Shows and Expositions (\$20,000).	(320,000)
9. Value-Added Grants. Governor recommended the reduction of the on-going grant program by \$150,000 GF/GP, leaving an appropriation of \$500,000 GF/GP for FY 2016-17.	(150,000)
10. Administrative Reductions. Governor recommended a savings of \$99,100 GF/GP though unfilled vacant positions.	(99,100)
11. Qualified Forest Fund. Governor recommended a reduction in GF/GP support for program.	(130,000)
12. Five-Year Early Out Payouts. Governor recommended an elimination of payments, as department obligations would be satisfied, as of FY 2015-16, for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years for a savings of (\$237,600) gross, (\$101,100) GF/GP.	(237,600)
13. Removal of One-Time Funding. Governor recommended the elimination of FY 2015-16 one-time GF/GP funding for Value-Added Grants (\$550,000), Fruit Tree Research Grants (\$500,000), and the Geagley Lab (\$150,000).	(1,200,000)
14. Technical Revenue Adjustments. Governor recommended adjustments to reflect anticipated revenues, expenditure levels and GF/GP increases needed for IT maintenance and support charges for mobile worker system, (\$57,900) Gross, \$257,000 GF/GP.	(57,900)
15. Economic Adjustments. Includes \$277,900 Gross and \$151,300 GF/GP for OPEB and \$1,035,200 Gross and \$576,200 GF/GP for other economic adjustments.	1,313,100
Total Changes	\$4,997,300
FY 2016-17 Governor's Recommendation	\$91,591,300

Boilerplate Changes from FY 2015-16 Year-to-Date:

1. **Benchmarks.** Governor eliminated requirement that benchmarks be established to measure performance of new programs or program increases in excess of \$500,000. (Sec. 205)
2. **Retain Reports.** Governor eliminated a requirement that all reports be kept and retained by MDARD. (Sec. 212)
3. **Disciplinary Action.** Governor eliminated language-prohibiting action against an employee for communicating with legislative staff. (Sec. 215)
4. **Receipt and Expenditure of Fees.** Governor eliminated a report requirement to the Legislature and instead required an Internet posting of related activities. (Sec. 301)
5. **Non Line-Item Grants.** Governor removed a prohibition that all non-line item grants to non-profits, governments, or schools not be granted without prior notice to Legislature. (Sec. 302)
6. **On-Farm Food Safety Program.** Governor added a new boilerplate section outlining goals and procedures for a new program to assist farmers to comply with the new Federal Food Safety Modernization Act requirements. (Sec. 403)
7. **TB Testing Costs.** Governor eliminated requirement that MDARD pay for all whole herd and individual TB testing in modified accredited zones. (Sec. 451)

8. **Animal Indemnification.** Governor removed language that was duplicative with statutory requirements, substituted that language with statutory references to The Animal Industry Act and the Wildlife Depredations Indemnification Act, and removed a department requirement to produce a report for the Legislature. (Sec. 453)
9. **MDARD, USDA TB Monitoring.** Governor removed section requiring cooperation to monitor TB by referencing a May, 2014 memorandum of understanding between MDARD and the USDA and combined it into a new section, Sec. 457. (Sec. 454)
10. **Animal ID.** Governor removed a prohibition of using electronic tags on anything other than cattle. (Sec. 456)
11. **MDARD TB Collaboration with USDA.** Governor amended current language which required cooperation to monitor TB by referencing a May, 2014 memorandum of understanding between the two (current year Sec. 454) by adding a requirement for an annual progress report (rather than a quarterly report as required in current year Sec. 457), and removing subject areas listed in current year Sec. 457 required in that report. The new language requires that report to be posted on line. (Sec. 457)
12. **Aquaculture Inspection and Testing.** Governor removed intent language that stated that the Department is required to work with the industry to identify, contain, and eradicate viral hemorrhagic septicemia in the State. (Sec. 458)
13. **Whole Herd TB Testing.** Governor eliminated language prohibiting whole herds from being tested more often than every four years or not re-tested until all other county herds have been tested, except under certain circumstances. (Sec. 459)
14. **Commercial Forestry Audit Program.** Governor eliminated section providing guidelines and procedures for the audit due to the completion of the program. (Sec. 609)
15. **Freshwater Protection Fund.** Governor eliminated language requiring the Department not to use more than \$500,000 for replacement of the data system for the Michigan Agriculture Environmental Assurance Program. (Sec. 610)
16. **Laboratory Program.** Governor added a new boilerplate section requiring the turn-around times at Geagley Lab to increase from 30-50% to 75-80% and the implementation of a risk based inspection program on devices and package content in the consumer protection program in FY 2016-17, and to track program outcomes. (Sec. 701)
17. **Development and Export Report.** Governor eliminated a section requiring an annual report on department development and export activities. (Sec. 706)
18. **Grape and Wine Report.** Governor eliminated a section requiring an annual report on Grape and Wine Industry Council activities. (Sec. 709)
19. **Equine Funds.** Governor removed a section requiring that equine funds only be spent for equine purposes. (Sec. 801)
20. **Value-Added Grant Program.** Governor amended language by removing a section that allows for receipt and expenditure of funds from outside sources for the program and supplants a section requiring March and September reports with a requirement to post on line program data, including information on grants and program outcomes. (Sec. 801)
21. **Rural Development Fund Board.** Governor added a new boilerplate section requiring the Department to work with the board to establish processes and criteria for funding projects under a new Rural Development Grant Program and to establish metrics and outcomes for the program. (Sec. 802)
22. **Equine Regulatory Costs.** Governor eliminated a section which provided criteria for establishing equine regulatory costs. (Sec. 804)
23. **County Fairs Capital Improvement Grant Program.** Governor removed a section that provided guidelines and procedures for a grant program he recommended for elimination for FY 2016-17. (Sec. 805)
24. **Shows and Exhibition Grants.** Governor eliminated section providing guidelines for a grant program he recommends not be funded for FY 2016-17. (Sec. 806)

Date Completed: 2-17-16

Fiscal Analyst: Bruce Baker

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.