

FY 2018-19: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Summary: As Passed by the Senate Senate Bill 850 (S-1)



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| | FY 2017-18 YTD as of 2/7/18 | FY 2018-19 Executive | FY 2018-19 House | FY 2018-19 Senate | FY 2018-19 Enacted | Difference: Senate From FY 2017-18 YTD | |
|------------|--------------------------------|-------------------------|----------------------|----------------------|-----------------------|---|--------------|
| | | | | | | Amount | % |
| IDG/IDT | \$310,300 | \$313,900 | \$313,900 | \$313,900 | | \$3,600 | 1.2 |
| Federal | 11,373,900 | 11,695,200 | 11,775,200 | 11,775,200 | | 401,300 | 3.5 |
| Local | 0 | 0 | 0 | 0 | | 0 | -- |
| Private | 101,600 | 101,800 | 101,800 | 101,800 | | 200 | 0.2 |
| Restricted | 36,661,000 | 37,072,000 | 37,072,000 | 37,072,000 | | 411,000 | 1.1 |
| GF/GP | 66,251,800 | 53,705,200 | 53,705,100 | 59,355,200 | | (6,896,600) | (10.4) |
| Gross | \$114,698,600 | \$102,888,100 | \$102,968,000 | \$108,618,100 | | (\$6,080,500) | (5.3) |
| FTEs | 499.5 | 506.5 | 508.5 | 506.5 | | 7.0 | 1.4 |

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Information on House budget action in this document is based on House Bill 5578 as passed by the House.

Overview

The Michigan Department of Agriculture and Rural Development's (MDARD) 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, consumer protection, and promoting the state's agricultural economy.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Food and Dairy – Milk Safety Quality Assurance

Executive includes \$780,000 GF/GP increase with 5.0 additional FTE positions in dairy inspection program. This increase reflects increased workload due to increase in dairy production and processing in Michigan. Funding increase is provided from various GF/GP reductions within budget, as described below.

| | FY 2017-18 Year-to-Date (as of 2/7/18) | FY 2018-19 Senate Change |
|------------|--|--------------------------------|
| FTE | 31.0 | 5.0 |
| Gross | \$4,510,300 | \$860,000 |
| Federal | 111,300 | 80,000 |
| Restricted | 219,700 | 0 |
| GF/GP | \$4,179,300 | \$780,000 |

House provides \$1.1 million GF/GP increase and authorizes 38.0 FTE positions – 7.0 more than current year. House also includes an additional \$80,000 in federal spending authority to reflect federal Food and Drug Administration (FDA) grant for training and certification. Senate concurs with Executive and includes \$780,000 GF/GP increase; recognizes an additional \$80,000 federal spending authority for FDA grant.

2. Executive Direction – Office of Organizational Innovation

Executive includes \$307,100 GF/GP increase for two data management staff positions currently working in the department's Office of Organizational Innovation. These positions had been cross-funded through the Information Technology Investment Fund in the DTMB budget. Funding increase is provided from various GF/GP reductions within budget, as described below.

| | FTE | |
|------------|--------------------|------------------|
| FTE | 20.0 | 0.0 |
| Gross | \$2,216,900 | \$307,100 |
| Restricted | 54,300 | 0 |
| GF/GP | \$2,162,600 | \$307,100 |

House and Senate concur with Executive.

| Major Budget Changes From FY 2017-18 YTD Appropriations | | FY 2017-18 Year-to-Date (as of 2/7/18) | FY 2018-19 Senate Change |
|---|--------------|---|---|
| 3. Food and Dairy – Food Safety Quality Assurance | FTE | 94.0 | 2.0 |
| <u>Executive</u> eliminates \$150,000 GF/GP that was added to current year budget for inspection program related to draft beer delivery systems; reduces baseline GF/GP support by \$250,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support core programs, including education and outreach programs related to the federal Food Safety Modernization Act (FSMA). Budget also increases authorized FTE positions to reflect program staffing. | Gross | \$16,798,400 | (\$400,000) |
| | Federal | 2,326,500 | 0 |
| | Restricted | 5,510,000 | 0 |
| | GF/GP | \$8,961,900 | (\$400,000) |
| <u>House</u> and <u>Senate</u> concur with Executive. | | | |
| 4. Animal Agriculture Initiative | Gross | \$2,500,000 | \$0 |
| <u>Executive</u> does not include funding for program that had been in current year budget as part of one-time Michigan State University/Agriculture Industry Research and Development grant. <u>House</u> provides \$400,000 GF/GP in ongoing support. <u>Senate</u> retains current year funding level as ongoing program. | GF/GP | \$2,500,000 | \$0 |
| 5. Pesticide and Plant Pest Management (PPPM) | FTE | 88.0 | (1.0) |
| <u>Executive</u> \$200,000 GF/GP reduction is offset by anticipated increase in restricted Fertilizer Control Fund revenue. Reduces authorized positions by 1.0 FTE to reflect program staffing. <u>House</u> reduces GF/GP support by \$600,000. <u>Senate</u> concurs with Executive. | Gross | \$14,073,800 | \$0 |
| | Federal | 1,678,500 | 0 |
| | Private | 21,100 | 0 |
| | Restricted | 6,548,400 | 200,000 |
| | GF/GP | \$5,825,800 | (\$200,000) |
| 6. Environmental Stewardship/MAEAP | FTE | 25.0 | 0.0 |
| <u>Executive</u> reduces GF/GP support by \$100,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support core programs. <u>House</u> reduces by an additional \$100 GF/GP as compared to the Executive. <u>Senate</u> concurs with Executive. | Gross | \$10,236,600 | (\$100,000) |
| | Federal | 1,477,300 | 0 |
| | Restricted | 7,689,500 | 0 |
| | GF/GP | \$1,069,800 | (\$100,000) |
| 7. Farmland and Open Space Preservation | FTE | 10.0 | 0.0 |
| This program, commonly referred to as the PA 116 program, provides tax credits to qualified farmers and landowners who agree to restrictions on development rights. <u>Executive</u> reduces GF/GP support by \$99,900. The department indicates that a backlog in processing applications will soon be cleared allowing for a reduction in temporary employees. <u>House</u> and <u>Senate</u> concur with Executive. | Gross | \$1,623,100 | (\$99,900) |
| | Restricted | 1,410,600 | 0 |
| | GF/GP | \$212,500 | (\$99,900) |
| 8. Qualified Forest Program | FTE | 9.0 | 0.0 |
| <u>Executive</u> reduces GF/GP support by \$130,000. <u>House</u> reduces GF/GP support by \$530,000. <u>Senate</u> concurs with Executive. | Gross | \$2,697,300 | (\$130,000) |
| | Restricted | 480,200 | 0 |
| | GF/GP | \$2,217,100 | (\$130,000) |
| 9. Watershed Phosphorus Removal Pilot Project – NEW | Gross | \$0 | \$0 |
| <u>House</u> includes \$120,000 GF/GP for pilot project related to removal of phosphorus from lakes and other waterways. <u>Senate</u> does not include. | GF/GP | \$0 | \$0 |
| 10. Laboratory Services – Federal Grant for ISO/Genome Sequencer | FTE | 42.0 | 0.0 |
| <u>Executive</u> recognizes increase in anticipated federal FDA grants for specialized lab equipment. The department requested a transfer to increase federal spending authority in the current year as well. <u>House</u> and <u>Senate</u> concur with Executive. | Gross | \$6,829,000 | \$300,000 |
| | IDG | 218,600 | 0 |
| | Federal | 800,100 | 300,000 |
| | Restricted | 1,272,300 | 0 |
| | GF/GP | \$4,538,000 | \$0 |
| 11. Food and Agriculture Investment Program | Gross | \$4,743,900 | \$556,100 |
| <u>Executive</u> includes \$3.3 million GF/GP for grant program, a reduction of \$1.4 million from current year. <u>House</u> includes \$3.0 million GF/GP, a reduction of \$1.7 million. <u>Senate</u> includes \$5.3 million GF/GP, of which \$2.0 million is shown as “one-time appropriations.” | GF/GP | \$4,743,900 | \$556,100 |
| 12. ACRE Agriculture Incubator – NEW | Gross | \$0 | \$0 |
| <u>House</u> includes \$260,000 GF/GP for program that provides technology assistance to new and expanding agriculture-related businesses. <u>Senate</u> does not include. | GF/GP | \$0 | \$0 |

| Major Budget Changes From FY 2017-18 YTD Appropriations | | FY 2017-18 Year-to-Date (as of 2/7/18) | FY 2018-19 Senate Change |
|---|--------------|--|--------------------------------|
| 13. County Fairs, Shows, Expositions/Festivals | Gross | \$649,300 | \$350,700 |
| <u>Executive</u> includes \$400,000 GF/GP for program that provides matching capital grants to eligible county fairs, shows, and expositions, a reduction of \$249,300 from current year. <u>House</u> includes \$419,900 for Fairs, shows, and expositions, and creates a new line item, Michigan festivals with a \$100 placeholder. <u>Senate</u> includes \$1.0 million GF/GP, of which \$600,000 is shown as “one-time appropriations.” | GF/GP | \$649,300 | \$350,700 |
| 14. MSU/Workforce Development | Gross | \$1,200,000 | (\$650,000) |
| <u>Executive</u> does not include funding for program that had been in current year budget as part of one-time Michigan State University/Agriculture Industry Research and Development grant. <u>House</u> concurs with Executive and does not include. <u>Senate</u> includes \$550,000 as a one-time appropriation. | GF/GP | \$1,200,000 | (\$650,000) |
| 15. Elimination of One-Time Funding | Gross | \$8,050,100 | (\$8,050,100) |
| <u>Executive</u> eliminates the following GF/GP funded items identified in the current year budget as one-time: Enhanced Wildlife Risk Management, \$1.0 million; Intercounty drain mapping project, \$250,000; Food Bank Council of Michigan quick freeze facility, \$2.0 million; Campground development grant, \$100,000; MSU fruit and vegetable mobile labs, \$3.2 million; Tree Fruit Commission, \$1.5 million. [The last two items were part of a larger Michigan State University/Agriculture Industry Research and Development grant.] <u>Executive</u> also eliminates \$100 placeholder related to Drinking water declaration of emergency. <u>House</u> and <u>Senate</u> concur with Executive. | Restricted | 100 | (100) |
| | GF/GP | \$8,050,000 | (\$8,050,000) |
| 16. Economic Adjustments | Gross | NA | \$1,061,900 |
| <u>Executive</u> recognizes increased costs of \$1.1 million Gross (\$739,400 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker’s compensation, building occupancy charges, and other economic adjustments. <u>House</u> and <u>Senate</u> concur with Executive. | IDG | NA | 3,600 |
| | Private | NA | 200 |
| | Federal | NA | 59,100 |
| | Restricted | NA | 259,600 |
| | GF/GP | NA | \$739,400 |

Major Boilerplate Changes From FY 2017-18

Sec. 215. Communication with the Legislature – RETAINED

Prohibits department from taking disciplinary action against an employee for communicating with the Legislature. Executive deletes; House and Senate retain.

Sec. 234. Record Retention – DELETED

Requires department to retain reports funded from Part 1 appropriations; establishes record retention guidelines. Executive deletes. House retains. Senate concurs with Executive and deletes.

Sec. 403. FSMA Program – DELETED

Indicates legislative intent that the department establish a FSMA education and training program; also authorizes use of federal funds in addition to those appropriated in Part 1. Executive deletes. House retains. Senate concurs with Executive and deletes.

Sec. 451. Bovine TB Whole-Herd Testing – RETAINED

Requires department to pay for the costs of whole-herd testing and individual animal testing in the Modified Accredited Zone, including indemnity and compensation for animal injury. Executive deletes. House and Senate retain.

Sec. 452. Animal Industry Division Annual Report – REVISED

Executive revises report to include report on livestock depredation payments. House retains current year language. Senate concurs with Executive.

Sec. 453. Indemnification Payments – DELETED

Requires specific appropriation for indemnification payments that exceed \$100,000 and provides reporting requirements related to indemnification payments. Executive deletes. House retains. Senate concurs with Executive and deletes.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Section currently requires quarterly report on Bovine TB program. Executive deletes. House and Senate retain.

Sec. 458. Aquaculture – DELETED

Requires the department to provide inspection and testing of aquaculture facilities. Executive deletes. House retains. Senate concurs with Executive and deletes.

Major Boilerplate Changes From FY 2017-18

Sec. 459. Bovine TB Testing, Legislative Intent – RETAINED

Describes legislative intent that the department not conduct whole-herd testing of any one herd in a TB-free zone more often than once every four years, except under specific conditions. Executive deletes. House and Senate retain.

Sec. 461. Bovine TB Risk Mitigation – DELETED

Defines the Bovine TB risk mitigation program, a one-time funding program in the current year budget. Executive deletes. House and Senate concur with Executive and delete.

Sec. 462. Apiary Protection – NEW

House establishes a \$20,000 earmark for apiary protection program. [This had been an earmark within the Bovine TB risk mitigation program in current year budget.] Senate does not include.

Sec. 701. Food and Agriculture Investment Grant Program – REVISED

Current language defines program goals, selection and reporting requirements. Executive deletes reporting requirement (included in Agriculture Development Division annual report); revises standard work project language. House retains current year language. Senate concurs with Executive, with the exception of standard work project language.

Sec. 702. Rural Development Fund/Program – DELETED

Directs department to work with Rural Development Fund Board. Executive deletes; House retains. Senate concurs with Executive and deletes.

Sec. 706. Agriculture Development Report – REVISED

Executive revises to incorporate Grape and Wine Industry Council annual report. House retains current year language. Senate concurs with Executive.

Sec. 709. Grape and Wine Industry Council Report – DELETED

Executive include as part of the Agriculture Development Division Annual Report required under Section 706. House retains. Senate concurs with Executive and includes under Section 706.

Sec. 804. Michigan Gaming Control Board (MGC) – DELETED

Current year language requires MGC to use actual expenditure data in determining regulatory costs. Executive deletes. House retains. Senate concurs with Executive and deletes.

Sec. 805. County Fair Capital Grant Program – REVISED

Current language governs matching program for county fair capital grants appropriated in part 1. Executive modifies standard work project language. House retains current year language. Senate includes \$100,000 earmark for Tuscola County fair grandstand; does not include Executive changes to standard work project language.