

FY 2018-19: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Summary: House Subcommittee Chair's Recommendation House Bill 5568 (H-1) Draft 1, As Amended



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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: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$310,300	\$313,900	\$313,900			\$3,600	1.2
Federal	11,373,900	11,695,200	11,775,200			401,300	3.5
Local	0	0	0			0	--
Private	101,600	101,800	101,800			200	0.2
Restricted	36,661,000	37,072,000	37,072,000			411,000	1.1
GF/GP	66,251,800	53,705,200	53,705,200			(12,546,600)	(18.9)
Gross	\$114,698,600	\$102,888,100	\$102,968,100			(\$11,730,500)	(10.2)
FTEs	499.5	506.5	508.5			9.0	1.8

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."

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 increase of \$780,000 GF/GP 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. This program is necessary to ensure compliance with the Pasteurized Milk Ordinance. Funding increase is provided from various GF/GP reductions within budget, as described below.

	FY 2017-18 YTD (as of 2/8/18)	Executive Change from YTD
FTE	31.0	7.0
Gross	\$4,510,300	\$1,160,000
Federal	111,300	80,000
Restricted	219,700	0
GF/GP	\$4,179,300	\$1,080,000

House provides a GF/GP increase of \$1.1 million - \$300,000 more than the Executive, and authorizes 38.0 FTE positions – 7.0 more than current year and 2.0 more than the Executive. House also includes an additional \$80,000 in federal spending authority to reflect federal Food and Drug Administration (FDA) grant awards.

2. Executive Direction – Office of Organizational Innovation

House concurs with Executive and includes \$307,100 GF/GP increase for two data management staff positions currently working in the department's Office of Organizational Innovation. These positions have 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	20.0	0.0
Gross	\$2,216,900	\$307,100
Restricted	54,300	0
GF/GP	\$2,162,600	\$307,100

3. Laboratory Services – Federal Grant for ISO/Genome Sequencer

House concurs with Executive and recognizes increase in anticipated federal FDA grants for specialized lab equipment. The department has requested a transfer to increase federal spending authority in the current year as well.

FTE	42.0	0.0
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

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 YTD (as of 2/8/18)	Executive Change from YTD
4. Food and Dairy – Food Safety Quality Assurance	FTE	94.0	2.0
<u>House</u> concurs with <u>Executive</u> and eliminates \$150,000 GF/GP that was added to current year budget for program related to proper management of 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 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)
5. Animal Agriculture Initiative	Gross	\$0	\$400,000
<u>House</u> includes funding for this cooperative industry/Michigan State University research program. The current year budget had included funding for this program as part of the one-time Michigan State University/Agriculture Industry Research and Development program, as described in Item # 14 below.	GF/GP	\$0	\$400,000
6a. Environmental Stewardship/MAEAP	FTE	25.0	0.0
<u>House</u> concurs with <u>Executive</u> and 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 programs.	Gross	\$10,236,600	(\$100,100)
	Federal	1,477,300	0
	Restricted	7,689,500	0
	GF/GP	\$1,069,800	(\$100,100)
<u>House</u> also shifts \$100 GF/GP from this line to new <i>Groundwater mapping</i> line, below.			
6b. Groundwater Mapping - NEW	Gross	\$0	\$100
<u>House</u> creates a new line item using a \$100 placeholder shifted from Environmental stewardship/MAEAP.	GF/GP	\$0	\$100
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>House</u> concurs with <u>Executive</u> and 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.	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.	Gross	\$2,697,300	(\$530,000)
<u>House</u> reduces GF/GP support by \$530,000, The House budget is \$400,000 GF/GP less than Executive.	Restricted	480,200	0
	GF/GP	\$2,217,100	(\$530,000)
9. Watershed Phosphorus Removal Pilot Project – NEW	Gross	\$0	\$120,000
<u>House</u> includes funding for pilot project related to removal of phosphorus from lakes and other waterways.	GF/GP	\$0	\$120,000
10. 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.	Gross	\$14,073,800	(\$400,000)
<u>House</u> reduces GF/GP support by an additional \$400,000 as compared to the Executive.	Federal	1,678,500	0
	Private	21,100	0
	Restricted	6,548,400	200,000
	GF/GP	\$5,825,800	(\$600,000)
11. Food and Agriculture Investment Program	Gross	\$4,743,900	(\$1,743,900)
<u>Executive</u> includes \$3.3 million GF/GP for grant program, a reduction of \$1.4 million from current year.	GF/GP	\$4,743,900	(\$1,743,900)
<u>House</u> includes \$3.0 million GF/GP, \$1.7 million less than current year and \$300,000 less than Executive.			
12. ACRE Agriculture Incubator – NEW	Gross	\$0	\$260,000
<u>House</u> includes funding for program that provides technology assistance to new and expanding agriculture-related businesses.	GF/GP	\$0	\$260,000

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 YTD (as of 2/8/18)	Executive Change from YTD
13. County Fairs, Shows, Expositions/Festivals	Gross	\$649,300	(\$229,300)
<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.	GF/GP	\$649,300	(\$229,300)
<u>House</u> includes \$419,900 for Fairs, shows, and expositions, and creates a new line item, Michigan festivals with a \$100 placeholder.			
14. Elimination of One-time Funding	Gross	\$11,750,100	(\$11,750,100)
Eliminates \$11.6 million GF/GP for the following projects or programs identified in the current year budget as one-time: Enhanced Wildlife Risk Management, \$1.0 million; Intercounty drain mapping project, \$250,000; Michigan State University/Agriculture Industry Research and Development, \$8.4 million; Food Bank Council of Michigan quick freeze facility, \$2.0 million; campground development grant, \$100,000. Also eliminates \$100 placeholder related to Drinking water declaration of emergency.	Restricted	100	(100)
	GF/GP	\$11,750,000	(\$11,750,000)
15. Technical and Revenue Adjustments	Gross	N/A	(\$86,300)
Includes various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources.	Federal	N/A	(37,800)
	Restricted	N/A	(48,500)
	GF/GP	N/A	\$0
16. Economic Adjustments	Gross	N/A	\$1,061,900
Reflects 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.	IDG	N/A	3,600
	Private	N/A	200
	Federal	N/A	59,100
	Restricted	N/A	259,600
	GF/GP	N/A	\$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 had deleted; the House retains.

Sec. 234. Record Retention – RETAINED

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines.

Executive had deleted; the House retains.

Sec. 403. FSMA Program – RETAINED

Indicates legislative intent that the department establish a FSMA education and training program; section also authorizes use of federal funds in addition to those appropriated in Part 1.

Executive had deleted; the House retains.

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 had deleted; the House retains.

Sec. 453. Indemnification Payments – RETAINED

Requires specific appropriation for indemnification payments that exceed \$100,000; specific reporting requirements related to indemnification payments.

Executive had deleted; the House retains.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Specific reporting requirements related to Bovine TB program.

Executive had deleted; the House retains.

Sec. 458. Aquaculture – RETAINED

Requires the department to provide inspection and testing of aquaculture facilities.

Executive had deleted; the House retains.

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

Section 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 had deleted; the House retains.

Major Boilerplate Changes From FY 2017-18

Sec. 461. Bovine TB Risk Mitigation – DELETED

Describes the Bovine TB risk mitigation program; which was a one-time funding program in the current year budget.

Sec. 462. Apiary Protection – NEW

House establishes a \$20,000 earmark for apiary protection program.

Sec. 652. Laboratory Program Turnaround Times – RETAINED

Deletes section that established laboratory turnaround time metrics.

Executive had deleted; the House retains.

Sec. 702. Rural Development Fund/Program – RETAINED

Section that directs department to work with Rural Development Fund Board.

Executive had deleted; the House retains.

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

Executive would include as part of the Agriculture Development Division Annual Report required under Section 706.

House retains as a separate report.

Sec. 804. Michigan Gaming Control Board – RETAINED

Requires MGCB to use actual expenditure data in determining regulatory costs.

Executive had deleted; the House retains.