



Senate Fiscal Agency
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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 CONFERENCE	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	493.5	500.5	7.0	1.4
GROSS	115,078,600	107,948,100	(7,130,500)	(6.2)
Less:				
Interdepartmental Grants Received	310,300	313,900	3,600	1.2
ADJUSTED GROSS	114,768,300	107,634,200	(7,134,100)	(6.2)
Less:				
Federal Funds	11,753,900	11,775,200	21,300	0.2
Local and Private	101,600	101,800	200	0.2
TOTAL STATE SPENDING	102,912,800	95,757,200	(7,155,600)	(7.0)
Less:				
Other State Restricted Funds	36,661,000	37,172,000	511,000	1.4
GENERAL FUND/GENERAL PURPOSE	66,251,800	58,585,200	(7,666,600)	(11.6)
PAYMENTS TO LOCALS	7,450,000	6,350,000	(1,100,000)	(14.8)

*As of May 3, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$115,078,600
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Changes from FY 2017-18 Year-to-Date:

Items Included by the Senate and House

- Office of Organization Innovation.** Governor, House, and Senate recommended \$307,100 GF/GP to support reclassification of two data management staff from temporary to permanent to analyze data from department information technology systems and practices. 307,100
- Laboratory Genome Sequencer.** Governor, House, and Senate recommended \$300,000 Federal to support use of Genome Sequencer in accordance with the International Organization for Standardization (ISO) standards. 300,000
- Food Bank Council.** Governor, House, and Senate recommended the elimination of a \$2.0 million GF/GP one-time grant to the Food Council of Michigan for a food-freezing project. (2,000,000)
- Wildlife Risk Management.** Governor, House, and Senate recommended the elimination of one-time funding of \$1.0 million GF/GP for a cost share program with local conservation districts to assess cattle farms and implement practices to prevent the spread of bovine tuberculosis in cattle. (1,000,000)
- Intercounty Drain Program.** Governor, House, and Senate recommended the elimination of a \$250,000 GF/GP one-time project to establish a state standard drainage infrastructure mapping tool. (250,000)
- Food Safety and Quality Assurance.** Governor, House, and Senate recommended a reduction of \$250,000 GF/GP to reflect the completion of one-time projects and a decrease in Federal food safety grants. (250,000)
- Beer Delivery Systems.** Governor, House, and Senate recommended removal of \$150,000 GF/GP FY 2017-18 funding to support training for management of draft beer delivery systems. (150,000)

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| 8. Campground Development Grant. Governor, House, and Senate recommended the elimination of a one-time grant of \$100,000 GF/GP to provide for park enhancements associated with the Albion Equine Center. | (100,000) |
| 9. Farmland and Open Space Program. Governor, House, and Senate recommended a reduction of \$99,900 GF/GP due to a decrease in temporary staff previously funded to address backlogs in program application processing. | (99,900) |
| 10. Drinking Water Declaration of Emergency. Governor, House, and Senate recommended elimination of a one-time restricted revenue place-holder appropriation related to the Flint drinking water emergency. | (100) |
| 11. Adjustment for FY 2017-18 Legislative Transfers. | (380,000) |
| 12. Technical Adjustment for Actual Funds Received. Governor, House, and Senate recommended technical adjustment to reflect reductions in non-GF/GP funds received. | (6,300) |
| 13. Unclassified Salaries. Governor, House, and Senate recommended an increase from \$562,300 to \$573,500. | 11,200 |
| 14. Economic Adjustments. Includes \$1,050,700 Gross and \$728,200 GF/GP for total economic adjustments, of which an estimated \$28,400 Gross and \$1,500 GF/GP is for legacy retirement costs (pension and retiree health). | 1,050,700 |

Conference Agreement on Items of Difference

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| 15. Milk Safety and Quality Assurance. Governor and Senate recommended \$780,000 GF/GP and 5.0 FTEs for dairy inspections to address the growth in state dairy production. House added 2.0 FTEs and \$300,000 over Governor and Senate. Conference concurred with Governor and Senate. | 780,000 |
| 16. Pesticide and Plant Pest Management. Governor and Senate recommended a reduction of \$200,000 GF/GP to be supplanted by an equal additional amount of State Restricted Fertilizer Control Fund revenue. House reduced both Restricted and GF/GP by \$200,000. Conference concurred with Governor and Senate. | 0 |
| 17. Agriculture Industry Research and Development Grants. Governor and Senate recommended the elimination of a one-time FY 2017-18 grant of \$8.4 million GF/GP, which consisted of \$2.5 million for an Animal Agriculture Initiative, \$3.2 million for Fruit and Vegetable Campus/Mobile Labs, \$1.2 million for Fruit and Vegetable Campus/Mobile Labs Workforce Development Initiative, and \$1.5 million for the Tree Fruit Commission. Senate retained the Animal Agriculture Initiative Grant of \$2.5 million GF/GP and provided \$550,000 GF/GP for a one-time appropriation for a food processing workforce development initiative. House concurred with Governor, but retained \$460,000 for Animal Agriculture Initiative. Conference included no line item for Food Processing Workforce Development, but included \$2.0 million for Animal Agriculture Initiative. | (6,400,000) |
| 18. Acre Agtech Grant. House included Economic Development Grant for \$260,000 GF/GP. Conference concurred with House. | 260,000 |
| 19. Food and Agriculture Investment Program. Governor recommended the reduction of \$1,443,900 GF/GP to the grant program, leaving a proposed total FY 2018-19 appropriation of \$3.3 million GF/GP. Senate added one-time amount over the Governor's recommendation of 2.0 million GF/GP to bring total FY 2018-19 appropriation to \$5.3 million. House reduced amount by \$300,000 from FY 2017-18. Conference included a total of \$5,125,000 for FY 2018-19. | 381,100 |
| 20. County Fairs, Shows and Exposition Grants. Governor recommended a reduction of \$249,300 GF/GP to the FY 2017-18 \$649,300 grant program, leaving a proposed total FY 2018-19 appropriation of \$400,000 GF/GP. Senate added \$600,000 one-time GF/GP over the Governor's recommendation for a total FY 2018-19 appropriation of \$1.0 million. House increased FY 2017-18 amount by \$19,900. Conference included total of \$1,175,000 for FY 2018-19. | 525,700 |

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| 21. Qualified Forest Program. Governor and Senate recommended a reduction of \$130,000 GF/GP from the program, to be offset by restricted revenue, sufficiently authorized by current appropriations. House reduced GF/GP by \$400,000 from FY 2017-18. Conference concurred with Governor and Senate, and replaced \$100,000 GF/GP with Restricted. | (130,000) |
| 22. Watershed Phosphorus Removal Pilot Project. House included grant of \$120,000 GF/GP for pilot project. Conference included funding for ODC Network-Project clarity. | 120,000 |
| 23. Michigan Festivals. House included \$100 GF/GP placeholder grant for festivals. Conference did not include line item, adjusted Sec. 801 to allow for grants to festivals. | 0 |
| 24. Environmental Stewardship/Michigan Agriculture Environmental Assurance Program. Governor and Senate recommended a reduction of \$100,000 GF/GP due to completion of internal projects, leaving a recommended FY 2018-19 Gross appropriation of \$10.2 million. House reduced GF/GP by additional \$100. Conference concurred with Governor and Senate. On-going: \$55,430,200; one-time: \$3,155,000 | (100,000) |
| 25. FY 2018-19 One-Time Gross Appropriations. Total of \$3,155,000 GF/GP includes \$2.0 million for Animal Agriculture Initiative, \$775,000 for County Fairs, Shows, and Exposition Grants, \$260,000 for Acre Agriculture Incubator, and \$120,000 for ODC Network Project clarity. | |

Total Changes	(\$7,130,500)
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FY 2018-19 Conference Report Ongoing/One-Time Gross Appropriation	\$107,948,100
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Amount Over/(Under) GF/GP Target:	\$0
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Boilerplate Changes from FY 2017-18 Year-to-Date:

Items Included by the Senate and House

1. **Disciplinary Action.** Governor eliminated language-prohibiting action against an employee for communicating with legislative staff. Senate and House retained section. (Sec. 215)
2. **Department Fee Collection.** Governor, House, and Senate removed language referring to collection of lab fees related to horse racing industry, to reflect privatization of such services within the Department of Treasury's Gaming Commission. (Sec. 301)
3. **Management of Draft Beer Delivery Systems.** Governor, House, and Senate struck language providing guidelines for FY 2017-18 appropriation of \$150,000 GF/GP to provide education and training for managers of draft beer delivery systems. (Sec. 402)
4. **TB Testing Costs.** Governor eliminated this section which required that the MDARD pay for all whole herd and individual TB testing in modified accredited zones. Senate and House retained the section. (Sec. 451)
5. **Bovine TB Activity and Status Report.** Governor removed annual and quarterly report requirement of the MDARD activities and current status of bovine TB in the state. Senate and House retained the section. (Sec. 457)
6. **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. Senate and House retained the section. (Sec. 459)
7. **Wildlife Risk Mitigation.** Governor, House, and Senate struck language which provided guidelines for FY 2017-18 one-time grants of \$1.0 million for projects designed to identify and mitigate risks related to the transmission of bovine TB from wildlife to cattle. (Sec. 461)
8. **Agriculture Equine Industry Development Fund (AEID).** Governor, House, and Senate removed obsolete language referring to department costs for lab analysis for horse racing activities, now performed by contractual means under the Department of Treasury's Gaming Board. (Sec. 802)
9. **Agriculture Industry Research and Development Grants.** Governor, House, and Senate recommended elimination of language describing distribution of the FY 2017-18 one-time \$8.4 million grant program. The grant was to be spent as follows: Animal Agriculture Initiative, \$2.5 million; Fruit and Vegetable Campus/Mobile Labs, \$3.2 million; Fruit and Vegetable Campus/Mobile Labs Workforce and Development Initiative, \$1.2 million; Tree Fruit Commission, \$1.5 million. (Sec. 901)

Conference Agreement on Items of Difference

10. **Retain Reports.** Governor and Senate eliminated a requirement that all reports be kept and retained by MDARD. House included. Conference concurred with House. (Sec. 234)
11. **Food and Dairy Division Report.** Governor and Senate modified language to clarify that the report is to be based on fiscal years and that only significant enforcement actions be reported. House retained calendar year and drops "significant". Conference concurred with Governor and Senate. (Sec. 401)
12. **Food Safety Modernization Act.** Governor and Senate eliminated a FY 2017-18 boilerplate section describing the intent that the MDARD work with the FDA and agriculture producers to help implement the federal Food Safety Modernization Act. House retained section. Conference concurred with Governor and Senate. (Sec. 403)
13. **Animal Industry Division Report.** Governor and Senate modified this section to include a report on indemnification payments for livestock depredation made in the previous calendar year. House retained FY 2017-18 language. Conference concurred with Governor and Senate. (Sec. 452)
14. **Animal Indemnification.** Governor and Senate recommended striking a section that required an indemnification agreement that exceeded \$100,000 be subject to appropriation by the legislature and that no payments could be made until the legislature was notified, and specified that payments shall be made for livestock killed by a wolf, coyote or cougar. A subsection requiring a report was shifted to become a part of Sec. 452 for FY 2018-19. House retained section. Conference concurred with Governor and Senate. (Sec. 453)
15. **Aquaculture.** Governor and Senate struck a boilerplate section requiring inspection and testing of aquaculture facilities and aquaculture research. House retained section. Conference concurred with Governor and Senate. (Sec. 458)
16. **Grants to Apiaries.** House included language earmarking \$20,000 in grants fund for apiaries. Conference concurred with House. (Sec. 462)
17. **Food and Agriculture Investment Program.** Governor modified language to strike the requirement for an annual report of the program, adding language requiring projects to be accomplished by utilizing state employees or contracts with service providers, or both, removes language requiring project guidelines to be approved by the Michigan Agriculture Commission prior to an award, and adds that the total cost of the project is \$3.3 million. Senate only concurred with new work project language. House retained current year language. Conference concurred with Senate. (Sec. 701)
18. **Rural Development Fund Grant Program.** Governor and Senate struck language requiring establishment of criteria and measurable outcomes for the program. House retained section. Conference concurred with Governor and Senate. (Sec. 702)
19. **Agriculture Development Division Report.** Governor and Senate modified language by adding requirement to produce a report of the Grape and Wine Industry Council, shifting that requirement from Sec. 709 of the FY 2017-18 budget bill. House did not concur. Conference concurred with Governor and Senate, renaming Council to Michigan Craft Beverage Council. (Sec. 706)
20. **Grape and Wine Industry Council.** Governor and Senate shifted council language which required an annual report from FY 2017-18 Sec. 709 to Sec. 706 of FY 2018-19. House retained section. Conference concurred with Governor and Senate. (Sec. 709)
21. **Agriculture Equine Industry Development Fund.** Conference replaced current language with fund distribution guidelines, referencing the Horse Racing Law. (Sec. 802)
22. **Equine Regulatory Costs.** Governor and Senate eliminated a section which provided criteria to the Gaming Board for establishing equine regulatory costs. House retained language. Conference concurred with Governor and Senate. (Sec. 804)
23. **County Fairs, Shows and Exposition Grants.** Governor modified language to cite carryforward authority and stated the cost of the grants to be \$400,000. Senate retained current language and added that \$100,000 shall be used for renovations to the Tuscola County Fair Grandstand. House retained current year language. Conference concurred with Senate but earmarked \$25,000 for grand stand, \$250,000 for community center at Tuscola County Fairgrounds. (Sec. 805)

Date Completed: 6-4-18

Fiscal Analyst: Bruce Baker

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