

FY 2022-23: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Summary: As Passed by the Senate Senate Bill 827 (S-1)



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	FY 2021-22 YTD as of 2/9/22	FY 2022-23 Executive	FY 2022-23 House	FY 2022-23 Senate	FY 2022-23 Conference	Difference: Senate From FY 2021-22 YTD	
						Amount	%
IDG/IDT	\$320,000	\$326,700	\$326,700	\$326,700		\$6,700	2.1
Federal	13,599,800	19,670,900	14,271,000	19,670,900		6,071,100	44.6
Local	0	0	0	0		0	--
Private	71,300	21,300	21,300	21,300		(50,000)	(70.1)
Restricted	44,327,300	44,706,400	44,706,400	44,706,400		379,100	0.9
GF/GP	97,366,900	107,439,800	62,919,800	77,519,800		(19,847,100)	(20.4)
Gross	\$155,685,300	\$172,165,100	\$122,245,200	\$142,245,100		(\$13,440,200)	(8.6)
FTEs	527.0	537.0	527.0	527.0		0.0	0.0

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) House means House Bill 5778 (H-1) as passed by the House May 4, 2022.

Overview

Michigan Department of Agriculture and Rural Development (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 2021-22 YTD Appropriations		FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Senate Change
1. Emergency Management – Preparedness, Readiness, Response <u>Executive</u> includes a \$1.6 million GF/GP increase and an increase in FTE authorization from 4.0 to 8.0 FTE positions for the Emergency Management program in order to build capacity to prepare for and respond to emergency events affecting the food supply chain – from animal disease readiness to contamination of food and feed. Neither <u>House</u> nor <u>Senate</u> include baseline funding increase or increase in FTE authorization.	FTE	4.0	0.0
	Gross	\$1,320,700	\$0
	Federal	447,400	0
	GF/GP	\$873,300	\$0
2. Animal Industry – Animal Welfare/Veterinary Care Program <u>Executive</u> requests \$650,000 GF/GP baseline increase to support Michigan licensed animal shelters and specifically to fund veterinarians and other animal care workers at those shelters. <u>Executive</u> also recognizes \$500,000 for an anticipated federal USDA CWD research grant. <u>House</u> and <u>Senate</u> recognize \$500,000 federal increase for USDA grant but do not include baseline GF/GP increase.	FTE	62.0	0.0
	Gross	\$9,623,100	\$500,000
	Federal	582,500	500,000
	Restricted	221,800	0
3. Bovine TB Quarantine – Producer Reimbursement <u>Executive</u> did not include funding for the \$400,000 GF/GP one-time program of financial assistance to livestock producers for costs of maintaining livestock under quarantine. <u>House</u> retains as an ongoing appropriation. <u>Senate</u> does not include.	GF/GP	\$8,818,800	\$0
	Gross	\$400,000	(\$400,000)
	GF/GP	\$400,000	(\$400,000)

Major Budget Changes from FY 2021-22 YTD Appropriations		FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Senate Change
4. Pesticide Safety/Worker Protection		FTE 85.0	0.0
<u>Executive</u> requests a \$1.2 million GF/GP increase in Pesticide and Plant Pest Management (PPPM) program, and related 6.0 FTE position increase in authorized staffing, for targeted program to help protect agricultural workers from pesticide exposure. Neither <u>House</u> nor <u>Senate</u> include baseline increase in funding or staffing.		Gross \$14,172,100	\$0
	Federal	1,281,100	0
	Private	21,300	0
	Restricted	7,633,100	0
	GF/GP	\$5,236,600	\$0
5. Local Conservation Districts		Gross \$3,000,000	\$0
<u>Executive</u> includes \$2.0 million GF/GP to provide baseline funding for local conservation districts, a reduction of \$1.0 million as compared to current year (including one-time funding). <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> retains current year \$3.0 million funding. Related boilerplate in Section 609.		GF/GP \$3,000,000	\$0
6. Climate Action/Reforestation in Northern Michigan		FTE 9.0	0.0
<u>Executive</u> recognizes \$5.4 million federal USDA grant funding, in the ongoing Qualified Forest Program line item. The grant would support a reforestation project – the planting of 5 million native hardwood trees and conifers – on private and state-owned land in the Northern Lower Peninsula. <u>House</u> includes a \$100 placeholder as a separate line item. <u>Senate</u> concurs with <u>Executive</u> .		Gross \$2,651,700	\$5,400,000
	Federal	0	5,400,000
	Restricted	1,080,100	0
	GF/GP	\$1,571,600	\$0
7. Fair Food Network/Double Up Food Bucks		Gross \$2,000,000	(\$1,100,000)
<u>Executive</u> includes \$900,000 GF/GP for program that increases purchasing power of Michigan residents who receive Supplemental Nutritional Assistance Program (SNAP) benefits. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . The proposed funding levels represent a \$1.1 million reduction from current year, which includes \$1.1 million shown as one-time. Related boilerplate in Section 703.		GF/GP \$2,000,000	(\$1,100,000)
8. Food and Agriculture Investment Grant Program		Gross \$2,470,600	\$1,000,000
<u>Executive</u> retains funding level of \$2.5 million GF/GP for program that provides grants for agri-business development projects. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> includes \$3.5 million, \$1.0 million more than both current year and <u>Executive</u> .		GF/GP \$2,470,600	\$1,000,000
9. County Fairs/Shows/Expositions Grant Program		Gross \$2,450,000	(\$1,950,000)
<u>Executive</u> requests \$500,000 GF/GP for fair capital grant program, a reduction of almost \$2.0 million from current year which includes one-time funding. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .		GF/GP \$2,450,000	(\$1,950,000)
10. Economic Development for Food and Agriculture Industries		Gross \$0	\$0
<u>Executive</u> requests \$30.0 million GF/GP (one-time) for a new program targeted at supply chain, infrastructure, and workforce issues of Michigan agriculture as affected by the COVID-19 pandemic. Neither <u>House</u> nor <u>Senate</u> include.		GF/GP \$0	\$0
11. Office of Rural Development – General Fund Grants		Gross \$0	\$0
<u>Executive</u> requests \$10.0 million GF/GP (one-time) for a new program, administered by the Office of Rural Development, to provide grants to rural communities, related to economic development, workforce development, affordable housing, infrastructure, education, and high-speed internet access. Neither <u>House</u> nor <u>Senate</u> include.		GF/GP \$0	\$0
12. Buy Michigan Campaign/Select Michigan		Gross \$0	\$1,000,000
<u>Executive</u> requests \$1.0 million GF/GP (one-time) for a campaign to support Michigan-grown agricultural products. <u>House</u> does not include. <u>Senate</u> includes as "Select Michigan Campaign."		GF/GP \$0	\$1,000,000

Major Budget Changes from FY 2021-22 YTD Appropriations		FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Senate Change
13. Community Support Agriculture Program	Gross	\$0	\$0
<u>Executive</u> requests \$500,000 GF/GP (one-time) to assist in bringing fresh fruits and vegetables to Michigan families facing food insecurity. Neither <u>House</u> nor <u>Senate</u> include.	GF/GP	\$0	\$0
14. Eastern Market	Gross	\$0	\$12,000,000
<u>Senate</u> includes \$12.0 million GF/GP (one-time) for capital improvements to the Eastern Market in Detroit.	GF/GP	\$0	\$12,000,000
15. Groundwater Monitoring	Gross	\$0	\$100
<u>Senate</u> includes \$100 GF/GP (one-time) placeholder for groundwater monitoring programs. (Environmental stewardship was reduced by \$100.)	GF/GP	\$0	\$100
16. Back Out FY 2021-22 One-Time GF/GP	Gross	\$31,605,000	(\$31,605,000)
The current year budget included \$36.1 million GF/GP in "One-time only" appropriations. <u>Executive</u> did not include those items in the proposed FY 2022-23 budget request. Those items include the following items, totaling \$31.6 million: Agricultural Nutrient Best Management Voluntary Practices, \$25.0 million; Agriculture Equine Industry Development Fund deposit, \$3.2 million; Farm Innovation Grant program, \$3.2 million; Farm Stress, \$225,000. <u>House</u> and <u>Senate</u> concur with Executive and do not carry these one-time items into FY 2022-23.	GF/GP	\$31,605,000	(\$31,605,000)
In addition to the \$31.6 million noted above, the FY 2021-22 budget also included the following one-time items: Bovine TB Quarantine Producer reimbursement, \$400,000 GF/GP; Local conservation districts, \$1.0 million; County Fairs and Expositions, \$2.0 million; Fair Food Network/Double Up Food Bucks, \$1.1 million. These items, which total over \$4.5 million GF/GP, are included in the discussion of item #s 3, 5, 7, and 9, above.			
17. Economic Adjustments	Gross	NA	\$1,714,800
<u>Executive</u> budget proposal reflects increased costs of \$1.7 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2022 1.0% increase that began on April 1, 2022), 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	6,700
	Federal	NA	121,100
	Restricted	NA	379,100
	GF/GP	NA	\$1,207,900

Major Boilerplate Changes from FY 2021-22

Sec. 210. Contingency Authorizations/Transfers – NOT INCLUDED

Executive increases contingent federal and state spending authority, to \$5.0 million, and \$6.0 million, respectively, that may be transferred into this budget through process defined in Section 393(2) of the Management and Budget Act. House retains current contingent authorization limits. Senate does not include.

Sec. 215. Communication with the Legislature – RETAINED

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

The Governor's signing letter for 2021 PA 87 indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.

Sec. 216. Report on FTE Positions and Remote Work – RETAINED

Executive deletes reporting requirement on staffing levels in relation to FTE authorization; employees authorized to work remotely; and related cost savings. House and Senate retain.

Major Boilerplate Changes from FY 2021-22

Sec. 217. Use of Work Projects – RETAINED

Executive deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. House and Senate retain.

The Governor's signing letter for 2021 PA 87 indicated that this section was unenforceable in that impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.

Sec. 218. State Administrative Board Transfers – RETAINED

Executive deletes section that provides for the legislature to intertransfer funds within departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. House and Senate retain.

The Governor's signing letter for 2021 PA 87 indicated that this section was unenforceable in that impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.

Sec. 219. Record Retention – RETAINED

Executive deletes section that requires department to retain reports funded from part 1 appropriations and which established record retention guidelines. House and Senate retain.

Sec. 220. Impact of New Legislation – RETAINED

Executive deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year. House and Senate retain.

Sec. 221. Severance Pay Report – RETAINED

Executive deletes reporting requirements related to severance pay paid to department personnel upon the termination of employment. House and Senate retain.

Sec. 222. Restrictions on Use of Covid-19 Passports – NOT INCLUDED

Executive deletes section that established restrictions on the use of Covid-19 "passports" to document vaccination status. House retains. Senate does not include.

Sec. 224. Limitation on Remote Work – NOT INCLUDED

House includes language prohibiting "An executive branch department, agency, board, or commission that receives funding under part 1" from permitting a state employee who was not working remotely, either full-time or part-time, before February 28, 2020, to work remotely, either full-time or part-time, during FY 2022-23. Senate does not include.

Sec. 301. Miscellaneous Fees, Use of Fee Revenue, Fee Reports – REVISED

Executive retains the section that authorizes the department to establish a fee schedule and collect fees for various work activities and services and that authorizes the department to receive and expend fee revenue. House concurs with Executive. Senate adds new subsection to limit the commercial pesticide applicator fee to \$75 for a 3-year testing period.

Sec. 455. Cervid Facility Testing Costs – NEW

Senate includes new section to earmark \$200,000 to reimburse privately owned cervid facilities for the costs of CWD testing.

Sec. 459. Bovine TB Quarantine – Producer Reimbursement – NOT INCLUDED

Executive does not retain part 1 funding for the one-time Bovine TB producer reimbursement program or the related boilerplate (Sec. 1003 in current law). House retains the part 1 grant program as an ongoing item in Animal Industry, and the related boilerplate, renumbered as Sec. 459. House also modifies the section that defines eligible costs to limit costs to those incurred after 10/1/2022. Senate does not include.

Sec. 603. Agricultural Nutrient Best Management Voluntary Practices Program – NOT INCLUDED

Executive does not retain part 1 one-time line item or related boilerplate (Sec. 1001) which defined the program and identified program goals, including water quality improvement in the western Lake Erie basin. House retains the related reporting requirement, renumbered as Sec. 603, due April 1, 2023. Senate does not include.

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

Executive retains with minor technical changes section that provides direction to the department in administration of the Food and Agriculture Investment grant program. House concurs with Executive. Senate deletes subsection that authorizes the department to receive and expend funds received from outside sources. Senate also adds a new subsection to earmark \$1.0 million in grant program funds for grants to new and expanding protein processors.

Sec. 703. Double Up Food Bucks Program – RETAINED

Executive retains current section unchanged except for date references. House also updates date references and in addition directs the department to work with the Fair Food Network to ensure that at least 85% of program funds be used as a direct reimbursement of participating vendors – the goal in current law is 80%. Senate retains without change other than report date references.

Major Boilerplate Changes from FY 2021-22

Sec. 707. Industry Support Fund Lapse – NEW

Executive includes section that provides for unexpended Industry Support Funds to lapse to the Industry Support Fund.
House and Senate concur with Executive.