

FY 2017-18: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Summary: As Reported from House Subcommittee House Bill 4241 (H-1) Draft 2



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	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House ⁽²⁾	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$323,200	\$310,300	\$310,300			(\$12,900)	(4.0)
Federal	10,471,200	11,273,900	11,273,900			802,700	7.7
Local	0	0	0			0	0
Private	130,700	101,600	101,600			(29,100)	(22.3)
Restricted	35,054,900	36,661,000	36,661,000			1,606,100	4.6
GF/GP	49,926,900	56,582,000	54,982,000			5,055,100	10.1
Gross	\$95,906,900	\$104,928,800	\$103,328,800			\$7,421,900	7.7
FTEs	482.0	499.5	497.5			15.5	3.2

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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, protecting consumers, and promoting the state's agricultural economy.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Emergency Management

Executive increases GF/GP support by \$359,700 and includes 1.0 additional FTE position for program that coordinates preparation for and response to emergencies that affect the state's food and agriculture industries. House concurs with Executive.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
FTEs	3.0	1.0
Gross	\$614,600	\$359,700
Federal	331,900	0
GF/GP	\$282,700	\$359,700

2. Operational Services/Central Licensing

Executive increases GF/GP support by \$107,700 and includes 1.0 additional FTE position for MDARD's Operations services and Central licensing divisions. The total for this line would be \$2.0 million (\$1.2 million GF/GP). House concurs with Executive in total but agrees with department request to eliminate this line item and redistribute within budget to recognize a department reorganization: \$1.2 million (\$422,300 GF/GP) would be used in a new Central Licensing/Call Center line item in the Laboratory Program appropriation unit; \$780,000 GF/GP would be reallocated to Executive direction.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
FTEs	19.0	1.0
Gross	\$1,882,700	\$107,700
Restricted	792,600	0
GF/GP	\$1,090,100	\$107,700

3. Statistical Reporting Service

Executive increases GF/GP support by \$80,000 to offset decline in private revenue support. House concurs with Executive in total but agrees with department request to move this line item to Agriculture Development appropriation unit to recognize a department reorganization:

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
FTEs	1.0	0.0
Gross	\$153,600	\$50,700
Private	79,100	(29,300)
GF/GP	\$74,500	\$80,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
4. Food and Dairy – Food Safety Quality Assurance			
<u>Executive</u> increases GF/GP support by \$671,300 and includes 1.0 additional FTE position to assist producers in implementing federal Food Safety Modernization Act (FSMA) requirements. [Additional funding related to FSMA program is also in PPPM.] <u>House</u> concurs with Executive.		FTEs 93.0 Gross \$14,006,400 Federal 1,274,100 Restricted 4,690,600 GF/GP \$8,041,700	1.0 \$671,300 0 0 \$671,300
5. Food and Dairy – Milk Safety Quality Assurance			
<u>Executive</u> increases GF/GP support by \$166,600 and includes 1.0 additional FTE position to reflect additional workload as a result of changes in federal re-inspection requirements to ensure compliance with the Pasteurized Milk Ordinance. <u>House</u> concurs with Executive.		FTEs 30.0 Gross \$4,260,100 Federal 56,000 Restricted 219,300 GF/GP \$3,984,800	1.0 \$166,600 0 0 \$166,600
6. Animal Industry – Animal Health and Disease Response			
<u>Executive</u> increases GF/GP support by \$164,700 and includes 1.0 additional FTE position. <u>House</u> concurs with Executive.		FTEs 60.0 Gross \$9,054,500 Federal 625,300 Private 30,500 Restricted 252,600 GF/GP \$8,146,100	1.0 \$164,700 0 0 0 \$164,700
7. Animal Agriculture Initiative			
This line, which was new in the FY 2016-17 budget, supports the Michigan Alliance for Animal Agriculture, a consortium of animal industry organizations, the Michigan Farm Bureau, Michigan State University AgBioResearch, and MDARD. Funding is to be used for applied research and Extension projects related to animal agriculture.		Gross \$899,000 GF/GP \$899,000	(\$500,000) (\$500,000)
<u>Executive</u> eliminates \$500,000 in one-time funding but retains \$399,000 shown as ongoing. <u>House</u> concurs with Executive.			
8. Bovine Tuberculosis (TB) – Wildlife Risk Mitigation			
<u>Executive</u> includes \$1.0 million GF/GP, identified as one-time, for a cost share program with local conservation districts to assist livestock producers in identifying and implementing practices to reduce the spread of Bovine TB. <u>House</u> includes \$500,000 GF/GP, \$500,000 less than the Executive; includes related boilerplate, Section 461.		Gross \$0 GF/GP \$0	\$500,000 \$500,000
9. Pesticide and Plant Pest Management (PPPM)			
<u>Executive</u> provides additional GF/GP and restricted Commodity inspection fee support, and includes 2.0 additional FTE positions, to assist producers in implementing FSMA requirements. <u>House</u> concurs with Executive.		FTEs 92.0 Gross \$13,672,000 Federal 1,803,600 Private 21,100 Restricted 6,224,500 GF/GP \$5,622,800	2.0 \$284,400 0 0 142,200 \$142,200
10. Environmental Stewardship/MAEAP			
<u>Executive</u> reduces GF/GP support by \$259,000 but recognizes 2.0 additional FTE positions; retains \$1.5 million in restricted Freshwater Protection fund revenue that was added to current year budget in supplemental appropriation act, Public Act 340 of 2016. <u>House</u> concurs with Executive.		FTEs 23.0 Gross \$10,646,800 Federal 1,651,900 Restricted 7,679,800 GF/GP \$1,315,100	2.0 (\$259,000) 0 0 (\$259,000)
11. Farmland and Open Space Preservation			
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		FTE 10.0 Gross \$1,727,700 Restricted 1,400,000 GF/GP \$327,700	0.0 (\$120,000) 0 (\$120,000)
<u>Executive</u> reduces GF/GP support by \$120,000 but retains 3.0 FTE positions and \$305,600 from Agriculture Preservation Fund added to the current year budget in supplemental appropriation act, Public Act 340 of 2016. <u>House</u> concurs with Executive.			

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
12. Intercounty Drain	FTEs	4.0	1.0
<u>Executive</u> increases GF/GP support by \$315,100 and includes 2.0 additional FTE positions for ongoing intercounty drain program. <u>House</u> includes 1.0 additional FTE and increases support by \$185,100 GF/GP – \$130,000 less than Executive.	Gross	\$484,400	\$185,100
	GF/GP	\$484,400	\$185,100
13. Intercounty Drain Mapping Project (One-Time)	Gross	\$0	\$250,000
<u>Executive</u> provides \$250,000 GF/GP to help establish state standard drainage infrastructure mapping tool. <u>House</u> concurs with Executive.	GF/GP	\$0	\$250,000
14. Qualified Forest Program	FTE	9.0	0.0
<u>Executive</u> increases gross appropriation by \$100,000; a \$90,000 reduction in GF/GP support is offset by recognition of \$190,000 in additional revenue from the Private Forestland Enhancement Fund.	Gross	\$2,582,700	(\$246,100)
<u>House</u> reduces GF/GP support by \$436,100 – the House bill is \$346,100 GF/GP less than Executive.	Restricted	288,200	190,000
	GF/GP	\$2,294,500	(\$436,100)
15. Right to Farm	FTEs	3.0	2.5
Increases GF/GP support by \$384,000 and includes 3.5 additional FTE positions in anticipation of increased workload related to siting of new or expanded livestock operations; reduces Interdepartmental grant revenue to better align with anticipated revenue.	Gross	\$577,600	\$239,000
<u>House</u> increases GF/GP support by \$254,000; authorizes 2.5 additional FTE positions; the House bill is \$130,000 GF/GP less than Executive.	IDG	103,100	(15,000)
	GF/GP	\$474,500	\$254,000
16. Agriculture Development	FTEs	11.0	1.0
<u>Executive</u> increases GF/GP support by \$408,500 and adds 1.0 additional FTE position. See related boilerplate, Section 706.	Gross	\$3,604,300	\$408,500
<u>House</u> concurs with Executive.	Federal	2,316,000	0
	Restricted	87,200	0
	GF/GP	\$1,201,100	\$408,500
17. Grape and Wine Council	FTE	3.0	0.0
The FY 2016-17 budget had included \$921,000 in ongoing restricted funding and \$170,000 GF/GP shown as one-time. <u>Executive</u> budget eliminates one-time GF/GP funding. <u>House</u> concurs with Executive.	Gross	\$1,091,000	(\$170,000)
	Restricted	921,000	0
	GF/GP	\$170,000	(\$170,000)
18. Value-Added Grants/Food and Agriculture Investment Program	Gross	\$1,500,000	\$1,000,000
The FY 2016-17 budget had included \$1.5 million GF/GP for a competitive value-added grant program – \$500,000 as ongoing and \$1.0 million shown as one-time. <u>Executive</u> budget would provide \$2.7 million GF/GP for similar grant program, renamed the Food and Agriculture Investment Program. The program would be defined and governed by boilerplate, Section 711.	GF/GP	\$1,500,000	\$1,000,000
<u>House</u> includes \$2.5 million GF/GP, \$243,900 less than Executive.			
19. Rural Development Fund Grant Program	FTE	1.0	0.0
<u>Executive</u> retains grant program that was new in the FY 2016-17 budget; supported with restricted revenue from a non-ferrous metals extraction tax established in Public Act 410 of 2012. <u>House</u> concurs with Executive.	Gross	\$2,000,000	\$0
	Restricted	2,000,000	0
	GF/GP	\$0	0
20a. County Fairs, Shows, Expositions Grants	Gross	\$470,000	(\$170,100)
<u>Executive</u> recommends \$300,500 GF/GP, a reduction of \$170,000 for program that provides matching capital grants to eligible county fairs, shows, and expositions. <u>House</u> makes an additional \$100 GF/GP reduction as compared to the Executive in order to establish a separate Festivals and events line item.	GF/GP	\$470,000	(\$170,100)
20b. Festivals and Events - NEW	Gross	\$0	\$100
<u>House</u> includes \$100 placeholder for new line item.	GF/GP	\$0	\$100

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
21. Tree Fruit Research/Commission		Gross	\$500,000
The FY 2016-17 budget includes \$500,000 GF/GP, identified as one-time, for tree fruit research grants. <u>Executive</u> budget would provide \$1.5 million in one-time funding to the Michigan Tree Fruit Commission for capital improvements to Michigan State University tree fruit research facilities. <u>House</u> provides \$1.25 million, \$250,000 less than Executive.		GF/GP	\$500,000
22. Vital Agriculture Infrastructure Grant (One-Time)		Gross	\$220,000
<u>Executive</u> eliminates one-time earmark for local capital construction project. <u>House</u> concurs with Executive.		GF/GP	\$220,000
23. Double-Up Food Bucks (One-Time)		Gross	\$0
<u>Executive</u> includes one-time support for new program of which \$750,000 is identified for expansion of "Double-up Food Bucks" nutrition incentive program; \$680,100 is specific to the Flint Drinking Water Declaration of Emergency. [<u>Executive</u> also includes funding in a proposed FY 2016-17 supplemental.] <u>House</u> concurs with Executive.		Restricted	0
		GF/GP	\$0
24. Technical and Revenue Adjustments		Gross	NA
<u>Executive</u> and <u>House</u> include various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources.		Federal	NA
		Restricted	NA
		GF/GP	NA
25. Economics		Gross	\$676,200
<u>Executive</u> and <u>House</u> reflect increased costs of \$676,200 Gross (\$473,800 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		IDG	2,100
		Federal	27,700
		Private	200
		Restricted	172,400
		GF/GP	\$473,800

Major Boilerplate Changes From FY 2016-17

Sec. 234. Record Retention – RETAINED

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

Executive deletes. House retains

Sec. 403. FSMA Program – RETAINED

Section indicates legislative intent that the department established FSMA education and training program; authorizes use of federal funds in addition to those appropriated in Part 1.

Executive deletes. 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 deletes. House retains.

Sec. 453. Indemnification/Depredation Payments – REVISED

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

Executive revises; House revises; eliminates requirement that persons to whom indemnification is paid be identified in report; allows depredation report as part of annual Animal Industry Division report.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Section establishes specific Bovine TB reporting requirement.

Executive deletes. House retains.

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

Section indicated legislative intent that 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 retains.

Major Boilerplate Changes From FY 2016-17

Sec. 461. Bovine TB Risk Mitigation – NEW

House includes new section describing Bovine TB risk mitigation program; establishes earmark for apiary protection program.

Sec. 652. Laboratory Program Turnaround Times – DELETED

Section had established laboratory turnaround time metrics.

Executive deletes. House concurs.

Sec. 701. Value Added Grant Program – DELETED

Current language defined program which is not included in the Governor's proposed budget.

Executive deletes. House concurs. [See Sec. 711 for similar language related to the Food and Agriculture Investment Program.]

Sec. 702. Rural Development Fund/Program – RETAINED

Section directs department to work with Rural Development Fund Board.

Executive deletes. House retains; corrects statutory reference.

Sec. 706. Agriculture Development Report – REVISED

Executive includes new metrics on increased trade show and export business visit attendance.

House concurs with Executive.

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

Executive deletes a current reporting requirement. House retains.

Sec. 711. Food and Agriculture Investment Program – NEW

Executive includes new language which directs department to establish new competitive grant program intended to expand Michigan's food and agriculture sector, grow Michigan exports, and increase food processing activities; establishes grant criteria and reporting requirements. House concurs with Executive with the exception of additional language directing use of grant funds to "promote the development of value-added agricultural production, food hubs, food incubators, community-based processing facilities, and/or expansion of farm markets, urban agriculture," House also adds additional reporting requirement.

Sec. 801. Ag Equine Industry Development Fund – RETAINED

Requires that all appropriations in part 1 from the AEIDF be spent for equine-related purposes.

Executive deletes. House retains.

Sec. 804. Michigan Gaming Control Board – RETAINED

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

Executive deletes. House retains.

Sec. 805. County Fair Capital Grant Program – REVISED

Provides for matching program for county fair capital grants appropriated in part 1.

Executive modifies; deletes special project earmarks. House concurs.

Sec. 901. Double-Up Food Bucks/Flint Drinking Water Emergency – NEW

Executive includes new section which identifies eligible uses of one-time Double-up Food Bucks program funds specific to the Flint Drinking Water Declaration of Emergency. House concurs.