

FY 2017-18: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: As Passed by the Senate Senate Bill 139 (S-1)

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	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: Senate From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$323,200	\$310,300	\$310,300	\$310,300		(\$12,900)	(4.0)
Federal	10,471,200	11,273,900	11,273,900	11,273,900		802,700	7.7
Local	0	0	0	0		0	--
Private	130,700	101,600	101,600	101,600		(29,100)	(22.3)
Restricted	35,054,900	36,661,000	36,661,000	36,660,900		1,606,000	4.6
GF/GP	49,926,900	56,582,000	57,682,000	61,397,900		11,471,000	23.0
Gross	\$95,906,900	\$104,928,800	\$106,028,800	\$109,744,600		\$13,837,700	14.4
FTEs	482.0	499.5	497.5	499.5		17.5	3.6

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.

NOTE: Information on House budget action in this document is based on House Bill 4323 as passed by the House.

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
1. Emergency Management	FTE	3.0	1.0
<u>Executive</u> 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. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$614,600	\$359,700
	Federal	331,900	0
	GF/GP	\$282,700	\$359,700
2. Operational Services/Central Licensing	FTE	19.0	1.0
<u>Executive</u> provides \$2.0 million (\$1.2 million GF/GP) for <i>Operations services/Central licensing</i> , an increase of \$107,700 GF/GP and 1.0 additional FTE position over current year. <u>House</u> and <u>Senate</u> concur with Executive funding totals but also agree with department request to shift funding within budget to reflect department reorganization: the current line item is eliminated, \$1.2 million (\$422,300 GF/GP) is used in a new <i>Central Licensing/Call Center</i> line item in the <i>Laboratory Program</i> appropriation unit, and \$780,000 GF/GP is reallocated to <i>Executive direction</i> .	Gross	\$1,882,700	\$107,700
	Restricted	792,600	0
	GF/GP	\$1,090,100	\$107,700
3. Statistical Reporting Service	FTE	1.0	0.0
<u>Executive</u> increases GF/GP support by \$80,000 to offset decline in private revenue support. <u>House</u> and <u>Senate</u> concur with Executive funding totals but also agree with department request to move this line item to the <i>Agriculture Development</i> appropriation unit to recognize a department reorganization.	Gross	\$153,600	\$50,700
	Private	79,100	(29,300)
	GF/GP	\$74,500	\$80,000
4. Food and Dairy – Food Safety Quality Assurance	FTE	93.0	1.0
<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 PPM.] <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$14,006,400	\$671,300
	Federal	1,274,100	0
	Restricted	4,690,600	0
	GF/GP	\$8,041,700	\$671,300

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
5. Food and Dairy – Milk Safety Quality Assurance	FTE	30.0	1.0
<u>Executive</u> increases GF/GP support by \$166,600 and includes 1.0 additional FTE position to reflect increased workload due to changes in federal re-inspection requirements; this program is necessary to ensure compliance with the Pasteurized Milk Ordinance. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$4,260,100	\$166,600
	Federal	56,000	0
	Restricted	219,300	0
	GF/GP	\$3,984,800	\$166,600
6. Animal Industry – Animal Health and Disease Response	FTE	60.0	1.0
<u>Executive</u> increases support by \$164,700 GF/GP and includes 1.0 additional FTE position. <u>House</u> concurs with Executive. <u>Senate</u> provides additional \$97,000 GF/GP above the Executive recommendation.	Gross	\$9,054,500	\$261,700
	Federal	625,300	0
	Private	30,500	0
	Restricted	252,600	0
	GF/GP	\$8,146,100	\$261,700
	Gross	\$899,000	(\$500,000)
	GF/GP	\$899,000	(\$500,000)
7. Animal Agriculture Initiative			
This line, 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 Ag. Extension projects related to animal agriculture. <u>Executive</u> eliminates \$500,000 in one-time funding but retains \$399,000 shown as ongoing. <u>House</u> and <u>Senate</u> concur with Executive.			
	Gross	\$0	\$1,000,000
	GF/GP	\$0	\$1,000,000
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. <u>Senate</u> concurs with Executive.			
	Gross	\$0	\$1,000,000
	GF/GP	\$0	\$1,000,000
9. Pesticide and Plant Pest Management (PPPM)	FTE	92.0	2.0
<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 and Good Agricultural Practices (GAP) and Good Handling Practices (GHP) audits. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$13,672,000	\$284,400
	Federal	1,803,600	0
	Private	21,100	0
	Restricted	6,224,500	142,200
	GF/GP	\$5,622,800	\$142,200
10. Environmental Stewardship/MAEAP	FTE	23.0	2.0
<u>Executive</u> reduces GF/GP support by \$259,000 but recognizes 2.0 additional FTE positions. [The current year baseline includes \$1.5 million in restricted Freshwater Protection fund revenue included in supplemental appropriation act, Public Act 340 of 2016.] <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$10,646,800	(\$259,000)
	Federal	1,651,900	0
	Restricted	7,679,800	0
	GF/GP	\$1,315,100	(\$259,000)
11. 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 \$120,000 but retains 3.0 FTE positions and \$305,600 in restricted Agriculture Preservation Fund revenue added to current year budget in supplemental appropriation act, Public Act 340 of 2016. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$1,727,700	(\$120,000)
	Restricted	1,400,000	0
	GF/GP	\$327,700	(\$120,000)
12. Intercounty Drain	FTE	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. <u>Senate</u> concurs with Executive.	Gross	\$484,400	\$315,100
	GF/GP	\$484,400	\$315,100
13. Intercounty Drain Mapping Project (One-Time)			
<u>Executive</u> provides \$250,000 GF/GP to help establish state standard drainage infrastructure mapping tool. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$0	\$250,000
	GF/GP	\$0	\$250,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
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. <u>House</u> reduces GF/GP support by \$436,100 – the House bill is \$346,100 GF/GP less than Executive. <u>Senate</u> concurs with Executive.	Gross	\$2,582,700	\$100,000
	Restricted	288,200	190,000
	GF/GP	\$2,294,500	(\$90,000)
15. Right to Farm	FTE	3.0	2.5
<u>Executive</u> 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. <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. <u>Senate</u> concurs with Executive.	Gross	\$577,600	\$384,000
	IDG	103,100	0
	GF/GP	\$474,500	\$384,000
16. Agriculture Development	FTE	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. <u>House</u> concurs with Executive.	Gross	\$3,604,300	\$408,500
	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> and <u>Senate</u> concur 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	\$3,243,900
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> includes \$2.7 million GF/GP for similar grant program, renamed the Food and Agriculture Investment Program, defined and governed by boilerplate, Section 711. <u>House</u> includes \$2.5 million GF/GP, \$243,900 less than Executive. <u>Senate</u> includes \$4.7 million GF/GP; \$2.0 million more than Executive.	GF/GP	\$1,500,000	\$3,243,900
19. Rural Development Fund Grant Program	FTE	1.0	0.0
<u>Executive</u> retains grant program, 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> and <u>Senate</u> concur 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	\$178,800
<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. Senate includes \$649,300 GF/GP, \$348,800 more than Executive.	GF/GP	\$470,000	\$178,800
20b. Festivals and Events – NEW in HOUSE BILL	Gross	\$0	\$0
<u>House</u> includes \$100 placeholder for new line item. <u>Senate</u> does not include.	GF/GP	\$0	\$0
21. Advanced Deposit Wagering – NEW	Gross	\$0	\$100
<u>Senate</u> includes \$100 placeholder for new line item. <u>House</u> does not include.	GF/GP	\$0	\$100
22. Tree Fruit Research/Commission	Gross	\$500,000	\$1,000,000
FY 2016-17 budget includes \$500,000 GF/GP, identified as one-time, for tree fruit research grants. <u>Executive</u> would provide \$1.5 million in one-time GF/GP 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. <u>Senate</u> concurs with Executive.	GF/GP	\$500,000	\$1,000,000
23. Vital Agriculture Infrastructure Grant (One-Time)	Gross	\$220,000	(\$220,000)
<u>Executive</u> eliminates one-time earmark for local capital construction project. <u>House</u> and <u>Senate</u> concurs with Executive.	GF/GP	\$220,000	(\$220,000)

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
24. Double-Up Food Bucks (One-Time)	Gross	\$0	\$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>House</u> concurs with Executive. <u>Senate</u> does not include.	Restricted	0	0
	GF/GP	\$0	\$0
[Executive also proposes funding in FY 2016-17 supplemental.]			
25. MSU Mobile Fruit and Vegetable Processing Units (One-Time)	Gross	\$0	\$1,200,000
<u>House</u> and <u>Senate</u> include one-time funding for purchase of mobile fruit and vegetable processing units to be used by MSU, in coordination with participating community colleges, to help train students in food processing industry.	GF/GP	\$0	\$1,200,000
26. MSU Fruit and Vegetable Processing Teaching Lab (One Time)	Gross	\$0	\$0
<u>House</u> includes one-time funding for upgrades to on-campus fruit and vegetable processing teaching laboratory. [Funding for this project is also provided in the Higher Education budget, House Bill 4313, Section 236(10).] <u>Senate</u> does not include.	GF/GP	\$0	\$0
27. Albion Equestrian Center – NEW	Gross	\$0	\$100,000
<u>Senate</u> includes \$100,000 for new line item. <u>House</u> does not include.	GF/GP	\$0	\$100,000
28. Food Bank Council of Michigan – NEW	Gross	\$0	\$2,500,000
<u>Senate</u> includes \$2.5 million GF/GP for new line item. <u>House</u> does not include.	GF/GP	\$0	\$2,500,000
29. Technical and Revenue Adjustments	Gross	NA	\$1,848,000
<u>Executive</u> includes various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources. <u>House</u> and <u>Senate</u> concur.	Federal	NA	775,000
	IDG	NA	(15,000)
	Restricted	NA	1,101,400
	GF/GP		(\$13,400)
30. Economics	Gross	NA	\$676,200
<u>Executive</u> reflects 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. <u>House</u> and <u>Senate</u> concur.	IDG	NA	2,100
	Federal	NA	27,700
	Private	NA	200
	Restricted	NA	172,400
	GF/GP	NA	\$473,800

Major Boilerplate Changes From FY 2016-17

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 – RETAINED

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

Sec. 403. FSMA Program – DELETED

Section indicates legislative intent that the department establish a FSMA education and training program; 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.

Major Boilerplate Changes From FY 2016-17

Sec. 453. Indemnification/Depredation Payments – REVISED

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

Executive revises to eliminate current subsection (1), eliminates requirement that report identify persons to whom indemnification is paid, and allows depredation report as part of annual Animal Industry Division report. House retains current subsection 1, provides for report of calendar year activity, rather than fiscal year. Senate concurs with Executive.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Section establishes specific Bovine TB reporting requirement.

Executive deletes. House and Senate retain.

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 and Senate retain.

Sec. 461. Bovine TB Risk Mitigation – NEW

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

Not included in Senate bill.

Sec. 652. Laboratory Program Turnaround Times – DELETED

Section had established laboratory turnaround time metrics.

Executive deletes. House and Senate concur with Executive and delete.

Sec. 701/Sec. 711. Value Added Grant Program – REVISED

Current language of Sec. 701 defines Valued-added grant program.

Executive includes new language in Sec. 711 which directs department to establish new *Food and Agriculture Investment Program* as a 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 and Senate generally follow Executive with some language modifications.

Sec. 702. Rural Development Fund/Program – RETAINED

Section directs department to work with Rural Development Fund Board.

Executive deletes. House retains; corrects statutory reference. Senate concurs with Executive and deletes.

Sec. 706. Agriculture Development Report – RETAINED

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

House concurs with Executive. Senate retains current year language.

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

Executive deletes a current reporting requirement. House and Senate retain.

Sec. 711. Food and Agriculture Investment Program – NEW

See Sec. 701, above

Sec. 801. Ag Equine Industry Development Fund (AEIDF) – RETAINED

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

Executive deletes. House and Senate retain.

Sec. 804. Michigan Gaming Control Board (MGCB) – RETAINED

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

Executive deletes. House and Senate retain.

Sec. 805. County Fair Capital Grant Program – REVISED

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

Executive revises to delete special project earmarks. House and Senate concur with Executive with minor language changes.

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. Not included in Senate bill.