

FY 2024-25: AGRICULTURE AND RURAL DEVELOPMENT
Summary: Conference Report
Article 1, Senate Bill 747 (S-1) CR-1



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	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	FY 2024-25 House	FY 2024-25 Senate	FY 2024-25 Conference	Difference: Conference From FY 2023-24	
						Enacted Amount	%
IDG/IDT	\$327,000	\$332,400	\$332,400	\$332,400	\$332,400	\$5,400	1.7
Federal	29,762,700	20,357,900	20,357,900	20,357,900	20,357,900	(9,404,800)	(31.6)
Local	0	0	0	0	0	0	--
Private	21,300	21,300	21,300	21,300	21,300	0	0.0
Restricted	45,719,900	46,450,900	47,170,900	61,950,900	47,170,900	1,451,000	3.2
GF/GP	92,781,800	77,056,400	82,056,400	80,556,500	89,056,400	(3,725,400)	(4.0)
Gross	\$168,612,700	\$144,218,900	\$149,938,900	\$163,219,000	\$156,938,900	(\$11,673,800)	(6.9)
FTEs	550.0	579.0	555.0	552.0	556.0	6.0	1.1

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time." "House" means House Bill 5511 (H-1); "Senate" means Senate Bill 758 (S-3); "Conference" means Senate Bill 747 (S-1).

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.

Note: The Governor's proposed budget reflects MDARD's internal reorganization effective January 1, 2024. However, the analysis of major budget changes below compares like programs and line items in current year and FY 2024-25 and does not show changes associated with MDARD's reorganization or related proposed changes in budget structure.

Major Budget Changes from FY 2023-24 Enacted Appropriations	FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 Conference Change
1. Unclassified Salaries		
FTE	6.0	0.0
Gross	\$664,900	\$335,100
Restricted	0	335,100
GF/GP	\$664,900	\$0
The department indicates that the current budget does not provide sufficient funding to support all 6.0 authorized unclassified FTE positions. <u>Executive</u> includes increase of \$335,100 Gross (\$0 GF/GP) to support all 6.0 authorized unclassified FTE positions. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.		
2. Emerging Contaminates in Food and Agriculture		
FTE	6.0	0.0
Gross	\$4,079,900	(\$1,999,800)
GF/GP	\$4,079,900	(\$1,999,800)
<u>Executive</u> retains \$2.1 million GF/GP in ongoing funding for program intended to identify, respond to, and mitigate emerging contaminants, including PFAS, affecting agriculture and related food industries, but does not retain one-time \$2.0 million. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.		
3. Federal USDA Emergency Management Grant		
FTE	8.0	0.0
Gross	\$2,918,000	\$600,000
Federal	432,300	600,000
GF/GP	\$2,485,700	\$0
<u>Executive</u> includes \$600,000 federal funds increase in Emergency Management to recognize United State Department of Agriculture (USDA) Animal and Plant and Health Inspection Service (APHIS) grant awarded to the department for incident command training and other services. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.		

	FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 Conference Change
Major Budget Changes from FY 2023-24 Enacted Appropriations		
4. Environmental Stewardship/MAEAP – Staffing	FTE	26.0
<u>Executive</u> requests increase of 24.0 FTE positions for the Michigan Agriculture Environmental Assurance Program (MAEAP). The increase would allow the department to shift program delivery from Local Conservation District contract technicians to classified MDARD employees. There is no funding impact associated with this change in program delivery. <u>House</u> concurs with Executive with respect to funding but does not include the 24.0 FTE position increase. <u>Senate</u> concurs with Executive with respect to funding but does not include the 24.0 FTE position increase. <u>Conference</u> concurs with House and Senate and does not include proposed FTE increase.	Gross	\$11,744,500
	Federal	1,982,600
	Restricted	8,328,900
	GF/GP	\$1,433,000
		0.0
		\$0
		0
		0
		\$0
5. Agricultural Climate Resiliency	Gross	\$7,000,000
<u>Executive</u> retains \$1.0 million GF/GP in ongoing funding for grant program to promote the principles of regenerative agriculture as defined in boilerplate section 503, but does not retain \$6.0 million in one-time funding. <u>House</u> includes \$6.0 million GF/GP in part 1 funding (\$1.0 million ongoing and \$5.0 million one-time) – \$1.0 million less than current year. House also provides additional \$3.0 million GF/GP through boilerplate appropriation (Section 901) repurposing a work project balance. <u>Senate</u> concurs with Executive. <u>Conference</u> includes \$6.1 million GF/GP (\$1.0 million ongoing, \$5.1 million one-time), a reduction of \$900,000 from current year.	GF/GP	\$7,000,000
		(\$900,000)
		(\$900,000)
6. Soil Health and Regenerative Agriculture	FTE	5.0
<u>Executive</u> retains \$1.0 million GF/GP in ongoing funding but does not retain \$5.0 million shown as one-time, a net decrease of \$5.0 million. Program is intended to promote the principles of regenerative agriculture. <u>House</u> concurs with Executive and retains \$1.0 million GF/GP in ongoing funding only. <u>Senate</u> concurs with Executive and retains only \$1.0 million GF/GP ongoing. Note the Senate also includes \$249,900 GF/GP in one-time funding for Soil Health Workshops and Education – shown Item #19 below. <u>Conference</u> concurs with Executive and retains \$1.0 million ongoing funding only.	Gross	\$6,000,000
	GF/GP	\$6,000,000
		0.0
		(\$5,000,000)
		(\$5,000,000)
7. Local Conservation Districts	Gross	\$3,000,000
<u>Executive</u> retains \$2.0 million GF/GP in ongoing funding but does not retain \$1.0 million in one-time support, a net decrease of \$1.0 million. <u>House</u> retains current year funding of \$3.0 million GF/GP, all shown as ongoing. <u>Senate</u> includes \$6.0 million GF/GP, all shown as ongoing, a \$3.0 million increase from current year. <u>Conference</u> concurs with House and retains current year \$3.0 million funding, all as ongoing, but changes boilerplate Sec. 507 directives.	GF/GP	\$3,000,000
		\$0
		\$0
8. Farm to Family Program – NEW	FTE	0.0
<u>Executive</u> recommends \$4.0 million GF/GP, and 6.0 FTE authorization, for a new ongoing program to support regenerative farming, agriculture supply chains, and the promotion of Michigan food products. <u>House</u> includes \$1.0 million GF/GP; shifts \$1.0 million to Local conservation districts and \$2.0 million to Fair Food Network – Double up food bucks. <u>Senate</u> includes \$2.0 million GF/GP, with 3.0 FTE positions. <u>Conference</u> includes \$3.0 million GF/GP and 6.0 FTEs.	Gross	\$0
	GF/GP	\$0
		6.0
		\$3,000,000
		\$3,000,000
9. Fair Food Network – Double Up Food Bucks	Gross	\$2,000,000
<u>Executive</u> retains \$2.0 million GF/GP in ongoing support for program that provides a supplemental benefit for SNAP recipients to purchase fresh fruits and vegetables. <u>House</u> includes an additional \$2.0 million GF/GP by shifting from Farm to Family Program. House also includes \$1.0 million through a boilerplate appropriation (Section 901) repurposing a work project balance. <u>Senate</u> concurs with Executive. <u>Conference</u> includes \$5.0 million, an increase of \$3.0 million from current year.	GF/GP	\$2,000,000
		\$3,000,000
		\$3,000,000

		FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 Conference Change
Major Budget Changes from FY 2023-24 Enacted Appropriations			
10. Food and Agriculture Supply Chain Investment	FTE	1.0	0.0
<u>Executive</u> retains \$800,000 GF/GP in ongoing funding, but does not retain \$1.0 million GF/GP in one-time funding. Program is intended to address issues related to agriculture and food industry supply chain, including accessibility of cold storage, distribution and processing facilities, and implementation of advanced technologies. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive and retains \$800,000 ongoing funding only.	Gross	\$1,800,000	(\$1,000,000)
	GF/GP	\$1,800,000	(\$1,000,000)
11. Office of Rural Development Transfer	FTE	1.0	(1.0)
<u>Executive</u> reflects Executive Order 2023-6 transfer of the Office of Rural Development to the Department of Labor and Economic Opportunity (LEO). <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.	Gross	\$678,000	(\$678,000)
	GF/GP	\$678,000	(\$678,000)
12. County Fairs, Shows, and Expositions	Gross	\$2,500,000	(\$2,000,000)
<u>Executive</u> retains \$500,000 GF/GP in ongoing support for grant program but does not retain \$2.0 million in one-time funding. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.	GF/GP	\$2,500,000	(\$2,000,000)
13. Standardbred Racing Program	Gross	\$3,794,200	\$720,000
<u>Executive</u> retains current year funding of \$3.8 million from the restricted Agriculture Equine Industry Development Fund (AEIDF) for standardbred horse racing programs. <u>House</u> includes additional \$720,000 (AEIDF) for a new line item, Michigan sired championship stakes, defined in Sec. 803, to allow for a standardbred sire stakes race at a county fair. This line item would only be used if there is no licensed race meeting/track to host the event. <u>Senate</u> concurs with Executive. <u>Conference</u> adds \$720,000 AEIDF to line that support county fair racing to provide for a county fair "sire stakes" program if there is no licensed track in Michigan.	Restricted	3,794,200	720,000
	GF/GP	\$0	\$0
14. Minority-Owned Food and Agriculture Ventures (One-Time)	Gross	\$2,900,000	(\$2,400,000)
<u>Executive</u> does not retain \$2.9 million GF/GP for program, new in the current year budget. <u>House</u> concurs with Executive. <u>Senate</u> retains \$500,000, a reduction of \$2.4 million from current year. <u>Conference</u> concurs with Senate but renames the line as "Underserved-owned ..."	GF/GP	\$2,900,000	(\$2,400,000)
15a. Laboratory Animal Welfare (One-Time)	Gross	\$500,000	(\$500,000)
<u>Executive</u> does not retain \$500,000 GF/GP for one-time line item associated with Senate Bills 148 and 149 ("Teddy's Law") related to the adoption of animals used in medical research. <u>House</u> concurs with Executive. <u>House</u> , <u>Senate</u> and <u>Conference</u> concur with Executive and do not include.	GF/GP	\$500,000	(\$500,000)
15b. Animal Welfare Grants (One-Time)	Gross	\$0	\$500,000
<u>Senate</u> includes new \$500,000 GF/GP animal welfare grant program. <u>Conference</u> concurs with Senate.	GF/GP	\$0	\$500,000
16. Farmer's Market Upgrades (One-Time/ New in Senate Bill)	Gross	\$0	\$150,000
<u>Senate</u> includes \$100 placeholder. <u>Conference</u> includes at \$150,000 GF/GP.	GF/GP	\$0	\$150,000
17. Fruit and Vegetable Prescription Program (One-Time/ New in Senate Bill)	Gross	\$0	\$500,000
<u>Senate</u> includes \$100 placeholder. [Note that because of a drafting error, this item is shown in the Fairs and Racing unit in the bill.] <u>Conference</u> includes \$500,000 GF/GP, defined in Sec. 902.	GF/GP	\$0	\$500,000
18. Study on Agriculture Stewardship	Gross	\$0	\$250,000
<u>Senate</u> includes \$249,900 GF/GP for study of local conservation districts; defined in Sec. 903. <u>Conference</u> includes \$250,000 GF/GP, for study of agriculture stewardship generally.	GF/GP	\$0	\$250,000

<u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u>		<u>FY 2023-24 Enacted (as of 2/7/24)</u>	<u>FY 2024-25 Conference Change</u>
19. Animal Disease Prevention and Response	Gross	\$0	\$2,000,000
<u>Conference</u> includes \$2.0 million GF/GP intended for response to Highly pathogenic avian influenza (HPAI).	GF/GP	\$0	\$2,000,000
20. Removal of FY 2023-24 One-Time Appropriations #	Gross	\$10,200,200	(\$10,200,200)
<u>Executive</u> removes the following one-time items, totaling \$10.2 million Gross (\$100,200 GF/GP), that had been included in the FY 2023-24 budget:	Federal	10,100,000	(10,100,000)
	GF/GP	\$100,200	(\$100,200)
<ul style="list-style-type: none"> • ARP - Resilient Food Systems Infrastructure, \$10.1 million federal. • Northern Michigan Herd Protection, \$100 GF/GP. • Rural Venture Capital Program, \$100 GF/GP. • Washtenaw conservation district - MiFarmLink pilot project, \$100,000 GF/GP. 			

House, Senate, and Conference concur with Executive and remove the above FY 2023-24 items.

Note that the FY 2023-24 budget included One-time items totaling \$30.6 million Gross (\$20.5 million GF/GP). However, some of those items are reviewed elsewhere in this summary.

21. Economic Adjustments	Gross	NA	\$1,968,500
<u>Executive</u> reflects increased costs of \$2.0 million Gross (\$1.5 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	IDG/IDT	NA	5,400
	Federal	NA	95,200
	Restricted	NA	395,900
	GF/GP	NA	\$1,472,000

Major Boilerplate Changes from FY 2023-24

Sec. 207. Communication with the Legislature – REVISED

Executive deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. House, Senate, and Conference retain with technical changes to reflect new standard language; renumbered as Sec. 206.

Sec. 212. Transparency Website – REVISED

Executive deletes section that requires the department to cooperate with the Department of Technology, Management and Budget to maintain a searchable website, accessible by the public, that provides expenditure and staffing information. House, Senate, and Conference retain with technical changes that reflect standard language; renumbered as Sec. 211.

Sec. 213. Restricted Fund Report – REVISED

Executive deletes section that requires the department to work with the State Budget Office to provide a report on restricted fund revenues, expenditures, and fund balances; renumbered as Sec. 212. [This report is currently included in the annual Budget Presentation.] House, Senate, and Conference retain with changes to reflect new standard language.

Sec. 214. Key Metrics – DELETED

Executive deletes section that requires the department to maintain on a publicly accessible website information on key metrics and performance measures. House does not include. Senate retains; renumbered as Sec. 213. Conference concurs with Executive and deletes.

Sec. 218. Remote Work Policy – DELETED

Executive deletes section that indicates legislative intent that the department maximize the efficiency of the state workforce and, where possible, prioritize in-person work and post its in-person, remote, or hybrid work policy on its website. House and Senate retain with technical changes to reflect new standard language; renumbered as Sec. 216. Conference concurs with Executive and deletes.

Sec. 219. State Administrative Board Transfers – DELETED

Executive deletes section that authorizes the legislature to intertransfer funds within budget if the State Administrative Board transfers funds from an appropriation within this budget. House deletes section. Senate retains; renumbered as Sec. 217. Conference concurs with Executive and deletes.

Major Boilerplate Changes from FY 2023-24

Sec. 221. Record Retention Policy – REVISED

Executive deletes section that prescribes the department's record retention policy. House, Senate, and Conference retain with technical changes to reflect new standard language; renumbered as Sec. 218.

Sec. 222. Impact of New Legislation – REVISED

Executive deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year. House, Senate, and Conference retain with technical changes to reflect new standard language; renumbered as Sec. 219.

Sec. 223. Severance Pay Report – DELETED

Executive deletes section that established reporting requirements related to severance pay paid to department personnel upon the termination of employment. House concurs with Executive and does not include. Senate retains; renumbered as Sec. 220. Conference concurs with Executive and deletes.

Sec. 225. Work Project Expenditures – REVISED

Executive deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. House, Senate, and Conference retain with technical changes to reflect new standard language; renumbered as Sec. 221.

Sec. 223. Fiscal Recovery Funds – NEW

Conference includes new section prescribing use of federal fiscal recovery funds.

Sec. 250. Report on Grant Sponsors and Grant Recipients – NEW

Conference includes section that establishes detailed reporting requirements for grants made to single recipients or local units of government.

Secs. 503 and 504. Agricultural Climate Resiliency/Soil Health and Regenerative Agriculture – REVISED

Executive combines the two sections that define the part 1 line items but generally retains current year language. House maintains both sections but revises Sec. 503 to direct that the department to use not less than \$9.0 million to partner with a state land-grant university (Michigan State University) for program activities. Senate reworks into three sections, Secs 502, 503, 504, dealing with Agricultural Climate Resiliency/Soil Health and Regenerative Agriculture.

Conference includes new consolidated section. Sec. 502; directs the department to use not less than \$6.1 million to partner with the state land-grant university (Michigan State University) for program activities.

Sec. 609. Local Conservation Districts – REVISED

Executive retains, with minor technical changes, section requires equal distribution of Local conservation district appropriation. House retains with minor technical changes. Senate includes new language to designate \$3.0 million for equal distribution to local conservation districts and \$3.0 million for distribution under memoranda of understanding describing specific delivery of services as well as new reporting requirements. Conference revises to make \$3.0 million appropriation into a grant program, rather than distribution program; renumbered as Sec. 507.

Sec. 802. Agriculture Equine Industry Development Fund Reductions – RETAINED

Executive retains section that defines priority of AEIDF appropriations. House makes technical changes. Senate concurs with Executive and retains with changes only to date references. Conference retains.

Sec. 803. Standardbred Sire Stakes at County Fairs – NEW

House includes new section to define the new Michigan sired champion stakes item to allow for a standardbred sire stakes awards in the event there is no licensed race meeting/track to host the event. Conference includes to define use of \$720,000 from the AEIDF for sire stakes race at a county fair if there is no licensed track on January 1, 2025.

Sec. 901. Underserved-owned Food and Agriculture Ventures– NEW

Conference includes section defining use of part 1 one-time appropriation.

Sec. 902. Fruit and Vegetable Prescription Program – NEW

Conference includes section defining use of part 1 one-time appropriation.

Sec. 903. Study of Agriculture Stewardship – NEW

Senate designates \$249,900 part 1 Local conservation district study appropriation as a work project.

Conference defines of \$250,000 part 1 one-time appropriation as a work project.

FY 2023-24 Supplemental Appropriation Items

Article 16, Senate Bill 747 (S-1) CR-1

**Appropriation
Change**

1. Animal Disease Prevention and Response

Includes authorization to receive \$5.0 million from the USDA for animal disease prevention and response, and specifically, to respond, detect, and address highly pathogenic avian influenza (HPAI) in dairy cows and poultry. Michigan is one of 12 states where HPAI has been detected in domestic livestock. According to USDA, figures through June 21, 2024, there have been 25 confirmed affected herds in Michigan between March 29, 2024 (first detection) and June 11, 2024 (most recent detection). "Affected herds" means herds in which one or more cows tests positive for HPAI.

Gross	\$5,000,000
Federal	5,000,000
GF/GP	\$0

2. Employee Lump Sum Payments

Includes \$780,100 GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

Gross	\$780,100
GF/GP	\$780,100

FY 2023-24 Supplemental Boilerplate Items

Article 16, Senate Bill 747 (S-1) CR-1

Sec. 301. Animal Disease Prevention and Response

Designates unexpended funds as a work project appropriation to be used to respond to the detection of unusual contagious disease events in animals.