

FY 2025-26: AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Passed by the Senate
Senate Bill 171 (S-2)



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| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | FY 2025-26 Senate | Difference: Senate From FY 2024-25 YTD | |
|-------------------|--|-------------------------|----------------------|---|------------|
| | | | | Amount | % |
| IDG/IDT | \$332,400 | \$336,600 | \$336,600 | \$4,200 | 1.3 |
| Federal | 20,357,900 | 20,079,600 | 20,079,600 | (278,300) | (1.4) |
| Local | 0 | 0 | 0 | 0 | - |
| Private | 21,300 | 0 | 0 | (21,300) | (100.0) |
| Restricted | 47,170,900 | 51,972,400 | 51,972,400 | 4,801,500 | 10.2 |
| GF/GP | 89,056,400 | 85,921,900 | 87,072,000 | (1,984,400) | (2.2) |
| Gross | \$156,938,900 | \$158,310,500 | \$159,460,600 | \$2,521,700 | 1.6 |
| FTEs | 556.0 | 589.0 | 581.0 | 25.0 | 4.5 |

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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 2024-25 Year-to-Date (YTD) Appropriations | | FY 2024-25 Year-to-Date (as of 2/5/25) | FY 2025-26 Senate Change |
|---|--------------|---|---|
| 1. Protecting Michigan's Food Supply | FTE | 0.0 | 19.0 |
| <u>Executive</u> includes \$5.5 million (\$3.5 million GF/GP) and authorization for 27.0 FTE positions for a new appropriation unit and line item to support the implementation of proactive biosecurity measures to prevent and reduce the impact of animal disease outbreaks in the livestock industry. Funding and FTEs would be allocated between bureaus internally by the department. <u>Senate</u> includes line item funded at \$4.0 million (\$2.0 million GF/GP) with 19.0 FTEs. | Gross | \$0 | \$4,000,000 |
| | Restricted | 0 | 2,000,000 |
| | GF/GP | \$0 | \$2,000,000 |
| 2. Soil Health and Regenerative Agriculture/Agricultural Climate Resiliency | FTE | 5.0 | 0.0 |
| <u>Executive</u> consolidates two line items into a single Soil Health and Regenerative Agriculture line. Retains \$2.0 million GF/GP in ongoing funding, and 5.0 FTE positions, for program intended to promote the principles of regenerative agriculture; does not retain \$5.1 million in one-time appropriations. <u>Senate</u> concurs with Executive. | Gross | \$7,124,900 | (\$5,100,000) |
| | GF/GP | \$7,124,900 | (\$5,100,000) |
| 3. Rural Development Grants | FTE | 1.0 | 2.0 |
| <u>Executive</u> increases authorization by \$2.0 million to expand the Rural Development Grant Program, a program that supports projects that enhance land-based industries and rural community infrastructure, including job training, childcare, housing, and utilities. The fund source is the state restricted Rural Development Fund, which is credited with revenue from a Nonferrous metallic minerals extraction severance tax. Executive would also authorize 3.0 FTE positions, an increase of 2.0 FTEs from current year. <u>Senate</u> concurs with Executive. | Gross | \$2,008,000 | \$2,000,000 |
| | Restricted | 2,008,000 | 2,000,000 |
| | GF/GP | \$0 | \$0 |

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|---|--------------|---|---|
| 4. Plant, Soil, and Pest Diagnostics | FTE | 0.0 | 4.0 |
| <u>Executive</u> includes \$1.6 million GF/GP and authorization for 4.0 FTE positions for program targeted at detection and response to invasive species and plant diseases, by increasing testing capacity to provide growers with localized data and expertise to best protect Michigan agriculture. Testing functions would include soil health testing. Of the \$1.6 million, \$900,000 is ongoing and would be allocated internally by the department; \$700,000 is one-time for laboratory capital equipment purchases. <u>Senate</u> concurs with Executive. | Gross | \$0 | \$1,600,000 |
| | GF/GP | \$0 | \$1,600,000 |
| 5. Integrated Solutions | FTE | 0.0 | 0.0 |
| <u>Executive</u> includes a new line item within Laboratory and Consumer Protection, funded at \$3.7 million Gross (\$2.0 million GF/GP) with authorization for 25.0 FTE positions. This is a net-to-zero shift of funding and FTEs from other areas within the budget to support a new Integrated Solutions Division to provide coordination and delivery of licensing, technology advancements, and GIS services for the department. <u>Senate</u> concurs with Executive. | Gross | \$0 | \$0 |
| | Restricted | 0 | 0 |
| | GF/GP | \$0 | \$0 |
| 6a. Environmental Stewardship/MAEAP | FTE | 27.0 | (6.0) |
| <u>Executive</u> retains current year baseline funding and FTE positions; the only line item changes are internal fund shifts and economics. <u>Senate</u> shifts \$5.6 million (\$5.2 million Freshwater Protection Fund, \$400,000 GF/GP) to a new MAEAP/Conservation District Support line item, see below. | Gross | \$10,825,300 | (\$5,600,000) |
| | Federal | 1,984,100 | 0 |
| | Restricted | 8,369,600 | (5,200,000) |
| | GF/GP | \$471,600 | (\$400,000) |
| 6b. Local Conservation Districts | | | |
| <u>Executive</u> retains \$3.0 million GF/GP in ongoing funding. <u>Senate</u> shifts \$3.0 million GF/GP to a new MAEAP/Conservation District Support line item, see below. | Gross | \$3,000,000 | (\$3,000,000) |
| | GF/GP | \$3,000,000 | (\$3,000,000) |
| 6c. MAEAP/Conservation District Support | FTE | 0.0 | 6.0 |
| <u>Senate</u> shifts funding as noted in Items #6a and #6b, as shown above, and adds \$1.0 million GF/GP, to establish a new MAEAP/Conservation District Support line item. | Gross | \$0 | \$9,700,000 |
| | Restricted | 0 | 5,200,000 |
| | GF/GP | \$0 | \$4,500,000 |
| 7. Farm to Family - New Farmer Support Grants (One-Time) | Gross | \$0 | \$800,000 |
| <u>Senate</u> includes \$800,000 GF/GP as new one-time funding item to enhance the Farm to Family program's ability to assist new farmers. | GF/GP | \$0 | \$800,000 |
| 8. Ag. Flooding and Water Control Infrastructure (One-Time) | Gross | \$0 | \$400,000 |
| <u>Senate</u> includes \$400,000 GF/GP as new one-time funding item to address flooding issues and water control. | GF/GP | \$0 | \$400,000 |
| 9. Tariff Impacts Monitoring and Evaluation (One-Time) | Gross | \$0 | \$250,000 |
| <u>Senate</u> includes \$250,000 GF/GP as new one-time funding item to support monitoring and evaluation of federal tariffs. | GF/GP | \$0 | \$250,000 |
| 10. Horticulture Education Programs (One-Time) | Gross | \$0 | \$99,900 |
| <u>Senate</u> includes \$99,900 GF/GP as new one-time funding item to support horticulture education programs. | GF/GP | \$0 | \$99,900 |
| 11. Small Farm Tariff Relief Grants (One-Time) | Gross | \$0 | \$100 |
| <u>Senate</u> includes \$100 GF/GP placeholder for new one-time funding item. | GF/GP | \$0 | \$100 |
| 12. Ice Storm Relief: Maple Syrup and Ag. Industries (One-Time) | Gross | \$0 | \$100 |
| <u>Senate</u> includes \$100 GF/GP placeholder for new one-time funding item. | GF/GP | \$0 | \$100 |

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|---|--------------|---|---|
| 13. Removal of FY 2024-25 One-Time Appropriations | Gross | \$3,900,000 | (\$3,900,000) |
| <u>Executive</u> removes \$3.9 million GF/GP in one-time funding items included in the FY 2024-25 budget: | GF/GP | \$3,900,000 | (\$3,900,000) |

- Animal disease prevention and response, (\$2.0 million)
- Animal welfare grants, (\$500,000)
- Fruit and vegetable prescription program, (\$500,000)
- Underserved-owned food and agriculture ventures, (\$500,000)
- Agriculture stewardship study, (\$250,000)
- Flint farmer's market, (\$150,000)

Senate concurs with Executive.

Note: An additional one-time funding item, \$5.1 million for Agricultural climate resiliency, is described in Item #2 above.

| | | | |
|---|--------------|-----------|--------------------|
| 14. Economic Adjustments | Gross | NA | \$1,258,100 |
| <u>Executive</u> budget reflects increased costs of \$1.3 million Gross (\$765,500 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs with Executive. | IDG/IDT | NA | 4,200 |
| | Federal | NA | 71,700 |
| | Restricted | NA | 416,700 |
| | GF/GP | NA | \$765,500 |

Major Boilerplate Changes from FY 2024-25

General Sections

Executive deletes or revises a number of general or standard sections. The Senate generally restores those sections. This Review and Analysis does not describe those changes and actions in detail. However, Senate added three new sections, described below.

Sec. 251. Priority use of Federal/Private Funds – NEW

Senate directs that General Fund appropriations in part 1 not be expended if federal funding or private grant funding is available for the same expenditures.

Sec. 252. Unenforceable Boilerplate – NEW

Senate requires the department to report on standard boilerplate sections deemed unenforceable.

Sec. 253. Federal Policy Changes – NEW

Senate requires the department to report on federal policy changes that affect department operations, affect industry or other groups, affect current regulations, or create a regulatory gap.

Sec. 302. Contracts and Grants Notification Requirements – RETAINED

Executive deletes section that requires the department to provide notice to the appropriations subcommittees, the House and Senate fiscal agencies, and the State Budget Office of contracts or grants awarded. Senate retains.

Sec. 502. Agricultural Climate Resiliency/Soil Health and Regenerative Agriculture – RETAINED

Executive deletes section that defines Agricultural Climate Resiliency, and Soil Health and Regenerative Agriculture. Senate retains.

Sec. 503 Agricultural Nutrient Best Management Voluntary Practices Program – RETAINED

Executive deletes reporting requirement for work project related to water quality improvement project in western Lake Erie basin. Senate retains.

Sec. 507. Local Conservation Districts – REVISED

Executive retains section that currently requires the distribution of grants to local conservation districts that were in operation in the previous fiscal year based upon criteria established by the department. Senate renumbers as Sec. 601 and modifies to define the new appropriation line item: MAEAP administration and conservation district support.

Sec. 1001. Tariff Economic Impact – NEW

Senate includes new section defining the part 1, one-time appropriation for Tariff Economic Impact.