

FY 2024-25: AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Passed by the Senate
Senate Bill 758 (S-3)



Analyst: William E. Hamilton

IDG/IDT	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: Senate From FY 2023-24 Enacted	
						Amount	%
	\$327,000	\$332,400	\$332,400	\$332,400	\$	\$5,400	1.7
Federal	29,762,700	20,357,900	20,357,900	20,357,900		(9,404,800)	(31.6)
Local	0	0	0	0		0	--
Private	21,300	21,300	21,300	21,300		0	0.0
Restricted	45,719,900	46,450,900	47,170,900	61,950,900		16,231,000	35.5
GF/GP	92,781,800	77,056,400	82,056,400	80,556,500		(12,225,300)	(13.2)
Gross	\$168,612,700	\$144,218,900	\$149,938,900	\$163,219,000	\$	(\$5,393,700)	(3.2)
FTEs	550.0	579.0	555.0	552.0		2.0	0.4

Note: Appropriation figures for FY 2024-25 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.

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 Senate Change
1. Unclassified Salaries	FTE	6.0	0.0
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.	Gross	\$664,900	\$335,100
	Restricted	0	335,100
	GF/GP	\$664,900	\$0
2. Emerging Contaminates in Food and Agriculture	FTE	6.0	0.0
<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 \$2.0 million one-time. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive.	Gross	\$4,079,900	(\$1,999,800)
	GF/GP	\$4,079,900	(\$1,999,800)
3. Federal USDA Emergency Management Grant	FTE	8.0	0.0
<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.	Gross	\$2,918,000	\$600,000
	Federal	432,300	600,000
	GF/GP	\$2,485,700	\$0

		FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 Senate Change
Major Budget Changes from FY 2023-24 Enacted Appropriations			
4. Environmental Stewardship/MAEAP – Staffing	FTE	26.0	0.0
<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.	Gross	\$11,744,500	\$0
	Federal	1,982,600	0
	Restricted	8,328,900	0
	GF/GP	\$1,433,000	\$0
5. Agricultural Climate Resiliency	Gross	\$7,000,000	(\$6,000,000)
<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.	GF/GP	\$7,000,000	(\$6,000,000)
6. Soil Health and Regenerative Agriculture	FTE	5.0	0.0
<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, defined in boilerplate section 504, 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.	Gross	\$6,000,000	(\$5,000,000)
	GF/GP	\$6,000,000	(\$5,000,000)
7. Local Conservation Districts	Gross	\$3,000,000	\$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.	GF/GP	\$3,000,000	\$3,000,000
8. Farm to Family Program – NEW	FTE	0.0	3.0
<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. Senate includes \$2.0 million GF/GP, with 3.0 FTE positions.	Gross	\$0	\$2,000,000
	GF/GP	\$0	\$2,000,000
9. Fair Food Network – Double Up Food Bucks	Gross	\$2,000,000	\$0
<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.	GF/GP	\$2,000,000	\$0
10. Food and Agriculture Supply Chain Investment	FTE	1.0	0.0
<u>Executive</u> retains \$800,000 GF/GP in ongoing funding for program 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. Executive does not retain \$1.0 million GF/GP in one-time funding. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive.	Gross	\$1,800,000	(\$1,000,000)
	GF/GP	\$1,800,000	(\$1,000,000)

		FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 Senate Change
Major Budget Changes from FY 2023-24 Enacted Appropriations			
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.	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.	GF/GP	\$2,500,000	(\$2,000,000)
13. Standardbred Racing Program	Gross	\$3,794,200	\$0
<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.	Restricted	3,794,200	0
	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.	GF/GP	\$2,900,000	(\$2,400,000)
15. Laboratory Animal Welfare (One-Time)	Gross	\$500,000	\$0
<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>Senate</u> retains current year funding.	GF/GP	\$500,000	\$0
16. Farmer's Market Upgrades (One-Time/ New in Senate Bill)	Gross	\$0	\$100
<u>Senate</u> includes \$100 placeholder.	GF/GP	\$0	\$100
17. Fruit and Vegetable Prescription Program (One-Time/ New in Senate Bill)	Gross	\$0	\$100
<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.]	GF/GP	\$0	\$100
18. Craft Beverage Council – Wine/Agri-Tourism (One-Time/ New in Senate Bill)	Gross	\$0	\$100
<u>Senate</u> includes \$100 placeholder.	GF/GP	\$0	\$100
19. Soil Health Workshops and Education (One-Time/ New in Senate Bill)	Gross	\$0	\$249,900
<u>Senate</u> includes \$249,900 GF/GP; defined in Sec. 902.	GF/GP	\$0	\$249,900
20. Study on Funding and Role of Local Conservation Districts – (One-Time/ New in Senate Bill)	Gross	\$0	\$249,900
<u>Senate</u> includes \$249,900 GF/GP for study of local conservation districts; defined in Sec. 903.	GF/GP	\$0	\$249,900
21. Western Lake Erie Basin Soil Health Projects (One-Time/ New in Senate Bill)	Gross	\$0	\$15,500,000
<u>Senate</u> includes \$15.5 million from the repurposing of a work project lapse. This appropriation is shown in the Senate bill as from restricted funds. Defined in sections 904, 905, 906, and 907.	Restricted	0	15,500,000
	GF/GP	\$0	\$0

		FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 Senate Change
<u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u>			
22. 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	Federal	10,100,000	(10,100,000)
Gross (\$100,200 GF/GP), that had been included in the FY 2023-24	GF/GP	\$100,200	(\$100,200)
budget:			

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

Note that One-time items in the FY 2023-24 budget total \$30.6 million Gross (\$20.5 million GF/GP). However, Item #13 does not address one-time items, totaling \$20.0 million, that are reviewed elsewhere in this summary, specifically:

- Emerging Contaminates in Food and Agriculture, \$2.0 million GF/GP. (Item #2, above.)
- Agricultural Climate Resiliency, \$6.0 million GF/GP. (Item #5, above.)
- Soil Health and Regenerative Agriculture, \$5.0 million GF/GP. (Item #6, above.)
- Local Conservation Districts, \$1.0 million GF/GP. (Item #7, above.)
- Food and Agriculture Supply Chain Investment, \$1.0 million GF/GP. (Item #10 above.)
- County Fairs, Shows, and Expositions, \$2.0 million GF/GP. (Item #12, above.)
- Laboratory Animal Welfare, \$500,000 GF/GP. (Item #14, above.)
- Minority-owned Food and Agriculture Ventures, \$2.9 million GF/GP. (Item #15, above.)

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

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 and Senate 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 and Senate retain with technical changes to reflect new 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 and Senate retain with technical changes to reflect new standard language.

Major Boilerplate Changes from FY 2023-24

Sec. 214. Key Metrics – RETAINED

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

Sec. 218. Remote Work Policy – REVISED

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.

Sec. 219. State Administrative Board Transfers – RETAINED

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.

Sec. 221. Record Retention Policy – REVISED

Executive deletes section that prescribes the department's record retention policy. House and Senate 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 and Senate retain with technical changes to reflect new standard language; renumbered as Sec. 219.

Sec. 223. Severance Pay Report – RETAINED

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.

Sec. 225. Work Project Expenditures – REVISED

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

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.

Sec. 601. Environmental Stewardship/MAEAP – REVISED

Executive retains section that directs that the *Environmental stewardship/MAEAP* line item be used to support department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan Natural Resources and Environmental Protection Act. Executive deletes references to "technical assistance in implementing conservation grants available under the Federal Farm Bill." House retains current language with minor technical changes, Senate retains current language but includes new subsection to designate \$3.0 million to MSU Extension to assist in MAEAP.

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.

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.

Sec. 803. Standardbred Sire Stakes at County Fairs – NEW in House Bill

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. Not included in Senate bill.

Major Boilerplate Changes from FY 2023-24

Sec. 901. Work Project Repurpose – NEW in House Bill 5511

House includes new section to repurpose \$5.0 million in unexpended and unobligated funds from a work project established for the FY 2021-22 agricultural nutrient best management voluntary practices program. Specifically, the boilerplate would repurpose \$1.0 million for the Fair food network - double up food bucks program; \$3.0 million for Agricultural climate resiliency; \$850,000 to the Michigan craft beverage council, and \$150,000 to the Flint farmer's market. Senate Bill 758 includes a separate section, Sec. 907, governing work project lapse.

Sec. 902 Soil Health Workshops and Education – NEW in Senate Bill

Senate designates \$249,900 part 1 appropriation as a work project.

Sec. 903 Local Conservation District Study– NEW in Senate Bill

Senate designates \$249,900 part 1 appropriation as a work project.

Sec. 904 Cost Sharing for No-Till, Western Lake Erie Basin – NEW in Senate Bill

Senate designates \$9.0 million appropriation as a work project.

Sec. 905 Risk Mitigation Costs of No-Till Adoption in Western Lake Erie Basin – NEW in Senate Bill

Senate designates \$4.0 million appropriation as a work project.

Sec. 906. Soil Health Education in Western Lake Erie Basin – NEW in Senate Bill

Senate designates \$2.5 million appropriation as a work project.

Sec. 907. Work Project Repurpose – NEW in Senate Bill

Senate includes new section to repurpose \$15.5 million in unexpended and unobligated funds from a work project established for the FY 2021-22 agricultural nutrient best management voluntary practices program. The specific projects are shown as part 1 appropriations, using restricted funds.