

FY 2016-17: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Reported by the House Subcommittee
House Bill 5268 (H-1) Draft 1



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	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$317,300	\$323,200	\$323,200			\$5,900	1.9
Federal	10,427,900	10,471,200	10,471,200			43,300	0.4
Local	0	0	0			0	--
Private	128,100	130,700	130,700			2,600	2.0
Restricted	32,647,100	32,629,300	34,129,300			1,482,200	4.5
GF/GP	43,073,600	48,036,900	47,488,000			4,414,400	10.2
Gross	\$86,594,000	\$91,591,300	\$92,542,400			\$5,948,400	6.9
FTEs	460.0	479.0	477.0			17.0	3.7

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Agriculture and Rural Development's 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 2015-16 YTD Appropriations

1. Information Technology

Executive: Provides \$378,000 Gross, (\$257,000 GF/GP) increase to reflect ongoing costs of new licensing and inspection system.
House: Concurs with Executive.

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Gross	\$1,372,500	\$378,000
IDG	3,200	0
Restricted	64,600	121,000
GF/GP	\$1,304,700	\$257,000

2. Food Safety and Quality Assurance

Executive: Includes \$1.2 million GF/GP increase and 2.0 additional FTE positions for program to assist producers implement on-farm food produce safety standards under the Food Safety Modernization Act (FSMA); training, education, and technical assistance would be delivered in part through Michigan State University extension agents and local conservation district technicians.
House: Does not include new funding or FTE increase; includes new Sec. 403.

FTEs	91.0	0.0
Gross	\$13,537,800	\$0
Federal	1,250,900	0
Restricted	4,620,500	0
GF/GP	\$7,666,400	\$0

3. Farmland and Open Space Preservation

Executive: Increases baseline GF/GP by \$500,000 to offset decline in restricted Agriculture Preservation Fund revenue that had been intended to support this program, commonly referred to as the PA 116 program.
House: Increases GF/GP by \$1.0 million, \$500,000 more than the Executive.

FTEs	7.0	0.0
Gross	\$905,200	\$1,000,000
Restricted	583,600	0
GF/GP	\$321,600	\$1,000,000

4. Qualified Forest Program

Executive: Reduces baseline GF/GP support by \$130,000.
House: Concurs with Executive.

FTE	9.0	0.0
Gross	\$2,682,500	(\$130,000)
Restricted	284,900	0
GF/GP	\$2,397,600	(\$130,000)

5. Commercial Forestry Audit Program

Executive: Eliminates funding for this program; the current year budget includes sufficient funding to complete the final two years of the three-year commercial forestry audit. House: Concurs with Executive.

Gross	\$300,000	(\$300,000)
GF/GP	\$300,000	(\$300,000)

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
6. Laboratory Services	FTEs	37.0	5.0
<u>Executive</u> : Reflects two programmatic changes: Elimination of Agriculture Equine Industry Development Fund (AEIDF) revenue (\$600,200), to reflect transfer of horse race testing program to Michigan Gaming Control Board (MGCB); increase funding for Geagley Laboratory by \$2.1 million GF/GP to support additional staffing/equipment upgrades for food safety and export market testing programs. <u>House</u> : Concurs with <u>Executive</u> .	Gross	\$5,322,000	\$1,469,800
	IDG	212,900	0
	Federal	781,100	0
	Restricted	2,123,500	(600,200)
	GF/GP	\$2,204,500	\$2,070,000
7. Consumer Protection Program	FTEs	40.0	1.0
<u>Executive</u> : Reflects \$1.0 million GF/GP increase in baseline support for consumer protection programs at the Heffron metrology laboratory. <u>House</u> : Concurs with <u>Executive</u> .	Gross	\$6,072,200	\$1,040,000
	Restricted	6,071,600	0
	GF/GP	\$600	\$1,040,000
8. Diagnostic Center for Population and Animal Health – NEW	Gross	\$0	\$1,100,000
<u>House</u> : Provides funding for MSU Diagnostic Laboratory.	GF/GP	\$0	\$1,100,000
9. Rural Development (Value-Added) Grants	Gross	\$1,200,000	(\$700,000)
Current year total of \$1.2 million reflects \$650,000 in ongoing, and \$550,000 in one-time funding. <u>Executive</u> : Recommends total of \$500,000 GF/GP and renaming program to “Value-added grants.” <u>House</u> : Concurs with <u>Executive</u> .	GF/GP	\$1,200,000	(\$700,000)
10. Rural Development Fund Grant Program – NEW	Gross	\$0	\$2,000,000
<u>Executive</u> : Includes \$2.0 million from Rural Development Fund for new grant/loan program for projects that address expansion and sustainability of agriculture, mining, forestry, oil and gas exploration, and tourism. Fund revenue is generated from a nonferrous metal mining severance tax established in Public Act 411 of 2012. <u>House</u> : Concurs with <u>Executive</u> .	Restricted	\$0	\$2,000,000
11. Vital Agriculture Infrastructure Grant Program – NEW	Gross	\$0	\$220,000
<u>House</u> : Establishes new line item.	GF/GP	\$0	\$220,000
12. Healthy Food Assistance Program – NEW	Gross	\$0	\$100
<u>House</u> : Establishes placeholder for new program.	GF/GP	\$0	\$100
13. County Fairs Capital Improvement Grants	Gross	\$300,000	\$0
<u>Executive</u> : Eliminates GF/GP program that provides matching grants for county fair improvement projects. <u>House</u> : Retains current year funding.	GF/GP	\$300,000	\$0
14. Shows and Expositions	Gross	\$20,000	(\$20,000)
<u>Executive</u> : Eliminates GF/GP program that provides grants for agricultural shows and expositions. <u>House</u> : Concurs with <u>Executive</u> .	GF/GP	\$20,000	(\$20,000)
15. Horse Racing Programs	FTEs	1.0	(1.0)
<u>Executive</u> : Eliminates 1.0 FTE position for fairs and racing administration functions. Retains current year funding for horse racing awards and purse supplements, but increases Thoroughbred sire stakes by \$80,000 and reduces Thoroughbred breeders’ awards by a like amount. <u>House</u> : Concurs with <u>Executive</u> .	Gross	\$3,667,200	\$0
	Restricted	3,667,200	0
16. Tree Fruit Research (One-Time)	Gross	\$500,000	(\$500,000)
<u>Executive</u> : Eliminates one-time GF/GP authorization for grant program. <u>House</u> : Concurs with <u>Executive</u> .	GF/GP	\$500,000	(\$500,000)
17. One-Time Capital Equipment for Geagley Laboratory	Gross	\$150,000	(\$150,000)
<u>Executive</u> : Eliminates one-time GF/GP authorization. <u>House</u> : Concurs with <u>Executive</u> .	GF/GP	\$150,000	(\$150,000)
18. Refined Petroleum Fund – Offset with GF/GP	Gross	NA	\$0
<u>Executive</u> : Reduces use of Refined Petroleum Fund (RPF) by \$1.5 million; offsets with GF/GP, primarily in <i>Laboratory services</i> and <i>Consumer protection</i> programs. <u>House</u> : Retains use of RPF and therefore does not need to offset with GF/GP.	Restricted	NA	0
	GF/GP	NA	\$0

<u>Major Budget Changes From FY 2015-16 YTD Appropriations</u>	<u>FY 2015-16 Year-to-Date (as of 2/10/16)</u>	<u>FY 2016-17 House Change</u>	
19. Technical Revenue Adjustments – GF/GP	Gross	NA	(\$99,100)
<u>Executive</u> : Unspecified reductions to balance to GF/GP target as follows: Food and dairy, (\$48,400); PPPM, (\$20,700); and Environmental stewardship, (\$30,000). <u>House</u> : Concurs with <u>Executive</u> .	GF/GP	NA	(\$99,100)
20. Technical Revenue Adjustments – Federal and Restricted	Gross	NA	(\$435,900)
<u>Executive</u> : Adjusts federal and restricted revenue in various line items to reflect best estimates of available federal grants and restricted revenue sources. <u>House</u> : Concurs with <u>Executive</u> .	Federal	NA	(91,800)
	Restricted	NA	(344,100)
	GF/GP	NA	\$0
21. Economic Adjustments	Gross	NA	\$1,313,100
<u>Executive</u> and <u>House</u> reflect increased costs of \$1.3 million Gross (\$727,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA	5,900
	Federal	NA	135,100
	Private	NA	2,600
	Restricted	NA	442,000
	GF/GP	NA	\$727,500
22. End of Five-Year Early Retirement Sick Leave Payouts	Gross	NA	(\$237,600)
<u>Executive</u> and <u>House</u> recognizes the end of employee accumulated sick-leave payouts from 2010 early retirement incentive; those payments had been spread over 5 years and will end in FY 2015-16.	Restricted	NA	(136,500)
	GF/GP	NA	(\$101,100)

Major Boilerplate Changes From FY 2015-16

GENERAL SECTIONS (Secs. 201 through 232)

The current year budget act, 2015 PA 84, includes a number of general or standard boilerplate sections: **Sec. 201**, Total state spending/spending to local units; **Sec. 202**, Reference to Management and Budget Act; **Sec. 203**, Abbreviations; **Section 205**, New or expanded program metrics; **Sec. 206**, Contingency appropriations; **Sec. 207**, Transparency website; **Sec. 208**, Use of internet to fulfill reporting requirements; **Sec. 209**, Preference for American/Michigan goods/services; **Sec. 201**, Deprived/depressed communities; **Sec. 212**, Record retention; **Sec. 215**, Discipline of employees communicating with Legislature; **Sec. 215**, Out-of-state travel report; **Sec. 228**, Report on GF/GP lapses; **Sec. 229**, Report on restricted fund revenue and balances; **Sec. 230**, Use of attorneys other than the Attorney General; **Sec. 231**, Website metrics/scorecard; **Sec. 232**, Legacy costs.

Except as noted below, both the Executive and the House retain all of the current year standard sections, in some cases with minor modifications. Note that at the request of the State Budget Office, many of these sections have been renumbered.

Sec. 205. Report on Specific Performance Benchmarks – RETAINED

Requires the department to identify specific performance benchmarks for new programs or program enhancements in excess of \$500,000. Executive: Deletes; House: Retains, renumbered as Sec. 233.

Sec. 212. Record Retention – DELETED

Prescribes record retention guidelines. Executive: Deletes; House: Concurs with Executive.

Sec. 215. Discipline of Employees Communicating with Legislature – RETAINED

Prohibits the department from disciplining employees for communicating with the legislature. Executive: Deletes; House: Retains.

DEPARTMENTWIDE

Sec. 301. Miscellaneous Fees Revenue/Expenditures – MODIFIED

Authorizes department to receive/expend revenue to cover expenses related to publications, audits, sales, inspections, and other department functions; requires legislative notification 30 days prior to proposing fee increases; requires annual report on fees charged by department. Executive: Retains; House: Modifies to clarify.

Sec. 302. Grant Notification – MODIFIED

Requires notice of grants made to local units of government, institutions of higher education, or non-profit organizations. Executive: Retains; House: Modifies to clarify.

Major Boilerplate Changes From FY 2015-16

FOOD AND DAIRY

Sec. 402. Food Safety Report/Food and Dairy Division Report – MODIFIED

Current year budget act requires a report on food-borne outbreaks and emergencies related to food safety.

Executive: Retains; House: Modifies/expands to require an annual Food and Dairy Division report due April 1 of each year.

Sec. 403. Food Safety & Modernization Act Program (FSMA) – NEW

House: Includes new section indicating legislative intent that the department established FSMA education and training program; authorizes use of federal funds in addition to those appropriated in Part 1.

ANIMAL INDUSTRY

Sec. 451. Bovine TB Whole-Herd Testing – RETAINED

Requires the 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. 452. Animal Industry Division Annual Report – NEW

House: Includes new annual report on activities of the Animal Industry Division due April 1 of each year.

Sec. 453. Indemnification Payments – MODIFIED

Current section authorizes the department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; and requires report on reason for, amount of, and person to whom indemnification is to be paid. Subsection (2) currently authorizes the department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) currently indicates that the appropriation in Part 1 for indemnification is for indemnification under Subsection (2) and related department costs; requires a report, due March 1. Executive: Modifies to simply reference statute; eliminates reporting requirement. House: Modifies to clarify; retains reporting requirements.

Sec. 454. Bovine TB – RETAINED

Directs department to collaborate with USDA and work to eradicate Bovine TB.

Executive: Deletes; House: Retains.

Sec. 456. Electronic Animal Identification – RETAINED

Current year language prohibits the use of appropriated funds to enforce electronic ID programs for domestic animals.

Executive: Deletes; House: Retains.

Sec. 457. Bovine TB Quarterly Report – MODIFIED

Executive: Deletes the quarterly reports and references the Animal Industry Division annual report; House: Modifies language; retains quarterly reporting.

Sec. 458. Aquaculture – MODIFIED

Executive: Retains current language that directs the department to provide inspection and testing of aquaculture facilities and researchers; deleted reference to VHS. House: Concurs with Executive.

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

Indicates that it is the intent of the Legislature that the 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.

PESTICIDE AND PLANT PEST MANAGEMENT (PPPM)

Sec. 501. Pesticide and Plant Pest Management Annual Report – NEW

House: Includes new annual report on activities of PPPM Division due April 1 of each year.

ENVIRONMENTAL STEWARDSHIP DIVISION (ESD)

Sec. 601. Environmental Stewardship/MAEAP – RETAINED

Clarifies intent that 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, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal Farm Bill of 2014.

Executive: Minor language modifications; House: Retains current language.

Sec. 602. Environmental Stewardship Division Annual Report – NEW

House: Includes new annual report on activities of ESD Division due April 1 of each year.

Sec. 604. Appropriation of Excess Federal Revenues – MODIFIED

Authorizes the department to expend federal revenues in excess of the appropriation under section 107 in part 1 upon notification of the Legislature. Executive: Retains; House: Modifies to clarify.

Sec. 609. Commercial Forestry Audit Program – DELETED

Executive and House delete current language that describes intent of the program. Program will be completed in FY 2015-16.

Major Boilerplate Changes From FY 2015-16

LABORATORY PROGRAM

Sec. 651. Laboratory Program Annual Report – NEW

House: Includes new annual report on activities of Laboratory Division due April 1 of each year.

Sec. 652. Laboratory Program Turnaround Times – NEW

Executive: Includes new section, numbered as Sec. 701, on laboratory turnaround time metrics.

House concurs with Executive but numbers as Sec. 652.

AGRICULTURE DEVELOPMENT

Sec. 701. Rural Development (Value Added) Grant Program – MODIFIED

Current language defines program to “promote the expansion of value-added agricultural production, processing, and access with this state.” Provides guidance for administration of program. Executive: Generally retains current language; renames program as *Value-added grants* program; House: Concurs with new program name; modifies provisions governing grant program.

Sec. 706. Agriculture Development Division Annual Report – NEW

House: Includes new annual report on activities of Agriculture Development Division due April 1 of each year.

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

Executive: Deletes current reporting requirement; House: Retains.

Sec. 711. Rural Development Fund/Program – NEW

Executive: Directs department to work with Rural Development Fund Board; references 2012 PA 41. House: Concurs with Executive.

FAIRS AND EXPOSITIONS

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 – MODIFIED

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

Executive: Deletes; House: Modifies to exclude fairs that received awards in prior year from receiving awards from the program.

Sec. 806. Shows and Expositions Grants – DELETED

Executive and House delete section regarding a grant program that is not included in proposed budget.