

FY 2018-19: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: Conference Report House Bill 5568 (H-2) CR-1

Analyst: William E. Hamilton

	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Conference	Difference: Conference From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$310,300	\$313,900	\$313,900	\$313,900	\$313,900	\$3,600	1.2
Federal	11,373,900	11,695,200	11,775,200	11,775,200	11,775,200	401,300	3.5
Local	0	0	0	0	0	0	--
Private	101,600	101,800	101,800	101,800	101,800	200	0.2
Restricted	36,661,000	37,072,000	37,072,000	37,072,000	37,172,000	511,000	1.4
GF/GP	66,251,800	53,705,200	53,705,100	59,355,200	58,585,200	(7,666,600)	(11.6)
Gross	\$114,698,600	\$102,888,100	\$102,968,000	\$108,618,100	\$107,948,100	(\$6,750,500)	(5.9)
FTEs	499.5	506.5	508.5	506.5	506.5	7.0	1.4

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Information on House budget action in this document is based on House Bill 5578 as passed by the House. Information on Senate budget action in this document is based on Senate Bill 850 as passed by the Senate.

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, consumer protection, and promoting the state's agricultural economy.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Food and Dairy – Milk Safety Quality Assurance

Executive includes \$780,000 GF/GP increase with 5.0 additional FTE positions in dairy inspection program. This increase reflects increased workload due to increase in dairy production and processing in Michigan. Funding increase is provided from various GF/GP reductions within budget, as described below.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
FTE	31.0	5.0
Gross	\$4,510,300	\$860,000
Federal	111,300	80,000
Restricted	219,700	0
GF/GP	\$4,179,300	\$780,000

House provides \$1.1 million GF/GP increase and authorizes 38.0 FTE positions – 7.0 more than current year. House also includes an additional \$80,000 in federal spending authority to reflect federal Food and Drug Administration (FDA) grant for training and certification. Senate concurs with Executive and includes \$780,000 GF/GP increase; recognizes an additional \$80,000 federal spending authority for FDA grant. Conference concurs with Senate.

2. Executive Direction – Office of Organizational Innovation

Executive includes \$307,100 GF/GP increase for two data management staff positions currently working in the department's Office of Organizational Innovation. These positions had been cross-funded through the Information Technology Investment Fund in the DTMB budget. Funding increase is provided from various GF/GP reductions within budget, as described below.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
FTE	20.0	0.0
Gross	\$2,216,900	\$307,100
Restricted	54,300	0
GF/GP	\$2,162,600	\$307,100

House and Senate concur with Executive. Conference concurs with House and Senate.

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
3. Food and Dairy – Food Safety Quality Assurance	FTE	94.0	2.0
<u>Executive</u> eliminates \$150,000 GF/GP that was added to current year budget for inspection program related to draft beer delivery systems; reduces baseline GF/GP support by \$250,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support core programs, including education and outreach programs related to the federal Food Safety Modernization Act (FSMA). Budget also increases authorized FTE positions to reflect program staffing.	Gross	\$16,798,400	(\$400,000)
	Federal	2,326,500	0
	Restricted	5,510,000	0
	GF/GP	\$8,961,900	(\$400,000)
<u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate.			
4. Animal Agriculture Initiative	Gross	\$2,500,000	(\$500,000)
<u>Executive</u> does not include funding for program that had been in current year budget as part of one-time grant for Michigan State University/Agriculture Industry Research and Development (AIRD). <u>House</u> provides \$400,000 GF/GP in ongoing support. <u>Senate</u> retains current year funding level as ongoing program. <u>Conference</u> includes \$2.0 million as one-time funding.	GF/GP	\$2,500,000	(\$500,000)
5. Pesticide and Plant Pest Management (PPPM)	FTE	88.0	(1.0)
<u>Executive</u> \$200,000 GF/GP reduction is offset by anticipated increase in restricted Fertilizer Control Fund revenue. Reduces authorized positions by 1.0 FTE to reflect program staffing. <u>House</u> reduces GF/GP support by \$600,000. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Senate.	Gross	\$14,073,800	(\$0)
	Federal	1,678,500	0
	Private	21,100	0
	Restricted	6,548,400	200,000
	GF/GP	\$5,825,800	(\$200,000)
6. Environmental Stewardship/MAEAP	FTE	25.0	0.0
<u>Executive</u> reduces GF/GP support by \$100,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support core programs. <u>House</u> reduces by an additional \$100 GF/GP as compared to the Executive. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Senate.	Gross	\$10,236,600	(\$100,000)
	Federal	1,477,300	0
	Restricted	7,689,500	0
	GF/GP	\$1,069,800	(\$100,000)
7. 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 \$99,900. The department indicates that a backlog in processing applications will soon be cleared allowing for a reduction in temporary employees. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate.	Gross	\$1,623,100	(\$99,900)
	Restricted	1,410,600	0
	GF/GP	\$212,500	(\$99,900)
8. Qualified Forest Program	FTE	9.0	0.0
<u>Executive</u> reduces GF/GP support by \$130,000. <u>House</u> reduces GF/GP support by \$530,000. <u>Senate</u> concurs with Executive. <u>Conference</u> reduces baseline GF/GP support by \$230,000; adds \$100,000 restricted.	Gross	\$2,697,300	(\$130,000)
	Restricted	480,200	100,000
	GF/GP	\$2,217,100	(\$230,000)
9. Watershed Phosphorus Removal Pilot Project – NEW	Gross	\$0	\$120,000
<u>House</u> includes \$120,000 GF/GP for pilot project related to removal of phosphorus from lakes and other waterways. <u>Senate</u> does not include. <u>Conference</u> includes as a one-time funding item, described as ODC Network – project clarity.	GF/GP	\$0	\$120,000
10. Laboratory Services – Federal Grant for ISO/Genome Sequencer	FTE	42.0	0.0
<u>Executive</u> recognizes increase in anticipated federal FDA grants for specialized lab equipment. The department requested a transfer to increase federal spending authority in the current year as well. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate.	Gross	\$6,829,000	\$300,000
	IDG	218,600	0
	Federal	800,100	300,000
	Restricted	1,272,300	0
	GF/GP	\$4,538,000	\$0
11. Food and Agriculture Investment Program	Gross	\$4,743,900	\$381,100
<u>Executive</u> includes \$3.3 million GF/GP for grant program, a reduction of \$1.4 million from current year. <u>House</u> includes \$3.0 million GF/GP, a reduction of \$1.7 million. <u>Senate</u> includes \$5.3 million GF/GP, of which \$2.0 million is shown as “one-time appropriations.” <u>Conference</u> includes \$5.1 million, all as ongoing.	GF/GP	\$4,743,900	\$381,100

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
12. ACRE Agriculture Incubator – NEW	Gross	\$0	\$260,000
<u>House</u> includes \$260,000 GF/GP for program that provides technology assistance to new and expanding agriculture-related businesses. <u>Senate</u> does not include. <u>Conference</u> includes as a one-time funding item.	GF/GP	\$0	\$260,000
13. County Fairs, Shows, Expositions/Festivals	Gross	\$649,300	\$525,700
<u>Executive</u> includes \$400,000 GF/GP for program that provides matching capital grants to eligible county fairs, shows, and expositions, a reduction of \$249,300 from current year. <u>House</u> includes \$419,900 for Fairs, shows, and expositions, and creates a new line item, Michigan festivals with a \$100 placeholder. <u>Senate</u> includes \$1.0 million GF/GP, of which \$775,000 is shown as “one-time appropriations.” <u>Conference</u> includes \$1,175,000, of which \$775,000 is shown as one-time.	GF/GP	\$649,300	\$525,700
14. MSU/AIRD – Workforce Development	Gross	\$5,900,000	(\$5,900,000)
<u>Executive</u> does not include funding for time MSU/AIRD program. <u>House</u> concurs with Executive and does not include. <u>Senate</u> includes \$550,000 for the workforce development element of the AIRD program. <u>Conference</u> does not include.	GF/GP	\$5,900,000	(\$5,900,000)
15. Other One-Time Funding Items	Gross	\$3,350,100	(\$3,350,100)
<u>Executive</u> eliminates the following GF/GP funded items identified in the current year budget as one-time: Enhanced Wildlife Risk Management, \$1.0 million; Intercounty drain mapping project, \$250,000; Food Bank Council of Michigan quick freeze facility, \$2.0 million; Campground development grant, \$100,000. Executive also eliminates \$100 placeholder related to Drinking water declaration of emergency. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate.	Restricted GF/GP	100 \$3,350,000	(100) (\$3,350,000)
16. Economic Adjustments	Gross	NA	\$1,061,900
<u>Executive</u> recognizes increased costs of \$1.1 million Gross (\$739,400 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate.	IDG Private Federal Restricted GF/GP	NA NA NA NA NA	3,600 200 59,100 259,600 \$739,400

Major Boilerplate Changes From FY 2017-18

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. Conference concurs with House and Senate.

Sec. 234. Record Retention – RETAINED

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

Sec. 403. FSMA Program – DELETED

Indicates legislative intent that the department establish a FSMA education and training program; also authorizes use of federal funds in addition to those appropriated in Part 1. Executive deletes. House retains. Senate concurs with Executive and deletes. Conference concurs with Senate 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. Conference concurs with House and Senate.

Sec. 452. Animal Industry Division Annual Report – REVISED

Executive revises report to include report on livestock depredation payments. House retains current year language. Senate concurs with Executive. Conference concurs with Senate.

Major Boilerplate Changes From FY 2017-18

Sec. 453. Indemnification Payments – DELETED

Requires specific appropriation for indemnification payments that exceed \$100,000 and provides reporting requirements related to indemnification payments. Executive deletes. House retains. Senate concurs with Executive and deletes. Conference concurs with House and Senate.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Section currently requires quarterly report on Bovine TB program. Executive deletes. House and Senate retain. Conference concurs with House and Senate.

Sec. 458. Aquaculture – DELETED

Requires the department to provide inspection and testing of aquaculture facilities. Executive deletes. House retains. Senate concurs with Executive and deletes. Conference concurs with Senate and deletes.

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

Describes legislative intent 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 and Senate retain. Conference concurs with House and Senate.

Sec. 461. Bovine TB Risk Mitigation – DELETED

Defines the Bovine TB risk mitigation program, a one-time funding program in the current year budget. Executive deletes. House and Senate concur with Executive and delete. Conference concurs with House and Senate.

Sec. 462. Apiary Protection – NEW

House establishes a \$20,000 earmark for apiary protection program. [This had been an earmark within the Bovine TB risk mitigation program in current year budget.] Senate does not include. Conference concurs with House; modifies language.

Sec. 701. Food and Agriculture Investment Grant Program – REVISED

Current language defines program goals, selection and reporting requirements. Executive deletes reporting requirement (included in Agriculture Development Division annual report); revises standard work project language. House retains current year language. Senate concurs with Executive, with the exception of standard work project language. Conference concurs with Senate.

Sec. 702. Rural Development Fund/Program – DELETED

Directs department to work with Rural Development Fund Board. Executive deletes; House retains. Senate concurs with Executive and deletes. Conference concurs with Senate and deletes.

Sec. 706. Agriculture Development Report – REVISED

Executive revises to incorporate Grape and Wine Industry Council annual report. House retains current year language. Senate concurs with Executive. Conference concurs with Senate.

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

Executive includes as part of the Agriculture Development Division Annual Report required under Section 706. House retains. Senate concurs with Executive and includes under Section 706. Conference concurs with Senate.

Sec. 802. Agriculture Equine Industry Development Fund (AEIDF) – REVISED

Executive budget included minor modifications to current year language regarding uses of AEIDF revenue. House and Senate had concurred with Executive. Conference includes new language prescribing priority order of AEIDF expenditures.

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

Current year language requires MGCB to use actual expenditure data in determining regulatory costs. Executive deletes. House retains. Senate concurs with Executive and deletes. Conference concurs with Senate and deletes.

Sec. 805. County Fair Capital Grant Program – REVISED

Current language governs matching program for county fair capital grants appropriated in part 1. Executive modifies standard work project language. House retains current year language. Senate does not include Executive changes to standard work project language; includes \$100,000 earmark for Tuscola County fair grandstand. Conference concurs with Senate with respect to standard language; earmarks \$25,000 for promotion, prizes, premiums, including festivals; earmarks \$25,000 for Tuscola County fair grandstand, and \$250,000 for community center construction and furnishings at Tuscola County fair.