

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
Summary: Conference Report
Article 1, House Bill 5396 (S-1) CR-1

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	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Conference	Difference: Conference From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$1,315,700	\$324,400	(\$991,300)	(75.3)
Federal	12,636,400	13,129,500	493,100	3.9
Local	0	0	0	--
Private	101,800	71,300	(30,500)	(30.0)
Restricted	41,383,700	44,153,000	2,769,300	6.7
GF/GP	55,979,900	63,616,800	7,636,900	13.6
Gross	\$111,417,500	\$121,295,000	\$9,877,500	8.9
FTEs	514.0	525.0	11.0	2.1

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

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 2019-20 YTD Appropriations

1. Information Technology (Licensing and Inspection System)
 Includes \$225,000 Gross (\$210,000 GF/GP) to support ongoing maintenance and hosting costs of recent licensing and inspection system upgrades (Phase I). These upgrades were funded through a \$5.0 million GF/GP appropriation within both the FY 2018-19 and FY 2019-20 Department of Technology, Management, and Budget budgets.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
FTE	0.0	1.0
Gross	\$1,812,800	\$225,000
IDG	3,200	0
Restricted	187,600	15,000
GF/GP	\$1,622,000	\$210,000

The FTE position, which is included in the Executive Direction line item, is identified as a "data architect" position to assist in management of the data warehouse connected with the licensing and inspection system upgrade project.

2. Food Safety and Quality Assurance

Includes \$700,000 restricted revenue, and 5.0 FTE positions, for food safety inspection program related to production and sales of legal marihuana consumables. Includes an unspecified \$205,000 GF/GP baseline increase.

FTE	98.0	5.0
Gross	\$17,124,500	\$905,000
Federal	2,659,100	0
Restricted	5,616,600	700,000
GF/GP	\$8,848,800	\$205,000

3. Milk Safety and Quality Assurance

Includes an unspecified \$144,300 GF/GP baseline increase.

FTE	36.0	0.0
Gross	\$5,510,700	\$144,300
Federal	192,300	0
Restricted	224,500	0
GF/GP	\$5,093,900	\$144,300

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		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
<u>Major Budget Changes From FY 2019-20 YTD Appropriations</u>			
3. Animal Disease Prevention and Response			
Includes \$76,900 GF/GP increase and authorizes 1.0 FTE position for increased cervid facility regulatory functions required under 2019 amendments (2019 PA 132) to the Animal Industry Act.	FTE	61.0	1.0
	Gross	\$9,465,100	\$76,900
	Federal	619,000	0
	Private	30,500	0
	Restricted	220,300	0
	GF/GP	\$8,595,300	\$76,900
	Gross	\$25,000	(\$10,000)
	GF/GP	\$25,000	(\$10,000)
4. Indemnification – Livestock Depredation			
Reduces funding to \$15,000 GF/GP for program that reimburses eligible livestock producers for animals lost to depredation by wildlife, a program authorized under the Wildlife Depredations Indemnification Act (Public Act 487 of 2012).			
	Gross	\$0	\$3,000,000
	GF/GP	\$0	\$3,000,000
5. Michigan Animal Agriculture Alliance			
Includes \$3.0 million GF/GP for a Michigan State University (MSU) animal industry research grant program.			
	FTE	88.0	0.0
	Gross	\$15,162,100	(\$200,000)
	Federal	1,703,500	0
	Private	21,300	0
	Restricted	7,805,400	0
	GF/GP	\$5,631,900	(\$200,000)
6. Pesticide Plant Pest Management (PPPM)/Animal Feed Safety			
Includes an unspecified \$200,000 GF/GP baseline reduction to PPPM. [Program changes related to the Industrial Hemp program and the feed and fertilizer audit program are described separately, below.]			
	FTE	4.5	1.0
	Gross	\$360,000	\$711,900
	Restricted	210,000	861,900
	GF/GP	\$150,000	(\$150,000)
7. Industrial Hemp Licensing/Regulatory Program			
Includes 5.5 FTE positions and \$1.0 million Gross (\$0 GF/GP) to support the department's industrial hemp licensing and regulatory functions under 2018 amendments (2018 PA 641) to Michigan's Industrial Hemp Research and Development Act. This represents a net increase of 1.0 FTE authorization, and \$711,900 Gross over the current year budget. Ongoing funding and FTE authorization in Laboratory and Pesticide and Plant Pest Management divisions replace one-time support in the current year budget.			
	FTE	0.0	4.0
	Gross	\$0	\$504,000
	Restricted	0	504,000
	GF/GP	\$0	\$0
8. Feed and Fertilizer Audit Program			
Includes \$504,000 in restricted revenue, and authorizes 4.0 new FTE positions in the Pesticide and Plant Pest Management division. The positions and funding would establish an audit function for compliance with tonnage reporting requirements required under the Feed Law, as recodified under 2015 PA 83, and 2015 amendments (2015 PA 118) to fertilizer regulatory sections of the Natural Resources and Environmental Protection Act.			

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Major Budget Changes From FY 2019-20 YTD Appropriations

9. Conservation Reserve Enhancement Program (CREP)

Includes \$5.0 million GF/GP as the state's funding commitment for CREP under an agreement between the state and the U. S. Department of Agriculture.

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
Gross	\$0	\$5,000,000
GF/GP	\$0	\$5,000,000

CREP is a subset of the federal Conservation Reserve Program, authorized in the 2018 Farm Bill. CREP provides enhanced incentives to qualified producers and land owners in priority watershed areas to implement specific conservation practices designed to prevent soil erosion and improve water quality and wildlife habitat. Farmers and other landowners who agree to enroll eligible parcels in the program for 15 years receive cost-share assistance in establishing riparian buffers, field windbreaks, filter strips, wetland restoration, shallow-water wildlife areas, controlled livestock access, and other prescribed conservation practices. The federal program also provides annual rental payments to program participants for land enrolled in the program. [These federal funds are paid directly to program participants and are not reflected in the MDARD budget.]

Of the \$5.0 million in state funds, \$4.4 million, identified as one-time, would be used to provide part of the 50% required non-federal cost-share for capital projects; \$600,000 is identified as ongoing for education, outreach, and technical assistance.

State support is necessary for program participants to access federal funds – an estimated \$250.0 million in direct federal payments over a period of up to 15 years. The one-time funding would be established as a work project in boilerplate.

10. Qualified Forest Program

Reduces GF/GP support by \$150,000; recognizes \$300,000 additional restricted Private Forestland Development Fund revenue; does not include \$997,300 Interdepartmental Grant (IDG) from the Department of Natural Resources Forest Development Fund.

FTE	9.0	0.0
Gross	\$3,478,400	(\$847,300)
IDG	997,300	(997,300)
Restricted	780,100	300,000
GF/GP	\$1,701,000	(\$150,000)

11. Laboratory Services

Includes an unspecified \$90,000 GF/GP baseline reduction. [Program changes related to the Industrial Hemp program and the feed and fertilizer audit program are described separately, above.]

FTE	41.0	0.0
Gross	\$7,226,900	(\$90,000)
IDG	223,800	0
Federal	1,119,600	0
Restricted	1,228,400	0
GF/GP	\$4,655,100	(\$90,000)

12. Fair Food Network/Double Up Food Bucks

Includes \$900,000 for a program that increases purchasing power of Michigan residents who receive Supplemental Nutritional Assistance Program (SNAP) benefits by providing a dollar-for-dollar match of up to \$20 per day to buy fresh fruits and vegetables at participating grocery stores and farmer's markets.

Gross	\$1,000,000	(\$100,000)
GF/GP	\$1,000,000	(\$100,000)

13. Food and Agriculture Investment Program

Includes \$2.5 million for program that provides grants for agri-business development projects.

Gross	\$4,000,000	(\$1,529,400)
GF/GP	\$4,000,000	(\$1,529,400)

14. Michigan Craft Beverage Council

Eliminates GF/GP support.

FTE	3.0	0.0
Gross	\$940,100	(\$3,700)
Restricted	936,400	0
GF/GP	\$3,700	(\$3,700)

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<u>Major Budget Changes From FY 2019-20 YTD Appropriations</u>		<u>FY 2019-20 Year-to-Date (as of 2/6/20)</u>	<u>FY 2020-21 Conference Change</u>
15. County Fairs, Shows, and Expositions Grants	Gross	\$0	\$500,000
Includes \$500,000 GF/GP for line item that provides grants to county fairs, shows, and expositions.	GF/GP	\$0	\$500,000
16. Farm Stress Program - Eliminate One-Time Program	Gross	\$500,000	(\$500,000)
Removes \$500,000 GF/GP one-time item that had been included in the current year budget through supplemental appropriation act (2019 PA 154).	GF/GP	\$500,000	(\$500,000)
17. Economic Adjustments	Gross	NA	\$1,812,700
Reflects increased costs of \$1.8 million Gross (\$1.3 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	6,000
	Private	NA	0
	Federal	NA	133,800
	Restricted	NA	418,500
	GF/GP	NA	\$1,254,400

Boilerplate Changes From FY 2019-20

Sec. 215. Communication with the Legislature – REVISED

Includes language that prohibits, under specific circumstances, the department from taking disciplinary action against an employee for communicating with a legislator or legislative staff.

Sec. 216. Report on FTE Positions and Remote Work – NEW

Requires a quarterly report on staffing levels in relation to FTE authorization; employees authorized to work remotely; related cost savings.

Sec. 217. Work Project Limits – NEW

Requires that work project balances be exhausted before expenditure from part 1 appropriations.

Sec. 218. State Administrative Board Transfers – NEW

Provides for the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget.

Sec. 219. Record Retention – NEW

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines.

Sec. 220. Impact of New Legislation – NEW

Requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

Sec. 901. Conservation Reserve Enhancement Program – NEW

Provides for statutory work project status for the \$4.4 million one-time CREP appropriation.