

FY 2019-20: AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Reported by House Appropriations Committee
House Bill 4229 (H-3)



Analyst: William E. Hamilton

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
IDG/IDT	\$313,900	\$318,400	\$1,315,700			\$1,001,800	319.1
Federal	11,775,200	11,836,400	11,836,400			61,200	0.5
Local	0	0	0			0	--
Private	101,800	101,800	101,800			0	0.0
Restricted	37,172,000	39,653,700	41,634,400			4,462,400	12.0
GF/GP	60,835,200	57,920,200	54,343,300			(6,491,900)	(10.7)
Gross	\$110,198,100	\$109,830,500	\$109,231,600			(\$966,500)	(0.9)
FTEs	508.5	509.5	507.5			(1.0)	(0.2)

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
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1. Double Up Food Bucks

House includes \$1.0 million GF/GP (ongoing) for the Double Up Food Bucks program in order to expand the program to additional counties in Michigan, and to increase the number of participating retailers in the counties where the program is currently established. Double Up Food Bucks 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. Funding would be granted to the Fair Food Network, a private non-profit organization that directly administers the program.

Gross	\$0	\$1,000,000
GF/GP	\$0	\$1,000,000

Executive budget had originally included \$4.0 million GF/GP in its FY 2019-20 budget request: \$2.0 million as ongoing and \$2.0 million as one-time. The \$2.0 million in one-time funding was subsequently included a current year supplemental request. The current year funding request is included in Senate Bill 150, as passed by the Senate on April 25, 2019.

2. Agriculture Preservation Easement Grants

Executive had proposed \$2.0 million from the state restricted Agriculture Preservation Fund to provide grants to local units of government for the purchase of agricultural conservation easements, as authorized under Part 362 of the Natural Resources and Environmental Protection Act. House includes \$1.9 million and shifts \$100,000 to the Farmland and Open Space Preservation program (Item #8, below).

Gross	\$0	\$1,900,000
Restricted	0	1,900,000
GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2018-19 YTD Appropriations</u>		<u>FY 2018-19 Year-to-Date (as of 3/5/19)</u>	<u>FY 2019-20 House Change</u>
3. Environmental Contamination Response Activities	FTE	2.0	(1.0)
FY 2018-19 supplemental appropriation act, 2018 PA 618, had included \$400,000 GF/GP, and 2.0 FTE positions, related to MDARD environmental contamination response activities. Specifically, \$200,000 and 1.0 FTE position included in the Emergency Management line to fund a Contamination Coordinator position. <u>Executive</u> would carry authorization into FY 2019-20. <u>House</u> does not carry funding or FTE authorization into FY 2019-20.	Gross	\$400,000	(\$200,000)
	GF/GP	\$400,000	(\$200,000)
4. Animal Agriculture Initiative	Gross	\$2,000,000	(\$1,000,000)
<u>House</u> includes \$1.0 million GF/GP for an ongoing line item to support a Michigan State University (MSU) animal industry research grant program. The program, funded in the current year at \$2.0 million GF/GP (one-time), was not included in the <u>Executive</u> budget request.	GF/GP	\$2,000,000	(\$1,000,000)
5. Indemnification – Livestock Depredation	Gross	\$50,000	(\$25,000)
<u>House</u> reduces funding to \$25,000 GF/GP for a program that reimburses eligible livestock producers for animals lost to depredation by wildlife, a program authorized under the Wildlife Depredations I Act (Public Act 487 of 2012). This reduction would not affect indemnification provided under the Animal Industry Act (Public Act 466 of 1988). <u>Executive</u> would retain current year funding level.	GF/GP	\$50,000	(\$25,000)
6. Pesticide and Plant Pest Management	FTE	87.0	(1.0)
FY 2018-19 supplemental appropriation act, 2018 PA 618, had included \$150,000 GF/GP and 1.0 FTE position to be used for activities under the Industrial Hemp Research Act, 2014 PA 547. <u>Executive</u> would carry authorization into FY 2019-20. <u>House</u> does not carry funding or FTE authorization into FY 2019-20. <u>House</u> also offsets \$1.0 million GF/GP reduction with \$1.0 million increase in restricted Agriculture Licensing and Inspection fee support.	Gross	\$14,172,700	(\$150,000)
	Federal	1,686,900	0
	Private	21,300	0
	Restricted	6,737,900	1,000,000
	GF/GP	\$5,726,600	(\$1,150,000)
7. Environmental Stewardship/MAEAP	FTE	25.0	0.0
<u>Executive</u> retains baseline funding. <u>House</u> offsets \$980,700 GF/GP reduction with restricted Freshwater Protection Fund support; also provides \$105,700 GF/GP baseline increase.	Gross	\$10,191,300	\$105,700
	Federal	1,479,100	0
	Restricted	7,714,900	980,700
	GF/GP	\$997,300	(\$875,000)
8. 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> retains baseline funding. <u>House</u> offsets \$100,000 GF/GP reduction with increase in restricted Agricultural Preservation Fund support.	Gross	\$1,545,000	\$0
	Restricted	1,425,700	100,000
	GF/GP	\$119,300	(\$100,000)
9. Migrant Labor House	FTE	9.0	0.0
<u>Executive</u> increases baseline GF/GP support by \$50,000. <u>House</u> concurs with Executive.	Gross	\$1,231,100	\$50,000
	Restricted	140,100	0
	GF/GP	\$1,091,000	\$50,000
10. Qualified Forest Program	FTE	9.0	0.0
<u>Executive</u> reduces GF/GP support by \$126,400; offsets with \$200,000 increase in restricted Private Forestland Development Fund. <u>House</u> concurs with Executive; also offsets additional \$997,300 GF/GP reduction with recognition of \$997,300 Interdepartmental Grant (IDG) from the Department of Natural Resources Forest Development Fund.	Gross	\$2,590,000	\$73,600
	IDG	0	997,300
	Restricted	581,500	200,000
	GF/GP	\$2,008,500	(\$1,123,700)

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
Major Budget Changes From FY 2018-19 YTD Appropriations			
11. Agriculture Development	FTE	13.0	0.0
<u>Executive</u> increases baseline GF/GP support by \$50,000 (from reduction in Food and Agriculture Investment Program). <u>House</u> concurs with <u>Executive</u> .	Gross	\$4,253,100	\$50,000
	Federal	2,273,200	0
	Private	50,000	0
	Restricted	135,000	0
	GF/GP	\$1,794,900	\$50,000
	Gross	\$5,125,000	(\$50,000)
12. Food and Agriculture Investment Grant Program	GF/GP	\$5,125,000	(\$50,000)
<u>Executive</u> includes \$2.5 million GF/GP, a baseline reduction of \$2.6 million as well as a \$50,000 shift to Agriculture Development, above. <u>House</u> recognizes the \$50,000 shift to Agriculture Development but retains \$5.1 million GF/GP in baseline funding for this program that provides grants in support of food and agriculture business expansion and attraction.			
13. County Fairs, Shows, and Expositions Grants	Gross	\$1,325,000	(\$925,000)
Current year includes \$400,000 in ongoing funding and \$925,000 shown as one-time. <u>Executive</u> includes \$200,000 GF/GP in ongoing support. <u>House</u> includes \$400,000 GF/GP in ongoing funding for program that provides grants to county fairs, shows, and expositions.	GF/GP	\$1,325,000	(\$925,000)
14. Festivals and Events	Gross	\$0	\$50,000
<u>House</u> includes \$50,000 GF/GP for new line item; related boilerplate included as Section 806.	GF/GP	\$0	\$50,000
15. Elimination of One-Time Funding	Gross	\$1,930,000	(\$1,930,000)
<u>House</u> eliminates \$1.9 million GF/GP for the following projects or programs identified in the current year budget as one-time: ACRE Ag Incubator, (\$260,000); Dairy Assistance Program, (\$1.0 million); MSU/Agriculture Industry Research and Development, (\$550,000); ODC network/Project clarity, (\$120,000).	GF/GP	\$1,930,000	(\$1,930,000)
[Note: Some items shown as one-time in the current year budget are reviewed separately in this analysis, above. Specifically: Item #4, Animal agriculture initiative, (\$2.0 million); Item #3, Emergency management, (\$200,000); Item #6, Industrial Hemp position, (\$150,000); Item #13, County fairs, shows, and expositions, (\$925,000).			
16. Hoophouse Revolving Loan Program	Gross	\$0	\$100
<u>House</u> includes \$100 GF/GP placeholder to establish a hoophouse revolving loan program defined in boilerplate Section 901.	GF/GP	\$0	\$100
17. Administrative Efficiencies	Gross	NA	(\$674,200)
<u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies.	GF/GP	NA	(\$674,200)
18. Information Technology Reduction	Gross	\$1,794,500	(\$405,500)
<u>House</u> reduces funding available for information technology services and projects by 25%.	IDG	3,200	0
	Restricted	187,600	0
	GF/GP	\$1,603,700	(\$405,500)
19. Economic Adjustments	Gross	NA	\$1,075,600
<u>Executive</u> reflects increased costs of \$1.0 million Gross (\$740,000 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs with <u>Executive</u> .	IDG	NA	4,500
	Private	NA	0
	Federal	NA	61,200
	Restricted	NA	269,900
	GF/GP	NA	\$740,000

Major Boilerplate Changes From FY 2018-19

Sec. 204. Use of Internet for Reporting – REVISED

House directs to department to notify report recipients when reports are posted to the department website.

Sec. 215. Communication with the Legislature – RETAINED

House retains section that prohibits department from taking disciplinary action against an employee for communicating with the legislature.

Sec. 234. Record Retention – RETAINED

House retains section that requires department to retain reports funded from part 1 appropriations; specifies record retention guidelines.

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

House retains section that 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.

Sec. 457. Bovine TB Quarterly Report – RETAINED

House retains current specific reporting requirements related to Bovine TB program.

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

House does not include section that expresses legislative intent that 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.

Sec. 462. Apiary Protection – DELETED

House does not include \$20,000 earmark for an apiary protection program.

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

Current language defines program goals, selection and reporting requirements. House revises current year language to limit department administrative costs to 5%.

Sec. 702. Rural Development Fund/Program – NEW

House includes section that directs department to work with Rural Development Fund Board to establish a process and criteria for funding projects.

Sec. 703. Double Up Food Bucks Program – NEW

House directs the department work with the Department of Health and Human Services to: 1). notify recipients of food assistance program benefits that their benefits can be spent with their bridge cards at many farmer's markets in the state; 2). to notify recipients about the Double Up Food Bucks program and that when they spend \$20.00 at participating farmer's markets they can receive an additional \$20.00 to buy Michigan produce; requires the department to work with the Fair Food Network to ensure access to the program in every county of the state with grocery stores and farmer's markets that meet the program's eligibility requirements. [This is similar to language in supplemental appropriation bill, SB 150.] The H-3 substitute also includes a specific reporting requirement.

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

House retains current year language prescribing priority order of AEIDF expenditures.

Sec. 805. County Fair Capital Grant Program – REVISED

House concurs with Executive and revises language governing matching program for county fair capital grants program. Revised to reflect new matching requirements; deletes current year earmarks.

Sec. 806. Festivals and Events – NEW

House defines \$50,000 GF/GP appropriation for the promotion of Michigan festivals and events.

Sec. 807. Hoophouse Revolving Loan Program – NEW

House earmarks \$150,000 GF/GP for a hoophouse revolving loan program.