

FY 2017-18: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: Conference Report Article I, House Bill 4323 (H-1) CR-1

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	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$323,200	\$310,300	\$310,300	\$310,300	\$310,300	(\$12,900)	(4.0)
Federal	10,471,200	11,273,900	11,273,900	11,273,900	11,373,900	902,700	8.6
Local	0	0	0	0	0	0	--
Private	130,700	101,600	101,600	101,600	101,600	(29,100)	(22.3)
Restricted	35,054,900	36,661,000	36,661,000	36,660,900	36,661,000	1,606,100	4.6
GF/GP	49,926,900	56,582,000	57,682,000	61,397,900	66,251,800	16,324,900	32.7
Gross	\$95,906,900	\$104,928,800	\$106,028,800	\$109,744,600	\$114,698,600	\$18,791,700	19.6
FTEs	482.0	499.5	497.5	499.5	499.5	17.5	3.6

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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, protecting consumers, and promoting the state's agricultural economy.

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
1. Emergency Management			
	FTE	3.0	1.0
<u>Executive</u> recommended \$359,700 GF/GP increase with 1.0 additional FTE position for program that coordinates preparation for and response to emergencies that affect the state's food and agriculture industries.	Gross	\$614,600	\$459,700
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> .	Federal	331,900	100,000
<u>Conference</u> recognizes additional \$100,000 in federal Department of Health and Human Services/Food and Drug Administration grant funds.	GF/GP	\$282,700	\$359,700
2. Operational Services/Central Licensing			
	FTE	19.0	1.0
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> to provide \$2.0 million (\$1.2 million GF/GP) for <i>Operations services/ Central licensing</i> , an increase of \$107,700 GF/GP and 1.0 additional FTE position over current year. Also shifted funding within budget to reflect department reorganization: the current line item is eliminated, \$1.2 million (\$422,300 GF/GP) is used in a new <i>Central Licensing/Call Center</i> line item in the <i>Laboratory Program</i> appropriation unit, and \$780,000 GF/GP is reallocated to <i>Executive direction</i> . <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$1,882,700	\$107,700
	Restricted	792,600	0
	GF/GP	\$1,090,100	\$107,700
3. Statistical Reporting Service			
	FTE	1.0	0.0
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> to increase baseline support by \$80,000 GF/GP to offset decline in private revenue. Also moved this line item to the <i>Agriculture Development</i> appropriation unit to recognize a department reorganization. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$153,600	\$50,700
	Private	79,100	(29,300)
	GF/GP	\$74,500	\$80,000
4. Food and Dairy – Food Safety Quality Assurance			
	FTE	93.0	1.0
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and provided \$671,300 GF/GP increase with 1.0 additional FTE position for program to assist producers in implementing federal Food Safety Modernization Act (FSMA) requirements. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$14,006,400	\$671,300
	Federal	1,274,100	0
	Restricted	4,690,600	0
	GF/GP	\$8,041,700	\$671,300

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. Food and Dairy – Milk Safety Quality Assurance			
<u>House</u> and <u>Senate</u> concurred with Executive and increased support by \$166,600 GF/GP with 1.0 additional FTE position to reflect increased workload due to changes in federal re-inspection requirements; this program is necessary to ensure compliance with the Pasteurized Milk Ordinance.	FTE	30.0	1.0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$4,260,100	\$166,600
	Federal	56,000	0
	Restricted	219,300	0
	GF/GP	\$3,984,800	\$166,600
6. Animal Industry – Animal Health and Disease Response			
<u>Executive</u> recommended \$164,700 GF/GP increase with 1.0 additional FTE position. <u>House</u> concurred with Executive. <u>Senate</u> provided additional \$97,000 GF/GP above the Executive recommendation.	FTE	60.0	1.0
<u>Conference</u> concurs with <u>House/Executive</u> .	Gross	\$9,054,500	\$164,700
	Federal	625,300	0
	Private	30,500	0
	Restricted	252,600	0
	GF/GP	\$8,146,100	\$164,700
	Gross	\$899,000	\$1,601,000
	GF/GP	\$899,000	\$1,601,000
7. Animal Agriculture Initiative			
This line, new in the FY 2016-17 budget, supports the Michigan Alliance for Animal Agriculture, a consortium of animal industry organizations, the Michigan Farm Bureau, Michigan State University AgBioResearch, and MDARD. Funding is to be used for applied research and Ag. Extension projects related to animal agriculture. <u>Executive</u> had recommended \$399,000 shown as ongoing. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> includes \$2.5 million, earmarked in boilerplate Sec. 901, as part of the new \$8.4 million Agriculture industry research and development line.			
	Gross	\$0	\$1,000,000
	GF/GP	\$0	\$1,000,000
8. Bovine Tuberculosis (TB) – Wildlife Risk Mitigation			
<u>Executive</u> had recommended \$1.0 million GF/GP, identified as one-time, for a cost share program, carried out through local conservation districts, to assist livestock producers in identifying and implementing practices to reduce the spread of Bovine TB.			
<u>House</u> included \$500,000 GF/GP, \$500,000 less than the Executive.			
<u>Senate</u> concurred with Executive.			
<u>Conference</u> concurs with <u>Senate/Executive</u> .			
9. Pesticide and Plant Pest Management (PPPM)			
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and provided additional GF/GP and restricted Commodity inspection fee support with 2.0 additional FTE positions to assist producers in implementing FSMA requirements and Good Agricultural Practices (GAP) and Good Handling Practices (GHP) audits.	FTE	92.0	2.0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$13,672,000	\$284,400
	Federal	1,803,600	0
	Private	21,100	0
	Restricted	6,224,500	142,200
	GF/GP	\$5,622,800	\$142,200
10. Environmental Stewardship/MAEAP			
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> to reduce GF/GP support by \$259,000 and also recognize 2.0 additional FTE positions. [The current year baseline includes \$1.5 million in restricted Freshwater Protection fund revenue included in supplemental appropriation act, Public Act 340 of 2016.]	FTE	23.0	2.0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$10,646,800	(\$259,000)
	Federal	1,651,900	0
	Restricted	7,679,800	0
	GF/GP	\$1,315,100	(\$259,000)
11. Farmland and Open Space Preservation			
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>House</u> and <u>Senate</u> concurred with <u>Executive</u> and reduced GF/GP support by \$120,000; also retained 3.0 FTE positions and \$305,600 in restricted Agriculture Preservation Fund revenue added to current year in supplemental appropriation act, Public Act 340 of 2016.	FTE	10.0	0.0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$1,727,700	(\$120,000)
	Restricted	1,400,000	0
	GF/GP	\$327,700	(\$120,000)
12. Intercounty Drain			
<u>Executive</u> recommended increase of \$315,100 GF/GP with 2.0 additional FTE positions for ongoing intercounty drain program. <u>House</u> provided \$185,100 GF/GP increase – \$130,000 less than Executive with 1.0 additional FTE. <u>Senate</u> concurred with Executive.	FTE	4.0	1.0
<u>Conference</u> concurs with <u>Senate/Executive</u> .	Gross	\$484,400	\$315,100
	GF/GP	\$484,400	\$315,100

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
13. Intercounty Drain Mapping Project (One-Time)			
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and provided \$250,000 GF/GP to help establish state standard drainage infrastructure mapping tool. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross GF/GP	\$0 \$0	\$250,000 \$250,000
14. Qualified Forest Program	FTE	9.0	0.0
<u>Executive</u> recommended increase of \$100,000 Gross; a \$90,000 GF/GP reduction would be offset by recognition of \$190,000 in additional revenue from the Private Forestland Enhancement Fund. <u>House</u> reduced GF/GP support by \$436,100 – \$346,100 GF/GP less than <u>Executive</u> . <u>Senate</u> concurred with <u>Executive</u> . <u>Conference</u> concurs with <u>Senate/Executive</u> .	Gross Restricted GF/GP	\$2,582,700 288,200 \$2,294,500	(\$100,000) 190,000 (\$90,000)
15. Right to Farm	FTE	3.0	2.5
<u>Executive</u> recommended \$384,000 GF/GP increase with 3.5 additional FTE positions in anticipation of increased workload related to siting of new or expanded livestock operations. <u>House</u> increased GF/GP support by \$254,000 – \$130,000 GF/GP less than <u>Executive</u> – with 2.5 additional FTE positions. <u>Senate</u> concurred with <u>Executive</u> . <u>Conference</u> concurs with <u>Senate/Executive</u> .	Gross IDG GF/GP	\$577,600 103,100 \$474,500	\$384,000 0 \$384,000
16. Agriculture Development	FTE	11.0	1.0
<u>House</u> and <u>Senate</u> concur with <u>Executive</u> and increase GF/GP support by \$408,500 with 1.0 additional FTE position. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross Federal Restricted GF/GP	\$3,604,300 2,316,000 87,200 \$1,201,100	\$408,500 0 0 \$408,500
17. Grape and Wine Council	FTE	3.0	0.0
The FY 2016-17 budget had included \$921,000 in ongoing restricted funding and \$170,000 GF/GP shown as one-time. <u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and eliminated this one-time GF/GP funding. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross Restricted GF/GP	\$1,091,000 921,000 \$170,000	(\$170,000) 0 (\$170,000)
18. Value-Added Grants/Food and Agriculture Investment Program	Gross GF/GP	\$1,500,000 \$1,500,000	\$3,243,900 \$3,243,900
<u>Executive</u> had recommended \$2.7 million GF/GP for the Food and Agriculture Investment Program, defined and governed by boilerplate, Section 701. <u>House</u> included \$2.5 million GF/GP, \$243,900 less than <u>Executive</u> . <u>Senate</u> included \$4.7 million GF/GP; \$2.0 million more than <u>Executive</u> . <u>Conference</u> concurs with <u>Senate</u> .			
19. Rural Development Fund Grant Program	FTE	1.0	0.0
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and retained this statutory grant program which was new in the FY 2016-17 budget. The program is supported with restricted revenue from a non-ferrous metals extraction tax established in Public Act 410 of 2012. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross Restricted GF/GP	\$2,000,000 2,000,000 \$0	\$0 0 \$0
20a. County Fairs, Shows, Expositions Grants	Gross GF/GP	\$470,000 \$470,000	\$178,800 \$178,800
<u>Executive</u> had recommended \$300,500 GF/GP, a reduction of \$170,000 for program that provides matching capital grants to eligible county fairs, shows, and expositions. <u>House</u> makes an additional \$100 GF/GP reduction as compared to the <u>Executive</u> in order to establish a separate Festivals and events line item. <u>Senate</u> includes \$649,300 GF/GP, \$348,800 more than <u>Executive</u> . <u>Conference</u> concurs with <u>Senate</u> .			
20b. Festivals and Events	Gross GF/GP	\$0 \$0	\$0 \$0
<u>House</u> included \$100 placeholder for new line item. <u>Senate</u> did not include. <u>Conference</u> does not include.			
21. Advanced Deposit Wagering	Gross GF/GP	\$0 \$0	\$0 \$0
<u>Senate</u> included \$100 placeholder for new line item. <u>House</u> did not include. <u>Conference</u> does not include.			

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
22. Tree Fruit Research/Commission	Gross	\$500,000	\$1,000,000
FY 2016-17 budget includes \$500,000 GF/GP, identified as one-time, for tree fruit research grants. <u>Executive</u> recommended \$1.5 million GF/GP granted to the Michigan Tree Fruit Commission for capital improvements to Michigan State University tree fruit research facilities. <u>House</u> included \$1.25 million, \$250,000 less than <u>Executive</u> . <u>Senate</u> concurred with <u>Executive</u> . <u>Conference</u> includes \$1.5 million, earmarked in boilerplate Sec. 901, as part of the new \$8.4 million Agriculture industry research and development line.	GF/GP	\$500,000	\$1,000,000
23. Vital Agriculture Infrastructure Grant (One-Time)	Gross	\$220,000	(\$220,000)
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> to eliminate one-time earmark for local capital construction project. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	GF/GP	\$220,000	(\$220,000)
24. Double-Up Food Bucks (One-Time)	Gross	\$0	\$100
<u>Executive</u> had requested a total of \$1.4 million GF/GP for expansion of "Double-up Food Bucks" nutrition incentive program. <u>House</u> concurred with <u>Executive</u> . <u>Senate</u> did not include. <u>Conference</u> includes \$100 placeholder from restricted funds.	Restricted GF/GP	0 \$0	100 \$0
[Funding for Double-Up Food Bucks program is included in DHHS supplemental appropriation.]			
25. MSU Mobile Fruit and Vegetable Processing Units (One-Time)	Gross	\$0	\$4,400,000
<u>House</u> and <u>Senate</u> had included include one-time funding for purchase of mobile fruit and vegetable processing units to be used by MSU, in coordination with participating community colleges, to help train students in food processing industry. The House had also included funding for capital improvements to MSU's on-campus food processing laboratory. <u>Conference</u> includes \$4.4 million, earmarked in boilerplate Sec. 901, as part of the new \$8.4 million Agriculture industry research and development line. Of the \$4.4 million, \$3.2 million is identified as for campus and mobile labs; \$1.2 million is earmarked for a related workforce development initiative.	GF/GP	\$0	\$4,400,000
26. Albion Equestrian Center	Gross	\$0	\$100,000
<u>Senate</u> included \$100,000 for new line item. <u>House</u> does not include. <u>Conference</u> concurs with <u>Senate</u> .	GF/GP	\$0	\$100,000
27. Food Bank Council of Michigan	Gross	\$0	\$2,000,000
<u>Senate</u> included \$2.5 million GF/GP for new line item. <u>House</u> does not include. <u>Conference</u> includes \$2.0 million GF/GP.	GF/GP	\$0	\$2,000,000
28. Technical and Revenue Adjustments	Gross	NA	\$1,848,000
<u>Executive</u> budget includes various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> concurs with <u>House/Senate</u> .	Federal IDG Restricted GF/GP	NA NA NA NA	775,000 (15,000) 1,101,400 (13,400)
29. Economics	Gross	NA	\$676,200
<u>Executive</u> reflects increased costs of \$676,200 Gross (\$473,800 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> concurs with <u>House/Senate</u> .	IDG Federal Private Restricted GF/GP	NA NA NA NA NA	2,100 27,700 200 172,400 \$473,800

Major Boilerplate Changes From FY 2016-17

Sec. 215. Communication with the Legislature – RETAINED

Prohibits department from taking disciplinary action against an employee for communicating with the Legislature
Executive deletes. Conference retains.

Major Boilerplate Changes From FY 2016-17

Sec. 234. Record Retention – RETAINED

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines. Executive deletes. Conference retains.

Sec. 402. Education and Training for Beer Delivery Systems – NEW

Conference adds new section earmarking \$150,000 from the Food safety and quality assurance line for new program related to proper management of beer delivery systems authorized under Public Act 514 of 2016.

Sec. 403. FSMA Program – RETAINED

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

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. Conference retains.

Sec. 453. Indemnification/Depredation Payments – REVISED

Requires specific appropriation for indemnification payments that exceed \$100,000; provides reporting requirements; eliminates requirement that report identify persons to whom indemnification is paid, and allows depredation report as part of annual Animal Industry Division report. Conference revises to require report on a calendar year basis, rather than fiscal year.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Section establishes specific Bovine TB reporting requirement. Executive deletes. Conference retains.

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

Section indicated 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. Conference retains.

Sec. 461. Bovine TB Risk Mitigation – NEW

House includes new section, which was not included in the Senate bill, describing the Bovine TB risk mitigation program and establishing an earmark for apiary protection program. Conference concurs with House.

Sec. 701. Value Added Grant Program – REVISED

Current language of Sec. 701 defines Valued-added grant program. Executive includes new language in Sec. 711 which directs department to establish new *Food and Agriculture Investment Program* as a competitive grant program intended to expand Michigan's food and agriculture sector, grow Michigan exports, and increase food processing activities; establishes grant criteria and reporting requirements. Conference generally follows Executive with some language modifications.

Sec. 702. Rural Development Fund/Program – RETAINED

Section directs department to work with Rural Development Fund Board. Executive deletes. Conference retains; corrects statutory reference.

Sec. 706. Agriculture Development Report – RETAINED

Executive includes new metrics on increased trade show and export business visit attendance. Conference retains current year language.

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

Executive deletes a current reporting requirement. Conference retains.

Sec. 801. Ag Equine Industry Development Fund (AEIDF) – RETAINED

Requires that all appropriations in part 1 from the AEIDF be spent for equine-related purposes. Executive deletes. Conference retains.

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

Requires MGCB to use actual expenditure data in determining regulatory costs. Executive deletes. Conference retains.

Sec. 805. County Fair Capital Grant Program – REVISED

Provides for matching program for county fair capital grants appropriated in part 1. Executive revises to delete special project earmarks. Conference concurs with Executive with minor language changes.

Sec. 901. Agriculture Industry Research and Development (AIRD) – NEW

Conference includes new section which earmarks specific uses of the \$8.4 million AIRD appropriation.