

**FY 2022-23: AGRICULTURE AND RURAL DEVELOPMENT**  
**Summary: Conference Report**  
**Article 1, House Bill 5783 (H-2) CR-1**



**Analyst: William E. Hamilton**

	FY 2021-22 YTD as of 2/9/22	FY 2022-23 Executive	FY 2022-23 House	FY 2022-23 Senate	FY 2022-23 Conference	Difference: Conference From FY 2021-22 YTD	
						Amount	%
<b>IDG/IDT</b>	\$320,000	\$326,700	\$326,700	\$326,700	\$326,700	\$6,700	2.1
<b>Federal</b>	13,599,800	19,670,900	14,271,000	19,670,900	19,670,900	6,071,100	44.6
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	71,300	21,300	21,300	21,300	21,300	(50,000)	(70.1)
<b>Restricted</b>	44,327,300	44,706,400	44,706,400	44,706,400	44,706,400	379,100	0.9
<b>GF/GP</b>	97,366,900	107,439,800	62,919,800	77,519,800	122,989,800	25,622,900	26.3
<b>Gross</b>	<b>\$155,685,300</b>	<b>\$172,165,100</b>	<b>\$122,245,200</b>	<b>\$142,245,100</b>	<b>\$187,715,100</b>	<b>\$32,029,800</b>	<b>20.6</b>
<b>FTEs</b>	527.0	537.0	527.0	527.0	537.0	10.0	1.9

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) House means House Bill 5778 (H-1) as passed by the House May 4, 2022. (4) Conference means House Bill 5783 (H-2) CR-1.

**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 2021-22 YTD Appropriations**

**1. Emergency Management – Preparedness, Readiness, Response**  
Executive includes a \$1.6 million GF/GP increase and an increase in FTE authorization from 4.0 to 8.0 FTE positions for the Emergency Management program in order to build capacity to prepare for and respond to emergency events affecting the food supply chain – from animal disease readiness to contamination of food and feed. Neither House nor Senate include baseline funding increase or increase in FTE authorization. Conference concurs with Executive.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Conference Change
FTE	4.0	4.0
<b>Gross</b>	<b>\$1,320,700</b>	<b>\$1,600,000</b>
Federal	447,400	0
GF/GP	\$873,300	\$1,600,000

**2. Animal Industry – Animal Disease Prevention and Response**  
**Animal Welfare and Veterinary Care, Cervid Testing, Federal CWD Grant**

Executive requests \$650,000 GF/GP baseline increase to support Michigan licensed animal shelters and specifically to fund veterinarians and other animal care workers at those shelters. Executive also recognizes \$500,000 for an anticipated federal USDA CWD research grant. House and Senate recognize \$500,000 federal increase for USDA grant but do not include baseline GF/GP increase. Conference recognizes \$500,000 federal USDA grant; \$200,000 GF/GP for testing costs of privately owned cervids (related boilerplate Section 455). Conference includes \$2.0 million GF/GP for animal welfare and veterinary care as one-time, (see # 11 below).

	FTE	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 Conference Change
FTE	62.0		0.0
<b>Gross</b>		<b>\$9,623,100</b>	<b>\$700,000</b>
Federal		582,500	500,000
Restricted		221,800	0
GF/GP		\$8,818,800	\$200,000

		<b>FY 2021-22 Year-to-Date (as of 2/9/22)</b>	<b>FY 2022-23 Conference Change</b>
<b><u>Major Budget Changes from FY 2021-22 YTD Appropriations</u></b>			
<b>3. Bovine TB Quarantine – Producer Reimbursement</b>			
<u>Executive</u> did not include funding for the \$400,000 GF/GP one-time program of financial assistance to livestock producers for costs of maintaining livestock under quarantine. <u>House</u> retains as an ongoing appropriation. <u>Senate</u> does not include. <u>Conference</u> does not include; the department will request that unexpended current-year balance be carried forward as a work project.	<b>Gross</b>	<b>\$400,000</b>	<b>(\$400,000)</b>
	GF/GP	\$400,000	(\$400,000)
<b>4. Pesticide Safety/Worker Protection</b>			
<u>Executive</u> requests a \$1.2 million GF/GP increase in Pesticide and Plant Pest Management (PPPM) program, and related 6.0 FTE position increase in authorized staffing, for targeted program to help protect agricultural workers from pesticide exposure. Neither <u>House</u> nor <u>Senate</u> include baseline increase in funding or staffing. <u>Conference</u> concurs with <u>Executive</u> . Related boilerplate in Section 502.	FTE	85.0	6.0
	<b>Gross</b>	<b>\$14,172,100</b>	<b>\$1,170,000</b>
	Federal	1,281,100	0
	Private	21,300	0
	Restricted	7,633,100	0
	GF/GP	\$5,236,600	\$1,170,000
<b>5. Local Conservation Districts</b>			
<u>Executive</u> includes \$2.0 million GF/GP to provide baseline funding for local conservation districts, a reduction of \$1.0 million as compared to current year (including one-time funding). <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> includes \$3.0 million as ongoing. <u>Conference</u> retains current year funding of \$3.0 million (\$2.0 million ongoing, \$1.0 million as one-time.) Related boilerplate in Section 609.	<b>Gross</b>	<b>\$3,000,000</b>	<b>\$0</b>
	GF/GP	\$3,000,000	\$0
<b>6. Climate Action/Reforestation in Northern Michigan</b>			
<u>Executive</u> recognizes \$5.4 million federal USDA grant funding, in the ongoing Qualified Forest Program line item. The grant would support a reforestation project – the planting of 5 million native hardwood trees and conifers – on private and state-owned land in the Northern Lower Peninsula. <u>House</u> includes a \$100 placeholder as a separate line item. <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> concurs with <u>Executive</u> and <u>Senate</u> .	FTE	9.0	0.0
	<b>Gross</b>	<b>\$2,651,700</b>	<b>\$5,400,000</b>
	Federal	0	5,400,000
	Restricted	1,080,100	0
	GF/GP	\$1,571,600	\$0
<b>7. Fair Food Network/Double Up Food Bucks</b>			
<u>Executive</u> includes \$900,000 GF/GP for program that increases purchasing power of Michigan residents who receive Supplemental Nutritional Assistance Program (SNAP) benefits. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . The proposed funding levels represent a \$1.1 million reduction from current year, which includes \$1.1 million shown as one-time. Related boilerplate in Section 703. <u>Conference</u> concurs with <u>Executive</u> , <u>House</u> , and <u>Senate</u> .	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$1,100,000)</b>
	GF/GP	\$2,000,000	(\$1,100,000)
<b>8. Food and Agriculture Investment Grant Program</b>			
<u>Executive</u> retains funding level of \$2.5 million GF/GP for program that provides grants for agri-business development projects. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> includes \$3.5 million, \$1.0 million more than both current year and <u>Executive</u> . <u>Conference</u> concurs with <u>Executive</u> and <u>House</u> and retains at current-year funding level.	<b>Gross</b>	<b>\$2,470,600</b>	<b>\$0</b>
	GF/GP	\$2,470,600	\$0
<b>9. Office of Rural Development</b>			
<u>Conference</u> includes \$500,000 GF/GP increase in baseline funding and related boilerplate Sec. 702a.	FTE	1.0	0.0
	<b>Gross</b>	<b>\$175,000</b>	<b>\$500,000</b>
	Restricted	0	0
	GF/GP	\$175,000	\$500,000
<b>10. County Fairs/Shows/Expositions Grant Program</b>			
<u>Executive</u> requests \$500,000 GF/GP for fair capital grant program, a reduction of almost \$2.0 million from current year which includes one-time funding. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with <u>Executive</u> , <u>House</u> , and <u>Senate</u> and retains \$500,000 GF/GP in ongoing funding.	<b>Gross</b>	<b>\$2,450,000</b>	<b>(\$1,950,000)</b>
	GF/GP	\$2,450,000	(\$1,950,000)

<b><u>Major Budget Changes from FY 2021-22 YTD Appropriations</u></b>		<b><u>FY 2021-22 Year-to-Date (as of 2/9/22)</u></b>	<b><u>FY 2022-23 Conference Change</u></b>
<b>11. Animal Welfare and Veterinary Care</b>	<b>Gross</b>	<b>\$0</b>	<b>\$2,000,000</b>
<u>Executive</u> had requested \$650,000 GF/GP increase in ongoing Animal Disease Prevention and Response to support Michigan licensed animal shelters and specifically to fund veterinarians and other animal care workers at those shelters. <u>Conference</u> includes \$2.0 million GF/GP in one-time funding for targeted program.	GF/GP	\$0	\$2,000,000
<b>12. Economic Development for Food and Agriculture Industries</b>	<b>Gross</b>	<b>\$0</b>	<b>\$50,000,000</b>
<u>Executive</u> requests \$30.0 million GF/GP (one-time) for a new program targeted at supply chain, infrastructure, and workforce issues of Michigan agriculture as affected by the COVID-19 pandemic. Neither <u>House</u> nor <u>Senate</u> include. <u>Conference</u> includes \$50.0 million in one-time funding. Related boilerplate <b>Sec. 901</b> includes an earmark of \$12.0 million for the Eastern Market – see Item #16, below.	GF/GP	\$0	\$50,000,000
<b>13. Office of Rural Development – (Grants)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>
<u>Executive</u> requests \$10.0 million GF/GP (one-time) for a new program, administered by the Office of Rural Development, to provide grants to rural communities, related to economic development, workforce development, affordable housing, infrastructure, education, and high-speed internet access. Neither <u>House</u> nor <u>Senate</u> include. <u>Conference</u> includes \$3.0 million GF/GP and related boilerplate Sec. 900.	GF/GP	\$0	\$3,000,000
<b>14. Buy Michigan Campaign/Select Michigan</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
<u>Executive</u> requests \$1.0 million GF/GP (one-time) for a campaign to support Michigan-grown agricultural products. <u>House</u> does not include. <u>Senate</u> includes as "Select Michigan Campaign." <u>Conference</u> concurs with Executive.	GF/GP	\$0	\$1,000,000
<b>15. Community Support Agriculture Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<u>Executive</u> requests \$500,000 GF/GP (one-time) to assist in bringing fresh fruits and vegetables to Michigan families facing food insecurity. Neither <u>House</u> nor <u>Senate</u> include. <u>Conference</u> does not include.	GF/GP	\$0	\$0
<b>16. Eastern Market</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<u>Senate</u> includes \$12.0 million GF/GP (one-time) for capital improvements to the Eastern Market in Detroit. <u>Conference</u> does not include as a separate line item but does earmark \$12.0 million for the Eastern Market in boilerplate Sec. 901, see Item #12, above.	GF/GP	\$0	\$0
<b>17. Groundwater Monitoring</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<u>Senate</u> includes \$100 GF/GP (one-time) placeholder for groundwater monitoring programs. (Environmental stewardship was reduced by \$100.) <u>Conference</u> does not include.	GF/GP	\$0	\$0
<b>18. Back Out FY 2021-22 One-Time GF/GP</b>	<b>Gross</b>	<b>\$31,605,000</b>	<b>(\$31,605,000)</b>
The current year budget included \$36.1 million GF/GP in "One-time only" appropriations. <u>Executive</u> did not include those items in the proposed FY 2022-23 budget request. The \$36.1 million includes the following items, totaling \$31.6 million: Agricultural Nutrient Best Management Voluntary Practices, \$25.0 million; Agriculture Equine Industry Development Fund deposit, \$3.2 million; Farm Innovation Grant program, \$3.2 million; Farm Stress, \$225,000. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive and do not carry these one-time items into FY 2022-23.	GF/GP	\$31,605,000	(\$31,605,000)

Some FY 2021-22 one-time items, totaling \$4.5 million, are addressed in Major Budget Changes Item #s 3, 5, 7, and 10, above.

<u>Major Budget Changes from FY 2021-22 YTD Appropriations</u>	<u>FY 2021-22 Year-to-Date (as of 2/9/22)</u>	<u>FY 2022-23 Conference Change</u>	
<b>19. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,714,800</b>
<u>Executive</u> budget proposal reflects increased costs of \$1.7 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2022 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Conference</u> concurs with Executive, House, and Senate.	IDG	NA	6,700
	Federal	NA	121,100
	Restricted	NA	379,100
	GF/GP	NA	\$1,207,900

**Major Boilerplate Changes from FY 2021-22**

**Sec. 210. Contingency Authorizations/Transfers – RETAINED**

Executive increases contingent federal and state spending authority, to \$5.0 million, and \$6.0 million, respectively, that may be transferred into this budget through process defined in Section 393(2) of the Management and Budget Act. House retains current contingent authorization limits. Senate does not include. Conference concurs with Executive and House.

**Sec. 215. Communication with the Legislature – RETAINED**

Executive deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. Conference concurs with House and Senate and retains.

**Sec. 216. Report on FTE Positions and Remote Work – RETAINED**

Executive deletes reporting requirement on staffing levels in relation to FTE authorization; employees authorized to work remotely; and related cost savings. Conference concurs with House and Senate and retains.

**Sec. 217. Use of Work Projects – RETAINED**

Executive deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. Conference concurs with House and Senate and retains.

**Sec. 218. State Administrative Board Transfers – RETAINED**

Executive deletes section that provides for the legislature to intertransfer funds within departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. Conference concurs with House and Senate and retains.

**Sec. 219. Record Retention – RETAINED**

Executive deletes section that requires department to retain reports funded from part 1 appropriations and which established record retention guidelines. Conference concurs with House and Senate and retains.

**Sec. 220. Impact of New Legislation – RETAINED**

Executive deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year. Conference concurs with House and Senate and retains.

**Sec. 221. Severance Pay Report – RETAINED**

Executive deletes reporting requirements related to severance pay paid to department personnel upon the termination of employment. Conference concurs with House and Senate and retains.

**Sec. 222. Restrictions on Use of Covid-19 Passports – RETAINED**

Executive deletes section that established restrictions on the use of Covid-19 "passports" to document vaccination status. Conference concurs with House and retains.

**Sec. 224. Limitation on Remote Work – NEW**

House includes language prohibiting "An executive branch department, agency, board, or commission that receives funding under part 1" from permitting a state employee who was not working remotely, either full-time or part-time, before February 28, 2020, to work remotely, either full-time or part-time, during FY 2022-23. Senate does not include. Conference includes new intent language: "that departments maximize the efficiency of the state workforce and, where possible, prioritize in-person work", and that executive branch agencies post in-person, remote, or hybrid work policy on its website.

**Sec. 241. Incident Notification – NEW**

Conference includes new section that requires the department to notify legislators when incident management team is activated.

## **Major Boilerplate Changes from FY 2021-22**

### ***Sec. 301. Miscellaneous Fees, Use of Fee Revenue, Fee Reports – REVISED***

Executive retains the section that authorizes the department to establish a fee schedule and collect fees for various work activities and services and that authorizes the department to receive and expend fee revenue. House concurs with Executive. Senate adds new subsection to limit the commercial pesticide applicator fee to \$75 for a 3-year testing period. Conference does not include Senate language but does include new subsection that asks the department to work with testing vendors to ensure adequate testing capacity and reasonable cost structures.

### ***Sec. 455. Cervid Facility Testing Costs – NEW***

Senate includes new section to earmark \$200,000 to reimburse privately owned cervid facilities for the costs of CWD testing. Conference concurs with Senate.

### ***Sec. 459. Bovine TB Quarantine – Producer Reimbursement – NOT INCLUDED***

Executive does not retain part 1 funding for the one-time Bovine TB producer reimbursement program or the related boilerplate (Sec. 1003 in current law). House retains the part 1 grant program as an ongoing item in Animal Industry, and the related boilerplate, renumbered as Sec. 459. House also modifies the section that defines eligible costs to limit costs to those incurred after 10/1/2022. Conference concurs with Senate does not include.

### ***Sec. 502. Pesticide Safety/Worker Protection – NEW***

Conference includes new section that designates \$1.2 million PPM funding increase for staffing and operational support for education and compliance assistance efforts to ensure uniform application of pesticide regulations.

### ***Sec. 603. Agricultural Nutrient Best Management Voluntary Practices Program – REVISED***

Executive does not retain part 1 one-time line item or related boilerplate (Sec. 1001) which defined the program and identified program goals, including water quality improvement in the western Lake Erie basin. House retains the related reporting requirement, renumbered as Sec. 603, due April 1, 2023. Senate does not include. Conference concurs with House and retains updated reporting requirement as new Sec. 603.

### ***Sec. 701. Food and Agriculture Investment Grant Program – RETAINED***

Executive retains with minor technical changes section that provides direction to the department in administration of the Food and Agriculture Investment grant program. House concurs with Executive. Senate deletes subsection that authorizes the department to receive and expend funds received from outside sources. Senate also adds a new subsection to earmark \$1.0 million in grant program funds for grants to new and expanding protein processors. Conference concurs with Executive and House and makes only minor technical changes; does not include Senate earmark for protein processors.

### ***Sec. 703. Double Up Food Bucks Program – RETAINED***

Executive retains current section unchanged except for date references. House also updates date references and in addition directs the department to work with the Fair Food Network to ensure that at least 85% of program funds be used as a direct reimbursement of participating vendors – the goal in current law is 80%. Senate retains without change other than report date references. Conference concurs with Executive and Senate.

### ***Sec. 707. Industry Support Fund Lapse – NEW***

Executive includes section that provides for unexpended Industry Support Funds to lapse to the Industry Support Fund. Conference concurs with Executive, House and Senate.

### ***Sec. 900. Office of Rural Development (Grant Program) – NEW***

Conference includes new section defining the \$3.0 million one-time line item for the Office of Rural Development; authorizes 3.0 FTEs (limited term) to administer program; establishes as work project.

### ***Sec. 901. Economic Development for Food and Agriculture (Grant Program) – NEW***

Conference includes new section defining the \$50.0 million one-time line item; authorizes 8.0 FTEs (limited term) to administer program; establishes as work project; earmarks \$12.0 million for Eastern Market.

### ***Sec. 902. Animal Welfare and Veterinary Care – NEW***

Conference includes new section defining the \$2.0 million one-time line item; establishes as work project.