

Summary: Executive Budget Recommendation for Fiscal Years 2011-12 and 2012-13



DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Analyst: William Hamilton

	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	289,100	297,600	8,500	2.9	297,600	0	.
Federal	14,922,600	14,184,700	(737,900)	(4.9)	14,386,700	202,000	1.4
Local	0	0	0		0	0	
Private	260,100	171,300	(88,800)	(34.1)	171,300	0	.
Restricted	30,679,400	29,713,000	(966,400)	(3.2)	30,294,800	581,800	2.0
GF/GP	30,297,100	27,102,700	(3,194,400)	(10.5)	27,715,100	612,400	2.3
Gross	\$76,448,300	\$71,469,300	(\$4,979,000)	(6.5)	\$72,865,500	\$1,396,200	2.0
FTEs	458.5	438.0	(20.5)	(4.5)	438.0	0.0	0.0

Overview

The Department's 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.

The current year budget contains 42 appropriation line items; the Executive would roll up the FY 2011-12 budget into 6 broad single-line appropriation units. The analysis below is based on the current year line items as compared to the "Schedule of programs" descriptions provided with the Executive budget. The amounts shown in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. The only difference between the Executive FY 2011-12 and FY 2012-13 budgets is the inclusion in FY 2012-13 of a \$1,396,200 item, "Active and retiree insurance and pension adjustment."

Major Budget Changes From FY 2010-11 YTD Appropriations	FY 2010-11 YTD (as of 2/17/11)	Executive Changes	
		FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
1. Commissions and Boards	Gross	\$23,800	\$0
No change from current year.	Restricted	8,800	0
	GF/GP	\$15,000	\$0
2. Unclassified Positions	FTEs	2.0	0.0
No change from current year.	Gross	\$213,300	\$0
	GF/GP	\$213,300	\$0
3. Executive Direction	FTEs	8.0	0.0
Reflects economic adjustment.	Gross	\$996,200	\$54,400
	Restricted	38,400	2,100
	GF/GP	\$957,800	\$52,300
4. Management Services/Operational Services	FTEs	12.0	3.0
Reflects economic adjustment.	Gross	\$928,600	\$52,500
	Restricted	57,800	0
	GF/GP	\$870,800	\$52,500
5. Statistical Reporting Service	FTEs	1.0	0.0
Reflects economic adjustment.	Gross	\$148,500	\$9,800
	Private	82,600	5,400
	GF/GP	\$65,900	\$4,400

Executive Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

6. Emergency Management

Reflects anticipated end of a \$500,000 US Food and Drug Administration Rapid Response Team grant; economic adjustments.

	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
FTEs	6.5	(4.5)	0.0
Gross	\$741,800	(\$498,200)	\$0
Federal	500,000	(500,000)	0
GF/GP	\$241,800	\$1,800	\$0

7. Accounting Service Center

Department reimburses the Michigan Department of Transportation for accounting services. No change from current year.

Gross	\$878,300	\$0	\$0
GF/GP	\$878,300	\$0	\$0

8. Departmentwide – Rent and Building Occupancy

Appropriation for estimated building occupancy costs of \$991,900 includes \$442,000 in federal funds; however federal grants do not generally participate in building occupancy costs. As a result, only restricted and GF/GP funds are actually available for use by the department; costs not supported by actual revenue are charged to department program lines.

Gross	\$1,042,200	(\$50,300)	\$0
Federal	464,400	(22,400)	0
Restricted	577,800	(78,800)	0
GF/GP	\$0	\$50,900	\$0

9. Information Technology

Recognizes \$20,600 in economic increases; \$57,600 GF/GP decrease for early retirement savings; restricted revenue decrease of \$160,000 to reflect actual revenue.

Gross	\$1,500,800	(\$197,000)	\$0
IDG	2,800	0	0
Restricted	307,800	(157,700)	0
GF/GP	\$1,189,800	(\$39,300)	\$0

10. Food and Dairy – Food/Milk Safety and Quality Assurance

Executive recommends transfer of some elements of dairy inspection program to the dairy industry through use of industry-employed, department-certified field inspectors, resulting in GF/GP savings of \$600,000. Recognizes \$458,700 in economic increases; \$493,300 GF/GP decrease for early retirement savings.

FTEs	107.0	(6.0)	0.0
Gross	\$13,004,100	(\$634,600)	\$0
Federal	658,700	27,800	0
Restricted	3,163,500	133,300	0
GF/GP	\$9,181,900	(\$795,700)	\$0

The \$8.4 million in GF/GP revenue is the largest use of GF/GP revenue in this budget.

The current year budget unrolls Food safety and Milk safety programs into two separate line items as follows:

Unrolled Line Items		FY 2010-11 Appropriation
<i>Food and Dairy – Food Safety and Quality Assurance</i>	FTEs	81.0
	Gross	\$9,744,900
	Federal	624,200
	Restr.	3,003,500
	GF/GP	\$6,117,200
<i>Milk Safety and Quality Assurance</i>	FTEs	26.0
	Gross	\$3,259,200
	Federal	34,500
	Restr.	160,000
	GF/GP	\$3,064,700

11. Animal Industry – Animal Health and Disease Response

Recognizes \$137,000 in economic increases; \$35,400 decrease in federal revenue to reflect actual anticipated federal grants. Reduces GF/GP baseline by \$536,700 to reflect advances in Bovine TB Program, specifically: the elimination of the inspection station at the Mackinac Bridge (\$332,000), plus other unspecified program reductions, (\$204,700).

FTEs	68.0	(4.0)	0.0
Gross	\$9,474,200	(\$434,800)	\$0
Federal	1,291,200	(17,100)	0
Restricted	253,800	3,800	0
GF/GP	\$7,929,200	(\$421,500)	\$0

The \$7.5 million in GF/GP revenue is the second largest use of GF/GP revenue in this budget.

Executive Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

12. Pesticide and Plant Pest Management – PPPM

Executive recommends elimination of Department inspections of nursery stock intended for in-state sale; Department inspections would be limited to those needed for out-of-state export. Transfer of inspections of in-state stock to industry would result in GF/GP savings of \$500,000

	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
FTEs	94.0	(6.0)	0.0
Gross	\$11,347,000	(\$1,034,300)	\$0
Federal	2,019,500	(52,000)	0
Private	166,400	(83,100)	0
Restricted	5,134,200	(104,900)	0
GF/GP	\$4,026,900	(\$794,300)	\$0

Executive also proposes elimination of Department animal feed content label sampling/testing (for protein/fat/fiber content), resulting in a GF/GP savings of \$250,000. Department would continue health/safety related inspections.

Proposed budget also recognizes \$430,600 in economic increases, \$199,200 GF/GP decrease for early retirement savings, and adjustments of restricted and federal revenue sources to actual, (\$496,400), and (\$19,300).

13. Emerald Ash Borer Program – PPPM

Appropriation of \$1.8 million reflects continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05.

FTEs	10.0	(3.0)	0.0
Gross	\$2,138,500	(\$316,000)	\$0
Federal	2,138,500	(316,000)	0

14. Producer Security/Grain Dealer Licensing – PPPM

Executive proposes \$300,000 increase in annual grain dealer fees to offset \$300,000 GF/GP reduction. Proposed budget also recognizes \$23,400 in economic increases, and net \$32,600 reduction to reflect actual anticipated restricted revenue.

FTEs	4.0	0.0	0.0
Gross	\$552,600	(\$9,200)	\$0
Restricted	252,600	290,800	0
GF/GP	\$300,000	(\$300,000)	\$0

15. Environmental Stewardship

Because of the unrolling of program lines, the current year appropriation is simply a placeholder with no GF/GP funding and no FTEs. The department anticipates lapsing the entire current year appropriation; the Executive budget would eliminate the line in FY 2011-12.

Gross	\$94,400	(\$94,400)	\$0
Federal	41,700	(41,700)	0
Restricted	52,700	(52,700)	0
GF/GP	\$0	\$0	\$0

16. Michigan Agriculture Environmental Assurance Program (MAEAP)

Reflects economic adjustment.

FTEs	3.0	3.0	0.0
Gross	\$262,000	\$2,600	\$0
GF/GP	\$262,000	\$2,600	\$0

In FY 2009-10 MAEAP was rolled up within the *Environmental stewardship* line item, and was funded by the department within that line at \$586,400 GF/GP with 5.0 FTE positions. **It is our understanding that in the current year the department is using \$324,000 in restricted funds from the Groundwater program (below) to supplement GF/GP funding.**

17. Groundwater/Freshwater Protection Program

Among other things, this line provides technical assistance grants, through local conservation districts, to implement conservation programs. Recognizes \$73,200 in economic increases; reduces restricted revenue by \$100,000 to better reflect actual revenue.

FTEs	15.0	3.0	0.0
Gross	\$5,354,100	(\$26,800)	\$0
Federal	314,500	5,000	0
Restricted	5,039,600	(31,800)	0

18. Farmland/Open Space Preservation

Reflects economic adjustment.

FTEs	9.0	0.0	0.0
Gross	\$928,600	\$29,600	\$0
Restricted	928,600	29,600	0

19. Agriculture Pollution Prevention Program

No change from current year appropriation.

Gross	\$1,000,100	\$0	\$0
Federal	1,000,000	0	0
Restricted	100	0	0

Executive Changes

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
20. Local Conservation Districts	Gross	\$100	\$0	\$0
Retains \$100 placeholder. General Fund support for the <i>Local conservation districts</i> line had been \$2.8 million in FY 2000-01.	GF/GP	\$100	0	0
21. Migrant Labor Housing	FTEs	6.0	0.0	0.0
Reflects economic adjustments. Inspection program supported by GF/GP, and restricted funds from \$5 per occupant migrant labor housing inspection fee established in 2010 PA 13 and 2010 PA 14. Federal funds represent US Department of Labor housing grants.	Gross	\$1,142,800	\$19,500	\$0
	Federal	463,900	7,900	0
	Restricted	140,900	2,300	0
	GF/GP	\$538,000	\$9,300	\$0
22. Right to Farm	FTEs	3.0	0.0	0.0
Reflects economic adjustment.	Gross	\$504,300	\$14,700	\$0
	IDG	97,200	2,800	0
	GF/GP	\$407,100	\$11,900	\$0
23. Intercounty Drains	FTEs	3.0	0.0	0.0
The Governor proposes new \$500 assessment on intercounty drainage districts; proposed fee would generate \$550,000 in restricted revenue to support program and offset GF/GP reduction; also reflects economic increase of \$16,200.	Gross	\$416,100	\$133,900	\$0
	Restricted	0	550,000	0
	GF/GP	\$416,100	(\$416,100)	\$0
24. Laboratory Services	FTEs	45.0	(3.0)	0.0
Recognizes \$162,100 economic increase; \$256,100 GF/GP reduction for early retirement savings; baseline GF/GP reduction of \$427,000.	Gross	\$6,085,600	(\$521,000)	\$0
	IDG	189,100	5,700	0
	Federal	916,200	27,300	0
	Restricted	2,476,000	61,900	0
	GF/GP	\$2,504,300	(\$615,900)	\$0
25. USDA Monitoring	FTEs	13.0	0.0	0.0
Reflects economic increase, \$26,300; \$166,700 anticipated increase in federal revenue.	Gross	\$2,259,000	\$193,000	\$0
	Federal	2,259,000	193,000	0
26. Consumer Protection Program	FTEs	39.0	0.0	0.0
Line supports motor fuel quality program, weights and measures, and metrology laboratory. Restricted revenue includes \$3.2 million from the Refined petroleum fund. Governor's budget reflects economic adjustments only.	Gross	\$5,498,100	\$73,200	\$0
	Restricted	5,497,500	73,200	0
	GF/GP	\$600	\$0	\$0
27. Agriculture Development	FTEs	4.0	0.0	0.0
Reflects economic adjustments of \$17,100; adjusts federal and restricted revenue to actual anticipated revenue.	Gross	\$2,056,700	(\$141,400)	\$0
	Private	11,100	(11,100)	0
	Federal	1,605,000	(91,500)	0
	Restricted	142,400	(41,500)	0
	GF/GP	\$298,200	\$2,700	\$0
28. Grape and Wine Program	FTEs	3.0	0.0	0.0
Recognizes economic adjustment.	Gross	\$736,800	(\$500)	\$0
	Restricted	736,800	(500)	0

Executive Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
FTEs	3.0	0.0	0.0
Gross	\$3,820,100	(\$698,200)	\$0
Restricted	3,820,100	(698,200)	0

29. Horse Racing Programs

The fund source for this line item is the Agriculture Equine Industry Development Fund (AEIDF). The Governor's budget reflects ongoing reduction in AEIDF revenue available for horse racing programs.

	Current YTD	FY 2011-12
Horse racing administration	394,400	331,300
Purses & supplements-fairs/licensed tracks	764,300	611,400
Licensed tracks - light horse racing	42,600	34,100
Standardbred (SB) breeders' awards	312,500	250,000
SB purses/supplements-licensed tracks	577,000	461,600
SB sire stakes	261,200	209,000
SB training and stabling	11,600	9,300
Thoroughbred owners' awards	39,900	31,900
Thoroughbred supplements-licensed tracks	387,000	309,600
Thoroughbred breeders awards	387,000	309,600
Thoroughbred sire stakes	267,600	214,100
Distribution of outstanding winning tickets	375,000	350,000
Total	\$3,820,100	\$3,121,900

30. Capital Outlay - Farmland/Open Space Acquisition

Adjusts state restricted Agriculture Preservation Fund revenue to better align with actual revenue estimates.

Gross	\$3,300,000	(\$1,000,000)	\$0
Federal	1,250,000	0	0
Restricted	2,050,000	(1,000,000)	\$0

31. Economics

The State Budget Office had identified \$1.6 million in net economic increases: \$1,914,400 increase related to retirement contributions; \$172,400 decrease for insurance costs; \$12,700 increase for workers compensation, and \$50,300 decrease for building occupancy charges. In addition, the budget recognizes \$20,600 in economic increases related to information technology services.

Gross	N/A	\$1,640,900	\$0
IDG	N/A	8,500	0
Federal	N/A	202,900	0
Private	N/A	8,700	0
Restricted	N/A	586,700	0
GF/GP	N/A	\$804,400	\$0

Executive budget detail shows a \$1,396,200 increase in FY 2012-13 for "Active and retiree insurance and pension adjustment."

Boilerplate Changes From FY 2010-11

Sec. 201. Total State Payments/Payments to Local Units – MODIFIED

Identifies total state spending; payments of state funds to local units of government from the funds appropriated. Updated to reflect Part 1 appropriations.

Sec. 202. Management and Budget Act – DELETED

Indicates that appropriations are subject to the Management and Budget Act.

Sec. 203. Abbreviations – MODIFIED

Defines abbreviations.

Sec. 204. Civil Service Charge – DELETED

Requires Department of Civil Service to bill departments at the end of the first fiscal quarter for 1% charge authorized in the Constitution; requires payment by the end of the second fiscal quarter.

Sec. 205. Hiring Freeze – DELETED

Imposes a hiring freeze for state civil service positions.

Sec. 208. Internet Reporting – DELETED

Requires Department to use the Internet to fulfill reporting requirements.

Boilerplate Changes From FY 2010-11

Sec. 209 Purchase of Foreign Goods – DELETED

Prohibits the purchase of foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned or operated by veterans.

Sec. 210. Economically Distressed Areas – DELETED

Encourages the department to contract with businesses in economically distressed areas

Sec. 212. Indemnification Payments – DELETED

Authorizes Department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; provides for report. Subsection (2) authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars.

Sec. 214. Grant Notification – DELETED

Requires report on grants made to local units of government, institutions of higher education, or non-profit organizations.

Sec. 215. Transparency Report – DELETED

Directs department to use funds not to exceed \$10,000 to develop, post, and maintain on a publically accessible website expenditures made during the fiscal year.

Sec. 219. Information Technology – DELETED

Requires Department to pay user fees to Department of Technology, Management, and Budget subject to provisions of interagency agreement.

Sec. 220. Information Technology Work Projects – DELETED

Authorizes carryforward of funds for technology projects.

Sec. 223. Out-of-State Travel – DELETED

Limits out-of-state travel for certain circumstances and requires reporting on all out-of-state travel.

Sec. 224. Communication with the Legislature – DELETED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff.

Sec. 228. Contingency Appropriations – RETAINED

Provides for contingent federal, state, local, and private appropriations per Management and Budget Act.

Sec. 229. Impact of New Legislation and Administrative Rules – DELETED

Requires a report on specific policy changes adopted to implement new public acts. Prohibits the department from adopting administrative rules that have a disproportionate impact on small business.

Sec. 230. Hire of Outside Legal Counsel – DELETED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General but exempts legal services for bonding or other activities authorized by the Attorney General.

Sec. 231. Direct Service Levels – DELETED

Establishes baseline level of 315 direct service Department employees.

Sec. 237. GF/GP Lapse Report – DELETED

Requires report by September 30, 2011 of estimated GF/GP appropriation lapses at the close of the fiscal year.

Sec. 302. Miscellaneous Revenue/Expenditures – RETAINED

Allows Department to receive/expend revenue to cover expenses related to publications, audits, sales, inspections, and other Department functions; requires legislative notification 30 days prior to proposing fee increases; requires annual report on fees charged by Department.

Sec. 306. Matching Funds for Agriculture Statistics Studies – DELETED

Requires industry matching funds for study costs.

Sec. 401. Restaurant Inspection and Licensing – DELETED

Requires Department to monitor restaurant inspection/licensing activities conducted by locals and report to Legislature.

Sec. 402. Food-borne Illness Report – DELETED

Requires Department to provide reports on food-borne outbreaks and emergencies related to food safety.

Sec. 404. Consumer and Industry Food Education Fund – DELETED

Requires that not less than \$150,000 from the fund be expended for purposes required under Section 4117 of the Food Act of 2000.

Sec. 406. Food Safety FTEs – DELETED

Exempts food and dairy inspectors from hiring freeze.

Boilerplate Changes From FY 2010-11

Sec. 450. Bovine Tuberculosis – DELETED

Requires Department to reimburse DNRE for mutually-agreed-to bovine tuberculosis costs.

Sec. 451 Bovine Tuberculosis Split State Status – DELETED

Requires Department to pay for all whole-herd and individual-animal testing costs to maintain split-state status, including indemnity.

Sec. 452. Bovine TB – DELETED

Requires Department to apply for all available federal funds to support program.

Sec. 454. Bovine TB – DELETED

Directs Department to collaborate with USDA and work to eradicate Bovine TB.

Sec. 456. Electronic Animal Identification – DELETED

Prohibits use of funds to enforce electronic ID program for domestic animals other than cattle without specific authorization in statute.

Sec. 457. Bovine TB Report – DELETED

Requires quarterly report on Bovine TB program.

Sec. 458. Aquaculture and Viral Hemorrhagic Septicemia (VHS) Eradication Programs – DELETED

Requires Department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program.

Sec. 459. Bovine TB FTEs – DELETED

Exempts Bovine TB program from hiring freeze.

Sec. 460. Aquaculture Reductions – DELETED

Excludes aquaculture program from potential reductions in animal health and welfare appropriations.

Sec. 551. Fruit and Vegetables Industry Inspections – DELETED

States legislative intent that the Department work with fruit and vegetable industry to ensure development of a sustainable system of third-party inspections of fruits and vegetables.

Sec. 552. Invasive Species Control – DELETED

Directs the department to evaluate methods of limiting invasive species in or on pallets.

Sec. 553. Earmark for Export Inspections – DELETED

Earmarks \$200,000 in PPPM to ensure commodity export inspections.

Sec. 603. Migrant Labor Housing – DELETED

Requires Department to apply for any available federal funds to support the migrant labor housing program.

Sec. 606. Environmental Quality Incentives – DELETED

Requires the department to actively search for all possible funding sources to be used to match federal funds in the USDA environmental quality incentives program.

Sec. 607. Inter-County Drain Program – DELETED

Indicates legislative intent that Department continue its activities as provided under the Drain Code.

Sec. 706. Agricultural Development – DELETED

Requires Department to report on agricultural development and export market development activities.

Sec. 709. Grape and Wine Industry Council – DELETED

Requires Department to provide report describing activities of the council.

Sec. 711. Michigan Strategic Fund – DELETED

Indicates legislative intent that MSF work with MDA to promote Michigan agriculture.

Sec. 801. Ag Equine Industry Development Fund – DELETED

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

Sec. 802. Agriculture Equine Fund Reduction – DELETED

Requires that department make proportionate reductions in AEIDF appropriations, except for the racing commission and laboratory analysis, if AEIDF revenue falls below original appropriation amounts.

Sec. 803. Thoroughbred Program Escrow – DELETED

Provides for "escrowing" of funds for thoroughbred program. The Governor's signing statement had indicated that the section was unenforceable in that it attempted to amend other Michigan statutes by reference, a violation of Section 25, Article IV of the Constitution.

Sec. 804. Michigan Gaming Control Board – DELETED

Requires MGCB to use actual expenditure data in determining regulatory costs.

Boilerplate Changes From FY 2010-11

Sec. 1001. Farmland and Open Space Development Rights – DELETED

Indicates that the appropriation for farmland and open space development acquisition shall be used for the purchase of development rights and the awarding of grants by the agriculture preservation fund board under the MNREPA.

Sec. 1002. Provisions Regarding Lump Sum Payments – RETAINED

Indicates that the director shall allocate lump-sum appropriations made in this act consistent with statutory provisions and the purposes for which funds were appropriated. Limits lump sum appropriation carry forward to no more than 3 fiscal years following appropriation and provides for lapse of funds to original fund source per DMB Act.

Sec. 1003. Provisions Regarding Carry Forward Authority – RETAINED

Provides for appropriation carry-forward authority per DMB Act.