

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
DEPARTMENT AGRICULTURE AND RURAL DEVELOPMENT**



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	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$317,300	\$323,200	\$5,900	1.9
Federal	10,427,900	10,471,200	43,300	0.4
Local	0	0	0	
Private	128,100	130,700	2,600	2.0
Restricted	32,647,100	32,629,300	(17,800)	(0.1)
GF/GP	43,073,600	48,036,900	4,963,300	11.5
Gross	\$86,594,000	\$91,591,300	\$4,997,300	5.8
FTEs	460.0	479.0	19.0	4.1

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Agriculture and Rural Development'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.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Information Technology	Gross \$1,372,500	\$378,000
Provides \$378,000 Gross, (\$257,000 GF/GP) increase to reflect ongoing costs of new licensing and inspection system.	IDG 3,200	0
	Restricted 64,600	121,000
	GF/GP \$1,304,700	\$257,000
2. Food Safety and Quality Assurance	FTEs 91.0	2.0
Includes \$1.2 million GF/GP and 2.0 additional FTE positions for program to assist producers implement on-farm food produce safety standards under the Food Safety Modernization Act (FSMA); training, education, and technical assistance would be delivered in part through Michigan State University extension agents and local conservation district technicians. See related boilerplate Section 403.	Gross \$13,537,800	\$1,169,000
	Federal 1,250,900	0
	Restricted 4,620,500	0
	GF/GP \$7,666,400	\$1,169,000
3. Farmland and Open Space Preservation	FTEs 7.0	0.0
Increases baseline GF/GP by \$500,000 to offset decline in restricted the Agriculture Preservation Fund revenue intended to support this program, commonly referred to as the PA 116 program.	Gross \$905,200	\$500,000
	Restricted 583,600	0
	GF/GP \$321,600	\$500,000
4. Qualified Forest Program	FTE 9.0	0.0
Reduces baseline GF/GP support by \$130,000.	Gross \$2,682,500	(\$130,000)
	Restricted 284,900	0
	GF/GP \$2,397,600	(\$130,000)
5. Commercial Forestry Audit Program	Gross \$300,000	(\$300,000)
Eliminates funding for this program; the current year budget includes sufficient funding to complete the final two years of the three-year commercial forestry audit.	GF/GP \$300,000	(\$300,000)
6. Laboratory Services	FTEs 37.0	5.0
Increases baseline support by \$1.0 million. A \$2.3 million GF/GP increase would be offset in part by anticipated reductions in restricted revenue, specifically, Agriculture Equine Industry Development Fund, \$600,200; Gasoline inspection and testing fees, \$424,700; and Refined Petroleum Fund, \$226,400. The department indicates that additional baseline funding for the Geagley Laboratory would support additional staffing and equipment upgrades to enhance food safety and export market testing programs.	Gross \$5,322,000	\$1,045,100
	IDG 212,900	0
	Federal 781,100	0
	Restricted 2,123,500	(1,251,000)
	GF/GP \$2,204,500	\$2,296,100

7. Consumer Protection Program	FTEs	40.0	1.0
Increases funding for motor fuel quality and weights and measures programs by \$487,300. A \$2.1 million GF/GP increase would be offset in part by anticipated reductions in restricted revenue, specifically, Gasoline inspection and testing fees, \$300,000; Weights and measures fees, \$200,000; Renewable Fuel Fund, \$52,700; and Refined Petroleum Fund, \$1.1 million. The reduction in Refined Petroleum Fund support reflects the planned three-year phase-out of that fund source in the MDARD budget. The additional baseline funding would support consumer protection programs at the Heffron metrology laboratory.	Gross	\$6,072,200	\$487,300
	Restricted	6,071,600	(1,606,300)
	GF/GP	\$600	\$2,093,600
8. Rural Development Value-Added (Value-Added Grants)	Gross	\$1,200,000	(\$700,000)
Current year total of \$1.2 million reflects both \$650,000 in ongoing funding and \$550,000 shown in the budget as one-time. Executive budget would reduce this grant program to \$500,000 GF/GP and would change the name of the program to "Value-added grants."	GF/GP	\$1,200,000	(\$700,000)
9. Rural Development Fund Grant Program - NEW	Gross	\$0	\$2,000,000
Includes \$2.0 million from Rural Development Fund for new grant/loan program for projects that address expansion and sustainability of agriculture, mining, forestry, oil and gas exploration, and tourism. Fund revenue is generated from a nonferrous metal mining severance tax established in Public Act 411 of 2012. See related boilerplate Section 802.	Restricted	\$0	\$2,000,000
10. County Fairs Capital Improvement Grants	Gross	\$300,000	(\$300,000)
Eliminates GF/GP program that provides matching grants for county fair improvement projects.	GF/GP	\$300,000	(\$300,000)
11. Shows and Expositions	Gross	\$20,000	(\$20,000)
Eliminates GF/GP program that provides grants for agricultural shows and expositions.	GF/GP	\$20,000	(\$20,000)
12. Horse Racing Programs	FTEs	1.0	(1.0)
Eliminates 1.0 FTE position for fairs and racing administration functions. Retains current year funding for horse racing awards and purse supplements, but increases Thoroughbred sire stakes by \$80,000 and reduces Thoroughbred breeders' awards by a like amount.	Gross	\$3,667,200	\$0
	Restricted	3,667,200	0
13. Tree Fruit Research (One-Time)	Gross	\$500,000	(\$500,000)
Executive eliminates one-time GF/GP authorization for grant program.	GF/GP	\$500,000	(\$500,000)
14. One-Time Capital Equipment for Geagley Laboratory	Gross	\$150,000	(\$150,000)
Executive eliminates one-time GF/GP authorization.	GF/GP	\$150,000	(\$150,000)
15. Economic Adjustments	Gross	N/A	\$1,313,100
Reflects increased costs of \$1.3 million Gross (\$727,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	N/A	5,900
	Federal	N/A	135,100
	Private	N/A	2,600
	Restricted	N/A	442,000
	GF/GP	N/A	\$727,500
16. End of Five-Year Early Retirement Sick Leave Payouts	Gross	N/A	(\$237,600)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted	N/A	(136,500)
	GF/GP	N/A	(\$101,100)

Major Boilerplate Changes From FY 2015-16

Sec. 403. Food Safety Modernization Act (FSMA) – NEW

Directs the department to establish an on-farm safety program to assist farmers in complying with new federal FSMA food safety standards.

Sec. 701. Laboratory Program Turnaround Times – NEW

Directs the department to increase turnaround times at Geagley laboratory and in consumer protection program.

Sec. 802. Rural Development Fund Program – NEW

Directs the department to work with rural development fund board to establish a process and criteria for funding projects.

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Intercounty Drain Program

Supports digital elevation mapping project to be conducted in 15 counties in south and mid-Michigan. The project would provide precise geographical information to local county drain commissioners to ensure that current drainage district boundaries are accurate. The project helps support the implementation of Public Act 261 of 2013, which amended the Drain Code to modify the procedures to changing drainage districts.

Gross	\$1,925,000
Federal	925,000
Local	1,000,000