Budget Briefing: Agriculture and Rural Development

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Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

Michigan Department of Agriculture and Rural Development

The Michigan Department of Agriculture and Rural Development (MDARD) was originally established as the Department of Agriculture through Public Act 13 of 1921 “to foster and promote in every possible way the agricultural interests of this state…” Public Act 13 also established the five-member, bi-partisan Commission of Agriculture.

In 2011, Executive Order 2011-2 renamed the department and the commission to include “Rural Development” in the respective names.

Michigan Department of Agriculture and Rural Development

- The MDARD budget supports the following major programs
  - Food Safety and Quality Assurance
  - Animal Industry/Animal Health
  - Environment and Sustainability
  - Laboratory/Consumer protection
  - Agriculture Development

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2026-27 is October 1, 2026 through September 30, 2027.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the legislature.

Line Item: Specific appropriation amount that establishes spending authorization for a particular program or function in a budget bill.

Boilerplate: Specific language sections in a budget bill that direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapses: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

Funding Sources

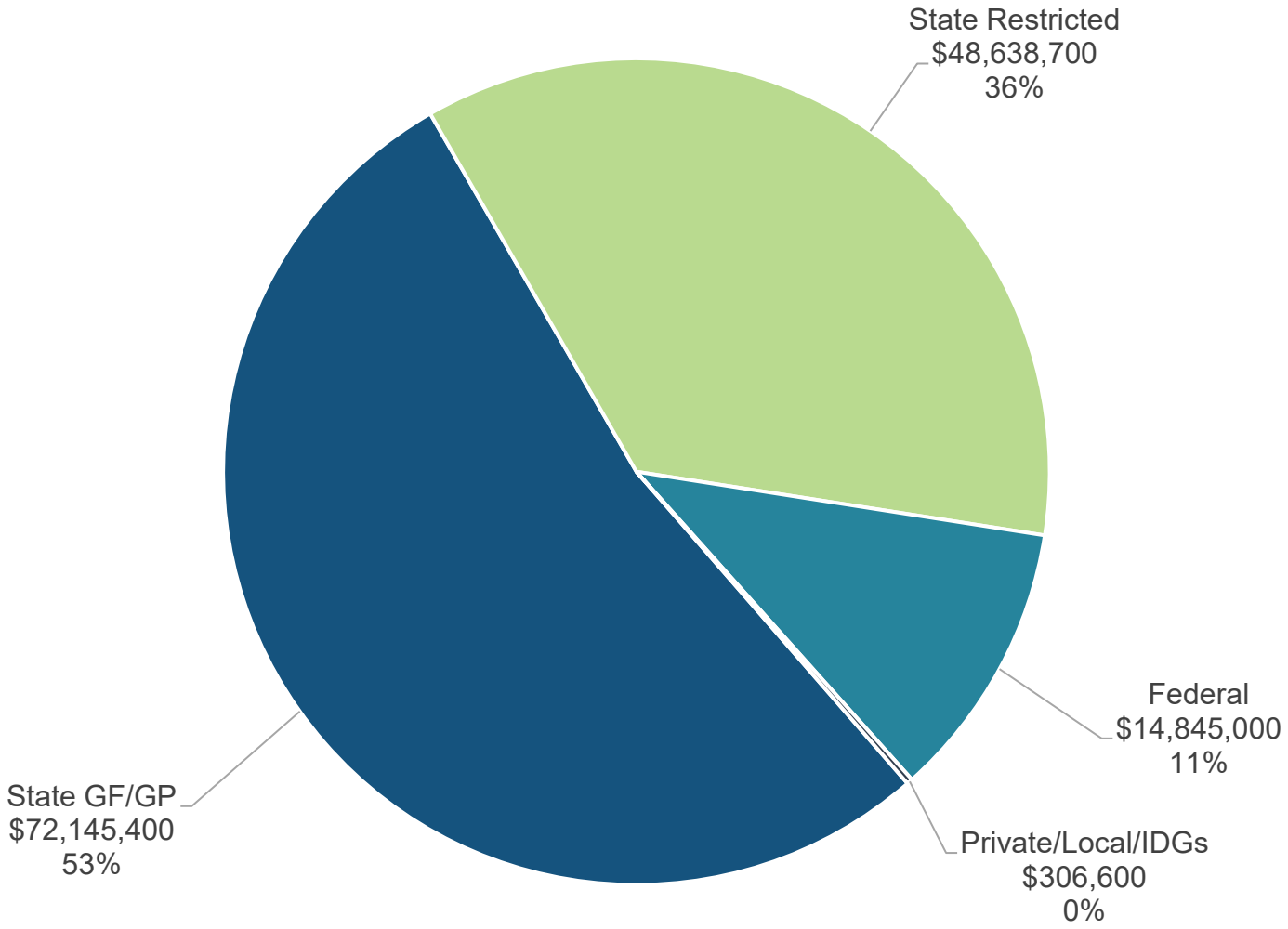
FY 2026-27 MDARD Budget

Fund Source	Funding	Description
Gross Appropriations	$135,935,700	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	306,600	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	$135,629,100	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	14,845,000	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	0	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	48,638,700	State revenue restricted by the State Constitution, state statute, or outside restriction so that revenue is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	$72,145,400	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

Note: This table and other figures used in this presentation reflect the budget authorized under Article 1, 2026 PA 21.

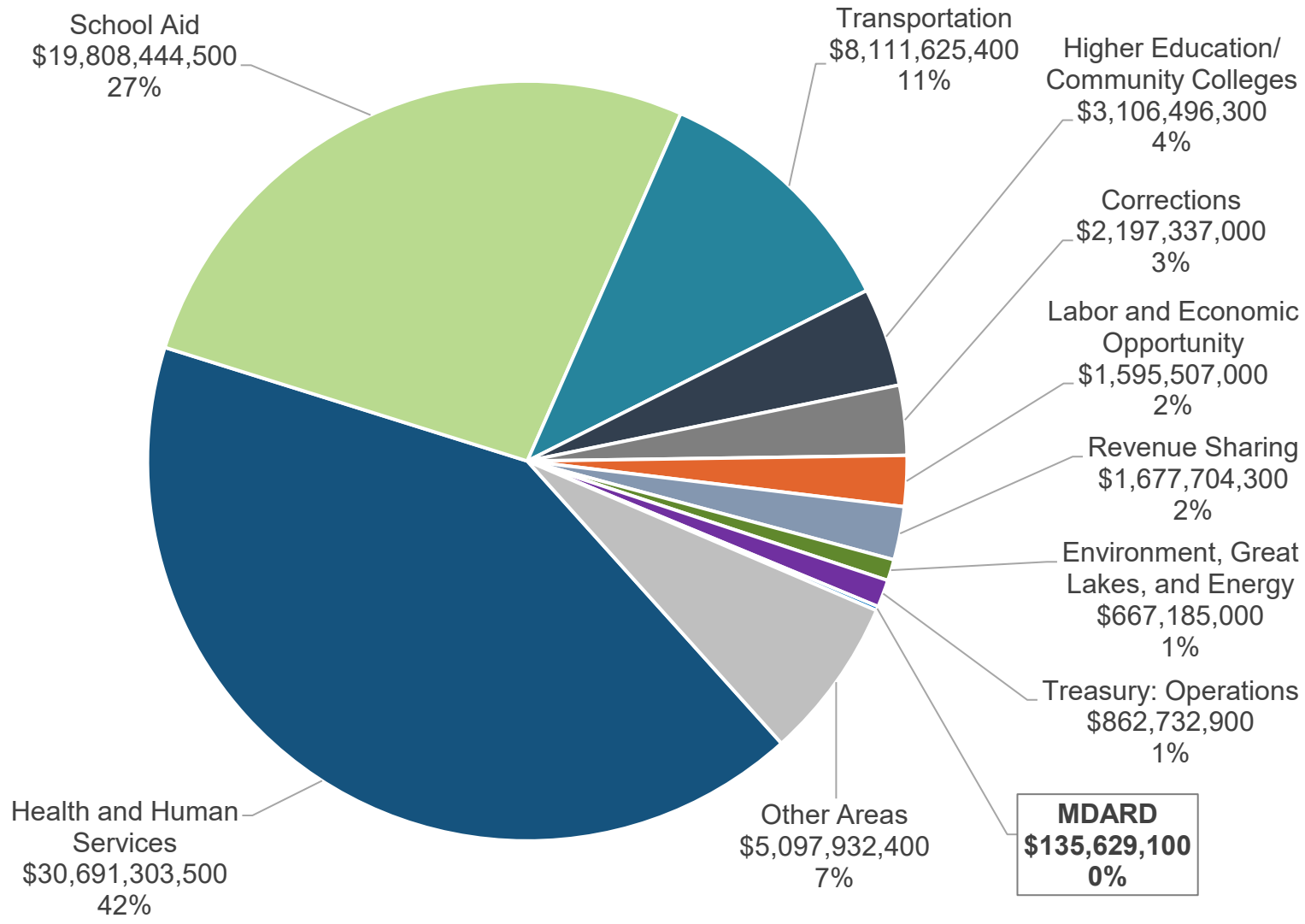
FY 2026-27 Fund Sources

State GF/GP of **$72.1 million** is the largest revenue source in the **$135.9 million** MDARD budget - equal to 53% of the budget. $5.5 million of the GF/GP funding is identified as one-time.



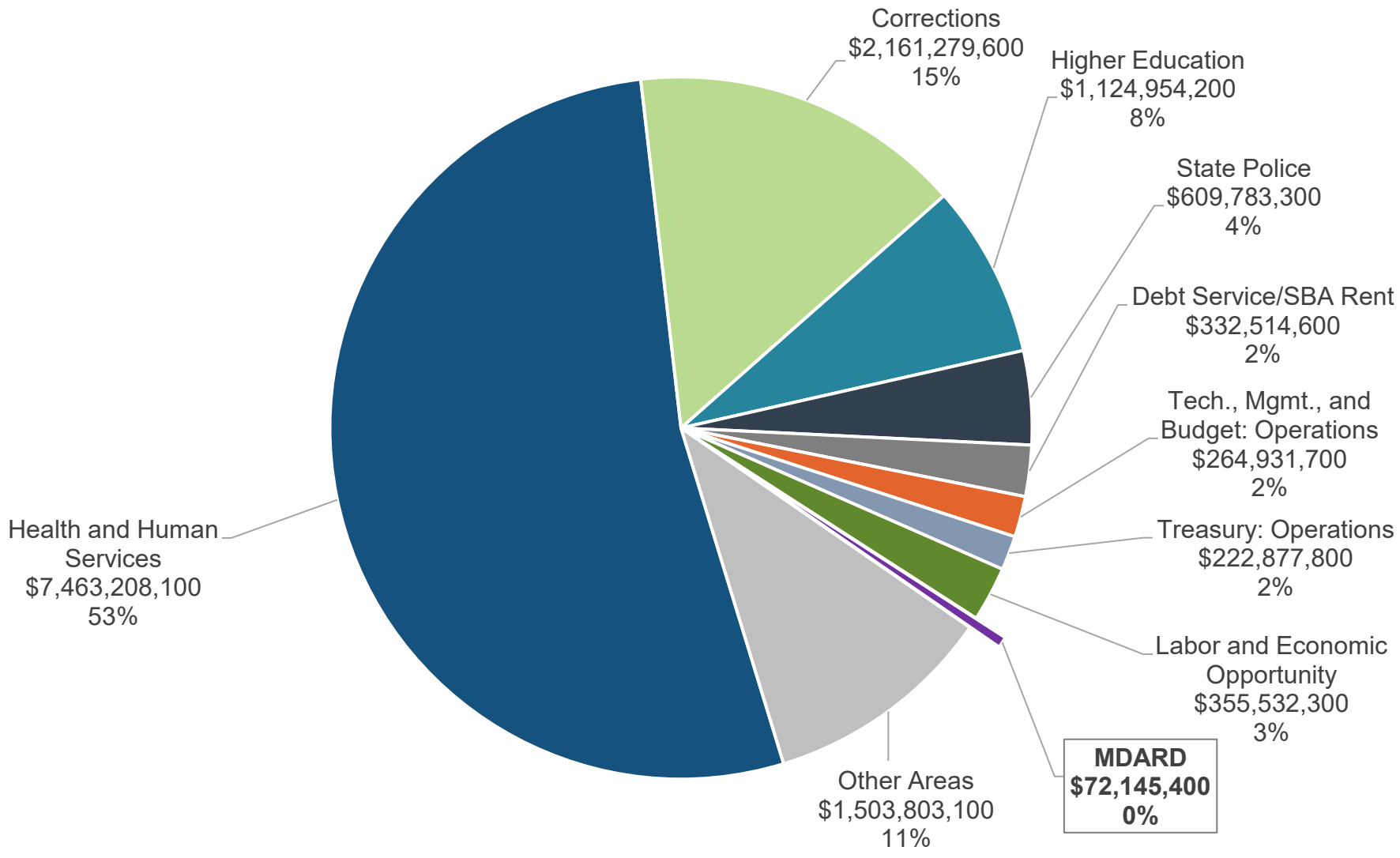
MDARD Share of Total State Budget

The MDARD budget represents less than **1%** percent of the **$74.0 billion** state budget (adjusted gross) for FY 2026-27.



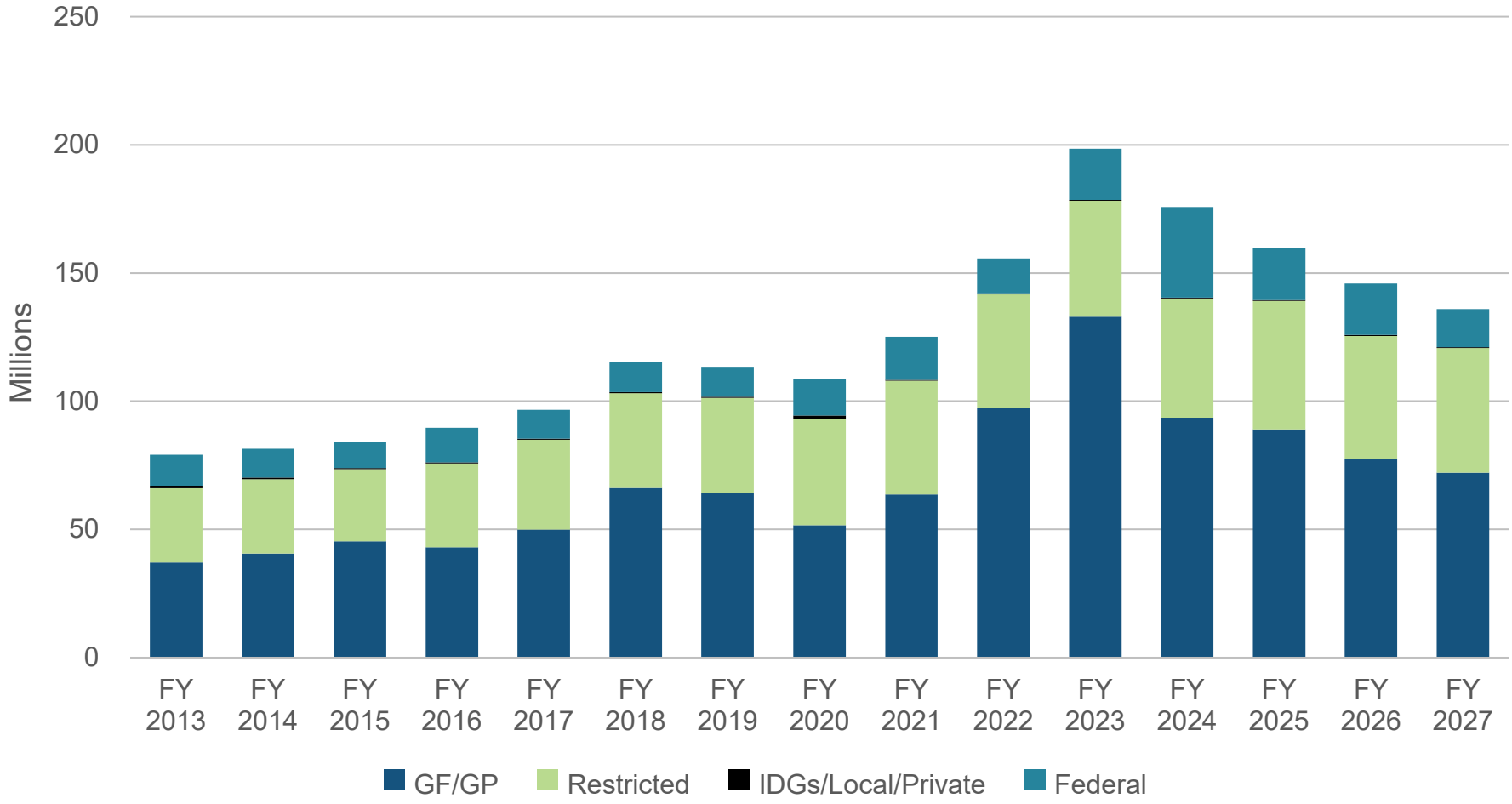
MDARD Share of Total GF/GP Budget

The MDARD budget represents less than **1%** of the state's **$14.1 billion** GF/GP budget for FY 2026-27.



MDARD Funding History

GF/GP ranged from $37.1 million in FY 2012-13 to $133.0 million in FY 2022-23. Year-to-year GF/GP changes primarily reflect inclusion or removal of one-time items.
FY 2026-27 MDARD budget includes $72.1 million GF/GP, including $5.5 million identified as one-time..



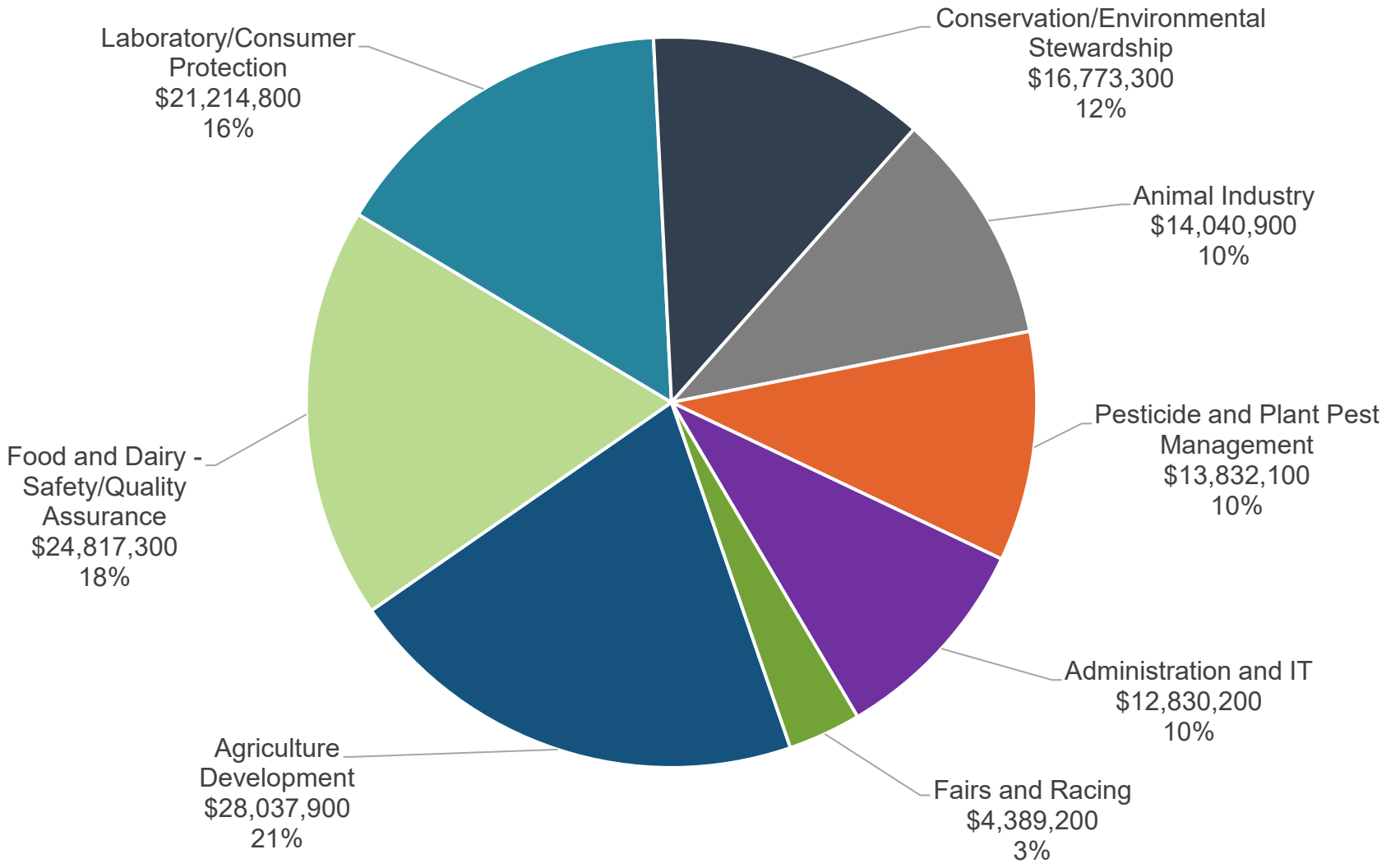
Appropriation Areas

MDARD Appropriation Areas

- The MDARD major programs are managed within four bureaus:
- Bureau of Food Safety and Animal Health
  - Food Safety and Quality Assurance
  - Dairy Safety and Quality Assurance
  - Animal Industry/Animal Health
- Bureau of Environment and Sustainability
  - Conservation and Environmental Stewardship
  - Pesticide and Plant Pest Management
- Laboratory/Consumer Protection Bureau
- Agriculture Development Bureau

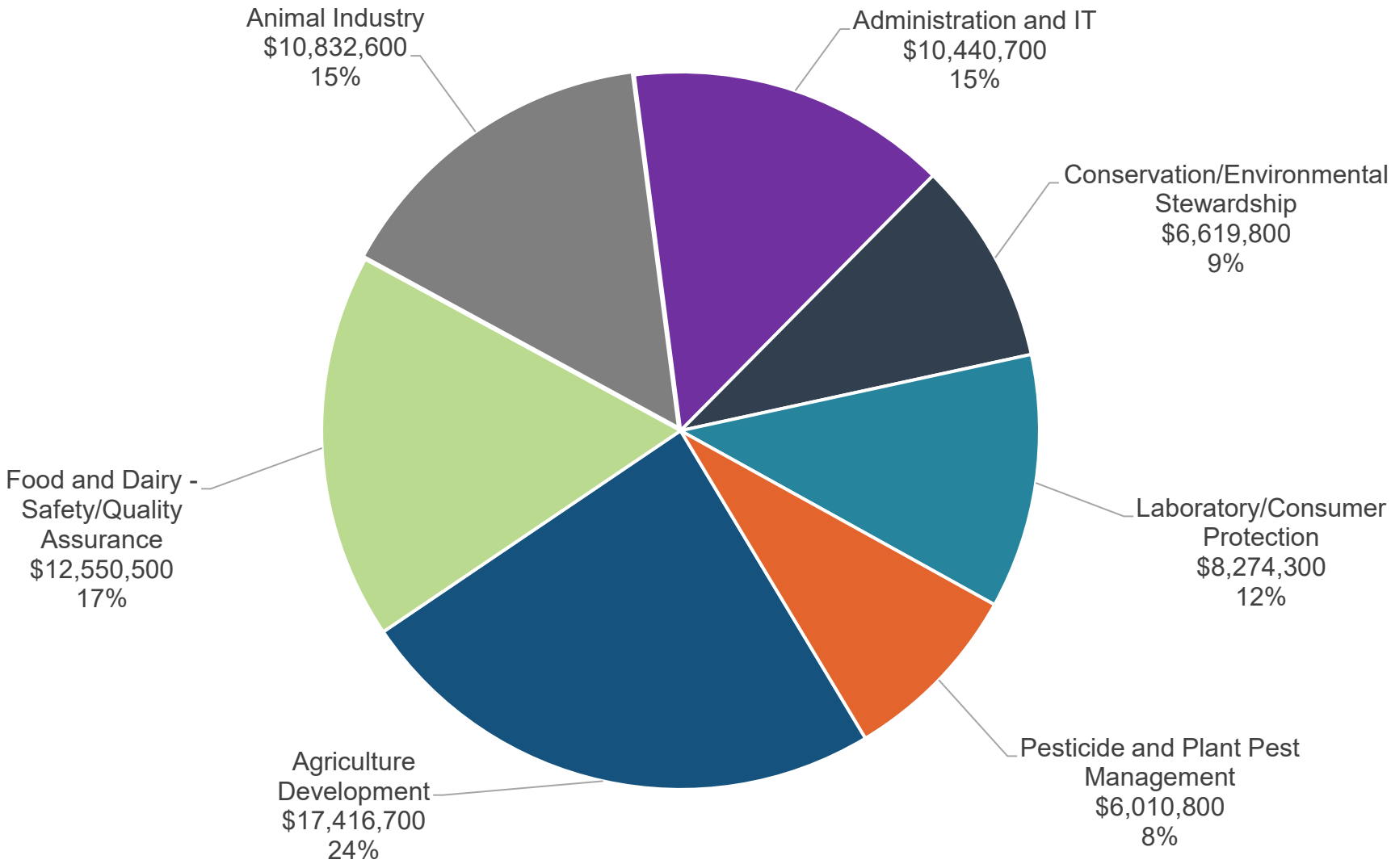
FY 2026-27 Gross Appropriations

Gross Appropriations of **$135.9 million** broken out by major program area: Agriculture Development, Food and Dairy, Laboratory/Consumer Protection, Environment/Sustainability, Pesticide and Plant Pest Management are largest.



FY 2026-27 GF/GP Appropriations

Includes **$72.1 million GF/GP.** Agriculture development, Food and Dairy, and Animal Industry are the largest GF/GP programs.



Major Budget Topics

Food and Dairy

- **Bureau of Food Safety and Animal Health** incudes two major and ongoing **food safety/quality assurance programs**:
  - **Food Safety and Quality Assurance**
    - Gross appropriations total $17.4 million ($6.8 million GF/GP)
  - **Milk Safety and Quality Assurance**
    - Gross appropriations total $6.2 million ($5.8 million GF/GP)

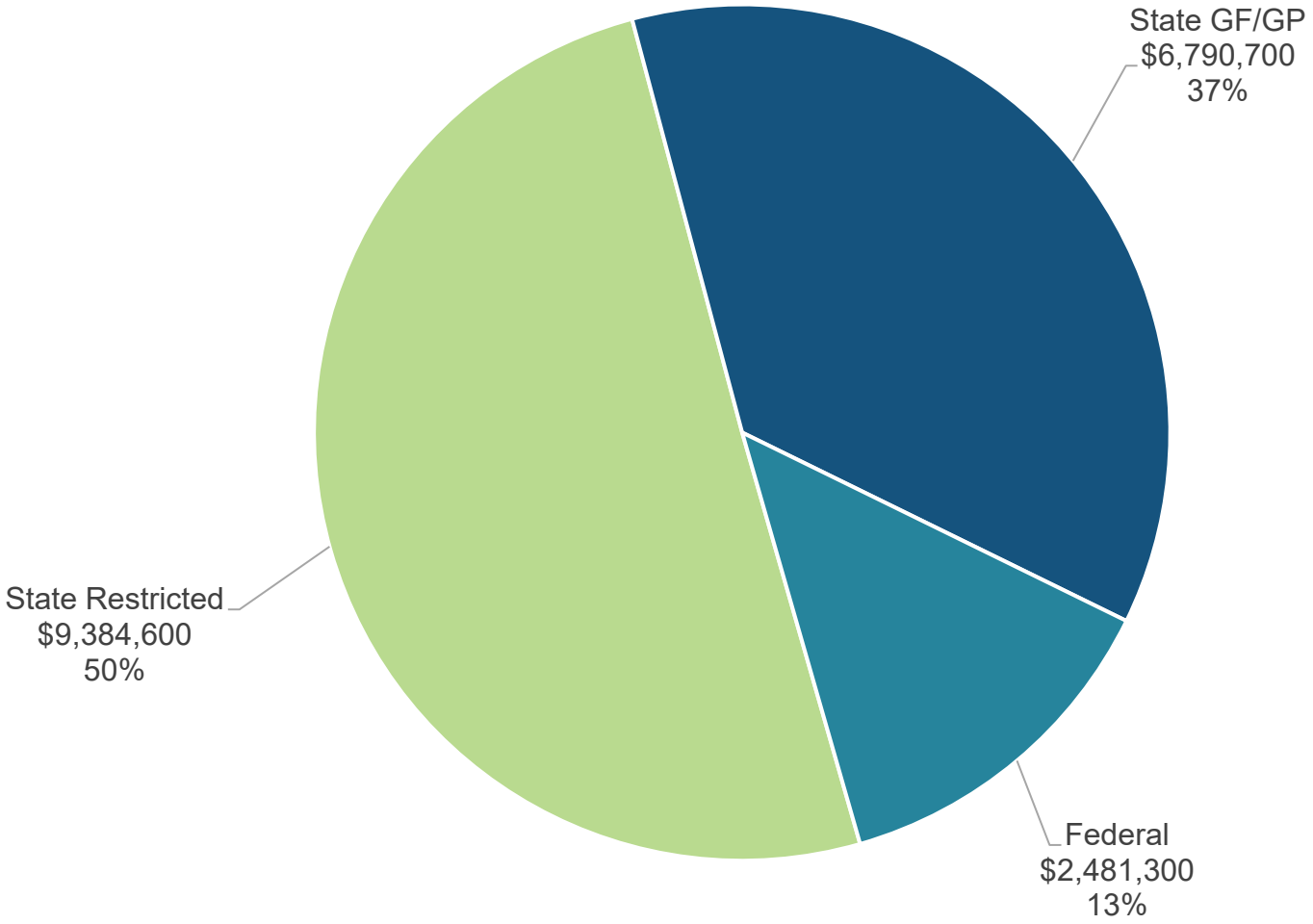
- These two programs are described in following slides

Food and Dairy
Food Safety and Quality Assurance

- MDARD administers a comprehensive program of "farm-to-table" food regulation under Michigan's primary food regulatory statute, the **Food Law of 2000**.
- The Food Safety and Quality Assurance program:
  - Protects the public from food-borne illness
  - Protects against the sale of adulterated food products, as well as fraud and deception in the sale of food products
  - Directly administers a program to license, regulate, and inspect approximately 18,000 food establishments, including retail grocery and convenience stores, wholesale food facilities, including food processors and warehouses.
  - Oversees delegated food service establishment safety licensing and inspection program carried out by 45 local public health agencies. Food service establishments include restaurants, schools, and hospitals.
- There are 103.0 Full-time Equated Positions (FTEs) authorized for this program.

Food and Dairy
Food Safety and Quality Assurance

FY 2026-27 Food Safety and Quality Assurance appropriations total **$18.7 million Gross ($6.8 million GF/GP).** Restricted funds come primarily statutory licensing fees

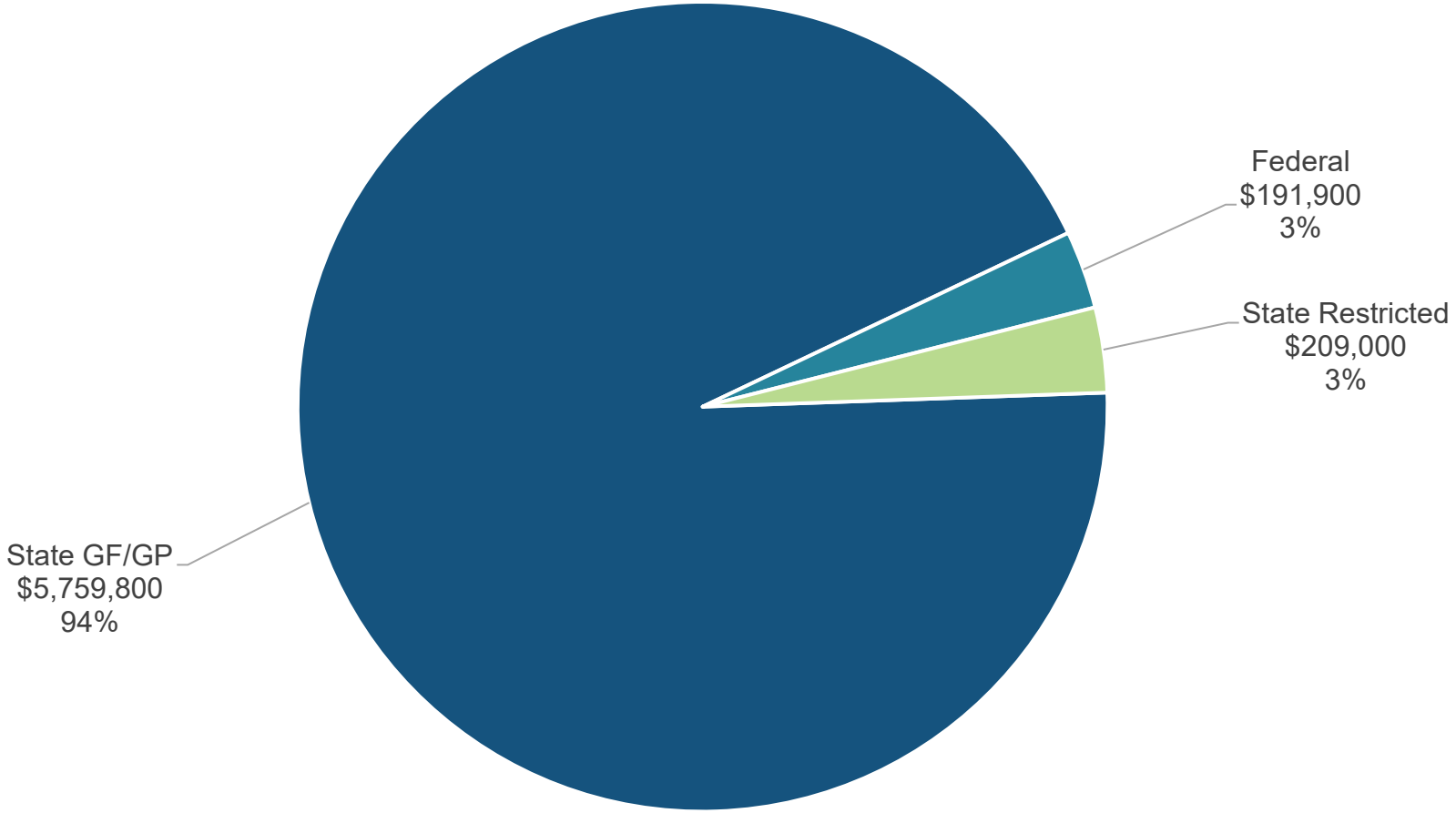


Food and Dairy
Milk Safety and Quality Assurance

- MDARD regulates production and sale of dairy products under the **Grade A Milk Law of 2001** and the **Manufacturing Milk Law of 2001**. The Milk Safety and Quality Assurance program:
  - Licenses and inspects dairy industry producers, processers, and distributors, including 878 permitted dairy farms, 92 dairy processing plants, 928 milk trucks, and 846 milk haulers/samplers.
  - This program helps ensure Michigan is in compliance with the **Pasteurized Milk Ordinance** (PMO), a national standard. Compliance with the PMO is necessary for Michigan milk products to be sold out-of-state.
- There are 36.0 FTEs authorized for this program.

Food and Dairy
Milk Safety and Quality Assurance

FY 2026-27 Milk Safety and Quality Assurance funding totals **$6.2 million Gross ($5.8 million GF/GP).** Program is authorized and guided by the Grade A Milk Law and the Manufacturing Milk Law.

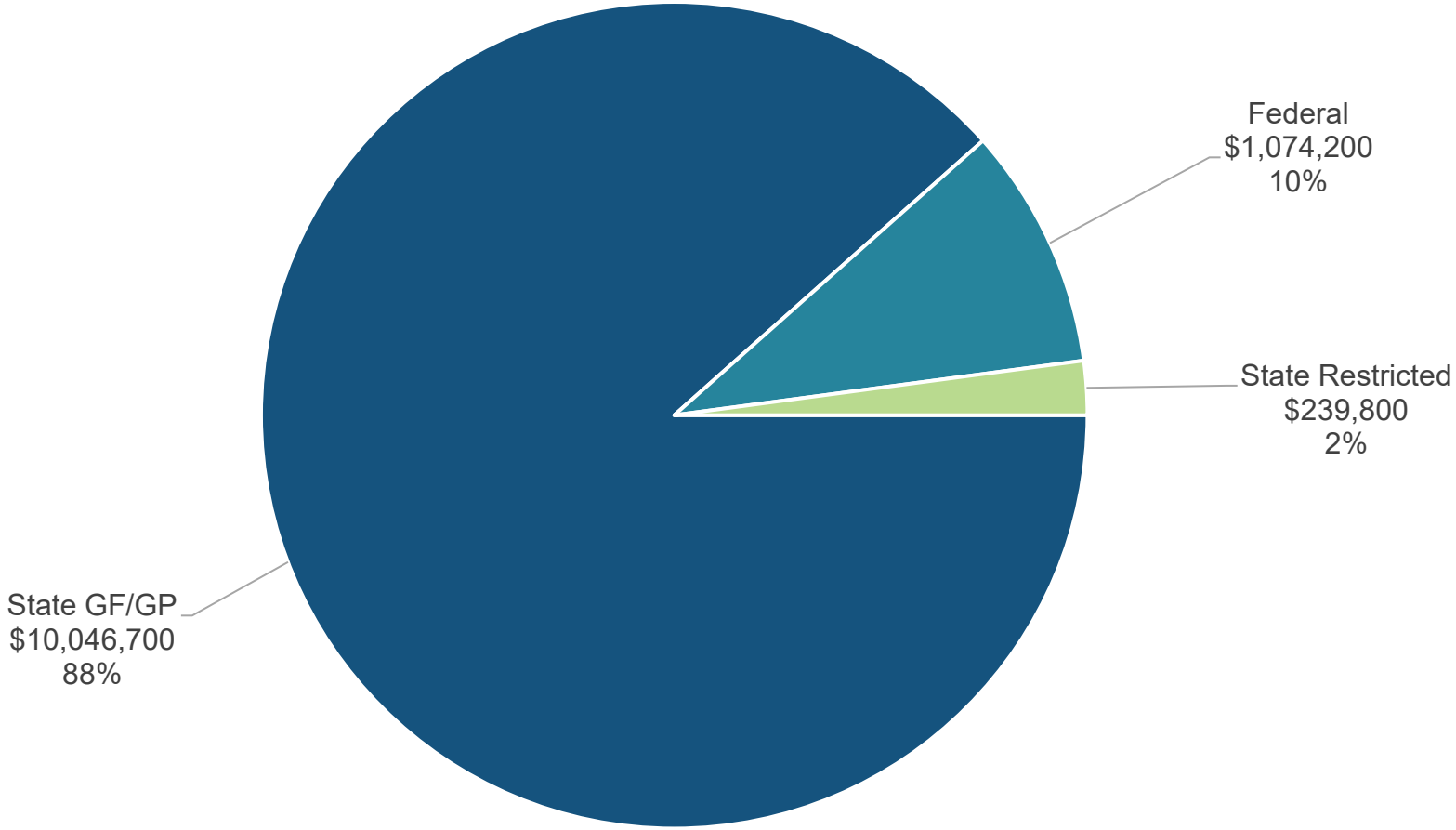


Animal Industry

- **Bureau of Food Safety and Animal Health** appropriations unit includes funding for **Animal Disease, Prevention, and Response** program**.**
- **$11.4 million Gross ($10.0 million GF/GP)**
  - Protects public health and the health of domestic animals under the authority of the Animal Industry Act.
  - Animal Industry Act provides for the appointment of a State Veterinarian, with authority over livestock and poultry disease programs.
  - Animal Industry programs work to detect and eradicate animal disease, including Bovine TB, Chronic Wasting Disease, Rabies, Pseudorabies, and Eastern Equine Encephalitis.
  - Bovine TB containment is the largest Animal Industry Division program and accounts for approximately half of program expenditures.
  - A current area of concern is highly pathogenic avian influenza (HPAI) – a disease of birds with potential serious impact on domestic poultry industry.
- There are 63.0 FTEs authorized for this program

Animal Disease, Prevention, and Response

FY 2026-27 appropriations for Animal Disease, Prevention, and Response programs total **$11.4 million ($10.0 million GF/GP)**.



Animal Industry

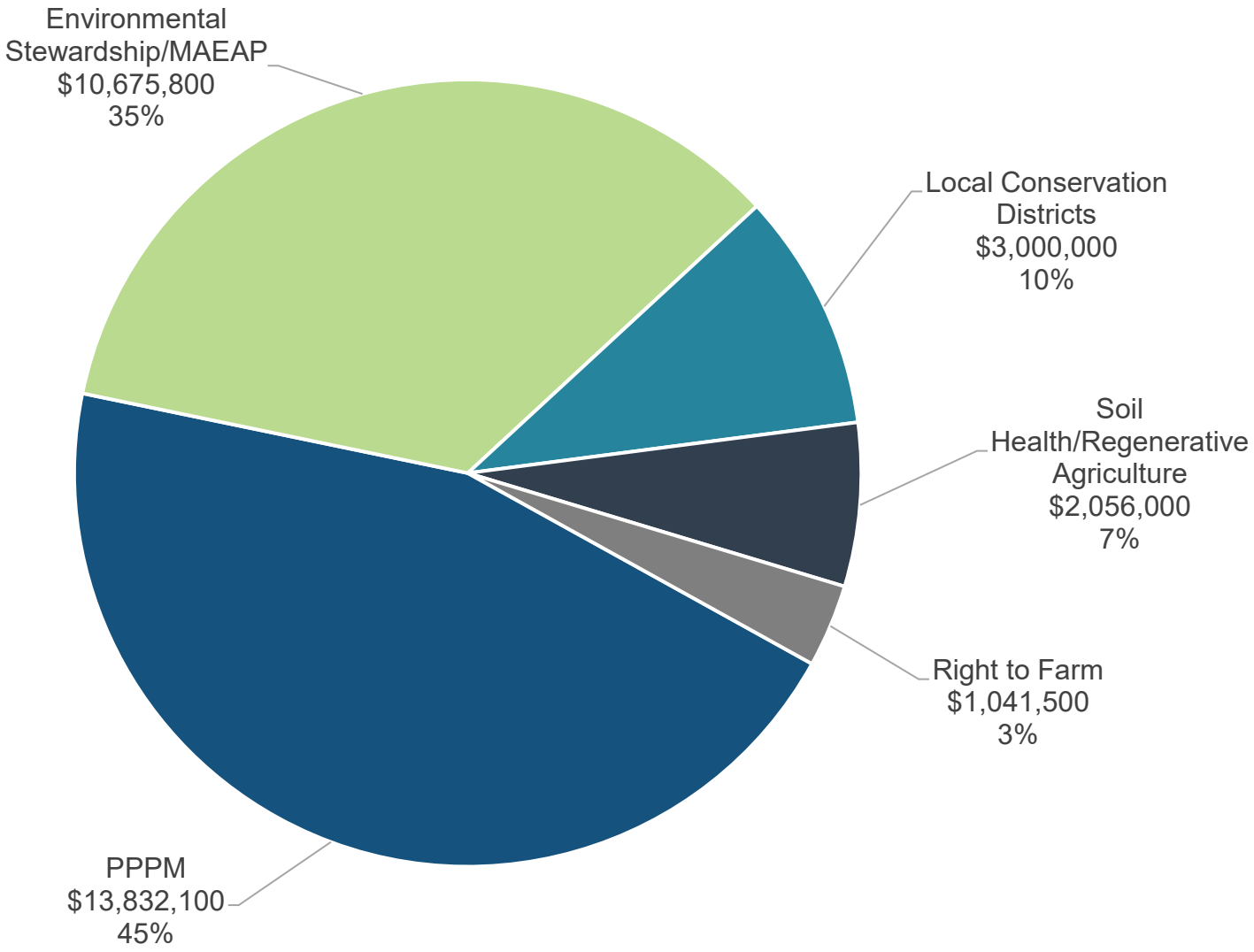
- **Other Animal Industry Programs Include:**
  - Animal Feed Safety – licensing and regulatory program under the Feed Law
  - Indemnification for Livestock Depredation
  - Michigan Animal Agriculture Alliance research grant program - $500,000 GF/GP shown as one-time.

Environment and Sustainability
Conservation and Environmental Stewardship

- Appropriations for **Conservation** and **Environmental Stewardship** programs within MDARD's **Bureau of Environment and Sustainability** total **$16.8 million Gross ($6.6 million GF/GP)**
- This Bureau/Appropriations Unit supports programs within the **Conservation and Stewardship Division**:
  - Environmental Stewardship/MAEAP
  - Local Conservation District grant program
  - Right to Farm
  - Soil Health/Regenerative Agriculture
- There are 38.5 FTEs authorized for the Conservation and Stewardship Division.

Environment/Sustainability

FY 2026-27 Environment/Sustainability appropriations total **$30.6 million ($17.5 million GF/GP**). Specific line items and programs are shown below.

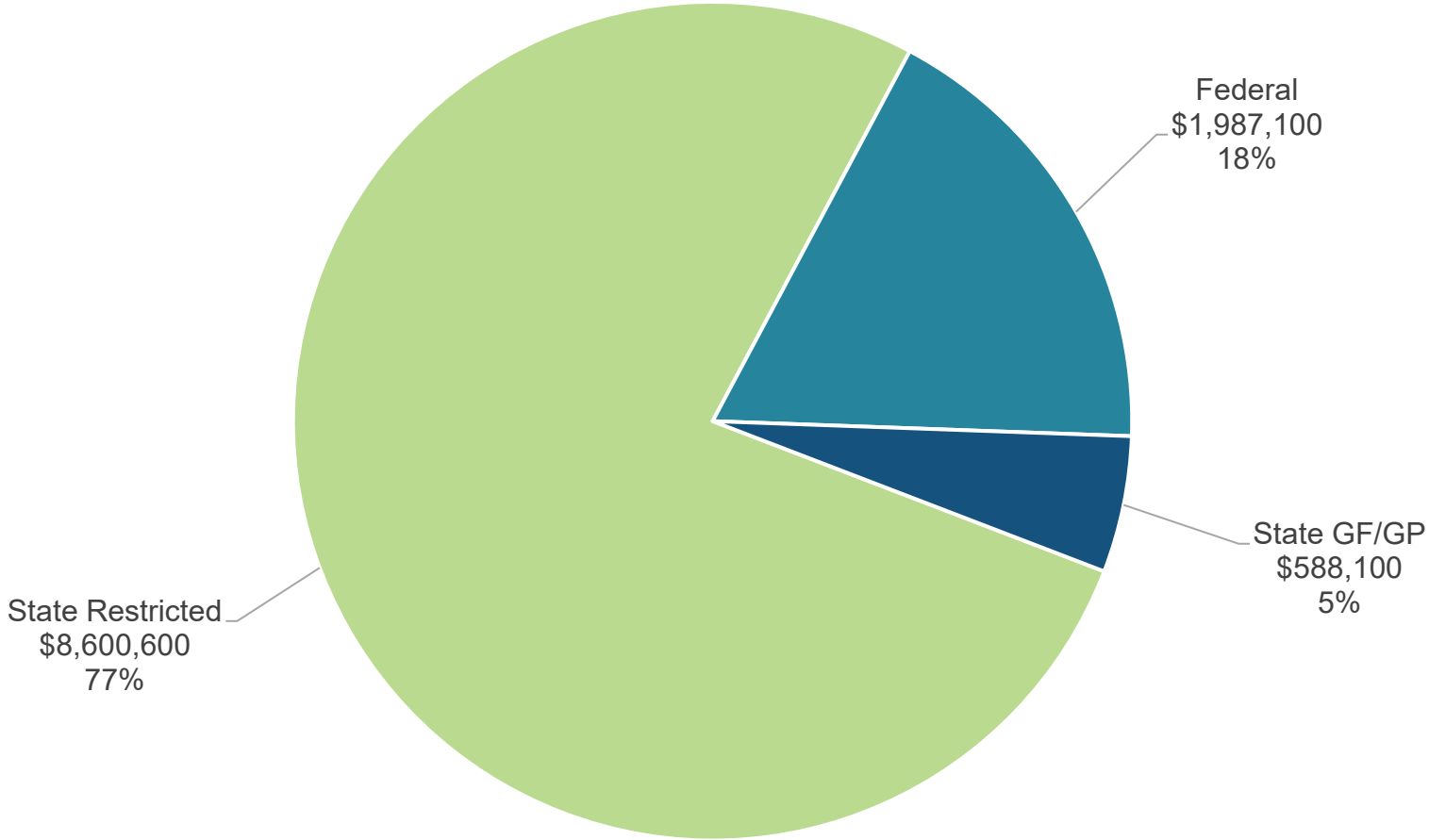


Environmental Stewardship/MAEAP

- **Environmental Stewardship/MAEAP** is the largest Conservation Stewardship Division program, funded at **$10.7 million ($588,100 GF/GP).**
  - MAEAP is a voluntary program established in 1997 to reduce farmers' legal and environmental risks through: 1) education; 2) farm-specific risk assessment and practice implementation; and 3) on-farm verification to ensure the farmer has implemented environmentally sound practices.
  - MAEAP was established in law in 2011, under Part 87 of Michigan's Natural Resources and Environmental Protection Act (NREPA).
  - MAEAP is supported primarily through water quality protection fees assessed on pesticide and fertilizer sales. Fee revenue is credited to the Freshwater Protection Fund.
  - Public Act 118 of 2015 amended Part 87 of NREPA to make changes to MAEAP, including increases in water quality protection fees. **Public Act 26 of 2025 extended the authority to collect these fees to October 1, 2029**.
  - Many MAEAP activities are carried out through local conservation districts under contract with MDARD.

Environmental Stewardship/MAEAP

FY 2026-27 **Environment Stewardship/MAEAP** funding totals **$10.7 million ($588,100)** GF/GP. The **Freshwater Protection Fund** is the largest fund source at **$8.6 million**. Fund revenue is generated from pesticide and fertilizer environmental protection fees.

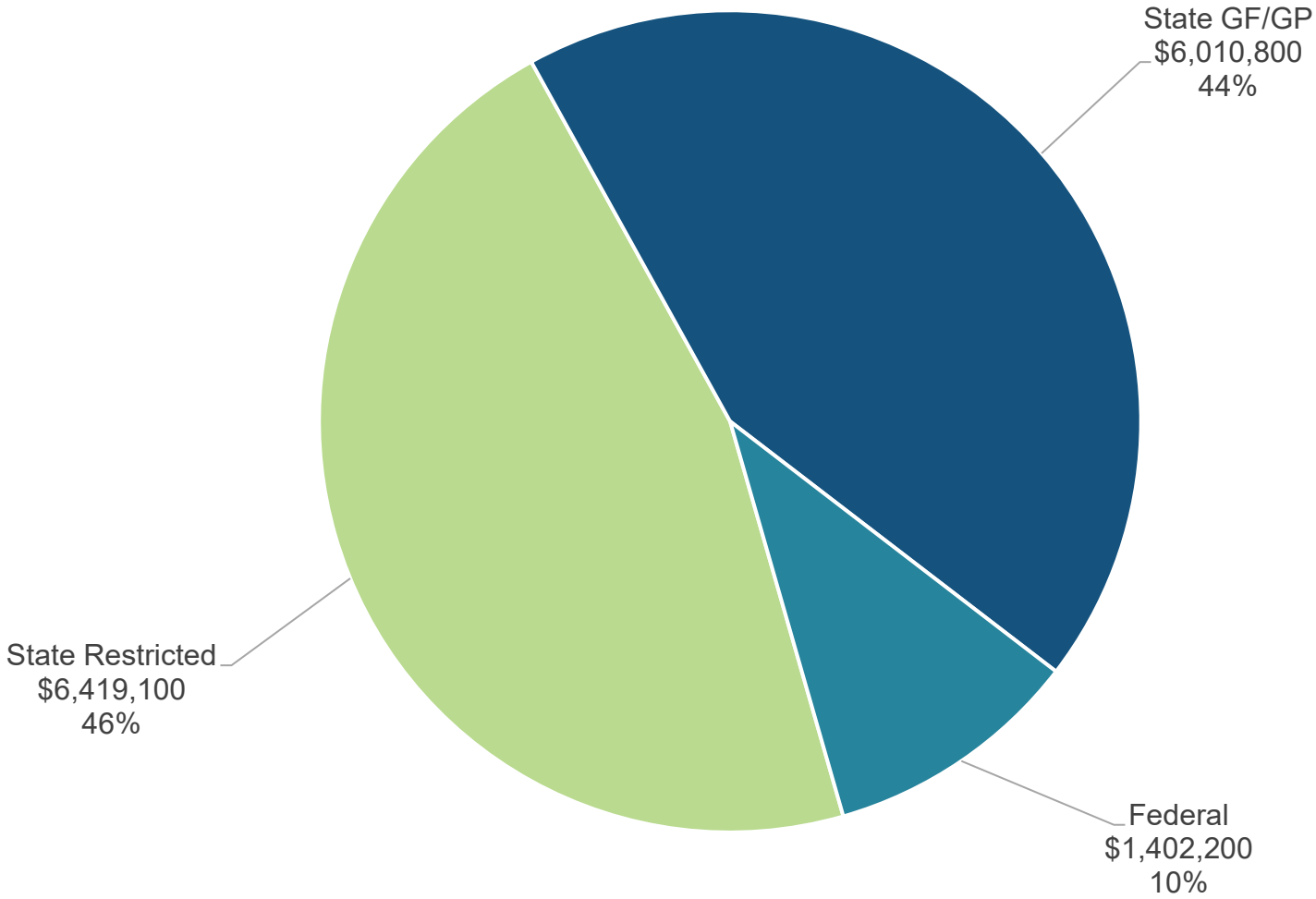


Environment and Sustainability
Pesticide and Plant Pest Management (PPPM)

- MDARD's PPPM Division administers programs that regulate use and manufacture of pesticides and fertilizers. Specific PPPM programs include:
  - Pesticide regulatory functions established and governed by Part 83 of Michigan's Natural Resources and Environmental Protection Act (NREPA). This program includes pesticide registration, and regulation of pesticide sale, distribution, and use.
  - Fertilizer licensing and regulation under Part 85 of NREPA.
- Other PPPM Division programs include:
  - Plant Health and Export Certification, including industrial hemp
  - Exotic and Invasive Pest Detection and Response
  - Fruit and vegetable inspection services

Pesticide and Plant Pest Management

FY 2026-27 PPPM appropriations total **$13.8 million Gross ($6.0 million GF/GP)**. State restricted revenue from pesticide and fertilizer regulatory fees, is the largest share of baseline/ongoing funding. Budget authorizes 76.0 FTEs.



Agriculture Development

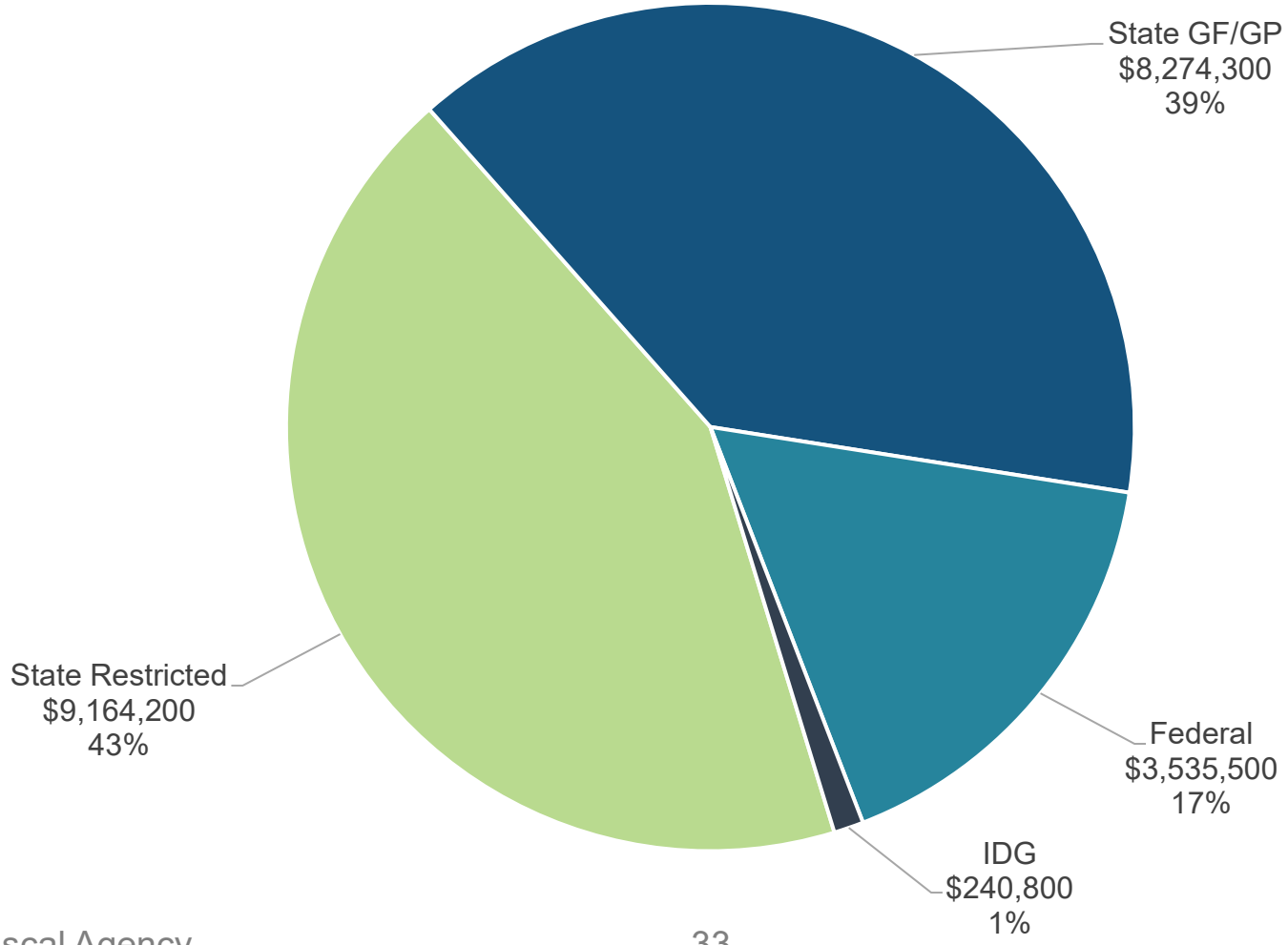
- **Agriculture Development program funding totals $28.0 million ($17.4 million GF/GP). This includes $5.0 million GF/GP in one-time appropriations.**
- In addition to ongoing staff and administrative functions, the appropriation includes funding for:
  - Food and Agriculture Investment grant program (**$2.2 million GF/GP**) to promote and enhance Michigan's food and agriculture industries.
  - Fair Food Network/Double Up Food Bucks (**$4.0 million GF/GP) (**shown as one-time.)
  - Michigan Craft Beverage Council (**$1.4 million restricted funds from certain non-retail liquor fees, used for administrative support and research grants**).
  - Farm to Family grant program **($3.5 million GF/GP**, including $500,000 shown as one-time).
- The Agriculture Development Division oversees the **$2.7 million federal USDA specialty crop grant program**.

Laboratory/Consumer Protection

- MDARD's **Laboratory Division** operates two laboratories, the Geagley Laboratory in East Lansing and the E. C. Heffron Metrology Laboratory in Williamston.
  - These laboratories provide analytical, diagnostic, and technical services for other MDARD programs, for other state and federal agencies, and for private customers.
- **Geagley Laboratory/Laboratory Services**:
  - Performs food safety analytical and microbial testing.
  - Provides pesticide residue testing of food/agricultural products under contract with USDA.
  - Performs Motor Fuel Quality testing to ensure that motor fuels sold in the state are not contaminated and meet advertised octane ratings.
- **Heffron Laboratory/Consumer Protection:**
  - Metrology program assures accurate standards in commercial measurement and manufacturing systems.
  - Weights and Measures program helps protect consumers and industry from economic fraud in product labeling and content.
  - Motor Fuel program examines accuracy of fuel pumps.

Laboratory/Consumer Protection

Laboratory/Consumer Protection appropriations total **$21.2 million** for FY 2026-27. State restricted support comes from licensing and regulatory fee funds, including $3.6 million from the Refined Petroleum Fund for consumer protection/motor fuel pump inspections, and $2.3 million from Gasoline Inspection and Testing Fund for the motor fuel quality inspection program.



Fairs and Horse Racing

- Includes **$4.4 million from the Agriculture Equine Industry Development Fund (AEIDF)** in support of horse racing programs, including funding for Standardbred race purses, purse supplements, and breeders' awards distributed in accordance with the Horse Racing Law of 1995.
- Michigan's only licensed racetrack, Northville Downs, provided live standardbred racing over 10 days in September 2026 at a licensed track in Hastings, Michigan.
- In 2026, 14 county fairs offered standardbred racing without wagering.

For more information about the MDARD budget:

HFA Resources

http://www.house.mi.gov/hfa/Agriculture.asp

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