

FY 2016-17: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: Conference Report House Bill 5268 (H-2) CR-1

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	FY 2015-16 YTD as of 2/10/16 ⁽¹⁾	FY 2016-17 Executive	FY 2016-17 House ⁽³⁾	FY 2016-17 Senate ⁽⁴⁾	FY 2016-17 Conference	Difference: Conference From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$317,300	\$323,200	\$323,200	\$323,200	\$323,200	\$5,900	1.9
Federal	10,427,900	10,471,200	10,471,200	10,471,200	10,471,200	43,300	0.4
Local	0	0	0	0	0	0	--
Private	128,100	130,700	130,700	130,700	130,700	2,600	2.0
Restricted	32,647,100	32,629,300	34,129,300	32,629,300	33,249,300	602,200	1.8
GF/GP	43,073,600	48,036,900	47,488,000	49,536,900	49,926,900	6,853,300	15.9
Gross ⁽²⁾	\$86,594,000	\$91,591,300	\$92,542,400	\$91,091,300	\$94,101,300	\$7,507,300	8.7
FTEs	460.0	479.0	477.0	479.0	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." (3) "House" reflects House Bill 5294 (H-1) as passed the House, April 27, 2016. (4) "Senate" reflects Senate Bill 800 (S-1) as passed the Senate, May 4, 2016.

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 YTD Appropriations

1. Information Technology

Executive: Recommended increase of \$378,000 Gross, (\$257,000 GF/GP) to reflect ongoing costs of new licensing and inspection system.
House/Senate/Conference concur with Executive.

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
Gross	\$1,372,500	\$378,000
IDG	3,200	0
Restricted	64,600	121,000
GF/GP	\$1,304,700	\$257,000

2. Food Safety and Quality Assurance

Executive: Proposed \$1.2 million GF/GP increase, with 2.0 additional FTE positions, for program to assist producers implement on-farm food produce safety standards under the Food Safety Modernization Act (FSMA).
House did not include funding or FTE increase; Senate concurred with Executive. Conference provides \$300,000 GF/GP increase and 2.0 position increase in FTEs.

FTEs	91.0	2.0
Gross	\$13,537,800	\$300,000
Federal	1,250,900	0
Restricted	4,620,500	0
GF/GP	\$7,666,400	\$300,000

3. Farmland and Open Space Preservation

Executive: Proposed baseline increase of \$500,000 GF/GP to offset decline in restricted Agriculture Preservation Fund revenue use to support program, commonly referred to as the PA 116 program.
Senate concurred with Executive; House provided \$1.0 million GF/GP increase. Conference does not include GF/GP increase; increases restricted Agriculture Preservation Fund revenue by \$500,000 based on assumed passage of House Bill 5189.

FTEs	7.0	0.0
Gross	\$905,200	\$500,000
Restricted	583,600	500,000
GF/GP	\$321,600	\$0

4. Qualified Forest Program

Executive: Reduces baseline GF/GP support by \$130,000.
House/Senate/Conference concur with Executive.

FTE	9.0	0.0
Gross	\$2,682,500	(\$130,000)
Restricted	284,900	0
GF/GP	\$2,397,600	(\$130,000)

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
5. Commercial Forestry Audit Program	Gross	\$300,000	(\$300,000)
<u>Executive</u> : Eliminated funding for this program; the current year budget included sufficient funding to complete the final two years of the three-year commercial forestry audit.	GF/GP	\$300,000	(\$300,000)
<u>House/Senate/Conference</u> : Concur with Executive.			
6. Laboratory Services	FTEs	37.0	5.0
<u>Executive</u> : Reflected two programmatic changes: Elimination of Agriculture Equine Industry Development Fund (AEIDF) revenue (\$600,200), to reflect transfer of horse race testing program to Michigan Gaming Control Board (MGCB); \$2.1 million GF/GP increase in funding for Geagley Laboratory to support additional staffing/equipment upgrades for food safety and export market testing programs.	Gross	\$5,322,000	\$1,469,800
<u>House</u> : Concurs with Executive; <u>Senate</u> : Provides \$200,000 less GF/GP than Executive. <u>Conference</u> : Concurs with Executive/House.	IDG	212,900	0
	Federal	781,100	0
	Restricted	2,123,500	(600,200)
	GF/GP	\$2,204,500	\$2,070,000
7. Consumer Protection Program	FTEs	40.0	1.0
<u>Executive</u> : Reflected \$1.0 million GF/GP increase for consumer protection programs at the Heffron Metrology Laboratory.	Gross	\$6,072,200	\$1,040,000
<u>House</u> : Concurs with Executive; <u>Senate</u> : \$820,000 GF/GP less than Executive. <u>Conference</u> : Concurs with Executive/House.	Restricted	6,071,600	0
	GF/GP	\$600	\$1,040,000
8. Diagnostic Center for Population and Animal Health	Gross	\$0	\$0
<u>House</u> and <u>Senate</u> had provided funding for MSU Diagnostic Laboratory. Although not included in <u>Conference</u> report for House Bill 5268, \$500,000 GF/GP is included in Higher Education budget.	GF/GP	\$0	\$0
9. Rural Development (Value-Added) Grants	Gross	\$1,200,000	\$300,000
Current year total of \$1.2 million reflects \$650,000 in ongoing, and \$550,000 in one-time funding. <u>Executive</u> recommends total of \$500,000 GF/GP; renames program "Value-added grants."	GF/GP	\$1,200,000	\$300,000
<u>House</u> : Concurs with Executive; <u>Senate</u> : Provides \$1.5 million GF/GP; \$1.0 million more than Executive. <u>Conference</u> includes \$1.5 million GF/GP (\$500,000 on-going; \$1.0 million one-time); program defined in Sec. 701.			
10. Rural Development Fund Grant Program – NEW	Gross	\$0	\$2,000,000
<u>Executive</u> : 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.	Restricted	0	2,000,000
<u>House/Senate/Conference</u> concur with Executive.			
11. Healthy Food Assistance Program – NEW	Gross	\$0	\$0
<u>House</u> included \$100 placeholder; not included in <u>Conference</u> report.	GF/GP	\$0	\$0
12. County Fairs Capital Improvement Grants	Gross	\$300,000	\$170,000
<u>Executive</u> : Eliminated program that provides matching grants for county fair improvement projects. <u>House/Senate</u> retain current year funding.	GF/GP	\$300,000	\$170,000
<u>Conference</u> includes additional \$150,000 for special grant projects and rolls \$20,000 <i>Shows and expositions</i> line into this line.			
13. Shows and Expositions	Gross	\$20,000	(\$20,000)
<u>Executive</u> : Eliminated GF/GP program that provides grants for agricultural shows and expositions. <u>House</u> concurred with Executive. <u>Senate</u> retains current year funding. <u>Conference</u> rolls into <i>County fairs capital improvement grants</i> , above.	GF/GP	\$20,000	(\$20,000)
14. Horse Racing Programs	FTEs	1.0	(1.0)
<u>Executive</u> : Eliminated 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
<u>House/Senate/Conference</u> concur with Executive.	Restricted	3,667,200	0

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
15. One-Time Capital Equipment for Geagley Laboratory	Gross	\$150,000	(\$150,000)
<u>Executive</u> : Eliminated one-time GF/GP authorization.	GF/GP	\$150,000	(\$150,000)
<u>House/Senate/Conference</u> concur with <u>Executive</u> .			
16. Tree Fruit Research (One-Time)	Gross	\$500,000	\$0
<u>Executive</u> : Eliminated one-time GF/GP authorization for grant program.	GF/GP	\$500,000	\$0
<u>House/Senate</u> concur with <u>Executive</u> . <u>Conference</u> retains current year funding.			
17. Vital Agriculture Infrastructure Grant Program – NEW	Gross	\$0	\$220,000
<u>House</u> included a new grant line item. <u>Conference</u> includes as a one-time funding item.	GF/GP	\$0	\$220,000
18. Grape and Wine Council	Gross	\$856,500	\$170,000
<u>Conference</u> includes one-time GF/GP funding, in addition to on-going restricted fund support.	Restricted	856,500	0
	GF/GP	\$0	\$170,000
19. Animal Agriculture Initiative – NEW	Gross	\$0	\$899,000
<u>Conference</u> includes funding for new program; \$500,000 as one-time, \$399,000 as on-going.	GF/GP	\$0	\$899,000
20. Eastern Market Food Innovation Zone (One-Time)	Gross	\$0	\$0
<u>Senate</u> had included \$200,000 for new line item grant. Not included in <u>Conference</u> report.	GF/GP	\$0	\$0
21. Muskegon Farmer's Market Food Incubator (One-Time)	Gross	\$0	\$0
<u>Senate</u> had included \$100 placeholder for new line item grant. Not included in <u>Conference</u> report.	GF/GP	\$0	\$0
22. Refined Petroleum Fund/GF/GP Offset	Gross	NA	\$0
<u>Conference</u> concurs with <u>Executive/Senate</u> and reduces Refined Petroleum Fund (RPF) support by \$1.5 million and offsets with GF/GP in <i>Laboratory services</i> and <i>Consumer protection</i> programs.	Restricted	NA	(1,500,000)
	GF/GP	NA	\$1,500,000
23. Technical Revenue Adjustments – GF/GP	Gross	NA	(\$99,100)
<u>Executive</u> : Unspecified reductions as follows: Food and dairy, (\$48,400); PPPM, (\$20,700); and Environmental stewardship, (\$30,000).	GF/GP	NA	(\$99,100)
<u>House/Senate/Conference</u> concur with <u>Executive</u> .			
24. Technical Revenue Adjustments – Federal and Restricted	Gross	NA	(\$315,900)
<u>Executive</u> : Adjusted federal and restricted revenue in various line items to reflect best estimates of available federal grants and restricted revenue sources. <u>House/Senate/Conference</u> concur with <u>Executive</u> .	Federal	NA	(91,800)
	Restricted	NA	(224,100)
	GF/GP	NA	\$0
25. Economic Adjustments	Gross	NA	\$1,313,100
<u>Executive</u> reflected 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. <u>House/Senate/Conference</u> concur with <u>Executive</u> .	IDG	NA	5,900
	Federal	NA	135,100
	Private	NA	2,600
	Restricted	NA	442,000
	GF/GP	NA	\$727,500
26. End of Five-Year Early Retirement Sick Leave Payouts	Gross	NA	(\$237,600)
<u>Executive</u> recognized the end of employee accumulated sick-leave payouts from 2010 early retirement incentive; those payments had been spread over 5 years and will end in FY 2015-16. <u>House/Senate/Conference</u> concur with <u>Executive</u> .	Restricted	NA	(136,500)
	GF/GP	NA	(\$101,100)

Major Boilerplate Changes From FY 2015-16

GENERAL SECTIONS (Secs. 201 through 232)The current year budget act, 2015 PA 84, includes a number of general or standard boilerplate sections: **Sec. 201**, Total state spending/spending to local units; **Sec. 202**, Reference to Management and Budget Act; **Sec. 203**, Abbreviations; **Section 205**, New or expanded program metrics; **Sec. 206**, Contingency appropriations; **Sec. 207**, Transparency website; **Sec. 208**, Use of Internet to fulfill reporting requirements; **Sec. 209**, Preference for American/Michigan goods/services; **Sec. 210**, Deprived/depressed communities; **Sec. 212**, Record retention; **Sec. 215**, Discipline of employees communicating with Legislature; **Sec. 218**, Out-of-state travel report; **Sec. 228**, Report on GF/GP lapses; **Sec. 229**, Report on restricted fund revenue and balances; **Sec. 230**, Use of attorneys other than the Attorney General; **Sec. 231**, Website metrics/scorecard; **Sec. 232**, Legacy costs.

Conference retains all of the current year standard sections, in some cases with minor modifications. At the request of the State Budget Office, many of these sections have been renumbered.

Sec. 301. Miscellaneous Fees Revenue/Expenditures – MODIFIED

Authorizes 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. Conference: Modifies to clarify.

Sec. 302. Grant Notification – MODIFIED

Requires notice of grants made to local units of government, institutions of higher education, or non-profit organizations. Conference: Modifies to clarify; requires Legislative notification of grants 7 days prior to issuing grants.

Sec. 401. Food Safety Report/Food and Dairy Division Report – MODIFIED

Sec. 402 of current year budget act requires a report on food-borne outbreaks and emergencies related to food safety. Conference: Modifies/expands to require an annual Food and Dairy Division report due April 1 of each year.

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

Conference: Includes new section indicating legislative intent that the department established FSMA education and training program; authorizes use of federal funds in addition to those appropriated in Part 1.

Sec. 451. Bovine TB Whole-Herd Testing – RETAINED

Conference: Retains requirement that 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.

Sec. 452. Animal Industry Division Annual Report – NEW

Conference: Includes new annual report on activities of the Animal Industry Division due April 1 of each year.

Sec. 453. Indemnification Payments – MODIFIED

Current section authorizes the department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; and requires report on reason for, amount of, and person to whom indemnification is to be paid. Subsection (2) currently authorizes the department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) currently indicates that the appropriation in Part 1 for indemnification is for indemnification under Subsection (2) and related department costs; requires a report, due March 1. Conference: Modifies to correct statute reference.

Sec. 454. Bovine TB – RETAINED

Directs department to collaborate with USDA and work to eradicate Bovine TB. Conference: Retains.

Sec. 456. Electronic Animal Identification – NOT INCLUDED

Current year language prohibits the use of appropriated funds to enforce electronic ID programs for domestic animals. Conference: Not included.

Sec. 457. Bovine TB Quarterly Report – MODIFIED

Conference: Modifies language; retains quarterly reporting.

Sec. 458. Aquaculture – MODIFIED

Conference: Retains current language that directs the department to provide inspection and testing of aquaculture facilities and researchers; deleted reference to VHS.

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

Conference: Retains section that indicates Legislative intent that the 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.

Sec. 501. Pesticide and Plant Pest Management Annual Report – NEW

Conference: Includes new annual report on activities of PPPM Division due April 1 of each year.

Major Boilerplate Changes From FY 2015-16

Sec. 601. Environmental Stewardship/MAEAP – RETAINED

Conference: Retains section that indicate the purpose of the line item is to support department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan Natural Resources and Environmental Protection Act, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal Farm Bill of 2014.

Sec. 602. Environmental Stewardship Division Annual Report – NEW

Conference: Includes new annual report on activities of ESD Division due April 1 of each year.

Sec. 604. Appropriation of Excess Federal Revenues – MODIFIED

Section authorizes the department to expend federal revenues in excess of the appropriation under section 107 in part 1 upon notification of the Legislature. Conference: Modifies to clarify.

Sec. 609. Commercial Forestry Audit Program – DELETED

Conference deletes current language that describes intent of the program; program will be completed in FY 2015-16.

Sec. 651. Laboratory Program Annual Report – NEW

Conference: Includes new annual report on activities of Laboratory Division due April 1 of each year.

Sec. 652. Laboratory Program Turnaround Times – NEW

Conference: Includes new section on laboratory turnaround time metrics.

Sec. 701. Value Added Grant Program – MODIFIED

Current law guides administration of the program. Conference modifies provisions governing grant program.

Sec. 706. Agriculture Development Division Annual Report – NEW

Conference: Includes new annual report on activities of Agriculture Development Division due April 1 of each year.

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

Conference: Retains current reporting requirement.

Sec. 711. Rural Development Fund/Program – NEW

Conference: Directs department to work with Rural Development Fund Board; references 2012 PA 41.

Sec. 801. Ag Equine Industry Development Fund – RETAINED

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

Conference: Retains.

Sec. 802. Ag Equine Industry Development Fund – RETAINED

Requires proportional reductions on program reductions if revenues to the AEIDF decline.

Conference: Retains.

Sec. 804. Michigan Gaming Control Board – RETAINED

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

Conference: Retains.

Sec. 805. County Fair Capital Grant Program – MODIFIED

Provides for matching program for county fair capital grants appropriated in part 1.

Conference: Modifies to exclude fairs that received awards in prior year from receiving awards from the program, incorporates Shows and expositions grants; identifies capital projects.

Sec. 806. Shows and Expositions Grants – DELETED

Conference: Incorporated into Sec. 805 above.