



Senate Fiscal Agency
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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 CONFERENCE	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	454.0	473.0	19.0	4.2
GROSS	89,594,000	94,101,300	4,507,300	5.0
Less:				
Interdepartmental Grants Received	317,300	323,200	5,900	1.9
ADJUSTED GROSS.....	89,276,700	93,778,100	4,501,400	5.0
Less:				
Federal Funds.....	13,427,900	10,471,200	(2,956,700)	(22.0)
Local and Private	128,100	130,700	2,600	2.0
TOTAL STATE SPENDING.....	75,720,700	83,176,200	7,455,500	9.8
Less:				
Other State Restricted Funds.....	32,647,100	33,249,300	602,200	1.8
GENERAL FUND/GENERAL PURPOSE.....	43,073,600	49,926,900	6,853,300	15.9
PAYMENTS TO LOCALS	4,750,000	4,750,000	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation \$89,594,000

Changes from FY 2015-16 Year-to-Date:

Items Included by the Senate and House

1. **Rural Development Fund Grant Program.** Governor, Senate, and House recommended the establishment of a new grant program per Public Act 411 of 2012, funded by severance tax revenue from mining (\$2.0 million restricted), which would be used for a grant and/or loan program governed by an appointed board which would establish criteria for grants and/or loans to meet goal of addressing energy, transportation, communications, and water and wastewater infrastructure issues in rural communities. 2,000,000
2. **Commercial Forestry Audit Program.** Governor, Senate, and House recommended the elimination of funding of \$300,000 GF/GP due to the completion of the audit project. (300,000)
3. **County Fairs Capital Improvement Grants.** Governor recommended elimination of the \$300,000 GF/GP grant program Senate and House included continuation of program at current-year level. Conference added \$150,000 (for a total of \$450,000 for FY 2016-17), combined the program with Shows and Exhibition Grants and designated \$60,000 to the dairy barn at the Lenawee County Fair, \$50,000 to the horse judging booth at the Tuscola County Fair, and \$40,000 to street repairs at the Monroe County Fair to improve access for the physically disabled. 150,000
4. **Equine Transfer.** Governor, Senate, and House shifted equine racing lab service responsibilities to the Department of Treasury's Gaming Commission, reducing equine fees received by the Department of Agriculture and Rural Development's (MARD's) laboratory. (600,200)
5. **Information Technology Maintenance.** Governor, Senate, and House included funding (\$378,000 gross, \$257,000 GF/GP) to reflect costs of new inspection systems. 378,000
6. **Technical Adjustment.** Governor, Senate, and House included an adjustment to align Federal and restricted funds to that which is expected to be received, including a negative \$91,800 in Federal and a negative \$344,100 in restricted revenue. (435,900)

- 7. **Qualified Forest Fund.** Governor, Senate, and House recommended a reduction in GF/GP support for program, which would be funded at \$2,582,700 in FY 2016-17. (130,000)
 - 8. **Administrative Reductions.** Governor, Senate, and House recommended a savings of \$99,100 GF/GP through efficiencies. (99,100)
 - 9. **Five-Year Early-Out Deferred Sick Leave Payments.** Governor, Senate, and House recommended an elimination of payments, as MARD obligations would be satisfied as of FY 2015-16, for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years for a savings of (\$237,600) Gross, (\$101,100) GF/GP. (237,600)
 - 10. **Removal of One-Time Funding.** Governor, Senate, and House recommended the elimination of FY 2015-16 one-time GF/GP funding for the Geagley Lab (\$150,000). (150,000)
 - 11. **Economic Adjustments.** Includes \$277,900 Gross and \$151,300 GF/GP for OPEB and \$1,035,200 Gross and \$576,200 GF/GP for other economic adjustments. 1,313,100
- Conference Agreement on Items of Difference
- 12. **Geagley Lab Updates and Improvements.** Governor and House provided \$1,320,000 GF/GP, Senate \$200,000 less. Conference concurred with Governor and House. 2,070,000
 - 13. **Heffron Lab (Consumer Protection) Updates and Improvements.** Governor and House provided \$1,040,000 GF/GP, Senate \$820,000 less. Conference concurred with Governor and House. 1,040,000
 - 14. **On-Farm Safety Requirements.** Governor and Senate recommended \$1,169,000 GF/GP and 2.0 FTEs to provide informational assistance to farmers to support the implementation of the on-farm requirements under the new Federal Food Safety Modernization Act, providing the MARD with \$339,000 and \$440,000 being provided to Michigan State University Extension, and \$390,000 to State Conservation Districts for this objective. House provided zero funding. Conference included \$300,000. 300,000
 - 15. **Value-Added Grants.** Governor and House reduced on-going appropriation by \$150,000 and to \$500,000 for FY 2016-17 and eliminated one-time appropriation of \$550,000. Senate provided \$1.5 million for ongoing appropriation. Conference included \$500,000 for ongoing and \$1.0 million for one-time. 300,000
 - 16. **Farmland Preservation Program.** Governor and Senate recommended adding \$500,000 GF/GP due to declining restricted revenue support, for total funding of \$1,422,100 for FY 2016-17. House provided another \$500,000 GF/GP. Conference provided \$500,000 in anticipated restricted revenue. 500,000
 - 17. **Fruit Tree Research Grants.** Governor, Senate, and House eliminated the one-time grant of \$500,000 GF/GP. Conference retained the grant for FY 2016-17. 0
 - 18. **Refined Petroleum Fund (RPF).** Governor and Senate recommended the replacement of \$1.5 million in RPF revenue support with GF/GP, leaving \$2,373,200 in RPF support for FY 2016-17. House rejected fund switch. Conference concurred with Governor and Senate. 0
 - 19. **Shows and Exhibitions Grants.** Governor and House recommended elimination of \$20,000 GF/GP grant program. Conference continued the grant appropriations and combined it with an increased County Fairs Capital Improvement Grants for an appropriation titled County Fairs, Shows, and Exhibitions Grants, funded at \$470,000 GF/GP. 0
 - 20. **Diagnostic Center for Population and Animal Health.** Senate provided \$1.0 million GF/GP in operational support for the center, House provided \$1.1 million. Conference shifted FY 2016-17 appropriations for the lab to the Higher Education budget. 0
 - 21. **Vital Agriculture Infrastructure Grant Program.** House provided \$220,000 GF/GP to provide infrastructure support. Conference concurred with House. 220,000
 - 22. **Health Food Availability.** House provided \$100 placeholder appropriation for the project. Conference did not include. 0
 - 23. **Eastern Market Food Innovation Zone.** Senate included \$200,000 GF/GP for market expansion. Conference did not include. 0

24. Muskegon Farmers Market Food Incubator. Senate shifted \$100 from Agriculture Development to provide a placeholder for a one-time grant. Conference did not include.	0
25. Grape and Wine Council. Conference provided \$170,000 GF/GP to supplant Council's anticipated loss of restricted revenue.	170,000
26. Food Inspections Technical Adjustment. Adjustment to reflect actual restricted revenue received for FY 2016-17.	120,000
27. Animal Agriculture Initiative. Conference added GF/GP funding for new program (\$500,000 as one-time, \$399,000 as ongoing).	899,000
28. FY 2016-17 One-Time Gross Appropriations. Conference included \$2,390,000 in one-time funding, including \$1.0 million for Value-added Grants, \$170,000 for the Grape and Wine Council, \$220,000 for the Vital Infrastructure Grant Program, \$500,000 for Fruit Tree Research Grants, and \$500,000 for Animal Agriculture Initiative.	
Total Changes	\$7,507,300
FY 2016-17 Conference Report Ongoing/One-Time Gross Appropriation	\$97,101,300
Amount Over/(Under) GF/GP Target: \$0	

Boilerplate Changes from FY 2015-16 Year-to-Date:

Items Included by the Senate and House

1. **Aquaculture Inspection and Testing.** Governor, Senate, and House removed intent language that stated that the MARD is required to work with the industry to identify, contain, and eradicate viral hemorrhagic septicemia in the State. (Sec. 458)
2. **Commercial Forestry Audit Program.** Governor, Senate, and House eliminated section providing guidelines and procedures for the audit due to the completion of the program. (Sec. 609)
3. **Freshwater Protection Fund.** Governor, Senate, and House eliminated language requiring the MARD not to use more than \$500,000 for replacement of the data system for the Michigan Agriculture Environmental Assurance Program. (Sec. 610)
4. **Rural Development Fund Board.** Governor, Senate, and House added a new boilerplate section requiring the MARD to work with the board to establish processes and criteria for funding projects under a new Rural Development Grant Program and to establish metrics and outcomes for the program. (Sec. 802)

Conference Agreement on Items of Difference

5. **Retain Reports.** Senate included current-year language requiring the MARD to retain records of reports produced. Conference concurred with Senate. (Sec. 212)
6. **Receipt and Expenditure of Fees.** Governor and Senate eliminated a report requirement to the Legislature and instead required an Internet posting of related activities along with notification of the posting. Senate added language allowing receipt and expenditure of fees and labeling them as carryforward funds that shall not lapse to the General Fund. House updated language. Conference concurred with House (Sec. 301)
7. **Grant Guidelines and Announcements.** Senate included current-year language. House expanded language and stated grant announcements to Legislature shall come no later than seven days after being awarded. Conference concurred with House version, but changed to "not later than 7 days before". (Sec. 302)
8. **Food and Dairy Division Report.** House added new language requiring annual report. Conference concurred. (Sec. 401)
9. **Food Borne Illness Reporting.** Governor and Senate included language section requiring a report on food-borne illnesses. House and Conference encompassed requirement into new Food and Dairy language above. (Sec. 402)
10. **On-Farm Food Safety Program.** Governor and Senate added a new boilerplate section outlining goals and procedures for a new program to assist farmers to comply with the new Federal Food Safety Modernization Act requirements. (Sec. 403)

11. **Animal Industry Report.** House added new language requiring annual report. Conference concurred. (Sec. 452)
12. **Animal Indemnity.** Governor, Senate, and House included revised current-year language on animal indemnity procedures. Conference concurred with House version. (Sec. 453)
13. **MDARD TB Collaboration with USDA.** Senate included current-year language which required cooperation to monitor TB by referencing a May 2014 memorandum of understanding between the two. Conference concurred. (Sec. 454)
14. **Animal ID.** Governor and Senate removed language prohibiting of use of electronic tags on anything other than cattle. Conference concurred. (Sec. 456)
15. **Bovine Status and Activity Report.** Governor, Senate, and House included differing language in requiring a bovine TB status and activity report. Conference included language which combined Senate language with that of the House. (Sen. 457)
16. **Pesticide and Plant Pest Management Division Report.** House added new language requiring annual report. Conference concurred. (Sec. 501)
17. **Environmental Stewardship Division Report.** House added new language requiring annual report. Conference concurred. (Sec. 602)
18. **Receive and Expend Federal Funds for Environmental Stewardship.** House added language to current-year language requiring notification prior to expending Federal funds under this section. (Sec. 604)
19. **Laboratory Division Report.** House added new language requiring annual report. Conference concurred. (Sec. 651)
20. **Laboratory Program.** Governor and Senate added a new boilerplate section requiring the turn-around times at Geagley Lab to increase from 30-50% to 75-80% and the implementation of a risk based inspection program on devices and package content in the Consumer Protection Program in FY 2016-17, and to track program outcomes. House expanded language. Conference concurred with House. (Sec. 652)
21. **Value-Added Grants Program.** Governor and Senate amended language with a requirement to post on-line program data, including information on grants and program outcomes. House modified language. Conference modified House language to include two programs within the value-added program: a Competitive Grant Program and a Food and Agriculture Investment Program. (Sec. 701)
22. **Agriculture Development Program Report.** House modified current-year language. Conference included language which combined Senate language with that of the House. (Sen. 706)
23. **Equine Regulatory Costs.** Governor and Senate eliminated a section which provided criteria for establishing equine regulatory costs. Conference concurred with House and included the language. (Sec. 804)
24. **County Fairs/ Shows and Exhibitions Grants.** Governor removed sections that provided guidelines and procedures for grant programs he recommended for elimination for FY 2016-17: County Fairs Capital Improvement Grants and Shows and Expositions Grants. Senate retained the language for both and the House retained language for the County Fairs Capital Improvement Grants. Conference included both grants and combined them into a single section of language providing guidelines for a newly formed County Fairs, Show, and Exhibitions Grants Program. The language specifies that up to \$20,000 from Part 1 appropriations of \$470,000 can be spent for shows and exhibitions grants and that from County Fairs Grants, \$60,000 shall be designated for improvements to the dairy barn at the Lenawee County Fair, \$50,000 to the horse judging booth at the Tuscola County Fair, and \$40,000 to street repairs at the Monroe County Fair to improve access for the physically disabled. (Sec. 805)

Date Completed: 5-31-16

Fiscal Analyst: Bruce Baker

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.