

**FY 2013-14:
DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Reported by the House Subcommittee
House Bill 4211 (H-1) Draft 2**



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| | FY 2012-13 YTD as of 2/7/13 | FY 2013-14 Revised Executive | FY 2013-14 House | FY 2013-14 Senate | FY 2013-14 Enacted | Difference: House From FY 2012-13 YTD | |
|-------------------|--------------------------------|------------------------------------|---------------------|----------------------|-----------------------|--|--------------|
| | | | | | | Amount | % |
| IDG/IDT | \$519,300 | \$524,300 | \$524,300 | | | \$5,000 | 1.0 |
| Federal | 11,199,600 | 9,720,900 | 9,720,900 | | | (1,478,700) | (13.2) |
| Local | 0 | 0 | 0 | | | 0 | -- |
| Private | 175,800 | 96,900 | 96,900 | | | (78,900) | (44.9) |
| Restricted | 28,959,400 | 29,020,900 | 29,020,900 | | | 61,500 | 0.2 |
| GF/GP | 36,098,900 | 37,630,300 | 37,330,300 | | | 1,231,400 | 3.4 |
| Gross | \$76,953,000 | \$76,993,300 | \$76,693,300 | | | (\$259,700) | (0.3) |
| FTEs | 431.0 | 434.0 | 434.0 | | | 3.0 | 0.7 |

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(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 2012-13 YTD Appropriations | FY 2012-13 Year-to-Date (as of 2/7/13) | FY 2013-14 House Change |
|---|---|--|
| 1. Economic Adjustments | | |
| <u>House</u> concurs with the <u>Executive</u> to reflect increased costs of \$1.8 million Gross (\$0.9 million GF/GP) for negotiated salary and wage amounts, insurance rate increases, actuarially-required retirement rate increases, building and other economic adjustments. Additional economics increase of \$1.2 million Gross (\$0.7 million GF/GP) is projected for FY 2014-15. | Gross N/A | \$1,764,400 |
| | IDG | 7,400 |
| | Federal | 230,300 |
| | Private | 3,400 |
| | Restricted | 618,700 |
| | GF/GP | \$904,600 |
| 2. Food Safety | Gross \$10,667,500 | (\$250,000) |
| <u>House</u> concurs with the <u>Executive</u> to include net \$250,000 GF/GP reduction for food safety wholesale and retail sampling and followup and related laboratory testing with elimination of \$500,000 GF/GP one-time funding, offset by \$250,000 GF/GP increase in ongoing funding. The ongoing funding increase is allocated \$65,000 to food safety and \$185,000 to laboratory services. YTD shown is Food Safety and Quality Assurance line item, and one-time New Food Safety Requirements line item. | Federal | 0 |
| | Restricted | 0 |
| | GF/GP | (\$250,000) |
| 3. Produce Assurance and Certification Program | FTEs | 77.0 |
| <u>House</u> concurs with the <u>Executive</u> to include net \$12,400 Gross reduction for Pesticide and Plant Pest Management. \$1.0 million GF/GP and 8.0 FTEs are added to maintain and enhance current inspection and certification programs to assure safety and integrity of agricultural products and commodities for export and for domestic purchase, including certificate requests, sampling and laboratory analysis, survey activities, and outreach to identify presence of exotic pests. GF/GP increase offsets reductions to the program of 4.0 FTEs and \$1.0 million, which include \$435,600 federal USDA and EPA categorical grant funds, \$66,800 private funding and \$510,000 state restricted funds. | Gross \$10,610,100 | (\$12,400) |
| | Federal | (435,600) |
| | Private | (66,800) |
| | Restricted | (510,000) |
| | GF/GP | \$1,000,000 |

| | | FY 2012-13 Year-to-Date (as of 2/7/13) | FY 2013-14 House Change |
|---|--------------|--|-------------------------------|
| Major Budget Changes From FY 2012-13 YTD Appropriations | | | |
| 4. Animal Industry - Disease Prevention and Response | | | |
| <u>House</u> concurs with the <u>Executive</u> to recognize revenue reductions to the animal disease prevention and response program including decline of \$336,200 from federal USDA grants, and decline of \$113,100 from agriculture licensing and inspection fees. | Gross | \$8,956,700 | (\$449,300) |
| | Federal | 880,400 | (336,200) |
| | Restricted | 332,700 | (113,100) |
| | GF/GP | \$7,743,600 | \$0 |
| 5. Producer Security/Grain Dealer Program | | | |
| <u>House</u> concurs with the <u>Executive</u> to reflect increase of 1.0 FTE and \$150,000 of state restricted fee revenue from recently enacted grain dealer license fee increase (PA 148 of 2012). Funds are used to provide regulatory oversight of grain dealers and administer the farm producer security program. | FTEs | 4.0 | 1.0 |
| | Gross | \$574,200 | \$150,000 |
| | Restricted | 557,400 | 150,000 |
| | GF/GP | \$16,800 | \$0 |
| 6. Farmland and Open Space Preservation | | | |
| <u>House</u> concurs with the <u>Executive</u> to increase funding for administration of the Farmland and Open Space Preservation program by \$392,500 from the state restricted Agricultural Preservation Fund, an increase from \$872,000 to \$1.26 million; requires statutory amendment. Reduces capital outlay appropriation for farmland and open space development acquisition from \$500,000 to \$300,000 of funds from the state restricted Agricultural Preservation Fund. | Gross | \$1,372,000 | \$192,500 |
| | Restricted | 1,372,000 | 192,500 |
| | GF/GP | \$0 | \$0 |
| 7. USDA Monitoring | | | |
| <u>House</u> concurs with the <u>Executive</u> to recognize \$1.0 million reduced funding for the USDA Monitoring Program from USDA federal grants. Program collects data on pesticide residue and microbiological pathogens in foods, and has food emergency response network capabilities in case of microbiological threat agents in food. <u>House</u> concurs. | Gross | \$2,548,700 | (\$1,000,000) |
| | Federal | 2,548,700 | (1,000,000) |
| | GF/GP | \$0 | \$0 |
| 8. New Food and Agriculture Industry Strategic Growth Initiative | | | |
| <u>Executive</u> provides \$1.0 million GF/GP to fund a new competitive grant program to foster agriculture industry-wide development and growth through research, education, and technical assistance, focused on removing barriers and leveraging opportunities in food processing and other areas as identified by an advisory board formed by the Director. Initiative also includes \$2.0 million appropriation proposed in the Michigan Strategic Fund budget. <u>House</u> concurs and includes new related boilerplate Section 711. | Gross | N/A | \$1,000,000 |
| | GF/GP | N/A | \$1,000,000 |
| 9. Other One-Time Appropriations | | | |
| <u>Executive</u> discontinues one-time appropriations for lump-sum payments to state employees of \$470,300 Gross (\$235,300 GF/GP), and for rural development value-added grants of \$900,000 GF/GP. One-time private forestry \$600,000 GF/GP appropriation is retained in FY 2013-14, and eliminated in FY 2014-15. <u>House</u> concurs with discontinuation of one-time appropriations, and provides one-time funding for private forestry program of \$300,000 for FY 2013-14. | Gross | \$1,970,300 | (\$1,670,300) |
| | IDG | 2,400 | (2,400) |
| | Federal | 85,000 | (85,000) |
| | Private | 1,500 | (1,500) |
| | Restricted | 146,100 | (146,100) |
| | GF/GP | \$1,735,300 | (\$1,435,300) |
| 10. Roll Up Line Items | | | |
| <u>House</u> does not concur with the <u>Executive</u> to roll up 45 appropriation line items into 11 line items. | Gross | \$0 | \$0 |
| | GF/GP | \$0 | \$0 |
| 11. County Fairs Capital Improvement Grants | | | |
| <u>House</u> increases county fairs capital improvement grants program by \$400 GF/GP, shifting funds from the livestock depredation indemnification payments line item, now funded at \$49,600. | Gross | \$281,600 | \$400 |
| | GF/GP | \$281,600 | \$400 |
| 12. Anticipated FY 2014-15 Budget Changes | | | |
| <u>Executive</u> reflects anticipated increase from FY 2013-14 budget of \$1,226,600 (\$670,800 GF/GP) for economic adjustments in FY 2014-15, and removes \$600,000 of one-time private forestry program funding in FY 2014-15. The <u>House</u> includes boilerplate intent language only in Part 2A, Sec. 1201; would not be binding appropriation. | | | |

Major Boilerplate Changes From FY 2012-13

Executive Boilerplate Deletions

In general, the Executive Budget Recommendation deletes a large majority of boilerplate language included in the FY 2012-13 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted. For the Department of Agriculture and Rural Development, the Executive deletes 30 of 45 boilerplate sections.

Sec. 231. Report on Ten Measurable Outcomes – DELETED

Requires a report, by October 31, 2012, on ten principal measurable outcomes to be affected by the expenditure of funds in this budget; requires biannual updates starting on April 1, 2013. Executive deletes. House concurs.

Sec. 232. Department Online Scorecard and Metrics – NOT INCLUDED

Requires that the Department maintain a public scorecard on a publicly accessible website which updates key metrics used to monitor and improve the agency's performance. Executive adds new section. House does not concur.

Sec. 402. Food Safety – DELETED

Requires report on food-borne outbreaks and emergencies related to food safety by April 1. Executive deletes. House concurs.

Sec. 453. Indemnification Payments – REVISED

Authorizes Department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; requires report on reason for, amount of, and person to whom indemnification is to be paid. Subsection (2) authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) 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. Executive deletes. House does not concur, and updates reporting date and cost dates in (3).

Sec. 551. Commodity Export Inspection Programs – DELETED

States legislative intent that department work with industry to ensure development of sustainable system of third-party inspections of fruits and vegetables. Allocates \$200,000 to ensure timely commodity export inspections. Executive deletes. House concurs.

Sec. 552. Clean Sweep Program – REVISED

Encourages Department to work with local public health departments and the USDA to maintain and expand Clean Sweep program, including disposal of prescription drugs; requires report. Executive deletes. House does not concur, and updates reporting date.

Sec. 601. Environmental Stewardship – DELETED

Clarifies intent that line item funding be used 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 2008. Executive deletes. House concurs.

Sec. 608. MAEAP and Lake St. Clair Water Quality – DELETED

Directs the Department to address water quality issues affecting Lake St. Clair, including non-point source pollution, from the funds appropriated for the Michigan Agriculture Environmental Assurance Program. Executive deletes. House concurs.

Sec. 706. Agricultural Development – REVISED

Requires report due April 1 on agricultural development and export market development activities. Executive deletes. House does not concur, and updates reporting date.

Sec. 803. Thoroughbred Program Escrow – REVISED

Provides for "escrowing" of funds for thoroughbred program if there is no live thoroughbred race meet in 2011 or 2012. Executive deletes. House does not concur, and updates all dates.

Sec. 804. Michigan Gaming Control Board – REVISED

Requires the Michigan Gaming Control Board to use actual expenditure data in determining regulatory costs of conducting racing dates. Executive deletes. House does not concur and adds a reporting date by November 1.

Sec. 1101. Rural Development Value-Added Grant Program – REVISED

Provides criteria for Rural Development Value-Added Grant Program, and provides for reports. Executive deletes subsection (5) work project language, moves the remaining language from One-Time Basis Only Appropriations section to Agriculture Development, and renumbers as Sec. 701. House concurs, and restores (5).

Sec. 1201. Anticipated Appropriations - REVISED

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors. Executive deletes. House does not concur, and updates all dates. (See item 12 under Major Budget Changes for specific anticipated appropriation adjustments.)