

FY 2015-16: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: As Reported by House Appropriations Committee Article I, House Bill 4102 (H-1)

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	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
IDG/IDT	\$318,100	\$317,300	\$317,300			(\$800)	(0.3)
Federal	10,176,200	10,427,900	10,427,900			251,700	2.5
Local	0	0	0			0	--
Private	98,300	128,100	128,100			29,800	30.3
Restricted	28,143,400	30,897,100	32,047,100			3,903,700	13.9
GF/GP	45,316,200	42,373,600	42,373,600			(2,942,600)	(6.5)
Gross	\$84,052,200	\$84,144,000	\$85,294,000			\$1,241,800	1.5
FTEs	452.0	460.0	460.0			8.0	1.8

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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 2014-15 YTD Appropriations

1. Food Safety and Quality Assurance

Executive budget recognized \$1.5 million related to proposed increases in food licensing and inspection fees to support department food safety programs. The Executive had also authorized an additional 8.0 FTE positions.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
FTEs	83.0	8.0
Gross	\$12,378,200	\$1,159,600
Federal	1,255,000	(4,100)
Restricted	3,432,000	1,188,500
GF/GP	\$7,691,200	(\$24,800)

House concurs with Executive. The increase in fee revenue would be put into effect through passage of House Bill 4470, a bill to amend the Food Law of 2000.

The line item also reflects the redirection of \$347,100 in Dairy and Food Safety Fund revenue to Operational Services, and a \$31,300 increase in Consumer and Industry Food Safety Education fund support to reflect new allergen awareness requirements for food safety training programs under 2014 amendments to the Food Law of 2000 (Senate Bill 730 enacted as 2014 PA 516). The line also reflects economic adjustments which net to a \$39,000 Gross (\$24,800 GF/GP) decrease in anticipated program cost.

2. Milk Safety and Quality Assurance

Reflects the redirection of \$37,900 in Dairy and Food Safety Fund revenue to Operational Services, and economic adjustments netting to a \$10,700 Gross (\$9,900 GF/GP) decrease in anticipated program cost.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
FTEs	30.0	0.0
Gross	\$4,219,200	(\$48,600)
Federal	55,000	(100)
Restricted	253,200	(38,600)
GF/GP	\$3,911,000	(\$9,900)

House concurs with Executive.

Major Budget Changes From FY 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
3. Animal Industry - Disease Prevention and Response		
FTEs	60.0	0.0
Gross	\$8,836,600	\$44,400
Federal	565,400	18,800
Restricted	257,800	38,100
GF/GP	\$8,013,400	(\$12,500)
Reflects the redirection of \$11,000 in Licensing and Inspection Fee revenue to Operational Services, \$69,400; increased restricted and federal revenue to better align budget to actual anticipated revenue; and economic adjustments netting to a \$14,000 Gross (\$12,500 GF/GP) decrease in anticipated program cost. <u>House</u> concurs with <u>Executive</u> .		
4. Pesticide and Plant Pest Management (PPPM)		
FTEs	81.0	(1.0)
Gross	\$12,181,800	\$1,089,300
Federal	1,901,100	(5,300)
Private	20,700	100
Restricted	4,666,200	1,110,600
GF/GP	\$5,593,800	(\$16,100)
<u>Executive</u> budget had included \$1.2 million in proposed increases in pesticide, fertilizer, and feed licensing and regulatory fees used to support department's PPPM programs.		
<u>House</u> concurs with the Executive. The additional fee revenue would be provided through bills to amend the Commercial Feed Law (House Bill 4451), and parts 83 and 85 of the Natural Resources and Environmental Protection Act (House Bill 4391).		
The line item also reflects the redirection of \$169,500 in Licensing and Inspection Fee revenue to Operational Services, \$72,900; increased Commodity and Inspection Fee revenue to better align budget to actual anticipated revenue; and economic adjustments netting to a \$34,100 Gross (\$16,100 GF/GP) decrease in anticipated program cost. The reduction of one FTE is a technical adjustment.		
5. Environmental Stewardship/ MAEAP/Local Conservation Districts		
FTEs	23.0	0.0
Gross	\$7,844,000	\$1,284,500
Federal	1,343,200	294,800
Restricted	5,153,000	989,800
GF/GP	\$1,347,800	(\$100)
<u>House</u> concurs with <u>Executive</u> in rolling up three current line items into a single line encompassing the department's conservation and freshwater protection programs. These programs are supported by the state restricted Freshwater Protection Fund, by federal grant funding, and by state GF/GP revenue. The line item would be defined in boilerplate section 601. [Note that the FY 2014-15 Year-to-Date figure to the right shows the three current line items as if they were already rolled up in order to show the changes in baseline funding.]		
Budget includes a \$300,000 federal Environmental Protection Agency (EPA) grant related to Western Lake Erie Basin projects, and \$140,000 state restricted related to a contract with Bayer CropScience LP.		
The <u>House</u> includes \$1.0 million more in Freshwater Protection Fund revenue as compared to the Executive. This additional revenue reflects increases in certain water quality protection fees that would be provided through House Bill 4391, a bill to amend the Natural Resources and Environmental Protection Act. House Bill 4391 would also extend current sunset dates.		
6. Qualified Forest Program		
FTE	9.0	0.0
Gross	\$2,535,000	(\$2,500)
Restricted	35,000	249,900
GF/GP	\$2,500,000	(\$252,400)
<u>House</u> would offset \$250,000 in GF/GP revenue with additional restricted revenue from the Private Forestland Development Fund. The <u>House</u> is \$150,000 GF/GP less than the <u>Executive</u> budget proposal.		
Budget also reflects economic adjustments which net to \$2,500 Gross (\$2,400 GF/GP) decrease in anticipated program costs.		
7. Commercial Forestry Audit Program		
Gross	\$150,000	\$150,000
GF/GP	\$150,000	\$150,000
<u>Executive</u> budget would eliminate funding for this program. <u>House</u> includes \$300,000 GF/GP to provide for the final two years of the three-year commercial forestry audit. (See related boilerplate Sec. 609.)		
8. Agriculture Development		
FTEs	11.0	0.0
Gross	\$3,579,500	(\$2,800)
Federal	2,300,000	(1,800)
Restricted	86,800	(200)
GF/GP	\$1,192,700	(\$800)
Program assists with local and regional economic development activities, including promotion of agricultural exports. <u>Executive</u> budget reflects economic adjustments. <u>House</u> concurs with <u>Executive</u> .		

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
9. Strategic Growth Initiative	Gross	\$2,050,000	(\$950,000)
<u>Executive</u> budget would combine two current year grant programs, Rural Development Value-Added grants, and Food and Agriculture Industry Growth Initiative, into a single line-item grant program, Strategic growth initiative, funded at \$1.1 million GF/GP. This is \$950,000 less than the current total funding for the two combined programs. The FY 2014-15 Adjusted Year-To-Date figure to the right is the total for the two current year line items <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$2,050,000	(\$950,000)
10. Horse Racing Programs	FTEs	3.0	(2.0)
The fund source for this line item is the Agriculture Equine Industry Development Fund (AEIDF). Budget reduces funding and 2.0 FTE positions for fairs and racing administration functions. Budget retains current year funding for horse racing awards and purse supplements.	Gross	\$3,167,300	(\$100,100)
<u>House</u> concurs with <u>Executive</u> .	Restricted	3,167,300	(100,100)
11. County Fairs Capital Improvement Grants	Gross	\$320,000	(\$150,000)
<u>Executive</u> budget would reduce funding for county fairs capital improvement grants program to \$170,000. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$320,000	\$150,000
12. Shows and Expositions	Gross	\$50,000	(\$50,000)
<u>Executive</u> budget would eliminate shows and expositions grant program. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$50,000	(\$50,000)
13. Food & Agriculture Industry Strategic Growth Initiative (One-Time)	Gross	\$1,400,000	(\$1,400,000)
<u>Executive</u> eliminates one-time GF/GP competitive grant program. [The original appropriation was \$2.0 million; funding was reduced by \$600,000 by Executive Order 2015-5.] <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$1,400,000	(\$1,400,000)
14. Muskegon Farmers Market (One-Time)	Gross	\$200,000	(\$200,000)
Eliminates one-time GF/GP authorization for a grant to the Muskegon Farmers Market. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$200,000	(\$200,000)
15. Ottawa County Agriculture Incubator (One-Time)	Gross	\$500,000	(\$500,000)
Eliminates one-time GF/GP authorization for a grant award to Ottawa County to establish the nonprofit Ag-Tech Business Incubator. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$500,000	(\$500,000)
16. One Item Capital Equipment for Geagley Laboratory – NEW	Gross	\$0	\$350,000
<u>Executive</u> budget included \$500,000 one-time GF/GP funding for laboratory testing equipment. <u>House</u> would appropriate \$350,000 - \$150,000 GF/GP less than the Governor's proposal.	GF/GP	\$0	\$350,000
17. Economic Adjustments	Gross	NA	(\$167,400)
Reflects net cost reduction of \$167,400 million Gross (\$92,600 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. These adjustments are reflected in a number of appropriation line items, including the items described above.	IDG	NA	(800)
	Federal	NA	(18,100)
	Private	NA	(200)
	Restricted	NA	(55,700)
	GF/GP	NA	(\$92,600)

Major Boilerplate Changes From FY 2014-15

Sec. 303. On-Line Licensing Applications – NEW

Indicates Legislative intent that the department use revenue from licensing and inspection fees to increase the use of technology in licensing and inspection activities to make licensing and inspection functions, including reporting, more efficient. Directs the department to work to ensure that all license and registration applications can be completed on-line through a secure web portal.

Sec. 401. Food Safety and Quality Assurance – NEW

Directs that from the additional funds appropriated for food safety programs in Part 1, from proposed increases in food safety licensing and inspection fees, the department increase the number of inspections at licensed food establishments. The section further directs the department to identify specific outcomes and performance measures.

Major Boilerplate Changes From FY 2014-15

Sec. 402. Food Safety Report – MODIFIED

Retains the current report on food-borne outbreaks and emergencies related to food safety, but as a part of the department's Food and Dairy annual report. Retains the April 1 reporting due date.

Sec. 451. Bovine Tuberculosis Split State Status – MODIFIED

Requires department to pay for all whole-herd and individual-animal testing costs to maintain split-state status, including indemnity. Makes minor wording change.

Sec. 453. Indemnification Payments – RETAINED

Authorizes department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; provides for report. Subsection (2) authorizes department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) provides for a report.

Sec. 454. Bovine TB – MODIFIED

Directs department to collaborate with USDA and work to eradicate Bovine TB; minor changes to wording.

Sec. 456. Electronic Animal Identification (EID) – RETAINED

Prohibits use of funds to enforce EID program for domestic animals other than cattle without specific authorization in statute.

Sec. 457. Bovine TB Report – RETAINED

Requires quarterly report on Bovine TB program.

Sec. 458. Aquaculture and Viral Hemorrhagic Septicemia (VHS) Eradication Programs – DELETED

Requires department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program.

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

Indicates that it is the intent of the Legislature 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 – NEW

Directs that from the additional funds appropriated for PPPM programs in Part 1, from proposed fee increases, the department improve its ability to perform proper surveillance of the fertilizer and pesticide industries.

Sec. 601. Environmental Stewardship – MODIFIED

Clarifies intent of line item funding: "*The funds appropriated in part 1 for environmental stewardship/MAEAP shall 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 2014.*"

Sec. 603. Local Conservation Districts – DELETED

Deletes current language that directs the use of money appropriated for local conservation districts in Part 1. The proposed budget would roll up the Local Conservation District line item into the MAEAP/Environmental Stewardship line item.

Sec. 604. Appropriation of Excess Federal Revenues – RETAINED

Authorizes the department to expend federal revenues in excess of the appropriation under section 107 in part 1 upon notification of the Legislature.

Sec. 605. MAEAP Restrictions – DELETED

Current language restricts funding for the Michigan Agriculture Environmental Assurance Program (MAEAP) to the specific MAEAP appropriation in Part 1. The proposed budget would roll up the MAEAP line item into a new MAEAP/Environmental Stewardship line item.

Sec. 607. Inter-County Drain Program – DELETED

Indicates legislative intent that department continue its activities as provided under the Drain Code.

Sec. 608. Qualified Forest Program – RETAINED

Defines purpose of program as increasing knowledge of nonindustrial private forestland owners' best management practices and increasing the amount of commercial timber production from those lands.

Sec. 609. Commercial Forestry Audit Program – MODIFIED

Defines purpose and uses of commercial forestry audit appropriation in par 1; indicates appropriation is a work project; provides for a report.

Sec. 701. Rural Development Value Added Grant Program – DELETED

Deletes current language that provided guidance for the program. The proposed budget would roll up this grant program into a new Strategic Growth Initiative grant program.

Major Boilerplate Changes From FY 2014-15

Sec. 706. Agricultural Development – MODIFIED

Requires department to report on agricultural development and export market development activities; modifies to establish specific reporting requirement for grants.

Sec. 711. Strategic Growth Initiative Grant Program – MODIFIED

Modifies current language that had applied to the "food and agriculture industry growth initiative" grant program and instead references a new Strategic Growth Initiative grant program; provides guidance for program grants.

Sec. 801. Ag Equine Industry Development Fund – RETAINED

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

Sec. 802. Agriculture Equine Fund Reduction – RETAINED

Requires that department make proportionate reductions in AEIDF appropriations, except for the racing commission and laboratory analysis, if AEIDF revenue falls below original appropriation amounts.

Sec. 803. Thoroughbred/Standardbred Program Escrow – RETAINED

Provides for "escrowing" program funds.

Sec. 804. Michigan Gaming Control Board – RETAINED

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

Sec. 805. County Fair Capital Grant Program – RETAINED

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

Sec. 806. Shows and Expositions Grants – DELETED

Established conditions for grant program that is not included in proposed budget.

Sec. 1101. Food and Agriculture Industry Value-Added Grant Program – DELETED

Deletes language that provided criteria for One-time grant program; this program is not included in FY 2015-16 proposed budget.