

**DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**  
**Summary of FY 2020-21 Enacted**  
**Public Act 166 of 2020 (House Bill 5396, Article 1)**

**Analyst: William E. Hamilton**

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
<b>IDG/IDT</b>	\$1,315,700	\$324,400	(\$991,300)	(75.3)
<b>Federal</b>	12,636,400	13,129,500	493,100	3.9
<b>Local</b>	0	0	0	--
<b>Private</b>	101,800	71,300	(30,500)	(30.0)
<b>Restricted</b>	41,383,700	44,153,000	2,769,300	6.7
<b>GF/GP</b>	55,979,900	63,616,800	7,636,900	13.6
<b>Gross</b>	<b>\$111,417,500</b>	<b>\$121,295,000</b>	<b>\$9,877,500</b>	<b>8.9</b>
<b>FTEs</b>	514.0	525.0	11.0	2.1

**Notes:**

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

**Overview**

Michigan Department of Agriculture and Rural Development (MDARD) 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, consumer protection, and promoting the state's agricultural economy.

**Major Budget Changes from FY 2019-20 YTD Appropriations**

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
<b>1. Information Technology (Licensing and Inspection System)</b>		
Includes \$225,000 Gross (\$210,000 GF/GP) to support ongoing maintenance and hosting costs of recent licensing and inspection system upgrades (Phase I). These upgrades were funded through a \$5.0 million GF/GP appropriation within both the FY 2018-19 and FY 2019-20 Department of Technology, Management, and Budget budgets.		
FTE	0.0	1.0
<b>Gross</b>	<b>\$1,812,800</b>	<b>\$225,000</b>
IDG	3,200	0
Restricted	187,600	15,000
GF/GP	\$1,622,000	\$210,000
The FTE position, which is included in the Executive Direction line item, is identified as a "data architect" position to assist in management of the data warehouse connected with the licensing and inspection system upgrade project.		
<b>2. Food Safety and Quality Assurance</b>		
Includes \$700,000 restricted revenue, and authorizes 5.0 FTE positions, for food safety inspection program related to production and sales of legal marihuana consumables. Includes an unspecified \$205,000 GF/GP baseline increase.		
FTE	98.0	5.0
<b>Gross</b>	<b>\$17,124,500</b>	<b>\$905,000</b>
Federal	2,659,100	0
Restricted	5,616,600	700,000
GF/GP	\$8,848,800	\$205,000
<b>3. Milk Safety and Quality Assurance</b>		
Includes an unspecified \$144,300 GF/GP baseline increase.		
FTE	36.0	0.0
<b>Gross</b>	<b>\$5,510,700</b>	<b>\$144,300</b>
Federal	192,300	0
Restricted	224,500	0
GF/GP	\$5,093,900	\$144,300

**AGRICULTURE AND RURAL DEVELOPMENT**

		<b>FY 2019-20 Year-to-Date (as of 2/6/20)</b>	<b>FY 2020-21 Enacted Change</b>
<b>Major Budget Changes from FY 2019-20 YTD Appropriations</b>			
<b>4. Animal Disease Prevention and Response</b>	FTE	61.0	1.0
Includes \$76,900 GF/GP increase and authorizes 1.0 FTE position for increased cervid facility regulatory functions required under 2019 amendments (2019 PA 132) to the Animal Industry Act.	<b>Gross</b>	<b>\$9,465,100</b>	<b>\$76,900</b>
	Federal	619,000	0
	Private	30,500	0
	Restricted	220,300	0
	GF/GP	\$8,595,300	\$76,900
	<b>Gross</b>	<b>\$25,000</b>	<b>(\$10,000)</b>
	GF/GP	\$25,000	(\$10,000)
<b>5. Indemnification – Livestock Depredation</b>			
Reduces funding to \$15,000 GF/GP for program that reimburses eligible livestock producers for animals lost to depredation by wildlife, a program authorized under the Wildlife Depredations Indemnification Act (Public Act 487 of 2012).	<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>
	GF/GP	\$0	\$3,000,000
<b>6. Michigan Animal Agriculture Alliance</b>			
Includes \$3.0 million GF/GP for a Michigan State University (MSU) animal industry research grant program.	<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>
	GF/GP	\$0	\$3,000,000
<b>7. Pesticide Plant Pest Management (PPPM)/Animal Feed Safety</b>	FTE	88.0	0.0
Includes an unspecified \$200,000 GF/GP baseline reduction to PPPM. [Program changes related to the Industrial Hemp program and the feed and fertilizer audit program are described separately, below.]	<b>Gross</b>	<b>\$15,162,100</b>	<b>(\$200,000)</b>
	Federal	1,703,500	0
	Private	21,300	0
	Restricted	7,805,400	0
	GF/GP	\$5,631,900	(\$200,000)
<b>8. Industrial Hemp Licensing/Regulatory Program</b>	FTE	4.5	1.0
Includes 5.5 FTE positions and \$1.0 million Gross (\$0 GF/GP) to support the department's industrial hemp licensing and regulatory functions under 2018 amendments (2018 PA 641) to Michigan's Industrial Hemp Research and Development Act. This represents a net increase of 1.0 FTE authorization, and \$711,900 Gross over the current year budget. Ongoing funding and FTE authorization in Laboratory and Pesticide and Plant Pest Management divisions replace one-time support in the current year budget.	<b>Gross</b>	<b>\$360,000</b>	<b>\$711,900</b>
	Restricted	210,000	861,900
	GF/GP	\$150,000	(\$150,000)
<b>9. Feed and Fertilizer Audit Program</b>	FTE	0.0	4.0
Includes \$504,000 in restricted revenue, and authorizes 4.0 new FTE positions, in the Pesticide and Plant Pest Management division. The positions and funding would establish an audit function for compliance with tonnage reporting requirements required under the Feed Law, as recodified under 2015 PA 83, and 2015 amendments (2015 PA 118) to fertilizer regulatory sections of the Natural Resources and Environmental Protection Act.	<b>Gross</b>	<b>\$0</b>	<b>\$504,000</b>
	Restricted	0	504,000
	GF/GP	\$0	\$0

**AGRICULTURE AND RURAL DEVELOPMENT**

**Major Budget Changes from FY 2019-20 YTD Appropriations**

<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Year-to-Date</b>	<b>Enacted</b>
<b>(as of 2/6/20)</b>	<b>Change</b>

**10. Conservation Reserve Enhancement Program (CREP)**

Includes \$5.0 million GF/GP as the state's funding commitment for CREP under an agreement between the state and the U. S. Department of Agriculture.

<b>Gross</b>	<b>\$0</b>	<b>\$5,000,000</b>
GF/GP	\$0	\$5,000,000

CREP is a subset of the federal Conservation Reserve Program, authorized in the 2018 Farm Bill. CREP provides enhanced incentives to qualified producers and land owners in priority watershed areas to implement specific conservation practices designed to prevent soil erosion and improve water quality and wildlife habitat. Farmers and other landowners who agree to enroll eligible parcels in the program for 15 years receive cost-share assistance in establishing riparian buffers, field windbreaks, filter strips, wetland restoration, shallow-water wildlife areas, controlled livestock access, and other prescribed conservation practices. The federal program also provides annual rental payments to program participants for land enrolled in the program. [These federal funds are paid directly to program participants and are not reflected in the MDARD budget.]

Of the \$5.0 million in state funds, \$4.4 million, identified as one-time, would be used to provide part of the 50% required non-federal cost-share for capital projects; \$600,000 is identified as ongoing for education, outreach, and technical assistance.

State support is necessary for program participants to access federal funds – an estimated \$250.0 million in direct federal payments over a period of up to 15 years. The one-time funding would be established as a work project in boilerplate.

**11. Qualified Forest Program**

Reduces GF/GP support by \$150,000; recognizes \$300,000 additional restricted Private Forestland Development Fund revenue; does not include \$997,300 Interdepartmental Grant (IDG) from the Department of Natural Resources Forest Development Fund.

FTE	9.0	0.0
<b>Gross</b>	<b>\$3,478,400</b>	<b>(\$847,300)</b>
IDG	997,300	(997,300)
Restricted	780,100	300,000
GF/GP	\$1,701,000	(\$150,000)

**12. Laboratory Services**

Includes an unspecified \$90,000 GF/GP baseline reduction. [Program changes related to the Industrial Hemp program and the feed and fertilizer audit program are described separately, above.]

FTE	41.0	0.0
<b>Gross</b>	<b>\$7,226,900</b>	<b>(\$90,000)</b>
IDG	223,800	0
Federal	1,119,600	0
Restricted	1,228,400	0
GF/GP	\$4,655,100	(\$90,000)

**13. Fair Food Network/Double Up Food Bucks**

Includes \$900,000 for a program that increases purchasing power of Michigan residents who receive Supplemental Nutritional Assistance Program (SNAP) benefits by providing a dollar-for-dollar match of up to \$20 per day to buy fresh fruits and vegetables at participating grocery stores and farmer's markets.

<b>Gross</b>	<b>\$1,000,000</b>	<b>(\$100,000)</b>
GF/GP	\$1,000,000	(\$100,000)

Note that in addition to the \$1.0 million GF/GP appropriation in FY 2019-20, supplemental appropriation bill, Senate Bill 690, enacted act 2020 PA 123, included \$1.0 million in federal Covid Relief Fund revenue for this program.

**AGRICULTURE AND RURAL DEVELOPMENT**

<b>Major Budget Changes from FY 2019-20 YTD Appropriations</b>		<b>FY 2019-20 Year-to-Date (as of 2/6/20)</b>	<b>FY 2020-21 Enacted Change</b>
<b>14. Food and Agriculture Investment Program</b>	<b>Gross</b>	<b>\$4,000,000</b>	<b>(\$1,529,400)</b>
Includes \$2.5 million GF/GP for program that provides grants for agri-business development projects.	GF/GP	\$4,000,000	(\$1,529,400)
Note that in July 2020, Executive Order 2020-155 reduced FY 2019-20 spending authority in this line item by \$3.0 million.			
<b>15. Michigan Craft Beverage Council</b>	FTE	3.0	0.0
Eliminates \$3,700 GF/GP support.	<b>Gross</b>	<b>\$940,100</b>	<b>(\$3,700)</b>
	Restricted	936,400	0
	GF/GP	\$3,700	(\$3,700)
<b>16. County Fairs, Shows, and Expositions Grants</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
Includes \$500,000 GF/GP for line item that provides grants to county fairs, shows, and expositions.	GF/GP	\$0	\$500,000
<b>17. Farm Stress Program - Eliminate One-Time Program</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Removes \$500,000 GF/GP one-time item that had been included in the current year budget through supplemental appropriation act (2019 PA 154).	GF/GP	\$500,000	(\$500,000)
<b>18. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,812,700</b>
Reflects increased costs of \$1.8 million Gross (\$1.3 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	6,000
	Private	NA	0
	Federal	NA	133,800
	Restricted	NA	418,500
	GF/GP	NA	\$1,254,400

**Major Boilerplate Changes from FY 2019-20**

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

**Sec. 215. Communication with the Legislature – REVISED**

Includes language that prohibits, under specific circumstances, the department from taking disciplinary action against an employee for communicating with a legislator or legislative staff.

**Sec. 216. Report on FTE Positions and Remote Work – NEW**

Requires a quarterly report on staffing levels in relation to FTE authorization; employees authorized to work remotely; related cost savings.

**Sec. 217. Work Project Limits – NEW**

Requires that work project balances be exhausted before expenditure from part 1 appropriations.  
(Governor's signing letter states this section is unenforceable.)

**Sec. 218. State Administrative Board Transfers – NEW**

Provides for the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget.  
(Governor's signing letter states this section is unenforceable.)

**Major Boilerplate Changes from FY 2019-20**

***Sec. 219. Record Retention – NEW***

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines.

***Sec. 220. Impact of New Legislation – NEW***

Requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

***Sec. 458. Michigan Animal Agriculture Alliance – NEW***

Directs the department to work with animal industry representatives and state research universities in establishing and funding an animal agriculture research grant program.

***Sec. 901. Conservation Reserve Enhancement Program – NEW***

Provides for statutory work project status for the \$4.4 million one-time CREP appropriation.