

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**



Analyst: William E. Hamilton

	FY 2017-18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
	Year-to-Date as of 2/7/18		Amount	%
IDG/IDT	\$310,300	\$313,900	\$3,600	1.2
Federal	11,373,900	11,695,200	321,300	2.8
Local	0	0	0	--
Private	101,600	101,800	200	0.2
Restricted	36,661,000	37,072,000	411,000	1.1
GF/GP	66,251,800	53,705,200	(12,546,600)	(18.9)
<b>Gross</b>	<b>\$114,698,600</b>	<b>\$102,888,100</b>	<b>(\$11,810,500)</b>	<b>(10.3)</b>
FTEs	499.5	506.5	7.0	1.4

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Michigan Department of Agriculture and Rural Development's (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.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>1. Food and Dairy – Milk Safety Quality Assurance</b>	FTE	31.0	5.0
Increase of \$780,000 GF/GP with 5.0 additional FTE positions in dairy inspection program reflects increased workload due to increase in dairy production and processing in Michigan. This program is necessary to ensure compliance with the Pasteurized Milk Ordinance. Funding increase is provided from various GF/GP reductions within budget, as described below.	<b>Gross</b>	<b>\$4,510,300</b>	<b>\$780,000</b>
	Federal	111,300	0
	Restricted	219,700	0
	GF/GP	\$4,179,300	\$780,000
<b>2. Executive Direction – Office of Organizational Innovation</b>	FTE	20.0	0.0
Increase of \$307,100 GF/GP would support two data management staff positions currently working in the department's Office of Organizational Innovation. These positions have been cross-funded through the Information Technology Investment Fund in the DTMB budget. Funding increase is provided from various GF/GP reductions within budget, as described below.	<b>Gross</b>	<b>\$2,216,900</b>	<b>\$307,100</b>
	Restricted	54,300	0
	GF/GP	\$2,162,600	\$307,100
<b>3. Laboratory Services – Federal Grant for ISO/Genome Sequencer</b>	FTE	42.0	0.0
Recognizes increase in anticipated federal Food and Drug Administration grants for specialized lab equipment. The department anticipates requesting an increase in federal spending authority in the current year as well.	<b>Gross</b>	<b>\$6,829,000</b>	<b>\$300,000</b>
	IDG	218,600	0
	Federal	800,100	300,000
	Restricted	1,272,300	0
	GF/GP	\$4,538,000	\$0
<b>4. Food and Dairy – Food Safety Quality Assurance</b>	FTE	94.0	2.0
Eliminates \$150,000 GF/GP that was added to current year budget for program related to proper management of draft beer delivery systems. Reduces baseline GF/GP support by \$250,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support programs, including education and outreach programs related to the federal Food Safety Modernization Act (FSMA).	<b>Gross</b>	<b>\$16,798,400</b>	<b>(\$400,000)</b>
	Federal	2,326,500	0
	Restricted	5,510,000	0
	GF/GP	\$8,961,900	(\$400,000)

Budget also increases authorized FTE positions to reflect program staffing.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>5. Environmental Stewardship/MAEAP</b>	FTE 25.0	0.0
Reduces GF/GP support by \$100,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support programs.	<b>Gross \$10,236,600</b>	<b>(\$100,000)</b>
	Federal 1,477,300	0
	Restricted 7,689,500	0
	GF/GP \$1,069,800	(\$100,000)
<b>6. Farmland and Open Space Preservation</b>	FTE 10.0	0.0
This program, commonly referred to as the PA 116 program, provides tax credits to qualified farmers and landowners who agree to restrictions on development rights. Budget would reduce GF/GP support by \$99,900. The department indicates that a backlog in processing applications will soon be cleared allowing for a reduction in temporary employees.	<b>Gross \$1,623,100</b>	<b>(\$99,900)</b>
	Restricted 1,410,600	0
	GF/GP \$212,500	(\$99,900)
<b>7. Qualified Forest Program</b>	FTE 9.0	0.0
Reduces GF/GP support by \$130,000.	<b>Gross \$2,697,300</b>	<b>(\$130,000)</b>
	Restricted 480,200	0
	GF/GP \$2,217,100	(\$130,000)
<b>8. Pesticide and Plant Pest Management (PPPM)</b>	FTE 88.0	0.0
Reduction in GF/GP support is offset by anticipated increase in restricted Fertilizer Control Fund revenue.	<b>Gross \$14,073,800</b>	<b>\$0</b>
	Federal 1,678,500	0
	Private 21,100	0
	Restricted 6,548,400	200,000
	GF/GP \$5,825,800	(\$200,000)
<b>9. Food and Agriculture Investment Program</b>	<b>Gross \$4,743,900</b>	<b>(\$1,443,900)</b>
Includes \$3.3 million GF/GP for grant program, a reduction of \$1.4 million from current year.	GF/GP \$4,743,900	(\$1,443,900)
<b>10. County Fairs, Shows, Expositions Grants</b>	<b>Gross \$649,300</b>	<b>(\$249,300)</b>
Includes \$400,000 GF/GP for program that provides matching capital grants to eligible county fairs, shows, and expositions, a reduction of \$249,300 from current year.	GF/GP \$649,300	(\$249,300)
<b>11. Elimination of One-Time Funding</b>	<b>Gross \$11,750,100</b>	<b>(\$11,750,100)</b>
Eliminates \$11.6 million GF/GP for the following projects or programs identified in the current year budget as one-time: Enhanced Wildlife Risk Management, \$1.0 million; Intercounty drain mapping project, \$250,000; Michigan State University/Agriculture Industry Research and Development, \$8.4 million; Food Bank Council of Michigan quick freeze facility, \$2.0 million; Albion campground development grant, \$100,000. Also eliminates \$100 placeholder related to Drinking water declaration of emergency.	Restricted 100	(100)
	GF/GP \$11,750,000	(\$11,750,000)
<b>12. Technical and Revenue Adjustments</b>	<b>Gross NA</b>	<b>(\$86,300)</b>
Includes various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources.	Federal NA	(37,800)
	IDG NA	0
	Restricted NA	(48,500)
	GF/GP NA	\$0
<b>13. Economic Adjustments</b>	<b>Gross NA</b>	<b>\$1,061,900</b>
Reflects increased costs of \$1.1 million Gross (\$739,400 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA	3,600
	Private NA	200
	Federal NA	59,100
	Restricted NA	259,600
	GF/GP NA	\$739,400

### **Major Boilerplate Changes From FY 2017-18**

#### **Sec. 215. Communication with the Legislature – DELETED**

Prohibits department from taking disciplinary action against an employee for communicating with the Legislature.

#### **Sec. 234. Record Retention – DELETED**

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

## **Major Boilerplate Changes From FY 2017-18**

### ***Sec. 403. FSMA Program – DELETED***

Indicates legislative intent that the department established FSMA education and training program; section also authorizes use of federal funds in addition to those appropriated in Part 1.

### ***Sec. 451. Bovine TB Whole-Herd Testing – DELETED***

Requires 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. 453. Indemnification Payments – DELETED***

Requires specific appropriation for indemnification payments that exceed \$100,000; specific reporting requirements related to indemnification payments.

### ***Sec. 457. Bovine TB Quarterly Report – DELETED***

Specific reporting requirements related to Bovine TB program.

### ***Sec. 459. Bovine TB Testing, Legislative Intent – DELETED***

Section describes legislative intent that 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. 461. Bovine TB Risk Mitigation – DELETED***

Describes the Bovine TB risk mitigation program; establishes \$20,000 earmark for apiary protection program. The department indicates that grant funding under this program has been completed.

### ***Sec. 652. Laboratory Program Turnaround Times – DELETED***

Deletes section that established laboratory turnaround time metrics.

### ***Sec. 702. Rural Development Fund/Program – DELETED***

Section that directs department to work with Rural Development Fund Board.

### ***Sec. 709. Grape and Wine Industry Council Report – DELETED***

Current specific reporting requirement would be included as part of the Agriculture Development Division Annual report required under Section 706.

### ***Sec. 804. Michigan Gaming Control Board – DELETED***

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