

**Summary: Executive Budget Recommendation
for Fiscal Year 2023-24
AGRICULTURE AND RURAL DEVELOPMENT**



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	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$326,700	\$327,000	\$300	0.1
Federal	19,670,900	19,660,400	(10,500)	(0.1)
Local	0	0	0	--
Private	21,300	21,300	0	0.0
Restricted	44,706,400	45,219,200	512,800	1.1
GF/GP	122,989,800	124,605,100	1,615,300	1.3
Gross	\$187,715,100	\$189,833,000	\$2,117,900	1.1
FTEs	537.0	543.0	6.0	1.1

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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 2022-23 Year-to-Date (YTD) Appropriations	FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
1. Food and Agriculture Supply Chain Investment	Gross	\$0
Requests \$37.5 million GF/GP (one-time) to address issues related to agriculture and food industry supply chain, including accessibility of cold storage, distribution and processing facilities, and implementation of advanced technologies. Related boilerplate section 902 would authorize 1.0 limited-term FTE position to administer the program.	GF/GP	\$0
		\$37,500,000
2. MI Climate Smart Farming	Gross	\$0
Requests \$10.0 million GF/GP (one-time) to assist Michigan farmers in implementing regenerative agriculture practices to reduce soil disturbance, maximize crop diversity, sequester carbon, and reduce sediment and nutrient runoff. Related boilerplate section 901 would authorize 4.0 limited-term FTE positions.	GF/GP	\$0
		\$10,000,000
3. Emerging Contaminates in Food and Agriculture	FTE	0.0
Requests \$6.2 million GF/GP, and authorization for 6.0 FTE positions, for new ongoing program to identify, respond to, and mitigate emerging contaminants, including PFAS, affecting agriculture and related food industries.	Gross	\$0
	GF/GP	\$0
		\$6,180,000
4. Northern Michigan Herd Protection and Management	Gross	\$0
Requests \$5.0 million GF/GP (one-time) for practices that separate livestock from wildlife in order to protect livestock from Bovine Tuberculosis; targeted for counties in the Modified Accredited Zone (Alcona, Alpena, Montmorency, Oscoda) as well as adjacent Presque Isle County. Project supports efforts to maintain Michigan's "split state" status with the U. S. Department of Agriculture.	GF/GP	\$0
		\$5,000,000

Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations		FY 2022-23 YTD (as of 2/8/23)	Executive Change from YTD
5. Michigan Craft Beverage Council	FTE	3.0	0.0
Recognizes estimated additional restricted revenue from fees dedicated to the program under Michigan's Liquor Control Code.	Gross	\$926,100	\$410,000
	Restricted	926,100	410,000
	GF/GP	\$0	\$0
6. Producer Security	FTE	5.0	0.0
Provides \$150,000 of additional restricted fund support for MDARD's administration of the Farm Produce Insurance Act; the act will have to be amended to raise the current ceiling on administrative expenses.	Gross	\$754,000	\$150,000
	Restricted	735,200	150,000
	GF/GP	\$18,800	\$0
7. Climate Action/Reforestation in Northern Michigan	FTE	9.0	0.0
Retains \$5.4 million in federal spending authority associated with reforestation although there is only one reforestation grant at this time. The FY 2022-23 budget recognized, in the ongoing Qualified Forest Program line item, a \$5.4 million federal USDA grant for reforestation of private and state-owned land in the Northern Lower Peninsula. The project involves the planting of 5 million native hardwood trees and conifers.	Gross	\$8,078,600	\$0
	Federal	5,400,000	0
	Restricted	1,080,100	0
	GF/GP	\$1,598,500	\$0
8. Local Conservation Districts	Gross	\$3,000,000	(\$1,000,000)
Removes \$1.0 million GF/GP that was considered one-time funding for local conservation districts.	GF/GP	\$3,000,000	(\$1,000,000)
9. Back Out FY 2022-23 One-Time GF/GP	Gross	\$56,000,000	(\$56,000,000)
Removes FY 2022-23 one-time funding items totaling \$56.0 million GF/GP: animal welfare and veterinary care, \$2.0 million; economic development for food and agriculture, \$50.0 million; Office of Rural Development grants, \$3.0 million; Buy Michigan campaign, \$1.0 million.	GF/GP	\$56,000,000	(\$56,000,000)
10. Economic Adjustments	Gross	NA	(\$232,500)
Reflects net decrease in estimated costs of \$232,500 Gross (\$175,100 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDGS	NA	300
	Federal	NA	(10,500)
	Restricted	NA	(47,200)
	GF/GP	NA	(\$175,100)

Major Boilerplate Changes from FY 2022-23

General Note on Boilerplate Section Revisions/Deletions

The executive recommendation did not include some reporting requirements, or certain legislative directives or restrictions on appropriations. General section deletions include: Sec. 211, requires searchable website for department financial and staffing information; Sec. 212, requires report on restricted fund balances; Sec. 213, requires scorecard of key metrics of department performance measures; Sec. 214, identifies legacy costs included in department budget; Sec. 215, prohibits department from disciplining employees for communicating with legislature; Sec. 217, prohibits part 1 expenditures until related work project balances have been exhausted; Sec. 219, requires department to follow record retention guidelines; Sec. 220, requires report on policy changes implemented to implement a public act affecting the department; Sec. 221, requires report on severance pay agreements made by the department; Sec. 222, prohibits use of COVID-19 passports and employment restrictions related to vaccine status; Sec. 224, directs department to prioritize in-person work; Sec. 241, requires notification when department activates incident management team.

Sec. 211. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion, to restrict or impede community access to government programs, or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

Sec. 218. State Administrative Board Transfers – DELETED

Deletes section that provides for the legislature to intertransfer funds within departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget.

Major Boilerplate Changes from FY 2022-23

Sec. 303. Emerging Contaminates – NEW

Defines the emerging contaminants program established in part 1; directs the department to support efforts to identify and respond to emerging contaminants, including PFAS, to the food and agriculture sector.

Sec. 701. Food and Agriculture Investment Grant Program – REVISED

Revises language that currently defines and guides the grant program; directs that awards emphasize Michigan-based small business, non-profits, and organizations promoting agriculture and food security activities.

Sec. 900. Northern Michigan Herd Protection and Management Program – NEW

Defines the new one-time \$5.0 million GF/GP program as a work project. Indicates the program’s purpose is “to provide infrastructure for herd protection for cattle farmers in Northern Michigan.” It is understood that “infrastructure” means fencing to keep cattle and cattle food supplies separated from wildlife as a means for preventing the transmission of Bovine TB from wildlife to livestock.

Sec. 901. MI Climate Smart Farming – NEW

Defines the new one-time \$10.0 million GF/GP appropriation as a work project; indicates that the purpose of the project is to “promote the usage and implementation of regenerative agricultural practices.” Authorizes 4.0 FTE (limited term) positions [not included in part 1 line item detail], to administer the program.

Sec. 902. Food and Agriculture Supply Chain Investment – NEW

Authorizes the department to increase staffing by 1.0 FTE position (limited term) to administer the new one-time part 1 program.

<u>Supplemental Recommendations for FY 2022-23 Appropriations</u>	<u>FY 2022-23 Recommendation</u>	
<p><i>1. Emergency Management</i> Requests \$8.0 million GF/GP (one-time) for program to identify, respond to, and mitigate emerging contaminants, including PFAS, affecting agriculture and related food industries. (SBO Request letter 2023-2). Note that the FY 2023-24 budget request includes \$6.2 million for this program as an ongoing line item.</p>	Gross	\$8,000,000
	GF/GP	\$8,000,000
<p><i>2. Fair Food Network – Double Up Food Bucks</i> Requests \$15.5 million GF/GP (one-time) for program that helps Bridge Card recipients access additional fresh fruits and vegetables; baseline GF/GP funding is \$900,000. (SBO Request letter 2023-2)</p>	Gross	\$15,500,000
	GF/GP	\$15,500,000
<p><i>3. Farm Stress Program</i> Includes \$60,000 in federal COVID-19 relief funds under CRRSAA for a stress assistance program for individuals in farming or other agriculture-related occupations. (SBO Request letter 2023-6)</p>	Gross	\$60,000
	Federal	60,000
	GF/GP	\$0
<p><i>4. Seafood Processors Pandemic Response</i> Includes \$200,000 in federal CRRSAA funds to provide financial relief to seafood processors. (SBO Request letter 2023-6)</p>	Gross	\$200,000
	Federal	200,000
	GF/GP	\$0