

AGRICULTURE

Summary: FY 2008-09

House Bill 5807 H-1 (Draft A)

House Chair's Budget Recommendation

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	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Enacted	Difference: House Sub. From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$9,615,400	\$9,539,200	\$9,539,200			(\$76,200)	(0.8)
Federal	21,240,600	14,861,000	14,861,000			(6,379,600)	(30.0)
Local	0	0	0			0	
Private	233,500	237,200	237,200			3,700	1.6
Restricted	46,121,700	45,852,400	45,852,400			(269,300)	(0.6)
GF/GP	31,158,100	32,490,200	34,453,400			3,295,300	10.6
Gross	\$108,369,300	\$102,980,000	\$104,943,200			(\$3,426,100)	(3.2)
FTEs	692.5	599.5	599.5			(93.0)	(13.4)

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through February 7, 2008.

Overview

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

The proposed Executive budget is a continuation budget; the Executive proposes no new programs or revenue. With the exception of the \$1.7 million GF/GP increase in the Bovine TB program, a \$15,000 GF/GP increase in Commissions and Boards, and a \$163,400 GF/GP reduction in Management services, line item changes primarily reflect economic adjustments and/or adjustment of estimated restricted or federal revenue.

The proposed H-1 Substitute adopts the Executive recommendation with regard to line item appropriations with two exceptions; the substitute includes two line items which were not included in the Executive budget: The bill includes \$1.0 million (GF/GP) for the Cooperative Resources Management Initiative program. The bill also includes \$963,200 (GF/GP) for the Building and Track improvement line. As a result, the proposed substitute is \$1.9 million more Gross and GF/GP than the Executive budget.

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD	House Sub. Change From YTD
1. Commissions and Boards	Gross	\$17,800	\$15,000
Governor recommends \$32,800; restores GF/GP support which was eliminated in the current year budget.	Restricted	17,800	0
	GF/GP	\$0	\$15,000
2. Executive Direction	FTEs	10.0	0.0
Line reflects economic increase of \$29,700, and \$263,700 reduction related to transfer of internal audit function to a new line.	Gross	\$1,157,900	(\$234,000)
	Restricted	105,400	2,600
	GF/GP	\$1,052,500	(\$236,600)
3. Management Services	FTEs	31.5	(7.5)
Line reflects economic increase of \$55,700, a \$594,300 reduction related to transfer of human resource functions out of the department, and a \$163,400 GF/GP baseline reduction.	Gross	\$2,430,800	(\$702,000)
	Restricted	418,600	(282,100)
	GF/GP	\$2,012,200	(\$419,900)
4. Agricultural Statistics	FTEs	2.0	(1.0)
Economic increase; recognizes that funding only supports one FTE position.	Gross	\$137,600	\$6,200
	Restricted	75,000	3,400
	GF/GP	\$62,600	\$2,800

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD	House Sub. Change From YTD
5. Food Safety and Quality Assurance (Food and Dairy)	FTEs 107.0	8.0
Line reflects economic increases, no change in baseline program. This program receives the largest share of GF/GP funding in this budget.	Gross \$12,627,600	\$14,900
	Federal 407,300	100
	Restricted 3,013,200	(24,400)
	GF/GP \$9,207,100	\$39,200
6. Animal Health and Welfare (Animal Industry)	FTEs 21.5	0.0
Reflects economic decrease adjustment of \$21,300 as well as elimination of \$75,000 IDG from DNR for captive cervid program, added in current year budget.	Gross \$2,407,400	(\$97,500)
	IDG 75,000	(75,000)
	Federal 469,300	(4,200)
	Restricted 166,100	(1,000)
	GF/GP \$1,697,000	(\$17,300)
7. Bovine Tuberculosis (Animal Industry)	FTEs 36.5	10.0
Reflects economic increase of \$99,800; increase in baseline GF/GP support of \$1.7 million. This program is second in GF/GP support within this budget. Retains \$2.1 million in funding from the Agriculture Equine Industry Development Fund (AEIDF).	Gross \$7,092,200	\$1,799,800
	Federal 730,800	8,300
	Restricted 2,125,400	0
	GF/GP \$4,236,000	\$1,791,500
8. Pesticide and Plant Pest Management (PPPM)	FTEs 116.8	(6.8)
Reflects economic increase of \$13,700; reduces federal revenue by \$1.4 million to better align budget with actual anticipated revenue. Budget retains \$200,000 in pesticide license fee revenue in baseline. This revenue, which replaced GF/GP in the current year budget, anticipated the passage of Senate Bill 682.	Gross \$13,573,200	(\$1,386,300)
	Federal 3,842,200	(1,394,500)
	Private 147,700	300
	Restricted 5,162,000	3,100
	GF/GP \$4,421,300	\$4,800
9. Emerald Ash Borer Program	FTEs 112.0	(87.5)
Economic increase of \$15,100; continuing reduction in federal support for this program reflected in \$5.0 million reduction. The appropriation for this program had been as much as \$25 million in FYs 2003-04 and 2004-05.	Gross \$12,946,000	(\$4,984,900)
	Federal 12,946,000	(4,984,900)
10. Environmental Stewardship	FTEs 30.2	(3.2)
Reflects economic adjustments.	Gross \$2,857,300	(\$12,400)
	IDG 269,800	(1,200)
	Federal 232,500	48,800
	Restricted 50,000	(50,000)
	GF/GP \$2,305,000	(\$10,000)
11. Technical Assistance Match	Gross \$300,000	\$0
Retains funding for technicians (working out of local conservation districts) who assist farmers and landowners in completion of federally-funded Natural Resources Conservation Service (NRCS) contracts. Line was new in current year budget.	GF/GP \$300,000	\$0
12. Local Conservation Districts	Gross \$916,800	\$0
Retains funding at current year level.	GF/GP \$916,800	\$0
13. Migrant Labor Housing	Gross \$425,100	\$0
Retains funding at current year level. Restricted funds represent Migrant labor housing fund established under 2005 PA 43.	Federal 400,000	0
	Restricted 25,000	0
	GF/GP \$100	\$0
14. Cooperative Resources Management Initiative	Gross \$0	\$1,000,000
This program supports forestry services provided out of local conservation districts. The H-1 substitute would restore funding for this program which had been vetoed from the current year budget.	GF/GP \$0	\$1,000,000
15. Laboratory Services	FTEs 60.5	2.5
Reflects economic adjustments.	Gross \$6,336,400	\$8,200
	IDG 189,100	0
	Federal 916,200	0
	Restricted 2,272,000	4,400
	GF/GP \$2,959,100	\$3,800

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD	House Sub. Change From YTD
16. Consumer Protection Program	FTEs 67.5	(16.5)
Supports motor fuel quality, weights and measures, and metrology laboratory. Reflects economic adjustments.	Gross \$5,128,700	\$6,500
	Restricted 5,128,500	6,300
	GF/GP \$200	\$200
17. Agriculture Development	FTEs 5.0	1.0
Reflects economic adjustments.	Gross \$1,070,200	\$2,600
	Private 10,800	0
	Federal 274,400	800
	Restricted 605,700	700
	GF/GP \$179,300	\$1,100
18. Michigan Agricultural Surplus System (Food Bank)	Gross \$630,500	\$0
Retains current year funding and fund sources.	IDG 150,000	0
	GF/GP \$480,500	\$0
19. Building and track improvement – county and state fairs	Gross \$0	\$963,200
The H-1 substitute restores funding for this grant program which had been eliminated in the current year budget. In prior years the line had been funded from the AEIDF; the line is supported in the proposed House substitute with GF/GP funding.	GF/GP \$0	\$963,200
20. Horse Industry Programs	Gross \$10,160,300	\$0
Maintains current year appropriation of \$10.2 million from the AEIDF for various horse programs/purses/awards:	Restricted 10,160,300	0
	<u>FY 2007-08</u>	
Licensed tracks-light horse racing	132,000	
Purses/supplements-fairs/licensed tracks	2,370,000	
Standardbred breeders' awards	969,000	
Standardbred purses/supplements-licensed tracks	1,789,300	
Standardbred sire stakes	810,000	
Standardbred training and stabling	36,000	
Thoroughbred owners' awards	124,000	
Thoroughbred program	2,400,000	
Thoroughbred sire stakes	830,000	
Distribution of winning tickets	<u>700,000</u>	
Total	\$10,160,300	
21. Economics	Gross N/A	\$184,200
Provides \$280,000 net for employee related economic increases, including salaries and wages, insurance, and retirement contributions. Offset in part by \$98,600 reduction in estimated building occupancy costs.	IDG N/A	(1,200)
	Federal N/A	20,400
	Private N/A	3,700
	Restricted N/A	27,800
	GF/GP N/A	\$133,500

Major Boilerplate Changes From FY 2007-08

Sec. 201. Total State Payments and Report to Locals – Modified

Identifies payments of state funds to local units of government from the funds appropriated. Updated to reflect Part 1 appropriations.

Sec. 202. Management and Budget Act – Retained

Subjects authorized appropriations to the Management and Budget Act.

Sec. 203. Abbreviations – Modified

Defines abbreviations; includes DHS.

Sec. 204. Civil Service Charge – Modified

Requires Department of Civil Service to bill departments at the end of the first fiscal quarter for 1% charge authorized in the Constitution; requires payment by the end of the second fiscal quarter. Replaces "Department of Civil Service" with "Civil Service Commission."

Sec. 205. Hiring Freeze – Retained

Imposes a hiring freeze on state classified civil service.

Major Boilerplate Changes From FY 2007-08

Sec. 208. Internet Reporting – Retained

Requires Department to use the Internet to fulfill reporting requirements.

Sec. 209. Buy American – Retained

Prohibits purchase of foreign goods and services when competitively-priced American goods and services are available. Requires that preference be given to Michigan businesses and Michigan businesses owned and operated by veterans.

Sec. 210. Deprived/Depressed Communities – Retained

Requires director to take reasonable steps to ensure businesses in depressed communities compete for/perform contracts to provide services and supplies, and to encourage contractors to subcontract with such businesses. Executive makes minor language modification; the House substitute retains current language.

Sec. 212. Indemnification Payments – Retained

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 and to expend funds received from Department of Natural Resources for indemnification payments made pursuant to this section. The Executive would delete subsection (2); the House substitute retains.

Sec. 214. Grants Reporting – Retained

Requires ten-day notice to House and Senate appropriations subcommittees on Agriculture when a grant is made from any line item other than a grant line item. Executive deletes. The House substitute retains.

Sec. 219. Information Technology – Retained

Requires Department to pay user fees to DIT subject to provisions of interagency agreement. Executive makes minor language change; the House substitute retains current language.

Sec. 220. Information Technology Work Projects – Retained

Authorizes carryforward of funds for technology projects.

Sec. 223. Out-of-State Travel Restriction – Retained

Requires a report and places limits on all out-of-state travel. Executive includes reference to current fiscal year and minor language change. The House substitute retains current year language.

Sec. 224. Employee Discipline – Not Included

Prohibits disciplinary action against an employee for communicating with a member of the Legislature. Not included in Executive budget or House substitute.

Sec. 225. Agriculture and Livestock Education Pavilion – Retained

Indicates legislative intent that Department explore opportunities to expand facilities and size of MSU Pavilion for Agriculture and Livestock Education. Not included in Executive budget. The House substitute retains.

Sec. 227. Return on Investment – Modified

Requires summary report on real and potential return on investment for each of Department's programs. Not included in Executive budget. The House substitute modifies as follows:

"On or before April 1, 2009, the department shall report to the state budget director, the senate and house of representatives appropriations committees on agriculture, and the senate and house fiscal agencies on the impact of major department program areas on Michigan agriculture, environmental protection, and consumer protection. The report shall include a comparison of program expenditures with the estimated economic impact of programs, either in terms of actual federal or private funds leveraged or the potential economic loss of not performing the program functions."

Sec. 228. Contingency Appropriations – Retained

Includes \$5.0 million federal, \$6.0 million state restricted, and \$100,000 each local and private.

Sec. 229. Impact of New Legislation and Administrative Rules – Not Included

Requires Department to report on policy changes made to implement enacted legislation; prohibits disproportionate impact on small businesses. Not included in Executive budget or House substitute.

Sec. 230. Hire of Outside Legal Counsel – Retained

Prohibits state departments from hiring legal services that are the responsibility of the attorney general.

Sec. 231. Management Service – Retained

Establishes baseline level of direct service Department employees. Not included in Executive budget. The House substitute retains.

Major Boilerplate Changes From FY 2007-08

Sec. 232. Implement Continuous Improvements – Retained

Requires report by Department director on continuous improvement.
Not included in Executive budget. The House substitute retains.

Sec. 301. Commission and Boards – Not Included

Sets the per diem rates for commodity boards. Not included in Executive budget or House substitute.

Sec. 302. Miscellaneous Expenditures – Retained

Allows Department to receive/expend revenue to cover expenses related to publications, audits, sales, inspections, and other Department functions; requires legislative notification 30 days prior to proposing fee increases; requires annual report on fees charged by Department. The Executive deletes subsections 2 and 3 which establish notification and reporting requirements. The House substitute retains.

Sec. 304. Motor Fuel Quality Inspector – Retained

Requires Department to maintain motor fuel quality program at FY 2006-07 level of effort and requires that Department maintain additional field and laboratory staff for the motor fuel quality program.

Not included in Executive budget; the House substitute retains.

Sec. 306. Matching Funds for Agriculture Statistics Studies – Retained

Requires industry matching funds for study costs.

Not included in Executive budget; the House substitute retains.

Sec. 401. Restaurant Inspection and Licensing – Retained

Requires Department to monitor restaurant inspection/licensing activities conducted by locals and report to Legislature. The Executive deletes reporting requirement and subsection 2 requiring state reimbursement of local costs of food-borne illness outbreak; the House substitute retains.

Sec. 402. Food Safety – Retained

Requires Department to provide reports on food-borne outbreaks and emergencies related to food safety.

Not Included in Executive Budget; the House substitute retains. *[Need to update fiscal year reference]*

Sec. 403. Local Programs – Not Included

Requires that local units of government obtain permission from the Department prior to moving or reallocating program funds appropriated in section 104.

Not included in Executive budget or House substitute.

Sec. 404. Consumer and Industry Food Education Fund – Retained

Requires that not less than \$150,000 from the fund be expended for purposes required under Section 4114 of the Food Act of 2000. (House bill makes minor change in statute reference per LSB.)

Sec. 406. Food Safety FTEs – Retained

Exempts food and dairy inspectors from hiring freeze.

Not included in Executive budget; the House substitute retains.

Sec. 407. Carry Forward for Food and Dairy E-inspector Program – Not Included

Directs that funds from FY 2006-07 budget not lapse, but be carried forward as a work project for the e-inspector program.

Not included in Executive budget.

Sec. 450. Bovine Tuberculosis – Retained

Requires Department to reimburse DNR for mutually-agreed-to bovine tuberculosis costs.

Sec. 451. Bovine Tuberculosis Split State Status – Retained

Requires Department to pay for all whole-herd and individual-animal testing costs to maintain split-state status, including indemnity.

Sec. 452. Bovine TB – Retained

Requires Department to apply for all available federal funds to support program.

Not included in Executive budget; the House substitute retains.

Sec. 454. Bovine TB – Retained

Directs Department to work with USDA and work to eradicate Bovine TB.

Not included in Executive budget; the House substitute retains.

Sec. 455. Cattle ID – Retained

Directs Department to prepare a plan to provide for cattle without identification in saleyard.

Not included in Executive budget; the House substitute retains.

Major Boilerplate Changes From FY 2007-08

Sec. 456. Electronic Animal Identification – Retained

Prohibits use of funds to enforce electronic ID program for domestic animals other than cattle without specific authorization in statute. Not included in Executive budget.

The House substitute retains.

Sec. 457. Bovine TB Report – Retained

Requires monthly report on Bovine TB program.

Not included in Executive budget; the House substitute retains (updates report due date references).

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

Requires Department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program. Not included in Executive budget.

The House substitute retains.

Sec. 459. Bovine TB FTEs – Retained

Exempts Bovine TB program from hiring freeze. Not included in Executive budget.

The House substitute retains.

Sec. 501. Laboratory Services – Retained

Provides a sufficient amount from licensing and inspection fees to provide for animal feed testing programs.

Not included in Executive budget. The House substitute retains.

Sec. 502. Pesticide and Plant Pest Management (PPPM) Fees – Not Included

States legislative intent that GF/GP reductions be offset by increased commodity inspection fees.

Not included in Executive budget or House substitute.

Sec. 603. Migrant Labor Housing – Not Included

Requires Department to apply for any available federal funds to support the migrant labor housing program.

Not included in Executive budget or the House substitute.

Sec. 604. Local Soil Conservation Districts – Retained

Allocates \$11,605 per local conservation district.

Sec. 605. Technical Assistance Match – Retained

Appropriates \$300,000 to fund local conservation district technical assistance for contracts under Farm Bill of 2002.

Not included in Executive budget. The House substitute retains.

Sec. 606. Environmental Quality Incentives – Retained

Requires the department to actively search for all possible funding sources to be used to match federal funds in the USDA environmental quality incentives program.

Not included in Executive budget.

The House substitute retains.

Sec. 607. Inter-County Drain Program – Retained

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

Not included in Executive budget.

The House substitute retains.

Sec. 702. Food Bank – Retained

Allows the Food Bank Council to expend unused funds for direct food purchase.

Sec. 703. Northwest Michigan Horticultural Research Station – Not Included

This section was vetoed by Governor from current year budget.

Not included in Executive budget or House substitute.

Sec. 705. Export Market – Retained

Directs state funding to be used to leverage export marketing programs offered by the federal government.

Not included in Executive budget.

The House substitute retains.

Sec. 706. Agricultural Development – Retained

Requires Department to report on agricultural development and export market development activities.

Not included in Executive budget. The House substitute retains.

Major Boilerplate Changes From FY 2007-08

Sec. 707. Agricultural Development Fund Grants – Retained

Requires Department, in awarding grants from the fund, to give due consideration to the diversity of Michigan agriculture and its economic importance.

Not included in Executive budget. The House substitute retains.

Sec. 708. Agricultural Development Fund – Retained

Authorizes Department to receive and expend monies from the fund.

Not included in Executive budget. The House substitute retains.

Sec. 709. Grape and Wine Industry Council – Retained

Requires Department to provide report describing activities of the council.

Not included in Executive budget. The House substitute retains.

Sec. 710. Export Markets – Retained

Allows Department to match external funding for domestic and international marketing programs to develop new and enhance existing export markets for Michigan agricultural products.

Sec. 712. Specialty Crop – Not Included

Requires 20% of Department applications for USDA specialty block grants be for support of farm markets and agriculture tourism. Not included in Executive budget or House substitute.

Sec. 801. State Simulcasting Tax Revenue Report – Modified

Requires Department to submit a monthly report on state simulcasting tax revenue and license fees.

Not included in Executive budget. The House substitute modifies as follows:

"Within sixty days of the close of each fiscal quarter, the department shall report to the state budget director, the senate and house of representatives appropriations committees on agriculture, and the senate and house fiscal agencies on the agriculture equine industry development fund established in the Horse Racing Law of 1995 (PA 279 of 1995). The report shall identify actual revenue and fund balance through the preceding fiscal quarter and estimated revenue and fund balance through the end of the fiscal year. The report shall identify simulcast racing revenue generated by each licensed track, license fees, and revenue generated from the casino wagering tax."

Sec. 802. Purses and Supplements - Licensed Tracks – Retained

Reduces boilerplate earmark from \$280,000, to \$220,000 from the AEIDF.

Sec. 803. Thoroughbred Program Tracks – Retained

Provides funds from Thoroughbred program line to Michigan United Thoroughbred Breeders and Owners Association to conduct a thoroughbred yearling show. Reduces from \$30,500, to \$23,500 funds from AEIDF.

Sec. 804. Thoroughbred Owners Awards – Retained

Provides funding for thoroughbred owners' awards; references Horse Racing Law of 1995.

Sec. 805. Agriculture Equine Fund Reduction Report – Retained

Requires Department to notify Legislature ten days prior to reductions in appropriations, allocations, or expenditures from the Agriculture Equine Industry Development Fund.

Not included in Executive budget. The House substitute retains.

Sec. 806. Fairs – Retained

Requires fairs to publish rules and guidelines for exhibits eligible for state premiums; establishes grievance procedures.

Sec. 807. Purse Supplements – Retained

Provides for overnight purse supplements.

Sec. 808. Livestock and Equine Exhibits – Retained

Allocates \$91,400 from Premiums-county and state fairs line item for grants for large livestock and equine exhibitors, including Michigan Horse Show Association's Fall Youth Show.

Sec. 809. Youth in Agriculture – Retained

Allocates \$40,000 from Premiums-county and state fairs line for a grant to promote youth involvement and adult exhibitions in the animal agriculture industry.

Sec. 811. Outstanding Unclaimed Tickets – Retained

Prohibits using funds for distribution of outstanding winning tickets until they are deposited in the Agriculture Equine Industry Development Fund. Department is to provide ten-day notice before funds are spent.

Not included in Executive budget. The House substitute retains.

Sec. 813. Building and Track Improvement – Not Included

States legislative intent to restore line next year. (The line is restored in the House substitute.)

Major Boilerplate Changes From FY 2007-08

Sec. 901. Criminal Activity Information Rewards – Retained

Allows racing commissioner to pay rewards up to \$5,800 to individuals who provide information on criminal activity involving the horse racing industry.

Sec. 902. Thoroughbred Program Escrow – Not Included