

FY 2019-20: AGRICULTURE AND RURAL DEVELOPMENT
Summary: Enacted with Vetoes and Ad Board Transfers
Public Act 65 of 2019, House Bill 4229



Analyst: William E. Hamilton

IDG/IDT	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: Enacted From FY 2018-19 YTD	
						Amount	%
	\$313,900	\$318,400	\$1,315,700	\$318,400	\$1,315,700	\$1,001,800	319.1
Federal	11,775,200	11,836,400	11,836,400	11,836,400	12,636,400	861,200	7.3
Local	0	0	0	0	0	0	--
Private	101,800	101,800	101,800	101,800	101,800	0	0.0
Restricted	37,172,000	39,653,700	41,634,400	39,653,700	41,383,700	4,211,700	11.3
GF/GP	60,835,200	57,920,200	54,343,300	60,835,200	52,500,000	(8,335,200)	(13.7)
Gross	\$110,198,100	\$109,830,500	\$109,231,600	\$112,745,500	\$107,937,600	(\$2,260,500)	(2.1)
FTEs	508.5	509.5	507.5	509.5	514.0	5.5	1.1

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) House means House Bill 4229 (H-3), as reported by House Appropriations Committee. (4) Senate means Senate Bill 133 (S-1), as passed by the Senate.

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.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Emergency Management/Contamination Response – AD BOARD TRANSFER

FY 2018-19 supplemental appropriation act, 2018 PA 618, included \$400,000 GF/GP and 2.0 FTE positions related to MDARD environmental contamination response activities. Of this funding, \$200,000 and 1.0 FTE was shown as a one-time appropriation for Emergency management. The FY 2018-19 YTD column to the right represents both ongoing line item funding of \$1.1 million (and 4.0 FTE positions), and the additional \$200,000 GF/GP (and 1.0 FTE position) included in the supplemental. Executive would carry the one-time \$200,000 and 1.0 FTE position into FY 2019-20 as an ongoing baseline increase. Senate concurs with Executive. House does not include funding or FTE authorization associated with a contamination coordinator position; the House is \$200,000 GF/GP and 1.0 FTE less than Executive – exclusive of economic adjustments. Conference concurs with House and does not recognize funding or FTE increase. Ad Board transfers \$200,000 GF/GP from Food and Agriculture Investment Grant line (see Item #13) to this line item. This transfer effectively maintains baseline GF/GP funding.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Enacted Change
FTE	5.0	(1.0)
Gross	\$1,293,300	\$0
Federal	438,100	0
GF/GP	\$855,200	\$0

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Enacted Change
Major Budget Changes From FY 2018-19 YTD Appropriations			
2. Food Safety and Quality Assurance			
<u>Executive</u> made no changes to baseline funding exclusive of economics and internal fund shifts. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> made \$134,400 GF/GP administrative reduction. (See description of administrative reductions, Item # 20, below.) <u>Conference</u> concurs with <u>Senate</u> ; also includes an additional \$300,000 federal and 2.0 FTE positions to recognize federal HHS grant related to federal Food Safety Modernization Act program.	FTE	96.0	2.0
	Gross	\$16,602,900	\$300,000
	Federal	2,343,600	300,000
	Restricted	5,554,000	0
	GF/GP	\$8,705,300	\$0
3. Animal Disease Prevention and Response – AD BOARD TRANSFER			
<u>Executive</u> made no changes to baseline funding exclusive of economics. <u>Senate</u> reduces baseline GF/GP support by \$2.3 million. <u>House</u> makes \$85,400 GF/GP administrative reduction. (See description of administrative reductions, Item #20, below.) <u>Conference</u> includes baseline reduction of \$400,000 GF/GP. <u>Ad Board</u> transfers \$782,000 GF/GP from Food and Agriculture Investment Grant line item (see Item #14) to this line item.	FTE	61.0	0.0
	Gross	\$9,356,900	\$382,000
	Federal	618,000	0
	Private	30,500	0
	Restricted	220,300	0
	GF/GP	\$8,488,100	\$382,000
4. Indemnification – Livestock Depredation			
<u>Executive</u> retains current year funding for a 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). <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> reduces funding to \$25,000. <u>Conference</u> concurs with <u>House</u> and reduces funding.	Gross	\$50,000	(\$25,000)
	GF/GP	\$50,000	(\$25,000)
5. Michigan Animal Agriculture Alliance (MAAA) – VETOED			
This line, which supports a Michigan State University (MSU) animal industry research grant program, was funded at \$2.0 million GF/GP in the one-time only unit of the current year budget (as Animal Agriculture Initiative). <u>Executive</u> did not include as either one-time or ongoing for FY 2019-20. <u>Senate</u> includes \$3.0 million GF/GP. <u>House</u> includes \$1.0 million GF/GP. <u>Conference</u> concurs with <u>Senate</u> . <u>Veto</u> removes funding for this line.	Gross	\$2,000,000	(\$2,000,000)
	GF/GP	\$2,000,000	(\$2,000,000)
6. Pesticide Plant Pest Management (PPPM)/Animal Feed Safety – AD BOARD TRANSFER			
<u>Executive</u> includes additional \$150,000 GF/GP and 1.0 FTE position for department activities related to Industrial Hemp licensing and regulatory program; also reflects shift of 1.0 FTE from Laboratory to PPPM. <u>Senate</u> concurs with the <u>Executive</u> with respect to funding and FTE position for Industrial Hemp program. <u>Senate</u> also unrolls the current single line item into two line items: Pesticide and Plant Pest Management (\$12.3 million Gross, \$5.2 million GF/GP), and Animal Feed Safety (\$1.8 million Gross, \$300,000 GF/GP). Total GF/GP funding for the two lines in <u>Senate</u> bill is \$500,000 less than current year baseline. <u>House</u> made \$123,200 GF/GP administrative reduction. (See description of administrative reductions Item # 20, below). <u>House</u> also offsets \$1.0 million GF/GP reduction with \$1.0 million increase in restricted Agriculture Licensing and Inspection fee support. <u>Conference</u> concurs with <u>Senate</u> budget unrolling and the \$500,000 GF/GP reduction. <u>Conference</u> also concurs with <u>House</u> shift of \$1.0 million restricted Agriculture Licensing and Inspection fee revenue to replace GF/GP. <u>Conference</u> includes funding and FTE positions related to Industrial Hemp program in one-time funding unit. (See Item #18, below, for description of funding related to the Industrial Hemp Program.) <u>Ad Board</u> transfers \$1.5 million GF/GP from Food and Agriculture Investment Grant line (see Item #13) to this line item. This transfer effectively maintains baseline GF/GP funding.	FTE	87.0	1.0
	Gross	\$14,172,700	\$1,000,000
	Federal	1,686,900	0
	Private	21,300	0
	Restricted	6,737,900	1,000,000
	GF/GP	\$5,726,600	\$0

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Enacted Change
Major Budget Changes From FY 2018-19 YTD Appropriations			
7. Environmental Stewardship/MAEAP – AD BOARD TRANSFER	FTE	25.0	0.0
<u>Executive</u> makes no change to baseline funding. <u>House</u> makes \$35,000 GF/GP administrative reduction. (See description of administrative reductions, Item #20, below.) <u>House</u> offsets \$980,700 GF/GP with restricted Freshwater Protection Fund support; also provides \$105,700 GF/GP increase in baseline funding. <u>Senate</u> concurs with Executive. <u>Conference</u> replaces \$520,000 GF/GP with restricted Freshwater Protection Fund support; includes additional \$500,000 in federal funds to recognize additional USDA grant for Conservation Technical Assistance Initiative (CTAI). <u>Ad Board</u> transfers \$520,000 GF/GP from Food and Agriculture Investment Grant line (see Item #13) to this line item. This transfer effectively maintains baseline GF/GP funding.	Gross	\$10,191,300	\$1,020,000
	Federal	1,479,100	500,000
	Restricted	7,714,900	520,000
	GF/GP	\$997,300	\$0
8. Farmland and Open Space Preservation	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 certain restrictions on development rights. Farmland and Open Space line item supports MDARD administration of the program. <u>Executive</u> retains baseline funding. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> makes \$14,000 GF/GP administrative reduction. (See description of administrative reductions Item #20, below.) <u>House</u> also replaces \$100,000 GF/GP with restricted Agricultural Preservation Fund support. <u>Conference</u> concurs with House.	Gross	\$1,545,000	\$0
	Restricted	1,425,700	100,000
	GF/GP	\$119,300	(\$100,000)
9. Agriculture Preservation Easement Grants	Gross	\$0	\$1,900,000
<u>Executive</u> proposes \$2.0 million from the state restricted Agriculture Preservation Fund to provide grants to local units of government for the purchase of agricultural conservation easements, as authorized under Part 362 of the Natural Resources and Environmental Protection Act. <u>Senate</u> concurs with Executive. <u>House</u> includes \$1.9 million, effectively shifting \$100,000 restricted Agricultural Preservation Fund revenue to Farmland and Open Space line item (see Item #8, above). <u>Conference</u> concurs with House.	Restricted	0	1,900,000
	GF/GP	\$0	\$0
10. Migrant Labor Housing	FTE	9.0	0.0
<u>Executive</u> increases baseline GF/GP support by \$50,000. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> makes \$12,600 GF/GP administrative reduction. (See description of administrative reductions Item #20, below.) <u>Conference</u> concurs with Senate.	Gross	\$1,231,100	\$50,000
	Restricted	140,100	0
	GF/GP	\$1,091,000	\$50,000
11. Qualified Forest Program – AD BOARD TRANSFER	FTE	9.0	0.0
<u>Executive</u> reduces GF/GP support by \$126,400; recognizes \$200,000 additional restricted Private Forestland Development Fund revenue. <u>Senate</u> concurs with Executive changes but makes an additional \$500,000 GF/GP baseline reduction. <u>House</u> concurs with Executive in total but replaces \$997,300 GF/GP with \$997,300 Interdepartmental Grant (IDG) from the Department of Natural Resources Forest Development Fund. <u>Conference</u> concurs with House. <u>Ad Board</u> transfers \$997,300 GF/GP from Food and Agriculture Investment Grant line (see Item #13) to this line item.	Gross	\$2,590,000	\$1,070,900
	IDG	0	997,300
	Restricted	581,500	200,000
	GF/GP	\$2,008,500	(\$126,400)
12. Agriculture Development	FTE	13.0	0.0
<u>Executive</u> increases baseline GF/GP support by \$50,000. <u>Senate</u> concurs with Executive. <u>House</u> makes \$18,200 GF/GP administrative reduction. (See description of administrative reductions, Item #20, below.) <u>Conference</u> concurs with Senate.	Gross	\$4,253,100	\$50,000
	Federal	2,273,200	0
	Private	50,000	0
	Restricted	135,000	0
	GF/GP	\$1,794,900	\$50,000

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Enacted Change
Major Budget Changes From FY 2018-19 YTD Appropriations			
13. Food and Agriculture Investment Grant Program – AD BOARD TRANSFER			
	Gross	\$5,125,000	(\$5,124,900)
	GF/GP	\$5,125,000	(\$5,124,900)
<p><u>Executive</u> includes \$2.5 million GF/GP for grant program that supports food and agriculture business expansion and attraction, a \$2.6 million reduction from current year. <u>Senate</u> includes \$4.0 million GF/GP. <u>House</u> includes \$5.1 million GF/GP. <u>Conference</u> concurs with Senate. <u>Ad Board</u> transfers \$3,999,900 GF/GP from this line to the following line items within this budget:</p> <ul style="list-style-type: none"> • Emergency Management/Contamination Response (Item #1). • Animal Disease Prevention and Response (Item #3). • Pesticide Plant Pest Management/Animal Feed Safety (Item #6). • Environmental Stewardship/MAEAP (Item #7). • Qualified Forest Program (Item #11). <p>The line item balance after this transfer is \$100.</p>			
14. Double Up Food Bucks			
	Gross	\$0	\$1,000,000
	GF/GP	\$0	\$1,000,000
<p>This program 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. <u>Executive</u> had included \$4.0 million GF/GP in its FY 2019-20 budget request: \$2.0 million as ongoing, and \$2.0 million as one-time. However, subsequent to the Executive budget presentation, \$2.0 million GF/GP was included in supplemental appropriation bill, Senate Bill 150, enacted as Public Act 28 of 2019. <u>Senate</u> includes \$2.0 million GF/GP. <u>House</u> includes \$1.0 million. <u>Conference</u> concurs with House.</p> <p>[Because this Summary uses March 5, 2019, as the FY 2018-19 YTD baseline, the \$2.0 million in current-year supplemental funding is not shown in the FY 2018-19 YTD column to the right. However, the \$2.0 million in FY 2018-19 funding, plus the \$1.0 million provided in the Conference recommendation, would provide \$3.0 million in total funding over the two fiscal year period.]</p>			
15. County Fairs, Shows, and Expositions Grants – VETOED			
	Gross	\$1,325,000	(\$1,325,000)
	GF/GP	\$1,325,000	(\$1,325,000)
<p>This line item provides grants to county fairs, shows, and expositions. Current year includes \$400,000 in ongoing funding, plus \$925,000 shown as one-time. <u>Executive</u> includes \$200,000 GF/GP in ongoing support. <u>Senate</u> includes \$1.0 million GF/GP in ongoing funding. <u>House</u> includes \$400,000 GF/GP. <u>Conference</u> concurs with Senate. <u>Veto</u> removes funding for this line.</p>			
16. Elimination of FY 2018-19 One-Time Funding			
	Gross	\$1,930,000	(\$1,930,000)
	GF/GP	\$1,930,000	(\$1,930,000)
<p><u>Executive</u> eliminates \$1.9 million GF/GP for the following projects or programs identified in the current year budget as one-time: ACRE Ag Incubator, (\$260,000); Dairy Assistance Program, (\$1.0 million); MSU/Agriculture Industry Research and Development, (\$550,000); ODC network/Project clarity, (\$120,000). <u>House</u>, <u>Senate</u>, and <u>Conference</u> concur with Executive.</p> <p>[Note: Some items shown as one-time in the FY 2018-19 budget are reviewed separately in this analysis, specifically: Item #1, Emergency management, (\$200,000); Item #5, Animal agriculture initiative, (\$2.0 million); Item #15, County fairs, shows, and expositions, (\$925,000); and Item #18, Industrial Hemp program, (\$150,000).]</p>			
17. Farm Stress Program – VETOED			
	Gross	\$0	\$0
	GF/GP	\$0	\$0
<p><u>Conference</u> includes \$500,000 GF/GP for new program defined in boilerplate Section 901. <u>Veto</u> removes funding for this line.</p>			

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Enacted Change
Major Budget Changes From FY 2018-19 YTD Appropriations			
18. Industrial Hemp Licensing/Regulatory Program	FTE	0.0	4.5
FY 2018-19 budget included \$150,000 GF/GP as one-time funding, added in supplemental bill, Senate Bill 601. The supplemental did not include the related FTE position. <u>Executive</u> retains the \$150,000 and includes 1.0 FTE as ongoing in PPPM. <u>Senate</u> concurs with <u>Executive</u> . <u>House</u> does not include in either one-time or ongoing. <u>Conference</u> retains \$150,000 GF/GP and includes \$210,000 in new restricted revenue anticipated from Hemp program licensing and testing fees; includes 4.5 FTE positions.	Gross	\$150,000	\$210,000
	Restricted	0	210,000
	GF/GP	\$150,000	\$0
[Senate Bill 138, enacted as 2019 PA 56, included \$1.3 million GF/GP in FY 2018-19 supplemental funding for a new Industrial Hemp Research and Development line item. Boilerplate Section 1505 defined the appropriation. Because this summary uses March 5, 2019 as the FY 2018-19 YTD baseline, the supplemental funding is not shown in the FY 2018-19 YTD column to the right.]			
19. Local Conservation Districts – Pilot Project – VETOED	Gross	\$0	\$0
<u>Senate</u> includes \$3.0 million GF/GP for new program defined in boilerplate. <u>House</u> does not include. <u>Conference</u> includes at \$200,000, defined in boilerplate Section 902. <u>Veto</u> removes funding for this line.	GF/GP	\$0	\$0
20. Administrative Reductions	Gross	NA	NA
<u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies. These reductions total \$674,200. <u>Senate</u> and <u>Conference</u> do not include.	GF/GP	NA	NA
21. Information Technology Reduction	Gross	\$1,794,500	\$0
<u>Executive</u> made no changes to baseline funding exclusive of economics. <u>House</u> reduces funding available for information technology services and projects by \$405,500 GF/GP. <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> concurs with <u>Senate</u> and makes no baseline changes.	IDG	3,200	0
	Restricted	187,600	0
	GF/GP	\$1,603,700	\$0
22. Festivals and Events	Gross	\$0	\$0
<u>House</u> includes \$50,000 GF/GP for the promotion of Michigan festivals and events. <u>Senate</u> does not include. <u>Conference</u> recognizes funding through boilerplate Section 806.	GF/GP	\$0	\$0
23. Hoop House Revolving Loan Program	Gross	\$0	\$0
<u>House</u> includes \$100 GF/GP placeholder to establish a hoop house revolving loan program. <u>Senate</u> and <u>Conference</u> do not include.	GF/GP	\$0	\$0
24. Economic Adjustments	Gross	NA	\$1,075,600
<u>Executive</u> reflects increased costs of \$1.0 million Gross (\$740,000 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	IDG	NA	4,500
	Private	NA	0
	Federal	NA	61,200
	Restricted	NA	269,900
	GF/GP	NA	\$740,000

Major Boilerplate Changes From FY 2018-19

Sec. 204. Use of Internet for Reporting – REVISED

House directs the department to notify report recipients when reports are posted to the department website. Conference concurs.

Sec. 210. Contingency Appropriations – REVISED

Conference retains contingency fund appropriations but revises contingency fund amounts as follows: federal, \$3.0 million; state restricted, \$2.0 million; local and private, \$100,000 each.

Major Boilerplate Changes From FY 2018-19

Sec. 215. Communication with the Legislature – RETAINED (UNENFORCEABLE)

Executive deletes section that prohibits department from taking disciplinary action against an employee for communicating with the legislature. House, Senate, and Conference retain. (*Signing letter states section is unenforceable.*)

Sec. 234. Record Retention – RETAINED

Executive deletes section that requires department to retain reports funded from part 1 appropriations; specifies record retention guidelines. House, Senate, and Conference retain.

Sec. 451. Bovine TB Whole-Herd Testing – RETAINED

Executive deletes section that 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. House, Senate, and Conference retain.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Executive deletes section that provides for quarterly report on Bovine TB program. House, Senate, and Conference retain.

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

Executive deleted section that expresses 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. House, Senate, and Conference delete.

Sec. 462. Apiary Protection – DELETED

Executive deletes \$20,000 earmark for an apiary protection program. House, Senate, and Conference delete.

Sec. 604. Authorization to Receive and Expend Federal Funds – RETAINED

Executive retains section that authorizes the department to receive and expend federal funds in excess of line item appropriations for environmental stewardship and MAEAP programs. Senate deletes. House retains. Conference retains.

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

Current language defines program goals, selection and reporting requirements. House includes new language that limits department administrative costs to 5%. Conference concurs with House; also includes hoop houses as authorized grant recipients.

Sec. 703. Double Up Food Bucks Program – NEW

House includes new section that directs the department work with the Department of Health and Human Services to notify eligible recipients of food assistance program benefits related to the Double Up Food Bucks program. Establishes new reporting requirement. Conference concurs with House.

Sec. 802. Agriculture Equine Industry Development Fund (AEIDF) – RETAINED

House retains current year language prescribing priority order of AEIDF expenditures. Conference concurs with House.

Secs. 805 and 806. County Fair Capital Grant Program – REVISED (VETOED)

House and Senate delete one-time boilerplate earmarks. Conference concurs House and Senate; also includes new boilerplate Section 806 to earmark \$50,000 for the promotion of festivals and events. *Note: The Governor vetoed both Sections 805 and 806.*

Sec. 901. Farm Stress Program – NEW (VETOED)

Conference includes new language defining use of one-time appropriation.

Sec. 902. Local Conservation District Pilot Program – NEW (VETOED)

Conference includes new language defining use of one-time appropriation. The section indicates that the appropriation for local conservation districts pilot project be used to develop a needs assessment model.