FY 2022-23: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Reported by House Subcommittee
House Bill 5778 (H-1)

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	FY 2021-22 YTD as of 2/9/22	FY 2022-23 Executive	FY 2022-23 House	FY 2022-23 Senate	FY 2022-23 Conference	Difference: House From FY 2021-22 YTD Amount	%
IDG/IDT	$320,000	$326,700	$326,700			*$6,700*	*2.1*
Federal	13,599,800	19,670,900	14,271,000			671,200	*4.9*
Local	0	0	0			*0*	--
Private	71,300	21,300	21,300			*(50,000)*	*(70.1)*
Restricted	44,327,300	44,706,400	44,706,400			*379,100*	*0.9*
GF/GP	97,366,900	107,439,800	62,919,800			*(34,447,100)*	*(35.4)*
Gross	**$155,685,300**	**$172,165,100**	**$122,245,200**			***($33,440,100)***	***(21.5)***
FTEs	527.0	537.0	527.0			*0.0*	*0.0*

Notes: (1) FY 2021-22 year-to-date figures include mid-year budget adjustments through February 9, 2022. (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 2021-22 YTD Appropriations		FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 House Change
1. Emergency Management – Preparedness, Readiness, Response	FTE	4.0	0.0
Executive includes a $1.6 million GF/GP increase and an increase in FTE authorization from 4.0 to 8.0 FTE positions for the Emergency Management program in order to build capacity to prepare for and respond to emergency events affecting the food supply chain – from animal disease readiness to contamination of food and feed. House does not include increase in baseline funding or FTE authorization.	**Gross** Federal GF/GP	**$1,320,700** 447,400 $873,300	**$0** 0 $0
2. Animal Industry – Animal Welfare/Veterinary Care Program	FTE	62.0	0.0
Executive requests $650,000 GF/GP baseline increase to support Michigan licensed animal shelters and specifically to fund veterinarians and other animal care workers at those shelters. Executive also recognizes $500,000 for an anticipated federal USDA CWD research grant. House does not include GF/GP increase but does recognize USDA grant funding.	**Gross** Federal Restricted GF/GP	**$9,623,100** 582,500 221,800 $8,818,800	**$500,000** 500,000 0 $0
3. Bovine TB Quarantine – Producer Reimbursement	**Gross**	**$400,000**	**$0**
Executive did not include funding for the $400,000 GF/GP one-time program of financial assistance to livestock producers for costs of maintaining livestock under quarantine. House retains as an ongoing appropriation.	GF/GP	$400,000	$0
4. Pesticide Safety/Worker Protection	FTE	85.0	0.0
Executive requests a $1.2 million GF/GP increase in Pesticide and Plant Pest Management (PPPM) program, and related 6.0 FTE position increase in authorized staffing, for targeted program to help protect agricultural workers from pesticide exposure. House does not include baseline increase in funding or staffing.	**Gross** Federal Private Restricted GF/GP	**$14,172,100** 1,281,100 21,300 7,633,100 $5,236,600	**$0** 0 0 0 $0

Major Budget Changes from FY 2021-22 YTD Appropriations

5. Climate Action/Reforestation in Northern Michigan

Executive recognizes $5.4 million federal USDA grant funding, in the ongoing Qualified Forest Program line item. The grant would support a reforestation project – the planting of 5 million native hardwood trees and conifers – on private and state-owned land in the Northern Lower Peninsula. House includes a $100 placeholder as a separate line item.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 House Change
FTE	9.0	0.0
Gross	**$2,651,700**	**$100**
Federal	0	100
Restricted	1,080,100	0
GF/GP	$1,571,600	$0

6. Economic Development for Food and Agriculture Industries

Executive requests $30.0 million GF/GP (one-time) for a new program targeted at supply chain, infrastructure, and workforce issues of Michigan agriculture as affected by the COVID-19 pandemic. House does not include.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 House Change
Gross	**$0**	**$0**
GF/GP	$0	$0

7. Office of Rural Development – General Fund Grants

Executive requests $10.0 million GF/GP (one-time) for a new program, administered by the Office of Rural Development, to provide grants to rural communities, related to economic development, workforce development, affordable housing, infrastructure, education, and high-speed internet access. House does not include.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 House Change
Gross	**$0**	**$0**
GF/GP	$0	$0

8. Buy Michigan Campaign

Executive requests $1.0 million GF/GP (one-time) for a campaign to support Michigan-grown agricultural products. House does not include.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 House Change
Gross	**$0**	**$0**
GF/GP	$0	$0

9. Community Support Agriculture Program

Executive requests $500,000 GF/GP (one-time) to assist in bringing fresh fruits and vegetables to Michigan families facing food insecurity. House does not include.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 House Change
Gross	**$0**	**$0**
GF/GP	$0	$0

10. Back Out FY 2021-22 One-Time GF/GP

Executive did not include FY 2021-22 one-time GF/GP appropriation line items. Those FY 2021-22 one-time items include: Agricultural Nutrient Best Management Voluntary Practices, $25.0 million; Agriculture Equine Industry Development Fund deposit, $3.2 million; grants to County Fairs and Expositions, $1.2 million; Fair Food Network/Double Up Food Bucks, $1.1 million; Farm Innovation Grants, $3.2 million; Farm Stress, $225,000; Local conservation districts, $1.0 million. House concurs with Executive.

Note that as described in Item #3 above, the House would retain a $400,000 GF/GP one-time Bovine TB Quarantine Producer reimbursement line item, as an ongoing line.

Note also that ongoing GF/GP funding for Fair Food Network/Double Up Food Bucks, $900,000; Local conservation districts, $2.0 million; and grants to County Fairs and Expositions, $500,000; would be unchanged in both the Executive and House budget proposals.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 House Change
Gross	**$35,655,000**	**($35,655,000)**
GF/GP	$35,655,000	($35,655,000)

11. Economic Adjustments

Executive budget proposal reflects increased costs of $1.7 million Gross ($1.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2022 and 0.5% to annualize the FY 2022 1.0% increase that began on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. House concurs with Executive.

	FY 2021-22 Year-to-Date (as of 2/9/22)	FY 2022-23 House Change
Gross	**NA**	**$1,714,800**
IDG	NA	6,700
Federal	NA	121,100
Restricted	NA	379,100
GF/GP	NA	$1,207,900

Major Boilerplate Changes from FY 2021-22

***Sec. 210. Contingency Authorizations/Transfers* – RETAINED**
Executive increases contingent federal and state spending authority, to $5.0 million, and $6.0 million, respectively, that may be transferred into this budget through process defined in Section 393(2) of the Management and Budget Act. House retains current contingent authorization limits.

***Sec. 215. Communication with the Legislature* – RETAINED**
Executive deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. House retains.
The Governor's signing letter for 2021 PA 87 indicated that this section was unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.

***Sec. 216. Report on FTE Positions and Remote Work* – RETAINED**
Executive deletes reporting requirement on staffing levels in relation to FTE authorization; employees authorized to work remotely; and related cost savings. House retains.

***Sec. 217. Use of Work Projects* – RETAINED**
Executive deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. House retains.
The Governor's signing letter for 2021 PA 87 indicated that this section was unenforceable in that impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.

***Sec. 218. State Administrative Board Transfers* – RETAINED**
Executive 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. House retains.
The Governor's signing letter for 2021 PA 87 indicated that this section was unenforceable in that impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers.

***Sec. 219. Record Retention* – RETAINED**
Executive deletes section that requires department to retain reports funded from part 1 appropriations and which established record retention guidelines. House retains.

***Sec. 220. Impact of New Legislation* – RETAINED**
Executive deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year. House retains.

***Sec. 221. Severance Pay Report* – RETAINED**
Executive deletes reporting requirements related to severance pay paid to department personnel upon the termination of employment. House retains.

***Sec. 222. Restrictions on Use of Covid-19 Passports* – RETAINED**
Executive deletes section that established restrictions on the use of Covid-19 "passports" to document vaccination status. House retains.

***Sec. 224. Limitation on Remote Work* – NEW**
House includes language prohibiting "An executive branch department, agency, board, or commission that receives funding under part 1" from permitting a state employee who was not working remotely, either full-time or part-time, before February 28, 2020, to work remotely, either full-time or part-time, during FY 2022-23.

***Sec. 459. Bovine TB Quarantine – Producer Reimbursement* – REVISED**
Executive does not retain part 1 funding for the one-time Bovine TB producer reimbursement program or the related boilerplate (Sec. 1003 in current law). House retains the part 1 grant program as an ongoing item in Animal Industry, and the related boilerplate, renumbered as Sec. 459. House also modifies the section, that defines eligible costs, to limit costs to those incurred after 10/1/2022.

***Sec. 603. Agricultural Nutrient Best Management Voluntary Practices Program* – REVISED**
Executive does not retain part 1 one-time line item or related boilerplate (Sec. 1001) which defined the program and identified program goals, including water quality improvement in the western Lake Erie basin. House retains the related reporting requirement, renumbered as Sec. 603, due April 1, 2023.

***Sec. 703. Double Up Food Bucks Program* – REVISED**
Executive retains current section unchanged except for date references. House also updates date references and in addition directs the department to work with the Fair Food Network to ensure that at least 85% of program funds be used as a direct reimbursement of participating vendors – the goal in current law is 80%.

Major Boilerplate Changes from FY 2021-22

***Sec. 707. Industry Support Fund Lapse* – NEW**
Executive includes section that provides for unexpended Industry Support Funds to lapse to the Industry Support Fund.
House concurs with Executive.