

**Summary: Executive Budget Recommendation
for Fiscal Year 2020-21
AGRICULTURE AND RURAL DEVELOPMENT**



Analyst: Analyst: William E. Hamilton

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 vs. FY 2019-20	
			Amount	%
IDG/IDT	\$1,315,700	\$324,400	(\$991,300)	(75.3)
Federal	12,636,400	13,129,500	493,100	3.9
Local	0	0	0	--
Private	101,800	71,300	(30,500)	(30.0)
Restricted	41,383,700	43,353,000	1,969,300	4.8
GF/GP	55,979,900	63,471,200	7,491,300	13.4
Gross	\$111,417,500	\$120,349,400	\$8,931,900	8.0
FTEs	514.0	520.0	6.0	1.2

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (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 2019-20 Year-to-Date (YTD) Appropriations	FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
1. Conservation Reserve Enhancement Program (CREP)	Gross	\$0
Includes \$10.6 million GF/GP as the state's funding commitment for CREP under an agreement between the state and the U. S. Department of Agriculture.	GF/GP	\$10,600,000

CREP is a subset of the federal Conservation Reserve Program, authorized in the 2018 Farm Bill. CREP provides enhanced incentives to qualified producers and land owners in priority watershed areas to implement specific conservation practices designed to prevent soil erosion and improve water quality and wildlife habitat. Under CREP, farmers and other landowners who agree to enroll eligible parcels in the program for 15 years receive cost-share assistance in establishing riparian buffers, field windbreaks, filter strips, wetland restoration, shallow-water wildlife areas, controlled livestock access, and other prescribed conservation practices. The federal program also provides annual rental payments to program participants for land enrolled in the program. [These federal funds are paid directly to program participants and are not reflected in the MDARD budget.]

Of the \$10.6 million in state funds, \$10.0 million, identified as one-time, would be used to provide part of the 50% required non-federal cost-share for capital projects; \$600,000 is identified as ongoing for education, outreach, and technical assistance.

State support is necessary for program participants to access federal funds – an estimated \$250.0 million in direct federal payments over a period of up to 15 years. The one-time funding would be established as a work project in boilerplate.

Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations		FY 2019-20 YTD (as of 2/6/20)	Executive Change from YTD
2. Feed and Fertilizer Audit Program	FTE	0.0	4.0
Includes \$504,000 in restricted revenue, and authorizes 4.0 new FTE positions in Pesticide and Plant Pest Management division. The positions and funding would establish an audit function for compliance with tonnage reporting requirements required under the Feed Law, as recodified under 2015 PA 83, and 2015 amendments (2015 PA 118) to fertilizer regulatory sections of the Natural Resources and Environmental Protection Act.	Gross	\$0	\$504,000
	Restricted	0	504,000
	GF/GP	\$0	\$0
3. Industrial Hemp Licensing/Regulatory Program	FTE	4.5	1.0
Includes 5.5 FTE positions and \$1.0 million Gross (\$0 GF/GP) to support the department's industrial hemp licensing and regulatory functions under 2018 amendments (2018 PA 641) to Michigan's Industrial Hemp Research and Development Act. This represents a net increase of 1.0 FTE authorization, and \$711,900 Gross. Ongoing restricted revenue funding and FTE authorization in Laboratory and Pesticide and Plant Pest Management divisions would replace one-time support in the current year budget.	Gross	\$360,000	\$711,900
	Restricted	210,000	861,900
	GF/GP	\$150,000	(\$150,000)
An additional \$1.3 million GF/GP, appropriated for Industrial Hemp Research and Development in a FY 2018-19 supplemental (2019 PA 56), was carried forward as a work project at the end of FY 2018-19.			
4. Cervid Farm Regulatory Program	FTE	0.0	1.0
Includes \$76,900 GF/GP and authorizes 1.0 FTE for increased cervid facility regulatory functions required under 2019 amendments (2019 PA 132) to the Animal Industry Act.	Gross	\$0	\$76,900
	GF/GP	\$0	\$76,900
5. Information Technology (Licensing and Inspection System)	FTE	0.0	1.0
Includes \$225,000 Gross (\$210,000 GF/GP) to support ongoing maintenance and hosting costs of recent licensing and inspection system upgrades (Phase I). These upgrades were funded through a \$5.0 million GF/GP appropriation within the FY 2018-19 Department of Technology, Management, and Budget (DTMB) budget. The enacted FY 2019-20 DTMB budget included an additional \$5.0 million to complete this project.	Gross	\$1,812,800	\$225,000
	IDG	3,200	0
	Restricted	187,600	15,000
	GF/GP	\$1,622,000	\$210,000
The FTE included in the budget request is identified as a "data architect" position to assist in management of the data warehouse connected with the licensing and inspection system upgrade project. The FTE is included in the Executive Direction line item of the Departmental Administration and Support appropriations unit.			
6. Food and Agriculture Investment Program	Gross	\$4,000,000	(\$4,000,000)
Eliminates program that provides grants for agri-business development projects. The program is funded at \$4.0 million GF/GP in the current year.	GF/GP	\$4,000,000	(\$4,000,000)
7. Farm Stress Program - Eliminate One-Time Program	Gross	\$500,000	(\$500,000)
Removes \$500,000 GF/GP one-time item that had been included in the current year budget through supplemental appropriation act (2019 PA 154).	GF/GP	\$500,000	(\$500,000)
8. Economic Adjustments	Gross	NA	\$1,812,700
Reflects increased costs of \$1.8 million Gross (\$1.3 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	6,000
	Private	NA	0
	Federal	NA	133,800
	Restricted	NA	418,500
	GF/GP	NA	\$1,254,400

Major Boilerplate Changes from FY 2019-20

Sec. 215. Communication with the Legislature – DELETED

Section 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.

Sec. 302. Grant Notification – DELETED

Requires notice of grants made to local units of government, institutions of higher education, or non-profit organizations.

Sec. 701. Value Added Grant Program – DELETED

Executive deletes section that defines a program that is not included in the budget recommendation.

Sec. 901. Conservation Reserve Enhancement Program – NEW

Provides for statutory work project status for the \$10.0 million one-time CREC appropriation.