

**Summary: Executive Budget Recommendation
for Fiscal Year 2022-23**

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Analyst: William E. Hamilton

	FY 2021-22 Year-to-Date as of 2/9/22	FY 2022-23 Executive	Difference: FY 2022-23 vs. FY 2021-22	
			Amount	%
IDG/IDT	\$320,000	\$326,700	\$6,700	2.1
Federal	13,599,800	19,670,900	6,071,100	44.6
Local	0	0	0	--
Private	71,300	21,300	(50,000)	(70.1)
Restricted	44,327,300	44,706,400	379,100	0.9
GF/GP	97,366,900	107,439,800	10,072,900	10.3
Gross	\$155,685,300	\$172,165,100	\$16,479,800	10.6
FTEs	527.0	537.0	10.0	1.9

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 Year-to-Date (YTD) Appropriations	FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
1. Emergency Management – Preparedness, Readiness, Response	FTE 4.0	4.0
Provides ongoing increase of \$1.6 million GF/GP to 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; increases program staffing authorization from 4.0 to 8.0 FTE positions.	Gross \$1,320,700	\$1,600,000
	Federal 447,400	0
	GF/GP \$873,300	\$1,600,000
2. Animal Industry – Animal Welfare/Veterinary Care Program	FTE 62.0	0.0
Includes \$650,000 GF/GP baseline increase to support Michigan licensed animal shelters, specifically, to fund veterinarians and other animal care workers at those shelters.	Gross \$9,623,100	\$1,150,000
	Federal 2,817,600	500,000
	Restricted 7,389,900	0
	GF/GP \$7,317,100	\$650,000
3. Animal Industry – CWD Study	FTE 85.0	6.0
Includes \$500,000 increased federal spending authority in anticipation of USDA grant funding for biological studies of Chronic Wasting Disease (CWD), a neurological disease of deer and other cervids.	Gross \$14,172,100	\$1,170,000
	Federal 1,281,100	0
	Private 21,300	0
	Restricted 7,633,100	0
	GF/GP \$5,236,600	\$1,170,000
4. Pesticide Safety/Worker Protection	FTE 85.0	6.0
Increases Pesticide and Plant Pest Management (PPPM) program support by \$1.2 million GF/GP, and program staffing by 6.0 FTE positions, for targeted program to help protect agricultural workers from pesticide exposure; program elements include education, compliance assistance, and enforcement.	Gross \$14,172,100	\$1,170,000
	Federal 1,281,100	0
	Private 21,300	0
	Restricted 7,633,100	0
	GF/GP \$5,236,600	\$1,170,000

Major Budget Changes from FY 2021-22 Year-to-Date (YTD) Appropriations		FY 2021-22 YTD (as of 2/9/22)	Executive Change from YTD
5. Climate Action/Reforestation in Northern Michigan	FTE	9.0	0.0
Recognizes \$5.4 million federal USDA grant funding to 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. The additional funding would be included in the ongoing Qualified Forest Program line item.	Gross	\$2,651,700	\$5,400,000
	Federal	0	5,400,000
	Restricted	1,080,100	0
	GF/GP	\$1,571,600	\$0
6. Economic Development for Food and Agriculture Industries	Gross	\$0	\$30,000,000
Includes \$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. The program will also address environmental issues in food processing facilities, and will also support domestic agricultural marketing programs.	GF/GP	\$0	\$30,000,000
7. Office of Rural Development – General Fund Grants	Gross	\$0	\$10,000,000
Includes \$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.	GF/GP	\$0	\$10,000,000
8. Buy Michigan Campaign	Gross	\$0	\$1,000,000
Includes \$1.0 million GF/GP (one-time) for a campaign to support Michigan-grown agricultural products.	GF/GP	\$0	\$1,000,000
9. Community Support Agriculture Program	Gross	\$0	\$500,000
Includes \$500,000 GF/GP (one-time) to assist in bringing fresh fruits and vegetables to Michigan families facing food insecurity.	GF/GP	\$0	\$500,000
10. Back Out FY 2021-22 One-Time GF/GP	Gross	\$36,055,000	(\$36,055,000)
A number of FY 2021-22 one-time GF/GP appropriation line items were not included in the Governor's FY 2022-23 funding proposal. Those FY 2021-22 one-time items were: Agricultural Nutrient Best Management Voluntary Practices, \$25.0 million; Agriculture Equine Industry Development Fund deposit, \$3.2 million; Bovine TB Quarantine Producer reimbursement, \$400,000; 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.	GF/GP	\$36,055,000	(\$36,055,000)
Note 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 the Governor's proposed budget.			
11. Economic Adjustments	Gross	NA	\$1,714,800
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.	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 – REVISED

Increases contingency 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.

Major Boilerplate Changes from FY 2021-22

Sec. 215. Communication with the Legislature – DELETED

Deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. *The Governor's signing letter 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 – DELETED

Deletes reporting requirement on staffing levels in relation to FTE authorization; employees authorized to work remotely; and related cost savings.

Sec. 217. Use of Work Project – DELETED

Deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. *The Governor's signing letter 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. 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. *The Governor's signing letter 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. 219. Record Retention – DELETED

Deletes section that requires department to retain reports funded from Part 1 appropriations and which established record retention guidelines

Sec. 220. Impact of New Legislation – DELETED

Deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year.

Sec. 221. Severance Pay Report – DELETED

Deletes new reporting requirements related to severance pay paid to department personnel upon the termination of employment.

Sec. 222. Restrictions on Covid-19 Passport – DELETED

Deletes section that established restrictions on the use of Covid-19 "passports" to document vaccination status.

Sec. 900. Office of Rural Development Grant Program – NEW

Defines the new one-time \$10.0 million GF/GP Office of Rural Development grant program; directs the department to establish a grant program "to support community activities," including enhancing or elevating broadband, housing, infrastructure, education, workforce development and other needs of rural areas in Michigan; authorizes an additional 3.0 FTE (limited term) positions [not included in Part 1 line item detail], to administer the program; establishes the program as a work project in accordance with the Management and Budget Act.

Sec. 901. Economic Development for Food and Agriculture Industries – NEW

Defines the new one-time \$30.0 million GF/GP Office of Rural Development grant program; directs the department to establish a grant program "to support the food supply chain from Michigan farms and improve food safety and security in Michigan;" authorizes an additional 8.0 FTE (limited term) positions [not included in Part 1 line item detail], to administer the program; establishes the program as a work project in accordance with the Management and Budget Act.

<u>Supplemental Recommendations for FY 2021-22 Appropriations</u>	<u>FY 2021-22 Recommendation</u>
1. Title Description.	FTE Gross GF/GP
2. Title Description.	Gross Restricted GF/GP
3. Title Description.	Gross Federal GF/GP

