

FY 2024-25: AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Reported by House Appropriations Committee
House Bill 5511 (H-1)



Analyst: William E. Hamilton

| IDG/IDT | FY 2023-24 Enacted as of 2/7/24 | FY 2024-25 Executive | FY 2024-25 House | FY 2024-25 Senate | FY 2024-25 Conference | Difference: House From FY 2023-24 Enacted | |
|-------------------|---------------------------------------|-------------------------|----------------------|----------------------|--------------------------|---|---------------|
| | | | | | | Amount | % |
| | \$327,000 | \$332,400 | \$332,400 | \$ | \$ | \$5,400 | 1.7 |
| Federal | 29,762,700 | 20,357,900 | 20,357,900 | | | (9,404,800) | (31.6) |
| Local | 0 | 0 | 0 | | | 0 | -- |
| Private | 21,300 | 21,300 | 21,300 | | | 0 | 0.0 |
| Restricted | 45,719,900 | 46,450,900 | 47,170,900 | | | 1,451,000 | 3.2 |
| GF/GP | 92,781,800 | 77,056,400 | 82,056,400 | | | (10,725,400) | (11.6) |
| Gross | \$168,612,700 | \$144,218,900 | \$149,938,900 | \$ | \$ | (\$18,673,800) | (11.1) |
| FTEs | 550.0 | 579.0 | 555.0 | | | 5.0 | 0.9 |

Note: Appropriation figures for FY 2024-25 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.

Note: The Governor's proposed budget reflects MDARD's internal reorganization effective January 1, 2024. However, the analysis of major budget changes below compares like programs and line items in current year and FY 2024-25 and does not show changes associated with MDARD's reorganization or related proposed changes in budget structure.

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | FY 2024-25 House Change |
|---|--------------|--|--|
| 1. Unclassified Salaries | FTE | 6.0 | 0.0 |
| Although the current budget authorizes 6.0 unclassified FTE positions, the department indicates that current funding is not sufficient to support all six positions. <u>Executive</u> includes \$335,100 Gross increase (\$0 GF/GP) to support all 6.0 authorized unclassified FTE positions. <u>House</u> concurs with Executive. | Gross | \$664,900 | \$335,100 |
| | Restricted | 0 | 335,100 |
| | GF/GP | \$664,900 | \$0 |
| 2. Federal USDA Emergency Management Grant | FTE | 8.0 | 0.0 |
| <u>Executive</u> includes \$600,000 federal funds increase in Emergency Management to recognize federal United State Department of Agriculture (USDA) Animal and Plant and Health Inspection Service (APHIS) grant awarded to the department for incident command training and other services. <u>House</u> concurs with Executive. | Gross | \$2,918,000 | \$600,000 |
| | Federal | 432,300 | 600,000 |
| | GF/GP | \$2,485,700 | \$0 |
| 3. Environmental Stewardship/MAEAP – Staffing | FTE | 26.0 | 0.0 |
| <u>Executive</u> requests increase of 24.0 FTE authorization for the Michigan Agriculture Environmental Assurance Program (MAEAP). The increase would allow the department to shift program delivery from Local Conservation District contract technicians to classified state employees. There is no funding impact associated with this change in program delivery. <u>House</u> concurs with Executive with respect to funding but does not include the 24.0 FTE authorization increase. | Gross | \$11,744,500 | \$0 |
| | Federal | 1,982,600 | 0 |
| | Restricted | 8,328,900 | 0 |
| | GF/GP | \$1,433,000 | \$0 |

| | | FY 2023-24 Enacted (as of 2/7/24) | FY 2024-25 House Change |
|---|--------------|---|-------------------------------|
| Major Budget Changes from FY 2023-24 Enacted Appropriations | | | |
| 4. Agricultural Climate Resiliency | Gross | \$1,000,000 | \$5,000,000 |
| <u>Executive</u> retains \$1.0 million GF/GP in ongoing funding for grant program to promote the principles of regenerative agriculture as defined in boilerplate section 503. <u>House</u> includes \$6.0 million GF/GP in part 1 appropriations: \$1.0 million in ongoing funding and \$5.0 million in one-time support. House provides additional \$3.0 million GF/GP boilerplate appropriation by repurposing a work project balance in boilerplate section 901 for a total of \$9.0 million for program. | GF/GP | \$1,000,000 | \$5,000,000 |
| 5. Local Conservation Districts | Gross | \$2,000,000 | \$1,000,000 |
| <u>Executive</u> retains \$2.0 million GF/GP in ongoing funding. <u>House</u> includes \$3.0 million GF/GP, a \$1.0 million increase from current year by shifting from the Farm to Family Program. | GF/GP | \$2,000,000 | \$1,000,000 |
| 6. Farm to Family Program – NEW | FTE | 0.0 | 6.0 |
| <u>Executive</u> recommends \$4.0 million GF/GP, and 6.0 FTE authorization, for a new ongoing program to support regenerative farming, agriculture supply chains, and the promotion of Michigan food products. <u>House</u> includes \$1.0 million GF/GP; shifts \$1.0 million to Local conservation districts and \$2.0 million to Fair Food Network – Double up food bucks. | Gross | \$0 | \$1,000,000 |
| | GF/GP | \$0 | \$1,000,000 |
| 7. Fair Food Network – Double Up Food Bucks | Gross | \$2,000,000 | \$2,000,000 |
| <u>Executive</u> retains \$2.0 million GF/GP in ongoing support for program that provides a supplemental benefit for SNAP recipients to purchase fresh fruits and vegetables. <u>House</u> includes an additional \$2.0 million GF/GP by shifting from Farm to Family Program. House also includes a \$1.0 million boilerplate appropriation by repurposing a work project balance in boilerplate section 901 for a total of \$5.0 million for program. | GF/GP | \$2,000,000 | \$2,000,000 |
| 8. Office of Rural Development Transfer | FTE | 1.0 | (1.0) |
| <u>Executive</u> reflects Executive Order 2023-6 transfer of the Office of Rural Development to the Department of Labor and Economic Opportunity (LEO). <u>House</u> concurs with Executive. | Gross | \$678,000 | (\$678,000) |
| | GF/GP | \$678,000 | (\$678,000) |
| 9. Standardbred Racing Program | Gross | \$3,794,200 | \$720,000 |
| <u>Executive</u> retained current year funding of \$3.8 million from the restricted Agriculture Equine Industry Development Fund (AEIDF) for standardbred horse racing programs. <u>House</u> includes additional \$720,000 (AEIDF) line item, Michigan sired championship stakes, defined in Sec. 803, to allow for a standardbred sire stakes race and awards at county fairs. This line item would only be used if there is no licensed race meeting/track to host the event. | Restricted | 3,794,200 | 720,000 |
| | GF/GP | \$0 | \$0 |

| | | |
|--|--|--|
| | FY 2023-24 Enacted (as of 2/7/24) | FY 2024-25 House Change |
|--|--|--|

10. Removal of FY 2023-24 One-Time Appropriations

Executive removes \$30.6 million Gross (\$20.5 million GF/GP) of one-time funding that had been included in the FY 2023-24 budget. House concurs with Executive and removes the following FY 2023-24 items:

- Agricultural Climate Resiliency, \$6.0 million GF/GP. (See Item # 4, above for FY 2024-25 budget treatment).
- County Fairs, Shows, and Expositions, \$2.0 million GF/GP. (Budget retains \$500,000 GF/GP ongoing).
- Emerging Contaminants in Food and Agriculture, \$2.0 million GF/GP. (Budget retains ongoing).
- Food and Agriculture Supply Chain Investment, \$1.0 million GF/GP. (Budget retains ongoing).
- Laboratory Animal Welfare, \$500,000 GF/GP.
- Local Conservation Districts, \$1.0 million GF/GP. (Budget retains ongoing GF/GP ongoing).
- Minority-owned Food and Agriculture Ventures, \$2.9 million GF/GP.
- Northern Michigan Herd Protection, \$100 GF/GP.
- Rural Venture Capital Program, \$100 GF/GP.
- Soil Health and Regenerative Agriculture, \$5.0 million GF/GP. (Budget retains ongoing).
- Washtenaw conservation district - MiFarmLink pilot project, \$100,000 GF/GP.
- ARP - Resilient Food Systems Infrastructure, \$10.1 million federal.

| | | |
|--------------|---------------------|-----------------------|
| Gross | \$30,600,000 | (\$30,600,000) |
| Federal | 10,100,000 | (10,100,000) |
| GF/GP | \$20,500,000 | (\$20,500,000) |

11. Economic Adjustments

Executive reflects increased costs of \$2.0 million Gross (\$1.5 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. House concurs with Executive.

| | | |
|--------------|-----------|--------------------|
| Gross | NA | \$1,968,500 |
| IDG/IDT | NA | 5,400 |
| Federal | NA | 95,200 |
| Restricted | NA | 395,900 |
| GF/GP | NA | \$1,472,000 |

Major Boilerplate Changes from FY 2023-24

Sec. 207. Communication with the Legislature – REVISED

Executive deletes section that prohibits department from taking disciplinary action against an employee for communicating with the Legislature. House retains with technical changes to reflect new standard language; renumbered as Sec. 206.

Sec. 212. Transparency Website – REVISED

Executive deletes section that requires the department to cooperate with the Department of Technology, Management and Budget to maintain a searchable website, accessible by the public, that provides expenditure and staffing information. House retains with technical changes to reflect new standard language; renumbered as Sec. 211.

Sec. 213. Restricted Fund Report – REVISED

Executive deletes section that requires the department to work with the State Budget Office to provide a report on restricted fund revenues, expenditures, and fund balances; renumbered as Sec.212. [This report is currently included in the annual Budget Presentation.] House retains with technical changes to reflect new standard language.

Sec. 214. Key Metrics – DELETED

Executive deletes section that requires the department to maintain on a publicly accessible website information on key metrics and performance measures. House concurs with Executive and does not include.

Sec. 218. Remote Work Policy – REVISED

Executive deletes section that indicates legislative intent that the department maximize the efficiency of the state workforce and, where possible, prioritize in-person work and post its in-person, remote, or hybrid work policy on its website. House retains with technical changes to reflect new standard language; renumbered as Sec.216.

Sec. 219. State Administrative Board Transfers – DELETED

Executive deletes section that authorizes the legislature to intertransfer funds within budget if the State Administrative Board transfers funds from an appropriation within this budget. House deletes section.

Major Boilerplate Changes from FY 2023-24

Sec. 221. Record Retention Policy – REVISED

Executive deletes section that prescribes the department's record retention policy. House retains with technical changes to reflect new standard language; renumbered as Sec. 218.

Sec. 222. Impact of New Legislation – REVISED

Executive deletes section that requires a report on specific policy changes made to implement new public acts enacted in prior calendar year. House retains with technical changes to reflect new standard language; renumbered as Sec.219.

Sec. 223. Severance Pay Report – DELETED

Executive deletes section that established reporting requirements related to severance pay paid to department personnel upon the termination of employment. House concurs with Executive and does not include.

Sec. 225. Work Project Expenditures – REVISED

Executive deletes section that requires that work project balances be exhausted before expenditure from part 1 appropriations. House retains with technical changes to reflect new standard language; renumbered as Sec.221.

Secs. 503 and 504. Agricultural Climate Resiliency – REVISED

Executive combines the two sections that define the part 1 line items but generally retains current year language. House maintains both sections but revises Sec. 503 to direct that the department to use not less than \$9.0 million to partner with a state land-grant university (Michigan State University) for program activities.

Sec. 802. Agriculture Equine Industry Development Fund Reductions – REVISED

Executive retains section that defines priority of AEIDF appropriations. House makes technical changes.

Sec. 803. Standardbred Sire Stakes at County Fairs – NEW

House includes new section to define the new Michigan sired champion stakes item to allow for a standardbred sire stakes awards in the event there is no licensed race meeting/track to host the event.

Sec. 901. Work Project Repurpose – NEW

House includes new section to repurpose \$5.0 million in unexpended and unobligated funds from a work project established for the FY 2021-22 agricultural nutrient best management voluntary practices program. Specifically, the boilerplate would repurpose \$1.0 million for the Fair food network - double up food bucks program; \$3.0 million for Agricultural climate resiliency; \$850,000 to the Michigan craft beverage council, and \$150,000 to the Flint farmer's market.