

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**



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	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$519,300	\$524,300	\$5,000	1.0	\$524,300	\$0	0.0
Federal	11,199,600	9,720,900	(1,478,700)	(13.2)	10,035,500	314,600	3.2
Local	0	0	0	--	0	0	--
Private	175,800	96,900	(78,900)	(44.9)	117,600	20,700	21.4
Restricted	28,959,400	29,020,900	61,500	0.2	29,241,400	220,500	0.8
GF/GP	36,098,900	37,630,300	1,531,400	4.2	37,701,100	70,800	0.2
Gross	\$76,953,000	\$76,993,300	\$40,300	0.1	\$77,619,900	\$626,600	0.8
FTEs	431.0	434.0	3.0	0.7	434.0	0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Department's 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, protecting consumers, and promoting the state's agricultural economy.

Executive Part 1 Appropriations: The Executive proposes to roll-up the budget into 11 appropriation line items, a reduction from 45 line items in the current year budget.

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	FY 2012-13 YTD (as of 2/7/13)	Executive Changes		
		FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15	
1. Economic Adjustments	Gross	N/A	\$1,764,400	\$1,226,600
Reflects increased costs of \$1.8 million Gross (\$0.9 million GF/GP) for negotiated salary and wage amounts, insurance rate increases, actuarially-required retirement rate increases, building and other economic adjustments. Additional economics increase of \$1.2 million Gross (\$0.7 million GF/GP) is projected for FY 2014-15.	IDG	N/A	7,400	0
	Federal	N/A	230,300	314,600
	Private	N/A	3,400	20,700
	Restricted	N/A	618,700	220,500
	GF/GP	N/A	\$904,600	\$670,800
2. Food Safety	Gross	\$10,667,500	(\$250,000)	\$0
Includes net \$250,000 GF/GP reduction for food safety wholesale and retail sampling and followup and related laboratory testing with elimination of \$500,000 GF/GP one-time funding, offset by \$250,000 GF/GP increase in ongoing funding. The ongoing funding increase is allocated \$65,000 to food safety and \$185,000 to laboratory services. YTD shown is Food Safety and Quality Assurance line item, and one-time New Food Safety Requirements line item.	Federal	687,400	0	0
	Restricted	3,296,400	0	0
	GF/GP	\$6,683,700	(\$250,000)	\$0

Executive Changes

Major Budget Changes From FY 2012-13 YTD Appropriations	FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
3. Produce Assurance and Certification Program			
Includes net \$12,400 Gross reduction for Pesticide and Plant Pest Management. \$1.0 million GF/GP and 8.0 FTEs are added to maintain and enhance current inspection and certification programs to assure safety and integrity of agricultural products and commodities for export and for domestic purchase, including certificate requests, sampling and laboratory analysis, survey activities, and outreach to identify presence of exotic pests. GF/GP increase offsets reductions to the program of 4.0 FTEs and \$1.0 million, which include \$435,600 federal USDA and EPA categorical grant funds, \$66,800 private funding and \$510,000 state restricted funds.	FTEs 77.0	4.0	0.0
	Gross \$10,610,100	(\$12,400)	\$0
	Federal 2,049,300	(435,600)	0
	Private 86,800	(66,800)	0
	Restricted 4,837,400	(510,000)	0
	GF/GP \$3,636,600	\$1,000,000	\$0
4. Animal Industry - Disease Prevention and Response			
Recognizes revenue reductions to the animal disease prevention and response program including decline of \$336,200 from federal USDA grants, and decline of \$113,100 from agriculture licensing and inspection fees.	Gross \$8,956,700	(\$449,300)	\$0
	Federal 880,400	(336,200)	0
	Restricted 332,700	(113,100)	0
	GF/GP \$7,743,600	\$0	\$0
5. Producer Security/Grain Dealer Program			
Reflects increase of 1.0 FTE and \$150,000 of state restricted fee revenue from recently enacted grain dealer license fee and Farm Producer Insurance Fund reimbursement adjustments (PA 148 and PA 149 of 2012). Funds are used to provide regulatory oversight of grain dealers and administer the farm producer security program.	FTEs 4.0	1.0	0.0
	Gross \$574,200	\$150,000	\$0
	Restricted 557,400	150,000	0
	GF/GP \$16,800	\$0	\$0
6. Farmland and Open Space Preservation			
Increases funding for administration of the Farmland and Open Space Preservation program by \$392,500 from the state restricted Agricultural Preservation Fund, an increase from \$872,000 to \$1.26 million; requires statutory amendment. Reduces capital outlay appropriation for farmland and open space development acquisition from \$500,000 to \$300,000 of funds from the state restricted Agricultural Preservation Fund.	Gross \$1,372,000	\$192,500	\$0
	Restricted 1,372,000	192,500	0
	GF/GP \$0	\$0	\$0
7. USDA Monitoring			
Recognizes \$1.0 million reduced funding for the USDA Monitoring Program from USDA federal grants. Program collects data on pesticide residue and microbiological pathogens in foods, and has food emergency response network capabilities in case of microbiological threat agents in food.	Gross \$2,548,700	(\$1,000,000)	\$0
	Federal 2,548,700	(1,000,000)	0
	GF/GP \$0	\$0	\$0
8. New Food and Agriculture Industry Growth Initiative			
Provides \$1.0 million GF/GP to fund a new competitive grant program to foster agriculture industry-wide development and growth through research, education, and technical assistance, focused on removing barriers and leveraging opportunities in food processing and other areas as identified by an advisory board formed by the Director. Initiative also includes \$2.0 million appropriation proposed in the Michigan Strategic Fund budget.	Gross N/A	\$1,000,000	\$0
	GF/GP N/A	\$1,000,000	\$0
9. Other One-Time Appropriations			
Discontinues one-time appropriations for lump-sum payments to state employees of \$470,300 Gross (\$235,300 GF/GP), and for rural development value-added grants of \$900,000 GF/GP. One-time private forestry \$600,000 GF/GP appropriation is retained in FY 2013-14, and eliminated in FY 2014-15.	Gross \$1,970,300	(\$1,370,300)	(\$600,000)
	IDG 2,400	(2,400)	0
	Federal 85,000	(85,000)	0
	Private 1,500	(1,500)	0
	Restricted 146,100	(146,100)	0
	GF/GP \$1,735,300	(\$1,135,300)	(\$600,000)

Major Boilerplate Changes From FY 2012-13

Executive Boilerplate Deletions

In general, the Executive Budget Recommendation deletes a large majority of boilerplate language included in the FY 2012-13 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted. For the Department of Agriculture and Rural Development, the Executive deletes 30 of 45 boilerplate sections.

NOTE: No boilerplate language proposed specific to FY 2014-15.

Sec. 231. Report on Ten Measurable Outcomes – DELETED

Requires a report, by October 31, 2012, on ten principal measurable outcomes to be affected by the expenditure of funds in this budget; requires biannual updates starting on April 1, 2013.

Sec. 232. Department Online Scorecard and Metrics – NEW

Requires that the Department maintain a public scorecard on a publicly accessible website which updates key metrics used to monitor and improve the agency's performance.

Sec. 402. Food Safety – DELETED

Requires report on food-borne outbreaks and emergencies related to food safety by April 1.

Sec. 453. Indemnification Payments – DELETED

Authorizes Department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; requires report on reason for, amount of, and person to whom indemnification is to be paid. Subsection (2) authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) indicates that the appropriation in Part 1 for indemnification is for indemnification under Subsection (2) and related Department costs. Requires a report, due March 1.

Sec. 552. Clean Sweep Program – DELETED

Encourages Department to work with local public health departments and the USDA to maintain and expand Clean Sweep program, including disposal of prescription drugs; requires report.

Sec. 601. Environmental Stewardship – DELETED

Clarifies intent that line item funding be used to support Department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan Natural Resources and Environmental Protection Act, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal Farm Bill of 2008.

Sec. 608. MAEAP and Lake St. Clair Water Quality – DELETED

Directs the Department to address water quality issues affecting Lake St. Clair, including non-point source pollution, from the funds appropriated for the Michigan Agriculture Environmental Assurance Program.

Sec. 706. Agricultural Development – DELETED

Requires report due April 1 on agricultural development and export market development activities.

Sec. 803. Thoroughbred Program Escrow – DELETED

Provides for "escrowing" of funds for thoroughbred program if there is no live thoroughbred race meet in 2011 or 2012.

Sec. 804. Michigan Gaming Control Board – DELETED

Requires the Michigan Gaming Control Board to use actual expenditure data in determining regulatory costs of conducting racing dates.

Sec. 1101. Rural Development Value-Added Grant Program – REVISED

Provides criteria for Rural Development Value-Added Grant Program, and provides for reports. Subsection (5) work project language is deleted and the remaining language is moved from One-Time Basis Only Appropriations section to Agriculture Development and renumbered as Sec. 701.