

AGRICULTURE

Summary: FY 2009-10

House Substitute for Senate Bill 237 (H-1) Draft 1

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	FY 2008-09 YTD	FY 2009-10 Executive	FY 2009-10 Senate	FY 2009-10 House	FY 2009-10 Enacted	Difference: House substitute From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$9,539,200	\$435,700	\$435,700	\$285,700		(\$9,253,500)	(97.0)
Federal	17,366,900	14,231,100	14,231,100	15,531,100		(1,835,800)	(10.6)
Local	0	0	0	0		0	0.0
Private	237,200	243,200	243,200	243,200		6,000	2.5
Restricted	43,144,800	34,602,800	40,002,800	40,472,900		(2,671,900)	(6.2)
GF/GP	28,546,100	33,987,100	30,588,400	30,477,000		1,930,900	6.8
Gross	\$98,834,200	\$83,499,900	\$86,427,800	\$87,009,900		(\$11,824,300)	(12.0)
FTEs	600.5	597.5	597.5	597.5		(3.0)	(0.5)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through June 21, 2009.

Overview

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

Budget Summary

The Executive budget for FY 2009-10 reflects elimination or reductions in several revenue sources, the most significant of these changes are: elimination of \$9.2 million in State Services Fee Fund revenue; elimination of Upper Peninsula State Fair revenue; recognition of reductions in Agriculture Equine Industry Development Fund (AEIDF) revenue; continuing reductions in federal support for Emerald Ash Borer program; elimination of \$8.9 million IDG from the Department of Community Health for Local Health Department food service inspection programs; and \$700,000 in proposed dairy inspection fees to offset \$700,000 GF/GP reduction in Food and Dairy programs.

The House bill is \$3.5 million Gross higher than the Executive, but is \$3.5 million less in General Fund support.

The House bill includes \$5.2 million in State Services Fee Fund revenue that had not been part of the Executive recommendation, to support county fair programs and the Office of Racing Commissioner. The House bill includes \$8.8 million in appropriations from the AEIDF. The House substitute also recognizes an additional \$1.3 million in federal USDA specialty crop grants.

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	House Change From YTD
1. Commissions and Boards House appropriates \$23,800; eliminates use of Upper Peninsula State Fair revenue as a fund source.	Gross	\$32,800	(\$9,000)
	Restricted	17,800	(9,000)
	GF/GP	\$15,000	\$0
2. Unclassified Positions No change in gross appropriations, but replaces \$160,500 State Services Fee Fund (SSFF) revenue with \$90,000 from the Agriculture Equine Industry Development Fund (AEIDF) and \$70,500 from GF/GP. The Senate had unrolled into three separate lines and reduced funding to \$194,000.	FTEs	6.0	0.0
	Gross	\$319,000	\$0
	Restricted	160,500	(70,500)
	GF/GP	\$158,500	\$70,500

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	House Change From YTD
3. Executive Direction	FTEs	10.0	0.0
House appropriates \$985,800; replaces \$73,800 SSFF revenue with GF/GP.	Gross	\$922,600	\$63,200
	Restricted	108,000	(71,500)
	GF/GP	\$814,600	\$134,700
4. Management Services	FTEs	24.0	0.0
House appropriates \$1,756,900; replaces \$24,900 SSFF revenue with GF/GP.	Gross	\$1,575,800	\$181,100
	Restricted	136,500	(15,500)
	GF/GP	\$1,439,300	\$196,600
5. Agricultural Statistics	FTEs	1.0	0.0
House appropriates \$146,000; the Senate had eliminated GF/GP funding.	Gross	\$143,700	\$2,300
	Restricted	78,400	1,300
	GF/GP	\$65,300	\$1,000
6. Emergency Management	FTEs	2.5	4.0
House appropriates \$737,400; retains \$500,000 federal grant (new in current year) and 4.0 related FTE positions; replaces \$243,300 SSFF revenue with GF/GP.	Gross	\$743,300	(\$6,200)
	Federal	500,000	0
	Restricted	243,300	(243,300)
	GF/GP	\$0	\$237,100
7. Internal Audit Services	Gross	\$263,700	(\$263,700)
Internal audit functions were transferred to the Department of Management and Budget/State Budget Office in 2009. The Executive budget would transfer funding to the DMB budget in FY 2009-10. The House concurs.	GF/GP	\$263,700	(263,700)
8. Departmentwide –Rent and Building Occupancy	Gross	\$718,300	(\$297,100)
Executive Order 2008-21 reduced current year GF/GP funding by \$240,000; Executive Order 2009-22 eliminated all GF/GP funding in the line. These baseline reductions are absorbed by other department program areas – actual building occupancy costs total \$1.38 million.	Federal	185,400	(32,000)
	Restricted	532,900	(265,200)
	GF/GP	\$0	\$100
The House appropriations \$421,200. The House replaces \$313,500 SSFF revenue with \$53,400 AEIDF; the Senate retains SSFF revenue and does not include AEIDF support.			
9. Food and Dairy –Food Safety and Quality Assurance	FTEs	115.0	0.0
House appropriates \$12,739,600; reflects anticipated additional federal grant revenue. House reflects Executive proposal to offset a \$700,000 reduction in GF/GP support with milk inspection fee revenue generated from a proposed alternative inspection fee. Line item represents the largest share of GF/GP funding in this budget.	Gross	\$12,748,000	(\$8,400)
	Federal	557,400	(86,900)
	Restricted	2,988,800	750,300
	GF/GP	\$9,201,800	(\$671,800)
10. Food and Dairy – Local Public Health Program	Gross	\$8,878,700	(\$8,878,700)
House adopts the Executive recommendation and eliminates the line item and related IDG funding, which are simply placeholders used to recognize the Department's oversight role in local public health department food service inspection program. Elimination of the line will not affect the Department's oversight role or local public health agencies' food service inspection programs which are funded in the Department of Community Health budget.	IDG	8,878,700	(8,878,700)
11. Animal Industry –Animal Health and Disease Response	FTEs	70.0	0.0
House appropriates \$8,681,500; adopts Executive proposal to -up <i>Animal Health and Welfare</i> and <i>Bovine Tuberculosis</i> into a single <i>Animal Health and Disease Response</i> line item. [The 2008-09 YTD column also combines the two lines for comparison purposes.]	Gross	\$10,162,400	(\$1,480,900)
	Federal	1,765,100	(513,900)
	Restricted	2,360,700	(2,252,700)
	GF/GP	\$6,036,600	\$1,285,700

Appropriation recognizes eliminates \$787,000 AEIDF, and \$1,466,800 in SSFF revenue.

The Senate includes \$75,000 IDG related to cervid fee revenue not recognized in the House.

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-09 YTD</u>	<u>House Change From YTD</u>
12. Pesticide and Plant Pest Management – PPPM	FTEs	110.0	0.0
House appropriates \$8,681,500; recognizes anticipated increase in federal grant revenue.	Gross	\$11,923,000	\$6,000
	Federal	2,447,700	101,900
	Private	148,000	4,600
	Restricted	5,165,100	46,700
	GF/GP	\$4,162,200	(\$147,200)
13. Emerald Ash Borer Program	FTEs	24.5	0.0
Appropriation of \$3.0 million reflects continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05.	Gross	\$5,191,400	(\$2,157,200)
	Federal	5,191,400	(2,157,200)
14. Environmental Stewardship	FTEs	27.0	0.0
House appropriates \$2,197,700; reduces IDG funding to reflect actual anticipated IDG support.	Gross	\$2,606,500	(\$408,900)
	IDG	268,600	(174,800)
	Federal	276,500	(237,000)
	Restricted	49,800	600
	GF/GP	\$2,011,600	\$2,300
15. Groundwater/Freshwater Protection Program	FTEs	15.0	0.0
House appropriates \$5,255,100; reduces federal funding to reflect actual anticipated revenue. Restricted revenue from Freshwater protection fund.	Gross	\$5,472,500	(\$217,400)
	Federal	467,800	(252,300)
	Restricted	5,004,700	34,900
16. Technical Assistance Match	Gross	\$252,600	(\$252,600)
Line item supports technicians, working out of local conservation districts, who assist farmers and landowners in completing federally-funded Natural Resources Conservation Service contracts. House does not include.	GF/GP	\$252,600	(\$252,600)
17. Local Conservation Districts	Gross	\$458,400	(\$158,400)
Reduces state support to \$300,000 GF/GP. The Senate did not include.	GF/GP	\$458,400	(\$158,400)
18. Aquifer Protection Program	Gross	\$50,000	(\$50,000)
Eliminates IDG grant funding from the Department of Environmental Quality.	IDG	50,000	(50,000)
19. Water Withdrawal Assessment Program	Gross	\$130,000	(\$130,000)
Eliminates this line item that was new in the current year budget.	GF/GP	\$130,000	(\$130,000)
20. Laboratory Services	FTEs	63.0	0.0
House appropriates \$5,993,100; replaces \$519,700 SSFF revenue with AEIDF. The Senate retains SSFF funding.	Gross	\$6,218,800	(\$285,700)
	IDG	189,100	0
	Federal	916,200	0
	Restricted	2,276,400	54,200
	GF/GP	\$2,837,100	(\$339,900)
21. Consumer Protection Program	FTEs	51.0	0.0
Supports motor fuel quality, weights and measures, and metrology laboratory. Restricted revenue from Gasoline inspection and testing fees, Refined petroleum fund, and Weights and measures regulatory fees. Increase reflects economic adjustments.	Gross	\$5,135,200	\$101,700
	Restricted	5,134,800	102,100
	GF/GP	\$400	(\$400)
22. Agriculture Development	FTEs	6.0	0.0
House appropriates \$2,227,100; replaces \$350,700 SSFF revenue with GF/GP. Recognizes new \$1.3 million federal specialty crop block grant.	Gross	\$1,072,000	\$1,155,100
	Private	10,800	100
	Federal	275,200	1,304,100
	Restricted	606,400	(346,900)
	GF/GP	\$179,600	\$197,800
23. Michigan Agricultural Surplus System (Food Bank)	Gross	\$630,500	\$0
Retains current-year funding but replaces IDG with GF/GP funding	IDG	150,000	(150,000)
	GF/GP	\$480,500	\$150,000

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	House Change From YTD
24. Upper Peninsula State Fair		FTEs 6.0	(6.0)
Executive Order 2009-4 would abolish the Upper Peninsula State Fair as a Type II agency within the department; the House concurs with the Executive and eliminates the state appropriation.		Gross \$1,372,600	(\$1,372,600)
		Restricted 1,372,600	(1,372,600)
25. Horse Racing and Producer Security		FTEs 9.5	0.0
Current year funding includes \$1,011,100 SSFF revenue, replaced in proposed budget with \$683,800 AEIDF and \$301,000 GF/GP.		Gross \$1,154,600	\$14,300
		Restricted 1,154,600	(286,700)
		GF/GP \$0	\$301,000
26. Premiums – County and State Fairs		Gross \$147,200	\$1,228,200
House/Senate retain support for fair awards and premiums – funded entirely from State Services Fee Fund revenue in the current year budget.		Restricted 147,200	1,228,200
27. Building and Track Improvements		Gross \$0	\$480,000
House/Senate add support for this line – funded entirely from State Services Fee Fund revenue in the current year budget.		Restricted 0	480,000
28. Horse Industry Programs		Gross \$7,580,800	\$305,100
House concurs with Senate in appropriation of AEIDF revenue for horse racing programs. The Executive recommends only \$3.1 million for these programs.		Restricted 7,580,800	305,100
	FY 09	FY 10 House	
Purses & supplements-fairs/licensed tracks	1,370,000	1,839,400	
Licensed tracks - light horse racing	117,000	102,500	
Standardbred (SB) breeders' awards	969,000	752,100	
SB purses/supplements-licensed tracks	1,789,300	1,388,800	
SB sire stakes	810,000	628,600	
Thoroughbred sire stakes	830,000	644,200	
SB training and stabling	36,000	27,900	
Thoroughbred program	835,500	1,862,800	
Thoroughbred owners' awards	124,000	96,300	
Distribution of outstanding winning tickets	700,000	543,300	
Total	\$7,580,800	\$7,885,900	
29. Office of Racing Commissioner		FTEs 30.0	0.0
The Executive recommends funding this line with AEIDF. The Senate uses SSSF. The House bill includes \$100 point of difference in fund sources.		Gross \$2,579,500	\$120,500
		Restricted 2,579,500	120,500
30. Information Technology		Gross \$1,435,700	\$283,200
Economic increases of \$38,800; eliminates Upper Peninsula State Fair revenue as fund source (\$900); recognizes costs of Microsoft upgrades, \$86,200; and One-stop permit portal, \$74,900. Replaces \$1,063,500 SSFF revenue with GF/GP.		IDG 2,800	0
		Restricted 1,296,700	(887,200)
		GF/GP \$136,200	\$1,170,400
31. Capital Outlay–Farmland/Open Space Development Acquisition		Gross \$3,750,000	\$0
Retains current year funding and funds sources. State restricted funds in line are from Agriculture Preservation Fund.		Federal 1,250,000	0
		Restricted 2,500,000	0
32. Economics		Gross N/A	\$1,418,400
Recognizes \$1.4 million (net) for economic increases: \$1,470,800 for employee economics; \$38,800 for information technology; and a \$91,200 reduction in building occupancy charges.		IDG N/A	1,300
		Federal N/A	166,700
		Private N/A	6,000
		Restricted N/A	492,700
		GF/GP N/A	\$751,700

Major Boilerplate Changes From FY 2008-09

Sec. 212. Indemnification Payments – MODIFIED House does not include subsection (2) which authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars and to expend funds received from Department of Natural Resources.
Sec. 228. Contingency Appropriations – RETAINED Includes \$5.0 million federal, \$6.0 million state restricted, and \$100,000 each local and private.
Sec. 225. Agriculture and Livestock Education Pavilion – RETAINED Indicates legislative intent that Department explore opportunities to expand facilities and size of MSU Pavilion for Agriculture and Livestock Education.
Sec. 231. Management Service – NOT INCLUDED Establishes baseline level of direct service Department employees.
Sec. 232. Implement Continuous Improvements – NOT INCLUDED Requires report by Department director on continuous improvement.
New section: Sec. 236. All appropriations in part 1 from the agriculture equine industry development fund shall be spent for equine-related purposes.
New section: Sec. 237. Not later than September 30, 2010, the department shall prepare and transmit a report that provides for estimates of the total general fund/general purpose appropriation lapses at the close of the fiscal year. This report shall summarize the projected year-end general fund/general purpose appropriation lapses by major departmental program or program areas. The report shall be transmitted to the office of the state budget, the chairpersons of the senate and house appropriations committees, and the senate and house fiscal agencies.
Sec. 401. Restaurant Inspection and Licensing – RETAINED Requires Department to monitor restaurant inspection/licensing activities conducted by locals and report to Legislature.
Sec. 407. Carry Forward for Food and Dairy E-inspector Program – NOT INCLUDED Directs that funds from FY 2007-08 budget not lapse, but be carried forward as a work project for the e-inspector program
Sec. 460. [Senate Bill] Aquaculture – NOT INCLUDED House does not include new directive from Senate bill prohibiting reductions in Aquaculture program.
Sec. 604. Local Soil Conservation Districts – MODIFIED Sets limit of \$11,605 per local conservation district.
Sec. 605. Technical Assistance Match – NOT INCLUDED House does not include line item or related boilerplate.
New section: Sec. 609. From the funds appropriated in section 107 for environmental stewardship, not less than \$700,000.00 shall be expended for inspection and licensing activities related to migrant labor housing. The department shall work with the agriculture industry to identify means and methods of sustaining the migrant labor housing inspection program.
Sec. 805. Agriculture Equine Fund Prorated Reductions – RETAINED Requires that department make proportionate reductions in all appropriations from the AEIDF if revenue falls.
Sec. 812. [Senate Bill] Agriculture Equine Fund Payments – NOT INCLUDED House does not included new section from Senate bill referencing "timely payments."
Sec. 901. Criminal Activity Information Rewards – NOT INCLUDED Allows racing commissioner to pay rewards up to \$5,800 to individuals who provide information on criminal activity involving the horse racing industry.
Sec. 902. Thoroughbred Program Escrow – NOT INCLUDED Provides for "escrowing" of funds for thoroughbred program.
Sec. 903. [Senate Bill] Administrative Rule Notice – NOT INCLUDED House does not included new section from Senate bill requiring additional notice of intent to file administrative rules.
New section: Sec. 904. It is the intent of the legislature that the office of racing commissioner no longer be designated as a type I agency and be administered as part of the department for budgetary savings.