

FY 2024-25: AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Passed by the House
House Bill 5511 (H-1)



Analyst: William E. Hamilton

IDG/IDT	FY 2023-24	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	Difference: House	
	Enacted as of 2/7/24	Executive	House	Senate	Conference	From FY 2023-24 Enacted Amount	%
IDG/IDT	\$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
The department indicates that the current budget does not provide sufficient funding to support all 6.0 authorized unclassified FTE positions. <u>Executive</u> includes increase of \$335,100 Gross (\$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. Emerging Contaminates in Food and Agriculture	FTE	6.0	0.0
<u>Executive</u> retains \$2.1 million GF/GP in ongoing funding for program intended to identify, respond to, and mitigate emerging contaminants, including PFAS, affecting agriculture and related food industries, but does not retain \$2.0 million one-time. <u>House</u> concurs with Executive.	Gross	\$4,079,900	(\$1,999,800)
	GF/GP	\$4,079,900	(\$1,999,800)
3. Federal USDA Emergency Management Grant	FTE	8.0	0.0
<u>Executive</u> includes \$600,000 federal funds increase in Emergency Management to recognize 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

		FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 House Change
Major Budget Changes from FY 2023-24 Enacted Appropriations			
4. Environmental Stewardship/MAEAP – Staffing	FTE	26.0	0.0
<u>Executive</u> requests increase of 24.0 FTE positions 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 MDARD employees. There is no funding impact associated with this change in program delivery. <u>House</u> concurs with Executive with respect to program funding but does not include the 24.0 FTE position increase.	Gross	\$11,744,500	\$0
	Federal	1,982,600	0
	Restricted	8,328,900	0
	GF/GP	\$1,433,000	\$0
5. Agricultural Climate Resiliency	Gross	\$7,000,000	(\$1,000,000)
<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, but does not retain \$6.0 million in one-time funding. <u>House</u> includes \$6.0 million GF/GP in part 1 funding (\$1.0 million ongoing and \$5.0 million one-time) – \$1.0 million less than current year. House also provides additional \$3.0 million GF/GP through boilerplate appropriation (Section 901) repurposing a work project balance.	GF/GP	\$7,000,000	(\$1,000,000)
6. Soil Health and Regenerative Agriculture	FTE	5.0	0.0
<u>Executive</u> retains \$1.0 million GF/GP in ongoing funding but does not retain \$5.0 million shown as one-time, a net decrease of \$5.0 million. Program, defined in boilerplate section 504, is intended to promote the principles of regenerative agriculture. <u>House</u> concurs with Executive.	Gross	\$6,000,000	(\$5,000,000)
	GF/GP	\$6,000,000	(\$5,000,000)
7. Local Conservation Districts	Gross	\$3,000,000	\$0
<u>Executive</u> retains \$2.0 million GF/GP in ongoing funding but does not retain \$1.0 million in one-time support, a net decrease of \$1.0 million. <u>House</u> retains current year funding of \$3.0 million GF/GP, all shown as ongoing.	GF/GP	\$3,000,000	\$0
8. 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 and 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
9. 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 to SNAP recipients for the purchase of 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 \$1.0 million through a boilerplate appropriation (Section 901) repurposing a work project balance.	GF/GP	\$2,000,000	\$2,000,000
10. Food and Agriculture Supply Chain Investment	FTE	1.0	0.0
<u>Executive</u> retains \$800,000 GF/GP in ongoing funding for program intended to address issues related to agriculture and food industry supply chain, including accessibility of cold storage, distribution and processing facilities, and implementation of advanced technologies. <u>Executive</u> does not retain \$1.0 million GF/GP in one-time funding. <u>House</u> concurs with Executive.	Gross	\$1,800,000	(\$1,000,000)
	GF/GP	\$1,800,000	(\$1,000,000)
11. 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)

		FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 House Change
<u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u>			
12. County Fairs, Shows, and Expositions			
<u>Executive</u> retains \$500,000 GF/GP in ongoing support for grant program but does not retain \$2.0 million in one-time funding. <u>House</u> concurs with <u>Executive</u> .	Gross	\$2,500,000	(\$2,000,000)
	GF/GP	\$2,500,000	(\$2,000,000)
13. Standardbred Racing Program			
<u>Executive</u> retains 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) for new line item, Michigan sired championship stakes, defined in Sec. 803, to allow for a standardbred sire stakes race at a county fair. This line item would only be used if there is no licensed race meeting/track to host the event.	Gross	\$3,794,200	\$720,000
	Restricted	3,794,200	720,000
	GF/GP	\$0	\$0
14. Removal of FY 2023-24 One-Time Appropriations #			
<u>Executive</u> removes the following one-time items, totaling \$13.6 million Gross (\$3.5 million GF/GP), that had been included in the FY 2023-24 budget:	Gross	\$13,600,200	(\$13,600,200)
	Federal	10,100,000	(10,100,000)
	GF/GP	\$3,500,200	(\$3,500,200)
<ul style="list-style-type: none"> • Laboratory Animal Welfare, \$500,000 GF/GP. • 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. • Washtenaw conservation district - MiFarmLink pilot project, \$100,000 GF/GP. • ARP - Resilient Food Systems Infrastructure, \$10.1 million federal. 			
<u>House</u> concurs with <u>Executive</u> and removes the above FY 2023-24 items.			
<i># Note that One-time items in the FY 2023-24 budget total \$30.6 million Gross (\$20.5 million GF/GP). Item #13 does not discuss one-time items, totaling \$17.0 million, that were discussed above, specifically:</i>			
<ul style="list-style-type: none"> • Emerging Contaminates in Food and Agriculture, \$2.0 million GF/GP. (See Item #2, above.) • Agricultural Climate Resiliency, \$6.0 million GF/GP. (See Item #5, above.) • Soil Health and Regenerative Agriculture, \$5.0 million GF/GP. (See Item # 6, above.) • Local Conservation Districts, \$1.0 million GF/GP. (See Item #7, above.) • Food and Agriculture Supply Chain Investment, \$1.0 million GF/GP. (See Item #10 above.) • County Fairs, Shows, and Expositions, \$2.0 million GF/GP. (See Item #12, above.) 			
15. Economic Adjustments			
<u>Executive</u> 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. <u>House</u> concurs with <u>Executive</u> .	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.

Major Boilerplate Changes from FY 2023-24

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.

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.