

Department of Agriculture

(Amounts In Thousands)

Funding History

	FY90			FY01	FY02	FY03
GF/GP	\$45,472.0			\$51,794.6	\$41,396.0	\$40,801.0
All Funds	\$70,589.9			\$112,618.0	\$98,571.1	\$97,454.3
		% Change - GF/GP			-20.1%	-1.4%
		% Change - All Funds			-12.5%	-1.1%

KEY ISSUES	GF/GP	All Funds
Micro Biological Data Program for USDA Monitoring	\$0.0	\$630.0
Laboratory Services Adjustments	(\$30.0)	\$300.0
Michigan State Fair Revenue Adjustment	\$0.0	(\$900.0)
Agriculture Equine Industry Development Fund Adjustment	\$0.0	(\$786.6)
Market Development and Fee Adjustments	(\$500.0)	(\$325.0)
U. P. State Fair - Elimination of General Fund Support	(\$167.9)	(\$167.9)
Various Other Revenue Adjustments	\$0.0	(\$36.7)
Adjustment to Reflect End of 1997 Early Retirement Payouts	(\$109.4)	(\$123.4)
Economic Adjustments	\$734.5	\$815.0
Staff Reductions Needed to Pay for Employee Economics (9.0 FTE's)	<u>\$522.2</u>	<u>\$522.2</u>
Subtotal	(\$595.0)	(\$1,116.8)
FY 2003 Executive Recommendation	\$40,801.0	\$97,454.3

Department of Agriculture

The Michigan Department of Agriculture provides services to the Michigan food and agriculture community through a variety of food safety,

environmental protection, and animal and plant health programs. Under the leadership of Governor Engler, Michigan has been recognized as a national leader in developing and expanding markets for the state's agriculture industry. Agriculture is Michigan's second largest industry and the state continues to be ranked #1 nationally in the production of many agricultural products.

Michigan: The Nation's Top Producer of Many Agricultural Products

Product	Michigan's Share of U.S. Market
Beans, dry, cranberry	84.1%
Cherries, tart	69.3%
Beans, dry, black	62.6%
Beans, dry, navy	37.7%
Grapes, Niagra	36.4%
Blueberries	33.4%
Cucumbers (processing)	29.4%
Hosta	26.8%
Beans, dry, light red kidney	21.0%
Geraniums (seed and cuttings)	20.9%
Marigolds	17.6%
Impatiens	15.9%
Other potted perennials	15.2%
Petunias	13.3%
Flowering hanging baskets	10.0%

The fiscal year 2003 recommendation for the Department of Agriculture totals \$97.5 million gross, of which \$ 40.8 million is general fund.

Achievements of Engler Administration

Since 1991, the Engler Administration has strengthened its commitment to providing a safe food supply while continuing Michigan's strong tradition of support for the agriculture industry and environmental stewardship.

After two years of effort by the Department of Agriculture and a coalition of agencies, public health officials, food industry representatives, consumers, and university researchers, the Food Law of 2000 was enacted which modernized,

standardized and consolidated Michigan's food laws, while adopting the federal Food and Drug Administration's 1999 Food Code as a uniform regulatory standard for retail food establishments, including restaurants and grocery stores.

"The Food Law of 2000 was one of the most important initiatives we have worked on in our 100-year history.... It eliminated wasteful duplication, bolstered food safety initiatives, addressed consumer concerns and made our food laws easier to follow."

Linda Gobler, President of the Michigan Grocers Association, November 2000

Enhancing value-added agricultural opportunities has been a high priority of the Administration in order to develop and expand both the domestic and foreign markets for Michigan-grown or processed commodities. In 2000, ten Renaissance Zones were authorized and specifically targeted toward agriculture and food processing markets. Thanks to

the foresight of the Governor and Legislature, the Julian-Stille Value Added Agriculture Development Act was recently enacted, establishing a fund for agricultural industry development projects. Because of this act and its structure, Michigan will be able to fairly and effectively allocate money recently received from the federal government for specialty crop enhancement programs. State financial assistance for value-added processing opportunities has included \$4.8 million for an ethanol plant at Caro, \$900,000 for a turkey growers' processing

plant in Wyoming, and a zero-interest loan of \$5.0 million for sugar beet processing operations in the Saginaw area. All of these efforts have retained or created jobs in the agriculture industry.

The Michigan Right to Farm law is one of the strongest in the country and serves as a national model. The law recognizes the importance of a farmer's right to farm while promoting sound environmental stewardship. Michigan farmers receive protection from odor and noise-related lawsuits by following a series of scientifically-based Generally Accepted Agricultural Management Practices, which are reviewed and updated annually.

Under the leadership of Governor Engler, a comprehensive, results driven program entitled the Michigan Agriculture Environmental Assurance Program (MAEAP) was created to ensure farmers are complying with all state and federal environmental regulations. It is specifically tailored to prevent agriculture-related pollution while simultaneously insuring strong farmer participation. Farmers receive education, technical assistance, environmental risk assessments and action plans that are farm specific.

As a result of amendments to the Farmland and Open Space Preservation Act (P.A. 421 of 2000), Michigan farmers can enter into Development Rights Agreements with the state whereby farmland remains in agricultural use for at least 10 years in return for a tax credit. The state currently holds more than 50,000 farmland agreements, preserving over 4.3 million acres of farmland, representing more than 40 percent of Michigan's agricultural land. Michigan leads the nation in the number of protected open spaces. In 1995, Michigan began offering an alternative method for protecting farmland by purchasing the development rights to selected parcels of land across the state. These rights are purchased in perpetuity with ownership conveyed to the state; an agricultural conservation easement is placed on the land, permanently restricting any non-agricultural development. Michigan now has acquired 56 development rights easements protecting more than 13,600 acres of prime farmland.

"This law [Farmland and Open Space Preservation Act] is the first step in a long line of things that I think are needed to save agriculture land use in the state of Michigan."

Tom Cooper, Owner and Operator of Rocky Top Farms in Antrim County, Harbor Beach Times, January 23, 2001

In November 1994, a white tail deer killed in Alpena County was diagnosed with bovine tuberculosis (TB). Since wild deer and livestock often feed in the same areas, a cattle and wildlife testing program was immediately developed and launched. To date, more than 870,000 TB tests have been conducted on animals statewide. In the summer of 2001, the department completed testing of nearly 3,200 dairy herds in the state, representing more than 500,000 animals. No disease has been identified outside of the original four-county high risk area. The Department of Agriculture will now complete testing of all beef cattle herds during 2002 and 2003. As a result of strong cooperative efforts of state and federal agencies, industry and private veterinarians, Michigan is poised to obtain a split-

“In a pure and unadulterated piece of good news for the dairy industry, the completion of bovine tuberculosis testing was announced Monday along with a clean bill of health for state herds.”

Coldwater Daily Reporter, June 26, 2001

state status bovine TB designation from the U.S. Department of Agriculture. In order to accomplish this goal, Michigan has established three distinct zone designations within the state to better target its eradication efforts in the small core area where TB has been found and to help livestock producers more readily market their animals to other states. The fiscal year 2003 budget contains \$3.5 million for the bovine tuberculosis eradication program, bringing total bovine TB funding to \$22.3 million.

Response to Revenue Decline

During the past year, state agencies were forced to reduce spending in order to bring expenditure levels in line with available funding. The Department of Agriculture reduced spending by \$2.6 million over the past two fiscal years through administrative and operational efficiencies, and funding shifts to available restricted funds. Programmatic reductions involved decreases to a variety of grant programs including support for local soil conservation districts, migrant labor housing, export marketing, and a reduction in one-time support for the ethanol plant.

Despite these reductions, the department was able to maintain its core responsibilities of ensuring a safe, wholesome food supply; maintaining economic viability of the state’s food and agriculture industry; promoting sound environmental stewardship; and protecting consumers from unhealthy or unsafe products, economic fraud or deception.

Summary of Fiscal Year 2003 Executive Budget

The fiscal year 2003 budget recommendation provides an additional \$1.1 million in federal support for use in monitoring pesticide residue levels, and microbiological data for the U. S. Department of Agriculture. In 2001, the Agriculture Pollution Prevention Fund was created (P.A. 176 of 2001) enabling the department to enter into easement agreements with Michigan farmers to implement conservation practices on their land while enhancing environmental stewardship efforts. No revenues have been received yet to support this effort. However, the fiscal year 2003 budget recommendation establishes a budgetary mechanism so that the program can begin as soon as revenue becomes available.

Funding for the Michigan State Fair has been reduced by \$900,000 to reflect continued operational savings resulting from the lease agreement with a private development group overseeing management of the Michigan State Fairgrounds. General fund support for the Upper Peninsula State Fair has been reduced \$167,900, which finalizes a multi-year effort to move the entity to full self-sufficiency. Additional operational efficiencies in Market Development will yield \$325,000 in general fund savings, and \$175,000 in available restricted fund revenue allows for capture of an equivalent amount in savings to the general fund.

Program Outcomes	Fiscal Year			
	2000	2001	2002	2003
Ensure consumer protection by increasing the percentage of gasoline meeting quality standards	85%	87%	89%	91%
Reduce the number of food-borne illnesses by approximately 4% per year as a result of licensing and inspection activities	2,600	2,400	2,300	2,200
In order to eradicate bovine tuberculosis, test all livestock in the state by fiscal year 2003	150,000 12.5%	600,000 50%	900,000 75%	1,200,000 100%
Increase the acres of nursery stock inspected and certified for commerce	12,300 acres	13,400 acres	14,700 acres	15,600 acres