

MICHIGAN COMMISSION OF AGRICULTURE

**Geagley Laboratory, Gordon Guyer Room
1615 S. Harrison Road
East Lansing, MI 48823**

MEETING MINUTES FEBRUARY 10, 2010

PRESENT:

Todd Regis, Vice Chairperson, Michigan Commission of Agriculture
Don Coe, Secretary, Michigan Commission of Agriculture
Velmar Green, Commission of Agriculture
Don Koivisto, Director, Michigan Department of Agriculture

CALL TO ORDER AND ROLL CALL

Vice Chairperson Regis reported that yesterday, the Governor appointed two new individuals to the Commission; however, due to the inclement weather conditions, neither is able to join the meeting today.

He called the meeting of the Commission of Agriculture to order at 9:16 a.m. on February 10, 2010. Commissioner Coe called the roll with Commissioners Coe, Green, Regis, and Director Koivisto present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER COE MOVED TO APPROVE THE MEETING AGENDA FOR FEBRUARY 10, 2010. SECONDED BY COMMISSIONER GREEN. MOTION CARRIED.

APPROVAL OF JANUARY 12, 2010, MEETING MINUTES

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE JANUARY 12, 2010, MEETING MINUTES. SECONDED BY COMMISSIONER COE. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting will be held on March 17, 2010, at the Geagley Laboratory. The meeting will convene at 2:00 p.m. to allow for Commission participation in the Michigan Farm Bureau (MFB) Ag Day events at the Capitol earlier that day.

COMMISSIONERS' TRAVEL

Although not involving reimbursement, Commissioner Coe will be traveling to Washington, D.C., with the Michigan State University (MSU) National Carrot Council on February 24 to lobby on behalf of MSU Extension and Research. Representing the Commission, he will be in Grand Rapids February 25-26 to attend the Michigan Grape and Wine Annual Meeting; on February 25, he will attend the Good Food Summit in Lansing; and he traveled to attend yesterday's MFB/MSU Agriculture Issues Workshop and today's Commission meeting.

There was no other travel submitted for approval.

MOTION: COMMISSIONER GREEN MOVED TO APPROVE THE COMMISSIONER'S TRAVEL. SECONDED BY COMMISSIONER REGIS. MOTION CARRIED.

COMMISSIONER COMMENTS:

Commissioner Coe reported he attended the Small Farm Conference in Grayling on January 30, with nearly 700 farmers in attendance which included a panel discussion on Good Agriculture Practice (GAP) inspections. Because one of the panels was comprised only of individuals hostile to GAP, in the future, it should be emphasized to stakeholder panel organizers that panel participation should be balanced and represent all sides of an issue.

He received a request from the cherry growers in his area relative to a proposed US Department of Agriculture (USDA) program that would assume from the Cherry Industry Administrative Board (CIAB) the management of the cherry industry, determining how many and which cherries would be picked. USDA is proposing to purchase and market millions of pounds of excess cherries, which would essentially oversupply the market, destroy pricing, and have an extremely detrimental affect on the growers. The cherry industry would like to receive an expression of support from the Commission and the department for the work accomplished by the CIAB in managing the cherry crop. Because the Commission is unable to take any official action until Executive Order 2009-54 becomes effective, the Director advised the department would send a letter to USDA and our senators in Washington, D.C., in support of CIAB and its diligent efforts to regulate and manage the supply of tart cherries to keep Michigan's cherry growers and processors profitable and viable.

Commissioner Green reported the livestock and milk industries have been participating in numerous local meetings and the general attitude of the producers remains optimistic.

He recognized the outstanding efforts of MDA staff in bringing the Ovid milk processing facility to fruition. The facility is nearly complete and should be open the first of March.

His farm was recently verified for carbon credits and the California Carbon Action Registry as it relates to their methane digester.

In the near future, Michigan Milk Producers may be teaming with Kroger to promote Michigan locally grown milk.

Michigan is fortunate to have a tremendous natural resource in its water and should be able to tap that resource for economic improvement in the state in the future.

Commissioner Regis noted that before the end of the year, this Commission will have a member who also is a member of the Natural Resources Commission (NRC) and will bring to this Commission, considerable knowledge and experience relative to Michigan's natural resources.

The two new commissioners just appointed to this Commission are Audrey Herioux from Bark River, Delta Township, who is from Herioux Farms (dairy farm); and Jennifer Fike, resident of Ann Arbor and currently director of the Food Systems Economic Partnership, which is a nonprofit organization that connects local growers, processors, and consumers. In addition, Commissioner Coe has been reappointed to the Commission for an additional three-year term.

Recently, he and the Director met with commodity group leaders and discussed various topics, including economic development. He also met with members of the Executive Office, along with the Director and Amy Epkey, and discussed various aspects of the budget, emphasizing again that the reduction requests would affect critical programs. He commended the Director and staff in finding ways to continue services with limited resources. Because of the importance it holds, he will continue to express how important it is that agriculture be considered differently than any other department.

He noted that one in four children and one in seven adults are food insecure on a daily basis in Michigan. The recent "Feeding the Hungry" event hosted by Smithfield, Meijer, and the United Food and Commercial Workers was a very successful event. Agriculture has been a tremendous supporter of these types of events.

Recently, he met with the new House Agriculture Committee Chair, Representative Huckleberry, who advised he is willing to dedicate as much time

as possible to the promotion of Agriculture. Commissioner Regis will continue to secure additional opportunities to continue dialog with the Representative.

Last evening, Commissioner Coe, the Director, and he attended the MFB/MSU Agriculture Issues Discussion dinner. Many interesting comments and suggestions were generated by that discussion. And, this morning, he joined over 70 other attendees for the Michigan Agri-Business Association breakfast meeting. Agriculture continues to grow and prosper, and we will do everything we can to encourage economic development efforts.

DIRECTOR'S REPORT

Director Koivisto reported it was very beneficial to have attended the National Association of State Departments of Agriculture (NASDA) meeting. Because of budget constraints, travel is managed very carefully in the department, and although we do not attend as many conferences as we would like, this is one that is always very worthwhile. While a full report will be given at the March meeting, he mentioned some highlights of the meeting, including a beneficial discussion with Secretary Vilsack. During that meeting, the topic of agriculture jobs and immigration was discussed, which included a good exchange of ideas. Secretary Vilsack announced that USDA will be delegating to the states much of the future work related to the traceability of livestock.

An issue discussed during the NASDA meeting was the Environmental Protection Agency and their enforcement of greenhouse gas issues as they pertain to agriculture. Specialty Crop Block Grants were also discussed; and everything is on schedule to keep the program viable for the next two years. Michigan's allocation again this year should be \$1.4 million.

The early retirement being proposed would affect every department in the state. MDA could have 70-80 individuals impacted, depending upon who actually takes advantage of the early retirement scenario. Although legislative approval is required, it is expected that an early retirement package will be approved.

Relative to agriculture economic development, following major reductions in that division, MDA has only one staff person to assist in that area. The Director noted he continues to dedicate efforts to work very closely with staff in this critical area. Every agency has a responsibility to help create jobs in this state and the department is certainly doing just that on the agriculture front.

When you speak about the agriculture industry, it is just as we talked about the automobile industry in the past, it was not just the automobile manufacturing plants, it was everything associated with it – the suppliers, truckers, railroads, etc. – creating a cumulative affect on the economy. This is likewise with agriculture, it is the producers, the suppliers, the processors, agri-business, etc. –

all of which combine to create a very large cumulative economic impact in the state. In 2007, that impact was \$71.3 billion with Michigan's agri-food system accounting for 1.05 million jobs – numbers that are anticipated to grow even larger with the next census.

The Director thanked the Commission for their continued support as the department faces many contentious issues, the budget in particular. It is very important to the department to know they have that support on those issues and allows MDA to operate as effectively as possible.

The Grape and Wine Annual Conference is scheduled in Grand Rapids on February 24, 25, and 26. Commissioners are invited to participate in that event.

A tour of Michigan's only slaughter house, which is in Plainwell, was conducted recently, and included excellent meetings with their management staff.

Participating with Congressman Schauer, the Director and staff also joined the International Food Protection Training Institute event held recently in Battle Creek.

The department is in the process of potentially moving forward with the importation of cervids. MDA is working closely with the industry to coordinate the development of such a program. All aspects are being meticulously considered.

In follow-up to discussion during the January meeting relative to provisional permitting, he noted the cumbersome process of applying for permits often causes many delays. Although Michigan's One Stop process does not cover all of the issues, it does help with streamlining application processing. The problem that arises with provisional permitting for MDA's areas of responsibility is the liability that could be incurred by the department, in particular, as it relates to food safety issues. Other agencies, of course, deal with different concerns and the environmental area specifically is one that needs more time efficient processing for permit applications. The department will continue to pursue the various issues surrounding permits. Commissioner Coe suggested that a joint MDA/NRC Commission meeting should be planned sometime during the year to discuss this, as well as other topics of mutual concern. Commissioner Coe also advised he could communicate with the NRC Commission Chair, Keith Charters, in an effort to improve communication between the two Commissions. In response to inquiry from Commissioner Coe, the Director confirmed MDA definitely has food safety responsibility and must be cognizant of that. Commissioner Coe noted that the most discouraging thing in the State of Michigan is the period of time individuals have to wait to begin doing business and most individuals are willing to assume the risk of compliance associated with a provisional permit.

On two occasions, the Director recently met with the Governor to discuss what needs to be done to ensure Agriculture continues as healthily as possible. There is a definite effort from the Governor to consider the agriculture industry and how government can be more helpful in its future. Commissioner Regis advised he and the Director would attempt to continue meetings with the Governor whenever possible.

DIRECTOR'S TRAVEL

Director Koivisto advised he has no new out-of-state travel planned.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

BUDGET UPDATE: Amy Epkey, Budget Officer

Ms. Epkey announced that at 11:00 a.m. tomorrow, Bob Emerson, the State Budget Director, will release the Governor's Executive Budget Proposal for fiscal year 2011, which begins October 1, 2010. After the release, the department will provide talking points on the specific impacts of the proposal and outline what the proposal means for the department.

From that point, the legislative process will begin. Meetings are already scheduled with both the Senate and House Appropriation Subcommittees for next week. Generally, at the first meeting, the department provides an overview, discussing the department's role, the importance of agriculture, and outlining what is included in the Executive Budget Proposal.

Transitional activities are underway as related to Executive Orders 2009-45 and 54; primarily, the transition of the Office of Racing Commission to the Gaming Control Board. The regulatory responsibilities move to Gaming and MDA retains grant responsibilities, which are restricted funds granted to the horsemen's organizations.

Another transition is moving MDA's accounting staff to the Department of Transportation, as a result of another Executive Order that consolidates accounting staff within the state.

Due to the recent budget reductions, the department needed to close its regional offices. Staff are working to develop an efficient, effective customer service center to ensure the department maintains its high level of customer service with its limited resources.

In response to inquiry from Commissioner Coe, Ms. Epkey noted tomorrow's budget presentation will include additional details on the retirement program

being proposed by the Governor. It is hoped that the required legislation for that package will be enacted quickly to allow time for the department to prepare for the transition period and ensure staff replacements are in place. MDA is currently reviewing who would potentially be eligible for the retirement and the gaps that would exist within the department; however, there will be some variability depending upon the final legislation. In response to question by Commissioner Coe, Ms. Epkey advised in some instances, the current proposal would allow for hiring 2 replacements for every 3 individuals who leave, and that would be only 1 for 2 in other cases. Overall, the retirement package will need to mesh with the budget proposal and each department will be adjusted accordingly.

LEGISLATIVE UPDATE: Nancy Nyquist, Legislative Liaison

Ms. Nyquist advised, once introduced, the department will be monitoring closely the retirement bills to determine their potential impact.

Today, the House Agriculture Committee will meet for the first time with Chairperson Huckleberry in that position. A presentation on the potato industry in Michigan is included on the agenda.

The migrant labor housing fee bills have passed the House and are currently awaiting action on the Senate Floor. The re-inspection bill remains in the House.

Another budget implementation item is the dairy fees legislation. The bills will be introduced today in the Senate. These are the same bills introduced by the House in November.

Tomorrow, several bills will be introduced in both chambers to address part of the feral swine situation. There is bipartisan support in both houses for sponsorship. The bills will be discussed in more detail later in the meeting.

Next week, we anticipate the department will be giving the House Agriculture Committee an update on the Bovine Tuberculosis Program.

In March, the Director is scheduled for a confirmation hearing in front of the Senate Agriculture Committee, as will the new Commissioners. She will be available to assist Commissioners with this process.

FERAL SWINE UPDATE: Nancy Nyquist, Legislative Liaison and Nancy Frank, Assistant State Veterinarian, Animal Industry Division

Nancy Nyquist reiterated the bills relative to feral swine will be introduced tomorrow in both houses. HB 6338, which passed the House in 2008, has been incorporated into the new bills.

The first bill is the “shoot them” bill, which allows a local animal control officer or any person with a valid hunting license for any game to kill a swine that is running at large on public or private property. The second bill provides that the owner of any swine shall not allow that animal to run at large on property owned or under the control of the Department of Natural Resources and Environment (MDNRE); and if found running at large, may be killed according to the authority. The final bill designates that the owner of any cattle, horse, mule, sheep, swine, or goat shall not allow the animal to run at large in any public city or village; and if found running at large, the animal may be seized or killed.

Dr. Frank noted that Michigan House Bill 6338, as passed by the House in November of 2008, is similar to the regulation in Florida allowing swine to be shot on private land. In some ways, Michigan’s proposed legislation is more liberal, in that shooting on public land would be opportunistic – no special permit would be required; one could shoot feral swine as long as the person shooting holds a valid hunting license for any game species. In addition, animal control officers and law enforcement officers would not need a hunting license to shoot feral swine on public land. Additional legislation to address feral swine in Michigan is still needed.

Ms. Nyquist reported there seems to be a renewed interest in the legislation and it is hoped the bills will soon be considered. In response to inquiry from Commissioner Coe, it was noted that once feral swine are killed, most people process the animal for personal consumption. Voluntary submission of blood samples for disease testing is encouraged. Dr. Frank advised the department remains concerned about Pseudorabies (PRV) and other diseases and plans to approach that issue through surveillance programs. Additionally, USDA Wildlife Services is seeking funding for surveillance and trapping programs.

Dr. Halstead added that parallel to the situation in the wild deer, hunters are not required to submit their deer kills for disease testing, although they are strongly encouraged to do so and MDNRE makes that process as convenient as possible. The same encouragement will be communicated to those who kill feral swine.

In response to inquiry from Commissioner Regis, Dr. Frank confirmed the department is coordinating efforts on feral swine issues with MDNRE. She advised the MDA Animal Industry Division (AID) continues to monitor the status of feral swine in Michigan through efforts of the Feral Swine Working Group (FSWG), which is a broad stakeholder group of which MDNRE is a member.

In response to inquiry from Commissioner Coe, Dr. Frank advised that from surveillance completed, some PRV has been discovered, primarily in the Saginaw area; no Brucellosis has been found; and Bovine TB is just beginning to be considered in that species. Most of the feral swine population is in the lower

part of the state. Concerns of the swine industry were noted; however, the first concerted efforts must be toward eradication of feral swine.

Director Koivisto advised there also is a concern regarding the potential for swine continuing to escape from those hunting facilities that are improperly supervised. There is a need to simultaneously consider what should be implemented regulatory wise to prevent a rise in feral swine from that source. To date, there is no pending legislation in this regard. Commissioner Regis expressed this need to Shannon Hanna from MDNRE, who had joined the meeting. Ms. Hanna advised MDNRE is in support of the bills and has been working with the department and the FSWG toward solutions to the feral swine concerns.

The Commission expressed its continued support toward efforts to eradicate feral swine in Michigan.

ACTIVE FEEDS UPDATE: John Tilden, Veterinarian Manager, Food and Dairy Division, and John Buchweitz, Clinical Health Specialist

Dr. Tilden provided a brief update regarding an incident on which the investigation is currently ongoing; therefore, much of the detail cannot be shared at this point in time. The incident illustrates many of the major trends we are facing in food and animal feed regulation.

The major goals during a food emergency are 1) implement the rapid controls, 2) maintain consumer confidence, and 3) help those who are impacted by the event to recover. The current incident illustrates all three of those areas and demonstrates the outstanding collaboration and cooperation present among all entities involved. There was excellent cooperation between the government and private sector rapid responders. In our food and agriculture assistance, we are attempting to integrate the two in order to most effectively leverage what resources are available.

In this instance, a feed mill recognized they had made some mistakes. Within the same day, notifications were made and the private sector implemented immediate controls so that the potentially contaminated feed that could have contaminated the milk supply did not reach the food supply. The result was no threat to food safety, no public recall, and no reason for the public to be worried about the safety of Michigan products. Rapid controls were effectively implemented and the problem was quickly under control.

The next challenge was to determine how to handle those who had temporarily lost their markets to milk – how to decide when we could give them a clean bill of health. Dr. Buchweitz led that part of the initiative.

Dr. Buckweitz advised one of the vital challenges in that effort was defining the appropriate food safety standard – zero tolerance, or some acceptable level. A value was not predefined, as it was not expected to be present. FDA was called upon to determine if they were willing to accept a standard that preexists in the European Union, or would they accept a zero tolerance. In addition, there was the challenge of defining the appropriate test(s) and which laboratories were qualified to perform those tests. There was an acceptable laboratory for the drug component detected as the potential contaminate; however, FDA did not deem that laboratory's methodologies to be acceptable, and a more qualified laboratory was engaged. Food safety is a critical issue we face and this administration takes this very seriously. There is increased emphasis on advanced confirmatory tests and expanded sampling – a part of which is an expanded role for the laboratory. Unfortunately, MDA's laboratory is one of the divisions that will be greatly impacted by the early retirement package. The knowledge and expertise that could potentially be lost and the resultant vulnerabilities that could be experienced are great.

Dr. Tilden noted as the department is moving forward, they are looking for grant dollars to allow for increased integration. The proposed national food safety initiative legislation would better connect local, state, and federal programs to eliminate duplication of efforts. With the Rapid Response Team (RRT) grant the department was able to acquire, it is on the cutting edge of developing the future process and hopefully setting the model for where it is headed nationally.

The multi-partnership effort in this instance included MDA's Pesticide and Plant Pest Management, Food and Dairy, Animal Industry, and Laboratory divisions all working together. The department did an excellent job in connecting and conducting the control measures. This highlighted the challenges of the diagnostics and having trained people with the right equipment ahead of time. The chemistry section of the department's laboratory, which was working on this incident, is supported entirely by general funds. These are the types of services the department is forced to evaluate when faced with budget reductions and yet, 24/7 response capabilities are required. The facilities affected need answers quickly in order to return to business and keep people employed.

In response to question by Commissioner Coe, Dr. Buchweitz advised, if Michigan were to lose capacity, there are FDA regional laboratories to which they can turn; however, those laboratories are under threat as well. A private sector laboratory would require FDA validation; and, in this case, they were deemed insufficient. Dr. Tilden advised that MDA's laboratory is working very hard to be a part of the national food safety response network.

Director Koivisto advised the entire RRT grant process was successfully developed collectively by MDA staff and has been an extremely valuable tool.

Kathy Fedder advised that most state agriculture or public health organizations do already have their own laboratories, and because they are also struggling to maintain, we could be looking at a regional cooperative effort in the future. However, because a dedicated state laboratory is required in order to maintain the prioritization and have the needed rapid response capabilities, various grant opportunities are being pursued. Also being explored is what the Laboratory might be able to do for the private sector on a fee basis. Commissioner Green noted that because food safety is in the forefront, we ought to be able to argue very strongly with the Legislature for adequate funding for the Laboratory.

CIVIL RIGHTS COMMISSION MIGRANT AND SEASONAL FARMWORKER

REPORT: Jim Johnson, Director, Environmental Stewardship Division

Mr. Johnson reported that as a follow-up to a public forum held by the Civil Rights Commission in Kalamazoo on June 22, 2009, the decision was made to “conduct an extensive investigation into the status of Michigan’s migrant and seasonal farmworkers.” Five public forums were held around the state collecting record of concern from migrants and others. The Migrant and Seasonal Farmworker Report is based on these five forums and review of current and historical issues related to migrants in Michigan.

In brief, the draft report is very critical in a number of areas – everything from treatment by law enforcement and access to health care and schooling, to marriage and drivers licenses. The report covers problems with profiling, landlord/occupant relationships, gender based and family discrimination, compensation issues, immigration law, due process, and child labor, to name a few. The report is critical of migrant housing conditions, the Migrant Labor Housing Inspection (MLH) Program, and worker protection issues – all important efforts of MDA.

The Migrant Labor Housing Inspection Program has five inspectors who complete inspections on more than 4,400 living units, providing housing for 23,000 migrants and family members. By law, the program licenses housing locations that contain five or more migrant workers employed in agriculture. The inspection considers a number of issues, including safety, plumbing, septic, and structural integrity as part of the inspection routine that is completed prior to occupation. The department also conducts housing inspections on behalf of the Department of Energy, Labor, and Economic Growth (DELEG) and the H2A Guest Worker Visa Program. Housing is used hard and damage by occupants is common. Each year, MDA inspectors identify hundreds of violations and farmers spend thousands of dollars maintaining their housing.

Until the early out retirement and rehire restriction in 2002, the inspection program also conducted additional occupancy-based inspections which addressed over-occupancy, forced mixture of single male workers with families,

dangerous and illegal electrical connections, and failed septic systems. These inspections are no longer done. The program once had nine staff people, including a program manager and a full-time administrative support person. Today, the program is being completed by five inspectors, while both program management and administrative assistance is borrowed.

The challenge for MDA in this report is that first, it never makes a distinction between housing that is licensed (inspected) by MDA and that which is not required to be licensed. The reader, not realizing the department's legal authorizations, then assumes that all conditions seen and/or reported were those inspected by MDA. The important point to remember is that only about 25 percent of the 90,000 migrants and their families live in housing inspected and licensed by MDA. Secondly, all conditions reported through a record of concern and/or seen by those during a site visit are based on occupancy. These visits are after the MDA housing inspectors have visited, reviewed conditions, and made the decision to license the location. MDA is not aware of what happens after occupancy, unless in response to a complaint received subsequent to licensing.

MDA is fully committed to the Michigan Labor Housing Program, which is extremely important for growers, migrants, and the overall vitality of Michigan agriculture. It is a very labor intensive effort and this program, like so many in MDA, is understaffed. Reduction in staffing in the Environmental Stewardship Division (ESD) has been occurring for some time, and in the last eight years, that funding reduction has resulted in significant programmatic change. This change has resulted in less than ideal program operations, and maintaining this trend, or even a continuation of this level of operation, will allow for continued criticism of MDA's effort in this area.

Because there are many very specific comments, accusations, and innuendos in the report, ESD will be submitting written comments to the Civil Rights Commission. These comments will address three areas: 1) issues related to factual inaccuracies, 2) structural rewrites to create more clarity, and 3) response to 15 of the 28 proposed recommendations that apply specifically to MDA. It is hoped the report will be amended to at least allow people to draw their own conclusions, as opposed to the confusing structure as it is now written.

Discussion relative to the report and inspection of migrant housing ensued. Mr. Johnson advised the MLH fee legislation is the one fee proposal actually moving through the legislative process. MDA's budget was established under the assumption the MLH Program would have a fee structure in place for the year. He confirmed this Civil Rights Commission report can be used as leverage in that effort, noting that seven inspectors are required to effectively administer the

program and provide post-occupancy inspections; however, the current fee proposal would only provide for five, which challenges the department.

Commissioner Coe advised we need to be very clear that the agriculture community needs migrant workers, migrant workers need adequate housing, the farm community is prepared to pay some share of the inspections services, and now it is up to the Legislature. For legislators to have walked away from the situation in the last few years and not provided the funding is unacceptable. The farming community has advised they want MDA to continue providing the inspection and licensing services.

Director Koivisto advised the issue needs to be framed in the proper perspective. Initially, MDA's role must be clearly defined, which is inspection and licensing for migrant housing. You would presume that other departments have proportionate staffing for their roles relative to migrant workers; however, last year, DELEG had nearly 19 staff, the Department of Health Services had 43 workers, and MDA has only five staff. MDA is receiving the lion's share of the blame and yet have been reduced to only a skeleton crew to accomplish the inspections – five people license 4,400 migrant living units, which leaves them resource challenged. The current fee proposal, coupled with current general fund, would cover only that existing program.

Commissioner Regis encouraged both the department and the Commission to look for opportunities to communicate the critical need for adequate funding of the MLH Program. He advised any response to the Civil Rights Commission report should be vetted through the Director and the Commission. Confirmation should be communicated that the Commission of Agriculture advocates continuation of the department's MLH Program. The Commission also requested to continue to receive updates on this issue.

PRODUCER SECURITY UPDATE: Nancy Nyquist, Legislative Liaison, and Jeff Haarer, Producer Security Services Section Manager

Ms. Nyquist reported that in response to budget reductions, a special working group was formed for the continuance of the Producer Security Program, which is currently funded with zero general fund dollars. The working group includes MDA staff Ken Rauscher, Jeff Haarer, and she, along with representatives from Michigan Farm Bureau (MFB), Michigan Agri-Business Association (MABA), Michigan Corn Marketing Program, Michigan Bean Commission, Michigan Soybean Committee, and Farm Produce Insurance Authority (FPIA). Stakeholders are very interested in the department continuing to operate a Producer Security Program and the workgroup is developing a solution to allow MDA to do that in the most cost efficient, effective way possible.

The working group completed draft language for amendments in the Grain Dealers Act (PA 141 of 1939, as amended) and the Farm Produce Insurance Act (PA 198 of 2003, as amended). Due to an election year and budget issue constraints, MFB and MABA are making a combined approach with the potential sponsor legislators to move the bills at the earliest possible date.

Material changes in the Grain Dealers Act draft include: 1) increase in annual grain dealer license fees from a minimum of \$150 to \$500 and a maximum of \$483 to \$1,000, which is projected to increase license revenues by approximately \$100,000; and 2) deletion of bond requirements for title grain, keeping bond requirements for truckers, merchandisers, and deficiency bond for net allowable asset requirements.

Material changes in the Farm Produce Insurance Act include: 1) creation of a voluntary annual regulatory assessment to cover producer security program costs (proposed amount is 3 percent); 2) FPIA board would conduct an annual assessment and have ability to limit or increase assessments; 3) regulatory assessments collected and not used would go into the insurance fund; 4) increase current FPIA administrative cost limit from \$250,000 to \$500,000; 5) include amendments approved by the board relative to forward contracts and closed cooperatives; and 6) review language regarding liquidation of the fund.

Although the proposed legislation places much of the cost on the producers and those directly involved with the business, there has been overwhelming industry support for the services that Jeff Haarer and his group provide. Since there are no general fund dollars to support the program, these restricted revenues are needed to maintain the program.

Mr. Haarer reported there is considerable industry support for the proposals. Grain dealer license fees would be more than offset by the bond deletion. Because the industry strongly emphasizes the importance of the program, they are supportive of the proposed regulator legislation.

Commissioner Coe complimented the department on being able to gain the producers' support for proposals to maintain the program, even though the burden is shifting from general funds to the producers. In response to question from Commissioner Coe, Mr. Haarer advised the department is working on the issue of cost of termination should that occur.

Mr. Haarer recognized Michigan's commodity groups, Michigan Agriculture Cooperative Marketing Association (MACMA), and FPIA for their efforts in providing the required added dollars to fund the Producer Security Program through September 30 of this year.

COMMISSIONER ISSUES

Commissioner Coe confirmed, relative to the Cherry Industry issue mentioned earlier in the meeting, the department will be drafting a letter to USDA and the federal delegation. The Commission will hold on any further action until later if needed.

Commissioner Regis requested the department continue to pursue efforts with Director Humphries and the Michigan Department of Natural Resources and Environment toward expediting cranberry applications. The Director advised he would follow-up again with Director Humphries to advise this was a topic of discussion during the Commission meeting. Commissioner Regis requested an update on the process and what is being done for expansion of the Cranberry Industry be presented during the March Commission meeting.

An update for the March meeting relative to the Buy Michigan Initiative, specifically as it relates to agriculture, was also requested by Commissioner Regis.

Commissioner Regis requested the department keep the Commission updated relative to the State Employer Retirement System package being proposed and how that would potentially affect the department.

He also requested the Commission continue to be updated relative to the Civil Rights Commission Seasonal and Migrant Farmworker report.

Additionally, Commissioner Regis requested the Director speak with Director Humphries about the potential of scheduling a joint Commission meeting with the Natural Resources Commission before the end of this year.

Commissioner Regis noted that election of new officers needs to be on the March meeting agenda in order to comply with stipulations of the new Executive Order.

PUBLIC COMMENT

Mitch Irwin, Michigan Agri-Business Association (MABA), on behalf of MABA thanked MDA staff for their assistance with a number of key issues, in particular those related to fees. MABA expresses its strong support for the direction in which the solutions for the Producer Security Program are moving. There may be a difference of opinion regarding some of the other fees, on which discussions should help to deal with various issues; in particular, the equity issue between in-state and out-of-state producers and pesticides and fertilizers. While realizing the difficulty of the current situation, he emphasized how important it is to keep working together. MABA appreciates the Director having organized work groups

to address these issues and will continue to work with staff toward effective solutions as we move forward through these very difficult months ahead.

ADJOURN

MOTION: COMMISSIONER GREEN MOVED TO ADJOURN THE MEETING. COMMISSIONER COE SECONDED. MOTION CARRIED.

The meeting was adjourned at 11:10 a.m.

Attachments:

- A) *Agenda*
- B) *Agriculture Commission Meeting Minutes January 12, 2010*
- C) *Legislative Status – February 2010*
- D) *Feral Swine Update, February 1, 2010*
- E) *Migrant and Seasonal Farmworker Report by the Michigan Civil Rights Commission – MDA Update*
- F) *Producer Security Program Working Group Update*