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Agriculture

Agency Profile

<https://mda.state.mn.us/>

AT A GLANCE

- 535 employees across the state.
- Analyzed over 3,700 dairy product samples and 2,100 meat and poultry samples in partnership with the MDA Laboratory Division.
- Conducted over 3,100 manufactured food, 10,200 retail food, and 560 animal feed inspections to ensure the safety and quality of products manufactured and distributed in Minnesota.
- Issued about 1,500 phytosanitary certificates annually providing worldwide market access.
- Assisted Minnesota counties, townships, and cities with the enforcement of noxious weed issues.
- 1,362 farms and farmers' markets licensed to use the Minnesota Grown logo.
- In partnership with all MN counties, collected nearly 532,000 pounds of waste pesticides in 2022.
- The Minnesota Ag Water Quality Certification Program has enrolled over 1,500 producers farming more than 1 million acres; certified farms average higher net income than non-certified.

PURPOSE

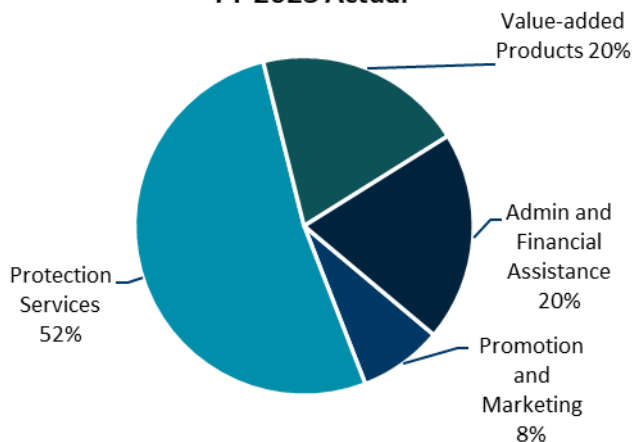
Our mission is to enhance Minnesotans' quality of life by equitably ensuring the integrity of our food supply, the health of our environment, and the strength and resilience of our agricultural economy.

The Minnesota Department of Agriculture (MDA) provides many services to Minnesota farmers, consumers, and the agriculture economy. Among our many efforts, we:

- Invest in farmers through education and grants aimed at modernizing the family farm.
- Invest in the future of the agricultural economy with grants for research and value-added processing.
- Ensure that state and federal regulations for food and health safety are followed.
- Educate producers, suppliers, and consumers on proper production and handling of food products.
- Educate Minnesotans about environmental hazards to keep our farms, homes, businesses, and neighborhoods safe.
- Promote the consumption of Minnesota-grown foods.
- Promote the export of Minnesota crops and livestock.

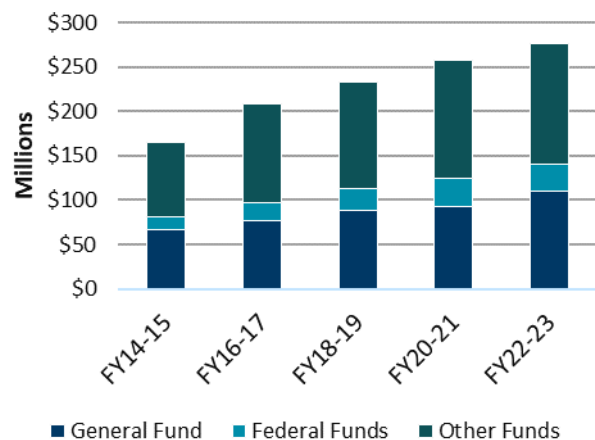
BUDGET

**Spending by Program
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

Our budget comes from various sources. The most significant funding resources are split between fee revenues and general funds. Fee revenues must be spent to support the activities from which they are collected. The state's general fund is used for various activities throughout the agency. A large portion of the general fund budget passes through MDA's Agricultural Growth, Research, and Innovation (AGRI) programs, Agriculture Research, Education, Extension, and Technology Transfer (AGREETT) program, and other assistance programs. Federal fund expenditures accounted for approximately 12% of MDA's budget, and the Rural Finance Authority's revolving loan program accounted for just under 14%.

STRATEGIES

We use a range of regulatory and voluntary strategies to support our mission. These strategies, in turn, are supported by effective tools such as registration, labeling, licensing, permitting, inspection, and enforcement. We pair regulation with education and outreach through workshops, conferences, and field demonstration projects. Additional strategies are supported through grant programs for farmers and farmer focused organizations.

The following is a summary of the strategies included in our 2023-2027 strategic plan, highlighting our focus on the One Minnesota priority areas of Equity and Inclusion, Minnesota's Environment, and Fiscal Accountability, Customer Experience, and Measurable Results. These are paired with strategies that directly support the mission critical areas for the MDA of a Strong Agricultural Economy, a Safe Food Supply, and a Healthy Environment.

1. Equity and Inclusion

- Establish and normalize equitable procurement and grant making processes
- Engage diverse communities in outreach
- Nurture and foster an inclusive culture at MDA

2. Minnesota's Environment

- Increase MDA capacity for environmental work related to agriculture and aligned with the MN State Climate Action Framework (CAF)
- Develop and expand innovative environmental impact programs

3. Fiscal Accountability, Customer Experience, and Measurable Results

- Improve Customer Experience
- Accelerate Implementation of Service Transformation
- Prioritize Public Engagement and Resource Delivery for Non-English Speakers and Underserved Populations

4. Strong Agricultural Economy

- Support Minnesota's local and regional food system development
- Expand sales of MN agricultural products
- Explore Novel Development and Agricultural Pathways
- Award grants to partner organizations to support agriculture and work with farmers
- Upgrade state agricultural services to better support agency policy and regulatory work

5. Safe Food Supply

- Support farmer youth and family mental health.
- Support food insecurity and hunger relief programs
- Include and advance indigenous knowledge on sustainability and food sovereignty
- Continue preparedness planning for agricultural emergency responses

6. Healthy Environment

- Integrate sustainability practices within the MDA
- Celebrate and communicate diverse agricultural stories

Examples of ongoing work at the department that directly supports the strategies listed above include:

- We use a range of regulatory and voluntary strategies to support our mission. This includes the use of registration, labeling, licensing, permitting, inspection, and enforcement efforts. Additionally, we coordinate and conduct outreach activities such as workshops, conferences, and field demonstration projects.
- Our staff conduct inspections and verify samples to ensure that producers, processors, wholesalers, haulers, grocery and convenience stores, and other industry personnel are producing and handling dairy, food, meat, and feed products in a safe manner to protect them from unintended alteration and contamination.
- We ensure that Minnesota plant products meet the import requirements of our trading partners; meet grading standards established in contracts; that seeds meet viability and purity standards; that general health standards are met for nursery stock; and that standards for freedom from harmful plant pests are met.
- Our marketing and promotional initiatives offer producers technical and financial assistance on a variety of issues, including dairy and livestock development, business planning, and emerging water quality and conservation practices.
- Our staff facilitates access to new markets through the Minnesota Grown Program, regional and domestic marketing opportunities, and support for international trade missions, market research, and export assistance. We also support the organic industry through education and direct financial support.
- We support a diverse agriculture community and economy through outreach and support to emerging and beginning farmers and government-to-government consultation and cooperation with Minnesota's 11 tribal nations.
- We prepare and train staff, provide guidance to farmers and the ag industry, and coordinate work across jurisdictions so that Minnesota is equipped to swiftly act to foreign animal disease outbreaks, adverse weather disasters, and other agricultural emergencies. To prepare for climate impacts to the agriculture industry and our natural resources, we financially support soil health initiatives, promote sustainable agricultural practices, and assess the impact of our regulatory programs.

Minnesota Statutes Chapter 17, (<https://www.revisor.mn.gov/statutes/?id=17>) creates the Department of Agriculture and provides specific authority to the commissioner.

Agriculture

Agency Expenditure Overview

(Dollars in Thousands)

					Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	44,767	64,570	54,899	82,242	52,076	52,076	52,633	53,203
2000 - Restrict Misc Special Revenue	1,185	1,165	1,331	1,428	1,514	1,401	1,514	1,401
2001 - Other Misc Special Revenue	6,425	6,375	6,807	9,460	7,779	7,851	7,779	7,851
2018 - Agriculture	39,854	41,479	51,372	56,426	56,267	54,900	59,177	57,885
2050 - Environment & Natural Resources	413	161	1,023	220				
2301 - Arts & Cultural Heritage	532	339	383	467				
2302 - Clean Water	15,205	16,370	22,467	21,815			15,350	15,350
2403 - Gift	147	924	83	310	6	6	6	6
2801 - Remediation	2,205	2,297	2,154	2,451	2,399	2,399	2,399	2,399
3000 - Federal	12,006	13,754	16,013	23,395	15,041	13,088	15,041	13,088
3015 - ARP-State Fiscal Recovery	5,993	1						
Total	128,730	147,435	156,531	198,214	135,082	131,721	153,899	151,183
Biennial Change			78,579			(87,942)		(49,663)
Biennial % Change			28			(25)		(14)
Governor's Change from Base								38,279
Governor's % Change from Base								14

Expenditures by Program

Protection Services	73,388	77,577	91,365	98,347	73,624	72,344	92,229	91,527
Ag Marketing and Development	32,774	40,601	37,792	64,951	39,175	38,460	39,175	38,460
Administration and Financial Assistance	22,568	29,257	27,374	34,916	22,283	20,917	22,495	21,196
Total	128,730	147,435	156,531	198,214	135,082	131,721	153,899	151,183

Expenditures by Category

Compensation	48,191	50,682	56,336	65,375	57,373	57,197	64,461	64,371
Operating Expenses	36,355	38,122	45,704	55,493	37,271	36,053	43,974	43,315
Grants, Aids and Subsidies	43,597	57,434	52,947	74,802	38,944	37,599	43,970	42,625
Capital Outlay-Real Property	515	1,115	1,463	2,276	1,455	835	1,455	835
Other Financial Transaction	72	82	81	268	39	37	39	37
Total	128,730	147,435	156,531	198,214	135,082	131,721	153,899	151,183

Agriculture

Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Total Agency Expenditures	128,730	147,435	156,531	198,214	135,082	131,721	153,899	151,183
Internal Billing Expenditures	6,115	6,204	6,728	7,063	6,929	6,840	7,890	7,856
Expenditures Less Internal Billing	122,616	141,231	149,803	191,151	128,153	124,881	146,009	143,327

<u>Full-Time Equivalents</u>	459.63	492.91	488.54	524.79	454.43	445.30	509.91	501.78
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Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In	14	12,548	4,149	17,970				
Direct Appropriation	74,504	67,975	95,337	80,110	64,139	64,139	64,696	65,266
Transfers In	502	3,285	4,489	3,655				
Transfers Out	18,173	14,850	31,058	16,493	12,063	12,063	12,063	12,063
Cancellations	429	599	48	3,000				
Balance Forward Out	11,652	3,788	17,970					
Expenditures	44,767	64,570	54,899	82,242	52,076	52,076	52,633	53,203
Biennial Change in Expenditures				27,804		(32,989)		(31,305)
Biennial % Change in Expenditures				25		(24)		(23)
Governor's Change from Base								1,684
Governor's % Change from Base								2
Full-Time Equivalents	163.72	185.70	158.14	176.85	154.19	148.37	154.19	148.37

2000 - Restrict Misc Special Revenue

Balance Forward In	7,804	9,670	8,076	8,332	7,740	5,522	7,740	5,522
Receipts	965	1,082	2,286	12,461	4,756	1,580	4,756	1,580
Transfers In	1,537	1,564	6,249	9,661	1,545	1,545	3,470	3,470
Transfers Out	38							
Net Loan Activity	584	(3,080)	(6,948)	(21,286)	(7,005)	(1,635)	(8,930)	(3,560)
Balance Forward Out	9,668	8,072	8,332	7,740	5,522	5,611	5,522	5,611
Expenditures	1,185	1,165	1,331	1,428	1,514	1,401	1,514	1,401
Biennial Change in Expenditures				409		156		156
Biennial % Change in Expenditures				17		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.28	6.40	6.03	6.57	7.27	7.27	7.27	7.27

2001 - Other Misc Special Revenue

Balance Forward In	7,697	7,343	7,036	6,860	4,537	3,612	4,537	3,612
Receipts	6,088	6,100	6,785	7,212	6,929	6,840	6,929	6,840
Internal Billing Receipts	6,088	6,100	6,693	7,063	6,929	6,840	6,929	6,840
Transfers In	2,869							
Transfers Out	2,990	135	155	75	75	75	75	75

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

		Forecast Base		Governor's Recommendation	
		FY26	FY27	FY26	FY27
		3,612	2,526	3,612	2,526
		7,779	7,851	7,779	7,851
			(637)		(637)
			(4)		(4)
					0
					0
		36.46	36.46	36.46	36.46

		47,358	42,776	47,358	42,776
		41,147	40,510	44,057	43,495
		13,293	13,293	13,293	13,293
		2,755	2,755	2,755	2,755
		42,776	38,924	42,776	38,924
		56,267	54,900	59,177	57,885
			3,369		9,264
			3		9
					5,895
					5
		206.00	205.52	227.00	227.52

			(1,243)		(1,243)
			(100)		(100)
					0

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
2301 - Arts & Cultural Heritage								
Balance Forward In	143	16	80	67				
Direct Appropriation	400	400	400	400	0	0	0	0
Cancellations	5		29					
Balance Forward Out	6	77	67					
Expenditures	532	339	383	467				
Biennial Change in Expenditures				(21)		(850)		(850)
Biennial % Change in Expenditures				(2)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	9,475	10,716	11,052	4,700				
Direct Appropriation	10,120	10,120	20,839	25,241	0	0	17,275	17,275
Transfers Out		27	4,724	8,126			1,925	1,925
Cancellations	12	0						
Balance Forward Out	4,378	4,439	4,701					
Expenditures	15,205	16,370	22,467	21,815			15,350	15,350
Biennial Change in Expenditures				12,707		(44,282)		(13,582)
Biennial % Change in Expenditures				40		(100)		(31)
Governor's Change from Base								30,700
Governor's % Change from Base								
Full-Time Equivalents	28.72	31.77	34.57	32.15			34.48	34.48

2403 - Gift

Balance Forward In	53	1,100	312	297	21	16	21	16
Receipts	1,163	136	69	34	1	1	1	1
Balance Forward Out	1,070	312	298	21	16	11	16	11
Expenditures	147	924	83	310	6	6	6	6
Biennial Change in Expenditures				(678)		(381)		(381)
Biennial % Change in Expenditures				(63)		(97)		(97)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.38	0.52	0.11				

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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2801 - Remediation

Balance Forward In		32		52				
Direct Appropriation	399	399	399	399	399	399	399	399
Open Appropriation	1,838	1,874	1,806	2,000	2,000	2,000	2,000	2,000
Cancellations		8						
Balance Forward Out	32		52					
Expenditures	2,205	2,297	2,154	2,451	2,399	2,399	2,399	2,399
Biennial Change in Expenditures				102		193		193
Biennial % Change in Expenditures				2		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.60	2.95	2.38	2.38	2.13	2.13	2.13	2.13

3000 - Federal

Balance Forward In	1	5	31	11				
Receipts	12,005	13,749	15,993	23,384	15,041	13,088	15,041	13,088
Balance Forward Out			11					
Expenditures	12,006	13,754	16,013	23,395	15,041	13,088	15,041	13,088
Biennial Change in Expenditures				13,648		(11,279)		(11,279)
Biennial % Change in Expenditures				53		(29)		(29)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	52.08	53.76	52.83	55.64	48.38	45.55	48.38	45.55

3015 - ARP-State Fiscal Recovery

Balance Forward In		7						
Direct Appropriation	6,000							
Cancellations		7						
Balance Forward Out	7							
Expenditures	5,993	1						
Biennial Change in Expenditures				(5,993)		0		0
Biennial % Change in Expenditures				(100)				

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.02							

6000 - Miscellaneous Agency

Balance Forward In	2	2						
Receipts	0							
Transfers Out		2						
Balance Forward Out	2							

8200 - Clean Water Revolving

Balance Forward In	13,040	17,104	10,213	7,931				
Transfers In	1,000							
Net Loan Activity	3,064	(6,892)	(2,281)	(7,931)	0	0	0	0
Balance Forward Out	17,104	10,213	7,931					

8250 - Rural Finance Administration

Balance Forward In	3,434	4,914	4,119	3,018	2,724	2,260	2,724	2,260
Receipts	22	145	184	184	169	168	169	168
Transfers In	8,810							
Transfers Out	6,310							
Net Loan Activity	(1,042)	(940)	(1,284)	(478)	(633)	(829)	(633)	(829)
Balance Forward Out	4,914	4,119	3,018	2,724	2,260	1,599	2,260	1,599

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	80,255	80,255	80,255	160,510
Base Adjustments				
All Other One-Time Appropriations		(3,175)	(3,175)	(6,350)
Current Law Base Change		(12,833)	(12,833)	(25,666)
Allocated Reduction	(145)	(145)	(145)	(290)
Minnesota Paid Leave Allocation		37	37	74
Forecast Base	80,110	64,139	64,139	128,278
Change Items				
Operating Adjustment		557	1,127	1,684
Total Governor's Recommendations	80,110	64,696	65,266	129,962
Fund: 2301 - Arts & Cultural Heritage				
FY2025 Appropriations	400	400	400	800
Base Adjustments				
One-Time Legacy Fund Appropriations		(400)	(400)	(800)
Forecast Base	400			
Total Governor's Recommendations	400			
Fund: 2302 - Clean Water				
FY2025 Appropriations	25,241	25,241	25,241	50,482
Base Adjustments				
One-Time Legacy Fund Appropriations		(25,241)	(25,241)	(50,482)
Forecast Base	25,241			
Change Items				
Clean Water Legacy - Forever Green Initiative		3,000	3,000	6,000
Clean Water Legacy- Irrigation Water Quality Protection		155	155	310
Clean Water Legacy - Monitoring for Pesticides in Surface Water and Groundwater		370	370	740
Clean Water Legacy - Nitrate in Groundwater		3,100	3,100	6,200
Clean Water Legacy - Pesticide Testing of Private Wells		500	500	1,000
Clean Water Legacy - Technical Assistance		1,600	1,600	3,200
Clean Water Legacy - Expand Minnesota Ag Weather Station Network		1,250	1,250	2,500
Clean Water Legacy – AgBMP Loan Program		2,000	2,000	4,000
Clean Water Legacy - Conservation Equipment Grants		1,750	1,750	3,500
Clean Water Legacy - Research Inventory Database		50	50	100
Clean Water Legacy - Minnesota Agriculture Water Quality Certification Program		3,500	3,500	7,000
Total Governor's Recommendations	25,241	17,275	17,275	34,550

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 2801 - Remediation				
FY2025 Appropriations	399	399	399	798
Forecast Base	399	399	399	798
Total Governor's Recommendations	399	399	399	798
<i>Open</i>				
Fund: 2801 - Remediation				
FY2025 Appropriations	2,000	2,000	2,000	4,000
Forecast Base	2,000	2,000	2,000	4,000
Total Governor's Recommendations	2,000	2,000	2,000	4,000
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,428	1,514	1,401	2,915
Forecast Base	1,428	1,514	1,401	2,915
Total Governor's Recommendations	1,428	1,514	1,401	2,915
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	9,460	7,779	7,851	15,630
Forecast Base	9,460	7,779	7,851	15,630
Total Governor's Recommendations	9,460	7,779	7,851	15,630
Fund: 2018 - Agriculture				
Planned Spending	56,426	56,267	54,900	111,167
Forecast Base	56,426	56,267	54,900	111,167
Change Items				
Food Licensing Modernization		2,495	2,570	5,065
Grain License Fees Update		450	450	900
Seed Potato Certification Statute Modernization		(40)	(40)	(80)
Milk Marketing Modernization		5	5	10
Total Governor's Recommendations	56,426	59,177	57,885	117,062
Fund: 2403 - Gift				
Planned Spending	310	6	6	12
Forecast Base	310	6	6	12
Total Governor's Recommendations	310	6	6	12
Fund: 3000 - Federal				
Planned Spending	23,395	15,041	13,088	28,129

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Forecast Base	23,395	15,041	13,088	28,129
Total Governor's Recommendations	23,395	15,041	13,088	28,129
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	12,461	4,756	1,580	6,336
Total Governor's Recommendations	12,461	4,756	1,580	6,336
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	7,212	6,929	6,840	13,769
Total Governor's Recommendations	7,212	6,929	6,840	13,769
Fund: 2018 - Agriculture				
Forecast Revenues	42,582	41,147	40,510	81,657
Change Items				
Food Licensing Modernization		2,495	2,570	5,065
Grain License Fees Update		450	450	900
Seed Potato Certification Statute Modernization		(40)	(40)	(80)
Milk Marketing Modernization		5	5	10
Total Governor's Recommendations	42,582	44,057	43,495	87,552
Fund: 2403 - Gift				
Forecast Revenues	34	1	1	2
Total Governor's Recommendations	34	1	1	2
Fund: 3000 - Federal				
Forecast Revenues	23,384	15,041	13,088	28,129
Total Governor's Recommendations	23,384	15,041	13,088	28,129
Fund: 8250 - Rural Finance Administration				
Forecast Revenues	184	169	168	337
Total Governor's Recommendations	184	169	168	337
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	128	129	129	258
Total Governor's Recommendations	128	129	129	258

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 2801 - Remediation				
Forecast Revenues	134	80	80	160
Total Governor's Recommendations	134	80	80	160

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	557	1,127	1,127	1,127
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	557	1,127	1,127	1,127
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$557,000 in FY 2026 and \$1.127 million in each subsequent year from the general fund to help address operating cost increases at Minnesota Department of Agriculture (MDA).

Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For MDA, the following efficiencies have been implemented to help offset rising operating costs:

- Reducing the lease rate at the Orville L. Freeman building helped leverage cost savings across many MDA budgets.
- Streamlining device management costs.
- Shifting cost to other appropriate use funds.
- Utilizing federal funds to supplement programs and services.
- Capitalizing salary savings due to establishing the Office of Cannabis Management, which ends in FY25.

For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program's ability to conduct business with less staffing and its impact to service delivery. Agencies will need additional tools and flexibility, similar to those available in the private sector and other government entities, to help address operating pressures in upcoming biennium.

Without additional resources to address these cost pressures, both in funding and in flexibility to manage internal budgets, services delivered to Minnesotans will be impacted.

Proposal:

The Governor recommends increasing agency operating budgets to support current services. For MDA, this funding will help cover expected growth in employee compensation and insurance, IT services and other operating costs.

Additionally, the Governor recommends providing MDA with additional management tools to address upcoming operating pressures. This includes:

- the authority to transfer administrative funding between programs, with approval of Minnesota Management and Budget and notification to the legislature.
- the ability to retain up to 10 percent of competitively awarded grants if administrative funding is not already appropriated, if appropriated administrative funding is less than 10 percent, then the MDA may increase up to ten percent of the grant amount for administrative expenses.
- the ability for executive branch agencies to carryforward unexpended non-grant operating appropriations for the second year of a biennium into the next beginning in FY 2025 (costs carried in standalone change item in MMB Non-Operating Budget Book).

These new authorities will provide agencies with additional flexibility to manage through cost pressures within agency divisions and prioritize needs to help minimize impacts on services to Minnesotans.

Dollars in Thousands

Net Impact by Fund	FY26	FY27	FY 26-27	FY28	FY29	FY 28-29
General Fund	557	1,127	1,684	1,127	1,127	2,254
Total All Funds	557	1,127	1,684	1,127	1,127	2,254

Fund	Component Description	FY26	FY27	FY 26-27	FY28	FY29	FY 28-29
GF	Operating Costs	557	1,127	1,684	1,127	1,127	2,254

Results:

This recommendation is intended to help MDA address rising cost pressures and mitigate impacts to current levels of service and information to the public.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Food Licensing Modernization

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	2,495	2,570	2,570	2,570
Revenues	2,495	2,570	2,570	2,570
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	15	16	16	16

Recommendation:

The Governor recommends MINN. STAT. Chapters 28A and 31 be amended to modernize the Minnesota Department of Agriculture food licensing framework to simplify the administrative system for food licensing to allow for business evolution and innovation and to increase food license fees to maintain regulatory service levels in FY 2026 to FY 2029. This includes an estimated increase in revenue through fees to the Agriculture Fund Food Handler Licensing account in the amount of \$2,495,000 in FY 2026 and \$2,570,000 annually in FY 2027 to 2029. This request involves a 69.4% increase in expected revenue to the account by FY 2027, and a 37.3% budget increase for the retail and manufactured food inspection programs overall.

Rationale/Background:

The Minnesota Department of Agriculture (MDA) food safety regulatory oversight includes licensing, food safety inspections, enforcement actions, response and investigation activities, and related business support such as outreach and education. The MDA's current food licensing system can be complex for both licensees to navigate and staff to administer.

The Agriculture Fund for food handler license fees was effective August 1, 2023. The account received a one-time transfer in the amount of \$1,941,000 from the General Fund to establish a fund balance and in part to off-set a correlating reduction in general fund appropriation to the MDA food safety program. Prior to 2023, all food license fees were deposited in the General Fund and the food safety programs were primarily funded by the General Fund. The last major modification to the agency's licensing fees was in 2003, 21 years ago. Further, from 2019 to 2025 the manufactured food inspection program has experienced a \$405,375 reduction in annual revenue for inspections conducted under contract for the US Food & Drug Administration (FDA).

The MDA is tasked with administering regulatory services inspections, complaint and outbreak response activities, and business support services. In order to maintain the current staffing levels necessary for such responsibilities, an adjustment in revenue of the food inspection programs is needed.

Proposal:

This request proposes to address both barriers to food licensing and generate revenue necessary to maintain current staffing levels for food safety regulatory services for the Minnesota food industry, in support of the MDA mission to equitably ensure the integrity of the Minnesota food supply. This request proposes to adapt the MDA's food licensing statutory structure to better fit current food business types, create a correlating fee structure that sustains current regulatory program capacity. Licensed food business operators, registered cottage food

producers, food industry associations, and other partner organizations that educate and/or assist operators navigate the current food licensing and registration system all helped inform this modernization proposal.

This is not a new program or initiative, but rather a simplification to an administrative component of the current food licensing law. This proposal will change the fees for all food licenses under MDA regulatory authority. This proposal does not change when a food license is required for the sale of food. For example, businesses who currently do not require a license for the sale of food, such as those selling only products of their farm or those meeting the cottage food exemption, would not be required to obtain a license. Those businesses who currently require a license will still require a food handling license for all food sales activities.

Impact on Children and Families:

This proposal is not planned for direct impacts to children and families, however the simplification in licensing should allow for broader access to foods in non-tradition distribution methods while ensuring food safety through regulatory assessments.

Equity and Inclusion:

Simplification to the process will generally benefit those non-native English speakers to navigate the food licensing process.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs:

None.

Results:

This proposal has two main goals:

1. A licensing framework that functions more effectively with the current and future food business landscape, to help build resilience in the state's integrated food safety system.
2. Food inspection programs with the capacity to develop and maintain the capabilities needed to provide regulatory services for food business operators and consumers, to include the completion of annual inspection work plans.

This proposal will benefit Minnesotans with an expanded and more resilient food business landscape, and a state food regulatory system with the capacity to provide necessary food safety oversight and services in support of the food industry to help ensure the integrity of the food supply.

Measure	Measure type	Measure data source	Most recent data	Projected change
Annual change in the total number of food business licenses.	Quantity	New and renewal licensing applications submitted within the licensing period.	On-going, annually reported. Since 2021, licensed food businesses have increased by about 300 (4.9%) for the retail food program and 60 (5.7%) for the manufactured food program.	Steady rate of increase over time, but the rate is uncertain due to the new proposed license category.

Measure	Measure type	Measure data source	Most recent data	Projected change
Food licensing system user experience	Quality	Survey response (to be developed)	Conducted and reported annually.	User experience will be more positive than negative in FY 2026 and trend more positively in subsequent years.
Business longevity or average number of years a legal entity is in operation, by license category	Outcome	Licensing and inspection data systems	On-going monitoring, reported annually.	Uncertain. Anticipate higher turnover among small-scale food businesses.
Number of annual inspections by program	Outcome	Program inspection data system.	On-going monitoring reported annually. Food inspectors completed 85% of the total annual inspection plan, on average FY22-24, about 6,400 of 7,500 inspections planned.	Increased rate of inspections conducted.
Percent of routine inspections conducted on-time	Outcome	Program inspection data system.	On-going monitoring, reported annually, Current overall percent of routine inspections conducted on-time: retail food program - 79%, manufactured food program - 76%.	By 2028, both food inspection programs will attain 95% of routine inspections conducted on time.
Food inspection results, critical violations	Outcome	Program inspection data system	Ongoing, assessed annually	Decrease rate

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Livestock Investment Grant Expansion

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends updating the Livestock Investment Grant statute to expand grant eligibility to include Tribal Governments, broaden the definition of livestock, and update the match requirement.

Rationale/Background:

The Livestock Investment Grant, funded through the AGRI Program, encourages long-term industry development for Minnesota livestock farmers and ranchers by helping them improve, update, and modernize their livestock operation infrastructure and equipment.

The Livestock Investment Grant statute (MINN. STAT. [17.118](#)) specifies that eligibility is limited to individuals and entities eligible to own farmland and operate a farm in this state under MINN. STAT. [500.24](#). This definition excludes many tribal agricultural programs, which are often expanding into livestock production. This proposal would expand the eligibility to Tribal Governments that may not fit under the current statute.

The statute limits the program to specific livestock species, including, "beef cattle, dairy cattle, swine, poultry, goats, mules, farmed Cervidae, Ratitae, bison, sheep, horses, and llamas." While this incorporates the primary species raised in the state, it excludes many other livestock that pose significant opportunity and are usually raised by small and beginning farmers. This proposal would update the language so that other livestock species, such as rabbits, donkeys, alpacas, and aquaculture are eligible.

Finally, under current policy, grants are limited to just 10% of the first \$500,000 of qualifying expenditures. Rising construction costs and fluctuating livestock markets, especially over the last five years, have made it difficult for some livestock producers to maintain and expand their operations and for new and beginning farmers to enter the industry. Producer feedback has reinforced the importance of this program but has highlighted the need to adjust the matching requirements; while the 10% reimbursement is helpful, it often isn't enough to offset the time invested to apply for the grant and take on the additional administrative requirements. This proposal increases the portion of the total project costs the state can contribute to a grant project.

Proposal:

This recommendation changes the existing Livestock Investment Grant Program statute (Minn. Stat. 17.118):

- Expands eligibility to include Tribal Governments, which would allow organizations such as tribal agricultural programs to access this program, as they generally do not qualify under the current eligibility requirements.
- Broadens the definition of livestock to include animals raised for production of fiber, meat, and animal byproducts for sale or as breeding stock, including, but not limited to, beef cattle, dairy cattle, swine,

poultry, goats, mules, farmed Cervidae, Ratitae, bison, sheep, horses, and llamas. This definition opens this program to those that raise rabbits, alpacas, aquaculture, and any other livestock types as determined by the commissioner of agriculture.

- Updates the match requirement to reduce the financial burden for the grant recipient, making the state's investment 50% of the first \$20,000 in qualifying expenditures and 20% of the next \$220,000.

Impact on Children and Families:

Farm and ranch families with and without children are intimately involved in agricultural production. By providing grant opportunities to farming operations, the industry will be more viable and future generations will be able to be involved in production agriculture.

Equity and Inclusion:

Raising livestock is often viewed as an accessible entry point for farming. By increasing the percentage of the total costs that the state contributes to small projects, the grant program will become more meaningful for very small and beginning farmers.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota tribal governments?

☒ Yes

☐ No

This proposal makes units of Tribal Governments eligible for this grant program.

IT Costs:

This is not an IT-related proposal.

Results:

Part A: Performance Measures

Performance measurements are collected through the application process, follow-up surveys, and standard reporting procedures. Metrics include livestock numbers, production volume, overall project impact, and profitability measurements for the current operation and projections once the project is complete.

Table 1. Results for the Livestock Investment Grant

Measure	Measure type	Measure data source	Most recent data	Projected change
% of funds awarded to projects costing less than \$50,000	Quantity	FY 2024 grant contracts	4.5%	The proportion of total funding awarded to small projects is expected to increase to 20% in FY 2026.
# of grants awarded for projects costing less than \$50,000	Quantity	FY 2024 grant contracts	24 of 90 funded projects	The total number of grants awarded to small projects is expected to increase to 60.

Part B: Use of Evidence

The MDA has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The MDA has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: AGRI Administrative Allowance

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the maximum administrative allowance for the Agricultural Growth, Research, and Innovation (AGRI) Program (MINN. STAT. 41A.12) to up to 7.5% from 6.5%.

Rationale/Background:

This recommendation is being made for four reasons: 1) new grant administration requirements adopted during the 2023 legislative session, 2) our commitment to meeting and exceeding Office of Grants Management (OGM) requirements, 3) the number of very small grants administered and the number of first-time grantees AGRI staff work with, and 4) the default administrative rate of 10% on competitive grants that was adopted in 2023.

New Grant Administration Requirements:

MINN. STAT. 16B.98 and 16B.981 were amended in 2023 to increase grant administration requirements during the pre-award and post-award phases. Briefly, these additional requirements include increased pre-award risk assessments, such as reviewing grantee history and capacity, state and federal tax forms, financial statements, certified financial audits, internal control procedures, and post-award evaluations.

Implementation of these requirements has required significant staff resources, including, but not limited to, creation of processes and forms, staff training, technical assistance to help grantees understand requirements, and conducting the pre-award risk assessments and post-award evaluations. We have had staff engage in additional professional development and have contracted with other resources to help us develop tools to simplify this process and make it applicable to the diverse set of grantees that we work with.

Meeting and Exceeding OGM Requirements:

Since AGRI's inception, we have been committed to routinely exceeding OGM requirements whenever practical. For example, while OGM policy requires that we conduct site visits on all grants over \$50,000 before making the final payment, we are committed to doing site visits on all projects over \$25,000 and we occasionally do site visits on even small projects. Similarly, OGM policy requires that agencies reconcile one payment request on all grants over \$50,000 before making the final payment. Our practice is to reconcile every payment request we receive, regardless of the total grant award or the amount being reimbursed on a specific payment.

Our commitment to meeting and exceeding requirements was a significant reason why we fared well when the Office of the Legislative Auditor (OLA) conducted a performance audit of two AGRI programs, the Biofuels Infrastructure Financial Assistance Program (BIP) and the Bio-incentive Program, in early 2024. The OLA had no written findings regarding our implementation of the Bioincentive Program and just two relatively minor findings

of the BIP. This was particularly impressive, considering they reviewed over \$12 million in Bio-incentive payments, and they were reviewing our pilot round of BIP grants.

Number of Small Grants and New Grantees:

Aside from the pre-award financial review and site visit requirements, it takes just as much time to administer a very small \$10,000 award as it does to administer a \$100,000 award. In FY 2024 alone, we administered over 300 separate grant contract agreements under \$50,000 each and more than 200 of those were less than \$10,000.

We also work with many individuals, businesses, and organizations that do not typically receive grants from the state and are not accustomed to working with us. Each of these grantees takes additional time to walk through the process. For example, 15 of 19 FY 2024 Good Food Access grantees and 21 of 29 FY 2024 Urban Agriculture grantees had never received grants from us before.

10% Default Administrative Rate:

In 2023, MINN. STAT. 16B.981 was amended to provide agencies with a default administrative rate of 10% on all competitive grants and 5% on legislatively named and formula grants. However, this does not apply to existing programs or when another amount is already named, so it does not apply to AGRI.

Background:

The Minnesota Legislature established the Agricultural Growth, Research, and Innovation (AGRI) Program (MINN. STAT. 41A.12) in 2009 to promote the advancement of the state's agricultural and renewable energy industries. The statute authorizes the Commissioner to issue grants, loans, and other types of financial assistance for activities including, but not limited to, grants to livestock producers under the Livestock Investment Grant Program; grants for the installation of biofuel blender pumps; and financial assistance to support other rural economic infrastructure activities. Through AGRI, the MDA implements roughly a dozen grant programs annually.

Proposal:

The Governor's recommendation increases the AGRI administrative allowance from 6.5% to 7.5%.

Impact on Children and Families:

The FY 2024-2025 budget rider provides fixed amounts for the programs that have the most direct impact on families and children, such as Farm to School and Early Care, Good Food Access, and Urban Agriculture. These programs would receive the same benefits from this proposal as other AGRI programs.

Equity and Inclusion:

Many AGRI grants prioritize projects contributing to the success of emerging farmers, including historically underserved communities such as Black, Indigenous, and people of color; immigrants; women; veterans; persons with disabilities; young and beginning farmers; LGBTQ+ farmers; urban farmers; and others.

Tribal Consultation:

This proposal does have a substantial direct effect on one or more of the Minnesota Tribal Governments.

IT Costs:

This is not an IT-related proposal.

Results:

The MDA publishes an annual legislative report each year to report on results for each of the grant programs funded by AGRI.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Grain License Fee Update

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	450	450	450	450
Revenues	450	450	450	450
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	3	3	3	3

Recommendation:

The Governor recommends adjusting the fee schedule for entities licensing as grain buyers (MINN. STAT. 223) or grain storage facilities (MINN. STAT. 232).

Rationale/Background:

These licenses have not had a significant adjustment to their fee schedule in 20 years but have seen cost savings due to the repeal of bonding requirements and will see additional savings if changes on financial reporting standards proposed by the MDA as a policy item are adopted into law.

Conversely, with a program change in recent years requiring annual inspections for all license holders and an expectation for substantial review of financial reports submitted by license holders, the program is not able to reduce costs. The MDA has a little over six FTE's working in this program and we are not proposing to add additional staff. However, as costs have increased over the past 20 years, the MDA has reached a point where the revenue collected no longer supports the cost of operating this program. This program has operated at a loss during four of the past five years and is on track to be out of operating funds by the end of FY 2026.

We estimate that the cost savings the industry will realize from adoption of the MDA's proposed policy changes to financial reporting requirements will be approximately \$1.5 million. This is in addition to cost savings already realized through the repeal of bonding requirements. We estimate that the additional revenue brought into the MDA with this budget proposal will be about \$450,000. As a result, the overall impact to the industry from these two proposals combined will be approximately \$1 million net positive.

Proposal:

Currently, there are separate fee structures in MINN. STAT. 223 (Grain Buyers) and MINN. STAT. 232 (Grain Storage). The Governor recommends creating a single fee structure that is applicable regardless of which license type is needed, grain buyer only or grain buy and store.

The proposed fee will be comprised of three components:

1. \$500 base fee per licensed grain buying location.
2. Capacity charge of \$0.0035 per bushel inspection fee with the rationale that facilities with larger capacity require more program time for inspection and financial review.
3. An additional fee of \$300 if grain storage will be included on the license.

With the old fee structures in place for MINN. STAT. 223 and MINN. STAT. 232, the MDA collects about \$600,000 per year in revenue. With the changes the Governor recommends, the department anticipates collecting about \$1,050,000 per year.

In addition, the Governor recommends changing the fee for a special inspection from \$55 per hour to \$110 per hour. This service is not frequently used.

Impact on Children and Families:

This proposal does not have an impact in this area.

Equity and Inclusion:

This proposal does not have an impact in this area.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs:

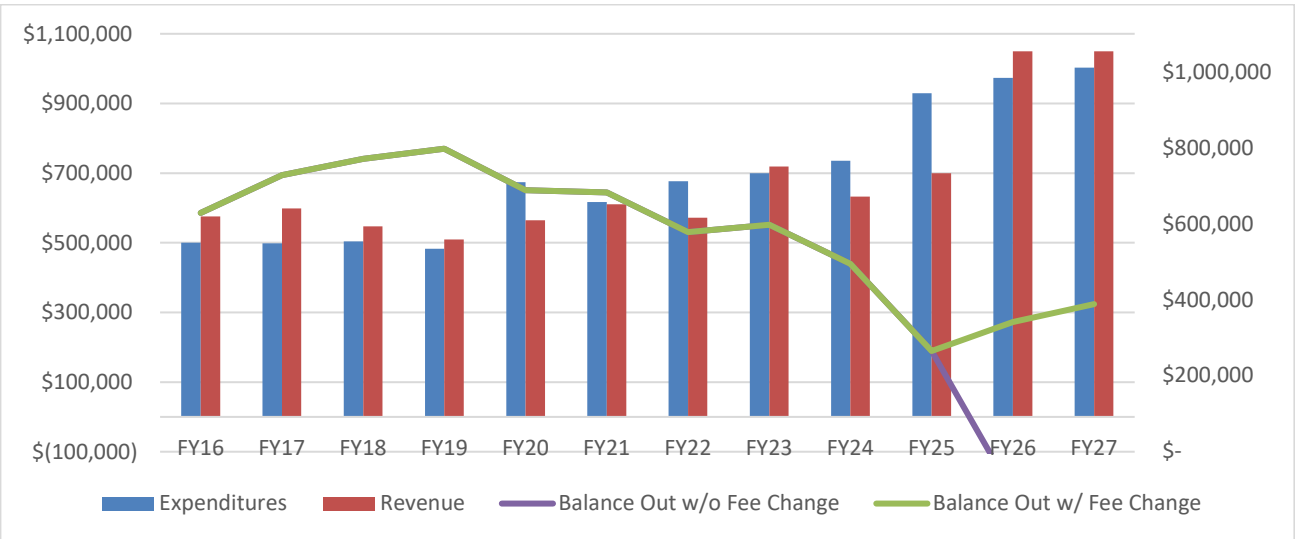
This proposal does not have IT costs.

Results:

A legislative change effective in FY 2021 required the MDA to greatly increase annual inspections, resulting in the addition of another inspector. In addition, with the repeal of bonding but an ongoing requirement for financial reporting, the MDA is taking on a greater volume of work for financial review.

	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Required Inspections per Year	51	133	133	133	133	133	133
% of Financials Required to be Reviewed	0	0	0	0	0	0	100

A financial analysis of program revenue and expenditures to date and projected into the future show that the program cannot meet statutory obligations without a change in revenue or expenditures. Given that expectations of the program have increased over the past several years with an increase in required inspections, oversight of an indemnity fund, and an expectation for financial review, it is not feasible for the program to reduce expenditures.



Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Modified Eligibility for Biofuels Infrastructure Grant

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends modifying the eligibility requirements for the Agricultural Growth, Research, and Innovation (AGRI) Biofuels Infrastructure Grant Program by increasing the maximum number of retail petroleum dispensing sites owned by a prospective grantee from 10 to 20.

Rationale/Background:

The Biofuels Infrastructure Grant Program provides funding to enable retail petroleum dispensers to replace or upgrade equipment that does not have the ability to be certified for E25 with equipment that is compatible with E25 and higher ethanol blends. Current eligibility requirements limit funds to retail petroleum dispensers who have no more than 10 petroleum dispensing sites. This change will broaden eligibility to include retail petroleum dispensers with no more than 20 petroleum dispensing sites.

This program has awarded over \$9 million to 60 Minnesota retail fuel stations since its launch in 2022, with applications currently being accepted for an additional \$3 million. The MDA believes these rounds of funding have made a significant dent in the number of eligible applicants with 10 or fewer retail locations. The Minnesota Department of Agriculture's (MDA) stakeholders would like to see the eligibility expanded to businesses with 11-20 locations, and the MDA agrees the timing for this expansion makes sense. The change to a 20-site maximum on eligible businesses would allow additional farm cooperatives to be eligible for the program because many of these cooperatives fall just outside the current 10-site limit.

Proposal:

The Governor's recommendation changes the budget rider to increase the maximum number of retail petroleum dispensing sites owned by a prospective grantee from 10 to 20. No other program requirements are impacted.

Impact on Children and Families:

We do not anticipate this change to have a direct impact on children and families.

Equity and Inclusion:

This proposal does not directly impact equity and inclusion.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota tribal governments?

☐ Yes
☒ No

IT Costs:

This is not an IT-related proposal.

Results:

Part A: Performance Measures

Performance measurements are collected through the application process, follow-up surveys, and standard reporting procedures.

Table 1. Results for the Biofuels Infrastructure Grant

Measure	Measure type	Measure data source	Most recent data	Projected change
% of funds awarded to grantees with 11 to 20 retail petroleum dispensing sites	Quantity	FY 2024 grant contracts	0%	The proportion of total funding awarded to grantees with 11 to 20 retail petroleum dispensing sites is expected to increase to 30% in FY 2026.

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: AGRI Urban Agriculture Expansion

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends changes to the Agricultural Growth, Research, and Innovation (AGRI) Urban Agriculture Grant to broaden the eligible uses of grant funds to include agriculture-based trainings, acceleration, and employment programs and urban agriculture processing. Current grant eligibility focuses only on urban youth agricultural education or urban agriculture community development projects.

Rationale/Background:

The current AGRI rider specifies that Urban Agriculture funds need to be used for urban youth agricultural education or urban agriculture community development. This limits these funds to a very narrow scope of urban agriculture. While it is meaningful and important to support urban agriculture youth and community efforts, expanding the program to include urban agriculture-focused training, acceleration, and employment will diversify the types of projects we are able to fund while supporting a broader spectrum of urban agriculture efforts throughout Minnesota.

With increased funding levels, it has been increasingly difficult for AMDD to spend these funds on strong projects and many of the grantees have been funded for multiple years. The FY 2024-2025 budget rider allocates \$2 million per year for urban agriculture projects. Despite increasing the maximum award amount from \$50,000 to \$100,000, the MDA was unable to use all the funds because of the limited qualified applicant pool. In FY 2024, we received 80 applications and funded 29 proposals. Of those proposals, six were previously funded. Since the program's inception in FY 2018, 18.75% of our grantees have received at least two or more awards. Expanded eligibility criteria will strengthen the applicant pool, diversify projects, and support additional urban agriculture efforts throughout Minnesota.

The restricted eligibility scope has limited grants to only serve nonprofit organizations, tribal agencies, and educational institutions. We have heard from legislators and community members who often think these funds can be used for other purposes beyond youth education and community development, such as farm accelerator and incubation programs, job/skill training, and start-up/expansion of urban ag processing activities. Expanding eligibility will allow for new types of organizations to receive funding, such as organizations that support new and beginning farmers, vocational training opportunities, and other initiatives focused on urban agriculture. Many farm acceleration programs are serving urban residents but are not physically located in urban areas, and thus aren't eligible for grant funds. Similarly, many ag processing businesses are training and hiring urban residents but wouldn't fall under the general concept of community development.

Proposal:

The Governor’s recommendation would expand the reach of urban agriculture initiatives beyond urban youth agricultural education and urban agriculture community development by allowing new types of urban agriculture projects to be funded. Urban agriculture projects that support new and beginning urban farmers, create vocational training opportunities, or support urban ag processing activities would all be considered eligible for funding. These changes will make this grant more accessible to all types of urban agriculture endeavors.

Impact on Children and Families:

The AGRI Urban Agriculture Grant currently supports projects that promote urban youth agricultural education. Children and families directly benefit from this grant program by having increased access to locally grown foods and exposure to agricultural production in their communities. This proposal will build upon those connections by expanding urban agriculture opportunities in urban communities.

Equity and Inclusion:

The AGRI Urban Agriculture Grant prioritizes projects that demonstrate a commitment to positive environmental impacts, promote economic justice, and serve underserved communities. The MDA expects that this proposal will contribute to reducing inequities for targeted populations by increasing urban agriculture opportunities for those in underserved communities.

Tribal Consultation:

This proposal not have a substantial direct effect on one or more of the Minnesota tribal governments.

Tribal communities are eligible to apply for the AGRI Urban Agriculture Grant. In FY 2024, we, received six applications from tribal communities/members, with one of those projects being selected for funding. Two additional projects were selected for funding that focused on native planting and food sovereignty.

IT Costs:

This is not an IT-related proposal.

Results:

Part A: Performance Measures

Expanded eligibility language should provide greater opportunities for urban agriculture-based organizations to apply for and receive grant funds. An expanded scope of eligibility will strengthen the AGRI Urban Agriculture Grant by supporting a variety of initiatives beyond youth education and community development. We expect to see an increase in the number of applications received for the AGRI Urban Agriculture Grant as well as a diversification of the types of projects that will be selected for funding.

Measure	Measure type	Measure data source	Most recent data	Projected change
Number of AGRI Urban Agriculture Grant applications relating to urban agriculture-based training, acceleration, and employment	Quantity	Review applications received each grant cycle	N/A	5

Part B: Use of Evidence

The MDA has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The MDA has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Good Food Access Program Update

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends changes to the Good Food Access Program (GFAP) statutes (MINN. STAT. [17.1017](#) and [17.1018](#)) to better equip the program to fulfill its mission “to increase the availability of and access to affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, for underserved communities.”

Rationale/Background:

The Minnesota Legislature established the Good Food Access Program (GFAP) (MINN. STAT. [17.1017](#)) and the GFAP Advisory Committee (MINN. STAT. [17.1018](#)) in 2016 to “increase the availability of and access to affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, for underserved communities in low-income and moderate-income areas.” GFAP is funded through the AGRI Program, with a current base budget of \$1 million per year.

The Good Food Access Program statute contains rigid detail resulting in complex requests for proposals (RFPs) that are challenging for applicants to navigate and determine their eligibility. This complexity often limits access for smaller or resource-strapped food retailers — those that are often best positioned to deliver nutritious and culturally appropriate food to communities in need — and many of which do not have professional grant writers on staff.

One such example is the use of census tracts “as reported in the most recently completed decennial census published by the United States Bureau of the Census” to define “low-income area” and “moderate-income area,” and census tracts “federally designated as a food desert by the United States Department of Agriculture” to define “underserved community.” The reliance on census tracts to define these key demographics has proven problematic in implementation for both grant applicants, as well as grant reviewers. The U.S. Census Bureau’s searchable database for census tracts, [TIGERweb](#), is not intuitive to navigate even to the most tech savvy of individuals, and requires lengthy instructions in the RFP to determine if an entity is eligible to even apply for a grant. Additionally, census data can take years to reflect current conditions, such as emerging food deserts. By the time a retailer’s eligibility status is updated, it is often too late for them to benefit from program assistance. Or in many cases, a struggling retailer must shut its doors before the census tract reflects their area as a true food desert qualifying for assistance.

The name “Good Food Access Program” has also presented challenges during statewide implementation. By suggesting that certain foods are inherently “good,” it is unintentionally implied that others are “bad,” which has created a stigma, especially amongst rural communities. This negative perception frames the program as being overly idealistic or disconnected from local food preferences.

Proposal:

The Governor recommends renaming the program and advisory committee to the Food Retail Improvement and Development Program and updating the existing governing statutes (MINN. STAT. [17.1017](#) and [17.1018](#)). By choosing a name that highlights the support provided to retailers and the communities they serve — rather than implying an arbitrary standard of “good” food — we aim to reduce stigma and make the program more widely approachable. Additionally, by simplifying or removing restrictive definitions and census tract requirements, the revised statute will give applicants the flexibility to identify food accessibility gaps within their own communities and demonstrate how their projects will address them, rather than relying on rigid and often inaccurate and outdated criteria to define what qualifies as “need.”

This recommendation also updates the Advisory Committee statute to reflect the current name of the Council on Latino Affairs and the movement of food assistance programs from the Department of Human Services to the Department on Children, Youth, and Families.

Impact on Children and Families:

This proposal strengthens the program's ability to achieve its mission. These statute updates will enhance the GFAP's capacity to increase access to nutritious food — an essential foundation for a healthy start in children's lives. Emphasizing culturally appropriate food options ensures that families can find food that meets their dietary needs and preferences, fostering a healthier and more inclusive community. The program's support for small food retailers and farmers' markets further promotes local economic and community stability.

Equity and Inclusion:

The current reliance on census tracts to define food access gaps is not only cumbersome but exclusionary, overlooking critical needs within Minnesotan communities. By removing the census tract requirement and simplifying the GFAP statute, this proposal will empower diverse initiatives to address local food access challenges, regardless of location.

This change broadens the definition of underserved populations, enabling small retailers — particularly those owned by or serving people of color and those in rural areas — to access essential funding. Simplifying grant eligibility language will also reduce the burden on retailers without professional grant-writing support, fostering broader participation from diverse communities.

Many retailers in rural communities and those owned by or primarily serving communities of color have voiced frustration at the difficulty of securing support despite their significant impact on food access in their communities. This proposal will enable this program to more equitably distribute funds and resources to address a wider variety of food access disparities.

Tribal Consultation:

This proposal does not have a substantial direct effect on Minnesota Tribal Governments.

IT Costs:

This is not an IT-related proposal.

Results:

Part A and B: Performance Measures and Use of Evidence

Previous rounds of the GFAP grants have been evaluated informally through feedback from applicants, community-based reviewers, and the GFAP Advisory Committee. This qualitative feedback has highlighted key barriers in the grant process, such as the complexity of the eligibility criteria and the census tract requirement. Retailers, particularly those serving culturally diverse and rural communities, have expressed that the current structure excludes them from participating, despite clear community need. This feedback has directly informed the current proposal to simplify the statute and improve the accessibility and approachability of this program.

The expected outcome of this proposal is a broader perspective on the true gaps in food access across the state as well as more equitable distribution of GFAP grant funding, with the ultimate goal of increased availability of and access to affordable, nutritious, and culturally appropriate foods across Minnesota communities.

Measure	Measure type	Measure data source	Most recent data	Projected change
Number of applications received	Quantity	Applications received	57 applications totaling \$2.337 million in funding requests in FY 2023	25% increase in applications
Number of grants awarded to retailers primarily serving rural populations (communities with fewer than 10,000 residents)	Quantity	Applications funded	FY 2023-2024: 27	FY 2026-2027: 34
Number of grants to businesses owned by or serving communities of color	Quantity	Applications funded	FY 2023-2024: 12	FY 2026-2027: 15

Part C: Evidence-Based Practices:

The MDA has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Seed Potato Certification Statute Modernization

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	(40)	(40)	(40)	(40)
Revenues	(40)	(40)	(40)	(40)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends modifying several provisions of MINN. STAT. 21 which will be cumulatively budget neutral.

Rationale/Background:

In Minnesota there are about 25 producers of seed potatoes. When seed potatoes are certified it means that they meet standards for freedom from disease. Planting certified seed potatoes is generally desirable for growers and required in some situations. Standards for seed potato certification are standardized amongst potato growing states and over time those standards change to reflect changes in the industry.

Requirements for Minnesota Seed Potato Certification are contained in MINN. STAT. 21.121-122 and Minnesota Rules 1510.2300-2355. The MDA is proposing to modify several areas of MINN. STAT. 21 and incorporate language from Minnesota Rules 1510.2300-2355. We anticipate that if updates to MINN. STAT. 21 are adopted, Minnesota Rules 1510.2300-2355 will be made obsolete.

Proposal:

The recommendation repeals MINN. STAT. 21.116 which prohibits the use of any general fund towards the program. This is a prohibition that does not exist for any related industries and creates financial risk for the program. With the limited number of participants in the program, if an unexpected downturn in the industry or major program expense occurred, it could quickly lead to insolvency for the program. The ability to lean on general funds if such an emergency occurred would add stability for the program and industry. The MDA is not requesting a general fund appropriation but is simply asking to remove the prohibition from using general funds towards the program if necessary.

This recommendation changes requirements for planting potatoes in the “Restricted seed potato growing area” defined in MINN. STAT. 21.1196. Currently, any grower in this area must not only plant seed potatoes, but also participate in the certification program which requires additional inspections of these acres and adds unnecessary expense for a grower who is not producing certified seed potatoes. We propose to maintain the requirement that growers in this area plant certified seed potatoes, but remove the requirement that they need to certify the potatoes grown. The potatoes grown in the restricted area would still need to be registered and eligible for inspection to maintain a high standard of disease tolerance in the area. This will decrease revenues for the program slightly, but will also reduce program time and travel and is expected to be roughly budget neutral.

Minnesota Rules 1510.2325 Subp. 5 designates the MDA as the printer of tags designating seed potato class and then distributing them to growers at the expense of the growers. The MDA, with support from growers, proposes that growers be allowed to print their own tags which will be more economical for both the MDA and growers. The MDA will continue to inspect and ensure accuracy in the usage of different tag designations to specify seed potato class. This change will result in a loss of revenue for the MDA but will also eliminate an expense as the tag printing is costly. We anticipate the change to be roughly budget neutral.

MINN. STAT. 21.121-122 contains archaic requirements for enforcement of seed potato statute. We propose to repeal these sections and update MINN. STAT. 18J (Inspection & Enforcement) to include Seed Potato Certification.

At the request of the Minnesota Certified Seed Potato Growers Association the program has evaluated minor changes for tolerances for lab testing and certain generations of seed potato. Those changes would bring the program into alignment with other surrounding states.

Impact on Children and Families:

This recommendation does not have an impact in this area.

Equity and Inclusion:

This recommendation does not have an impact in this area.

Tribal Consultation:

We do not believe this recommendation has an impact on Minnesota Tribes.

IT Costs:

NA

Results:

Part A: Performance Measures

	FY25	FY26	FY27	FY28	FY29
Seed tags printed by the Department / Growers	100% / 0%	0% / 100%	0% / 100%	0% / 100%	0% / 100%
Acres of seed potatoes certified (reduced due to reducing requirement for full certification in restricted area	~6,000	~5,000	~5,000	~5,000	~5,000

Part B: Use of Evidence

The MDA has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The MDA has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Milk Marketing Modernization

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	5	5	5	5
Revenues	5	5	5	5
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends the Minnesota Department of Agriculture (MDA) modernize the requirements for licensing entities that purchase milk directly from Minnesota dairy producers to provide more accountability to these entities.

Rationale/Background:

Most Minnesota dairy producers sell their milk to other business entities, such as a dairy processor or milk marketing organization. These entities may use the milk in their processing plant, or further market it on behalf of the dairy producer. In recent years, the MDA has been made aware of several situations where dairy producers have not been paid for milk collected from their farms. In the follow-up to these situations, the MDA identified that the requirements for these entities need to be modernized.

There have been situations where the MDA has no enforcement option because the milk buyer did not actually have a milk marketing license, as they owned a plant and were not subject to licensing, or because the current license has no actual criteria or parameters. In addition, dairy producers have limited options for pursuing payment on these products, with their only viable option to initiate court action because there are no indemnity or bonding programs in Minnesota that apply to raw milk sold by dairy farms.

Proposal:

This recommendation makes several statutory changes as they related to milk marketing licenses. These include:

- Eliminates the “Milk Marketing Organization” category under MINN. STAT. 28A.08 (Food)
- Adds a definition for “Milk Marketer” under MINN. STAT. 32D.01 (Dairy), to include any entity who purchases milk from Minnesota dairy producers, except for if they are acting solely as a broker and not a party to the contract or accepting payment on behalf of the producer.
- Requires any entity meeting the criteria for “Milk Marketer” to obtain a license.
- Requires fiscal reporting for payments made to Minnesota producers and milk collected from farms.
- Includes a scaled fee of \$75 for entities collecting 700,000 pounds of milk or less directly from dairy producers during the previous 12- months or for an initial license; the fee is \$250 for entities collecting more than 700,000 pounds of milk directly from dairy producers in the previous 12-months.
- Establishes a penalty of \$250 for purchasing milk from dairy producers without first obtaining a license.

The MDA does currently have limited licensing authority for some milk buyers; however, this authority cannot be applied to all buyers and is very limited in its requirements and enforcement framework. These changes create

the foundation for a more consistent application of licensing provisions and begin to create fiscal accountability and criteria for businesses desiring to buy milk directly from dairy producers.

This proposal has a very small fiscal impact due to the very small number of licensable entities. The revenue collected (approximately \$5,000) will be deposited into the Dairy Services account and used to administer the licensing program. Previous fees collected (approximately \$500/year, at \$30/license) were deposited into a different dedicated licensing fee account, under MINN. STAT. 28A (Food Licensing).

Impact on Children and Families:

This proposal does not have any impacts on children and families.

Equity and Inclusion:

This proposal is not intended to address any equity or inclusion issues.

Tribal Consultation:

This proposal does not have a substantial direct effect on one or more of the Minnesota Tribal Governments.

IT Costs:

This proposal has no direct IT related costs.

Results:

Part A: Performance Measures

This change is expected to increase the percentage of milk marketers who purchase milk from dairy producers who are licensed by creating a more consistent licensing framework and eliminating exceptions. This change will be measured as the new license type is created and entities are licensed using data from the MDA's electronic licensing systems.

Measure	Measure type	Measure data source	Most recent data	Projected change
Percentage of milk marketing entities that have a license	Quantity	Data collected from reports from MDA's licensing data systems	Current estimates are that 65% of milk marketers have a license	Goal: 100%
Percentage of milk marketing entities that pay 100% of their fiscal obligations in previous year	Quality	Data submitted by licensees during licensing process	Unknown, several cases reported of unpaid obligations	Goal: 100% of entities
Minnesota dairy farmers are paid for milk sold	Result	Data submitted by licensees during licensing process	Unknown, several cases reported of unpaid obligations	Goal: 100% of milk payroll obligations are met by milk marketers

Part B: Use of Evidence

The MDA has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The MDA has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Seed Tonnage Reporting Frequency Reduction

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends reducing the number of times seed labeling permit holders report and pay tonnage fees from four per year to two per year.

Rationale/Background:

Seed permit holders currently report sales of seed four times per year and pay fees associated with those sales as outlined in Minnesota Statute Chapter 21, section 21.891.

Proposal:

The Governor's recommendation amends language to permit fewer reporting periods during the course of the year. Reducing the number of times that permit holders will need to report seed sales and pay fees will reduce the administrative burden for both permit holders and the MDA. The language proposed maintains flexibility for permit holders so that if an alternative reporting schedule works better for the permit holder it is possible to adopt that with consent of the MDA.

Impact on Children and Families:

This proposal does not have an impact in this area.

Equity and Inclusion:

This proposal does not have an impact in this area.

Tribal Consultation:

This proposal does not have a substantial direct effect on one or more of the Minnesota Tribal governments.

Results:

Part A: Performance Measures

Measure	Measure type	Measure data source	Most recent data	Projected change
# of <u>times</u> tonnage sales are reported and paid per year	Quantity	Dept of Agriculture tracking	4	2

Measure	Measure type	Measure data source	Most recent data	Projected change
% reduction in annual tonnage sales reporting	Quality	Dept of Agriculture tracking	100% based on 4 times per year	-50% based on 2 times per year
<u>Total</u> # of tonnage sales reported and paid per year	Result	Dept of Agriculture tracking		

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: PFAS Language Alignment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends aligning PFAS language in MINN. STAT. 18B with MINN. STAT. Chapter 116 regarding product prohibitions for certain categories.

Rationale/Background:

The current language in MINN. STAT. Chapter 18B regarding the prohibition of cleaning products containing intentionally added PFAS on January 1, 2026, was intended to reflect the language in MINN. STAT. Chapter 116 regarding product prohibitions for certain categories that take effect on January 1, 2025, for the Minnesota Pollution Control Agency (MPCA). Current language in MINN. STAT. Chapter 18B only refers to cleaning products but should include all applicable categories listed in MINN. STAT. Chapter 116, such as fabric treatments. Absence of language regarding the additional categories listed in MINN. STAT. 116.943 Sub. 5(a), leaves a loophole that may be exploited to register pesticide products which may fall within MINN. STAT. 116.943 Subd 5(a). This proposal may result in a small number of products (>100) that may be prohibited from registering (or renewing).

Proposal:

This recommended change amends MINN. STAT. Chapter 18B to mirror all product categories listed in MINN. STAT. 116.943 Subd.5 (a) for the regulation of intentionally added PFAS in products. This proposal also clarifies regulations and align implementation of intentionally added PFAS product bans between the MDA and the MPCA.

This recommendation does not represent a significant impact to the MDA's budget. At this time, we have not identified any currently registered pesticide products that would be impacted by this policy change; however, we have not been able to evaluate every pesticide product registered in Minnesota.

Impact on Children and Families:

This proposal will align the with the MPCA in providing the intended protections of Minnesotans from products containing intentionally added PFAS.

Equity and Inclusion:

This proposal is not expected to have an impact in this area.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Results:

Part A: Performance Measures

The goal is to align statute language between the MPCA and the MDA that is intended to regulate products containing intentionally added PFAS. It is unknown whether any additional pesticide products currently regulated by the MDA will be impacted by the policy change, but by having this language in place, any new registrations that fall into any of the 11 categories listed in MINN. STAT. Chapter. 116.943 subd. 5(a) would automatically be flagged and regulated accordingly.

The proposed language in this policy will guide regulatory actions by the MDA which include the annual registration of pesticide products. With the addition of the proposed language, products that fall within the categories listed in MINN. STAT. 116.943 Subd. 5(a) will be identified during the annual pesticide renewal process and appropriate regulatory actions will take place on January 1, 2026.

Measure	Measure type	Measure data source	Most recent data	Projected change
<i>Briefly write what is being measured.</i>	<i>Select quantity, quality, or result. Please try to include 1 of each.</i>	<i>Describe how the data for this measure will be collected.</i>	<i>If currently collected, provide most recent data for this measure. If not currently collected, please write N/A.</i>	<i>If successful, describe the change expected on this measure and to what extent.</i>
Implementation of intended PFAS legislation	Quality	Registration or renewal of products that fall within Minn. Stat. Ch116.943 Subd.5(a) will be prohibited January 1, 2026.	N/A	The products that were intended to be prohibited from registration on January 1, 2026 will have their registration cancelled.

Part B: Use of Evidence

The MDA has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The MDA has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Rural Finance Authority Program Updates

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends:

1. Changing the encumbrance timeline from two years to six months and defining “family member” for the Down Payment Assistance Grants.
2. Updating the Farm Opportunity Loan Program.
3. Setting a qualifying net worth limit for the Disaster Loan Program.
4. Requiring Rural Finance Authority (RFA) applications for bond-funded programs be for at least \$50,000.
5. Updating the Pilot Agricultural Microloan Program by removing the word “pilot” and adding land as eligible for financing.

Rationale/Background:

1. **Changing the encumbrance timeline from two years to six months for Down Payment Assistance Grants:** This changes the amount of time that funds would be encumbered from two years to six months. Six months would be a more practical time period and allow funds not to be tied up unnecessarily. Land purchase transactions do not take two years to close once a purchase agreement is signed.
2. **Updating the Farm Opportunity Loan Program:** The Farm Opportunity Loan Program was established in 2015 (MINN. STAT. 41B.057). Since that time, two of the primary categories are so broad that almost any farm practice or machinery could fall under the definition. The Minnesota Department of Agriculture (MDA) already has a robust revolving loan account (\$102 million in AgBMP) that can provide funds for the line items the RFA is looking to delete. Also, a net worth limit is being proposed to ensure the limited revolving funds get to the Minnesota farmers that need it most.
3. **Setting a qualifying net worth limit for the Disaster Loan Program:** RFA Revolving Loan Program consists of eight separate programs that are funded out of a shared pool of money (\$9.3 million). Ensuring that these limited funds go to the most financially challenged Minnesota farmers during declared disasters helps keep money in the account available to lend during disasters, when it is needed most. The RFA also does not want to compete with local banks for loans they might disperse for higher value clients.
4. **Requiring that RFA applications for bond-funded programs be for at least \$50,000:** The RFA recommends that loan minimums be established on all RFA bond-funded loan programs at \$50,000 each. These loans are funded through an authorization from the Legislature to sell bonds for the purpose of making loans to Minnesota farmers. This is not a request for funds, just a request to set a minimum loan limit to ensure the administrative time used to process loans is effectual. The programs that would be affected are: Beginning Farmer Loan Program, Seller-Sponsored Loan Program, Agricultural Improvement Loan Program, Livestock Expansion Loan Program, and the Restructure II Loan Program. The RFA does not

receive many requests for loans under this limit, but keeping the programs well attuned to the marketplace is always a best practice.

5. **Updating the Pilot Agricultural Microloan Program by removing the word “pilot” and adding land as eligible for financing:** The Pilot Agricultural Microloan Program was enacted in 2012 (MINN. STAT. 41B.056). The RFA is looking to remove the word “pilot” from the name of the program and statute, as this is not a pilot program any longer and has been proven as a useful tool to help emerging and specialty farmers get access to credit. The RFA is also looking to add the purchase of land to the eligible uses of the loan funds. One of the most significant obstacles emerging farmers in Minnesota face is the access to land. Being able to use the funds from this program in order to assist in the purchase of land can go a long way in supporting emerging farmers in getting a true foothold in agriculture.

Proposal:

1. The Down Payment Assistance Grant was established in 2022 to assist Minnesota farmers with their first land purchase (MINN. STAT. 17.133). Current statute reads the funds encumbered under contract by June 30, 2025, are available until June 30, 2027. Land contracts of this nature do not take two years to close. Six months would be a more realistic time period.
2. The RFA recommends removing the following language from Farm Opportunity Loan Program statute (MINN. STAT. 41B.057): “adopt best management practices that emphasize sufficiency and self-sufficiency;” and “reduce or improve management of agricultural inputs resulting in environmental improvements”

Recently the RFA has had to raise the interest rates in this program significantly to keep funds available in the RFA Revolving Loan Fund. This fund has a limited amount of money to lend (\$9.3 million). Due to the extremely vague nature of the loan uses, if we left the interest rates at the same level as other Revolving Loan Programs, we would commit all of the funds for the Revolving Loan Fund within 60 days and have nothing available for other very necessary programs such as the Disaster Loan Program. The program would then be able to focus more on value-added and on-farm energy practices.

Additionally, the RFA would propose imposing a net worth limit in alignment with the Restructure II Loan Program (currently \$2,150,000; adjusts with inflation) to ensure that the farmers that need it most have access to lower interest rate funds.

3. The RFA recommends altering the Disaster Recovery Loan Program (MINN. STAT. 41B.047) to cap the maximum net worth of potential borrowers to \$5 million dollars.
4. This proposal establishes a minimum for RFA bond-funded loan applications of at least \$50,000.
5. Updates the Pilot Agricultural Microloan Program by removing the word “pilot” and adding land as eligible for financing.

Impact on Children and Families:

This proposal would have limited impact on children and families.

Equity and Inclusion:

Other than the Microloan Program proposal, these changes do not specifically target any protected group. However, these programs are open to all that qualify within Minnesota and can be the difference between having access to capital to continue, expand, modernize, or achieve regulatory compliance in farming operations. This would most appropriately be viewed as a significant net positive for the people obtaining additional capital.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota tribal governments?

☐ Yes
☒ No

IT Costs: These are not IT-based proposals.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: AgBMP Program Updates

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the allowable amount the Agricultural Best Management Practices (AgBMP) Program is allowed to appropriate and administer from \$140,000,000 to \$280,000,000, and deleting “rural” from the Agricultural Best Management Practices (AgBMP) loan eligibility requirement.

Rationale/Background:

The purpose of the AgBMP Loan Program is to provide low interest financing through local lenders to farmers, agriculture supply businesses, rural landowners, and water-quality cooperatives for the implementation of best management practices that prevent, reduce, or eliminate environmental pollution and provide climate change benefit. Local government units prioritize available funding for projects or practices through concerns identified by local county watershed plans or county concerns. This program has a very low transaction cost, and as loans are repaid the repayments are revolved back into a Local Government Unit budget to fund additional projects. The AgBMP Loan Program receives no revenue through the lending process. Repayments are guaranteed by our partnering lenders. Since 1996 there has been no defaults to the MDA AgBMP Loan Program by lenders. This proposal simply allows the AgBMP program to receive additional funding in the years to come.

Deleting “rural” from the AgBMP loan eligibility requirement will largely allow for loans that prevent, reduce, or eliminate environmental pollution; provide climate change benefit; or improve drinking water in areas of the state that tend to be less populated or developed but aren’t technically defined as “rural.” This is not a request for additional funds, and since the program is already oversubscribed, no additional loans will be given. Counties control what projects will be funded, and this change allows them more flexibility based on their priorities.

Proposal:

The AgBMP Program can receive money from several state sources as well as federal sources. Currently, the corpus of this program sits at about \$102 million. The program can only receive and administer \$38 million more at this point. This is a forward-thinking proposal to allow the program to administer additional funds far into the future. If more funds were to become available, the program would not be able to accept them, as it would hit its maximum fund limit.

This recommendation removes the rural requirement as it pertains to loan eligibility within the AgBMP Loan Program (MINN. STAT. 17.117). This program can run more effectively when it is more practice-driven, rather than be restricted by a rural requirement. This is not a request for additional equipment, supplies, administration cost, or a change of use from previous years. This is not a recommendation for additional equipment, supplies, administration cost, or a change of use from previous years.

Impact on Children and Families:

The MDA does not believe this proposal would have a large impact in this area.

Equity and Inclusion:

This program does not specifically target any protected group but is open to all that qualify within Minnesota. This program can be the difference between having access to capital in order to continue, expand, modernize, or achieve regulatory compliance in farming operations. This would most appropriately be viewed as a significant net positive for the people obtaining additional capital.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota tribal governments?

☐ Yes

☒ No

IT Costs:

This is not an IT-based proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Sustainable Aviation Fuel Policy and Funding Package

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	5,300	5,300	2,100	2,100
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,300	5,300	2,100	2,100
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$5.3 million in FY 2026 and in FY 2027, and \$2.1 million in each fiscal year thereafter from the general fund to expand an existing tax credit to support Sustainable Aviation Fuel (SAF) production in Minnesota.

Rationale/Background:

Passage of the Sustainable Aviation Fuel (SAF) Tax Credit in the 2023 legislative session was a historic state investment in a cross-cutting climate solution to produce cleaner aviation fuels that supports Minnesota's rural economy, the creation of family sustaining jobs, and decarbonization of the transportation sector. Despite Minnesota's nation leading SAF tax credit, there are no producers in the state making SAF to meet Minnesota's demand for low carbon aviation fuel. A recently formed private-public partner, the MN SAF Hub, is bringing together businesses, universities, non-profits, government, and investors to Minnesota to accelerate and scale SAF production in the state. SAF producers and investors are considering operations in Minnesota, and while the SAF tax credit and construction sales tax exemption are notable incentives, the state of Minnesota can implement additional policy and funding measures to secure the state's first SAF production facility.

Proposal:

This recommendation is a funding and policy package that includes the following: establishment of a supplemental tax credit rate for ultra-low carbon SAF, a statutory clarification on the eligibility of CO₂ as a SAF feedstock, a technical correction allowing the carryforward of unallocated FY25 funds, and additional funding for the existing SAF tax credit.

Supplemental Tax Credit Rate for SAF with Carbon Intensity (CI) Reduction Beyond 50%

In both state and federal programs, SAF is defined as a fuel that achieves at least a 50% lifecycle greenhouse gas reduction, or CI reduction, compared to petroleum jet fuel. The federal Inflation Reduction Act SAF tax credit as well as Washington state's SAF tax credit contains an additional provision providing an enhanced tax credit for fuels with a CI reduction beyond 50%. These additional provisions are designed to accelerate innovation, drive down greenhouse gas emissions, and incentive production of ultra-low carbon SAF.

The Governor recommends an enhanced tax credit of \$0.02 per gallon of SAF for each additional 1% CI reduction beyond 50%, capped at \$0.50 per gallon. This is additive to the existing \$1.50 per gallon tax credit for SAF produced or blended in Minnesota. The maximum tax credit for SAF blended or produced in Minnesota is \$2.00 per gallon. This proposal does not impact the existing SAF tax credit appropriation limits and is budget neutral.

Technical Correction - SAF Feedstock Definition

This recommendation provides a technical correction to the definition of SAF in Minnesota Statutes 41A.30 to better reflect the diversity of feedstocks used in SAF production. New technologies can utilize CO₂ as a feedstock for SAF production. Possible sources of the CO₂ include gaseous carbon oxides captured at cement plants or other industrial processes, fermentation by-products released from ethanol plants, and direct air capture. The current definition in statute does not account for CO₂ feedstocks. The timing is critical to update the definition of SAF in statute to provide regulatory certainty to SAF producers.

This recommendation clarifies the eligibility of SAF products for the SAF tax credit certification that is administered by the MDA. This recommendation provides certainty for businesses and financial institutions that are considering locating in Minnesota and will help Minnesota keep its competitive advantage in the SAF industry.

Technical Correction - Carryforward of Unallocated FY25 SAF Tax Credit Funds

The SAF tax credit passed in 2023 made \$7.4 million in FY 2025 and \$2.1 million in each FY 2026 and FY 2027 available for issuing tax credit certificates to eligible taxpayers. Minnesota Statutes 41A.30 subdivision 5 paragraph (b) allows any unallocated funds to be available through FY 2030. The legislative intent of this language was to allow any unallocated funds to be carried forward and made available in the next fiscal year. After consultation with Minnesota Management and Budget, the MDA was informed that current statute language does not allow unspent funds in FY25, FY26, and FY27 to be carried forward into the immediately proceeding fiscal year.

The MDA and stakeholders anticipate the first claims for SAF production or blending in Minnesota will occur in late 2025, well into the state's fiscal year 2026. Based on current statute language this means the \$7.4 million in FY 2025 funding will not carry forward to FY 2026 and will not be available until FY 2028. The previously described error in drafting allocation limits in statute hobbles the state's SAF policy efforts to incent and accelerate SAF production and blending. It is critical to fix the statutory language during the 2025 legislative session and allow immediate carryforward of unallocated tax credit funding.

Increased SAF Tax Credit Funding

This recommendation seeks to right-size the SAF tax credit allocation limits to better align with the demand for low carbon aviation fuel in Minnesota. The MN SAF Hub's ultimate ambition is for Minnesota to produce 1 billion gallons of SAF annually to decarbonize air travel and support the state's clean tech economy. The existing SAF tax credit allows up to \$2.1 million in each FY 2026 and FY 2027 for tax credit certificates to eligible taxpayers as defined in Minnesota Statutes 41a.30. This recommendation is for an additional \$5.3 million in each FY 2026 and FY 2027, and \$2.1 million each year thereafter for the duration of the program (FY 2035). This increase will encourage private investment in the nascent SAF industry in Minnesota. Agriculture, environment, academic, and industry stakeholders agree that Minnesota is an ideal location to establish a SAF processing and production hub. Stakeholders also agree that additional funding for the SAF tax credit is needed to support and accelerate this energy transition.

Impact on Children and Families:

The MDA does not anticipate this recommendation having a direct impact on children and families, however SAF is a lower carbon alternative to petroleum jet fuel that reduces climate pollution and particulate air emissions.

Equity and Inclusion:

The MDA anticipates this recommendation could result in new investment for rural Minnesota communities that grow and process SAF feedstocks and expand access to family sustaining jobs in the clean technology, renewable energy, and biofuels sector.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs:

This is not an IT related proposal.

Results:

Part A: Performance Measures

The overall goal of this proposal is to expand existing and develop new funding and policy incentives to support Sustainable Aviation Fuel (SAF) production in Minnesota. The primary outcomes are to increase production and use of SAF in Minnesota. Sustainable aviation fuel reduces carbon emissions. A tax credit for SAF will increase uptake, supply, and utilization. Additional information on SAF can be found at <https://www.mnsafhub.org/faq>.

Measure	Measure type	Measure data source	Most recent data	Projected change
Statutory production goals for SAF	Result	Outcome of working group	As of 2024, there are no SAF production goals in statute	The working group will provide a recommendation to the legislature on specific SAF production goals to incorporate into statute
Minnesota SAF production	Quantity	SAF production facility in Minnesota	0 as of 2024	1 by 2027
Cumulative gallons of SAF produced or blended in Minnesota	Quantity	Usage at Minneapolis St. Paul International Airport	5,000 gallons in 2024	11 million gallons by 2028
Continuous Living Cover grown as SAF feedstock	Quantity	Forever Green planting and market data	5,000 acres in 2024	1 million acres by 2035

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal

Statutory Change(s):

41A.30

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Forever Green Initiative

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	3,000	3,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,000	3,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$6 million in FY 2026-27 for continuing Clean Water funding for the Forever Green Initiative at the University of Minnesota for research, implementation, and partnership development. Funding will be used for:

1. research related to crop breeding, genetics, genomics, agronomy, food science, and economic aspects of Forever Green crops;
2. implementation of these new crops in targeted, critical areas of the landscape, including wellhead protection areas; and
3. support of working relationships between public, private and non-profit sectors that are key to development of new production systems that feature perennial and winter annual crops.

Each of these areas of effort are necessary, and each will leverage the others.

The Forever Green Initiative proposal represents 17% of the Minnesota Department of Agriculture’s (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

The Forever Green Initiative develops new perennial and winter annual crops and associated cropping systems that preserve and enhance water quality, mitigate and create resiliency to climate change, and supports the development of new supply chains that provide profitable markets for these crops. Forever Green activities are critical to increasing vegetative cover in Minnesota and address many of the strategies outlined in the Clean Water Council’s Strategic Plan. Implementation of continuous living cover crops and cropping systems are also listed as actions in the Minnesota Climate Action Framework and the State Water Plan. Funding will support the Forever Green Initiative in areas related to crop research, implementation and supply chains, and partnership development.

The Forever Green Initiative brings together researchers from multiple University of Minnesota departments, including plant breeding, agronomy, food science, and economics. The Forever Green Initiative’s goal is to develop new high-value commodity crops and cropping systems that preserve and enhance water quality, and to support development of new supply chains that provide profitable markets for these crops. Examples of Forever Green Initiative crops include intermediate wheatgrass (Kernza®), pennycress, winter camelina, hazelnuts, and winter barley. The crops listed, and others in the Forever Green Initiative portfolio, are now ready for a focused effort to accelerate their commercialization and wide adoption through a concerted and strategic public-private effort. Many of the new Forever Green Initiative crops could fit into a corn and soybean rotation to provide soil and

water protection and new economic opportunity for rural Minnesota. Perennial crops provide continuous cover on the land, while winter annuals and cover crops grow between the time when annual crops are harvested in the fall and a new planting is established in the spring. This is the time when fields are bare and most vulnerable to erosion and nutrient loss.

Proposal:

This is a continuation of funding for Forever Green Initiative at the University of Minnesota. Funding for Forever Green will provide research on new crops and systems that are protective of water quality. Funds will also be used for research and implementation of those crops. The MDA will work with researchers at the University of Minnesota and local partners (SWCDs, cities, counties, etc.) to identify opportunities to get perennials and winter annuals out onto vulnerable areas of the landscape. Priority will be given to areas with vulnerable groundwater or surface water and to leverage other public and private funds that are available.

Funding will be 100% pass-through to project partners at the University of Minnesota. All staff time at the MDA is considered in-kind and no charges will be assessed.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund	3,000	3,000	6,000			
Total All Funds	3,000	3,000	6,000			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Grants to Higher Ed Inst	3,000	3,000	6,000			

Impact on Children and Families:

Clean water and in particular clean drinking water is extremely important to ensure healthy and successful children and families. Contaminated groundwater and surface water can have a very significant impact on individual health and can also restrict economic and recreational activities for many communities. Clean Water funded activities must protect, enhance, and restore water quality in lakes, rivers, and streams and/or protect groundwater from degradation.

Equity and Inclusion:

New Forever Green crops and continuous living agriculture will deliver significant environmental benefits for soil, water, wildlife, and climate, as well as spur new social and economic opportunities for farmers, rural and urban communities, and citizens. Beginning in 2024, the University of Minnesota's diversity, equity, and inclusion objectives have been incorporated into each research activity, includes partnership support for engaging emerging farmers and entrepreneurs, and designates support to enroll BIPOC, women, young and beginning, and veteran farmers in the implementation program. Forever Green crops may provide an opportunity for new and emerging farmers as an entry to farming, and formation and growth of associated businesses. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs:

This is not an IT proposal.

Results:

Part A: Performance Measures

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Number of FGI research projects funded	76	2016-2024	76	100	2028-2029
Quantity	Acres of Kernza grown	1,068 (existing stands and new plantings)	2023	1,000	10,000	2028
Quantity	Number of MN farmers growing Kernza	19	2023	19	100	2028
Quantity	Acres of MN winter oilseed grown	oilseed crop: 1,212 (enrolled EECO participants) cover crop: 5,000	2023 (planted fall 2023, harvested 2024)	5,000	15,000	2028 (planted fall 2028, harvested 2029)
Quantity	Number of MN farmers growing winter oilseed (ex. winter camelina, pennycress)	16	2023	65	195	2028
Quantity	Acres of other FGI winter annuals growing (acres) (ex. hybrid winter rye, winter barley, etc.)	>20000 (almost entirely winter rye)	2023 (planted fall 2023, harvested 2024)	25,000	40,000	2028 (planted fall 2028, harvested 2029)
Quantity	Number of MN farmers growing other FGI winter annuals	200	2023	250	400	2028
Quantity	Acres of FGI woody perennials (ex. Elderberry, hybrid hazelnut)	160	2023	250	500	2028
Quantity	Number of MN farmers growing FGI woody perennials	20	2023	30	60	2028
Quantity	Number of FGI supply chain businesses (ex. co-ops, seed dealers, millers)	16	2023-2024	16	24	2028-2029

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Number of FGI end-user businesses (ex. food companies, breweries, etc.)	34	2023-2024	34	102	2028-2029
Quantity	Number of FGI crop products (ex. bread, crackers, pasta, beer, cooking oil, seed, meal, feed, biofuels, biopolymer, etc.)	57	2023-2024	57	171	2028-2029
Quantity	Plant Material Transfer Agreements (providing plant material to partners for crop development and commercial evaluation)	33	2023-2024	20	60	2028-2029
Results	Dollars leveraged (non-CWF funding including state federal, foundations, industry and the U of M)	\$150,516,521	2010-2024		Depends on grants and other funding opportunities	2010-2029

Performance measures are collected annually and reported on the Legislative Coordinating Commission's (LCC) website, shared in activity forms and in presentations to the Clean Water Council, and incorporated into presentations, workshops, field days and other communication materials. Information about this program is available at: <https://www.mda.state.mn.us/protecting/cleanwaterfund/forevergreen> and <https://www.forevergreen.umn.edu/>

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

This proposal will not require statutory change.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Irrigation Water Quality Protection

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	155	155	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	155	155	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$310,000 in FY 2026-27 for continuing Clean Water funding for an irrigation water quality specialist who develops guidance and provides education on irrigation and nitrogen best management practices (BMPs). Many farmers, particularly those newly implementing irrigation or new irrigation technology, will benefit from increased education, training, and direct support. The irrigation specialist is located at the University of Minnesota Extension.

Irrigation water quality protection represents 1% of the Minnesota Department of Agriculture's (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

Irrigation of row crops is a potential source of nitrate in groundwater, especially in the areas with coarse-textured (sandy) soils common in central Minnesota. There is continued development of precision agriculture technologies related to irrigation. Many of these technologies have a steep learning curve and need additional technical guidance to be fully utilized. There are many farmers, particularly those newly implementing irrigation, who will benefit from increased education on irrigation and nitrogen BMPs. Funding supports an irrigation water quality specialist who develops guidance and provides education, outreach and promotion of irrigation and nitrogen fertilizer BMPs. Adoption of these practices will help to reduce nitrate-nitrogen leaching in irrigated agricultural fields. This position is located within the University of Minnesota Extension.

This proposal is recommended and supported by the Clean Water Council.

Proposal:

Continued funding will support MDA's ongoing efforts for groundwater protection and enable the implementation of irrigation BMPs to protect groundwater. Irrigation in Minnesota typically occurs on sandy soils which are highly vulnerable to groundwater contamination. Research and outreach activities led by the irrigation specialist are critically important for protecting groundwater from a major source of nitrate contamination in sensitive areas. Nitrate is one of the contaminants of greatest concern in Minnesota's groundwater. Nitrate losses from irrigation of nitrogen demanding crops (such as corn, potatoes, and edible beans) is a potential source of nitrate in groundwater, especially in areas with sandy soils. Many farmers, particularly those newly implementing irrigation technology, will benefit from increased education, training, and direct support.

The need for an irrigation specialist was identified as a critical need by the irrigation community and other agricultural stakeholders to provide education and technical assistance on irrigation and nitrogen management.

The Minnesota Department of Agriculture passes all funding for an irrigation water quality specialist position through to the University of Minnesota Extension. Funding is used to directly support this position.

This recommendation complements other work related to irrigation in Minnesota and is supported by many project partners. This includes the Department of Natural Resources (DNR), which utilizes this position to promote irrigation technology to use water quantity efficiently. The position leads annual training workshops for irrigators, with participants successfully completing the training being eligible for the Irrigation Endorsement through MDA's Ag Water Quality Certification Program. Also, this position was key in helping the state secure a competitive \$3.5 million federal grant for farmers to adopt irrigation technology in Minnesota. Funding for this position was used as the state's match funding which is a requirement for the grant. As part of the grant, the position led workshops for 80 USDA Natural Resources Conservation Service and soil and water conservation district technical staff for training in advanced irrigation technology and review practice certification requirements.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund	155	155	460			
Total All Funds	155	155	460			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Grants to Higher Ed	155	155	460			

Impact on Children and Families:

Addressing nitrate in groundwater is important to protect children and families because some groundwater, which is used as drinking water, has nitrate concentrations that present a health risk, especially for infants. Contaminated groundwater and surface water can have a significant impact on individual health and can also restrict economic and recreational activities in local communities. These programs protect public health.

Equity and Inclusion:

Clean water and in particular clean drinking water is an equity issue. All people in Minnesota have a right to clean and safe drinking water. This proposal will help to reduce nitrate levels in groundwater and will help economically disadvantaged communities that may be less likely to test private wells or treat drinking water. The proposal will help to protect and improve water quality and will benefit all community members. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs:

This is not an IT project.

Results:

Part A: Performance Measures

Type of Measure	Name of Measure	Previous	Current (Cumulative)	Dates
Quantity	Number of educational events (presentations, workshops, field days)	167	212	2015-2024

Type of Measure	Name of Measure	Previous	Current (Cumulative)	Dates
Quantity	Number of farmers, crop consultants, and co-op dealers participating in events	9,450	10,500	2015-2024
Quantity	Number of local government unit partners	20	26	2015-2024
Quantity	Number of irrigators participating in CWF supported irrigation management programs (irrigation clinics, irrigation field days, nitrogen management conference)	500	550 (managing an estimated 125,000 acres)	2015-2024
Quantity	Number of irrigators access daily evapotranspiration weather information for water management		250 (<i>estimate</i>)	2024
Quantity	Number of new irrigation BMPs revised, developed and promoted online	13	20	2020-2024

Performance measures are collected annually and reported on the Legislative Coordinating Commission's (LCC) website, shared in activity forms and in presentations to the Clean Water Council, and incorporated into presentations, workshops, field days, blogs/podcasts and peer-reviewed journal articles. Information about this position is available at: <https://www.mda.state.mn.us/node/1313> and technical and outreach materials are available at: <https://extension.umn.edu/soil-and-water/irrigation>.

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Monitoring for Pesticides in Surface Water and Groundwater

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	370	370	0	0
Revenues	370	370	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	2	2	0	0

Recommendation:

The Governor recommends \$740,000 in FY 2026-27 for continuation of Clean Water funding for the monitoring of pesticides in surface water and groundwater which will provide ongoing pesticide monitoring support for the Minnesota Department of Agriculture (MDA) Laboratory. This funding provides increased capability and greater capacity for pesticides water samples and allows for cooperative projects with other agencies including the Minnesota Pollution Control Agency (MPCA), Minnesota Department of Health, and Tribal partners. Funding is used to support staff positions in the MDA Laboratory to process and analyze an increased number of pesticide samples along with equipment and supplies.

This recommendation represents 2% of the Minnesota Department of Agriculture's (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

This program activity provides support for the laboratory analysis of pesticides in surface water and groundwater samples. The results of those tests are compared with water quality benchmarks and standards to assess water quality condition. Pesticides are frequently detected in surface water and groundwater and can result in surface water impairments and pose a risk for drinking water. Having reliable, long-term data about pesticides in surface water and groundwater is extremely important for informed decision-making to protect human health and the environment. These are ongoing issues of public concern. Long-term pesticide monitoring allows for the evaluation of trends to protect water quality based on monitoring results. The majority of funding for pesticide analysis at the MDA Laboratory is provided by fees paid on pesticide sales. The Clean Water Funding has enhanced the program and allowed the MDA Pesticide Monitoring Program to become one of the most comprehensive programs in the nation.

This proposal is recommended and supported by the Clean Water Council.

Proposal:

This recommendation is a continuation of funding for the MDA Laboratory to provide greater capacity to continue to effectively monitor the waters of the state for pesticides. This funding provides increased capability and greater capacity for pesticides water samples and allows for cooperative projects with other agencies including MPCA, MDH and Tribal partners. The funding is used primarily to support approximately 2 FTE to manage and analyze water samples in the Laboratory. Some of the funding is also used for lab supplies and equipment maintenance.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund	370	370	1,090			
Total All Funds	370	370	1,090			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary	268	276	807			
CWF	Supplies	53	45	137			
CWF	Equipment Repair	6	6	18			
CWF	Agency Indirects	43	43	128			

Impact on Children and Families:

Monitoring for pesticides in surface and groundwater is important to protect children and families because monitoring results provide information on whether the water is safe for consumption or other recreational or contact uses. Clean Water Fund activities must be spent to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation. These activities protect public health and thereby help to ensure that children and families have access to safe and reliable water sources. By tracking pesticide concentrations over time in surface water and groundwater, we are able to take necessary actions to ensure sustained water quality for the next generation of Minnesotans.

Equity and Inclusion:

Results from pesticide monitoring are publicly available and are useful for identifying different geographic areas or populations that may be at risk for pesticide exposure through water. This program protects public health for all Minnesotans by improving our knowledge and understanding of changing water quality conditions. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Although not anticipated to have a substantial direct effect on one or more of the Minnesota Tribal governments, the increased analytical capacity does allow the MDA to provide pesticide testing of Tribal water bodies through the National Lakes Assessment in coordination with the MPCA and U.S. Environmental Protection Agency. The MDA has also conducted groundwater and surface water monitoring on Tribal lands when requested by Tribal entities. All Tribal related monitoring activities are coordinated through the MDA Tribal Liaison and with appropriate Tribal officials. Results of water quality samples collected from Tribal lands are shared with the appropriate Tribal officials.

IT Costs

This is not an IT related request.

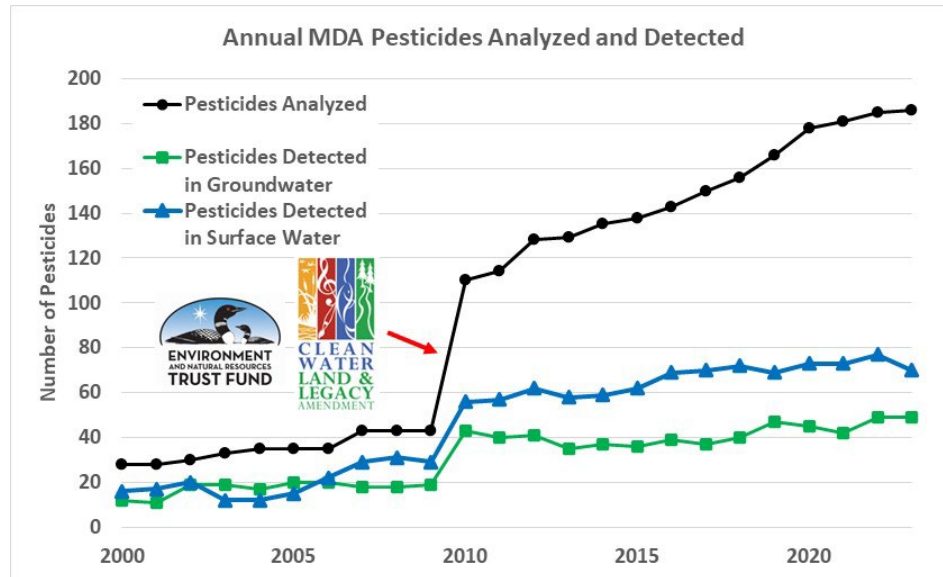
Results:

Part A: Performance Measures

Clean Water funds have supported an increase in the number of detectable pesticides from 44 in 2009 (before Clean Water funds) to 186 in 2023. It has also increased the number of pesticide samples collected annually which will vary based on the climatic conditions occurring from year-to-year. The MDA conducts trend analysis on several pesticide compounds annually. Results are summarized in an annual monitoring report and available on the Minnesota Department of Agriculture's website (<https://www.mda.state.mn.us/pesticide-monitoring-reports>) and shared in various presentations and other outreach events. Due to the high value placed on water resource

protection by Minnesotans, the MDA Pesticide Monitoring Program has grown to represent one of the most comprehensive monitoring programs in the nation. This funding helps sustain that achievement.

The figure below illustrates the impact Clean Water funds have had on the number of different pesticide compounds the MDA Laboratory is capable of analyzing (black line). It also presents the number of pesticide compounds detected in surface water (blue line) and the number of pesticides detected in groundwater (green line) by year.



The table below presents the performance measures that are tracked over time as an indication of program effectiveness. The number of sample events is influenced by climatic conditions that occur during each year. This will influence several of the other metrics. The number of surface waterbody impairments relates to detections in rivers and streams that have violated state standards. The MDA actively works with pesticide users to mitigate pesticide issues in these waterbodies. Loss of this funding would significantly reduce the MDA Laboratory capacity and result in a reduction in MDA's ability to effectively assess and respond to pesticide-related water quality problems.

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pesticide Monitoring Sample Events	205	886	838	773	898	960	941	941	1,050	957	972	838	714	851	820
# of Pesticide Samples Collected	950	1,517	1,346	1,304	1,463	1,557	1,516	1,688	1,906	1,819	1,909	1,586	1,379	1,623	1,580
# of Pesticide Analytes	43	110	114	126	129	135	138	143	150	155	166	178	181	185	186
# of Detected Pesticide Analytes in Groundwater	19	43	40	38	34	37	36	39	37	40	47	45	42	49	49
# of Detected Pesticide Analytes in Surface Water	29	56	57	62	58	59	62	69	70	66	69	73	73	77	70
# of Pesticide Analyses Completed	19,703	78,205	71,176	71,587	71,827	87,434	86,492	91,060	99,149	103,375	119,963	121,384	100,465	122,293	122,239
# of Pesticide Detections	2,312	5,298	4,832	3,990	4,335	4,784	4,472	4,839	4,891	6,188	7,605	7,274	4,365	6,828	5,897
# of Pesticide Surface Waterbody Impairments	2	2	2	3	3	5	3	5	10	10	14	14	14	14	14

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory changes are proposed.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Nitrate in Groundwater

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	3,100	3,100	0	0
Revenues	3,100	3,100	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	11	11	0	0

Recommendation:

The Governor recommends \$6.2 million in FY 2026-27 for continuing Clean Water funding to implement Minnesota’s Nitrogen Fertilizer Management Plan (NFMP) and Groundwater Protection Rule for preventing and responding to nitrate contamination of groundwater from nitrogen fertilizer use. This includes support for promotion, demonstration, and adoption of nitrogen fertilizer best management practices (BMPs) and to promote vegetative cover in vulnerable areas; staffing at University of Minnesota Extension to publish and promote nitrogen fertilizer BMPs; support for local advisory teams to work with farmers and crop advisers to reduce nitrate in areas with elevated nitrate in groundwater; conducting computer modeling to evaluate the impacts of specific agricultural and land management practices in local areas; and, technical support and demonstration projects such as at the Rosholt Farm. Funding will support implementation of the NFMP in townships and drinking water supply management areas (DWSMAs) with elevated levels of nitrate in groundwater.

This recommendation represents 18% of the Minnesota Department of Agriculture’s (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

Nitrate in groundwater in agricultural regions is one of the most challenging, widespread, and complex water quality issues in Minnesota. Approximately 1 out of 5 cropland acres overlies sensitive groundwater resources. Additionally, in the most sensitive areas of the state, recent MDA testing of private wells indicates that approximately 9% of private wells exceed the drinking water standard for nitrate. In some vulnerable townships, 20 to 50% of private wells exceed the drinking water standard. Recent sampling data has identified approximately 50 townships or clusters of townships where nitrate levels exceed the action levels outlined in the NFMP. Currently there are 10 Level 1 (public wells with ≥ 5.4 mg/L nitrate) and 22 Level 2 (public wells with ≥ 8 mg/L nitrate) community water supplies under the Groundwater Protection Rule; all communities are currently in a voluntary phase. This proposal will increase the resources available for the MDA to respond to elevated nitrate in priority areas including implementation of practices to protect groundwater.

The prevention and mitigation activities in this proposal focus on vulnerable groundwater areas and include promotion and adoption of nitrogen fertilizer best management practices as well as the use of cover crops, forage crops, and other alternatives on vulnerable fields. Improved nitrogen management practices can increase nitrogen efficiency (or reduce the overall nitrogen needs) and thereby reduce nitrate leaching into groundwater and surface water and reduce nitrous oxide emissions from agriculture. Increasing vegetative cover has direct water quality benefits and can increase soil organic carbon over the long term and improves soil health. Together,

these activities have been identified as key agricultural practices to both protect water quality and mitigate the impacts of climate change.

This proposal is recommended and supported by the Clean Water Council.

Proposal:

Nitrate is one of the contaminants of greatest concern in Minnesota’s groundwater. This proposal will increase the resources available to address this issue and allow the MDA to work in both DWSMAs and townships that have elevated nitrate in groundwater. Implementing the NFMP and Groundwater Protection Rule will result in prevention and mitigation of groundwater from exceeding the health standard for nitrate. These efforts include:

- **Water quality demonstrations and BMP evaluations** to compare nitrogen BMPs to existing practices and to demonstrate the effectiveness of the nitrogen BMPs.
- **Support technical staff at the University of Minnesota** to evaluate, refine, and update nitrogen fertilizer BMPs as new research becomes available.
- **Promotion of other groundwater protection practices (called Alternative Management Tools or AMTs)** that will significantly reduce groundwater impacts. They are intended to go beyond more traditional nitrogen fertilizer BMPs in terms of groundwater protection. AMTs may include alternative cropping systems, cover crops, advanced nitrogen management, or application of precision technology.
- **Statewide and regional prevention** to provide education and promotion of nitrogen BMPs to ensure that in the future nitrate does not become a concern in new areas.
- **Use of computer modeling tools** to estimate the nitrate leaching losses from different agricultural practices in different settings.
- **Support local nitrate monitoring networks** capable of producing long term trends in vulnerable townships.
- **Pass-through funding to local government** to develop and implement locally led nitrogen best management practice (BMP) promotion and evaluation projects.

The MDA’s goal is to involve local farmers and agronomists in problem-solving at the local level and to work directly with the agricultural community to adopt practices to minimize groundwater impacts. Local farmers and their crop advisers are critical in helping develop and implement appropriate activities to address elevated nitrate because they control the land use.

Continued funding for nitrate in groundwater work will be invested in proven and meaningful programs like previous appropriations. During FY 2014-2024, 36% of funding was passed through in grants and contracts. Recipients include local project partners (soil and water conservation districts), the U of M, farmers, and landowners. Remaining funding supports salary and staff expenses (11 FTEs), lab analysis, equipment, supplies, and travel-related expenses.

Addressing elevated nitrate in community drinking water wells is a high priority for state agencies. Together with state agency partners, the MDA contributes information to groundwater protection and restoration strategies (GRAPs) to support the State’s Watershed Approach and to local organizations to use to develop their water management plans. Data from the MDA’s Township Testing Program characterize nitrate conditions in private wells and has been used by state agencies to set priorities for groundwater implementation and funding.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund (CWF)	3,100	3,100	6,200			
Total All Funds						

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary and Staff Costs	1,600	1,600	3,200			
CWF	Equipment, Supplies and Repairs	55	55	110			
CWF	PT Services (pass through)	1,090	1,090	2,180			
CWF	State Agency PT services	65	65	130			
CWF	Indirect Costs	240	240	480			
CWF	MN.IT Services	50	50	100			

Impact on Children and Families:

Clean water and in particular clean drinking water is important to ensure healthy and successful communities and families. Contaminated groundwater and surface water can have a very significant impact on individual health and can also restrict economic and recreational activities for many communities. Clean Water funded activities must protect, enhance, and restore water quality in lakes, rivers, and streams and/or protect groundwater from degradation. This proposal will help to protect public health.

Equity and Inclusion:

Clean water and in particular clean drinking water is an equity issue. All people in Minnesota have a right to clean and safe drinking water. This proposal will help reduce nitrate levels in groundwater and will help economically disadvantaged communities that may be unable to test private wells or treat drinking water. The proposal will help to protect and improve water quality and will benefit all community members. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs:

This is not an IT project.

Results:

Part A: Performance Measures

The NFMP was revised and updated in 2015 and the Groundwater Protection Rule went into effect in June 2019. The NFMP and Groundwater Protection Rule are being implemented to address nitrate from fertilizer in groundwater.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Results	Number of groundwater sensitive agricultural townships that have been characterized through MDA's Township Testing approach	32,217 wells private wells in 344 vulnerable townships within 50 counties have been tested.	2013-2019		The MDA may evaluate retesting private wells by township or region in a 5–10-year timeframe	

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Results	Overall results from Township Testing Program	Overall, 9.1% (2,925 out of 32,217 wells) tested in vulnerable areas exceeded the drinking water standard for nitrate. Data is used to prioritize areas with highest groundwater risk.	2013-2019			
Results	Monitoring results from the Central Sands Private Well Network (CSPWN) and the Southeast Private Well Network (700-900 private wells tested annually: 11,202 samples to date)	<u>CSPWN:</u> Between 1.2% and 4.5% of wells were ≥ 10 mg/L each sampling period (13 total). Downward trend in in the 90th percentile in 2023. <u>Southeast Private Well Network:</u> Between 7.5% and 14.6% of wells were ≥ 10 mg/L nitrate each sampling period (16 total). Downward trend in the 50th and 75th percentiles in 2023.	<u>CSPW:</u> 2011-2023 <u>SE:</u> 2008-2023		Sample results are used to evaluate regional groundwater trends	
Results	Number of Drinking Water Supply Management Areas that participate in mitigation activities through the Groundwater Protection Rule.	10 DWSMAs are designated as Level 1 (≥ 5.4 mg/L nitrate) 22 DWSMAs are designated as Level 2 (≥ 8 mg/L nitrate) 18 Local Advisory Teams formed in Level 2 DWSMAs	2024		Continue to implement the Groundwater Protection Rule Form Local Advisory Teams in all Level 2 DWSMAs	2027

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Education and outreach programs to help promote Nitrogen Fertilizer BMPs to farmers and crop advisers	Nine state-wide conferences reaching over 1,900 attendees and impacting 12,800,000 acres	2016-2024		Eleven state-wide conferences reaching over 2,100 attendees and impacting 15,000,000 acres	2026

Performance measures are collected annually and reported on the Legislative Coordinating Commission’s (LCC) website, in the Clean Water Performance Report, shared in activity forms and in presentations to the Clean Water Council, and incorporated into presentations, workshops, field days and other communication materials.

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory changes are anticipated with this request.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Pesticide Testing of Private Wells

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	500	500	0	0
Revenues	500	500	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	3	3	0	0

Recommendation:

The Governor recommends \$1 million in FY 2026-27 for continuing Clean Water funding for pesticide testing of private wells that targets at-risk private drinking water wells for the presence of pesticides. Funding is used to support water sample analysis through a private laboratory and staff positions to collect and assess private well water samples for the two herbicides cyanazine and atrazine and their associated break down products (degradates). Additional pesticides may also be added to the list of target analytes if additional risks are identified. The information is used to inform private well owners regarding potential pesticide risk associated with their drinking water.

This recommendation represents approximately 3% of the Minnesota Department of Agriculture’s (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

Data collected through this program from 2019 through 2021 indicates some private wells exceed the drinking water standard for total cyanazine in certain areas. The herbicide cyanazine has not been registered for use in Minnesota since 2002. In 2019, the MDA contracted for the synthesis of cyanazine degradates and worked with laboratories to develop analytical methods to test for these persistent environmental contaminants. With this funding, Minnesota now leads the nation in cyanazine degradate monitoring in groundwater. This funding will allow the MDA to continue to collect pesticide samples from private drinking water wells in areas determined to be at risk. The continuation of this project will provide additional information on cyanazine and atrazine degradate presence in private wells around the state. Additional pesticides may also be added to the analyte list as pesticides continue to be evaluated through the ambient groundwater monitoring network.

This proposal is recommended and supported by the Clean Water Council.

Proposal:

With this recommendation, the MDA will continue to investigate the presence of pesticides in private wells. Previous work by the MDA assessed pesticide presence in private wells targeting a much broader number of pesticides (up to 133 different pesticide compounds) in agricultural areas with vulnerable groundwater. That work indicated that the degradates of cyanazine and atrazine (11 pesticide compounds) represented the greatest pesticide-related risk to private well drinking water. Evaluation of other pesticides will also continue through the ambient groundwater monitoring program which may lead to additional pesticides being added to the private well sampling list.

This project will provide information on the potential health risk from the presence of pesticides in private drinking water wells. Over 150 wells have been identified with pesticide concentrations at levels of concern. There will be no cost to well owners who volunteer for sampling. Approximately 50% of the funding will pass through to a contract laboratory for pesticide analysis. The remainder will be used for approximately 3 FTE, supplies, equipment and travel related expenses. Clean Water funding would allow for the continuation of these program activities. Without Clean Water funding, the program would be discontinued.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund	500	500	1,000			
Total All Funds						

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary	200	200	400			
CWF	Equipment, Supplies, Repairs	5	5	10			
CWF	Indirect Costs	40	40	80			
CWF	MNIT Services	5	5	10			
CWF	Pass through dollars	250	250	500			

Impact on Children and Families:

This program will provide important information on drinking water quality in areas determined to be at risk for the presence of cyanazine degradates. Pesticide analysis is expensive (\$250/sample for this analysis) and is often confusing for well owners to understand how to collect samples, what to test for, and where to find appropriate laboratories. The cost alone often precludes many well owners from testing for pesticides. The information collected as part of this request will aid in the protection of children and families by assessing their water quality for pesticide concerns and potentially offering mitigation options for safe drinking water for wells that are over the drinking water standard.

Equity and Inclusion:

Testing for pesticides in water is expensive, typically costing \$200-\$500 or more per sample. Many well owners are unable or unwilling to test for pesticides or pay for treatment if pesticides are detected at levels of concern. This program will benefit homeowners who are underserved or with limited incomes because they cannot afford water testing on their own. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Although not considered a substantial direct effect at this time, there may be private drinking water wells targeted for sampling on the Prairie Island, Shakopee Mdewakanton and White Earth Nation Tribal areas. Lands associated with these Tribes are in areas that may be vulnerable to groundwater contamination from pesticides. All Tribal contacts will be coordinated through the MDA Tribal Liaison, and Tribal representatives will be contacted before invite letters are sent to well owners.

IT Costs

This is not an IT project.

Results:

Part A: Performance Measures

Results will be quantified based on the number of wells sampled, number of pesticide detections, pesticide exceedances of standards and the number of treatment systems evaluated. Individual well owners will be notified of their results and reports will be produced summarizing the data for posting on the MDA website.

Private Well Pesticide Sampling Project	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
# of Private Wells Sampled for Pesticides Analysis	909	583	512	738	1103	1589	1103	1166	1585	256
# of Pesticide Analytes	11	11	11	131	133	125	125	126	22	22
# of Pesticide Analyses Completed	9,999	6,413	5,632	96,678	146,699	198,625	137,875	147,546	34,870	5,632
# of Counties Sampled	15	14	5	12	20	6	10	6	8	1
# of Townships Sampled	93	105	51	57	77	79	66	63	57	19
# of Wells with a Pesticide Detection	363	430	480	619	789	1328	704	888	6	0
Pesticide Detection Frequency (%)	40	74	94	84	72	84	64	76	<1	0
# of Detected Pesticide Analytes	10	9	9	54	53	53	52	53	3	0
# of wells exceeding drinking water standards	37	27	35	33	29	0	2	1	0	-
Detection Frequency above a Reference Value (%)	7	5	7	4	3	-	<1	<1	-	-

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory changes are anticipated with this request.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Technical Assistance

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,600	1,600	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	7	7	0	0

Recommendation:

The Governor recommends \$3.2 million in FY 2026-27 for continuing Clean Water funding for the Technical Assistance Program which will provide technical assistance and on-farm demonstrations to support the adoption of conservation practices that protect and improve water quality. This funding helps ensure accurate scientific information is available and used to address water quality concerns in agricultural areas. Funding is used to evaluate conservation practices, share information about research and new technologies, and enhance outreach and education to the agricultural community and local government partners. Examples of projects include Discovery Farms Minnesota, Root River Field to Stream Partnership, Nutrient Management Initiative, and the Red River Valley Drainage Water Management site.

The Technical Assistance Program recommendation represents 9% of the Minnesota Department of Agriculture’s (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

Technical assistance activities are a primary vehicle to work with the agricultural community to promote best management practices. This funding is used to evaluate conservation practices, share information about research and new technologies, and enhance outreach and education to the agricultural community and local government partners. Technical assistance also fills an important need for field demonstration and validation of practices. The MDA uses on-farm, edge-of-field monitoring to assess sediment and nutrient loss at the field scale and to evaluate the effectiveness of conservation practices and promote them with on-farm demonstrations. New and existing conservation practices are evaluated at these sites, including cover crops, saturated buffers, controlled drainage, prairie strips, and nutrient management practices. The MDA works with many partners, including universities, crop consultants, soil and water conservation districts, farmers, and other state agencies. Technical assistance and on-farm demonstrations promote the adoption of conservation practices protective of water quality.

This proposal is recommended and supported by the Clean Water Council.

Proposal:

MDA’s technical assistance will continue the support of on-farm demonstrations and enhance outreach and education to the agricultural community and local government partners. Demonstration projects evaluate the effectiveness of conservation practices and support collaboration with agricultural stakeholders and peer-to-peer learning among farmers. The MDA passes money through to local governments and supports the existing conservation delivery system. The MDA works closely with other agencies and multiple partners in the agricultural community. This will include activities such as Discovery Farms Minnesota, Root River Field to Stream

Partnership, Nutrient Management Initiative, and support for agricultural retailers/co-ops working with the conservation programs.

Continued funding for technical assistance will be invested similar to previous appropriations. In FY 2014-2024, 18% of funding was passed through in grants and contracts. Recipients include local project partners (soil and water conservation districts), farmers, and landowners. Remaining funding supports salary and staff expenses (7 FTEs), lab analysis, equipment, supplies, and travel related expenses.

Technical assistance activities are complimentary to other state agency work. The MDA maintains more than 30 active edge-of-field water quality monitoring stations around the state. This data is unique and otherwise not available. Edge-of-field data have been used for education/outreach and for a variety of the most used computer simulations (PTMApp, Adapt-N, SWAT, and the Runoff Risk Advisory Tool). Data is used to support the impaired waters process and State's Watershed Approach and referenced in numerous Watershed Restoration and Protection Strategies and One Watershed One Plans.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund (CWF)	1,600	1,600	3,200			
Total All Funds						

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary and Staff Costs	1,100	1,100	2,200			
CWF	Equipment, Supplies and Repairs	85	85	170			
CWF	PT Services and Grants	190	190	380			
CWF	State Agency PT services	40	40	80			
CWF	Indirect Costs	150	150	300			
CWF	MN.IT Services	35	35	70			

Impact on Children and Families:

Clean water and in particular clean drinking water is extremely important to ensure healthy and successful children and families. Contaminated groundwater and surface water can have a very significant impact on individual health and can also restrict economic and recreational activities for many communities. Clean Water Funded activities must protect, enhance, and restore water quality in lakes, rivers, and streams and/or protect groundwater from degradation.

Equity and Inclusion:

Clean water and in particular clean drinking water is an equity issue. All people in Minnesota have a right to clean and safe drinking water. This proposal will help promote conservation practices that reduce sediment and nutrient losses from agriculture fields. The proposal will help to protect and improve water quality and will benefit all community members. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs

This is not an IT project.

Results:

Part A: Performance Measures

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Number of contacts with farmers, crop advisors and other stakeholders at field days, presentations and other education events for all technical assistance programs	~21,000 ag producers, crop advisors and LGUs at 518 education and outreach events	2015-2024	No change from current	~20,000 ag producers, crop advisors and LGUs at 650 education and outreach events	2025
Quantity	Number of crop advisors participating in the Nutrient Management Initiative (on-farm program)	237	2015-2024	No change from current	270	2025
Quantity	Number of farmers participating in the Nutrient Management Initiative	778	2015-2024	No change from current	900	2025
Quantity	Number of active edge-of-field water quality monitoring stations (i.e. Discovery Farms, Root River Field to Stream Partnership, Red River Drainage Water Management)	31 stations are currently active	2024	No change from current	Maintain and continue all current stations	2025
Results	Dollars leveraged from edge-of-field sites to support conservation efforts	~ \$10 million	2015-2024	No change from current	Depends upon future grant opportunities	

Performance measures are collected annually and reported on the Legislative Coordinating Commission's (LCC) website, in the Clean Water Performance Report, shared in activity forms and in presentations to the Clean Water Council, and incorporated into presentations, workshops, field days and other events. Technical Assistance funding is used to support interactive exhibits, high-quality scientific videos and graphics, and other methods to directly communicate with farmers, crop advisers, and local government partners.

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory changes are anticipated with this request.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Expand Minnesota Ag Weather Station Network

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,250	1,250	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,250	1,250	0	0
FTEs	2.7	2.7	0	0

Recommendation:

The Governor recommends \$2.5 million in FY 2026-27 to expand Minnesota Agriculture Weather Station Network. This funding will be used to further expand the existing state weather station and soil monitoring network to provide accurate local weather data across the farming areas of Minnesota. The stations will be linked to a well-established network and widely trusted source for accurate, detailed local weather data. The weather station network expansion will allow more agricultural producers to utilize the weather network tools to better guide agronomic decisions. In addition, the stations will serve all Minnesotans, often in rural areas of the state with limited current weather and soil monitoring, to assist other local, state, and federal agencies with duties, including weather forecasting, drought monitoring, obtaining long-term climate records, and coordinating flood response.

Accurate and timely weather data will help farmers optimize the timing of irrigation, fertilizer and pesticide applications, and other inputs, and help reduce the risk from adopting new environmentally friendly practices to promote soil health and vegetative cover. This will result in improved surface water and groundwater quality and provide a robust soil and weather data set to evaluate changes in Minnesota's long-term climate.

This recommendation was developed at the request of the agricultural community in Minnesota. It represents 7% of the Minnesota Department of Agriculture's (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

This recommendation is to further expand the existing Minnesota Ag Weather Network (MAWN) statewide. The MAWN provides access to real-time local weather data (5-minute intervals) including precipitation, snow depth, temperature (max/min), wind direction and speed, peak gust, humidity, dew point, soil temperature from 4 inch to 7 feet below ground, soil moisture from 2 inches to 40 inches below ground, and solar radiation at each individual weather station. This information allows producers to more effectively manage water usage, reduce leaching, and appropriately time crop nutrient and chemical applications. Precise local weather data is necessary to support the adoption of many recommended vegetative cover, nutrient, and soil management practices.

Establishing weather stations across all agricultural land will give farmers the local information they need to make the best possible agronomic decisions regarding planting dates, crop protection chemical and manure application timing, and other in-field activities. This detailed, local information will create opportunities to reduce nutrient and chemical applications. More precise information on disease risk due to weather conditions means farmers can delay disease prevention applications until risk is high in their area. The inversion alert system will help private and commercial pesticide applicators respond quickly to changing local conditions and minimize risk of spraying in adverse weather conditions which can cause pesticide drift and impact water resources and

pollinators. Evapotranspiration data is vital to determining crop water needs and scheduling timely irrigation applications. Accurate soil temperature data is used for determining when to apply fertilizer to minimize leaching. Good weather data is critical to effective management practices to protect surface water and groundwater resources. This proposal is recommended and supported by the Clean Water Council.

Proposal:

This recommendation will support MDA’s ongoing efforts to provide farmers the real-time, local weather information they need to make the best possible agronomic decisions regarding planting dates, nutrient and crop protection chemical application timing, irrigation scheduling, and other in-field activities. This detailed local information will create opportunities to reduce chemical applications. More precise information on disease risk due to weather conditions means farmers can delay disease prevention applications until risk is high in their area.

In addition, local weather information from agricultural settings is beneficial for:

- Assessing and forecasting the impact of precipitation, snow melt, and soil temperature on manure application and risk to runoff.
- Soil temperature information is key to following best management practices for fall nitrogen fertilizer application.
- The inversion alert system, as well as known wind speed and direction, will help private and commercial pesticide applicators respond quickly to changing local conditions and minimize risk of spraying in adverse weather conditions.
- Evapotranspiration data is vital to determining crop water needs and scheduling timely irrigation applications. This is critical to effective management of groundwater resources.
- There are also many uses beyond the agricultural community such as the National Weather Service and municipalities using winter precipitation data to better predict potential flood conditions and monitor drought conditions.

The MAWN will expand through a partnership with the MDA and the North Dakota Ag Weather Network (NDAWN). Utilizing the existing partnership with NDAWN would reduce costs and reduce the time needed to build a statewide network. Funding for this proposal will be invested in weather station equipment, supplies, and operating costs and support for staff at the MDA (2.7 FTEs) for installation, maintenance, and operation of weather stations and for programming and data management.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund	1,250	1,250	2,500			
Total All Funds	1,250	1,250	2,500			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary and Staff Costs	410	410	820			
CWF	Equipment, Supplies and Repairs	590	590	1,180			
CWF	PT Services (pass through)	175	175	350			
CWF	Indirect Costs	75	75	150			

Impact on Children and Families:

Clean water and in particular clean drinking water is extremely important to ensure healthy and successful children and families. Contaminated groundwater and surface water can have a very significant impact on individual health and can also restrict economic and recreational activities for many communities. Clean Water

funded activities must protect, enhance, and restore water quality in lakes, rivers, and streams and/or protect groundwater from degradation.

Equity and Inclusion:

Clean water and in particular clean drinking water is an equity issue. All people in Minnesota have a right to clean and safe drinking water. This proposal will help to more precisely management inputs to reduce nitrate levels in groundwater and will help economically disadvantaged communities that may be less likely to test private wells or treat drinking water. The proposal will help protect and improve water quality and will benefit all community members and installations will target rural areas that have very limited weather and soil monitoring equipment installed currently compared to large population centers in Minnesota. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs:

This is not an IT project.

Results:

Part A: Performance Measures

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Results	Number of weather stations installed	21 weather stations installed	9/30/2024	Approximately 50 weather stations	Approximately 75 weather stations	2028
Results	Number of counties with a weather station deployed	16	9/30/2024	36	50	2028
Results	Number of websites and apps to access the data	26 websites and 2 mobile apps	9/30/2024	55 websites and 2 apps	80 websites and 2 apps	2028
Results	Number of weather station sponsors/partnerships	14	9/30/2024	25	35	2028

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory changes are anticipated with this request.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – AgBMP Loan Program

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Funds				
Expenditures	2,000	2,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	0	0
FTEs	.5	.5	0	0

Recommendation:

The Governor recommends a transfer of \$2 million in FY 2026 and \$2 million in FY 2027 from the Clean Water Fund to the Agricultural Best Management Practices (AgBMP) Loan Program account in the Miscellaneous Special Revenue Fund to provide low-interest loans for eligible activities that reduce, prevent, or eliminate water pollution. The program is administered by local governments, has very low transaction costs, and repayments fund additional projects. The funding would allow for additional projects or practices that help reduce, eliminate, or prevent water pollution to be funded each year as the local demand for AgBMP loans greatly exceeds available funding.

This recommendation represents 12% of the Minnesota Department of Agriculture’s (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

AgBMP loans can be used for the implementation of any practice that reduces water pollution. The purpose is to encourage agricultural best management practices that prevent or reduce runoff from feedlots, farm fields, and other pollution problems identified by the county in local water plans. The program is administered by local governments and local loaning institutions and has extremely low administration costs. Loans are repaid into the corpus of the account and will be available for future clean water projects. Repayments are guaranteed by our partnering lenders. Since 1996, there has been no defaults to the AgBMP Loan Program by lenders.

This proposal would reduce the funding shortfall for the AgBMP Loan Program. There are many counties requesting additional funding to finance eligible but unfunded projects. The 2021, 2022, and 2023 local government requests exceeded available funding by an average of \$36 million dollars each year. This proposal would allow these counties to approve more projects than what their current available funding allows. If additional funds are not made available, local governments must delay or deny projects that would otherwise be completed. This proposal is being recommended by the Clean Water Council.

Proposal:

This recommendation of \$4 million will be split between \$3.85 million to be added to the AgBMP Loan Program’s revolving lending account and \$150,000 for administrative costs. It will increase the AgBMP Loan Program’s existing lending capacity by \$3.85 million with future repayments increasing by about \$385,000 annually in repayment revenue per year. fiscal Year 2024 loan activity was 147 loans totaling \$7.1 million. Based on the observed loan activity and practice categories, a \$4 million appropriation would likely result in approximately 224 additional loans over the next several years and increase projects in subsequent years as the funds revolve. As a

revolving loan fund, repayments received are made available to re-lend, creating a perpetual cycle for financing water quality projects.

This proposal is complimentary with grants and other loans from the MDA, lenders, or other state and federal government agencies and can be used as a financial match for other programs.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund (CWF)	2,000	2,000	4,000			
Total All Funds	2,000	2,000	4,000			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary / indirect expenses	75	75	150			
CWF	Loans	1,925	1,925	3,850			

Impact on Children and Families:

Clean water and in particular clean drinking water is extremely important to ensure healthy and successful children and families. Contaminated groundwater and surface water can have a very significant impact on individual health and can also restrict economic and recreational activities for many communities. Clean Water funded activities must protect, enhance, and restore water quality in lakes, rivers, and streams and/or protect groundwater from degradation. AgBMP loans will be used to fund projects and activities that will prevent or mitigate contamination of surface and groundwater, which will help protect public health.

Equity and Inclusion:

Clean water and in particular clean drinking water is an equity issue. All people in Minnesota have a right to clean and safe drinking water. This proposal will finance loans to address any impact to water quality and may help economically disadvantaged communities by offering low to 0% interest loans. The proposal will help to protect and improve water quality and will benefit all community members. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

This program does not specifically target any group but is open to all that qualify within Minnesota.

☐ Yes
☒ No

Results:

Part A: Performance Measures

As of June 30, 2024, the AgBMP Loan Program used Clean Water Funds to finance 2,400 loans that had a total project cost of \$60,365,111.69. By practice type, 233 loans were for agricultural waste management projects, 981 for structural erosion control measures, 124 for conservation tillage equipment, 947 for septic systems upgrades, and 115 for all other types of practices. At this time, the program has leveraged \$41,666,217.

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Total Number of loans issued	2,400	2024	2,694	2,918	2028
Quantity	Total amount of loans issued	\$41,138,609.14	2024	\$46,476,000	\$50,340,374	2028

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Total Dollars leveraged	\$41,666,217.28	2024	\$50,108,587	\$54,275,002	2028

Performance measures are collected annually and reported on the Legislative Coordinating Commission’s (LCC) website, shared in activity forms and in presentations to the Clean Water Council, and within the biannual AgBMP reports which show the number of projects or practices that received loans within this program that assisted with phosphorus, nitrogen, and sediment reduction.

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory changes are anticipated with this request.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Conservation Equipment Grants

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,750	1,750	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,750	1,750	0	0
FTEs	1.25	1.25	0	0

Recommendation:

The Governor recommends \$3.5 million in FY 2026-2027 from the Clean Water Fund to fund conservation equipment grants as established through the Soil Health Financial Assistance Program.

The Soil Health Financial Assistance Program (SHFAP) has been established to support and meet a Healthy Soil Management Plan for the State of Minnesota through the voluntary implementation of soil health management. Individual farmers, agricultural trade and member organizations, conservation interests, and prominent food-system corporations have all specified that a primary obstacle to soil health implementation is access to financial support for specialized equipment and machinery necessary for successful and efficient adoption of soil health practices. Soil health means the overall composition of the soil, including the amount of organic matter stored in the soil, and the continued capacity of soil to function as a vital living ecosystem that sustains plants, animals, and humans.

This recommendation supports the need and demand for equipment grants offered through the SHFAP and would equate to 10% of the Minnesota Department of Agriculture's (MDA) Clean Water Fund request for FY 2026-27.

Rationale/Background:

Healthy soil is fundamental to the economic and environmental sustainability of Minnesota's agricultural lands and industry, and expanded soil health management in our state directly fulfills measurable goals for the One Minnesota plan's environment goals for Greenhouse Gas Emissions reductions and Climate Resilience. This is recognized and formally established in the State of Minnesota's planning and policies.

The State Water Plan (<https://www.leg.mn.gov/docs/2020/mandated/200899.pdf>) sets Soil Health as the Goal 2. Strategy 1. priority, further stating:

Healthy soil provides many benefits:

- It contains organic matter that retains water, reducing runoff and the need for structural water storage.
- It increases the availability of water to plants, which can increase yield and improve resilience to dry spells, reduce the need for supplemental irrigation, reduce the speed and volume of runoff, and reduce nutrient losses into surface water and groundwater.
- It can store large amounts of carbon, which means that soil health improvements have great potential to reduce greenhouse gas (GHG) emissions across Minnesota's 20 million acres of cropland.

In addition, the State Water Plan Goal 2 Action 1.4 specifically states:

Invest in regional equipment purchasing and sharing programs for agricultural cooperatives or Soil & Water Conservation Districts (SWCDs) to reduce the burden of investing in cover crop and perennial/small grain planting and harvesting equipment.

The Minnesota Nutrient Reduction Strategy (<https://www.pca.state.mn.us/sites/default/files/wq-s1-80.pdf>) also names soil health as a designated strategy, stating in part that:

Improved soil health will sustain soil productivity for future generations, absorb and hold rainwater for use during drier periods, filter and buffer nutrients and sediment from leaving the fields, increase crop productivity, and minimize the impacts that severe weather conditions can have on food production and environmental quality. Thus, the benefits of making widespread changes to cropland management, as outlined in this strategy, extend beyond water quality improvement, and include protecting our soil productivity for future generations.

Minnesota's Climate Action Framework (<https://climate.state.mn.us/sites/climate-action/files/Climate%20Action%20Framework.pdf>) additionally cites soil health in Goal 2 as a priority initiative:

Healthy Farmland

Accelerate soil health and nitrogen and manure management practices that reduce emissions and enhance carbon storage, water quality, and habitat.

Individual farmers, agricultural trade and member organizations, conservation interests, and prominent food-system corporations all seek greater emphasis on soil health. Those groups have specifically identified access to specialized equipment and machinery necessary for successful and efficient adoption of soil health practices as a barrier to greater expansion of soil health in Minnesota. This equipment grant funding for SHFAP directly addresses this central obstacle to achieving the recommended strategies and desired goals for Minnesota agriculture, and will provide the basic means for securing healthy soil to sustain our state's economy and environment.

Proposal:

The SHFAP was first authorized as a pilot project at the Minnesota Department of Agriculture in FY 2023 and was formally established under Minnesota Statutes, Section 17.134 starting FY 2024. This soil health equipment grant funding recommendation will function with existing FTEs. This recommendation includes the ability to apply direct costs for administration of the program not to exceed 6.5% of total appropriation.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund	1,750	1,750	3,500			
Total All Funds	1,750	1,750	3,500			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary	114	114	228			
CWF	Aid-Grants	1,620	1,620	3,240			
CWF	Agency Indirects	16	16	32			

Conservation equipment grant funding in the SHFAP is designated to:

- (1) increase the quantity of organic carbon in soil through practices, including but not limited to reduced tillage, cover cropping, manure management, precision agriculture, crop rotations, and changes in grazing management;

- (2) integrate perennial vegetation into the management of agricultural lands;
- (3) reduce nitrous oxide and methane emissions through changes to livestock, soil management, or nutrient optimization;
- (4) increase the usage of precision agricultural practices; and
- (5) enable the development of site-specific management plans.

Any owner or lessee of farmland may apply for a grant under this statute. The commissioner must give preference to owners and lessees that have not previously implemented an eligible project and owners and lessees that are certified or assessed and pursuing certification under Sections 17.9891 to 17.993. Local government units, including cities, towns, counties, Soil and Water Conservation Districts, Minnesota Tribal governments as defined in Section 10.65; and joint powers boards, are also eligible for a grant. A local government unit that receives a grant for equipment or technology must make those purchases available for use by the public.

This funding will directly act upon the identified challenges to expanding soil health efforts in Minnesota and will further the specified goals and strategies in the state's water plan, nutrient reduction strategy, emission reduction targets, Climate Action Framework, and other established objectives. Further, the proposal and grants are coordinated among partner agency efforts on soil health, particularly the Board of Water and Soil Resources and the USDA Natural Resources Conservation Service. The improved productivity and resiliency rewards from increasing soil health will also further the economic performance of individual farms, the broader agricultural and associated industries, and ultimately the availability and reliability of food access for consumers.

This recommendation maintains the level of the original FY 2024-2025 appropriation of \$3,500,000 from the Clean Water Fund. The 2023 legislative session funding included a General Fund appropriation that allocated \$625,000 in FY 2024 and \$625,000 in FY 2025, with \$639,000 in FY 2026 and each year thereafter, and a Clean Water Fund appropriation of \$1,750,000 in FY 2024 and FY 2025. Total annual funds of \$2,375,000 were provided in FY 2024 for grants and administration of the SHFAP. The request for proposals for the FY 2024 SHFAP generated 284 applications for more than \$8.4 million in requested support from across Minnesota. Total annual funds of \$2,870,000 were provided in FY 2025, including a one-time appropriation of \$495,000 designated for applicants in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona counties. The request for proposals for the FY 2025 SHFAP generated 309 applications for more than \$10.6 million in requested support from across Minnesota, including more than \$2 million from the eight counties designated for the one-time additional funding.

Impact on Children and Families:

This funding directly serves the purposes of the Minnesota state water plan, nutrient reduction strategy, Climate Action Framework, the statutory GHG emission reduction targets of the 2007 Next Generation Energy Act, and other economic and environmental objectives of the state. In so doing the program will further protections of drinking water supplies and other water quality goals, resiliency to climate-derived challenges to food production and availability, and other benefits relative to fundamental needs of Minnesota children and families.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact people of color, Native Americans, people with disabilities, people in the LGBTQIA+ community, other protected classes, or veterans. Further, the Minnesota Climate Action Framework that informs this project includes equity and inclusion considerations which will be adopted here as applicable.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs:

This proposal will result in no new IT costs.

Results:

Part A: Performance Measures

The SHFAP statute includes performance measurement and reporting requirements. By January 15 each year, the MDA must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance on the grants awarded. The report must include the number of grants awarded by county and the combined value of those grants.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Number of new acres managed under soil health principles.	(Thru FY24 only) 153,032 new soil health acres	10-3-24	260,682 new	481,889 new	6-30-27
Quality	Total grants successfully issued and properly completed.	(Thru FY24 only) 81	10-3-24	136	250	6-30-27
Results	Value of grants.	\$2,312,352	10-3-24	\$3,878,380	\$7,150,880	6-30-27

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Research Inventory Database

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	50	50	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	50	0	0
FTEs	0.6	0.6	0	0

Recommendation:

The Governor recommends \$100,000 in FY 2026-2027 for the Minnesota Water Research Digital Library (MNWRL) that will support a user-friendly, searchable inventory of water research relevant to Minnesota. The library provides one-stop access to all types of water research, enabling users to easily find, share, and coordinate research to support their efforts to protect, conserve, manage and restore water in Minnesota. This funding will support MDA staff to administer MNWRL.

This recommendation represents less than 1% of the Minnesota Department of Agriculture’s (MDA) Clean Water Fund request for FY 2026-2027.

Rationale/Background:

Water research that is relevant to Minnesota may not be easy to access or available to water resource professionals who could use this information. The Minnesota Water Research Digital Library is a user-friendly, searchable inventory of water research relevant to Minnesota. It includes both peer reviewed articles as well as white papers and reports. The library provides one-stop access to all types of water research. MNWRL went through a significant upgrade and modernization of the hosting software in FY 2024 that added to user friendliness.

This proposal is recommended and supported by the Clean Water Council.

Proposal:

The MNWRL includes over 3,840 diverse research articles and scientific reports. The MNWRL is intended to provide easy access to a broad collection of water research. The MDA will provide support and training for partner organizations and conduct intensive outreach to Minnesota’s water and research organizations and communities that use this resource.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund (CWF)	50	50	100			
Total All Funds	50	50	100			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary	38	38	77			
CWF	Indirect Costs	5.5	5.5	11			
CWF	MN.IT State Agency	6	6	12			

Impact on Children and Families:

Clean water and in particular clean drinking water is extremely important to ensure healthy and successful children and families. Contaminated groundwater and surface water can have a very significant impact on individual health and can also restrict economic and recreational activities for many communities. Clean Water funded activities must protect, enhance, and restore water quality in lakes, rivers, and streams and/or protect groundwater from degradation. The proposal will provide free access to research and studies that aim to protect and improve water quality. The information is available to environmental professionals and all community members and will ensure the greatest use and value for clean water related projects and studies conducted in Minnesota.

Equity and Inclusion:

Clean water and, in particular, clean drinking water is an equity issue. All people in Minnesota have a right to clean and safe drinking water. The proposal will provide free access to research and studies that aim to protect and improve water quality. The information is available to environmental professionals and all community members and will ensure the greatest use and value for clean water related projects and studies conducted in Minnesota. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs

This is not an IT proposal.

Results:

Part A: Performance Measures

There are three primary performance measures for this program:

- An increase in the number of documents available and accessible in the MNWRL database.
 - This user-friendly searchable inventory provides agency staff, researchers, water planners, and the public with fast access to all types of research relevant to water management in Minnesota. The inventory has grown steadily from its base of over 2,700 articles in FY 2018 to over 3,840 articles currently, increasing the utility of research that was previously scattered across many websites, reports, and journals.
- An increase in the number of user visits over time.
 - To fulfill the mission of the library to support research and planning on water related topics, it is important to provide useful information to a growing user base. In FY 2018, there were approximately 1,076 visits to the MNWRL website. At the end of FY 2024, there were approximately 32,700 cumulative visits to the MNWRL website.
- An increase in the number of document downloads from the MNWRL website over time.
 - Although not every user will likely need to download a document (the website provides reading functionality), we do consider downloads as another performance measure of the library's usefulness. In FY 2018, there were approximately 254 downloads from the website. At the end of FY 2024, there have been 5,046 downloads (cumulative) from the website.

This work will not continue without support from the Clean Water Fund.

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Minnesota Agricultural Water Quality Certification Program

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	3,500	3,500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,500	3,500	0	0
FTEs	6.43	6.43	0	0

Recommendation:

The Governor recommends \$7 million in FY 2026-2027 from the Clean Water Fund to fund operations of the Minnesota Agricultural Water Quality Certification Program (MAWQCP).

The MAWQCP is a federal-state partnership between Minnesota, the USDA, and the EPA as a first of its kind program that combines the technical expertise and financial resources of federal and state government and private sector partners to address water quality in agricultural areas. A majority of the requested funding is passed through to local government to provide technical assistance and implementation of water quality protections. State dollars maintain a commitment for \$10 million contribution of federal funding awarded through 2029, with the federal support going to program participants to implement practices.

Additionally, the program is experiencing broad expansion in participation, grant making, public and private partnerships, special projects (e.g. Climate Smart farms and Irrigation Water Management efforts), and other proposed mechanisms for using MAWQCP's unique structure. The integration of program outreach and delivery of services through private industry partners established in multiple formal agreements are providing both a significant increase in capacity for farmer interaction and a higher demand for management of increased, new, and further dispersed program operations.

This recommendation supports the increased demand for MAWQCP services would equate to 20% of the Minnesota Department of Agriculture's (MDA) Clean Water Fund request for FY 2026-27.

Rationale/Background:

Agriculture is a core industry in Minnesota's economy that can function to improve or harm water quality. Through its innovative and nationally recognized process of identifying and mitigating agricultural risks to water quality, the MAWQCP supports farmers with whole-farm conservation service that maximizes their environmental and economic performance and protects and restores Minnesota's lakes, rivers, streams, and groundwater. Farmers and landowners who treat the risks to water quality are certified and are deemed in compliance with any new water quality laws or rules for 10 years. Certification gives farmers and the public greater certainty about regulatory standards and assures the public that Minnesota's farmers are doing their part to protect and improve water quality.

The MAWQCP has been embraced by Minnesota's agricultural community. To date (10-3-24), the MAWQCP has certified 1,544 farms, managing 1,132,350 acres. And the more than 2,967 new practices implemented to earn MAWQCP-certification are responsible for:

- keeping 148,000 tons of soil on Minnesota fields per year;
- preventing 50,000 tons of sediment from entering state waters per year;
- stopping the loss of more than 62,000 pounds of phosphorous every year;
- reducing nitrogen loss by as much as 45%; and,
- reducing greenhouse gas emissions by 54,500 CO₂-equivalent metric tons per year.

(The annual totals naturally do not reflect and are only a fraction of the far greater entire accumulated reductions to date nor the ongoing accumulating reductions on all currently certified farms, or new certifications.)

Added investment in growing these results is further bolstered by the fact that the per acre cost of farm certifications has consistently decreased from start-up costs in FY 2014-2015 being between \$100 to \$500 per acre to the current cost of just \$26/acre. Minnesota State Colleges have also shown that over the last five years of actual farm income data, MAWQCP-certified farms have averaged \$25,000 higher net income than non-certified farms, while also having other better key financial metrics such as debt-to-asset ratios and operating expense ratios (<https://www.mda.state.mn.us/five-years-data-reveal-higher-profitability-ag-water-quality-certified-farms>).

Also, the MAWQCP is cited as a specific strategy and policy to achieve goals of the Minnesota State Water Plan (<https://www.leg.mn.gov/docs/2020/mandated/200899.pdf>), the Minnesota Nutrient Reduction Strategy (<https://www.pca.state.mn.us/sites/default/files/wq-s1-80.pdf>), and the Minnesota's Climate Action Framework (<https://climate.state.mn.us/sites/climate-action/files/Climate%20Action%20Framework.pdf>).

Proposal:

The MDA and partners are actively enrolling farmers in the MAWQCP statewide, and this funding will support current ongoing efforts and is needed to support 1) the program expansion generated by public/private partnership agreements, 2) meeting the increased demand for certification and conservation services and resources by Minnesota's farms, and 3) at the same time, conducting the additional work of re-certifications as hundreds of certified-farms reach the end of their first 10-year terms.

This recommendation anticipates maintaining baseline administration cost items and no additional FTE, but is necessary to maintain MAWQCP-services with increasing participation resulting in:

- growing demand for grants (the MAWQCP supplemental grant has grown from \$106,000 in FY 2017 to more than \$496,000 in FY 2024);
- greater numbers of operations needing performance audits of their certification commitments;
- increasing demand for MAWQCP Endorsements (Endorsements have increased from 40 total in FY 2020 to more than 500 to date and are awarded to MAWQCP-certified growers who are going above and beyond water quality certification standards to provide further conservation benefits in the categories of Soil Health, Integrated Pest Management, Wildlife, Climate Smart, and Irrigation Water Management); and,
- the corresponding growth in demand for all program services, including re-certification.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Clean Water Fund	3,500	3,500	7,000			
Total All Funds	3,500	3,500	7,000			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Salary	935	938	1,873			
CWF	Prof-Tech Serv	1,450	1,446	2,896			
CWF	Aid-Grants	281	281	562			
CWF	Other Operating Exps.	165	165	330			
CWF	MNIT Services	450	450	900			

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
CWF	Agency Indirects	219	220	439			

Impact on Children and Families:

Clean Water Funds must be spent to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation. In most particularly meeting those requirements, the MAWQCP protects public health and ensures that all children have a healthy start.

This funding further directly serves the purposes and specific inclusion of MAWQCP in the goals and strategies of the Minnesota state water plan, nutrient reduction strategy, Climate Action Framework, and other economic and environmental objectives of the State. In so doing the program will further protections of drinking water supplies and other water quality goals, resiliency to climate-derived challenges to food production and availability, and other benefits relative to fundamental needs of Minnesota children and families.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact people of color, Native Americans, people with disabilities, people in the LGBTQIA+ community, other protected classes, or veterans. Further, the Minnesota Climate Action Framework and other statewide goal setting that informs this project includes equity and inclusion considerations which will be adopted as applicable.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs:

This proposal anticipates maintaining MNIT services costs averaging \$100,000 annually for contract with vendor.

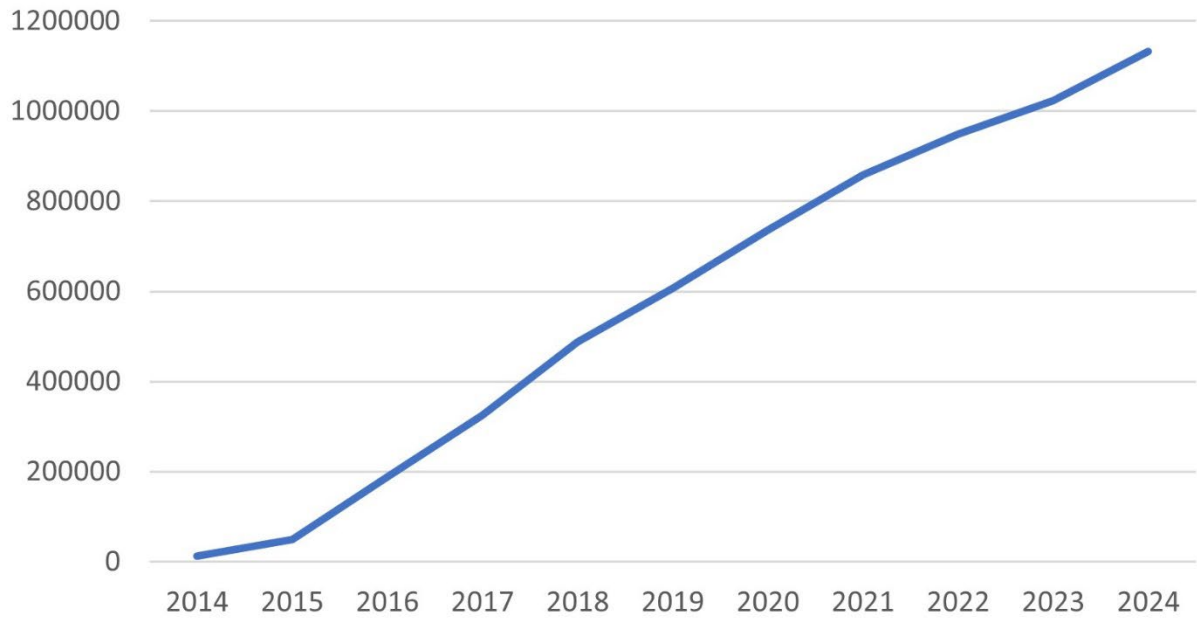
Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Professional/Technical Contracts management	100,000	100,000	100,000	100,000	100,000	100,000
Total	100,000	100,000	100,000	100,000	100,000	100,000

Results:

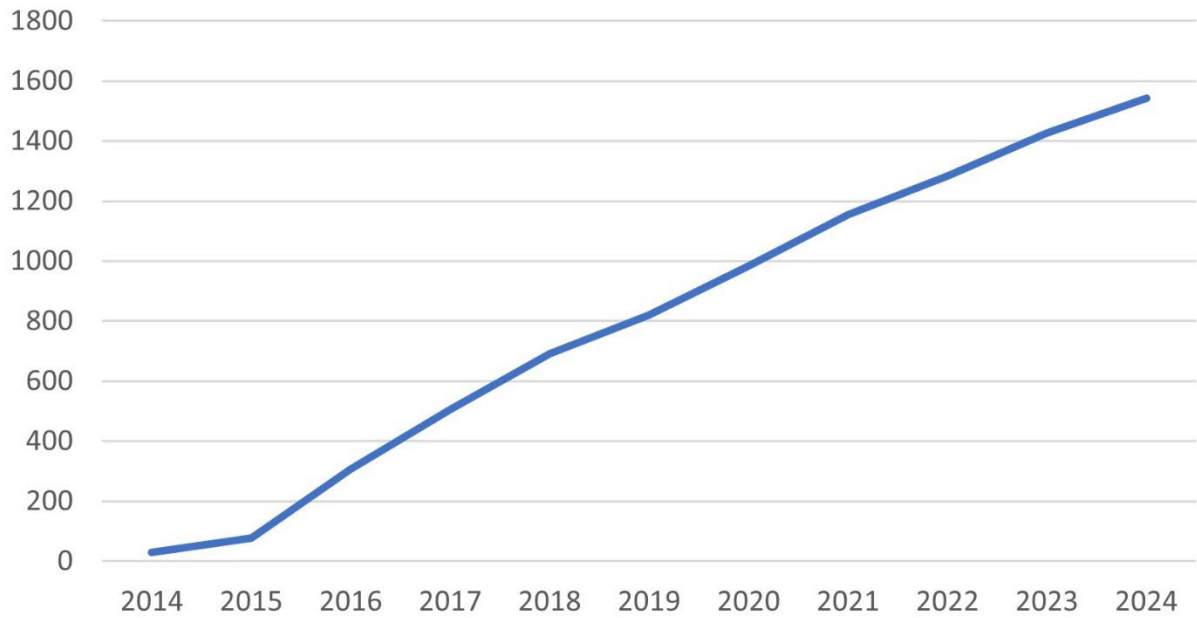
Part A: Performance Measures

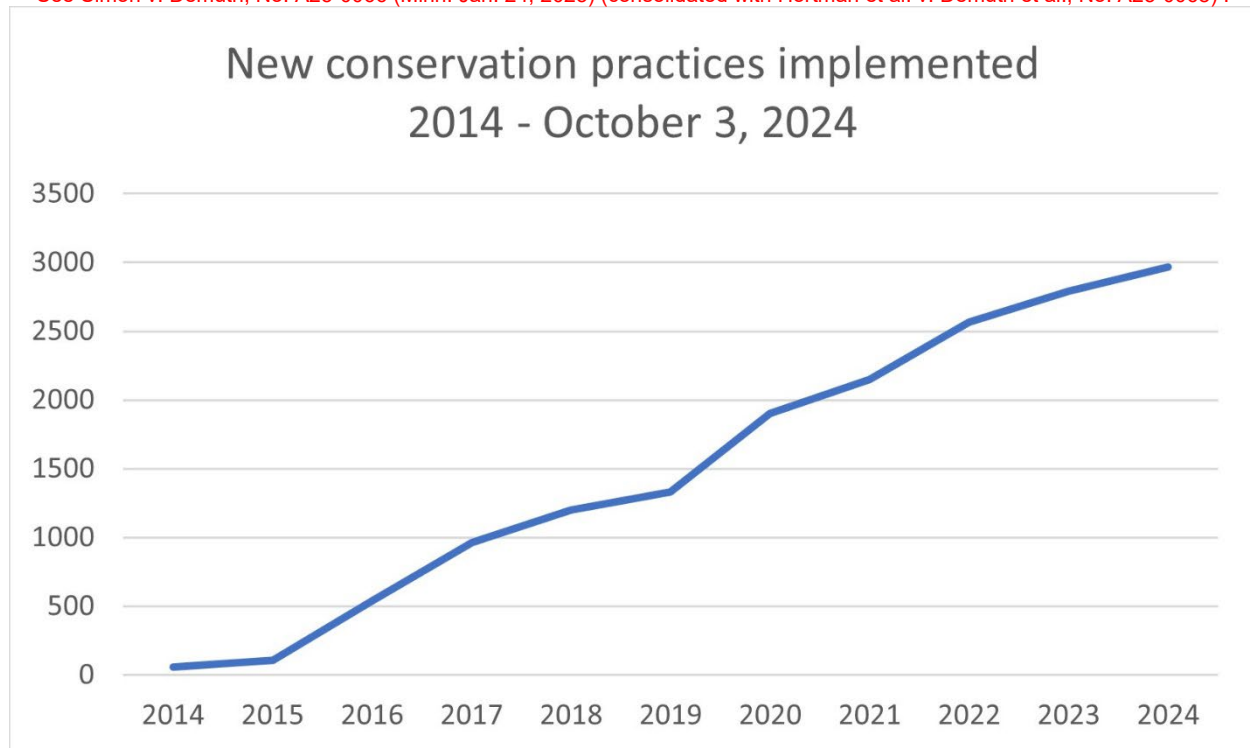
MAWQCP participation and outcomes continue to grow and increase pressure on service delivery, contract management, farm audits, new certifications, 10-year re-certifications, and all other program responsibilities.

Certified acres 2014 - October 3, 2024



Certified Producers 2014 - Oct 3, 2024





MAWQCP reports performance measures for Clean Water Fund per below, provided here with a comparison of measurements as of the last Fiscal Year prior to current biennium.

MAWQCP Performance Measures	As of Date	Value	As of Date	Value
Number of certified farmers	10-3-24	1,544	Final FY22	1,268
Number of new practices implemented	10-3-24	2,967	Final FY22	2,568
Number of certified acres	10-3-24	1,132,350	Final FY22	949,814
Number of tons of soil saved per year	10-3-24	148,433	Final FY22	127,241
Number of MDA FTEs	10-3-24	6.43	Final FY22	5.7
Number of non-MDA FTEs	10-3-24	8	Final FY22	8
Funds leveraged by the MAWQCP	Final FY24	\$26,084,428	Final FY22	\$18,446,583
Total pass through dollars	Final FY24	\$13,381,385	Final FY22	\$10,014,348
Percentage of funds pass through	Final FY24	54%	Final FY22	54%

Part B: Use of Evidence

The Department of Agriculture has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The Department of Agriculture has not identified any evidence-based practices that will be supported by the proposal.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Green Fertilizer Grant Reduction

Fiscal Impact (\$000s)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
General Fund					
Expenditures	(3,000)	0	0	0	0
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(3,000)	0	0	0	0
FTEs	(0.5)	0	0	0	0

Recommendation:

The Governor recommends a onetime General Fund reduction of \$3 million to the Green Fertilizer Grant Program for FY 2025.

Rationale/Background:

The Green Fertilizer Grant Program is authorized under Minnesota Law 2023 Chapter 60, Article 12, Section 76. A onetime appropriation of \$7 million was made to the MDA for grants to agricultural or rural electric cooperatives to invest in green fertilizer production facilities. This onetime \$7 million appropriation is available until 2032, and the \$3 million reduction leaves \$4 million available for grants to cooperatives.

Green fertilizers are nitrogen-based fertilizers produced from water, air, and renewable energy. Green fertilizer production is a nascent technology and there are no green fertilizer production facilities in the state of Minnesota currently; however, numerous cooperatives have expressed interest in applying for grant funds.

Given the State’s budget forecast, the MDA considered a multitude of cost reduction options while prioritizing the agency’s core mission. Reducing funding for a new grant program with unspent funds is one option to reduce agency costs while minimizing service impacts to Minnesotans and established agency programs.

Proposal:

This recommendation reduces the Green Fertilizer Grant Program funding by \$3 million in FY 2025. To date, there have been no grants issued under the appropriation. The MDA released a Request for Proposals (RFP) for the Green Fertilizer Grant on December 18, 2024, and applications are due March 18, 2025. The RFP indicates that awards may range from \$250,000 to \$6.665 million. The MDA expects that most of the requests will be \$1 million or greater. The MDA anticipates awarding one to 10 applications. With a \$3 million reduction, the MDA will reduce the number of applications that are awarded funding and reduce the maximum award to \$3.8 million.

Results:

Part A: Performance Measures

Measure	Measure type	Measure data source	Most recent data	Projected change
Number of Minnesota-based cooperatives receiving investment support	Quantity	Number of Green Fertilizer Grants Awarded in FY 2025 Request for Proposals	NA	The MDA expects to reduce the number of grants awarded in proportion to the program funding reduction. With the full \$7 million appropriation, we expected to fund between one and ten applications. With the \$3 million reduction, we expect to fund between one and five applications.

Part B: Use of Evidence

The MDA has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

The MDA has not identified any evidence-based practices that will be supported by the proposal.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Agriculture

Budget Activity Narrative

Program: Protection Services

Activity: Pesticide and Fertilizer Management Division

<http://www.mda.state.mn.us/pesticide-fertilizer/pesticide-fertilizer>

AT A GLANCE

- In partnership with all 87 Minnesota counties, collected nearly 532,000 pounds of waste pesticides in 2023, and over 11 million pounds of waste pesticides have been collected since 1990.
- In our 30-year history, over \$53 million from the Agricultural Chemical Response & Reimbursement Account has been spent to reimburse persons for the environmental cleanup of ag chemicals.
- Annually funded over \$1.1 million for fertilizer research, directed by a council of agriculture organizations.
- The Minnesota Department of Agriculture (MDA) has developed one of the most comprehensive pesticide water monitoring programs in the nation. Monitoring data is publicly available and is used as feedback in the pesticide regulatory process, to inform policy makers, and planners and citizens of the state about the quality of Minnesota's water resources.
- Monitored for pesticides in groundwater (521 samples at 168 locations) and surface water (1,116 samples at 82 locations) and rain (49 samples from 4 locations) in 2023. Collected 909 private drinking water well pesticide samples from fifteen counties in 2023.
- Registered over 13,000 pesticides; 5,400 specialty fertilizers; 1,100 soil and plant amendments; and granted 1,964 fertilizer licenses.

PURPOSE AND CONTEXT

The Pesticide and Fertilizer Management Division (PFMD) is responsible for almost all aspects of fertilizer and pesticide regulation in Minnesota as well as many other climate, conservation, and water resources protection efforts.

PFMD supports the agency's mission by regulating pesticides and fertilizers to ensure the integrity of our food supply, implementing programs that protect and improve the health of our environment, and managing a regulatory system that instills confidence and consistency in support of a strong agricultural economy.

SERVICES PROVIDED

PFMD has broad responsibilities in the regulation of pesticides and fertilizers as it relates to ensuring water quality and protection of the environment. PFMD provides a wide variety of services, regulatory activities, and voluntary programs that are listed below.

- Pesticide/fertilizer Inspections
 - Federal, routine, incident, and compliance assistance
- Pesticide/fertilizer training, licensing, and certification
- Pesticide/fertilizer misuse investigations
- Pesticide/fertilizer storage facility permitting
- Pesticide/specialty fertilizer/soil and plant amendment registration
- Worker Protection Standard education and compliance
- Enforcement of pesticide and fertilizer regulations
- 24/7 Emergency response
- Site cleanups and Superfund administration
- Anhydrous Ammonia (AA) regulation
- Commercial manure application licensing
- Pesticide and fertilizer use surveys

- Pesticide Best Management Practice (BMP) development, promotion, and evaluation
- Special registration reviews for pesticides
- Edge of field monitoring technical support
- Reimbursement for cleanups
- Actions to protect pollinators in both urban and rural settings
- Pesticide Management Plan implementation
- Groundwater Protection Rule and Nitrogen Fertilizer Management Plan implementation
- Groundwater monitoring for pesticides and nitrate
- Surface water monitoring for pesticides and nutrients
- Private well monitoring for pesticides and nitrates
- Free waste pesticide collection for agricultural and urban users
- Soil and manure laboratory certification
- Research funding for fertilizer impact on water quality
- Agriculture Water Quality Certification program for farmers and landowners
- Soil Health Financial Assistance grants for specialized soil health equipment
- Nitrate water quality technical support for municipalities

RESULTS

Pesticide Inspections: Inspections of pesticide facilities are designed to correct violations and assist in compliance. Our electronic/paperless Compliance Information System (CIS) results in more timely, comprehensive and consistent inspections. The number of routine inspections declined as the number of complaint-based inspections increased.

Waste Pesticide Collections: The MDA has conducted Waste Pesticide Collections since the early 1990s. Since 2001, the majority of the waste pesticide has been generated in urban settings. Agricultural waste pesticides have decreased due to changes in technology, packaging, and stewardship.

Minnesota Agricultural Water Quality Certification Program: This program has certified over 1,500 farms and over 1 million acres of Minnesota farmland for protecting water quality.

Pesticide and Commercial Animal Waste Applicator Training: Historically, the Minnesota Department of Agriculture (MDA) partners with various sponsors to offer in-person training workshops as part of the Pesticide and Commercial Animal Waste Applicators continued education requirements. Starting in 2020 the MDA began to allow our sponsors to create and offer web-based training platforms. This includes both online virtual and self-paced pre-recorded workshops. The MDA requires all web-based trainings to have two components, verification of identity and accountability for training completion. Based on the successful implementation of web-based trainings, MDA continues to offer both in person and web-based trainings.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of Pesticide Inspections: Facility, Worker Protection Standard, Restricted Use Pesticide	Quantity	Number of routine inspections in our Compliance Information System (CIS).	Number of routine inspections have been decreasing over time due to the large increase in complaint inspections.	64 in FY22-FY23
Number of Misuse Investigations conducted	Quantity	Number of complaint inspections in our Compliance Information System (CIS).	Number of complaint inspections have been increasing over time.	423 in FY22-FY23

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Pounds of waste pesticides collected	Quantity	Pounds of waste pesticides collected as summarized in the annual reports.	Pounds of waste pesticides collected have remained fairly steady.	532,000 lbs. FY23.

Authority for this activity is found in Minnesota Statutes, Chapters:

M.S. 18B (<https://www.revisor.mn.gov/statutes/?id=18B>),
M.S. 18C (<https://www.revisor.mn.gov/statutes/?id=18C>),
M.S. 18D (<https://www.revisor.mn.gov/statutes/?id=18D>),
M.S. 18E (<https://www.revisor.mn.gov/statutes/?id=18E>),
M.S. 103H (<https://www.revisor.mn.gov/statutes/?id=103H>),
M.S. 115E (<https://www.revisor.mn.gov/statutes/?id=115E>)

Pesticide and Fertilizer Management Division

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	603	1,142	2,004	5,122	1,381	1,381	1,381	1,381
2000 - Restrict Misc Special Revenue	6							
2001 - Other Misc Special Revenue			7	97				
2018 - Agriculture	16,637	17,196	21,315	21,489	22,573	22,764	22,573	22,764
2050 - Environment & Natural Resources		20	1,023	220				
2302 - Clean Water	14,805	15,962	22,034	21,383			14,905	14,905
2403 - Gift		100						
2801 - Remediation	2,205	2,297	2,154	2,451	2,399	2,399	2,399	2,399
3000 - Federal	443	405	559	866	766	766	766	766
Total	34,699	37,123	49,096	51,628	27,119	27,310	42,024	42,215
Biennial Change				28,901		(46,295)		(16,485)
Biennial % Change				40		(46)		(16)
Governor's Change from Base								29,810
Governor's % Change from Base								55

Expenditures by Category

Compensation	11,875	12,472	14,096	16,012	12,596	12,770	17,024	17,201
Operating Expenses	15,742	16,375	21,163	26,685	12,781	12,800	18,232	18,248
Grants, Aids and Subsidies	7,024	8,192	13,182	8,103	1,722	1,722	6,748	6,748
Capital Outlay-Real Property	25	51	616	600	8	8	8	8
Other Financial Transaction	33	32	38	228	12	10	12	10
Total	34,699	37,123	49,096	51,628	27,119	27,310	42,024	42,215

Total Agency Expenditures	34,699	37,123	49,096	51,628	27,119	27,310	42,024	42,215
Internal Billing Expenditures	2,970	3,127	3,519	3,715	3,151	3,171	3,707	3,728
Expenditures Less Internal Billing	31,729	33,996	45,577	47,913	23,968	24,139	38,317	38,487

Full-Time Equivalents

107.91	114.58	118.12	115.65	85.37	86.37	117.35	118.35
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Pesticide and Fertilizer Management Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		18	350	104				
Direct Appropriation	621	1,133	2,558	5,093	1,481	1,481	1,481	1,481
Transfers In	11	23	125	90				
Transfers Out	11	23	925	165	100	100	100	100
Cancellations			0					
Balance Forward Out	18	9	105					
Expenditures	603	1,142	2,004	5,122	1,381	1,381	1,381	1,381
Biennial Change in Expenditures				5,380		(4,364)		(4,364)
Biennial % Change in Expenditures				308		(61)		(61)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.14	4.18	4.63	4.56	3.62	3.62	3.62	3.62

2000 - Restrict Misc Special Revenue

Receipts	6							
Expenditures	6							
Biennial Change in Expenditures				(6)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.05							

2001 - Other Misc Special Revenue

Receipts			7	97				
Expenditures			7	97				
Biennial Change in Expenditures				104		(104)		(104)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.04	0.04				

2018 - Agriculture

Balance Forward In	10,576	11,409	15,777	18,122	18,206	15,981	18,206	15,981
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Pesticide and Fertilizer Management Division

Activity Financing by Fund

(Dollars in Thousands)

		Forecast Base		Governor's Recommendation	
		FY26	FY27	FY26	FY27
		21,868	21,904	21,868	21,904
		100	100	100	100
		1,620	1,620	1,620	1,620
		15,981	13,601	15,981	13,601
		22,573	22,764	22,573	22,764
			2,533		2,533
			6		6
					0
					0
		77.92	78.92	77.92	78.92

		(1,243)	(1,243)
		(100)	(100)
			0

		0	0	14,905	14,905
				14,905	14,905
		(43,417)		(13,607)	
		(100)		(31)	
				29,810	
				31.98	31.98

Pesticide and Fertilizer Management Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
2403 - Gift								
Balance Forward In		100	1					
Receipts	100	1	(1)					
Balance Forward Out	100	1						
Expenditures		100						
Biennial Change in Expenditures				(100)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2801 - Remediation

Balance Forward In		32		52				
Direct Appropriation	399	399	399	399	399	399	399	399
Open Appropriation	1,838	1,874	1,806	2,000	2,000	2,000	2,000	2,000
Cancellations		8						
Balance Forward Out	32		52					
Expenditures	2,205	2,297	2,154	2,451	2,399	2,399	2,399	2,399
Biennial Change in Expenditures				102		193		193
Biennial % Change in Expenditures				2		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.60	2.95	2.38	2.38	2.13	2.13	2.13	2.13

3000 - Federal

Balance Forward In			20					
Receipts	443	405	539	866	766	766	766	766
Expenditures	443	405	559	866	766	766	766	766
Biennial Change in Expenditures				577		107		107
Biennial % Change in Expenditures				68		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.48	2.44	1.80	1.80	1.70	1.70	1.70	1.70

Agriculture

Budget Activity Narrative

Program: Protection Services

Activity: Plant Protection Division

<https://www.mda.state.mn.us/plants-insects>

AT A GLANCE

Annually the Plant Protection Division:

- Licenses and inspects about 350 grain buyers and 210 grain storage facilities.
- Inspects about 7,000 acres of seed potatoes, more than 1,200 loads of potatoes for shipment and certifies 600 acres per year to be free from potato cyst nematode.
- Grades over 4,500 loads of potatoes for processing and makes over 500 inspections to grade other produce to establish fair prices for transactions.
- Manages the noxious weed list through the Noxious Weed Advisory Committee and works with local governments to enforce the Noxious Weed Law.
- Provides \$150,000-\$300,000 in grants to local units of governments and tribes for noxious weed management statewide.
- Certifies about 2,200 live plant dealers for the production and sale of clean nursery stock.
- Collects 1,500-2,000 seed samples to establish label accuracy and freedom from noxious weeds.
- Licenses and inspects 300-600 producers and processors of hemp.
- Monitors over 20,000 traps for spongy moth and conducts treatment and eradication of satellite populations.
- Facilitates the release of biological control agents for emerald ash borer (EAB) and noxious weeds. On average 17,000 EAB parasitoids are released annually.
- Monitors commodities and specialty crops statewide for more than 50 invasive threats, and facilitates eradication or control of new detections.
- Facilitates research on invasive species by staffing a containment facility on the University of Minnesota campus and collaborates on an average of 2-3 research projects per year through data collection and access to research sites.
- Reviews about 200 permits for the movement of soil, plants, or other organisms into Minnesota.
- Certifies about 13 firewood producers for heat treatment standards to produce pest-free wood.
- Registers about 900 tree care companies to maintain communication on invasive species restrictions on wood movement.
- Issues about 1,500 phytosanitary certificates to provide worldwide market access.
- Compensates about 75 claims per year for livestock depredation by wolves.
- Compensates about 25 claims per year for damage to crops and fences by wild elk.

PURPOSE AND CONTEXT

The Plant Protection Division (PPD) provides inspection and certification services in a variety of plant and plant product industries to:

- facilitate fair and transparent marketplaces.
- provide certification for product access to markets.
- protect those industries, as well as our natural resources, from invasive species.

These activities contribute to the mission of the agency by protecting agriculture and the environment from pest threats and by verifying the quality of Minnesota products for sale or export. A wide variety of Minnesota producers and citizens directly interact with PPD including producers of commodities, specialty crops,

horticultural crops, and livestock. Other important stakeholders include associated industries such as grain buyers and storage warehouses, live plant dealers, seed labelers and sellers, fruit and vegetable wholesalers and hemp processors. Finally, PPD works extensively with the public and land managers regarding invasive species and noxious weeds.

SERVICES PROVIDED

We work to ensure that plants and plant parts sold, planted, exported, or stored in Minnesota meet purity, viability, and health standards, and that the impacts of plant pests such as noxious weeds and invasive pests are mitigated. These goals are achieved by:

- Inspecting and certifying plants and plant parts (e.g., seeds, grain, fruit, logs). Inspection and certification programs ensure Minnesota’s plant commodities meet standards for import and export requirements, such as germination and purity of seeds, health of plants, and the absence of harmful plant pests.
- Eradicating or managing plant pests that threaten Minnesota’s agriculture or environment. Our surveys, inspections, quarantines, and treatment programs benefit farmers, and the public by keeping Minnesota as free as possible from harmful plant pests.

Fee-generated dedicated funds support about 50% of PPD spending, with another 20% supported by federal and state grants, and the remaining 30% supported by state general funds.

RESULTS

During the past year, PPD:

- Investigated several instances of late payments for grain delivered but none resulted in claims against the indemnity fund established in August 2023.
- Continued working with grain buying and storage license holders to help them come into compliance with current financial reporting requirements.
- Met multiple times with our grain advisory group to evaluate requirements for financial reporting and bonding requirements for grain buying and storing license holders, ultimately submitting a report to the legislature in February 2024.
- Worked with Minnesota seed potato growers to identify needed updates to Minnesota Statute and Rule for seed potato certification.
- Distributed treated seed disposal guidance to seed dealers and checked that they were posted during inspections.
- Established the Seed Advisory Committee through the Secretary of State’s office to make recommendations to the commissioner regarding the operations of the Seed Regulatory Program and review seeds of plant species for regulation in the state.
- Collected label information for seed treatments for further analysis of product usage.
- Awarded grants for the seventh year to local land managers for control of noxious weed populations.

Noxious Weed Grant Applications Received and Funded by MDA, 2018-2024

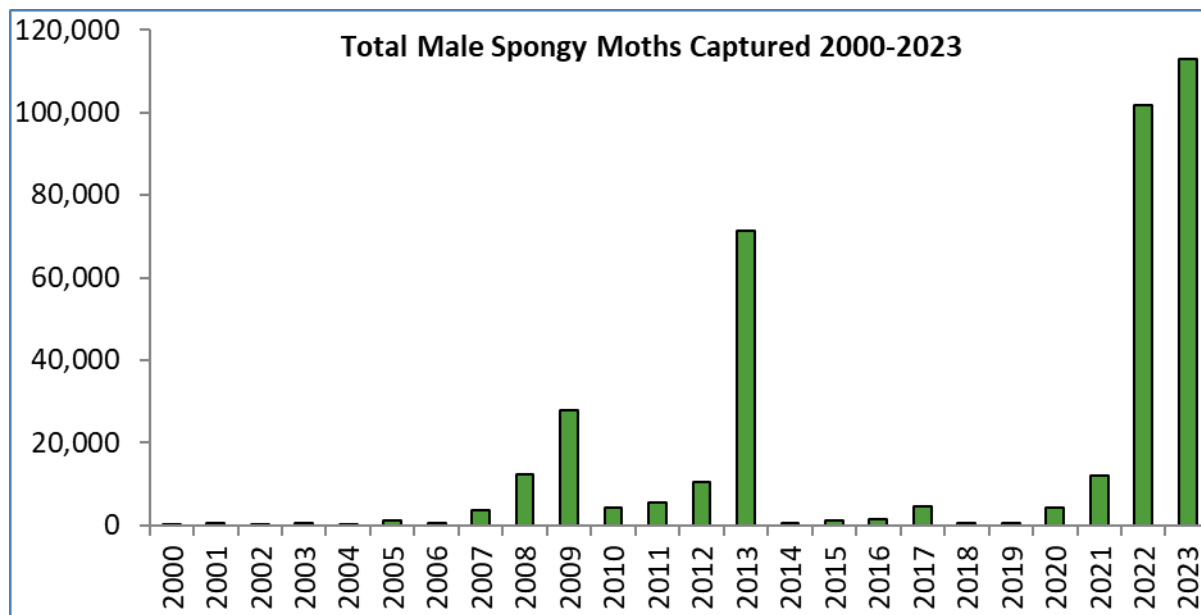
Fiscal Year	Total Applications	Total Projects Awarded	Total Request	Total Funds Available & Awarded
2018	41	29	\$791,540	\$295,500
2019	35	35	\$481,512	\$321,325
2020	45	35	\$868,877	\$537,277
2021	44	20	\$182,092	\$95,100
2022	33	28	\$142,868	\$119,586
2023	31	7	\$179,407	\$38,700
2024	50	11	\$416,529	\$147,500
Totals	279	165	\$3,062,825	\$1,554,988

- Identified two new infestations of Palmer amaranth in 2023 and began eradication work with landowners.

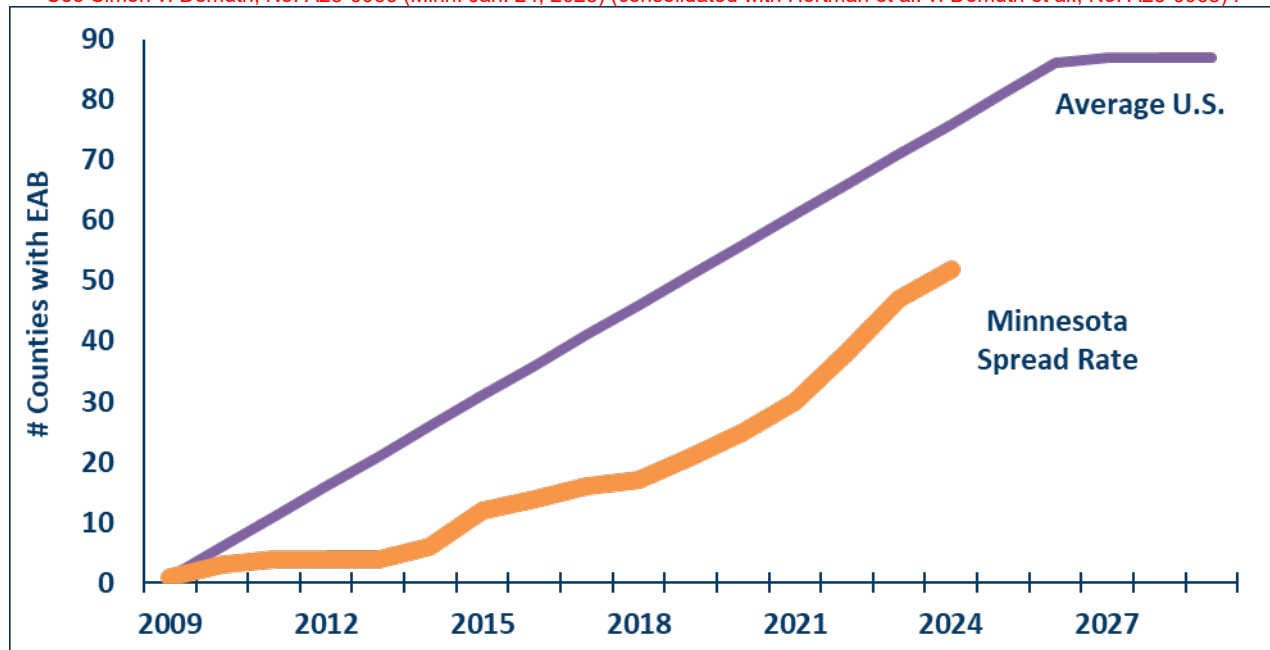
Palmer Amaranth Cumulative Detections and Annual Recurrence in Minnesota

Calendar Year	Cumulative Sites w/ Palmer Confirmed	Sites by Year with Palmer Recurring from a Previous Year
2016	31	0
2017	53	2
2018	70	0
2019	73	0
2020	76	1
2021	88	2
2022	92	4
2023	94	1
2024	94	0

- Detected tomato brown rugose fruit virus, a federally regulated pathogen, at two Minnesota growing facilities and worked with the facilities and the United States Department of Agriculture (USDA) to eradicate the pathogen.
- Detected *Ralstonia pseudosolanacearum*, a federally regulated pathogen, at three Minnesota growing facilities and worked with the facilities and USDA to eradicate the pathogen.
- Slowed the spread of spongy moth into Minnesota by treating nearly 27,000 acres (2023) and over 158,000 acres (2024) to manage increasing populations.



- Identified emerald ash borer in nine (2023) and five (2024 to date) new counties bringing the total infested to 52 of 87 counties.



Authority for this activity is found in Minnesota Statutes:

- Section 3.737 (<https://www.revisor.mn.gov/statutes/?id=3.737>) compensation for wolf depredation to livestock
- Section 3.7371 (<https://www.revisor.mn.gov/statutes/?id=3.7371>) compensation for elk damage to crops and fences
- Chapter 18F (<https://www.revisor.mn.gov/statutes/cite/18F>) review federal permits for release of genetically engineered organisms
- Chapter 18G (<https://www.revisor.mn.gov/statutes/?id=18G>) exclude and manage invasive and exotic plant pests and certify commodities for export
- Chapter 18H (<https://www.revisor.mn.gov/statutes/?id=18H>) inspect and certify live plant dealers
- Chapter 18J (<https://www.revisor.mn.gov/statutes/cite/18J>) defines enforcement procedures for violations of Chapters 18G, 18H, 18K, 27, 223, 231, and 232; sections 21.80 to 21.92; and associated rules
- Chapter 18K (<https://www.revisor.mn.gov/statutes/cite/18K>) license industrial hemp production/ and processing
- Section 18.75-91 (<https://www.revisor.mn.gov/statutes/?id=18.75>) administer a state noxious weed program
- Section 21.111-122 (<https://www.revisor.mn.gov/statutes/cite/21>) inspect and certify seed potatoes
- Section 21.71-78 (<https://www.revisor.mn.gov/statutes/cite/21.71>) inspect and sample screenings to keep noxious weed seeds out of feed
- Section 21.80-92 (<https://www.revisor.mn.gov/statutes/?id=21.80>) inspect seeds for distribution and enforce seed label requirements
- Chapter 27 (<https://www.revisor.mn.gov/statutes/?id=27>) assign USDA grade and investigate farm product transaction complaints
- Chapter 223 (<https://www.revisor.mn.gov/statutes/?id=223>) license and inspect grain buyers
- Chapter 231 (<https://www.revisor.mn.gov/statutes/?id=231>) license and inspect general merchandise warehouses
- Chapter 232 (<https://www.revisor.mn.gov/statutes/cite/232>) license and inspect grain storage warehouses

Plant Protection Division

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	3,072	3,642	3,583	4,040	3,745	3,745	3,745	3,745
2000 - Restrict Misc Special Revenue	7	53	68					
2018 - Agriculture	4,587	4,219	4,174	4,771	4,323	4,415	4,733	4,825
2050 - Environment & Natural Resources	413	141						
3000 - Federal	1,338	1,171	1,890	1,173	1,550	1,551	1,550	1,551
Total	9,417	9,226	9,715	9,984	9,618	9,711	10,028	10,121
Biennial Change				1,056		(370)		450
Biennial % Change				6		(2)		2
Governor's Change from Base								820
Governor's % Change from Base								4

Expenditures by Category

Compensation	5,774	6,119	6,507	6,786	6,626	6,761	6,985	7,120
Operating Expenses	3,159	2,908	3,035	2,815	2,891	2,849	2,942	2,900
Grants, Aids and Subsidies	475	169	165	373	93	93	93	93
Capital Outlay-Real Property			3	2	2	2	2	2
Other Financial Transaction	10	29	5	8	6	6	6	6
Total	9,417	9,226	9,715	9,984	9,618	9,711	10,028	10,121

Total Agency Expenditures	9,417	9,226	9,715	9,984	9,618	9,711	10,028	10,121
Internal Billing Expenditures	765	743	778	690	700	715	751	766
Expenditures Less Internal Billing	8,652	8,482	8,937	9,294	8,918	8,996	9,277	9,355

Full-Time Equivalents

	66.03	71.26	64.58	61.29	63.88	63.88	69.88	69.88
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Plant Protection Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		318		311				
Direct Appropriation	3,329	3,324	14,044	3,879	3,745	3,745	3,745	3,745
Transfers In	64	205	508	360				
Transfers Out	64	205	10,658	510				
Cancellations		0						
Balance Forward Out	257		311					
Expenditures	3,072	3,642	3,583	4,040	3,745	3,745	3,745	3,745
Biennial Change in Expenditures				910		(133)		(133)
Biennial % Change in Expenditures				14		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	20.81	24.95	20.47	20.47	23.80	23.80	23.80	23.80

2000 - Restrict Misc Special Revenue

Receipts	7	53	68					
Expenditures	7	53	68					
Biennial Change in Expenditures				8		(68)		(68)
Biennial % Change in Expenditures				14				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.50	0.58	0.58	0.58	0.58	0.58	0.58

2018 - Agriculture

Balance Forward In	4,623	4,566	5,681	16,078	16,275	16,852	16,275	16,852
Receipts	4,998	5,548	5,198	5,289	5,414	5,414	5,824	5,824
Transfers In			10,150	150				
Transfers Out	471	471	777	471	514	514	514	514
Balance Forward Out	4,563	5,424	16,079	16,275	16,852	17,337	16,852	17,337
Expenditures	4,587	4,219	4,174	4,771	4,323	4,415	4,733	4,825
Biennial Change in Expenditures				139		(207)		613
Biennial % Change in Expenditures				2		(2)		7
Governor's Change from Base								820
Governor's % Change from Base								9

Plant Protection Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Full-Time Equivalents	33.13	34.25	29.94	28.80	28.06	28.06	34.06	34.06

2050 - Environment & Natural Resources

Balance Forward In	550	142						
Cancellations	1	1						
Balance Forward Out	136							
Expenditures	413	141						
Biennial Change in Expenditures				(554)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.02							

3000 - Federal

Receipts	1,338	1,171	1,890	1,173	1,550	1,551	1,550	1,551
Expenditures	1,338	1,171	1,890	1,173	1,550	1,551	1,550	1,551
Biennial Change in Expenditures				554		38		38
Biennial % Change in Expenditures				22		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.07	11.56	13.59	11.44	11.44	11.44	11.44	11.44

6000 - Miscellaneous Agency

Balance Forward In	2	2						
Receipts	0							
Transfers Out		2						
Balance Forward Out	2							

Agriculture

Budget Activity Narrative

Program: Protection Services

Activity: Laboratory Services Division

<https://www.mda.state.mn.us/laboratory-services>

AT A GLANCE

For Fiscal Year 2023:

- Performed 6,148 tests for 6,231 analytes (an organism or chemical constituent of a sample) on 2,931 samples for MDA's Dairy and Meat Inspection Division.
- Performed 10,024 tests for 182,940 analytes on 7,191 samples for MDA's Pesticide and Fertilizer Inspection Division.
- Performed 17,112 tests for 54,967 analytes on 2,401 samples for MDA's Plant Protection Division.
- Performed 1,843 tests for 1,843 analytes on 701 samples for MDA's Food and Feed Safety Division.
- Performed 9,630 tests for 10,031 analytes on 4,297 samples for the Department of Natural Resources.

PURPOSE AND CONTEXT

The Laboratory Services Division's goal is to furnish scientifically and legally defensible testing that supports the Minnesota Department of Agriculture's (MDA) agency objectives. These activities are critical to the protection of Minnesota's food supply, agricultural industry, and natural environment.

SERVICES PROVIDED

The Laboratory Services Division provides analytical testing primarily for:

- MDA Dairy and Meat Inspection Division
- MDA Food and Feed Safety Division
- MDA Pesticide and Fertilizer Management Division
- MDA Plant Protection Division
- Minnesota Department of Natural Resources
- Food and Drug Administration
- U.S. Department of Agriculture

Specific Services:

Support response to:

- Ag chemical incidents/spills
- Human and animal exposure
- Product tampering
- Plant disease outbreaks
- Food security events
- Foodborne outbreaks
- Natural disasters

Surveillance testing for:

- Food safety
- Pesticides in water
- Dairy product safety
- Interstate marketing of milk
- Seed health
- Meat safety for small producers
- Plant disease

Other services include:

- Method development
- Technical consultation
- Data interpretation
- Quality assessment

RESULTS

The MDA grades laboratory performance on our ability to provide accurate defensible data that meets established program objectives in a timely manner. To measure this performance we survey our customers annually to measure their satisfaction level with our services. We discuss problem areas and address them through our formal corrective action procedure. Overall, the lab's customers are satisfied with our services.

Performance Measures based on customer survey

Satisfaction with service provided by laboratory

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2022)	0%	0%	13%	87%
Current Score (2023)	0%	8%	15%	77%

Satisfaction with data quality

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2022)	0%	4%	9%	87%
Current Score (2023)	0%	0%	15%	85%

Satisfaction with overall Laboratory performance

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2022)	0%	0%	7%	93%
Current Score (2023)	0%	0%	8%	92%

Authority for this activity is found in M.S. Chapter 17, (<https://www.revisor.mn.gov/statutes/?id=17>) and other statutes authorizing specific protection services activities.

Laboratory Services Division

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	5,464	6,082	6,152	6,565	6,366	6,366	6,786	7,289
2000 - Restrict Misc Special Revenue	30	32	35	44	49	49	49	49
2018 - Agriculture	2,704	2,911	3,058	4,545	4,726	3,916	4,726	3,916
2302 - Clean Water	343	342	365	350			370	370
3000 - Federal	1,790	1,706	1,740	1,842	1,855	1,859	1,855	1,859
Total	10,331	11,072	11,349	13,346	12,996	12,190	13,786	13,483
Biennial Change				3,292		491		2,574
Biennial % Change				15		2		10
Governor's Change from Base								2,083
Governor's % Change from Base								8

Expenditures by Category

Compensation	4,844	4,851	5,430	6,220	5,814	5,192	6,082	5,468
Operating Expenses	4,985	5,152	5,057	5,451	5,737	6,173	6,259	7,190
Capital Outlay-Real Property	490	1,062	836	1,674	1,445	825	1,445	825
Other Financial Transaction	12	7	27	1				
Total	10,331	11,072	11,349	13,346	12,996	12,190	13,786	13,483

Total Agency Expenditures	10,331	11,072	11,349	13,346	12,996	12,190	13,786	13,483
Internal Billing Expenditures	646	686	677	729	744	720	787	763
Expenditures Less Internal Billing	9,685	10,386	10,671	12,617	12,252	11,470	12,999	12,720

Full-Time Equivalents

	47.75	49.25	48.93	51.62	47.06	41.05	49.06	43.05
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Laboratory Services Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		321		284				
Direct Appropriation	5,776	5,811	6,436	6,281	6,366	6,366	6,786	7,289
Transfers In	79	152	780	652				
Transfers Out	79	202	780	652				
Cancellations		0						
Balance Forward Out	312		284					
Expenditures	5,464	6,082	6,152	6,565	6,366	6,366	6,786	7,289
Biennial Change in Expenditures				1,171		15		1,358
Biennial % Change in Expenditures				10		0		11
Governor's Change from Base								1,343
Governor's % Change from Base								11
Full-Time Equivalents	14.15	15.10	15.40	18.67	13.40	8.89	13.40	8.89

2000 - Restrict Misc Special Revenue

Balance Forward In	0	10	27	27	29	23	29	23
Receipts	40	48	35	46	43	43	43	43
Balance Forward Out	10	27	27	29	23	17	23	17
Expenditures	30	32	35	44	49	49	49	49
Biennial Change in Expenditures				17		19		19
Biennial % Change in Expenditures				28		24		24
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.08	0.24	0.20	0.25	0.25	0.25	0.25	0.25

2018 - Agriculture

Balance Forward In	865	891	787	884	932	755	932	755
Receipts	364	358	706	1,981	1,894	1,232	1,894	1,232
Transfers In	2,351	2,448	2,450	2,612	2,655	2,655	2,655	2,655
Balance Forward Out	875	786	885	932	755	726	755	726
Expenditures	2,704	2,911	3,058	4,545	4,726	3,916	4,726	3,916
Biennial Change in Expenditures				1,988		1,039		1,039
Biennial % Change in Expenditures				35		14		14
Governor's Change from Base								0

Laboratory Services Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Governor's % Change from Base								0
Full-Time Equivalents	20.98	21.64	22.03	21.47	24.25	22.75	24.25	22.75

2302 - Clean Water

Balance Forward In		7	15					
Direct Appropriation	350	350	350	350	0	0	370	370
Balance Forward Out	7	15						
Expenditures	343	342	365	350			370	370
Biennial Change in Expenditures				29		(715)		25
Biennial % Change in Expenditures				4		(100)		4
Governor's Change from Base								740
Governor's % Change from Base								
Full-Time Equivalents	1.97	1.85	1.98	1.97			2.00	2.00

3000 - Federal

Receipts	1,790	1,706	1,740	1,842	1,855	1,859	1,855	1,859
Expenditures	1,790	1,706	1,740	1,842	1,855	1,859	1,855	1,859
Biennial Change in Expenditures				86		132		132
Biennial % Change in Expenditures				2		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	10.57	10.42	9.32	9.26	9.16	9.16	9.16	9.16

Agriculture

Budget Activity Narrative

Program: Protection Service

Activity: Food and Feed Safety Division

<http://www.mda.state.mn.us/food-feed/food-feed>

AT A GLANCE

- Conducted and participated in over 140 outreach activities on food safety related issues which included: in-classroom food safety talks, providing starting a food business expertise at small and minority-owned business conferences, presenting at educational conferences, and facilitating meetings with stakeholders and partner agencies.
- Conducted over 12,000 inspections, including 3,400 food processor/distributor and 8,700 retail food.
- Processed over 1,100 human and animal food complaints submitted from the public.
- Conducted over 700 compliance and enforcement activities, resulting in 120 field enforcement actions and 29 escalated enforcement actions.
- Participated in 57 investigations of contamination events or human illness outbreaks and tracked 20 pesticide misuse events.

PURPOSE AND CONTEXT

The Food and Feed Safety Division (FFSD) supports the Minnesota Department of Agriculture's mission to ensure the integrity of the food supply through proactive outreach, risk-based inspections, and rapid response. Our Protection Services regulatory and outreach activities include overseeing the growing production, manufacturing, distribution, and sale of food products. We focus on ensuring that safe food handling practices are employed from the farm to the processor, distributor, and retailer so that consumers receive safe and wholesome products.

FFSD's work contributes to the agency's mission to equitably ensure the integrity of the food supply and the strength and resilience of the agricultural economy by:

- Verifying laws governing food safety are followed so products can safely enter commerce and consumers are protected.
- Ensuring food producers have access to interstate and international markets.
- Giving food producers opportunities to expand their business.
- Providing farmers with access to processing services necessary to market their products within Minnesota, nationally, and internationally.

SERVICES PROVIDED

Outreach: We maintain a strong emphasis on outreach and education in our regulatory approach. When food and feed business operators have a good understanding of food safety principles and knowledge of the regulations, they can more effectively apply good food and feed safety practices. Robust outreach and education activities are key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have up-to-date information of food safety risks that exist in their processes.

Assessments and Inspections: Our staff conduct risk-based food safety inspections as required by federal and state law. Inspections verify that operators who make, distribute, and sell human food have systems in place to ensure their products are safe and are produced in a clean and sanitary environment. Division staff also conduct a variety of other food and feed safety assessments, including label reviews, facility design reviews, product sampling, and facility sampling to ensure a safe food supply. Changes in assessment and inspection emphasis will continue as the Food Safety Modernization Act (FSMA) is implemented and modifies the regulatory requirements for manufacturers of food.

Response and Enforcement: Our staff respond quickly to unsafe products and operations. The Food Emergency Rapid Response Team is part of a federal-state-local partnership that conducts product tracing when an outbreak is detected and following up when food safety systems fail, and a product recall is necessary. Our Compliance staff intake complaints and triage to internal staff and partner agencies as appropriate. We take action to address compliance issues when they are more severe or repetitive and attempts to achieve voluntary compliance through mechanisms such as outreach or inspections have not been successful.

RESULTS

Produce Safety: The Produce Safety Program is responsible for providing outreach, education, and technical assistance to approximately 1,200 produce farms and conducts inspections on produce farms that are covered under the federal Produce Safety Rule (PSR). In fiscal year 2024, refined business practices doubled the number of produce farms tracked within the produce farm inventory for better communication and response. Protection Service funds support the Produce Safety Program on a limited basis for investigations, complaints, and activities beyond the Produce Safety Rule, and the administration of the Produce Safety Mini-Grant, which reimburses produce farmers for expenses to improve on-farm food safety systems. The Produce Safety Program also investigates pesticide misuse cases impacting produce.

Food Inspection Quality Management: The Manufactured Food Regulatory Program Standards (MFRPS) and Voluntary National Retail Food Regulatory Program Standards (VNRFRPS) are a critical component in increasing capacity and capabilities of state regulatory programs to support the national Integrated Food Safety System (IFSS). The goal of the MFRPS and VNRFRPS is to implement a nationally integrated, risk-based, food safety system focused on protecting public health. The standards for regulatory programs provide a roadmap for effective program management and are based on a continuous, quality management systems approach to regulatory food safety programs.

The Manufactured Food Program has maintained conformance with 10 out of 10 program standards, as demonstrated through repeated successful program audits by the US Food and Drug Administration. The Retail Food Program achieved conformance with all 9 of the Retail program standards for the first time in 2024, as demonstrated through successful program audits by independent, qualified regulatory agencies.

Retail Food Inspection - Inspection Rates: The Retail Food Program is responsible for inspecting and licensing retail food handlers such as grocery stores, convenience stores, and mobile food units in Minnesota. The program consists of 24 field inspectors, four plan review staff, five supervisors, and one program manager. Forty-four percent of the program’s staff positions turned over within the last biennium, requiring additional time spent in hiring and training.

There are approximately 6,300 retail food facilities and 900 retail mobile food licenses under the MDA’s jurisdiction. Retail facilities are classified according to food safety risk based on food handling activities and are inspected at different frequencies based on their specific risk classification. These inspections are essential to protect public health as they assess food handling practices and sanitary conditions and serve to inform retail food handlers when changes are required to prevent foodborne illness.

Table 1: Retail Food Inspections Conducted by Fiscal Year

Fiscal Year	2021	2022	2023	2024
Total Number of Inspections (Routine, Follow-up, Complaint, Sampling, etc.)	6,343	5,322	4,388	4,322
Percent of Facilities Inspected (Routine) by Established Risk Frequency	83%	90%	84%	79%

Manufactured Food Inspection - Inspection Rates: The Manufactured Food Program oversees the inspection and licensing of wholesale food processors and distributors in Minnesota. The team consists of 15 field inspector positions that were not fully staffed in 2023, two supervisors, and one program manager. Minnesota is home to

approximately 1,075 food processors and 720 food distributors. Facilities are categorized based on their food safety risk, determined by the firm's food handling and processing activities.

Inspection frequencies vary according to this risk classification and the program prioritizes inspection resources on higher-risk food production and firms with a known compliance issue or history of recalls. Inspections consist of assessing food handling practices and sanitary conditions to ensure compliance with federal Preventive Controls and Current Good Manufacturing Practices regulations. Specialized processes such as acidified and low acid foods, seafood, and juice processing are inspected as needed. These inspections play a crucial role in safeguarding public health and provide feedback to food processors and handlers on their regulatory compliance and offer our team an opportunity to promote best practices in food safety.

Table 2: Percent of Facilities Inspected (Routine) by Established Risk Frequency, by Fiscal Year

Fiscal Year	2021	2022	2023	2024
Distributor	77%	83%	84%	81%
Food Processor	67%	86%	84%	74%

Cottage Food Administration: Protection Services funds support the administration of the Cottage Food Exemption, which entails registration processing, response to complaints and inquiries, outreach with associations and the UMN extension service, and coordination with local public health agencies on regulatory approach and guidance. The number of cottage food registrants has grown steadily from 464 in 2015 to 8,912 in 2023, a rate of 12-25% per year. Staff responded to approximately 2,500 inquiries from the public about cottage food law. In addition, staff processed over 150 complaints associated with cottage food law, most commonly about products not qualified for the exemption, producers not registered, and product sales inconsistent with cottage food law.

Enforcement Activities: An educational and progressive enforcement approach is used for food protection. Our goal is to achieve compliance through corrective action orders and voluntary actions when possible. Repeated or severe violations result in escalated enforcement actions, which include monetary penalty, modification to engage in the sale of food, or civil/criminal court action. Field enforcement activities are most often associated with the immediate actions necessary to protect public health. These efforts include orders to cease and desist a specific activity and embargo of products or equipment. Our compliance and enforcement processes conform to the national regulatory program standards (MFRPS and VNRFRPS).

Table 3: Compliance and Enforcement Activity by Fiscal Year

Fiscal Year	2021*	2022	2023	2024
Total Compliance and Enforcement Actions	183	338	379	337
Compliance Actions	139	272	305	260
Field Enforcement Actions	41	60	65	57
Escalated Enforcement Actions	3	6	9	20

*Inspections and enforcement actions reduced due to the COVID pandemic.

M.S. 28A (<https://www.revisor.mn.gov/statutes/cite/28A>) provides the legal authority for Food Handler Licensing
M.S. 31 (<https://www.revisor.mn.gov/statutes/?id=31>) provides the legal authority for Food Inspection Program activities.

M.S. 34A (<https://www.revisor.mn.gov/statutes/cite/34A>) provides the legal authority for Food Inspection Program enforcement activities.

Food and Feed Safety Division

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	6,565	7,301	3,743	3,686	3,719	3,719	3,719	3,719
2000 - Restrict Misc Special Revenue	730	512	491	571	671	683	671	683
2001 - Other Misc Special Revenue			37					
2018 - Agriculture	3,107	3,171	7,066	8,706	8,839	8,633	11,334	11,203
3000 - Federal	1,964	1,978	1,832	1,569	1,554	1,554	1,554	1,554
Total	12,366	12,962	13,169	14,532	14,783	14,589	17,278	17,159
Biennial Change				2,374		1,671		6,736
Biennial % Change				9		6		24
Governor's Change from Base								5,065
Governor's % Change from Base								17

Expenditures by Category

Compensation	10,079	10,575	10,909	12,165	11,472	11,653	13,441	13,696
Operating Expenses	2,266	2,335	2,253	2,359	3,310	2,935	3,836	3,462
Grants, Aids and Subsidies	19	50	6	7				
Other Financial Transaction	2	2	1	1	1	1	1	1
Total	12,366	12,962	13,169	14,532	14,783	14,589	17,278	17,159

Total Agency Expenditures	12,366	12,962	13,169	14,532	14,783	14,589	17,278	17,159
Internal Billing Expenditures	827	841	832	855	1,408	1,387	1,717	1,750
Expenditures Less Internal Billing	11,539	12,121	12,338	13,677	13,375	13,202	15,561	15,409

<u>Full-Time Equivalents</u>	93.05	98.36	92.70	101.66	92.56	91.41	107.56	107.41
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Food and Feed Safety Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		324		46				
Direct Appropriation	6,888	7,017	5,731	3,640	3,719	3,719	3,719	3,719
Transfers In	128	257	600	450				
Transfers Out	128	297	2,541	450				
Balance Forward Out	323		47					
Expenditures	6,565	7,301	3,743	3,686	3,719	3,719	3,719	3,719
Biennial Change in Expenditures				(6,436)		9		9
Biennial % Change in Expenditures				(46)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	53.06	57.89	29.47	27.67	25.84	24.82	25.84	24.82

2000 - Restrict Misc Special Revenue

Balance Forward In	1,333	1,277	1,211	1,235	1,188	980	1,188	980
Receipts	674	447	514	524	463	463	463	463
Balance Forward Out	1,277	1,211	1,234	1,188	980	760	980	760
Expenditures	730	512	491	571	671	683	671	683
Biennial Change in Expenditures				(180)		292		292
Biennial % Change in Expenditures				(15)		28		28
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.50	4.12	3.44	3.81	4.51	4.51	4.51	4.51

2001 - Other Misc Special Revenue

Receipts			37					
Balance Forward Out			0					
Expenditures			37					
Biennial Change in Expenditures				37		(37)		(37)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.23	0.23	0.23	0.23	0.23	0.23

Food and Feed Safety Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

2018 - Agriculture

Balance Forward In	5,269	5,527	5,875	8,395	7,283	6,038	7,283	6,038
Receipts	3,696	3,848	8,104	8,065	8,065	8,065	10,560	10,635
Transfers In			1,941					
Transfers Out	330	330	459	471	471	471	471	471
Balance Forward Out	5,527	5,875	8,395	7,283	6,038	4,999	6,038	4,999
Expenditures	3,107	3,171	7,066	8,706	8,839	8,633	11,334	11,203
Biennial Change in Expenditures				9,493		1,700		6,765
Biennial % Change in Expenditures				151		11		43
Governor's Change from Base								5,065
Governor's % Change from Base								29
Full-Time Equivalents	21.46	23.23	48.78	61.03	53.15	53.15	68.15	69.15

3000 - Federal

Balance Forward In			11	11				
Receipts	1,964	1,978	1,832	1,558	1,554	1,554	1,554	1,554
Balance Forward Out			11					
Expenditures	1,964	1,978	1,832	1,569	1,554	1,554	1,554	1,554
Biennial Change in Expenditures				(541)		(293)		(293)
Biennial % Change in Expenditures				(14)		(9)		(9)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	13.03	13.12	10.78	8.92	8.83	8.70	8.83	8.70

Agriculture

Budget Activity Narrative

Program: Protection Services

Activity: Dairy and Meat Inspection Division

<https://www.mda.state.mn.us/meat-poultry-egg-inspection>

<https://www.mda.state.mn.us/minnesota-inspection-program-dairy-stats>

AT A GLANCE

- Conducted over 18,000 daily inspections of slaughter and processing operations in Minnesota “Equal To” meat and poultry processing plants during FY 23-24.
- Supported over 35 new meat and poultry facilities in obtaining “Equal To” inspection services or custom exempt permits during FY 23-24.
- Led or participated in 35 outreach in-person events, reaching over 800 people, from students to consumers to industry professionals, on food safety and regulations.
- Successfully completed federal audits of both dairy and meat program procedures and practices, with no significant findings.
- Collected and analyzed over 3,700 dairy samples and 2,100 meat samples in cooperation with the MDA laboratory.
- Issued over 600 certificates during FY 23-24 for dairy products to be exported.

PURPOSE AND CONTEXT

The Dairy and Meat Inspection Division (DMID) supports the Minnesota Department of Agriculture’s mission to ensure the integrity of the food supply by conducting regulatory and outreach activities related to the production and manufacturing of dairy, meat, poultry, and eggs. Our activities ensure dairy processors have access to interstate and international markets, give small meat processors opportunities to expand their business, and provide farmers access to slaughter and processing services necessary to market their products within Minnesota.

These activities are also critical to ensuring the health of consumers. Dairy, meat, poultry, and egg products are traditionally high-risk food safety products and as such, have specific inspection and regulatory requirements designed to address these unique risks. Inspection work focuses on ensuring safe food handling practices are employed from the farm to processor and manufacturer so that consumers receive safe food.

SERVICES PROVIDED

Inspections: Our inspectors conduct food safety-based inspections that focus on ensuring farmers and manufacturers of dairy, meat, poultry, and egg products have systems in place to ensure products are safe and are producing food in a clean and sanitary environment. These inspections are also required by federal and state law. Inspections focus on both sanitary requirements and each facility’s food safety-based programs and systems. Certified industry inspection programs are also used to help improve dairy industry business continuity by ensuring required inspections are performed on a timely basis and that food safety practices are assessed in a timely manner.

Outreach: DMID maintains a strong emphasis on outreach and education, prior to and as a part of regulation. When operators understand food safety principles and the relevant regulations, they can more effectively decide on the best manner to incorporate good food safety practices consistently into their daily practices. Outreach and education are also key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have strong foundational knowledge in food safety risks that exist in their processes.

Investigations, Compliance, and Enforcement: Investigators and compliance staff work to conduct reviews of product labels and equipment plans, identify operators working outside of the regulations, and to follow up when food safety systems fail, a recall of product is necessary, or an outbreak is detected. Enforcement actions, such as warning letters, penalties, or license and permit suspensions may be used to promote or address compliance issues when they are more severe and cannot be addressed through inspections or education.

RESULTS

Industry audits are used to assess overall compliance rates and provide an assessment of how well inspected entities are meeting the regulatory requirements designed to ensure the dairy, meat, poultry, and egg products they produce are safe.

Dairy Inspection - Interstate Milk Shipment (IMS) Audits: The State and its dairy industry must participate in the IMS program to be able to ship Grade A dairy products across state lines. IMS audits are used to assess overall compliance of the farms, plants, and dairy program. Because failure of an audit results in a lost market, achieving passing results is critical to maintaining business continuity and market access. Dairy farm, plant, and enforcement food safety audit results are monitored annually with the goal to achieve 100% passing scores. This evaluation measures the quality of inspections being performed, as well as how well entities are complying with the regulatory requirements. As noted on Table 1, the overall trend FY 23 and 24 saw decreases in performance primarily due to failures of a few select dairy plants and farms to comply with sanitary requirements.

Table 1. Percent of Passing IMS Audits.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Percent	96%	97%	94%	95%	100%	98%	97%	98%	91%	94%

Meat and Poultry Inspection - Food Safety Assessment Results: In-depth assessments and audits of the food safety systems at each meat and poultry establishment are performed at least once every three years and for new establishments after a 90-day operating period. The assessment provides a deeper look at how well establishments are complying with the regulatory requirements as well as how well inspection staff are working with establishments to move toward compliance. The goal for this measure is to have more than 66% of audits result in passing result, which is one that does not require additional follow-up other than by inspection staff.

The overall trend for this measure is stable but below the target. The program has seen significant growth since 2020 and audit results are typically poorer for new establishments, especially those with language or cultural barriers. Additionally, federal regulatory requirements continue to grow in complexity and small operators cannot always easily implement these requirements. To improve results, the program has been focusing on improving outreach and assistance to new establishments during their first six months under the inspection program. Results from both FY 23 and 24 indicate that such efforts have been successful, resulting in a significant improvement in outcomes.

Table 2. Percent of Passing FSA's

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Percent	63%	67%	64%	45%	43%	57%	53%	47%	79%	87%

M.S. 32D (<https://www.revisor.mn.gov/statutes/cite/32D>) provides the legal authority for Dairy Inspection Program activities.

M.S. 31A (<https://www.revisor.mn.gov/statutes/?id=31A>) provides the legal authority for Meat and Poultry Inspection Activities.

Dairy and Meat Inspection Division

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	2,736	2,939	3,085	3,450	3,272	3,272	3,272	3,272
2000 - Restrict Misc Special Revenue	106	112	121	127	128	129	128	129
2001 - Other Misc Special Revenue			45	55				
2018 - Agriculture	1,942	2,405	2,618	3,189	3,643	3,176	3,648	3,181
3000 - Federal	1,792	1,737	2,168	2,036	2,065	1,967	2,065	1,967
Total	6,575	7,193	8,036	8,857	9,108	8,544	9,113	8,549
Biennial Change				3,125		759		769
Biennial % Change				23		4		5
Governor's Change from Base								10
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Compensation	5,111	5,597	6,392	7,060	6,685	6,682	6,689	6,686
Operating Expenses	1,465	1,596	1,636	1,792	2,423	1,862	2,424	1,863
Capital Outlay-Real Property			7					
Other Financial Transaction		0	1	5				
Total	6,575	7,193	8,036	8,857	9,108	8,544	9,113	8,549
Total Agency Expenditures	6,575	7,193	8,036	8,857	9,108	8,544	9,113	8,549
Internal Billing Expenditures	567	637	699	689	761	700	762	701
Expenditures Less Internal Billing	6,008	6,556	7,338	8,168	8,347	7,844	8,351	7,848
<u>Full-Time Equivalents</u>	46.44	53.70	56.77	61.05	55.58	54.50	55.58	54.50

Dairy and Meat Inspection Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		34		230				
Direct Appropriation	2,770	2,825	3,315	3,220	3,272	3,272	3,272	3,272
Transfers In	55	190	468	547				
Transfers Out	55	110	468	547				
Balance Forward Out	34		230					
Expenditures	2,736	2,939	3,085	3,450	3,272	3,272	3,272	3,272
Biennial Change in Expenditures				860		9		9
Biennial % Change in Expenditures				15		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	22.19	24.47	23.64	25.58	23.79	23.54	23.79	23.54

2000 - Restrict Misc Special Revenue

Balance Forward In	39	39	34	25	18	20	18	20
Receipts	5	8	12	10	10	10	10	10
Transfers In	100	100	100	110	120	120	120	120
Balance Forward Out	39	34	25	18	20	21	20	21
Expenditures	106	112	121	127	128	129	128	129
Biennial Change in Expenditures				30		9		9
Biennial % Change in Expenditures				14		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.34	0.36	0.35	0.33	0.33	0.33	0.33	0.33

2001 - Other Misc Special Revenue

Balance Forward In				3				
Receipts			48	52				
Balance Forward Out			3					
Expenditures			45	55				
Biennial Change in Expenditures				100		(100)		(100)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Dairy and Meat Inspection Division

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Full-Time Equivalents			0.27	0.21				

2018 - Agriculture

Balance Forward In	1,627	1,902	2,365	2,779	2,583	1,933	2,583	1,933
Receipts	2,317	2,784	3,152	3,143	3,143	3,178	3,148	3,183
Transfers In		194						
Transfers Out	100	110	120	150	150	150	150	150
Balance Forward Out	1,901	2,365	2,779	2,583	1,933	1,785	1,933	1,785
Expenditures	1,942	2,405	2,618	3,189	3,643	3,176	3,648	3,181
Biennial Change in Expenditures				1,460		1,012		1,022
Biennial % Change in Expenditures				34		17		18
Governor's Change from Base								10
Governor's % Change from Base								0
Full-Time Equivalents	12.06	16.86	19.28	20.75	19.65	19.67	19.65	19.67

3000 - Federal

Receipts	1,792	1,737	2,168	2,036	2,065	1,967	2,065	1,967
Expenditures	1,792	1,737	2,168	2,036	2,065	1,967	2,065	1,967
Biennial Change in Expenditures				675		(172)		(172)
Biennial % Change in Expenditures				19		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.85	12.01	13.23	14.18	11.81	10.96	11.81	10.96

Agriculture

Budget Activity Narrative

Program: Ag Marketing and Development

Activity: Marketing, Development, and Innovation

<https://www.mda.state.mn.us/about/mnfarmerstress>

<https://www.mda.state.mn.us/business-dev-loans-grants/farmlink>

<https://www.minnesotagrown.com>

<https://minnesota.agclassroom.org/>

<https://www.mda.state.mn.us/grants/agri>

AT A GLANCE

- Over 85 beginning/emerging farmers are using FarmLink to seek a relationship with an existing farm.
- Over 570 beginning farmers awarded scholarships to assist with Farm Business Management tuition.
- 246 farmers assisted by Dairy Profit Teams.
- Nearly 7,000 acres listed on the cropland grazing exchange, an online tool that matches livestock farmers with crop farmers who have land available for grazing.
- 267 calls and texts answered by counselors on the Minnesota Farm & Rural Helpline, up 48% compared to FY2023.
- 32,752 people use the Minnesota Grown website each month to locate farms and farmers' markets.
- 774 pre-service and in-service teachers received ag literacy training during the 2023/2024 school year.
- 56 value-added processors expanded capacity or increased food safety, including 32 meat processing businesses.
- 148 Minnesota food businesses received financial assistance for e-commerce and digital marketing costs and participating in wholesale events.
- 44 fueling stations received funding through the Biofuels Infrastructure Grant Program to update or install new fuel pumps, fuel storage tanks, and other equipment compatible with E25 or higher blends.
- One overseas office operating in Taiwan to represent Minnesota agricultural interests to East Asian buyers.

PURPOSE AND CONTEXT

Agricultural Marketing and Development works to help farmers and other agricultural businesses be profitable, protect our environment and resources, and meet society's needs for food, fiber, and fuel.

We work across the state to serve farmers, agribusinesses, entrepreneurs, industry and commodity organizations, local governments, tribes, public and private schools, environmental and natural resource professionals, and consumers.

SERVICES PROVIDED

We provide numerous and diverse services to meet our goals, including:

- Minnesota Grown, an umbrella marketing program that connects consumers and wholesale buyers with producers of specialty crops, livestock, and other agricultural products grown or raised in Minnesota.
- Organic information and financial assistance to growers, processors, and consumers.
- Marketing support, including business development, trade show support, and international marketing.
- Women, Infant, and Children (WIC) Farmers' Market Nutrition and Senior Farmers' Market Nutrition Programs that distribute vouchers for fresh produce.
- Minnesota Agriculture in the Classroom, an educational resources and professional development provider that embeds agriculture, food, and natural resources education into K-12 classrooms.

- Information and assistance to livestock producers and local governments on livestock development and permitting.
- Assistance to dairy farmers, including access to Dairy Profit Teams and Dairy Business Planning Grants.
- Farm stress and agricultural mental health support, including a 24-hour Minnesota Farm & Rural Helpline.
- Renewable bio-energy sector assistance.
- Farm transition assistance through farmland access/succession teams and FarmLink.
- Agricultural land use assistance, including information on agricultural zoning and business development, and serving as technical representation on the Environmental Quality Board.
- Agricultural commodity research and promotion councils oversight.
- Good Food Access Program administration.
- Farm safety grants for grain bin safety and rollover protection systems for tractors.
- Trade services through trade missions and in-market representation.

The Agricultural Growth, Research, and Innovation (AGRI) Program provides financial assistance to advance the agricultural and renewable energy industries. This is accomplished through grants and other forms of financial assistance to support rural economic infrastructure activities.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Farms, markets, and businesses licensed to use the Minnesota Grown logo	Quantity	MDA's Licensing Information System	All-time high, up 5% since 2021	1,362 farms, markets, and businesses had a license to use the Minnesota Grown logo in Calendar Year 2023
Number of students reached by Minnesota Agriculture in the Classroom program resources	Quantity	Orders of classroom materials	Increase of 6,000 students since School Year 2021/2022	149,000 students were reached in School Year 2023/2024
Number of seniors and WIC Farmers' Market Nutrition Program (FMNP) checks redeemed at farmers' markets	Quantity	Redemption data collected at the end of the market season	Increase of 20,561 checks since 2021	106,808 FMNP checks were redeemed at farmers markets in 2023
Make it Minnesota Programs – projected increased sales (because of participation in an event or cost-share)	Result	Annual survey of program participants (Minnesota food/beverage/pet companies)	Increased 177% since FY2015	\$47.7M increase in projected sales

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Amount of private investment leveraged through Biofuels Infrastructure Grant Program	Result	Grant contract agreements and associated budgets	This is a new grant program, so this measurement is setting the baseline for future trend analysis	Grantees provided \$7.8M of private investment in FY2022/FY2023
Cumulative production of advanced biofuel claimed through the Bioincentive Program	Result	Application submission and annual claim tracking	From FY2017 – 0 million British Thermal Units (MMBTU) were claimed and the rate of increase year over year is approximately 236,511 MMBTUs per year (FY2024)	Total production claimed through FY2024 is 4,255,115 MMBTU's (\$9M paid)

M. S. 17.03 Subds. 1, 6, 7, and 7a (<https://www.revisor.mn.gov/statutes/?id=17.03>) authorizes the development of agricultural industries, promotion of agricultural products to international markets, and promotion of agricultural diversification and nontraditional agriculture.

M.S. 17.101 Subd. 1 (<https://www.revisor.mn.gov/statutes/?id=17.101>) provides authority for promotion and support of production and marketing of products of Minnesota agriculture.

M.S. 17.102 (<https://www.revisor.mn.gov/statutes/?id=17.102>) authorizes the establishment and promotion of the Minnesota Grown label.

M.S. 17.1017 (<https://www.revisor.mn.gov/statutes/cite/17.1017>) and M.S. 17.1018 (<https://www.revisor.mn.gov/statutes/cite/17.1018>) establishes the Good Food Access Program.

M.S. 17.1195 (<https://www.revisor.mn.gov/statutes/cite/17.1195>) establishes the Farm Safety Grant Program.

M.S. 17.58 (<https://www.revisor.mn.gov/statutes/?id=17.58>) defines the duties of the agency related to oversight of the promotion councils.

M.S. 17.80 (<https://www.revisor.mn.gov/statutes/?id=17.80>), 17.81 (<https://www.revisor.mn.gov/statutes/?id=17.81>), 17.82 (<https://www.revisor.mn.gov/statutes/?id=17.82>), 17.84 (<https://www.revisor.mn.gov/statutes/?id=17.84>) articulate state agricultural land preservation and conservation policy and define duties of the agency.

M.S. 17.844 (<https://www.revisor.mn.gov/statutes/?id=17.844>) authorizes promotion of livestock production.

M. S. 31.94 (<https://www.revisor.mn.gov/statutes/?id=31.94>) authorizes the promotion of organic agriculture.

M. S. 40A (<https://www.revisor.mn.gov/statutes/?id=40A>) establishes the agricultural land preservation program.

M.S. 41A.12 (<https://www.revisor.mn.gov/statutes/?id=41A.12>) provides the legal authority for the AGRI Program.

M.S. 41A.16 (<https://www.revisor.mn.gov/statutes/?id=41A.16>) provides the legal authority for the Advanced Biofuel Production Incentive.

M.S. 41A.17 (<https://www.revisor.mn.gov/statutes/?id=41A.17>) provides the legal authority for the Renewable Chemical Production Incentive.

M.S. 41A.18 (<https://www.revisor.mn.gov/statutes/?id=41A.18>) provides the legal authority for the Biomass Thermal Production Incentive.

M.S. 17.116 (<https://www.revisor.mn.gov/statutes/?id=17.116>) establishes the Sustainable Agriculture Demonstration Grant Program.

Ag Marketing, Development, and Innovation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	18,870	23,377	22,119	42,662	22,076	22,076	22,076	22,076
2000 - Restrict Misc Special Revenue	104	126	151	168	166	166	166	166
2018 - Agriculture	846	484	377	458	460	467	460	467
2403 - Gift	145	819	75	302				
3000 - Federal	3,428	6,404	3,905	9,310	5,821	5,099	5,821	5,099
Total	23,393	31,211	26,627	52,900	28,523	27,808	28,523	27,808
Biennial Change				24,923		(23,196)		(23,196)
Biennial % Change				46		(29)		(29)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	3,359	3,286	3,884	4,976	3,975	3,996	3,975	3,996
Operating Expenses	2,267	2,597	3,273	3,663	3,041	2,996	3,041	2,996
Grants, Aids and Subsidies	17,754	25,321	19,462	44,243	21,489	20,798	21,489	20,798
Capital Outlay-Real Property		1	1					
Other Financial Transaction	13	6	8	18	18	18	18	18
Total	23,393	31,211	26,627	52,900	28,523	27,808	28,523	27,808

Total Agency Expenditures	23,393	31,211	26,627	52,900	28,523	27,808	28,523	27,808
Internal Billing Expenditures	128	66	76	130	92	93	92	93
Expenditures Less Internal Billing	23,264	31,145	26,551	52,770	28,431	27,715	28,431	27,715

Full-Time Equivalents

	34.10	33.39	34.55	38.87	32.58	32.13	32.58	32.13
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Ag Marketing, Development, and Innovation

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In	14	1,975	214	13,406				
Direct Appropriation	20,228	20,207	35,497	32,442	22,262	22,262	22,262	22,262
Transfers In	15	1,929	600	420				
Transfers Out	196	466	786	606	186	186	186	186
Cancellations		68		3,000				
Balance Forward Out	1,191	199	13,406					
Expenditures	18,870	23,377	22,119	42,662	22,076	22,076	22,076	22,076
Biennial Change in Expenditures			22,534		(20,629)		(20,629)	
Biennial % Change in Expenditures			53		(32)		(32)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	25.26	30.09	31.56	33.72	28.69	28.69	28.69	28.69

2000 - Restrict Misc Special Revenue

Balance Forward In	223	124	159	157	143	132	143	132
Receipts	40	156	149	154	155	159	155	159
Transfers Out	38							
Balance Forward Out	122	154	157	143	132	125	132	125
Expenditures	104	126	151	168	166	166	166	166
Biennial Change in Expenditures				90		13		13
Biennial % Change in Expenditures				39		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.10	0.10						

2018 - Agriculture

Balance Forward In	718	697	428	447	376	305	376	305
Receipts	629	224	211	201	203	207	203	207
Transfers In	186	186	186	186	186	186	186	186
Transfers Out		194						
Balance Forward Out	686	428	448	376	305	231	305	231
Expenditures	846	484	377	458	460	467	460	467
Biennial Change in Expenditures				(496)		92		92

Ag Marketing, Development, and Innovation

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Biennial % Change in Expenditures				(37)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.66	1.06	0.52	0.55	0.60	0.60	0.60	0.60

2403 - Gift

Balance Forward In	16	962	276	269				
Receipts	1,063	134	68	33				
Balance Forward Out	934	276	270					
Expenditures	145	819	75	302				
Biennial Change in Expenditures				(587)		(377)		(377)
Biennial % Change in Expenditures				(61)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.38	0.52	0.11				

3000 - Federal

Balance Forward In	1	5						
Receipts	3,427	6,398	3,905	9,310	5,821	5,099	5,821	5,099
Expenditures	3,428	6,404	3,905	9,310	5,821	5,099	5,821	5,099
Biennial Change in Expenditures				3,383		(2,295)		(2,295)
Biennial % Change in Expenditures				34		(17)		(17)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.08	1.76	1.95	4.49	3.29	2.84	3.29	2.84

Agriculture

Budget Activity Narrative

Program: Ag Marketing and Development

Activity: Ag Research, Education and Extension Tech Transfer (AGREETT) Program

<https://agreett.umn.edu/>

AT A GLANCE

- University of Minnesota hired 30 AGREETT agriculture faculty and educator positions.
- This appropriation also provides funding for the Minnesota Agricultural Education Leadership Council; Rapid Agricultural Response Fund; Forever Green; deep winter greenhouses; and research on avian influenza, salmonella, and other turkey-related diseases and disease prevention measures, wild rice, and potatoes.

PURPOSE AND CONTEXT

Through the Agriculture Research, Education, Extension, and Technology Transfer (AGREETT) Program, we provide grants to the University of Minnesota for long-term funding, primarily for human infrastructure. This includes research and Extension faculty, Extension educators, graduate students, and post-doctoral fellowships at the College of Food, Agricultural and Natural Resource Sciences; Extension; and the College of Veterinary Medicine. The University of Minnesota has hired 30 AGREETT agriculture faculty and educator positions. In addition, funds are provided for rapid response to plant and animal diseases and agricultural education.

SERVICES PROVIDED

Through AGREETT, we provide funds to the University of Minnesota for agricultural faculty positions in the College of Food, Agricultural and Natural Resource Sciences; Extension; and the College of Veterinary Medicine. In addition, funds are provided for rapid response to plant and animal diseases and agricultural education.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Faculty and Extension educators hired	Result	Annual reports provided by University of Minnesota	All available funds for faculty and educator hiring have been committed. Without additional funding, no additional hiring will occur other than replacement due to attrition.	30

M.S.41A.14 (<https://www.revisor.mn.gov/statutes/?id=41A.14>) provides the legal authority for the AGREETT Program.

Ag Research, Educ & Ext Tech Transfer (AGREETT)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

2018 - Agriculture	9,382	9,390	11,165	12,051	10,652	10,652	10,652	10,652
Total	9,382	9,390	11,165	12,051	10,652	10,652	10,652	10,652
Biennial Change				4,444		(1,912)		(1,912)
Biennial % Change				24		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	4	6	7	20	20	20	20	20
Operating Expenses			0	10	10	10	10	10
Grants, Aids and Subsidies	9,378	9,384	11,157	12,021	10,622	10,622	10,622	10,622
Total	9,382	9,390	11,165	12,051	10,652	10,652	10,652	10,652

Full-Time Equivalents

0.02	0.04	0.05	0.07	0.08	0.08	0.08	0.08
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Ag Research, Educ & Ext Tech Transfer (AGREETT)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	9,315	11,229	10,702	10,702	10,352	10,352	10,352	10,352
Transfers Out	9,315	11,229	10,702	10,702	10,352	10,352	10,352	10,352
2018 - Agriculture								
Balance Forward In	115	84	465	899				
Receipts	50	471	897	450	300	300	300	300
Transfers In	9,300	9,300	10,702	10,702	10,352	10,352	10,352	10,352
Balance Forward Out	84	465	899					
Expenditures	9,382	9,390	11,165	12,051	10,652	10,652	10,652	10,652
Biennial Change in Expenditures				4,444		(1,912)		(1,912)
Biennial % Change in Expenditures				24		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.02	0.04	0.05	0.07	0.08	0.08	0.08	0.08

Agriculture	Budget Activity Narrative
Program: Administration and Financial Assistance Activity: Grants and Assistance	

<https://www.mda.state.mn.us/>

AT A GLANCE

- Partnered with and assisted hundreds of organizations and individuals.
- Administered a variety of specialized programs.
- Assisted and worked with many different sectors of the agricultural industry, including ag youth, farmers and farm customers in need, ag researchers, and others.

PURPOSE AND CONTEXT

The Grants and Assistance activity passes money through the Minnesota Department of Agriculture (MDA) to other organizations and programs that focus on specific ag-related subjects. By providing this assistance, the MDA helps strengthen the agricultural economy at its “roots” and in areas that might otherwise get overlooked. These programs reach individual farmers, farm youth, and specially targeted customers of agricultural products. The money also supports key efforts to research and promote agricultural activities specific to Minnesota’s climate.

SERVICES PROVIDED

- This activity provides assistance to county fairs and agricultural associations, the Minnesota Livestock Breeders Association, the Minnesota Poultry Association, and the Minnesota Agricultural Education Leadership Council. These organizations maintain generations of expertise, enhance it with the latest research, and pass it on to future generations through their educational programs for youth.
- Through the Farm Advocates program, the MDA provides one-on-one assistance to farmers who face crisis due to natural disasters or financial problems. Trained, experienced advocates help farmers determine how to address difficulties through agricultural lending options, mediation, farm programs, crisis counseling, disaster programs, and legal and social services. Related to this work, the MDA passes funds through to the Farm Business Management programs at colleges in the Minnesota State system to provide farm families with mental health counseling support.
- The MDA partners the local hunger relief community to increase the availability of Minnesota-grown and -raised foods within the emergency food network. An annual grant to Second Harvest Heartland helps provide food to Minnesota’s food shelves and other charitable organizations. Money provided through the MDA has been used to purchase milk and protein for distribution to these organizations and to compensate producers and processors for harvesting and packaging surplus fruits, vegetables, and other agricultural commodities that would otherwise go un-harvested or be discarded. Similarly, the Local Emergency Assistance Farmer Fund, a new program operated through The Good Acre, compensates emerging farmers for crops donated to hunger relief organizations in Minnesota.
- Marketing assistance is also provided to growing Minnesota food and beverage brands through annual FEAST! activities, made possible by a grant to the Southern Minnesota Initiative Foundation.
- This activity also supports the development of future products for agricultural industries. By partnering with the Minnesota Turf Seed Council, the Minnesota Horticultural Society, and the Northern Crops Institute, the MDA supports their research, development, and promotion of northern-hardy products and other activities.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Tons of food provided to food shelves and other emergency feeding organizations using Farm to Food Shelf funding	Quantity	Periodic reports submitted by Second Harvest Heartland	The tons of food purchased through the Farm to Food Shelf program has steadily declined since FY2018	In FY2024, partners purchased 2,102 tons of food through the program
Minnesota Farm Advocates	Quantity - service hours Advocates assisted Minnesota farmers	Hours submitted by Advocates for reimbursement	FY21 - 8,428 hours FY22 - 6,932 hours FY23 – 5,797 hours	FY24 - 6103 hours

Minnesota Statutes Chapter 38, (<https://www.revisor.mn.gov/statutes/?id=38>), Chapter 41D (<https://www.revisor.mn.gov/statutes/?id=41D>) and others.

Grants and Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	2,696	14,088	5,158	5,964	3,759	3,759	3,759	3,759
2301 - Arts & Cultural Heritage	532	339	383	467				
2403 - Gift	2			2				
3015 - ARP-State Fiscal Recovery	5,993	1						
Total	9,222	14,427	5,541	6,433	3,759	3,759	3,759	3,759
Biennial Change				(11,676)		(4,456)		(4,456)
Biennial % Change				(49)		(37)		(37)
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Compensation	31	100	7	19				
Operating Expenses	243	29	95	130				
Grants, Aids and Subsidies	8,947	14,298	5,439	6,284	3,759	3,759	3,759	3,759
Total	9,222	14,427	5,541	6,433	3,759	3,759	3,759	3,759
Total Agency Expenditures	9,222	14,427	5,541	6,433	3,759	3,759	3,759	3,759
Internal Billing Expenditures	131	16	51	113				
Expenditures Less Internal Billing	9,091	14,411	5,490	6,320	3,759	3,759	3,759	3,759
<u>Full-Time Equivalents</u>	0.42	1.30	0.08	0.08	0.05	0.05	0.05	0.05

Grants and Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		9,059	605	921				
Direct Appropriation	12,183	5,580	5,820	5,343	3,759	3,759	3,759	3,759
Transfers In		238	2					
Transfers Out			302	300				
Cancellations	429	187	48					
Balance Forward Out	9,059	602	920					
Expenditures	2,696	14,088	5,158	5,964	3,759	3,759	3,759	3,759
Biennial Change in Expenditures				(5,662)		(3,604)		(3,604)
Biennial % Change in Expenditures				(34)		(32)		(32)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.40	1.30	0.08	0.08	0.05	0.05	0.05	0.05

2301 - Arts & Cultural Heritage

Balance Forward In	143	16	80	67				
Direct Appropriation	400	400	400	400	0	0	0	0
Cancellations	5		29					
Balance Forward Out	6	77	67					
Expenditures	532	339	383	467				
Biennial Change in Expenditures				(21)		(850)		(850)
Biennial % Change in Expenditures				(2)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Balance Forward In	2	2	2	2				
Receipts	0	0	0					
Balance Forward Out	0	2	2					
Expenditures	2			2				
Biennial Change in Expenditures				0		(2)		(2)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Grants and Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
3015 - ARP-State Fiscal Recovery								
Balance Forward In		7						
Direct Appropriation	6,000							
Cancellations		7						
Balance Forward Out	7							
Expenditures	5,993	1						
Biennial Change in Expenditures				(5,993)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.02							

Agriculture

Budget Activity Narrative

Program: Administration and Financial Assistance

Activity: Agency Services

<https://www.mda.state.mn.us/commissionersoffice>

AT A GLANCE

- Implementation of statewide policies
- Leadership on agricultural issues

PURPOSE AND CONTEXT

This activity makes sure the Minnesota Department of Agriculture (MDA) stays responsive to the needs of agriculture in Minnesota and stays focused on advancing our mission. *The MDA's mission is to enhance Minnesotans' quality of life by equitably ensuring the integrity of our food supply, the health of our environment, and the strength and resilience of our agricultural economy.*

SERVICES PROVIDED

This activity provides leadership and support services to the agency and its employees and performs agency-level services for the public, agricultural industries, and other governmental entities. Agency Services includes:

- The Commissioner's Office
- Diversity, Equity, and Inclusion Coordination
- Communications Office
- The Human Resources Division
- The Finance and Budget Division, including staffing for loan programs under the Rural Finance Authority, a separate board of state officials and public members, and Ag Best Management Practices (AgBMP) loans.
- Legal Services
- Agricultural Office of Emergency Preparedness and Response
- Tribal Liaison
- Hosting for staff of MN.IT, the state's office of information technology

RESULTS

We maintain communication and coordination with farmers, ag groups, state boards, interagency committees, and national and international associations. Communication and outreach activities are provided in person and through the media, including the agency's web page and social media sites.

www.mda.state.mn.us

www.twitter.com/mnagriculture

www.instagram.com/mnagriculture

www.youtube.com/mnagriculture

www.facebook.com/mnagriculture

The reach of our social media presence continues to increase and has helped with outreach on many issues, including the recent outbreak of avian influenza in 2015. M.S. Chapter 17 (<https://www.revisor.mn.gov/statutes/?id=17>) outlines the responsibilities of the Commissioner of Agriculture.

Agency Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	4,762	5,999	9,055	10,753	7,758	7,758	7,895	7,962
2000 - Restrict Misc Special Revenue	203	330	465	518	500	374	500	374
2001 - Other Misc Special Revenue	6,425	6,375	6,717	9,308	7,779	7,851	7,779	7,851
2018 - Agriculture	647	1,704	1,601	1,217	1,051	877	1,051	877
2302 - Clean Water	57	65	68	82			75	75
2403 - Gift		4	8	6	6	6	6	6
3000 - Federal	1,252	352	3,920	6,599	1,430	292	1,430	292
Total	13,346	14,830	21,834	28,483	18,524	17,158	18,736	17,437
Biennial Change				22,140		(14,635)		(14,144)
Biennial % Change				79		(29)		(28)
Governor's Change from Base								491
Governor's % Change from Base								1

Expenditures by Category

Compensation	7,115	7,675	9,103	12,117	10,185	10,123	10,245	10,184
Operating Expenses	6,229	7,130	9,193	12,588	7,078	6,428	7,230	6,646
Grants, Aids and Subsidies		20	3,535	3,771	1,259	605	1,259	605
Capital Outlay-Real Property	0	0	0					
Other Financial Transaction	2	5	2	7	2	2	2	2
Total	13,346	14,830	21,834	28,483	18,524	17,158	18,736	17,437

Total Agency Expenditures	13,346	14,830	21,834	28,483	18,524	17,158	18,736	17,437
Internal Billing Expenditures	80	87	97	142	73	54	74	55
Expenditures Less Internal Billing	13,266	14,743	21,737	28,341	18,451	17,104	18,662	17,382

<u>Full-Time Equivalents</u>	63.91	71.03	72.76	94.50	77.27	75.83	77.77	76.33
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Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		500	2,978	2,668				
Direct Appropriation	13,394	10,849	11,234	9,510	9,183	9,183	9,320	9,387
Transfers In	150	291	1,406	1,136				
Transfers Out	8,325	2,318	3,896	2,561	1,425	1,425	1,425	1,425
Cancellations		344						
Balance Forward Out	457	2,978	2,667					
Expenditures	4,762	5,999	9,055	10,753	7,758	7,758	7,895	7,962
Biennial Change in Expenditures				9,047		(4,292)		(3,951)
Biennial % Change in Expenditures				84		(22)		(20)
Governor's Change from Base								341
Governor's % Change from Base								2
Full-Time Equivalents	23.71	27.72	32.89	46.10	35.00	34.96	35.00	34.96

2000 - Restrict Misc Special Revenue

Balance Forward In	6,210	8,221	6,645	6,888	6,362	4,367	6,362	4,367
Receipts	193	370	1,507	11,727	4,085	905	4,085	905
Transfers In	1,437	1,464	6,149	9,551	1,425	1,425	3,350	3,350
Net Loan Activity	584	(3,080)	(6,948)	(21,286)	(7,005)	(1,635)	(8,930)	(3,560)
Balance Forward Out	8,221	6,645	6,889	6,362	4,367	4,688	4,367	4,688
Expenditures	203	330	465	518	500	374	500	374
Biennial Change in Expenditures				451		(109)		(109)
Biennial % Change in Expenditures				85		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.21	1.08	1.46	1.60	1.60	1.60	1.60	1.60

2001 - Other Misc Special Revenue

Balance Forward In	7,697	7,343	7,036	6,857	4,537	3,612	4,537	3,612
Receipts	6,088	6,100	6,693	7,063	6,929	6,840	6,929	6,840
Internal Billing Receipts	6,088	6,100	6,693	7,063	6,929	6,840	6,929	6,840
Transfers In	2,869							
Transfers Out	2,990	135	155	75	75	75	75	75
Balance Forward Out	7,238	6,932	6,857	4,537	3,612	2,526	3,612	2,526

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Expenditures	6,425	6,375	6,717	9,308	7,779	7,851	7,779	7,851
Biennial Change in Expenditures				3,225		(395)		(395)
Biennial % Change in Expenditures				25		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	33.31	35.01	33.13	38.00	36.23	36.23	36.23	36.23

2018 - Agriculture

Balance Forward In	861	4,347	2,883	2,560	1,703	912	1,703	912
Receipts	123	224	278	360	260	210	260	210
Transfers In	4,010	10	1,000					
Balance Forward Out	4,347	2,877	2,560	1,703	912	245	912	245
Expenditures	647	1,704	1,601	1,217	1,051	877	1,051	877
Biennial Change in Expenditures				467		(890)		(890)
Biennial % Change in Expenditures				20		(32)		(32)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.30	4.33	2.69	2.83	2.29	2.29	2.29	2.29

2302 - Clean Water

Balance Forward In		18		7				
Direct Appropriation	75	75	4,799	8,201	0	0	2,000	2,000
Transfers Out		27	4,724	8,126			1,925	1,925
Balance Forward Out	18		7					
Expenditures	57	65	68	82			75	75
Biennial Change in Expenditures				27		(150)		0
Biennial % Change in Expenditures				22		(100)		0
Governor's Change from Base								150
Governor's % Change from Base								
Full-Time Equivalents	0.38	0.44	0.43	0.42			0.50	0.50

2403 - Gift

Balance Forward In	36	36	33	26	21	16	21	16
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Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Receipts	0	1	1	1	1	1	1	1
Balance Forward Out	36	33	27	21	16	11	16	11
Expenditures		4	8	6	6	6	6	6
Biennial Change in Expenditures				9		(2)		(2)
Biennial % Change in Expenditures						(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	1,252	352	3,920	6,599	1,430	292	1,430	292
Expenditures	1,252	352	3,920	6,599	1,430	292	1,430	292
Biennial Change in Expenditures				8,915		(8,797)		(8,797)
Biennial % Change in Expenditures				556		(84)		(84)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		2.45	2.16	5.55	2.15	0.75	2.15	0.75

8200 - Clean Water Revolving

Balance Forward In	13,040	17,104	10,213	7,931				
Transfers In	1,000							
Net Loan Activity	3,064	(6,892)	(2,281)	(7,931)	0	0	0	0
Balance Forward Out	17,104	10,213	7,931					

8250 - Rural Finance Administration

Balance Forward In	3,434	4,914	4,119	3,018	2,724	2,260	2,724	2,260
Receipts	22	145	184	184	169	168	169	168
Transfers In	8,810							
Transfers Out	6,310							
Net Loan Activity	(1,042)	(940)	(1,284)	(478)	(633)	(829)	(633)	(829)
Balance Forward Out	4,914	4,119	3,018	2,724	2,260	1,599	2,260	1,599

Department of Agriculture

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
USDA NRCS CIG 10.912	University of Minnesota - Innovating Through Barriers for Bioreactors and Saturated Buffers PFMD - B041F18 - Monitoring, management, and data sharing at the saturated buffer in Wilkin County, MN; participate in data analysis and synthesis; conduct outreach and education on project findings at field days and conferences; and serve as liaison to Minnesota state agencies.	\$ 2	\$ 10			Match	-
USDA NRCS 10.932	Regional Conservation Partnership Program (RCPP) - Supplemental Agreement (SA) between MDA and NRCS (RCPP) for Technical Assistance - Enhancement PFMD - B041F44 - Promotes coordination of NRCS conservation activities with partners that offer value-added contributions to expand our collective ability to address on-farm, watershed, and regional natural resource concerns. Through RCPP, NRCS seeks to co-invest with partners to implement projects that demonstrate innovative solutions to conservation challenges and provide measurable improvements and outcomes tied to the resource concerns they seek to address.	\$ 240	\$ 435	\$ 416	\$ 416	Match	-
US Environmental Protection Agency 66.605	Pesticide Performance Partnership Grant EPA PFMD - B041F60 - Support pesticide programs, groundwater and surface monitoring.	\$ 301	\$ 421	\$ 350	\$ 350	Match	1.70
US Environmental Protection Agency 66.204	Continued groundwater monitoring for the degradates of cyanazine and atrazine in private drinking water wells in Minnesota PFMD - B041F67 - Multipurpose Grants to States and Tribes - provides funding to states, tribes, and territories for high priority activities that complement programs under established environmental statutes.	\$ 17					-
US Dept. of Interior Fish and Wildlife Service 15.666	MN Livestock Depredation Prevention and Compensation Program PPD - B042F47 - Grants to livestock producers to implement measures to prevent wolf-livestock conflicts and Compensation payments to producers with confirmed losses to wolves and for administration of claim payments	\$ 118	\$ 12	\$ 124	\$ 124	Match	0.12
US Environmental Protection Agency 66.469	Great Lakes Restoration Initiative- Detect and Control Emerging Invasive Plant Population PPD - B042F54 - Detect and control emerging invasive plant populations in the Lake Superior Basin.	\$ 63	\$ 94	\$ 99	\$ 99		-

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
USDA Forest Services 10.680	Slow the Spread Foundation Spongy Moth Trapping and Treatment PPD - B042F56 - Monitor and control Spongy Moth, delimit and treat sites.	\$ 887	\$ 618	\$ 647	\$ 647	Match	6.49
USDA Forest Services 10.680	Suppression of Emerald Ash Borer in Infested Communities in Minnesota PPD - B042F57 - Facilitate more discoveries of EAB and promote the need for cities to monitor for EAB.	\$ 47	\$ 6	\$ 37	\$ 38	Match	0.30
USDA APHIS 10.025	Multiple Grants - Plant & Animal Disease, Pest Control & Animal Care PPD - B042F62 - Plant & Animal Disease, Pest Control & Animal Care	\$ 775	\$ 443	\$ 643	\$ 643		4.53
US Dept. of Health & Human Services Food & Drug Administration 93.103	Animal Feed Regulatory Program Standards, and Laboratory Flexible Funding Model LAB - B043F08 - Maintaining Minnesota's Conformance with the Animal Feed Regulatory Program Standards and Coordinating Minnesota's Preventive Control Activities	\$ 787	\$ 824	\$ 834	\$ 834		3.51
USDA Food Safety Inspection Services 93.876	NARM Cooperative Agreement Program LAB - B043F40 - Strengthen Antibiotic Resistance Surveillance in Retail Food Specimens.	\$ 180	\$ 170	\$ 180	\$ 180		0.90
USDA Food Safety Inspection Services 10.479	Food Emergency Response Network (FERN) LAB - B043F55 - Protect animal resources and improve the safety of the nation's food supply.	\$ 216	\$ 306	\$ 306	\$ 306		1.40
Environmental Protection Agency 66.605	Pesticides Performance Partnership LAB - B043F60 - Support pesticide programs, groundwater and surface monitoring.	\$ 362	\$ 382	\$ 375	\$ 379	Match	2.32
USDA Food Safety Inspection Services 10.475	Equal to Meat & Poultry Inspection Program LAB - B043F83 - Cooperative Agreements with States for Meat and Poultry Inspection. Provides food safety based inspection services to small, local and niche processors who need inspection in order to sell their products freely in Minnesota	\$ 194	\$ 160	\$ 160	\$ 160	Match	1.33

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
US Dept. of Health & Human Services Food & Drug Administration 93.103	Animal Feed Regulatory Program Standards, Produce Safety, Manufactured Food Regulatory Standards, and Food Protection Rapid Response Capacity Building FFSD - B044F08 - The AFRPS and MFRPS grants are used to further our agency's work with human and animal food safety. The Rapid Response grant is used to support our rapid response team for investigating and tracking human and animal food borne illness outbreaks across the state and country. The Produce Safety CAP grant supports state agency activities and some activities through University of Minnesota Extension program. It funds education, outreach, technical support, inventory management, and inspections to strengthen produce safety practices, reduce foodborne illness risks, and ensure consistent safety standards across the state.	\$ 1,832	\$ 1,569	\$ 1,554	\$ 1,554		9.78
US Dept. of Health & Human Services Food & Drug Administration 93.103	State Cooperative Program Grants in support of National Grade "A" Milk Safety and National Shellfish Sanitation Programs DMID - B045F08 - Support Dairy Inspection related training activities and the purchase of equipment needed to conduct inspections.	\$ 56	\$ 90	\$ 90	\$ 90		-
USDA Food Safety Inspection Services 10.475	Equal to Meat & Poultry Inspection Program DMID - B045F83 - Federal funding for the meat and poultry inspection program provided from the USDA Food Safety and Inspection Service is used to match State funding for conducting Federally equivalent inspection work.	\$ 2,112	\$ 1,946	\$ 1,975	\$ 1,877	Match	28.72
USDA Food & Nutrition Services 10.557	WIC Tech for a Better Experience AMDD - B046F16 - Funding to modernize the WIC (women, infants, and children) Farmers' Market Nutrition Program to transition towards an e-solution.	\$ 118	\$ 130	\$ 3			0.04
USDA Food & Nutrition Services 10.572	WIC Farmers Market Nutrition Program (FMNP) AMDD - B046F17 - Supplemental nutrition program for WIC (women, infants, and children) participants to purchase fresh fruits, vegetables, and herbs at Minnesota farmers' markets.	\$ 329	\$ 400	\$ 400	\$ 400		-
USDA Agricultural Marketing Service 10.156	Consumer Research for Direct Marketers AMDD - B046F20 - Explore new market opportunities for U.S. food and agricultural products.	\$ 6				Match	-
USDA Agricultural Marketing Service 10.171	National Organic Certification Cost Share Program AMDD - B046F21 - Provide cost assistance to organic producers and handlers for organic certification.	\$ 175	\$ 222	\$ 222	\$ 222		0.06

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
USDA Food & Nutrition Services 10.185	Farm to School Funding Program AMDD - B046F25 - This funding is available due to changes made to Child Nutrition Programs as administered by the USDA Food Nutrition Service and implemented in our state by the Minnesota Department of Education (MDE).		\$ 13				-
USDA Agricultural Marketing Service 10.19	Resilient Food Systems Infrastructure Cooperative Agreement AMDD - B046F26 - The overall goal of RFSI is to create more and better processing options for local and regional producers across the food supply chain.	\$ 842	\$ 6,100	\$ 3,000	\$ 2,309		2.00
USDA Nation Institute of Food & Agriculture 10.525	Bend, Don't Break AMDD - B046F33 - Managing Stress in Agriculture federal funding to sustain and expand our farm and rural mental health programming efforts.	\$ 59	\$ 24				0.20
USDA Agricultural Marketing Service 10.215	U of M - MN SARE Engaging Rural Clergy in Suicide Prevention AMDD - B046F65 - The effort builds on previous work funded by NCR-SARE to train agricultural advisors in suicide prevention skills. We are currently piloting the approach that we propose to use in this project with two cohorts of interfaith clergy in Northern and Southern Minnesota.	\$ 51	\$ 3				-
USDA Agricultural Marketing Service 10.153	Market News Agreements AMDD - B046F73 - Coordinate the collection and reporting of pricing and other relevant data from Minnesota farmers' markets for USDA Market News service. The project will 1) provide Minnesota producers, buyers, and food systems partners with access to needed data, and 2) inform ongoing efforts to develop a standardized process for states to report farmers market data to USDA Market News.		\$ 50				0.06
USDA Food & Nutrition Services 10.531	Vermont FEED Farm to School Training and Curricula AMDD - B046F86 - Develop and host Minnesota's first Farm to School Institute to provide year-long training and coaching to selected school districts looking to start or grow their Farm to School programs – including local purchasing, food and agriculture education, and school gardens.	\$ 16	\$ 9				-
USDA Food & Nutrition Services 10.575	Farm to School Grant Program AMDD - B046F88 - Assist eligible entities in implementing farm to school programs that improve access to local foods in eligible schools.	\$ 136	\$ 41	\$ 90	\$ 90	Match	0.08

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
USDA Agricultural Marketing Service 10.17	Specialty Crop Block Grant AMDD - B046F91 - Provides annual funding for the Specialty Crop Block Grant program, which is intended to expand the availability of and access to specialty crops, as well as enhance the competitiveness of specialty crops by addressing challenges confronting producers, including socially disadvantaged or beginning farmers.	\$ 1,956	\$ 1,968	\$ 1,968	\$ 1,968		1.20
USDA Food & Nutrition Services 10.576	Senior Farmers' Market Nutrition Program ARPA AMDD - B046F94 - Funding to modernize the Senior Farmers' Market Nutrition Program to transition towards an e-solution and to increase access to farmers' markets for program participants.	\$ 121	\$ 240	\$ 28			0.15
USDA Food & Nutrition Services 10.576	Senior Farmers' Market Nutrition Program AMDD - B046F95 - Supplemental nutrition program for low-income seniors to purchase fresh fruits, vegetables, and herbs at Minnesota farmers' markets.	\$ 96	\$ 110	\$ 110	\$ 110		-
USDA Agricultural Marketing Service 10.182	Local Food Purchase Assistance Cooperative Agreement Program (LFPA) authorized by the American Rescue Plan EFO - B049F51 - The purpose of this program is to maintain and improve food and agricultural supply chain resiliency and will award up to \$400 million through non-competitive cooperative agreements with state and tribal governments to support local, regional, and socially disadvantaged farmers and ranchers through the purchase of domestic local foods.	\$ 3,825	\$ 3,400	\$ 700			3.80
USDA APHIS 10.025	HPAI Response & NADPRP grants OEPR - B049F62 - Provide funding to manage animal incidents response related work	\$ 95	\$ 2,769	\$ 300	\$ 2		6.18
USDA NRCS 10.902	Emerging Farmers Conservation; EMERG Growing Food System Resilience EFO - B049F75 - Expanding farmers markets, producers' ability to sell at markets, and locally grown initiatives. Support and develop a nutrient recovery industry in Minnesota that would produce domestic fertilizer, increase agricultural sustainability, and improve water quality. Support implementation of conservation practices by urban and peri-urban emerging farmers in Minnesota. This agreement and partnership support USDA's interest in urban and peri-urban emerging farmers in Minnesota.	\$ 0	\$ 430	\$ 430	\$ 290		1.25
Federal Fund [3000] – Agency Total		\$ 16,013	\$ 23,395	\$ 15,041	\$ 13,088		76.12

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
USDA Agricultural Marketing Service 10.382	Meat and Poultry Intermediary Lending Program - MPILP RFA - B49R60 - The MDA's Rural Finance Authority received a Federal grant from the Meat and Poultry Intermediary Lending Program (MPILP) that provides grant funding to intermediary lenders who finance or plan to finance the start-up, expansion, operation of slaughter, or other processing of meat and poultry.	\$ 47	\$ 53	\$ 55	\$ 56		0.40
	Federal Fund [2000] – Agency Total	\$ 47	\$ 53	\$ 55	\$ 56		0.40
	Federal Fund – Agency Total	\$ 16,060	\$ 23,448	\$ 15,096	\$ 13,144		76.52

Narrative

Federal Funds Summary

The Minnesota Department of Agriculture (MDA) receives funding from many federal sources including the United States Departments of Agriculture, Health and Human Services, the Department of the Interior, as well as the Environmental Protection Agency. The MDA obtains federal funds directly from the federal government as the primary recipient or as a sub-recipient of a larger grant from another state agency or outside organization.

Pesticide and Fertilizer Division:

Federal awards received from the Environmental Protection Agency fund core activities such as pesticide enforcement, applicator certification and training, groundwater monitoring urban initiatives, and endangered species activities. MDA matching funds are provided through special revenue funds from the Pesticide Regulatory account. Since the federal funds support only a small portion of the state's pesticide program, MDA matching funds greatly exceed the amount required under the federal awards.

Plant Protection Division:

Through the U.S. Department of Agriculture's Forest Service and Animal Plant Health Inspection Service federal awards support efforts to protect agriculture crops, commodities and forests from a number of plant pests and pathogens. Federal funds are utilized to implement detection programs for invasive pests such as potato cyst nematode, spongy moth, Karnal bunt of wheat, and many others. Plant pest surveys serve as a basis for making decisions to eradicate, contain, or manage plant pest threats. These surveys also serve as a basis for MDA to certify that pests do not exist in Minnesota which ensures open access to a number of foreign markets for Minnesota commodities. Federal funds also help to support eradication and suppression programs for emerald ash borer and spongy moth. When matching funds are required they are provided through State General Fund appropriations, state grants from the Environment and Natural Resources Trust Fund, or local government expenditures. Funds from the U.S. Department of Interior's Fish and Wildlife Service help to compensate farmers and ranchers with damage claims from wolf depredation and provide grants for activities to prevent depredation. Required matching funds are provided by State General Fund appropriations. Funds from the Environmental Protection Agency's Great Lakes Restoration Initiative are utilized to find and control highly damaging noxious weeds within the Lake Superior watershed.

Laboratory Services Division:

Through the U.S. Department of Agriculture's (USDA) Food Safety and Inspection Service, federal funding to the MDA Laboratory Services is used to analyze food matrices for microbiological and chemical threat agents and improve laboratory capacities and capabilities for food defense, surveillance and outbreak response. The USDA also provides funding for the testing of meat sold under their "Equal to Meat & Poultry Inspection" program. These federal dollars are matched with the state's General Fund. Funding received from the Food and Drug Administration (FDA) is used to enhance the capacity and capabilities of state human and animal food testing laboratories in support of an integrated food safety system which aids in the effort to prevent foodborne illnesses and minimize foodborne exposures to microbiological agents, chemical agents, toxins, and poisons. The laboratory receives funding from the USEPA to provide regulatory enforcement testing related incident response events and to test ground and surface water for pesticides to determine their environmental fate. Federal funds for the USDA "Equal to Meat & Poultry Inspection" program are expected to increase due to additional costs necessary to support laboratory testing. General fund match dollars have already increased to meet the funding needs. Federal funding from the FDA has increased slightly as they have modified their approach to food safety laboratory funding by combining three formerly separate grants into one and by allowing laboratories to apply for additional funds necessary to meet new grant deliverables. Funding from all other federal sources is expected to remain stable.

Food and Feed Safety Division:

Federally awarded grants received by the MDA's Food and Feed Safety Division are used to support work completed in accordance with the Animal Feed, Manufactured Food, and Retail program standards. The AFRPS and MFRPS grants are used to further our agency's work with human and animal food safety. They provide a structure for consistency that is followed across the country and allows our inspection programs to ensure standard practices inline with other states. These grants directly fund agency activities and are a vital part of a successful inspection program. The Rapid Response grant is used to support our rapid response team for investigating and tracking human and animal food borne illness outbreaks across the state and country. This includes trace backs, sampling, and onsite inspections that connects to the safety network in other states. This grant plays a vital role in ensure a safe food supply for all Minnesotans. The Produce Safety CAP grant supports state agency activities and some activities through University of Minnesota Extension program. It helps enhance food safety practices within the fresh produce sector by supporting: inventory management, training and educational outreach for produce farmers, technical support for produce growers, and inspections to strengthen produce safety practices. These efforts help reduce foodborne illness risks associated with produce and ensure consistent safety standards across the state.

Dairy and Meat Inspection Division:

Federal funding for the meat and poultry inspection program provided from the USDA Food Safety and Inspection Service is used to match State funding for conducting Federally equivalent inspection work. Additional increases may become available if additional State funding is made available to support these inspection activities. The Division also receives Federal funding from the FDA to support Dairy Inspection related training activities and the purchase of equipment needed to conduct inspections. This funding is available on a grant basis, and is a reimbursement of funds spent on eligible and preapproved activities or equipment.

Ag Marketing and Development Division:

The Ag Marketing and Development Division receives significant funding from the United States Department of Agriculture. Agricultural Marketing Service (AMS) provides annual funding for the Specialty Crop Block Grant, which is intended to enhance the competitiveness of specialty crops with a focus on socially disadvantaged and beginning producers. Farm Service Agency provides funding for an Organic Certification Cost-Share Program, which helps defray the costs of organic certification for both producers and handlers. Food and Nutrition Service (FNS) provides funding for the WIC and Senior Farmers' Market Nutrition Programs (S/FMNP); these funds are used to educate low income, nutritionally-at-risk families about the value of fresh, locally grown produce and to increase direct sales for farmers through farmers' markets. The division is also administering one-time programs through FNS, including a Farm to School Grant, as well as programs

Agency Services Division - Office of Emergency Preparedness and Response:

Federal funds for the following projects will advance the depth of knowledge for state and industry responders. All grants are two years long, though the projects may take a shorter term. The first project brings an innovative depopulation concept to the United States. Exposing floor-raised, caged, and aviary birds to lethal doses of nitrogen gas to cause humane death will advance the options poultry producers have during disease outbreaks, market disruptions, and scheduled flock terminations. The project will last two years and is highly anticipated by the poultry sector. The second project extends continuing education into the realm of animal carcass composting. This federal grant will support a team of University Extension educators as they research, build, and promote an online learning module and in-person field experiences that will give "junior" subject matter experts the community, resources, and options to practice the technical processes learned in the classroom. The third project brings livestock market professionals together in an exercise scenario that simulates an animal disease outbreak. Livestock markets will play a major role in ensuring that diseased animals aren't transported and will be essential to disease surveillance and testing efforts. The fourth project invites emergency management professionals with county-based response roles into the animal disease response universe. They will explore legal authorities and partnership needs to maximize contributions and information-sharing during agricultural emergencies. Finally, the HPAI cooperative agreement was granted to cover costs associated with the ongoing poultry disease response in Minnesota. The grant covers overtime and travel expenses for state agency responders, as well as a portion of the depopulation costs. The period covered by this grant matches the federal fiscal year.

Agency Services Division - Rural Finance Authority (RFA):

The MDA's Rural Finance Authority received a Federal grant from the Meat and Poultry Intermediary Lending Program (MPILP) that provides grant funding to intermediary lenders who finance or plan to finance the start-up, expansion, operation of slaughter, or other processing of meat and poultry. The objective of the MPILP is to strengthen the financing capacity for independent meat processors, and to create a more resilient, diverse, and secure U.S. food supply chain. These funds support efforts, but do not supplant existing State funds. There are not any matching funds from the State. Federal funding for the MPILP provided by the USDA were granted in FY2023 in the amount of \$15 million dollars. The Federal funds are to be utilized within 3 years of the grant. Any repayments may be revolved into the same or other State agricultural lending programs. There will be reasonable loan fees associated to support this program.

Agency Services Division - Emerging Farmers Office:

The Emerging Farmers Office (EFO) receives a grant through the Local Food Purchase Assistance Program, managed by the United States Department of Agriculture (USDA) Agricultural Marketing Service. Minnesota receives funds from the USDA to provide competitive grants to organizations and individuals. These grantees will buy local food primarily from socially disadvantaged farmers and donate that food to underserved communities throughout the state. These purchases and donations are intended to strengthen the local and regional food systems in the state and build new relationships between buyers and sellers of local food products. These funds support the LFPA grant program specifically on a short-term basis, and do not supplant state resources supporting the Emerging Farmers Office and staff. The EFO also offers the Urban Farm Conservation Mini Grant program which awards up to \$5,000 for urban farmers in Minnesota to implement conservation-focused urban farm improvements. This grant is funded by the Minnesota Natural Resources Conservation Service. Through this grant urban farmers will be able to pay for a variety of tools, supplies, services and other expenses related to improving their urban farm. The EFO also received a grant from the Natural Resources Conservation Service to provide marketing and profitability support programs to emerging farmers in Minnesota. Through this \$1 million award, the project team supports capacity building and networking programs, specifically Minnesota Grown, Minnesota Farmers Market Association's Grow Your Green program, and the Emerging Farmers Conference to measurably increase emerging farmer business management skills and brand presence.

Agency Summary:

Current federal appropriation levels as well as guidance provided from our federal agencies were taken into consideration to determine Minnesota Department of Agriculture's federal funding level for the biennial budget years 2026 and 2027. Based on informed communication with our federal agencies, no significant change in future federal funding is foreseen at this time.