



Governor's 2022 Budget Recommendations | Bonding Request

Senate Agriculture & Rural Development Finance & Policy Committee | Feb. 16, 2022

"Our mission is to enhance all 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."

Update Since 2021 Session

- Bioincentive Payments
- Biofuels Infrastructure Grants
- Meat, Poultry, Egg and Milk Processing Grants
- Farm Safety
- FarmLink
- Farm Land Access Teams Pilot Project
- Emerging Farmers Office

Drought Relief: RFA Funding

- **\$5 Million**
- **Summary:** Seeks \$5 million to cover additional loan requests for the program which will greatly assist the number of Minnesota farms financial viability.
- Amend statute 41B.047 to reduce the annual average gross income to 20% and remove the 3-year requirement - the Disaster Loan Program becomes more available to many younger/smaller/beginning farmers, potentially increasing the number of loans.

Drought Relief: Rapid Response Grants

- **\$5 Million**
- **Summary:** MDA will issue non-competitive Rapid Response Grants for livestock and specialty crop producers impacted by recent drought conditions.
- Max grant award of \$5k or \$10k (with legislative authority) matched 1:1 by producer and eligible expenses back to July 1, 2021.

Livestock Processing Facilities Grants

- **\$3 Million**
- **Summary:** Creates a supplemental program outside of the AGRI appropriation to provide grants to meat, poultry, egg, and milk processors. We anticipate these grants would be administered similarly to the AGRI Value-Added Grant and Meat, Poultry, Egg, and Milk Grant (e.g., require a significant matching requirement from the grantee, create parameters on minimum and maximum awards, and focus on the slaughter of Minnesota grown/raised livestock, and expand marketing opportunities particularly for Kosher/Halal markets).

Meat Processing Employee Incentives

- **\$3 Million**
- **Summary:** Grants to local and regional economic development agencies who will work directly with local meat processors. Funds will be used by meat processors to secure new employees by offering sign-on bonuses, relocation allowances, childcare stipends, and retention bonuses after specified intervals through three years. Funds will also be available to provide training in meat processing techniques and entrepreneurial skills for both new and current employees.

Meat Processing Technical Program

- **\$2.5 Million**
- **Summary:** Grants to Central Lakes College and Ridgewater College to supplement existing funding – will provide an infusion of funding necessary for equipment and infrastructure (electric, water, and sewer), facility rental, scholarships, and outreach.

Increased Resources for USDA Equivalent Meat Testing

- **\$200,000**
- **Summary:** Allows Lab to match the federal funds received for analyzing meat samples. The Lab has been supplementing the direct appropriation with transfers from its General Fund in order to meet the statutory Federal funds match. The Laboratory's General Fund account can no longer support this additional transfer. The additional funding is needed to maintain our current regulatory meat testing capacity.
- The ability of the Lab to maintain the required testing program is important to ensuring meat products are safe. Testing is a requirement of the USDA "Equal To" Meat program and is essential to assisting Meat program staff in identifying, correcting, and monitoring food safety issues in meat production environments.

- **\$5 Million**
- **Summary:** Build off the existing General Fund appropriation to Second Harvest Heartland and complement a Coronavirus Relief Fund (CRF) allocation to provide funding for Second Harvest Heartland (on behalf of the other Feeding America food banks) and The Food Group to purchase additional dairy and meat products and culturally appropriate food to meet client needs.
- The MDA would require that a portion of the purchases be from Minnesota producers/processors so that this allocation would have the dual purpose of supporting hunger relief and our agricultural community.

The Good Acre LEAFF Program

- **\$1.5 Million**
- **Summary:** Funds to support the Local Emergency Assistance Farmer Fund (LEAFF) operated by The Good Acre.
- Funds pay BIPOC farmers for excess crops and donates 100% of those crops to organizations providing hunger relief in the Twin Cities.

Expand New Markets (E-Commerce)

- **\$500,000**
- **Summary:** Build on previous cost-share grant program - increase cost-share annual limits and expand program eligibility to include investments in development of food safety plans, including Hazard Analysis Critical Control Points (HACCP), assistance for businesses to move from cottage food registration to full licenses, participation in incubator and accelerator programs, purchase of farm market e-commerce platform systems, and participation in more platform types.

Food and Ag Systems Planning Grants

- **\$1 Million**
- **Summary:** Grants to local governments, regional planning organizations, and Tribes for planning and plan implementation activities for food- and agricultural-oriented economic development.
- Grants will enable local-level planning, public engagement, and coordination needed for successful local economic development strategies.
- Resulting plans will allow for strategic actions and investments by local businesses and supporting organizations such as development of facilities, equipment purchases, and marketing campaigns.

Food Retailer Improvement Assistance

- **\$1.5 Million**
- **Summary:** Build capacity at food retailers (grocery stores, corner stores, and farmers markets) through grants for infrastructure improvement and technical assistance.

Services to Immigrant & BIPOC Producers & Businesses

- **\$2 Million**
- **Summary:** Funds will be granted to support organizations (such as HAFA, LEDC, and MEDA) and regional organizations such as Initiative Foundations who can provide technical assistance, including farm and food business navigators, to emerging farmers and non-English speaking producers and businesses.
- Funds will also be used by MDA for translation of electronic and print materials for emerging farmers and non-English speaking producers and businesses. This includes translation of grant and cost-share application forms as well as translating these forms back into English for the review panels and staff who need to verify and process applications.

Farmers Market & Direct Marketing Support

- **\$1.5 Million**
- **Summary:** Pass-through grant to MN Farmers Market Association (MFMA) for grants to markets to help with resiliency and technical assistance. The MDA would also use funds to aid direct marketing farmers, similar to the cost-share program from 2020.

- **\$2 Million**
- **Summary:** Lays the foundation for a new initiative designed to ensure MDA has information technology infrastructure necessary to accomplish its strategic goals and priorities. This proposal covers the initial stages of efforts needed to plan, choose, acquire, and implement a new customer entity management technology system for MDA.

Copacking Grants

- **\$500,000**
- **Summary:** Establishes a new competitive grant program designed to support manufacturers who offer co-packing or manage commercial kitchens and other key supply chain infrastructure, such as added cold-chain capacity.

Animal Disease Preparedness & Response

- **\$1.5 Million**
- **Summary:** Funding to prepare for and respond to a foreign animal disease such as African Swine Fever (ASF) or High Path Avian Influenza (HPAI). Disease presence anywhere in the country will impact Minnesota producers, but advanced planning and availability of specialized equipment will ensure business continuity and stabilization of adjacent industries.

Grain Indemnity Fund

- **\$5 Million**
- **Summary:** Establish a grain indemnity fund that will protect producers who have unpaid grain sales when grain buyers or warehouses become financially insolvent. The MDA is requesting a one-time investment from the state to establish the fund which will then be replenished through fees associated with sales of grain.

Farm Business Management

- **\$500,000**
- **Summary:** Builds on existing AGRI appropriation to provide for Farm Business Management scholarships and support services targeting farmers facing mediation and farmers involved in specialty crop production and urban agriculture.

Waste Prevention & Sustainable Packaging Assistance

- **\$150,000**
- **Summary:** Funds will help produce growers and businesses market value-added products comply with the Food Safety Modernization Act (FSMA) packaging regulations and increase their use of sustainable packaging materials. These grants would cover the replacement of single-use packaging materials with reusable alternatives, and research and development into sustainable options to industry standard materials.

- **\$1 Million**
- **Summary:** Grants to local units of government and Tribal nations for noxious weed detection, control, and management.

Forever Green Initiative

- **\$3 Million**
- **Summary:** Pass through to University of Minnesota's Forever Green Initiative. Funding will be used to drive development of decentralized and regionalized supply chains for continuous living crops such as Kernza[®] (intermediate wheatgrass), winter camelina, pennycress, and hybrid hazelnut. These funds will support and de-risk production and post-production elements of supply/value chains, including aggregation, primary and value-added processing, distribution, and marketing.

Healthy Soil Grant Program

- **\$12 Million**
- **Summary:** Establishes a new grant program at MDA that supports soil health principles by funding equipment, subscriptions of equipment technology, seed, seedlings, and amendments, technical assistance, etc.
- Prioritize proposals that support soil health principles, are Minnesota Agricultural Water Quality Certification Program (MAWQCP) certified or seeking certification, reduce or avoid GHG emissions, support other complimentary public or private programs.

BWSR Healthy Soil Program

\$17 million in FY23



- **Soil Health Practices**

Cover cropping

No-Till and Strip-Till

Perennial vegetation

Rotational Grazing

- **Benefits**

Increases soil organic matter

Stores atmospheric carbon

Holds more water in the soil

Reduces runoff

BWSR Healthy Soil Program

\$17 million in FY23

According to the USDA
only 2.6% of MN's ag land
includes cover crops¹



UNIVERSITY OF MINNESOTA
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Minnesota Office for Soil Health



¹ National Agricultural Statistics Service

Budget Neutral Changes

- Oriented Strand Board Production Incentive Changes
- Livestock Investment Grant Statute Changes
- Farm Safety Grants Amendment
- Ag Cooperative Grant Reinstatement
- AgBMP Eligibility Expansion

FY2022-FY2023

\$50 Million

FY2024 – FY2025

\$12.5 Million

Bonding Request – East Grand Forks Facility

- **\$377,000**
- **Summary:** Funds would be used to design, renovate, repair and equip the MDA's Potato Inspection Facility in East Grand Forks, MN.
- Improvements will bring the facility up to current standards and allow for the MDA to safely continue to provide services out of the facility. Renovations would improve efficiency, meet current health and safety standards, and address deficiencies.



Thank you

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