



MDA Implementation Update

February 19, 2024

"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."

Total General Fund Investment

- FY24-FY25
- \$163,450,000

- FY26-FY27
- \$125,242,000

MDA IT Modernization

- **\$1M in FY24-25 - fee authorization FY24 and ongoing**
- This funding supports efforts to replace MDA's old and outdated IT systems. By moving to modern technologies, the department will improve customer self-service options and streamline staff work to provide better customer service
- The department has begun transitioning our core customer service functions to Salesforce, a modern and widely used platform
- The MDA was successful in applying to MNIT for a grant from the Technology Modernization Fund and will use these funds to augment appropriated funds

Ag Emergency Account

- **\$1M in FY24**
- This funding helps replenish the MDA's Ag Emergency Account to ensure the agency is ready to respond to ag-related emergencies in a timely manner
- Funds have been very helpful for latest response to HPAI outbreak as well as preparedness work for African Swine Fever (ASF)
 - Balance at over \$1.5M

AGRI Meat, Poultry, Egg, and Milk Processing Grant

- **\$2.5M in FY24-25; \$250,000 ongoing**
- Facilitates the start-up, modernization, or expansion of meat, poultry, egg, and milk processing businesses through investments in equipment and physical infrastructure
- FY 2024 (Fall 2023): Received 34 proposals, requesting ~\$2.1 million. Awarding \$812,000 to 18 grantees
- Re-opening in February 2024

Farm to School Increase & F2S Coordinator (AGRI)

- **\$2.3M in FY24-25, \$2.588 in FY26-27**
- These funds are for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education centers, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education centers for purchasing equipment and agricultural products. \$150,000 rider for coordinator position.
- Helps schools purchase and serve more Minnesota grown and raised products
 - First Bite, Full Tray and Equipment grants
- FY 2024: Received \$1.8 million in requests from 91 applicants; awarding \$935,000 to 48 schools and 14 early child care centers



Kate Seybold, F2S Coordinator

Farmers' Market Grants

- **\$200,000 in FY24-25**
- One-time grant program for infrastructure to support EBT, SNAP, SFMNP, and related programs at farmers' markets
- Based on feedback from farmers' markets and the MN Farmers' Market Association, the MDA is requesting technical changes to the rider that will make this program more effective

The Good Acre LEAFF Program

- **\$600,000 for FY24-25** (onetime appropriation)
- The Good Acre Local Emergency Assistance Farmer Fund (LEAFF) program
- \$300,000/year to compensate emerging farmers for crops donated to hunger relief organizations in Minnesota
- FY 2024 is complete

AGRI Urban Agriculture

- **\$4M in FY24-25, ongoing**
- Increased from \$550,000/year
- FY 2024 RFP released in late January and open until 3/21
- Major changes:
 - Increased focus on community development and school districts
 - Increased maximum award from \$50K to \$100K
 - Expanded eligible costs including transportation and translation

AGRI Good Food Access Program

- **\$1M in FY24-25, ongoing**
- Increased from \$450k per year
- FY24 RFP released in February and open until May 31
- Increased maximum award to \$75k

Deep Winter Greenhouses (AGREETT)

- **\$700,000 in FY24-25 (onetime)**
- \$350,000/year for farm-scale winter greenhouse and development coordinated by U of M Extension Regional Sustainable Development Partnerships
- The MDA has issued the contract to the University of Minnesota

DAIRI Program 2.0

- **\$4 million, onetime in FY24**, available until June 30, 2026
- These funds are for the Dairy Assistance, Investment, Relief Initiative (DAIRI)
- DAIRI 1.0: \$8 million of state funding to incentivize purchase of 5-year Dairy Margin Coverage (DMC). Minnesota dairy farmers who signed up for DMC policies received **\$280 million** in federal payments.
- DMC coverage expired at the end of 2023
- We expect USDA to announce a 1-year DMC option for 2024 this winter. The best outcome is a new Farm Bill that authorizes a 5-year DMC option

International Trade Support

- **\$150,000/year ongoing** to expand international trade office
- Funding supports a full-time international trade representative for trade missions and international marketing support as demand for these services have outgrown our current capacity.
- The MDA has hired Lisa Stout, our second international trade representative



AGRI Biofuels Infrastructure Grants

- **\$6.750M in FY24-25; \$3M/year ongoing**
- Helps retail service stations upgrade their infrastructure to increase access to and sales of motor fuel blends containing at least 15% ethanol
- FY 2024: Received 54 proposals requesting \$9.87 million; awarding \$3.04 million to 16 stations



- Cooperative Development Grants: New this biennium at \$200K/year – RFP out next week
- Meat Processing Hiring Incentive Grants: New this biennium at \$222K in FY24, \$322K in FY25 – RFP out in later February

Meat Processing Liaison

- **\$75,000 per year ongoing (\$75,000 federal match)**
- Supports a Meat Processing Navigator position at the MDA to assist new and prospective meat processing plants to navigate the food safety regulatory requirements for becoming a meat processor, find available grants and potential funding sources, and work through other local processor issues, such as zoning, plumbing and other infrastructure requirements
- Hired Megan Jansa in early Fall of 2023
 - Megan has many years of experience working with meat inspection requirements (from another State) and has already been a valuable contributor to the program and our outreach work

Down Payment Assistance Grants Increase

- **\$250,000 per year ongoing**
- These funds are to award and administer down payment assistance grants for farmers buying land for the first time – this increase makes each annual round \$1M

Down Payment Assistance Grant

Round 1 (FY23, Jan – June 2023)

- First-come, first-served with applications exceeding allocation in <10 minutes
- 32 awardees, \$478,500 total
- Legislative report available now with more data and awardee demographics

Round 2 (FY24, ongoing)

- Legislative changes: replace first-come with random lottery, preference to emerging farmers, doubled funding to \$1M, carry-over funding allowing more time for awardees to close on purchases
- 32 grants (\$480K) funded so far

Round 3 opening FY25, late summer or early fall

Emerging Farmers Office Expansion

- **\$1.2M in FY24-25, \$1.7M in FY26-27**

Funds will support the additional staff needed to provide services for emerging farmers throughout Minnesota, specifically in the areas of grant management, oversight, coordination, communication and technical support, administration and logistics, overall office management, and Tribal consultations. These positions are in addition to the existing position in the office - the Emerging Farmer Outreach & Engagement Coordinator.

This funding also supports the Beginning Farmer Equipment and Infrastructure Grants, and Services to Immigrant and BIPOC producer and food-system businesses. Staff within the Emerging Farmers Office will develop and manage these technical assistance services.

- \$275,000 in Technical Assistance Grants to Community Development Financial Institutions (CDFI) (on-going work)
- \$25,000 for translation services (on-going work)

Emerging Farmers Office Staff

MDA hired Lillian Otieno as the EFO's first Director in October 2023.



MDA hired Emily Toner as a Senior Grants Specialist in early January 2024.



Grain Indemnity Fund

- **\$10M in FY24 (onetime)**
- This appropriation from the General Fund is to establish a grain indemnity fund that will protect producers who have unpaid grain sales when grain buyers or warehouses become financially insolvent
 - After initial investment, the fund will be replenished through fees associated either with sales of grain or in lieu of current bonding costs
- Forms and processes have been updated so that claims can be made on the Indemnity Fund,
 - No valid claims have been made against the Fund to date
- Grain Advisory Group met through the fall and the required report on financials and bonding is nearly complete (due 2/1/24)
- We have begun scoping what will be required to collect funds should the Indemnity Fund drop below \$8M

Funding for Pollinator Research Account

- **\$800,000 in FY24, \$100,000 per year starting in FY26**
- This is funding to the University of Minnesota (including consultation with the MDA) to fund research and outreach activities focused on improving pollinator habitat and pest management practices that reduce the effects of pesticides on pollinators while retaining the economic strength of Minnesota's agriculture. Topics could include, but are not limited to IPM, pest economic thresholds, pesticide seed treatments, pesticide risks to pollinators, and identifying pesticides management programs that are compatible with pollinators.

Pollinator Research Account

- **\$800,000 transferred to the Board of Regents**
- University of Minnesota issued a request for proposals in October 2023
- Pollinator Research and Outreach Grant Program Review Committee scored submitted projects in December 2023
- The MDA invited to the scoring meeting but has no role in selecting the projects

Heritage Oilseed Research

- **\$600,000 in FY24-25**
- These funds are appropriated to the MDA for a onetime grant to the UMN to evaluate, propagate, and maintain genetic diversity of oilseeds, grains, grasses, legumes, and other plants that were in commercial distribution and use in MN before 1970.
- The \$300k appropriation for FY24 has been transferred to the University of Minnesota.

Soil Health Financial Assistance Program

- **\$1.25M in FY24-25, \$639,000 per year ongoing**
- This proposal builds on the new Soil Health Financial Assistance Program (SHFAP) that began as a pilot last year with a \$500,000 appropriation. It supports the state's Healthy Soil Management Plan through the voluntary implementation of soil health management practices by awarding funds to access specialized equipment and machinery.
- **\$3M for FY24-25 from Clean Water Funds**
- Popular equipment: no-till drills & air-seeders, strip till machines, various other cover crop seeding equipment

FY24: Soil Health Financial Assistance Program

Applications	Awards	\$ Awarded	Average Award	\$ Requested	Affected Acres (annually)
284	81	\$2,312,352.51	\$28,547	\$8.4 million	153,032

Continuous Living Cover Grants

- **\$500,000 in FY24-25**
- This is funding for grants to organizations in Minnesota to develop enterprises, supply chains, and markets for continuous-living cover crops and cropping systems in the early stages of commercial development. For the purposes of this paragraph, "continuous-living cover crops and cropping systems" refers to agroforestry, perennial biomass, perennial forage, perennial grains, and winter-annual cereal grains and oilseeds that have market value as harvested or grazed commodities.
- RFP Process: Closed Oct. 2023 and we selected 5 of the 15 projects at \$50,000/grant.

PFAS in Pesticides Review Report

- **\$250,000 in FY24-25**
- These funds are for the MDA to do a PFAS in pesticide review to determine which pesticides contain PFAS.

The commissioner of agriculture must conduct a review of existing published literature and other available information on the presence of PFAS in pesticides used in Minnesota.

- The MDA hired a temporary research scientist position to write the review report
 - Interim report was submitted to the agricultural committee on 2/1/24
 - Final report is due by 2/2/25

Fertilizer Inspection Fee Increase

- During the 2023 legislative session Minnesota Statutes Section 18C.425 Subdivision 6(e) was amended to state:

By commissioner's order, the commissioner must set the inspection fee at no less than 39 cents per ton and no more than 70 cents per ton. The commissioner must hold a public meeting before increasing the fee by more than five cents per ton.

- As of January 1, 2024, the inspection fee was increased by \$.05 cents per ton, so that the new inspection fee is \$0.44 per ton.
- At the same time, the Agricultural Chemical Response and Reimbursement Account (ACRRA) fee on fertilizer tonnage was reduced from \$0.48/ton to \$0.32/ton.

Fertilizer Inspection Fees as of January 1, 2024

	2023	2024
Inspection fee	39 cents / ton	44 cents /ton
AFREC	40 cents / ton	40 cents / ton
ACRRA	48 cents / ton	32 cents / ton
Total	\$1.27 / ton	\$1.16 / ton

Thank You!

Questions?

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