



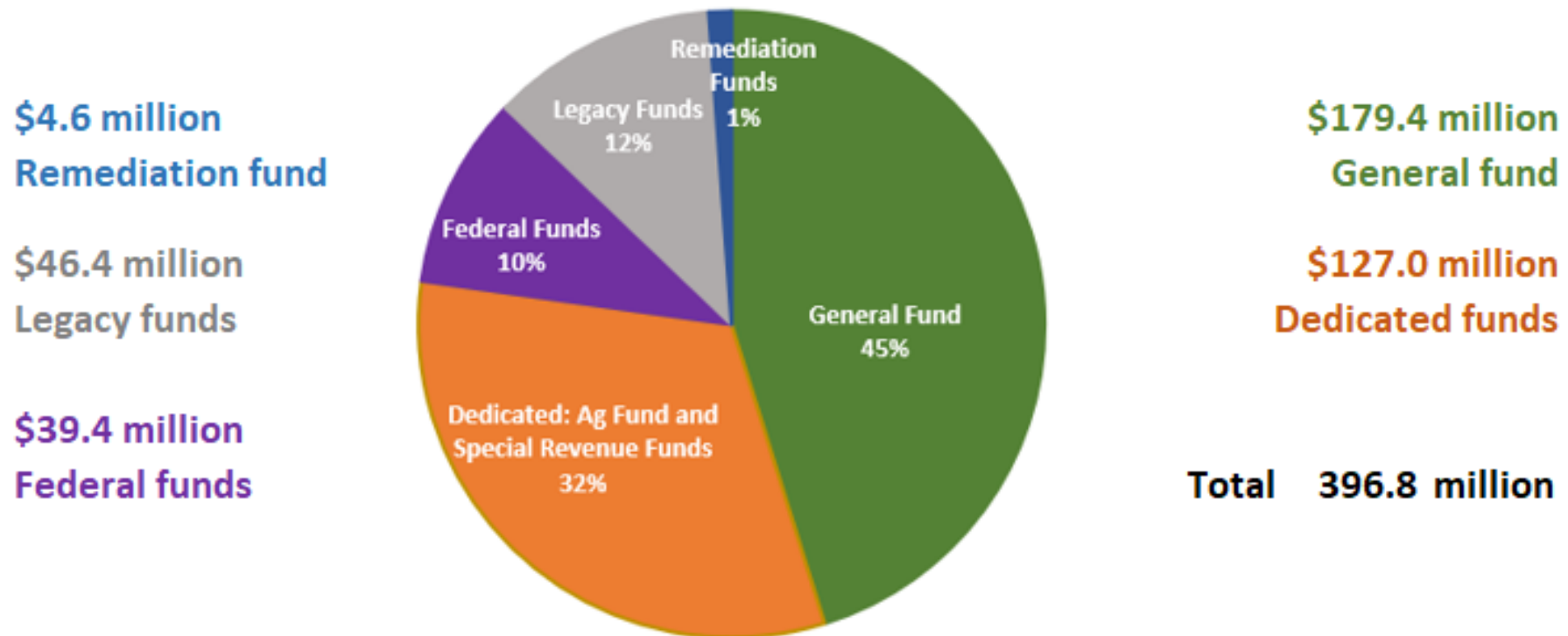
Federal Funds Update

Thom Petersen | Commissioner

February 17, 2025

MDA Fund Overview

MDA FY2024-25 Expenditures by Fund



Funds Impacting Minnesota's Food Systems

Local Food Purchase Assistance (LFPA)

- Purpose: Maintain and improve food and agricultural supply chain resiliency
- MDA received \$8,141,877 in total from federal funding (\$4,321,877 in CCC and \$3,820,000 in ARPA)
- Without funding the LFPA program will cease to exist, resulting in three staff will be laid off

Local Food for Schools (LFSCC)

- Purpose: Award funds to states for food assistance purchases of domestic local foods for distribution to schools and child care institutions
- USDA AMS has obligated \$13,271,866 for the LFSCC (\$9,226,348 for food purchases for schools, and \$4,045,518 for food purchases for child care institutions from CCC)
- Cooperative agreement signed January 2025 and State Plan due by April 30

Resilient Food System Infrastructure (RFSI)

- Purpose: Build resilience in the middle of the food supply chain
- Awarded \$12,251,651 of ARPA funds for the program (\$9.5M was awarded through infrastructure grants to 11 businesses and organizations)

Funds Impacting Minnesota's Food Systems

Meat Processing and Intermediary Loan Program (MPILP)

- Purpose: Strengthen the financing capacity for independent meat processors, and to create a more resilient, diverse, and secure U.S. food supply chain
- \$15M million grant from USDA Rural Development to administer loans for meat processing
- Loss of funds would result in not being able to fund loans already committed

Meat & Poultry Inspection

- Program is funded at \$2 million annually from USDA Food Safety Inspection Service (FSIS)
- 27 staff between the Dairy and Meat Inspection Division and Lab that are paid in part from this funding
- “Equal To” program funded by USDA “Up to 50%” – normally provides full 50% match - only at 31% for FY24
- Additional reductions would significantly compromise program resources and ability to test for food safety pathogens

Funds Impacting Minnesota's Food Systems

Food Inspection & Safety

- The Food and Feed Safety Division is funded through federal cooperative agreements, contracts, and contract inspections
 - 9.87 FTE are directly supported by cooperative agreements with roles supporting field inspections, outbreak and emergency response, and quality management systems; 3.81 FTE are directly supported by contract inspection, specifically inspection positions
- The MDA has already absorbed federal funding reductions since 2019, resulting in an annual revenue reduction totaling \$965,000
- When combined with inflation and operational expense increases, the MDA food safety programs are now predicting a funding shortage in FY26
 - Reductions would result in reduced inspection capabilities and outbreak investigation capacity

Lab

- Reduction or elimination of funds will impact the Lab and could necessitate layoffs
 - Uncertainty of upcoming grant cycles and if they will be funded at same levels
 - The lab receives funding directly from the USDA and FDA as well as federal funds from MDA divisions (FSIS, USDA, EPA, and FDA)

Funds Impacting Minnesota's Environment

Regional Conservation Partnership Program - Supplemental Agreement between MDA and NRCS for Technical Assistance

- Purpose: 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
- Requires a state match of \$435,000

Pesticide Performance Partnership Grant EPA

- Purpose: Supports pesticide programs, groundwater and surface monitoring
- Requires a state match of \$350,000 and supports 2.2 FTE

Funds Impacting Minnesota's Environment

Invasive species

- The MDA receives \$1.5-\$2 million per year in federal funds for invasive species that:
 - Fund the spongy moth management program (trap and treat; program is facing a 20% cut (USDA APHIS) as the pest advances into the state
 - Fund detection work for agricultural invasives in specialty and commodity crops, outreach on invasive species and management research on newly arrived invasives
- Additionally, cuts to invasive species monitoring, which has seen flat funding for 20 years, limit the state's ability to detect and manage new threats

Climate Pollution Reduction Grants (CPRG)

- Purpose: Provides nearly \$5 billion in grants to states, local governments, tribes, and territories to develop and implement ambitious plans for reducing greenhouse gas emissions and other harmful air pollution
- The CPRG grant via EPA through the MPCA (\$200M total) allocates \$9.8 million to the MDA for grants to producers in the MN Ag Water Quality Certification Program (MAWQCP), \$9.7 million for soil health equipment grants in the Soil Health Financial Assistance Program (SFHAP), and \$500,000 for grants in the Continuous Living Cover Market Development Grants program

Funds Impacting Minnesota's Farmers

Specialty Crop Block Grant

- Purpose: Enhance the competitiveness of specialty crops. Specialty crops are defined as “fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture)”
- MDA has four open grants with USDA right now (FFY 2021-FFY 2024)
 - Open grants range from \$1.35M to \$1.78M. The open FFY 2021 grant is CARES Act funded

Nutrient Recovery and Anaerobic Digestion Project

- Purpose: Support and develop a nutrient recovery industry in Minnesota that would produce domestic fertilizer, increase agricultural sustainability, and improve water quality
- Award is a one-time congressionally designated spending of a \$500,000 total award from NRCS to the MDA

Funds Impacting Minnesota's Farmers

Wolf Depredation

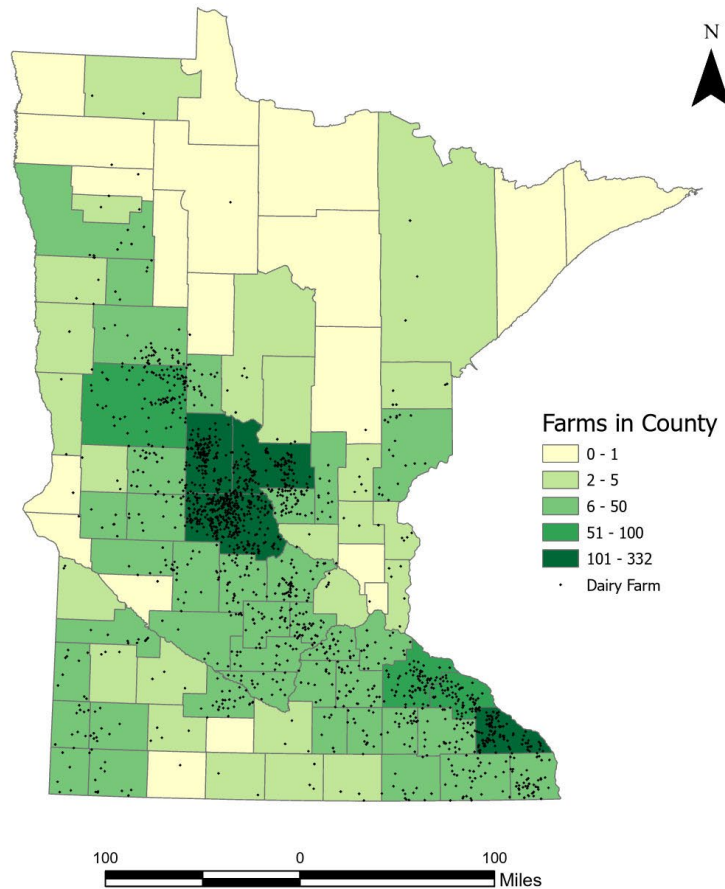
- Reduced funding from U.S. Fish & Wildlife Services has resulted in less money available to compensate and prevent livestock depredation
- General Fund appropriation of \$175,000 per year (can also be used for elk depredation)

National Milk Testing Strategy

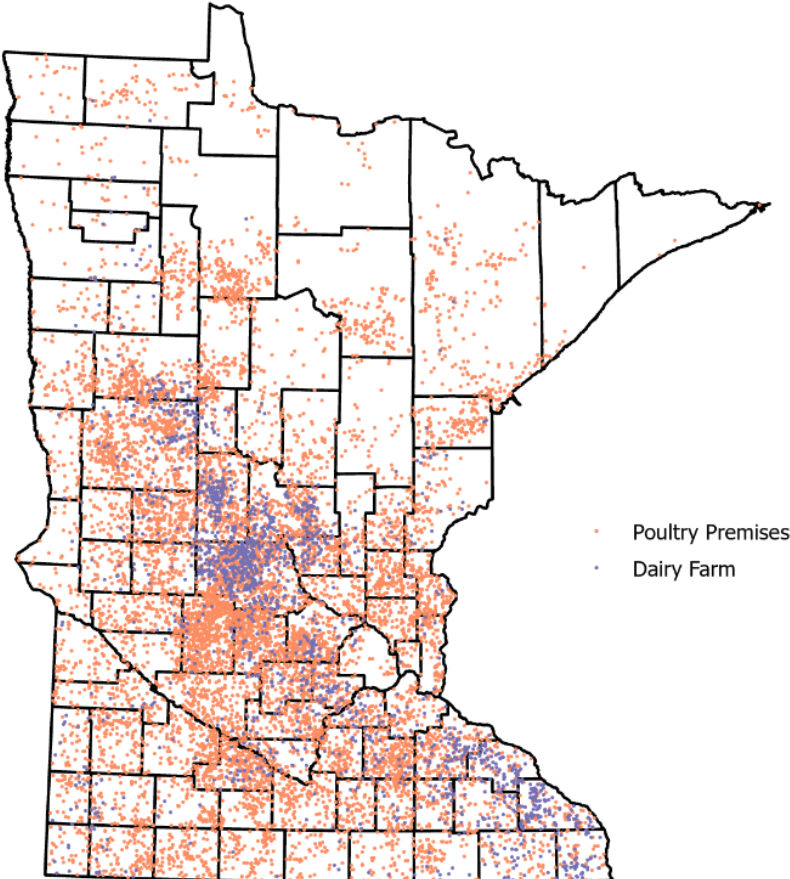
- Purpose: Facilitates comprehensive H5N1 surveillance of the nation's milk supply and dairy herds. It provides a strategy to identify which states and herds within them are affected with H5N1
- There is a five-stage roadmap to demonstrate the elimination of this virus from dairy herds
- Testing to begin in late February

Dairy and Poultry Farm Locations

Dairy Farms (2024)



Poultry + Dairy Farms (2024)



Ag Emergency Account

| Item | Expenditure |
|-----------------------------------|------------------|
| Salaries (FT + PT) | 58,408 |
| Overtime* | 706 |
| HPAI Response Contractors* | 281,343 |
| Communications | 3,408 |
| Travel* | 142 |
| MNIT Services | 2,119 |
| Supplies* | 213,721 |
| Personnel Fit-Testing | 423 |
| Other | 15,133 |
| TOTAL | 516,288 |
| Fund Balance as of Jan. 21 | 1,686,230 |

- Account Balance July 1, 2024: \$2,202,518
- HPAI response is the largest share of expenses
- Detections of HPAI in poultry and wildlife continues
- Milk surveillance testing
- Annual maintenance of state emergency response assets
- Preparedness events (exercises, trainings) for industry and IMT

* = Portion reimbursed by USDA

Funds Impacting the Board of Animal Health

| Source of Funds | Fiscal Year 2024 Expenditures |
|--|-------------------------------|
| State - General Fund Appropriation | \$5,897,920 |
| Federal | \$1,267,562 |
| State - Emergency Preparedness | \$196,177 |
| Restricted Miscellaneous Special Revenue | \$121,581 |
| TOTAL | \$7,483,240 |

In FY24 approximately \$17% of the BAH's budget came from federal funding

- This does not include the field staff that work in collaboration with the BAH
 - Federal staff assist with inspections of farmed Cervidae premises, markets, Foreign Animal Disease (FAD) investigations, import violation investigations, reportable disease investigations and quarantines, garbage feeder inspections, exhibition inspections, and emergency disease response including HPAI/H5N1

Board of Animal Health – Federal Funding & Staff

All federal funding for BAH is from USDA-APHIS in the form of cooperative agreements

- If funding was eliminated or reduced, the BAH would have a large budget deficit, particularly in staffing and diminished disease response capabilities
- BAH receives about \$1.3M in federal funding, mostly for disease testing and disease response

The BAH works collaboratively with USDA field staff to ensure uniform coverage of the state and respond to disease

- Workload is about 2/3 BAH staff and 1/3 USDA staff (uncertainty going forward)
- The BAH has 7 veterinarians and 5 ag advisors, and the USDA has 7 veterinarians and 4 animal health technicians in the field in Minnesota

The BAH is currently responding to 3 disease events: aMPV, HPAI and H5N1

- Lab capacity at VDL, MPTL and NAHLN labs is essential to response efforts

Thank you!

Thom Petersen

Thom.petersen@state.mn.us

651-201-6219