

Agency Purpose

The mission of the Minnesota Department of Agriculture (MDA) is to enhance Minnesotans' quality of life by ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy.

From the farm to your family, the MDA ensures that Minnesota agricultural products used in production or available for consumption meet or exceed regulatory standards. These standards are set by state and federal laws that ensure the quality of products and the safety of food. The MDA also helps sustain and enhance the economic and environmental conditions of the agricultural sector in a number of ways. Since Minnesota produces more food and agricultural products than its citizens can consume, it must focus on marketing strategies that encourage exports to other states and countries. The MDA plays a lead role in helping the state's farmers and agricultural businesses build trade relationships with potential customers in other states and countries.

Core Functions

The Protection Services Program provides regulatory oversight for agricultural products from the farm to retail stores. Many of these regulatory activities touch consumers' everyday lives. For example, the MDA protects consumers by inspecting food and dairy products, dairy farms, food processing facilities, grocery stores, and even food stands at the Minnesota State Fair. The MDA also regulates, inspects and analyzes animal feed, fertilizers and pesticides; it performs laboratory analysis on food products and inspects fresh produce moving into or out of Minnesota. The MDA helps protect the environment by monitoring surface and ground water for possible contaminants and by preventing the establishment of destructive tree and plant pests such as gypsy moths.

The Agricultural Marketing and Development Program helps sustain and enhance farmers' economic and environmental well-being through a number of services. The program develops and tests new farming practices that help minimize environmental impacts, educates farmers about these practices and encourages their implementation with education and technical assistance. During the growing season, this program provides farmers updated plant pest information, which helps farmers determine how and when to take action to protect their crops. The program also helps the state's agricultural community expand existing markets and develop new markets for Minnesota agricultural products. This includes developing international trade opportunities, promoting a program to encourage consumers to buy locally-grown food, and encouraging value-added activities.

The ethanol producer payment program was authorized by the 1986 legislature. In FY 2009, eight plants are eligible for quarterly producer payments based on their eligible production.

The department also manages the NextGen Energy Board, which provides recommendations about how the state can most efficiently achieve energy independence through agriculture and natural resource sustainability. In 2009, the department, with recommendations from the board, will issue grants to spur the development of new technologies for bio-energy production.

The Administrative Services Program provides leadership and administrative support to the agency, gathers important statistical information for the farm sector, and offers grants and assistance to individuals and organizations. This program provides overall leadership and coordination of agency efforts. It coordinates communication with internal and external stakeholders including farmers, media, and other government bodies. It provides fiscal oversight to the department and provides important information on employment and benefits to

At A Glance

What does agriculture offer Minnesota in the 21st century? Aside from providing the world's most abundant and wholesome food supply, agriculture remains a cornerstone of our state economy.

- ◆ Agriculture and its related industries account for about 15% of all Minnesota jobs, making it the state's second largest economic sector.
- ◆ More than 80% of all agricultural jobs are off-farm, in processing, distribution, supply, and service activities.
- ◆ Exports of farm products bring in nearly \$3 billion to the state each year.
- ◆ Minnesota is the seventh largest exporter of agricultural products among the states, leading in turkey exports and ranking in the top ten in milk, soybeans, pork and many other commodities.
- ◆ More than half of the state's total land area is farmland.

MDA works to help ensure that all this activity remains orderly, safe, and profitable.

employees. Producers use the statistical information gathered by our joint federal/state division of Ag Statistics to learn about important trends in their industry. The Ag Statistics program produces publications that provide valuable information on crop conditions and production statistics and forwards information on Minnesota agriculture to the U.S. Department of Agriculture (USDA).

Operations

The department's main office is at 625 Robert Street North, in St. Paul. However, since most of the regulatory and promotion services we provide require face to face contact with our farmers, producers, and consumers, almost half of our staff is scattered throughout the state in the areas they serve. Our inspectors are responsible for on-site inspections of facilities. These inspections ensure that the agricultural products and processes meet applicable standards for quality and integrity. For example, the fertilizer we use on our lawns must meet quality standards just as the fertilizer used in production agriculture. The pesticides we use in our homes are regulated just as those used by farmers. Milk is inspected at many points, from the farm to the milk plant to our supermarkets. Sustainable agricultural practices, such as biological control of weeds and pests, benefit not only the farmers but the shoppers in urban shopping malls.

In addition to ensuring the safety and integrity of products, the department helps farmers and agribusinesses market those products in an increasingly competitive global marketplace. The MDA encourages value-added activities and the development of new domestic markets for existing agriculture products, and it works with other state offices to stimulate international exports of Minnesota-grown agricultural products. This is done to help keep Minnesota's agricultural community competitive in the world marketplace.

Budget

The MDA budget comes from multiple funds. These funds include the general fund for operations and for bio-energy programs, dedicated revenue funds, federal funds, and loan funds.

Over half of all money expended is appropriated from the general fund. Of this amount, approximately 35% is for ethanol producer payments. Most of the balance supports agency program operations.

Dedicated funds spent by the MDA (special revenue and ag fund) provide operational costs for various programs. Most dedicated funds are fee revenues, deposited in individual accounts and statutorily appropriated for the costs of the specific services provided.

Some regulatory programs collect various fees that defray the cost of services to the general fund. These fees are deposited to the general fund as non-dedicated revenues.

MDA continues to apply for federal funds that complement our areas of responsibility.

MDA also administers several agricultural loan programs. Funding for these loan programs is provided through a variety of sources that include user-financed bonds.

Contact

For additional policy information, please contact Quinn Cheney, Director of Policy Development at (651) 201-6180 or Quinn.Cheney@state.mn.us.

For additional budget information, please contact Steve Ernest, Financial Management Director, at (651) 201-6580 or Steve.Ernest@state.mn.us.

MDA's website is www.mda.state.mn.us Our website contains additional information on each of the divisions in the agency, licensing information, food recalls information, and more. For information on how this agency measures whether it is meeting its statewide goals, please visit www.departmentresults.state.mn.us/agriculture

Dollars in Thousands

	Current		Forecast Base		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	368	368	368	736
Forecast Base	0	368	0	0	0
Change		0	(368)	(368)	(736)
% Biennial Change from 2008-09					-100%
General					
Current Appropriation	52,608	40,992	40,992	40,992	81,984
Forecast Base	52,608	40,992	39,768	39,768	79,536
Change		0	(1,224)	(1,224)	(2,448)
% Biennial Change from 2008-09					-15%
Remediation Fund					
Current Appropriation	388	388	388	388	776
Forecast Base	388	388	388	388	776
Change		0	0	0	0
% Biennial Change from 2008-09					0%
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	14	0	0	0	0
Direct Appropriations					
Environment & Natural Resource	110	479	0	0	0
General	43,649	45,998	39,968	39,657	79,625
Federal	192	0	24	30	54
Remediation Fund	379	0	262	260	522
Statutory Appropriations					
Clean Water Revolving Fund	5,970	2,802	4,331	5,105	9,436
Miscellaneous Special Revenue	6,229	4,194	3,899	4,049	7,948
Agriculture Fund	16,948	19,646	18,478	18,258	36,736
Federal	5,315	8,475	7,999	8,192	16,191
Remediation Fund	941	2,770	2,499	2,501	5,000
Rural Finance Administration	348	500	500	500	1,000
Miscellaneous Agency	416	422	215	187	402
Gift	57	138	35	25	60
Total	80,568	85,424	78,210	78,764	156,974
<u>Expenditures by Category</u>					
Total Compensation	29,063	33,284	33,442	34,131	67,573
Other Operating Expenses	18,404	26,323	21,173	20,208	41,381
Payments To Individuals	4,050	630	607	608	1,215
Local Assistance	19,614	21,434	17,742	17,703	35,445
Other Financial Transactions	9,437	3,753	5,236	6,104	11,340
Transfers	0	0	10	10	20
Total	80,568	85,424	78,210	78,764	156,974
<u>Expenditures by Program</u>					
Protection Services	34,135	43,301	39,889	39,596	79,485
Ag Marketing & Development	6,787	8,299	13,032	13,803	26,835
Value-Added Products	16,372	17,854	15,168	15,168	30,336
Agency Svcs & Financial Assist	23,274	15,970	10,121	10,197	20,318
Total	80,568	85,424	78,210	78,764	156,974
Full-Time Equivalent (FTE)	400.7	352.3	340.0	340.0	

Program Description

The purpose of the Protection Services Program is to protect the state's citizens and environment by ensuring the quality, integrity, and safety of agricultural and horticultural products that are produced and used in Minnesota.

Budget Activities

- ◆ Pesticide and Fertilizer Management
- ◆ Plant Protection
- ◆ Dairy and Food Inspection
- ◆ Laboratory Services

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	368	368	368	736
Technical Adjustments					
One-time Appropriations			(368)	(368)	(736)
Forecast Base	0	368	0	0	0
General					
Current Appropriation	14,655	13,528	13,528	13,528	27,056
Technical Adjustments					
Approved Transfer Between Appr Transfers Between Agencies			(311) (527)	(311) (527)	(622) (1,054)
Forecast Base	14,655	13,528	12,690	12,690	25,380
Remediation Fund					
Current Appropriation	388	388	388	388	776
Forecast Base	388	388	388	388	776
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	0	368	0	0	0
General	12,466	14,282	13,176	12,865	26,041
Remediation Fund	379	0	262	260	522
Statutory Appropriations					
Miscellaneous Special Revenue	25	42	31	32	63
Agriculture Fund	15,439	18,118	16,968	16,757	33,725
Federal	4,484	7,508	6,768	6,996	13,764
Remediation Fund	941	2,770	2,499	2,501	5,000
Miscellaneous Agency	395	213	185	185	370
Gift	6	0	0	0	0
Total	34,135	43,301	39,889	39,596	79,485
<u>Expenditures by Category</u>					
Total Compensation	20,525	23,659	23,595	23,968	47,563
Other Operating Expenses	13,606	19,642	16,294	15,628	31,922
Payments To Individuals	4	0	0	0	0
Total	34,135	43,301	39,889	39,596	79,485
<u>Expenditures by Activity</u>					
Pesticide & Fertilizer Mgmt	10,719	14,863	13,966	13,253	27,219
Plant Protection	5,918	7,090	6,781	6,831	13,612
Dairy & Food Inspection	9,744	12,323	11,234	11,299	22,533
Laboratory Services	7,754	9,025	7,908	8,213	16,121
Total	34,135	43,301	39,889	39,596	79,485
Full-Time Equivalents (FTE)	286.5	242.8	242.8	242.8	

Activity Description

Pesticide and Fertilizer Management (PFM) regulates pesticides and fertilizers within Minnesota including any matter relating to registration, labeling, distribution, sale, handling, use, application, or disposal. This encourages fair competition, quality assurances for customers as well as protection of human health and the environment. To accomplish this responsibility the division uses a range of regulatory and voluntary programs.

Population Served

All citizens of the state, producers, and agricultural industries benefit from PFM activities. PFM activities directly affect agriculture, and help provide protection of Minnesota’s land and water resources. A significant amount of the regulated activities occur in urban areas since pesticide and fertilizer products are used on many kinds of property, including residential, commercial, public and private buildings and lands. The division works directly with other states and countries to facilitate uniform regulatory programs.

Services Provided

PFM has responsibilities in three categories:

- ◆ traditional pesticide and fertilizer regulation;
- ◆ water quality protection; and
- ◆ pesticide and fertilizer emergency response and remediation.

Regulatory strategies include education, training, monitoring, licensing, permitting, and promotion of voluntary practices along with inspection, investigation, and enforcement actions. In addition, the PFM division promotes voluntary best management practices (BMPs) for the protection of water quality.

The traditional mission of the division has been to ensure that pesticide and fertilizers were properly labeled and met legal criteria. This provided fair competition for the industry and guaranteed product quality for farmers and consumers. This mission is still important, but there is an increasing emphasis on water quality protection, product use and sale in urban areas. All tasks have become increasingly complex.

The division conducts a variety of fixed facility inspections for pesticides and fertilizers. Products are registered and individuals, sites and companies are certified, licensed or permitted. Education and compliance workshops update and communicate legal requirements or voluntary practices to clientele. Water quality monitoring is conducted for ground and surface waters. The division administers remediation and response to agricultural chemical incidents using state superfund or an industry-supported funding program. Additionally, the division facilitates property transfers by the oversight of environmental site assessments.

Activity at a Glance

- ◆ Implemented a single-entry, paperless, all-weather, electronic inspection and document management system for fertilizer and pesticide programs
- ◆ Issued nearly 30,000 licenses and certifications to pesticide applicators, dealers, and fertilizer companies
- ◆ Permitted over 1,100 chemigation (applying pesticides through an irrigation system) sites
- ◆ Registered 13,000 pesticide products
- ◆ Collected over 1,000 pesticide samples for water quality measurements such as trend analysis for ground and surface water in urban and rural areas of the state
- ◆ Processed 60 applications for \$2.39 million in reimbursements for agricultural chemical cleanups under the Agriculture Chemical Response and Reimbursement Account (ACRRA) program
- ◆ Obtained federal funds for an arsenic site remediation by achieving the listing on the national list of superfund sites
- ◆ Permitted over 600 ag chemical storage sites
- ◆ Certified 50 manure testing laboratories
- ◆ Responded to over 300 agricultural incidents such as chemical spills and anhydrous ammonia releases
- ◆ Surveyed over 4,000 producers and 1.8 million acres of corn, soybeans, wheat and hay for pesticide use
- ◆ Conducted 532 pesticide inspections.
- ◆ Registered nearly 3,350 Fertilizer, and Soil and Plant Amendment products
- ◆ Certified nearly 7,500 people annually to receive a pesticide applicator license or certification

Historical Perspective

Since the 1980s, public interest in environmental issues regarding pesticides and fertilizers has greatly increased. The revision of the Minnesota Pesticide Control Law in 1987 and the passage of the Comprehensive Groundwater Protection Act of 1989 resulted in significant and broad new responsibilities for the division. Programs such as waste pesticide collection, emergency response, superfund, agricultural chemical cleanup reimbursement, water quality monitoring, and increased applicator licensing and certification of applicators added not only a heavy workload but a changed focus to the services provided by the division. These programs also require highly technical and scientifically based regulatory action.

In late 2005, the MDA reorganized. Pesticide and fertilizers programs, formerly a significant component of the Agronomy and Plant Protection Division were separated into a single division and renamed the Pesticide and Fertilizer Management (PFM) division.

MDA has been a leader in developing programs that respond effectively to new challenges. Programs such as Agriculture Chemical Response and Reimbursement Account (ACRRA) program, waste pesticide collections, ground and surface water monitoring programs are nationally recognized for their effectiveness and innovation.

Key Activity Goals

- ◆ **Minnesota will have sustainable, strong economic growth.**
The agricultural sector drives the economy in much of the state. The sound regulation of pesticides and fertilizers support this economic growth by providing consumers with confidence in food quality and safety.
- ◆ **Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy.**
The promotion of BMP, the use of pesticides and fertilizer when needed and the regulatory oversight of the use, handling and storage of these materials benefit Minnesotans while providing the protection of human health and the environment.
- ◆ **Minnesotans will improve the quality of the air, water and earth.**
Pesticides and fertilizer are used in many ways to protect landscapes from pests and improve the quality of Minnesota's environment. The promotion of Best Management Practices, along with sound regulations on the use, handling and storage of these materials provide for the protection of the environment.

Key Activity Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following.

- ◆ Pesticide license applications will be processed within seven business days of receipt of licensing application.
- ◆ The number of farms participating in nutrient demonstration sites will be increased by 10% each year.
- ◆ PFM will begin investigations the same or the next day for at least 80% of the pesticide misuse cases involving human or animal exposure, as recommended by the Office of the Legislative Auditor (OLA).
- ◆ 80% of routine pesticide misuse complaints will be processed within six months of notification.
- ◆ Waste pesticide collection operations will be coordinated with all 87 counties annually.
- ◆ Migration to a paperless inspection system will be completed.

Activity Funding

This activity receives the majority of its funding from pesticide and fertilizer fee revenues, deposited in and statutorily appropriated for their dedicated uses from the Agricultural Fund. In addition, this activity also receives some funding from other sources to support its activities such as federal grant money for the administration of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), other federal grants, state general funds and funds from the Remediation Fund for state superfund administration and projects.

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: PESTICIDE & FERTILIZER MANAGEMENT

Narrative

Contact

For additional information on this activity, please contact Greg Buzicky, Division Director, at (651) 201-6639 or Greg.Buzicky@state.mn.us

Information on this division's programs and staff can be found at the MDA website:
<http://www.mda.state.mn.us/about/divisions/pfmd.htm>

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: PESTICIDE & FERTILIZER MGMT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,254	767	767	767	1,534
Forecast Base	2,254	767	767	767	1,534
Remediation Fund					
Current Appropriation	388	388	388	388	776
Forecast Base	388	388	388	388	776
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	716	1,475	1,253	942	2,195
Remediation Fund	379	0	262	260	522
Statutory Appropriations					
Miscellaneous Special Revenue	25	30	28	29	57
Agriculture Fund	8,158	9,906	8,959	8,634	17,593
Federal	500	682	965	887	1,852
Remediation Fund	941	2,770	2,499	2,501	5,000
Total	10,719	14,863	13,966	13,253	27,219
<u>Expenditures by Category</u>					
Total Compensation	5,671	6,718	7,158	7,286	14,444
Other Operating Expenses	5,048	8,145	6,808	5,967	12,775
Total	10,719	14,863	13,966	13,253	27,219
Full-Time Equivalents (FTE)	70.9	50.1	50.1	50.1	

Activity Description

Plant Protection Division (PPD) regulates seed, noxious weeds, nursery stock, invasive/exotic pests and apiaries. Division staff also provides inspection and certification services for fruit and vegetables, and agricultural products for export. In addition, PPD is responsible for survey, monitoring and eradication of new plant pests. This ensures that we promote and encourage global trade and at the same time protect our agricultural crops and our natural environment from unwanted exotic or invasive plant pests that are an unwelcome byproduct of global commerce. Concurrently, importers or consumers of Minnesota agricultural products and commodities demand assurance or official certification that Minnesota products meet certain prescribed standards and requirements.

Population Served

All citizens of the state, and especially producers, consumers, processors, exporters and agricultural and forestry industries, benefit from PPD activities. PPD activities directly affect agriculture and the protection of environmental resources statewide, including our urban areas. In addition, the division works directly with other states and countries to facilitate global trade through regulatory and export certification programs.

Services Provided

PPD has diverse responsibilities in several categories:

- ◆ Certification of agricultural commodities for export
- ◆ Nursery dealer and grower inspection/certification
- ◆ Seed inspection and sampling
- ◆ Fruit and vegetable inspection services
- ◆ Potato inspection services including seed potato inspection and certification
- ◆ Plant pest exclusion and regulation
- ◆ Apiary inspection services
- ◆ Food Safety Audits

The mission of the division is to protect the quality of Minnesota's agriculture, agricultural products and natural resources from plant pests, invasive species and noxious weeds using sound plant protection and certification measures. Minnesota agricultural and natural resources are continually under threat from new and existing pest species such as soybean rust, gypsy moth, potato cyst nematode, emerald ash borer, sudden oak death and invasive plant species. To face these challenges, regulatory strategies include education, training, monitoring, licensing, certifying and promotion of voluntary practices along with survey, monitoring, inspection and enforcement actions.

The division conducts a variety of facility inspections for seed and plant pests. Products are registered and individuals, companies, nursery stock and export products are certified, licensed or permitted. Education and compliance agreement training sessions update and communicate legal requirements or voluntary practices to clientele. Invasive pest species are extensively monitored. Increasingly, the division also directly protects Minnesota's natural resources through control of pests such as the gypsy moth.

Inspection programs provide unbiased determinations of the quality and quantity of produce, ensuring that they are fairly reflected in prices to consumers.

Activity at a Glance

- ◆ Serves the potato industry, supplying processors, growers and consumers by protecting the \$100 million crop from plant pests.
- ◆ Serves 120-150 producers and exporting firms by issuing over 3,000 export certificates annually for agricultural products moving worldwide.
- ◆ Inspects 7,000 – 8,000 acres of nursery stock, and 8,000 retail outlets annually for agricultural, flower, vegetable and tree seed quality.
- ◆ Inspects and certifies 35 million pounds of imported fruits and vegetables and six million pounds of export fruits and vegetables.
- ◆ Tests 1,500 official seed samples to enforce label accuracy for more than 500 labelers offering over 40,000 lots of seed for sale annually.
- ◆ Implements pest survey and monitoring programs to provide activities such as reducing gypsy moth populations on 85,000 acres in 2008.

Historical Perspective

The Minnesota Department of Agriculture has maintained and administered numerous plant protection programs and services since the early 1900s. These early services and programs included seed and grain inspection, apiary inspection, weed management, and potato certification. These core programs and services continue to be central to the mission of the Plant Protection Division. With the rapidly growing international economy and increasingly mobile population the role of the Plant Protection Division has also expanded.

Staff entomologists, plant pathologists and horticulturalists are increasingly challenged to protect Minnesota's industries and natural resources by monitoring for and combating plant pests such as gypsy moth, emerald ash borer, soybean rust and karnal bunt as well as conducting field inspections and certifying the pest-free status of shipments of a wide variety of products for interstate and foreign markets.

Key Activity Goals

The activities conducted by the Plant Protection Division support the following MDA goals:

- ◆ **Protect the Safety of the food supply from farm to consumer.**
- ◆ **Improve marketability of Minnesota's agricultural products.**

These activities also support the Minnesota Milestones goal that Minnesota will have sustainable, strong economic growth.

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ A minimum of 15,000 Gypsy moth traps will be set annually and gypsy moth eradication treatments will be conducted in all locations where such actions are shown to be necessary by trapping results.
- ◆ More than 1,000 survey and detection traps will be set for invasive species such as emerald ash borer and containment and eradication efforts will be immediately implemented if an infestation is detected.
- ◆ Sampling of Minnesota seed potato acres will be increased to more than 50% of seed potato acreage to verify and ensure that Minnesota is free of the exotic potato cyst nematode
- ◆ Inspection and certification services will be provided for more than five million pounds of fruits and vegetables exported to Canada.
- ◆ More than nine million pounds of fresh and seed potatoes will be inspected and certified.
- ◆ 100 percent of all growers and receivers will be provided with requested audits of their food handling practices.
- ◆ Inspection services will be provided and up to 3,000 commodity export certificates will be issued for up to 60 countries within three days of receipt of a request.
- ◆ Seed performance complaints will be investigated within five business days of receipt and truthfulness of seed labeling will be enforced.

Activity Funding

This activity receives approximately half of its funding from seed, nursery, potato, fruit and vegetable fee revenues, deposited in accounts statutorily appropriated for their dedicated uses from the agricultural fund. The balance of the budget comes from the general fund and federal grants.

Contact

For additional information on this activity, please contact Geir Friisoe, Division Director, at (651) 201-6174 or geir.friisoe@state.mn.us.

Information on this activity's programs and staff can found on the MDA website at <http://www.mda.state.mn.us/about/divisions/plantprotection.htm>.

AGRICULTURE DEPT
Program: PROTECTION SERVICES
 Activity: PLANT PROTECTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,421	2,468	2,468	2,468	4,936
Technical Adjustments					
Approved Transfer Between Appr			(103)	(103)	(206)
Forecast Base	2,421	2,468	2,365	2,365	4,730
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,317	2,572	2,365	2,365	4,730
Statutory Appropriations					
Agriculture Fund	2,758	2,977	3,015	3,076	6,091
Federal	843	1,541	1,401	1,390	2,791
Total	5,918	7,090	6,781	6,831	13,612
<u>Expenditures by Category</u>					
Total Compensation	4,029	4,679	4,572	4,621	9,193
Other Operating Expenses	1,889	2,411	2,209	2,210	4,419
Total	5,918	7,090	6,781	6,831	13,612
Full-Time Equivalents (FTE)	67.2	54.9	54.9	54.9	

Activity Description

As the primary food safety agency in Minnesota, the MDA's Dairy and Food Inspection Division (DFID) is responsible for carrying out the first part of MDA's mission - ensuring the integrity of the food supply. This includes animal feed, dairy products, food products, meat, shell eggs, and poultry. DFID accomplishes this mission through regulatory inspections and enforcement, surveillance sampling, special investigations, consumer protection, and educational outreach. The goal of these food safety programs is to prevent the sale or consumption of adulterated food, animal feed, meat, shell eggs, poultry and dairy products and to heighten awareness of proper bio-security and food safety practices.

Population Served

Consumers, producers, processors and retailers of Minnesota dairy, food, poultry, egg and meat products benefit by these food protection programs.

Services Provided***Food Inspection Regulatory Program:***

The purpose of our inspection is to examine and validate a food facility's processes and procedures to ensure that the facility is producing safe food when the inspector is not present. How often a facility is inspected depends on the food safety risk of the facilities food handling activities (high, medium or low).

In addition, food inspectors work with Minnesota Department of Health (MDH) epidemiologists to investigate food-borne illness outbreaks. For example, DFID traced the source of a *Salmonella St. Paul* jalapeno pepper outbreak to a producer in Mexico. They also work with the industry and the public on food recalls originating in Minnesota or elsewhere and work to verify that recalled products have been removed from sale. The inspectors respond to emergencies such as floods, fires, and truck rollovers to determine if the affected food is safe and wholesome, and to prevent damaged and contaminated goods from reaching the public. This program also investigates pesticide misuse cases involving food and food crops

Commercial Feed Inspection Program:

The program regulates commercial feed distribution so that purchasers of commercial feed are protected and the health of animals consuming the feed is assured. The commercial feed program also regulates drugs in animal feeds, and the prohibition of animal proteins from ruminant feeds, contaminants in feed such as dioxins and mycotoxins and unapproved ingredient use.

Dairy Inspection Program:

Dairy inspectors routinely inspect and take samples from 4,444 dairy farms, 446 bulk milk trucks, 475 haulers, and 67 plants, to make sure all milk and dairy products are produced and handled safely. Inspectors also test pasteurizer equipment for proper operation, certify bulk milk hauler samples, review labels for accuracy, work with farmstead cheese processors, and provide information to dairy farmers and processors to help keep them current with the latest food safety laws and regulations.

Meat, Poultry and Shell Egg Inspection Program:

The meat, poultry, and shell egg inspection program conducts inspections at small meat and poultry processors that manufacture products for wholesale distribution and provide grading services for eggs packed in the state. State-inspected meat and poultry products are produced under a Cooperative Agreement with the U.S. Department of Agriculture (USDA). This program is referred to as having an "equal to" USDA inspection program.

Activity at a Glance

For Fiscal Year 2008

- ◆ Inspected 4,444 dairy farms, 446 bulk milk trucks, 475 haulers, and 67 plants;
- ◆ Inspected 1,371 food processing plants and 5,885 retail food stores;
- ◆ Certified 3,647 dairy samples;
- ◆ Issued 1,244 Certificates of Free Sale for export;
- ◆ Inspected 63 meat and poultry plants, 185 custom exempt plants and 20 egg grading facilities;
- ◆ Conducted 617 BSE inspections;
- ◆ Inspected 30 federally-licensed mills;
- ◆ Conducted 26 tissue residue trace-backs;
- ◆ Collected 181 feed samples for analysis.

Compliance:

The compliance section supports the dairy, food, animal feed and meat, poultry and shell egg inspection programs in law enforcement and compliance activities. These activities include special projects and investigations, reviewing plans for new and remodeled facilities, and training inspectors, industry, and consumers on the latest food safety issues. Many of the projects and training efforts are developed in partnership with the MDH, the University of Minnesota, local health agencies and representatives of the food or dairy industry.

Key Activity Goals

- ◆ **Minnesota Milestones Goal: Minnesotans will be healthy.**
- ◆ **MDA goal: Protect the safety of the food supply from farm to consumer.**
Maintaining the safety of our food supply is crucial to public health and homeland security.
- ◆ **Minnesota Milestones Goal: Minnesota will have sustainable, strong economic growth.**
Maintaining consumer confidence in the food supply is vital for the economic well-being of the state's agriculture sector.

Key Activity Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ The Compliance Information System for Dairy and Food Inspection Programs will be deployed.
- ◆ A manufactured food regulatory program standards self-assessment will be conducted.

Activity Funding

This activity receives the large part of its funding from the general fund. Feed, dairy and food inspection fees, deposited in and statutorily appropriated for their dedicated uses from the agricultural fund, also provide significant funding. Federal grants are also an important source of funding.

Contact

Additional information about dairy and food inspection activities are also available on the MDA's website at <http://www.mda.state.mn.us/about/divisions/dairyfood.htm>, and the Dairy and Food Inspection main information line at (651) 201-6027.

AGRICULTURE DEPT
Program: PROTECTION SERVICES
 Activity: DAIRY & FOOD INSPECTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,298	6,442	6,442	6,442	12,884
Technical Adjustments					
Approved Transfer Between Appr			(166)	(166)	(332)
Transfers Between Agencies			(527)	(527)	(1,054)
Forecast Base	6,298	6,442	5,749	5,749	11,498
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,783	6,309	5,675	5,675	11,350
Statutory Appropriations					
Miscellaneous Special Revenue	0	12	3	3	6
Agriculture Fund	2,448	3,044	2,927	2,977	5,904
Federal	1,350	2,958	2,629	2,644	5,273
Miscellaneous Agency	157	0	0	0	0
Gift	6	0	0	0	0
Total	9,744	12,323	11,234	11,299	22,533
<u>Expenditures by Category</u>					
Total Compensation	7,123	8,105	7,737	7,913	15,650
Other Operating Expenses	2,617	4,218	3,497	3,386	6,883
Payments To Individuals	4	0	0	0	0
Total	9,744	12,323	11,234	11,299	22,533
Full-Time Equivalents (FTE)	96.7	89.8	89.8	89.8	

Activity Description

The Laboratory Services Division (Lab) provides analytical support and data critical to the protection of Minnesota's food supply, agricultural industry, and environment. Scientifically and legally defensible analyses support the Minnesota Department of Agriculture (MDA) regulatory programs as well as programs of other agencies.

Population Served

The laboratory protects Minnesota citizens and those who use Minnesota agriculture or agricultural products by contributing to the safety and security of our food supply, and by protecting the environment from misuse of agricultural chemicals. Through partnerships, we serve the entire nation as we work with other states and federal agencies to identify and address problems of national concern and work to ensure the wholesomeness of Minnesota's food exports.

Services Provided

Laboratory Services performs chemical, microbiological, and physical analyses of food, dairy products, beverages, water, fertilizer, lime, feed, seed, plant material, pesticides, pesticide residues, and grain. These tests support the inspection and enforcement activities of the MDA's regulatory divisions. We also determine product quality and conformance to state and federal laws and regulations, and provide evidence in legal proceedings involving alleged violators of those laws. This activity provides routine analyses to ensure that products meet legally mandated quality standards and provides for forensic analysis to identify unknown agents in a suspect product or environmental matrix.

The Laboratory Services Division maintains a core emergency technology and analytical response capability that spans the spectrum of laboratory services for food and agriculture samples associated with protecting and defending the food supply and the environment. Maintenance of this core capability is essential for MDA's ability to respond to emergencies and other unique, emerging issues that affect public health and the economic well being of Minnesota's food and agriculture sector.

Our lab's special analytical testing also gives the department rapid and accurate data to use in responding to environmental and food-borne crises, such as contaminated ground beef and produce. The Lab develops and maintains new analytical capabilities as new problems or questions arise within the feed, food, and agrochemical industry. We also consult on analytical issues with inspectors, managers, private analytical laboratories, and regulated industries.

In addition to our services for MDA's regulatory programs, MDA's Laboratory Services Division is the primary laboratory providing analyses to the Minnesota Department of Natural Resources (DNR). We also provide testing for the U.S. Department of Agriculture (USDA), the Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), and other federal and state agencies. The Lab also administers a laboratory certification program for private and commercial testing laboratories as required for the interstate shipment of milk.

Historical Perspective

Laboratory Services has served Minnesotans since 1887. The lab's first duty was to oversee our state's dairy industry. Over the years our services have grown to include seed quality analysis and more complicated analytical services such as microbiological, chemical, and plant analysis of seed, feed, food, and dairy products. The 1989 groundwater protection legislation created a special need to expand the lab's analytical capabilities and technology to include testing for a wide variety of pesticides and other agricultural chemicals. In 1995, the state

Activity at a Glance

The Laboratory Services Division is structured to provide diverse analytical services to help ensure food safety/security while protecting the agriculture industry and our environment.

Laboratory Structure:

- ◆ Biological Analyses
 - ⇒ Microbiology
 - ⇒ Plant Pathology/Seed
- ◆ Chemical and Toxicological Analyses
 - ⇒ Environmental Chemistry
 - ⇒ Toxicology and Chemistry

integrated DNR's analytical services into MDA's operations. This allowed DNR to close two laboratories while still having access to the quality laboratory data required for decision making. The closure of the FDA's Minneapolis lab in 1999 led to the co-location of federal FDA staff with MDA staff, bringing additional expertise and partnerships to the laboratory.

In November 2005, the Laboratory Services Division moved to new lab facilities, co-located with the Minnesota Health Department's (MDH's) laboratory. This co-location enhanced and expanded the strong, unique partnership that already existed between MDA and MDH. This strengthened relationship gives Minnesota increased capacity to address emerging food safety and defense concerns. In 2006 the legislature approved construction of additional lab improvements to create a new BSL 3-Ag facility, which was completed in 2007. Laboratory Services continues to work closely with FDA and USDA through the National Food Emergency Response Network (FERN) and other programs to assist in development and applied science validation of new technologies for emergency response analysis of food and agriculture samples. These activities enhance the department's ability to respond to issues that arise in or impact Minnesota citizens.

Key Activity Goals

The activities carried out by the Laboratory Services Division support a diverse spectrum of goals set by the state as Minnesota Milestones:

- ◆ **Minnesotans will be healthy.**

We are the primary food safety and security laboratory for the state. The lab supports the food inspection activities of the department and responds to food-borne disease outbreaks from pathogens such as e-coli and salmonella, as seen by the 2008 outbreak of *salmonella st. paul* in peppers. We also deal with chemical contaminants such as heavy metals and the melamine in pet and human food incidents. Laboratory data produced by the lab are often vital for regulatory decision making.

- ◆ **Minnesotans will improve the quality of the air, water and earth.**

The laboratory provides data on the environmental fate of agricultural chemicals and their by-products for use by MDA's regulatory divisions. These include pesticide residues and nitrates in water along with soil and other environmental samples. These data are required to support decisions on best management practices and may influence regulatory actions.

- ◆ **Minnesota will have sustainable, strong economic growth.**

The agricultural sector drives the economy in much of the state. The activity of the Laboratory Services Division helps protect the process from farm to table and ensures consumer confidence in the system, to produce high quality products, while safeguarding the environment.

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ A Customer/Laboratory "contract" that clearly defines expectations between both parties will be instituted.
- ◆ Benchmarks for critical business needs in the areas of quality, timeliness and costs through the Customer/Laboratory "contract" process will be established.
- ◆ Customer satisfaction will be measured using a survey that captures critical business program needs.

Activity Funding

The general fund is a core source of funding for this service. Pesticide, fertilizer, seed, feed, dairy and food inspection fees provide revenue to pay for lab work performed for each area. Federal grants are also an important source of funding.

Contact

For additional information on this activity, please contact Gary Horvath, Interim Division Director, at (651) 201-6563 or Gary.Horvath@state.mn.us

Information on this activity's programs and staff can be found at the MDA website:
<http://www.mda.state.mn.us/about/divisions/lab.htm>.

AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: LABORATORY SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	368	368	368	736
Technical Adjustments					
One-time Appropriations			(368)	(368)	(736)
Forecast Base	0	368	0	0	0
General					
Current Appropriation	3,682	3,851	3,851	3,851	7,702
Technical Adjustments					
Approved Transfer Between Appr			(42)	(42)	(84)
Forecast Base	3,682	3,851	3,809	3,809	7,618
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	0	368	0	0	0
General	3,650	3,926	3,883	3,883	7,766
Statutory Appropriations					
Agriculture Fund	2,075	2,191	2,067	2,070	4,137
Federal	1,791	2,327	1,773	2,075	3,848
Miscellaneous Agency	238	213	185	185	370
Total	7,754	9,025	7,908	8,213	16,121
<u>Expenditures by Category</u>					
Total Compensation	3,702	4,157	4,128	4,148	8,276
Other Operating Expenses	4,052	4,868	3,780	4,065	7,845
Total	7,754	9,025	7,908	8,213	16,121
Full-Time Equivalent (FTE)	51.7	48.0	48.0	48.0	

Program Description

The purpose of the Agricultural Marketing and Development Program is to bolster our agricultural sector's economic and environmental health by providing quality marketing services, technical resources, and economic stimulus.

Budget Activities

- ◆ Agricultural Marketing Services
- ◆ Agricultural Development and Financial Assistance

AGRICULTURE DEPT

Program: AG MARKETING & DEVELOPMENT

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	8,042	5,461	5,461	5,461	10,922
Technical Adjustments					
Approved Transfer Between Appr			396	396	792
Forecast Base	8,042	5,461	5,857	5,857	11,714
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	110	111	0	0	0
General	4,330	5,404	5,187	5,187	10,374
Federal	0	0	24	30	54
Statutory Appropriations					
Clean Water Revolving Fund	0	0	4,331	5,105	9,436
Miscellaneous Special Revenue	244	631	681	754	1,435
Agriculture Fund	1,508	1,526	1,508	1,499	3,007
Federal	523	487	751	716	1,467
Rural Finance Administration	0	0	500	500	1,000
Miscellaneous Agency	21	31	30	2	32
Gift	51	109	20	10	30
Total	6,787	8,299	13,032	13,803	26,835
<u>Expenditures by Category</u>					
Total Compensation	3,941	4,437	4,666	4,820	9,486
Other Operating Expenses	2,472	3,316	2,782	2,570	5,352
Payments To Individuals	0	87	85	85	170
Local Assistance	353	339	263	224	487
Other Financial Transactions	21	120	5,236	6,104	11,340
Total	6,787	8,299	13,032	13,803	26,835
<u>Expenditures by Activity</u>					
Ag Marketing Services	3,714	3,817	3,581	3,506	7,087
Ag Develop & Financial Assist	2,963	4,371	9,451	10,297	19,748
Agri Resources Management	110	111	0	0	0
Total	6,787	8,299	13,032	13,803	26,835
Full-Time Equivalent (FTE)	56.3	53.1	53.1	53.1	

Activity Description

Agricultural Marketing Services (AMS) assists in the orderly marketing of Minnesota's agricultural commodities and products; promotes Minnesota agricultural products in domestic and international markets; furnishes information and economic analyses related to marketing opportunities; provides promotional, informational and other marketing services for agricultural producers, processors, consumers, and others involved in the marketing process; and protects producers through programs related to the licensing, bonding, and certification in the sale and storage of agricultural products.

Population Served

AMS serves grain, livestock, vegetable, fruit, poultry and dairy producers, agri-businesses, manufacturers, processors, distributors, retailers, and exporters by protecting and promoting Minnesota agriculture. Consumers and other end users benefit from the introduction and promotion of fresh, high-quality Minnesota agricultural products.

Services Provided

AMS helps diversify agriculture in Minnesota by:

- ◆ Promoting overseas market development with the collaborative efforts of the U.S. Department of Agriculture (USDA) as well as state and regional trading groups that promote both branded and generic activities at international trade exhibitions;
- ◆ Promoting Minnesota agricultural products in international markets through relationships with product end-users in global markets;
- ◆ Helping develop the state's bio-science sector by providing assistance to Minnesota stakeholders on bio-processing/bio-manufacturing projects, and by partnering with the University of Minnesota and the Minnesota Department of Employment and Economic Development (DEED) on bio-energy initiatives;
- ◆ Helping Minnesota-Certified producers boost profits by differentiating their products using International Standards Organization (ISO) certification mechanisms;
- ◆ Supporting dairy and livestock development, so the state can maintain productivity in animal agriculture and maintain a diverse agricultural economy;
- ◆ Supporting renewable fuel production and use, so Minnesota can use home-grown, renewable resources to produce alternative fuels that boost our economy, reduce air pollution and lessen dependence on imported fossil fuels;
- ◆ Promoting farmers markets, so producers and consumers can enjoy the economic and nutritional benefits of farm-fresh, locally grown produce; and
- ◆ Promoting Minnesota Grown products, so consumers can more easily identify and buy Minnesota Grown produce and products.

AMS protects producers by licensing, bonding, inspecting, and auditing:

- ◆ grain buyers and grain storage elevators;
- ◆ livestock dealers, markets and agents; and
- ◆ wholesale produce dealers.

Activity at a Glance

This activity:

- ◆ Helps producers and agribusinesses add value to agricultural products by facilitating and capitalizing on marketing opportunities.
- ◆ Improves the global reach of Minnesota agricultural products by researching international markets and establishing contacts with end users in those markets.
- ◆ Protects producers of agricultural products by licensing, bonding, and auditing persons and companies that buy grain, livestock and wholesale produce; and accurate weighing of livestock. The Division licenses 417 livestock dealers, markets, processors and agents, 113 wholesale produce dealers and 411 warehouse companies, grain elevator companies and grain dealers at 1002 locations. The division weighs over 4.3 million head of livestock a year.
- ◆ In the current biennium, Agricultural Marketing Services participated in 11 international food shows, 86 international trade events, received 637 visitors from 60 countries established 1,016 contacts with new buyers, made 23 first sales to new markets and increased Minnesota exports sales by \$44 million.

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Activity: AG MARKETING SERVICES

Narrative

AMS helps commodity growers by overseeing the operations of the state's 12 commodity promotion and research councils.

Historical Perspective

As Minnesota farmers' productivity has outpaced the demands of our population, the need for stronger efforts to add value and effectively market Minnesota's agricultural products has also increased. The globalization and consolidation of agriculture within the rapidly evolving global marketplace means family farmers and local agri-businesses benefit greatly from expert assistance in marketing their products locally, nationally, and internationally. AMS has the responsibility to promote Minnesota agricultural products in global markets and, in conjunction with DEED, has a special focus on the Minnesota – China Partnership. AMS helps Minnesota consumers and producers connect locally through the Minnesota Grown program and AMS connects Minnesota producers and agri-businesses with the world by facilitating the increased export of Minnesota's high-value food and agricultural products. Licensing, bonding, and auditing programs are more important than ever when sellers and buyers are no longer neighbors but strangers separated by thousands of miles. Producers in this fast-changing landscape receive information about their rights under Minnesota and federal law.

Key Activity Goals

The activities AMS conducts support several goals set by the state as Minnesota Milestones, including the following:

- ◆ **Minnesota will have sustainable, strong economic growth.**
- ◆ **Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.**

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following.

- ◆ Participation in Minnesota Grown directory will increase by 10%.
- ◆ The quantity of distributed point-of-service materials for the Minnesota Grown program will increase by 10%.
- ◆ The number of unique visitors to the Minnesota Grown website will increase by 50% each year.
- ◆ Licensing and bonding requests will be processed within five business days of receipt.
- ◆ Agricultural exports to China will expand by 50%.
- ◆ Agricultural exports into two new markets in Southeast Asia will be expanded.
- ◆ The number of livestock units in Minnesota will increase by 5%.
- ◆ At least 150 farms will be assisted in making growth-oriented improvements.

Activity Funding

This activity receives the largest part of its funding from the general fund. Fees for various certification and promotion activities, deposited in and statutorily appropriated for their dedicated uses from the agricultural fund, also provide significant funding.

Contact

For additional information on this activity, please contact Kurt Markham, Division Director, at (651) 201-6382 or Kurt.Markham@state.mn.us

Information on this activity's programs and staff can be found on the MDA website: www.mda.state.mn.us/about/divisions/agmktg.htm

AGRICULTURE DEPT
Program: AG MARKETING & DEVELOPMENT
 Activity: AG MARKETING SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,947	1,888	1,888	1,888	3,776
Forecast Base	1,947	1,888	1,888	1,888	3,776
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,730	1,733	1,702	1,702	3,404
Statutory Appropriations					
Miscellaneous Special Revenue	143	252	130	114	244
Agriculture Fund	1,508	1,526	1,508	1,499	3,007
Federal	289	228	203	181	384
Miscellaneous Agency	21	31	28	0	28
Gift	23	47	10	10	20
Total	3,714	3,817	3,581	3,506	7,087
<u>Expenditures by Category</u>					
Total Compensation	2,156	2,367	2,254	2,323	4,577
Other Operating Expenses	1,337	1,231	1,190	1,109	2,299
Payments To Individuals	0	1	0	0	0
Local Assistance	200	187	109	74	183
Other Financial Transactions	21	31	28	0	28
Total	3,714	3,817	3,581	3,506	7,087
Full-Time Equivalent (FTE)	31.4	29.6	29.6	29.6	

Activity Description

The Ag Development and Financial Assistance (ADFA) Division supports the success and innovation of farmers, ag businesses and their positive impact on communities through programs focused on environmental quality, land use, alternative agricultural practices and systems, and entrepreneurial and value-added agriculture. The Division:

- ◆ Sponsors and conducts research, development, and demonstration projects
- ◆ Provides tools, outreach, and technical assistance
- ◆ Provides financial assistance
- ◆ Participates in policy discussions

Population Served

This activity serves all agricultural producers, agricultural professionals, local government officials, processors, suppliers, and the general public.

Services Provided

Today's producers face challenges and opportunities, including land-use pressures and conflicts, needs for increased environmental stewardship, and a rapidly changing ag economy and marketplace. The ADFA Division addresses these challenges and opportunities by:

- ◆ **Sponsoring and conducting research, development, and demonstration projects.** Working with individuals, organizations and the University of Minnesota, examples include on-farm research and demonstration on cover cropping, grazing, and conservation drainage, development of methods to target agricultural practices to the most appropriate landscapes, and innovative practices supported by sustainable agriculture grants.
- ◆ **Providing tools, outreach, and technical assistance.** Examples include grazing plan assistance, notifications about upcoming meetings and activities such as Conservation Update electronic newsletters and electronic notifications of Total Maximum Daily Loads (TMDLs) and water plans, publications such as the annual Greenbook and organic business management reports, conferences such as the annual Minnesota Organic Conference, agricultural land preservation outreach and assistance, information and technical assistance on agricultural diversification, genetically engineered organisms, sustainable agriculture, organic agriculture (including certification), integrated pest management (IPM) and biocontrol for horticultural crops and weeds, and management of biocontrol and plant pathology quarantine facility services with the University of Minnesota.
- ◆ **Providing financial assistance.** Specific programs including the following.
 - ⇒ Minnesota Rural Finance Authority (RFA) programs funded with state bonds: Basic Farm loans and Seller Assisted loans for beginning farmers, Ag Improvement loans for ag facilities improvements, Restructure loans for debt reorganization, and Livestock Expansion loans for the construction or installation of improvements to livestock production operations;
 - ⇒ RFA programs funded with revolving loan accounts: Livestock Equipment loans to finance livestock equipment purchases, Value-Added Stock loans to farmers buying stock in ag product processing facilities, Disaster Recovery loans for recovery from floods, drought, and other incidents covered by disaster declarations, and Methane Digester loans to finance systems that will utilize manure to produce electricity;
 - ⇒ the federal Agricultural Development Bond (Aggie Bond) Program, which uses no state funds but authorizes tax incentives to lenders to make loans for land, improvements, livestock and machinery;
 - ⇒ the Ag Best Management Practices (AgBMP) Loan Program, supported by revolving funds from MDA and the Public Facilities Authority;

Activity at a Glance

- ◆ On-farm research and demonstration projects on cover crops with nine cooperators, and eight conservation drainage projects.
- ◆ 317,957 acres are protected with agricultural land preservation covenants and 50% increase in organic farmland between 2000 and 2005.
- ◆ Minnesota Organic Conference attended by 425 people, 50 presentations, displays, field days or on-farm demonstrations, and 34 publications distributed to approximately 13,000 persons, and 100,000 visits made to ADFA web pages.
- ◆ Plant Pathology Containment facility construction completed and facility licensed for use.
- ◆ \$190 million in RFA loans to 2,741 farmers, 9,022 AgBMP Loan Program projects totaling \$125 million and organic certification cost share to 354 farmers and businesses.

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Activity: AG DEVELOPMENT & FINANCIAL ASSISTANCE

Narrative

- ⇒ the Sustainable Agriculture Grant and Loan Programs;
- ⇒ organic cost-share payments; and
- ⇒ the Livestock Investment Grant Program, established in FY 2009 and funded with a \$1 million appropriation from the general fund, to assist in the improvement or expansion of livestock production facilities by providing up to 10% of the cost of the improvements.

- ◆ **Participating in policy discussions and providing information.** The Division provides staff support to the Clean Water Council, is Technical Representative to the Environmental Quality Board, interacts with other environmental and land-use policy-making activities, reviews environmental assessments, comments on local planning efforts by request, and develops mitigation measures for energy transmission projects affecting agriculture. Information is provided to other parts of the MDA, other agencies, and stakeholders.

Key Activity Goals

- ◆ **MDA Goal: Promote environmentally friendly agricultural practices.**
- ◆ **MDA Goal: Improve marketability of Minnesota's agricultural products.**

The Division's activities support these goals in the following ways:

- ⇒ Through participating in policy discussions, particularly on environmental quality and land use, the Division is able to keep abreast of current issues, ensure that agricultural perspectives are taken into consideration, and inform policy-makers of relevant research and development.
- ⇒ Through research, development, and demonstration projects, the Division fosters and promotes new and innovative solutions to address environmental and land-use issues and meet emerging market needs.
- ⇒ Through tools, outreach, and technical assistance, the Division is able to transfer innovative practices to the agricultural sector, encourage policy decisions that support the development of agriculture, inform the agricultural community and the public about important issues affecting environmental quality and economic prosperity, and inform producers about alternative production methods and markets (e.g., organic production).
- ⇒ Through financial assistance, the Division is able to help producers start up or expand agricultural operations and make changes to increase profitability and enhance environmental stewardship.

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ Loans will be provided to more than 1,000 farmers and homeowners, resulting in \$15 million in rural environmental improvements annually.
- ◆ Financial assistance will be provided to more than 60 beginning farmers in Minnesota annually.
- ◆ Fruit and vegetable crop pest and IPM information will be provided to more than 1,200 producers and growers, crop consultants, industry representatives and processors through electronic and paper publications.
- ◆ Information on IPM and weed bio-control will be provided to more than 350 land managers in 40 counties.
- ◆ The number of organic producers in Minnesota will increase by 15% and more than 500 producers and processors will be assisted with organic certification costs. Educational opportunities will be provided for 1,000 producers and others at annual Minnesota Organic Conferences and through research and demonstration projects.

Activity Funding

The Agricultural Development component of this activity relies primarily on general fund appropriations, with federal grants, dedicated funds, LCCMR projects, and other sources providing additional program support. Administration of the Financial Assistance components of this activity is supported by the general fund and by fees on the loan programs administered. State general obligation bonds provide money to be loaned through the RFA programs, but this money is paid back to the debt service fund as the loans are repaid. Other loan programs, including the AgBMP and Sustainable Agriculture loan programs, are funded through the use of a revolving loan accounts that continue to grow and be reused.

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Activity: AG DEVELOPMENT & FINANCIAL ASSISTANCE

Narrative

Contact

For additional information on this activity, please contact Peter Scheffert, Division Director, at (651) 201-6486 or Peter.Scheffert@state.mn.us. Information on programs and staff can be found on the MDA website at www.mda.state.mn.us/about/divisions/agfinance.htm and www.mda.state.mn.us/about/divisions/agdev.htm

AGRICULTURE DEPT
Program: AG MARKETING & DEVELOPMENT
Activity: AG DEVELOP & FINANCIAL ASSIST

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,095	3,573	3,573	3,573	7,146
Technical Adjustments					
Approved Transfer Between Appr			396	396	792
Forecast Base	6,095	3,573	3,969	3,969	7,938
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,600	3,671	3,485	3,485	6,970
Federal	0	0	24	30	54
Statutory Appropriations					
Clean Water Revolving Fund	0	0	4,331	5,105	9,436
Miscellaneous Special Revenue	101	379	551	640	1,191
Federal	234	259	548	535	1,083
Rural Finance Administration	0	0	500	500	1,000
Miscellaneous Agency	0	0	2	2	4
Gift	28	62	10	0	10
Total	2,963	4,371	9,451	10,297	19,748
<u>Expenditures by Category</u>					
Total Compensation	1,782	2,070	2,412	2,497	4,909
Other Operating Expenses	1,028	1,974	1,592	1,461	3,053
Payments To Individuals	0	86	85	85	170
Local Assistance	153	152	154	150	304
Other Financial Transactions	0	89	5,208	6,104	11,312
Total	2,963	4,371	9,451	10,297	19,748
Full-Time Equivalent (FTE)	24.9	23.5	23.5	23.5	

Program Description

The purpose of this program is to conduct value-added agricultural programs.

Budget Activities

- ◆ Bio-Energy Products

AGRICULTURE DEPT

Program: VALUE-ADDED PRODUCTS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	19,368	14,858	14,858	14,858	29,716
Technical Adjustments					
One-time Appropriations			310	310	620
Forecast Base	19,368	14,858	15,168	15,168	30,336
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	16,372	17,854	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336
<u>Expenditures by Category</u>					
Total Compensation	4	14	0	0	0
Local Assistance	16,368	17,840	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336
<u>Expenditures by Activity</u>					
Bio-Energy Products	16,372	17,854	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336

Activity Description

This activity includes the ethanol producer payment program and the NextGen bioenergy program.

The ethanol producer payment program provides financial incentives for the production of ethanol in the state.

The NextGen (Next Generation) bioenergy program encourages the production of new energy derived from biomass or cellulosic materials such as grasses, wood products, straw, and corn stover.

Activity at a Glance

- ◆ MDA's ethanol producer payment program will end in FY 2010. Three plants will still receive regular payments in that year.
- ◆ Deficiency payments will continue be made to 12 eligible plants in FY 2010 and FY 2011.
- ◆ New plants are being developed to produce biofuels from biomass and cellulosic materials with grants through the NextGen Board.

Population Served

Fiscal year 2010 will be the last year of the ethanol producer payment program. It is anticipated that three plants will still have production eligible to receive regular ethanol producer payments in that year, for payments totaling up to \$1.2 million. The remaining amounts appropriated for fiscal years 2010 and 2011 will be used to continue making deficiency payments to 12 eligible plants. Since 2005, these payments have been made in an effort to compensate for the years when budget restrictions caused appropriations to be made for per-gallon payments at rates lower than what was originally set in statute. Deficiency payments could be finished in FY 2012 if the same amount is appropriated in the 2012-13 biennial budget.

The NextGen Board will continue to work with several new plants to assist in the development of new bioenergy production.

Services Provided

Regular quarterly ethanol producer payments will end in FY 2010. Annual deficiency payments, per M.S. 41A.09, will be made in both FY 2010 and FY 2011. Base-level funding is sufficient to fulfill all planned deficiency payments in FY 2012.

In fiscal year 2009, Minnesota Department of Agriculture (MDA) provided NextGen bioenergy grants totaling \$2.7 million to spur development of new bioenergy technologies. MDA will continue to work with these and other projects to promote the development of new bioenergy production.

Historical Perspective

An ethanol producer payment program, administered by the Department of Revenue, was initially authorized by the state legislature in 1986. In 1993, administrative responsibility for the program was moved to MDA. Both before and after MDA took over the program, the specific provisions of the program were changed many times.

The program provides for quarterly per-gallon incentive payments for ethanol produced, up to specifically authorized amounts for each plant. The payment limits currently set in statute are \$3 million per year for up to ten years. The program expires with production ending June 30, 2010.

Beginning in FY 2004, budget limitations led to laws setting per-gallon payment limits lower than those originally set in statute. The lower rates remained in law for the 2004-05 and 2006-07 biennia, with the original payment rates resuming in FY 2008. In the mean time, statutory provisions were added that direct MDA to make up the differences between payments made versus what would have been paid at the original rate. If monies are appropriated to make the deficiency payments, it is estimated that these payments will continue until FY 2012.

The NextGen Board was created in 2007 to spur the development of new biofuel production in Minnesota.

Key Program Goals

This activity supports the MDA goal of improving the marketability of Minnesota's agricultural products.

Key Measures

Performance measures that will be used to evaluate effectiveness in the next biennium include the following.

- ◆ Ethanol production plants in the state will meet the current statutory goal of 480 million gallon per year. It is estimated that production capacity will exceed one billion gallons in 2009.
- ◆ Regular payments under ethanol production payment program will be concluded.
- ◆ Two NextGen bioenergy plants, including one cellulosic ethanol plant, will be operational by end of 2011.
- ◆ New biodiesel content requirements will be implemented on schedule, with no service interruption or quality issues.

Activity Funding

This activity is funded by direct appropriations from the general fund.

Contact

For additional information on this activity, please contact Steve Ernest at (651) 201-6580 or Steve.Ernest@state.mn.us

AGRICULTURE DEPT
Program: VALUE-ADDED PRODUCTS
Activity: BIO-ENERGY PRODUCTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	19,368	14,858	14,858	14,858	29,716
Technical Adjustments					
One-time Appropriations			310	310	620
Forecast Base	19,368	14,858	15,168	15,168	30,336
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	16,372	17,854	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336
<u>Expenditures by Category</u>					
Total Compensation	4	14	0	0	0
Local Assistance	16,368	17,840	15,168	15,168	30,336
Total	16,372	17,854	15,168	15,168	30,336

Program Description

The purposes of the Administrative Services Program are to provide leadership and direction to the functions of the agency and to provide Minnesota agriculture with a variety of grant programs, direct grants and assistance programs for individuals and organizations.

Budget Activities

- ◆ Grants and Assistance
- ◆ Agency Services

AGRICULTURE DEPT

Program: AGENCY SVCS & FINANCIAL ASSIST

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	10,543	7,145	7,145	7,145	14,290
Technical Adjustments					
Approved Transfer Between Appr			(85)	(85)	(170)
One-time Appropriations			(1,000)	(1,000)	(2,000)
Pt Contract Base Reduction			(7)	(7)	(14)
Forecast Base	10,543	7,145	6,053	6,053	12,106
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	14	0	0	0	0
Direct Appropriations					
General	10,481	8,458	6,437	6,437	12,874
Federal	192	0	0	0	0
Statutory Appropriations					
Clean Water Revolving Fund	5,970	2,802	0	0	0
Miscellaneous Special Revenue	5,960	3,521	3,187	3,263	6,450
Agriculture Fund	1	2	2	2	4
Federal	308	480	480	480	960
Rural Finance Administration	348	500	0	0	0
Miscellaneous Agency	0	178	0	0	0
Gift	0	29	15	15	30
Total	23,274	15,970	10,121	10,197	20,318
<u>Expenditures by Category</u>					
Total Compensation	4,593	5,174	5,181	5,343	10,524
Other Operating Expenses	2,326	3,365	2,097	2,010	4,107
Payments To Individuals	4,046	543	522	523	1,045
Local Assistance	2,893	3,255	2,311	2,311	4,622
Other Financial Transactions	9,416	3,633	0	0	0
Transfers	0	0	10	10	20
Total	23,274	15,970	10,121	10,197	20,318
<u>Expenditures by Activity</u>					
Grants & Assistance	7,170	4,766	3,215	3,215	6,430
Agency Services	4,087	4,834	6,906	6,982	13,888
Information Technology	2,093	2,275	0	0	0
Rural Financing	9,924	4,095	0	0	0
Total	23,274	15,970	10,121	10,197	20,318
Full-Time Equivalent (FTE)	57.9	56.4	44.1	44.1	

Activity Description

This activity provides a variety of grant programs, pass-thru grants and financial assistance programs for individuals and organizations.

Population Served

Grants and assistance are provided to dairy producers, low-income and nutritionally at-risk people, farmers in financial crisis, county fairs, agricultural producer associations, and research and development organizations.

Services Provided

The Dairy Development Profitability and Enhancement program assists dairy producers in the enhancement of their operations. The program has two facets: Dairy Enhancement Team Grants and Dairy Business Planning Grants. Local teams are composed of University of Minnesota Extension and Minnesota State Colleges and Universities (MnSCU) employees as well as local veterinarians, feed nutritionists and financial lenders.

Teams work with individual producers to help them achieve greater profitability, productivity, and efficiency. Through this cooperative effort, producers have been able to eliminate bottlenecks in their operations and accomplish business and family goals. The Dairy Business Planning Grant provides a 50% cost share, up to \$5,000 per producer, of the cost of completing a business plan. Options explored by these producers have included on-farm processing, expansion, transferring the farm to the next generation, and environmental upgrades. This grant is available to all dairy producers, but the program prioritizes small to medium-sized producers.

The Farmers' Market Nutrition Programs (FMNP) promote farmers' markets and improve the diets of low-income children, pregnant women, and seniors. The program aims to increase direct sales of locally grown produce and encourage consumption of fresh produce among low-income and nutritionally at-risk people by providing checks to those groups. FMNP issues checks to FMNP-WIC recipients through the local WIC (Women, Infant and Children) agencies that can only be redeemed at authorized farmers' markets for locally grown, fresh, unprocessed fruits and vegetables. Seniors receive checks from the agencies that distribute NAPS (Nutrition Assistance Program for Seniors) commodities. The department authorizes markets and vendors to accept the checks and investigates to ensure that vendors comply with program requirements and redeem checks only for eligible items.

The Second Harvest Heartland grant supports the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks.

Farm Advocates provide one-on-one assistance for Minnesota farmers who face crisis due to a natural disaster or financial problems. Farm Advocates understand the needs of agricultural families. They are trained and experienced to deal with agricultural lending practices, mediation, lender negotiation, farm programs, crisis counseling and disaster programs, and to recognize the need for legal and social services. Farm Advocates assist farmers who are entering negotiations with a lender, liquidating assets of the farming operation, seeking financial assistance, and/or are receiving an adverse decision from a state or federal agency. Key farm advocate services include: financial planning; lender negotiations; farm program advice; referrals for legal services; and referrals for Social and Human Services. In addition, mental health counseling support to farm families and business operators is supported through farm business management programs at Central Lakes College and Ridgewater College.

Activity at a Glance

This activity includes the following programs:

- ◆ The Dairy Development Profitability and Enhancement Program
- ◆ The Farmers Market Nutrition coupon programs (including federal money)
- ◆ Milk for food shelves through a grant to Second Harvest Heartland
- ◆ The Farm Advocates program
- ◆ Mental health assistance through the Minnesota State Colleges and Universities
- ◆ County Fair and Agricultural Society Grants
- ◆ Grants to the Northern Crops Institute, Northern Minnesota Forage-Turf Seed Advisory Committee and the Minnesota Horticultural Society

AGRICULTURE DEPT

Program: ADMINISTRATIVE SERVICES

Activity: GRANTS & ASSISTANCE

Narrative

Grants to county fairs and agricultural associations provide assistance to fair boards and associations for prize costs. Grants to the Northern Crops Institute and the Northern Minnesota Forage-Turf Seed Advisory Committee provide support for continued research into hardy varieties of crops for use in the northern tier of states and improved production of forage and turf seed related to new varieties. Grants to the Minnesota Horticultural Society support educational programs including the Minnesota Green program, which supplies donated plant materials to more than 200 community greening spaces throughout the state.

Historical Perspective

Minnesota has had state-funded FMNP since FY 1989 and has received federal funds since federal FY 1994. The senior FMNP started in Minnesota in federal FY 2001, the first year federal funds were available.

The Dairy Development Profitability and Enhancement program was established in 1996.

The Minnesota Horticultural Society was founded in 1866 and its magazine, *The Northern Gardener*, is the longest continuously published magazine in the state.

Key Program Goals

This activity supports the statewide goals of having sustainable, strong economic growth, specifically supporting agricultural industries and employment in rural communities. These programs also support the statewide goal of helping Minnesotans in need, specifically helping low-income and nutritionally at-risk people and farmers in families in crisis.

Key Measures

Performance measures that will be used to evaluate effectiveness in the next biennium include the following.

- ◆ The Dairy Development Profitability and Enhancement Program will provide at least a \$5 return on investment for every \$1 of state grant money spent
- ◆ At least half of all first-time FMNP check recipients will be new customers to farmers markets.

Activity Funding

Grants and claims are funded by direct appropriations from the general fund. Appropriations for the Farmers Market Nutrition Programs provide the required match for federal appropriations.

Contact

For additional information contact Steve Ernest, Financial Management Director, at (651) 201-6580 or Steve.Ernest@state.mn.us

AGRICULTURE DEPT

Program: AGENCY SVCS & FINANCIAL ASSIST

Activity: GRANTS & ASSISTANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,223	3,846	3,846	3,846	7,692
Technical Adjustments					
Approved Transfer Between Appr			180	180	360
One-time Appropriations			(1,000)	(1,000)	(2,000)
Forecast Base	7,223	3,846	3,026	3,026	6,052
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	6,686	4,282	2,739	2,739	5,478
Federal	192	0	0	0	0
Statutory Appropriations					
Federal	292	461	461	461	922
Gift	0	23	15	15	30
Total	7,170	4,766	3,215	3,215	6,430
<u>Expenditures by Category</u>					
Total Compensation	119	135	95	95	190
Other Operating Expenses	112	833	287	286	573
Payments To Individuals	4,046	543	522	523	1,045
Local Assistance	2,893	3,255	2,311	2,311	4,622
Total	7,170	4,766	3,215	3,215	6,430
Full-Time Equivalent (FTE)	1.6	1.1	1.1	1.1	

Activity Description

Agency Services provides the leadership to the Minnesota Department of Agriculture (MDA) and its employees, and outreach to the agriculture industry and Minnesota consumers. It also provides department-wide support in the areas of human resources, finance and budget, and information technology by assisting divisions in providing efficient and effective programs.

M.S. Chapter 17 provides the statutory authority for the commissioner of MDA.

Population Served

In addition to supplying essential assistance to MDA employees and programs, Administrative Services also works with the legislature, producers and processors in the agricultural industry, citizens of Minnesota, and partner state and federal agencies.

Services Provided

Services are provided through the:

- ◆ Commissioner's Office – provides leadership for the department, sets policy, and represents the department in interactions with our stakeholders – federal, state, local, and international.
- ◆ Human Resources – provides employee safety and health program, labor relations program, training program, and diversity program in order to maintain a flexible and diverse workforce that can meet the needs of a changing and demanding workplace.
- ◆ Finance and Budget – provides centralized accounting, payroll, budgeting, mail, and motor pool services to the employees of MDA.
- ◆ Information Technology – provides services to all divisions for computer systems analysis, technical support, programming, project management, web design and graphic arts; administers the production of all department licenses; coordinates geographic information systems; manages telephone services; and prepares for future technology needs.
- ◆ Agricultural Statistics – a joint federal/state division that collects, analyzes, and disseminates statistical information useful to not only agricultural producers and processors, but also to economists.

Activity at a Glance

- ◆ Commissioner's Office oversees and directs the activity of all divisions in MDA
- ◆ Human Resources and Diversity assist over 500 employees with personnel matters
- ◆ Finance and Budget works to build and manage an annual budget of over \$80 million
- ◆ Information Technology provides, maintains and updates MDA's hardware, software, and network computer assets
- ◆ Agricultural Statistics is a state/federal partnership that collects, correlates, and analyzes agricultural data
- ◆ MDA has 317 employees located in the Minneapolis/St. Paul metro area, and 220 employees located throughout Minnesota in the areas they serve

Historical Perspective

Minnesota's agriculture and food sector continues to face formidable challenges. Public expectations for food safety, natural resource protections and agriculture security are at the highest level in recent history, and the competition for domestic and international markets is more intense every year. The department's budget and human resources have been obligated to respond to numerous critical situations while also trying to help Minnesota's agriculture and food sector position itself for success in this fast-changing environment.

The department has made significant advances to align business needs with technology support, moving from a fragmented information technology infrastructure to a highly integrated system providing improved support/services to our employees, customers, and Minnesota citizens. The department has a proven track record of successfully managing and completing complex information technology projects on time and within budget.

2006 marked MDA's first full year in the new Orville L. Freeman Building, located at 625 Robert Street North, in St. Paul. Co-location with the Department of Health and the Board of Animal Health has enhanced coordination on related activities.

Key Program Goals

This activity supports the three basic goals of MDA: protecting the safety of the food supply from the farm to the consumer, promoting environmentally friendly agricultural practices and improving the marketability of Minnesota's agricultural products.

Key Measures

Performance objectives that will be measured and used to evaluate effectiveness in the next biennium include the following:

- ◆ MDA will continue to partner with other state departments of agriculture to increase our presence at the national level to ensure Minnesota's agriculture is represented and heard.
- ◆ Technology projects will be designed and completed with goals defined by business practices and needs.
- ◆ Division directors will be surveyed to determine their level of satisfaction with Human Resources services.

Activity Funding

Leadership and support activities are funded with direct appropriations from the general fund and indirect cost charges made within the agency for central service operations.

Contact

For additional information on budgets, please contact Steve Ernest, Financial Management Director, at (651) 201-6580 or Steve.Ernest@state.mn.us.

For additional information on policy, please contact Quinn Cheney, Director of Policy Development, at (651) 201-6180 or Quinn.Cheney@state.mn.us.

Additional information, such as the Commissioner's Column is also available on the MDA's website at www.mda.state.mn.us/about/commissionersoffice/ and at www.mda.state.mn.us/about/commissionersoffice/columns/

AGRICULTURE DEPT

Program: AGENCY SVCS & FINANCIAL ASSIST

Activity: AGENCY SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,320	3,299	3,299	3,299	6,598
Technical Adjustments					
Approved Transfer Between Appr			1,637	1,637	3,274
Pt Contract Base Reduction			(7)	(7)	(14)
Forecast Base	3,320	3,299	4,929	4,929	9,858
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,020	2,253	3,698	3,698	7,396
Statutory Appropriations					
Miscellaneous Special Revenue	2,050	2,378	3,187	3,263	6,450
Agriculture Fund	1	2	2	2	4
Federal	16	19	19	19	38
Miscellaneous Agency	0	176	0	0	0
Gift	0	6	0	0	0
Total	4,087	4,834	6,906	6,982	13,888
<u>Expenditures by Category</u>					
Total Compensation	2,656	3,042	5,086	5,248	10,334
Other Operating Expenses	1,431	1,792	1,810	1,724	3,534
Transfers	0	0	10	10	20
Total	4,087	4,834	6,906	6,982	13,888
Full-Time Equivalents (FTE)	34.5	33.5	30.5	30.5	

AGRICULTURE DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Current Law		Biennium 2010-11
			FY2010	FY2011	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	3,337	3,095	3,095	3,095	6,190
Remediation Fund	161	92	92	92	184
Other Revenues:					
General	23	6	0	0	0
Other Sources:					
General	42	0	0	0	0
Total Non-Dedicated Receipts	3,563	3,193	3,187	3,187	6,374
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	4	8	5	5	10
Agriculture Fund	17,149	16,158	16,187	16,229	32,416
Rural Finance Administration	1	1	0	0	0
Grants:					
Miscellaneous Special Revenue	109	139	158	151	309
Federal	5,983	7,840	7,922	8,166	16,088
Other Revenues:					
Miscellaneous Special Revenue	2,884	3,257	3,214	3,247	6,461
Agriculture Fund	1,123	956	922	922	1,844
Rural Finance Administration	3,542	2,255	2,247	2,246	4,493
Miscellaneous Agency	11	8	2	0	2
Gift	96	55	11	11	22
Other Sources:					
Clean Water Revolving Fund	3,327	3,786	4,472	4,665	9,137
Miscellaneous Special Revenue	255	336	165	147	312
Rural Finance Administration	8,817	6,199	5,043	5,034	10,077
Miscellaneous Agency	259	2	1	1	2
Gift	0	0	15	15	30
Total Dedicated Receipts	43,560	41,000	40,364	40,839	81,203
Agency Total Revenue	47,123	44,193	43,551	44,026	87,577