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Agriculture

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

AT A GLANCE

- 450 employees across the state
- Analyzed over 5,000 dairy product samples and 3,000 meat and poultry samples in partnership with the MDA Laboratory Division
- Conducted over 2,800 manufactured food, 7,000 retail food, and 1,000 animal feed inspections to ensure the safety and quality of products manufactured and distributed in Minnesota.
- Approximately 1.6 billion pounds of ag products certified as plant pest free for export to 70 countries by 136 Minnesota companies during 2017
- Assisted Minnesota counties, townships, and cities with the enforcement of noxious weed issues
- Annual Agricultural Growth, Research, and Innovation (AGRI) \$10.235 million state investment in FY17 was matched by \$78 million in private investment with an estimated 1,740 jobs created
- More than 1,300 farms and farmers' markets licensed to use the Minnesota Grown logo
- In partnership with all Minnesota counties, collected over 500,000 pounds of waste pesticides in 2017

PURPOSE

Our mission 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.

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

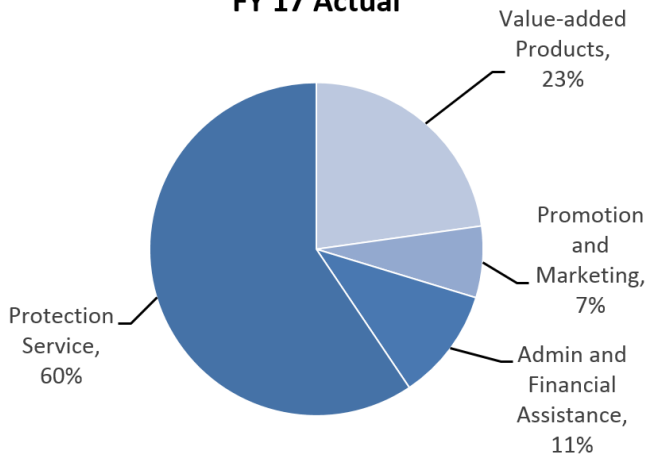
- Invest in farmers through education and grants aimed at modernizing the family farm;
- Invest in the future of the agricultural economy with grants for research and value-added processing;
- Ensure that state and federal regulations for food and health safety are followed;
- Educate producers, suppliers,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

We support the following statewide outcomes:

- A thriving economy that encourages business growth and employment opportunities
- All Minnesotans have optimal health
- People in Minnesota are safe
- A clean, healthy environment with sustainable uses of natural resources

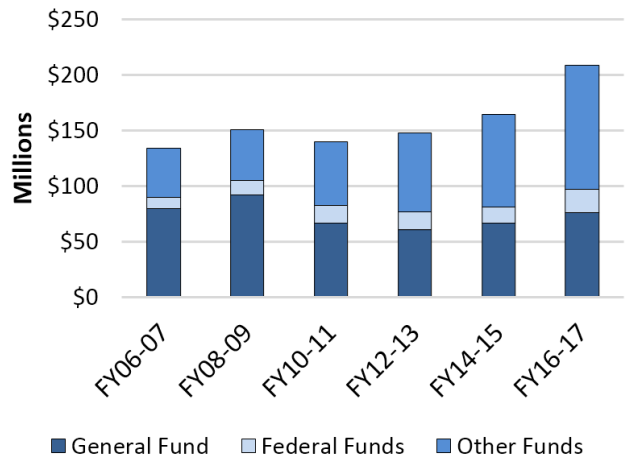
BUDGET

**Spending by Program
FY 17 Actual**



Source: BPAS

Historical Spending



Source: Consolidated Fund Statement

Our budget comes from three primary sources. The most significant funding resource is fee revenues. These revenues must be spent to support the activities from which they are collected and currently make up just over one-third of the agency's budget. The state's General Fund is also a large part of the agency's budget at just over one-third of the budget. A large portion of the general fund budget passes through MDA in AGRI (Agricultural Growth, Research, and Innovation) and other assistance programs. In FY16-17 and FY18-19 federal funds accounted for about 10 percent of MDA's budget.

STRATEGIES

We use a range of regulatory and voluntary strategies to support our mission. This includes the use of registration, labeling, licensing, permitting, inspection, and enforcement efforts. Additionally, we coordinate and conduct outreach activities such as workshops, conferences, and field demonstration projects.

Our staff conduct inspections and verify samples to ensure that producers, processors, wholesalers, haulers, grocery and convenience stores, and other industry personnel are producing and handling dairy, food, meat, and feed products in a safe manner to protect them from unintended alteration and contamination.

We ensure that Minnesota plant products meet the import requirements of our trading partners, meet grading standards established in contracts, that seeds meet viability and purity standards, that general health standards are met for nursery stock, and that standards for freedom from harmful plant pests are met.

Our marketing and promotional initiatives offer producers technical and financial assistance on a variety of issues, including dairy and livestock development, business planning, and emerging water quality and conservation practices.

Our staff facilitates access to new markets through the Minnesota Grown Directory, international trade market research, and client support for trade missions and export assistance. We also support the organic industry through education, direct financial support, and skill development.

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

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|----------------|----------------|------------------------------|----------------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 32,695 | 43,884 | 41,123 | 45,343 | 42,250 | 42,250 | 45,518 | 45,114 |
| 2000 - Restrict Misc Special Revenue | 1,760 | 1,370 | 1,971 | 1,930 | 1,882 | 1,899 | 1,882 | 1,899 |
| 2001 - Other Misc Special Revenue | 4,666 | 4,093 | 5,348 | 6,137 | 6,200 | 6,340 | 6,200 | 6,340 |
| 2018 - Agriculture | 31,861 | 36,412 | 38,486 | 42,807 | 40,524 | 40,537 | 40,524 | 40,537 |
| 2050 - Environment & Natural Resources | 373 | 405 | 662 | 1,615 | | | | |
| 2301 - Arts & Cultural Heritage | | | 138 | 162 | | | | |
| 2302 - Clean Water | 13,208 | 13,625 | 12,343 | 10,738 | | | 11,383 | 11,382 |
| 2403 - Gift | 5 | 13 | | 66 | 15 | 15 | 15 | 15 |
| 2801 - Remediation | 1,544 | 1,607 | 1,508 | 1,969 | 1,959 | 1,959 | 1,959 | 1,959 |
| 3000 - Federal | 8,686 | 12,053 | 13,017 | 13,284 | 11,664 | 11,750 | 11,664 | 11,750 |
| 6000 - Miscellaneous Agency | 61 | 190 | 66 | | | | | |
| Total | 94,859 | 113,652 | 114,662 | 124,051 | 104,494 | 104,750 | 119,145 | 118,996 |
| Biennial Change | | | | 30,202 | | (29,469) | | (572) |
| Biennial % Change | | | | 14 | | (12) | | (0) |
| Governor's Change from Base | | | | | | | | 28,897 |
| Governor's % Change from Base | | | | | | | | 14 |

Expenditures by Program

| | | | | | | | | |
|----------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Protection Services | 62,076 | 67,813 | 67,123 | 75,449 | 58,680 | 58,885 | 72,206 | 72,331 |
| Promotion and Marketing | 6,749 | 7,777 | 6,891 | 8,338 | 8,177 | 8,345 | 8,377 | 8,545 |
| Value-added Products | 13,170 | 25,583 | 25,895 | 25,073 | 23,561 | 23,714 | 23,561 | 23,714 |
| Admin and Financial Assist | 12,864 | 12,479 | 14,752 | 15,191 | 14,076 | 13,806 | 15,001 | 14,406 |
| Total | 94,859 | 113,652 | 114,662 | 124,051 | 104,494 | 104,750 | 119,145 | 118,996 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Compensation | 38,209 | 40,864 | 43,567 | 47,606 | 45,095 | 45,210 | 49,660 | 49,790 |
| Operating Expenses | 35,871 | 36,132 | 33,878 | 41,807 | 30,525 | 30,470 | 37,505 | 37,109 |
| Grants, Aids and Subsidies | 20,249 | 34,956 | 36,998 | 34,538 | 28,765 | 29,019 | 31,200 | 31,454 |
| Capital Outlay-Real Property | 120 | 1,103 | 93 | | 42 | | 660 | 539 |
| Other Financial Transaction | 411 | 597 | 125 | 100 | 67 | 51 | 120 | 104 |
| Total | 94,859 | 113,652 | 114,662 | 124,051 | 104,494 | 104,750 | 119,145 | 118,996 |

Agriculture

Agency Expenditure Overview

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|---|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|----------------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| Total Agency Expenditures | 94,859 | 113,652 | 114,662 | 124,051 | 104,494 | 104,750 | 119,145 | 118,996 |
| Internal Billing Expenditures | 5,260 | 5,304 | 5,343 | 5,580 | 5,672 | 5,755 | 5,778 | 5,861 |
| Expenditures Less Internal Billing | 89,600 | 108,348 | 109,319 | 118,471 | 98,822 | 98,995 | 113,367 | 113,135 |

| | | | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <u>Full-Time Equivalents</u> | 447.23 | 460.17 | 480.57 | 506.73 | 471.44 | 468.62 | 521.00 | 518.18 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|---------------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | 1,414 | 6,484 | 1,267 | 2,701 | | | | |
| Direct Appropriation | 51,426 | 48,698 | 52,703 | 52,798 | 51,856 | 51,856 | 55,124 | 54,720 |
| Transfers In | 3,349 | 6,359 | 901 | 1,534 | 135 | 135 | 135 | 135 |
| Transfers Out | 18,176 | 17,037 | 11,050 | 11,690 | 9,741 | 9,741 | 9,741 | 9,741 |
| Cancellations | 42 | 257 | | | | | | |
| Balance Forward Out | 5,277 | 362 | 2,698 | | | | | |
| Expenditures | 32,695 | 43,884 | 41,123 | 45,343 | 42,250 | 42,250 | 45,518 | 45,114 |
| Biennial Change in Expenditures | | | | 9,887 | | (1,966) | | 4,166 |
| Biennial % Change in Expenditures | | | | 13 | | (2) | | 5 |
| Governor's Change from Base | | | | | | | | 6,132 |
| Governor's % Change from Base | | | | | | | | 7 |
| Full-Time Equivalents | 129.77 | 154.20 | 159.40 | 173.43 | 169.62 | 169.02 | 184.27 | 183.67 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 12,410 | 11,242 | 10,793 | 9,562 | 7,012 | 4,813 | 7,012 | 4,813 |
| Receipts | 2,207 | 1,581 | 2,154 | 1,840 | 1,667 | 1,736 | 1,667 | 1,736 |
| Transfers In | 150 | 1,877 | | 134 | 85 | 85 | 85 | 85 |
| Transfers Out | 1,182 | 1,794 | 2 | | | | | |
| Net Loan Activity | (484) | (743) | (1,411) | (2,594) | (2,069) | (673) | (2,069) | (673) |
| Balance Forward Out | 11,342 | 10,793 | 9,563 | 7,012 | 4,813 | 4,062 | 4,813 | 4,062 |
| Expenditures | 1,760 | 1,370 | 1,971 | 1,930 | 1,882 | 1,899 | 1,882 | 1,899 |
| Biennial Change in Expenditures | | | | 771 | | (120) | | (120) |
| Biennial % Change in Expenditures | | | | 25 | | (3) | | (3) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 11.29 | 8.74 | 12.01 | 12.91 | 12.20 | 12.14 | 12.20 | 12.14 |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Balance Forward In | 6,859 | 7,383 | 8,663 | 8,633 | 8,030 | 7,433 | 8,030 | 7,433 |
| Receipts | 5,308 | 5,373 | 5,458 | 5,613 | 5,682 | 5,788 | 5,682 | 5,788 |
| Internal Billing Receipts | 5,265 | 5,296 | 5,335 | 5,494 | 5,582 | 5,696 | 5,582 | 5,696 |
| Transfers Out | | 3 | 139 | 79 | 79 | 79 | 79 | 79 |
| Balance Forward Out | 7,501 | 8,661 | 8,633 | 8,030 | 7,433 | 6,802 | 7,433 | 6,802 |

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| Expenditures | 4,666 | 4,093 | 5,348 | 6,137 | 6,200 | 6,340 | 6,200 | 6,340 |
| Biennial Change in Expenditures | | | | 2,726 | | 1,055 | | 1,055 |
| Biennial % Change in Expenditures | | | | 31 | | 9 | | 9 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 35.28 | 38.11 | 30.48 | 30.48 | 34.34 | 34.34 | 34.34 | 34.34 |

2018 - Agriculture

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Balance Forward In | 16,047 | 18,357 | 22,788 | 24,639 | 20,418 | 17,353 | 20,418 | 17,353 |
| Receipts | 28,203 | 29,872 | 30,550 | 28,800 | 27,973 | 28,178 | 27,973 | 28,178 |
| Transfers In | 7,189 | 13,148 | 12,062 | 12,001 | 11,836 | 11,836 | 11,836 | 11,836 |
| Transfers Out | 2,402 | 3,212 | 2,276 | 2,215 | 2,350 | 2,350 | 2,350 | 2,350 |
| Balance Forward Out | 17,178 | 21,753 | 24,638 | 20,418 | 17,353 | 14,480 | 17,353 | 14,480 |
| Expenditures | 31,861 | 36,412 | 38,486 | 42,807 | 40,524 | 40,537 | 40,524 | 40,537 |
| Biennial Change in Expenditures | | | | 13,020 | | (232) | | (232) |
| Biennial % Change in Expenditures | | | | 19 | | (0) | | (0) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 183.32 | 176.17 | 186.33 | 192.41 | 192.09 | 188.59 | 192.09 | 188.59 |

2050 - Environment & Natural Resources

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|--------------|---|---------|---|---------|
| Balance Forward In | 667 | 294 | 400 | 934 | | | | |
| Direct Appropriation | | 511 | 1,025 | 681 | 0 | 0 | 0 | 0 |
| Transfers In | | | 173 | | | | | |
| Cancellations | | | 3 | | | | | |
| Balance Forward Out | 294 | 400 | 933 | | | | | |
| Expenditures | 373 | 405 | 662 | 1,615 | | | | |
| Biennial Change in Expenditures | | | | 1,499 | | (2,277) | | (2,277) |
| Biennial % Change in Expenditures | | | | 193 | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 4.34 | 3.55 | 2.94 | 2.93 | | | | |

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|--|----------------|----------------|----------------|------------------|----------------------------|--|---|--|
|--|----------------|----------------|----------------|------------------|----------------------------|--|---|--|

2301 - Arts & Cultural Heritage

| | | | | | | | | |
|-----------------------------------|--|--|------------|------------|---|-------|---|-------|
| Balance Forward In | | | | 12 | | | | |
| Direct Appropriation | | | 150 | 150 | 0 | 0 | 0 | 0 |
| Balance Forward Out | | | 12 | | | | | |
| Expenditures | | | 138 | 162 | | | | |
| Biennial Change in Expenditures | | | | 300 | | (300) | | (300) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

2302 - Clean Water

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---|----------|---------------|---------------|
| Balance Forward In | 8,127 | 6,985 | 5,570 | 1,511 | | | | |
| Direct Appropriation | 8,584 | 7,582 | 8,283 | 9,283 | 0 | 0 | 11,383 | 11,382 |
| Transfers In | | 173 | | | | | | |
| Transfers Out | 500 | 83 | | 56 | | | | |
| Cancellations | 783 | | | | | | | |
| Balance Forward Out | 2,219 | 1,032 | 1,511 | | | | | |
| Expenditures | 13,208 | 13,625 | 12,343 | 10,738 | | | 11,383 | 11,382 |
| Biennial Change in Expenditures | | | | (3,753) | | (23,081) | | (316) |
| Biennial % Change in Expenditures | | | | (14) | | (100) | | (1) |
| Governor's Change from Base | | | | | | | | 22,765 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 29.35 | 30.53 | 32.31 | 32.51 | | | 34.91 | 34.91 |

2403 - Gift

| | | | | | | | | |
|-----------------------------------|----------|-----------|----|-----------|-----------|-----------|-----------|-----------|
| Balance Forward In | 50 | 45 | 80 | 82 | 20 | 11 | 20 | 11 |
| Receipts | 0 | 48 | 1 | 4 | 6 | 6 | 6 | 6 |
| Transfers In | | 30 | | | | | | |
| Transfers Out | | 30 | | | | | | |
| Balance Forward Out | 45 | 80 | 81 | 20 | 11 | 2 | 11 | 2 |
| Expenditures | 5 | 13 | | 66 | 15 | 15 | 15 | 15 |
| Biennial Change in Expenditures | | | | 48 | | (36) | | (36) |
| Biennial % Change in Expenditures | | | | 259 | | | | |
| Governor's Change from Base | | | | | | | | 0 |

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-------------------------------|----------------|----------------|----------------|------------------|----------------------------|--|---|---|
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.10 | | | | | | | |

2801 - Remediation

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | | 15 | | 11 | | | | |
| Direct Appropriation | 388 | 388 | 393 | 398 | 399 | 399 | 399 | 399 |
| Open Appropriation | 1,171 | 1,204 | 1,126 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 |
| Balance Forward Out | 15 | | 11 | | | | | |
| Expenditures | 1,544 | 1,607 | 1,508 | 1,969 | 1,959 | 1,959 | 1,959 | 1,959 |
| Biennial Change in Expenditures | | | | 326 | | 441 | | 441 |
| Biennial % Change in Expenditures | | | | 10 | | 13 | | 13 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.68 | 2.85 | 2.57 | 2.57 | 2.57 | 2.57 | 2.57 | 2.57 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Balance Forward In | 585 | 81 | 4 | | | | | |
| Receipts | 8,290 | 12,046 | 13,014 | 13,284 | 11,664 | 11,750 | 11,664 | 11,750 |
| Transfers Out | 150 | 13 | 2 | | | | | |
| Balance Forward Out | 39 | 59 | | | | | | |
| Expenditures | 8,686 | 12,053 | 13,017 | 13,284 | 11,664 | 11,750 | 11,664 | 11,750 |
| Biennial Change in Expenditures | | | | 5,562 | | (2,887) | | (2,887) |
| Biennial % Change in Expenditures | | | | 27 | | (11) | | (11) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 50.80 | 45.71 | 54.22 | 59.49 | 60.62 | 61.96 | 60.62 | 61.96 |

6000 - Miscellaneous Agency

| | | | | | | | | |
|---------------------|----|-----|------|-----|-----|-----|-----|-----|
| Balance Forward In | 57 | 53 | 284 | 231 | 229 | 231 | 229 | 231 |
| Receipts | 7 | 370 | (32) | 1 | 2 | 2 | 2 | 2 |
| Transfers In | 50 | 83 | 50 | | | | | |
| Transfers Out | | 33 | 6 | 3 | | | | |
| Balance Forward Out | 53 | 284 | 230 | 229 | 231 | 233 | 231 | 233 |

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|------|---|------|
| Expenditures | 61 | 190 | 66 | | | | | |
| Biennial Change in Expenditures | | | | (185) | | (66) | | (66) |
| Biennial % Change in Expenditures | | | | (74) | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 0.30 | 0.31 | 0.31 | | | | | |

8200 - Clean Water Revolving

| | | | | | | | | |
|---------------------|--------|---------|---------|----------|---------|-------|---------|-------|
| Balance Forward In | 26,540 | 26,614 | 25,163 | 18,473 | 9,073 | 6,873 | 9,073 | 6,873 |
| Transfers In | | | | 1,000 | | | | |
| Net Loan Activity | 74 | (1,450) | (6,690) | (10,400) | (2,200) | 220 | (2,200) | 220 |
| Balance Forward Out | 26,614 | 25,163 | 18,473 | 9,073 | 6,873 | 7,093 | 6,873 | 7,093 |

8250 - Rural Finance Administration

| | | | | | | | | |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Balance Forward In | 2,289 | 3,432 | 3,469 | 3,476 | 3,526 | 3,560 | 3,526 | 3,560 |
| Receipts | 58 | 84 | 124 | 126 | 129 | 131 | 129 | 131 |
| Transfers In | 1,064 | | | | | | | |
| Transfers Out | 33 | 97 | 53 | 56 | 68 | 70 | 68 | 70 |
| Net Loan Activity | 55 | 52 | (64) | (20) | (27) | (29) | (27) | (29) |
| Balance Forward Out | 3,432 | 3,470 | 3,475 | 3,526 | 3,560 | 3,592 | 3,560 | 3,592 |

(Dollars in Thousands)

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---------------|---------------|---------------|---------------------|
| Direct | | | | |
| Fund: 1000 - General | | | | |
| FY2019 Appropriations | 52,798 | 52,798 | 52,798 | 105,596 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (1,953) | (1,953) | (3,906) |
| Current Law Base Change | | 964 | 964 | 1,928 |
| Pension Allocation | | 47 | 47 | 94 |
| Approved Transfer Between Appropriation | | 0 | 0 | 0 |
| Forecast Base | 52,798 | 51,856 | 51,856 | 103,712 |
| Change Items | | | | |
| Agricultural Trade and Marketing | | 200 | 200 | 400 |
| Farm and Rural Mental Health Assistance | | 225 | 225 | 450 |
| Ag Emergency Preparedness and Response | | 625 | 300 | 925 |
| Noxious Weed Program | | 900 | 900 | 1,800 |
| Meat Inspection Program | | 150 | 150 | 300 |
| Industrial Hemp Development Program | | 300 | 300 | 600 |
| Critical Core Capacity for Plant Pathogens and Pests | | 250 | 250 | 500 |
| Capital Equipment Replacement | | 618 | 539 | 1,157 |
| Total Governor's Recommendations | 52,798 | 55,124 | 54,720 | 109,844 |
| Fund: 2050 - Environment & Natural Resources | | | | |
| FY2019 Appropriations | 681 | 681 | 681 | 1,362 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (681) | (681) | (1,362) |
| Forecast Base | 681 | 0 | 0 | 0 |
| Total Governor's Recommendations | 681 | 0 | 0 | 0 |
| Fund: 2301 - Arts & Cultural Heritage | | | | |
| FY2019 Appropriations | 150 | 150 | 150 | 300 |
| Base Adjustments | | | | |
| One-Time Legacy Fund Appropriations | | (150) | (150) | (300) |
| Forecast Base | 150 | 0 | 0 | 0 |
| Total Governor's Recommendations | 150 | 0 | 0 | 0 |
| Fund: 2302 - Clean Water | | | | |
| FY2019 Appropriations | 9,283 | 9,283 | 9,283 | 18,566 |
| Base Adjustments | | | | |
| One-Time Legacy Fund Appropriations | | (9,283) | (9,283) | (18,566) |
| Forecast Base | 9,283 | 0 | 0 | 0 |
| Change Items | | | | |

Agriculture

Agency Change Summary

(Dollars in Thousands)

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---------------|---------------|---------------|---------------------|
| AgBMP Loan Program (Clean Water Fund Activities) | | 75 | 75 | 150 |
| Agricultural Research/Evaluation (Clean Water Fund Activities) | | 663 | 662 | 1,325 |
| Monitoring of Pesticides In Surface Water and Groundwater (Clean Water Fund Activities) | | 350 | 350 | 700 |
| Forever Green Initiative (Clean Water Fund Activities) | | 1,650 | 1,650 | 3,300 |
| Impaired Waters Technical Assistance (Clean Water Fund Activities) | | 1,625 | 1,625 | 3,250 |
| Irrigation Water Quality Protection (Clean Water Fund Activities) | | 385 | 385 | 770 |
| MN Agricultural Water Quality Certification (MAWQCP)(Clean Water Fund Activities) | | 3,000 | 3,000 | 6,000 |
| Nitrate in Groundwater (Clean Water Fund Activities) | | 2,585 | 2,585 | 5,170 |
| Pesticide Testing of Private Wells (Clean Water Fund Activities) | | 1,000 | 1,000 | 2,000 |
| Research Inventory Database (Clean Water Fund Activities) | | 50 | 50 | 100 |
| Total Governor's Recommendations | 9,283 | 11,383 | 11,382 | 22,765 |
| Fund: 2801 - Remediation | | | | |
| FY2019 Appropriations | 398 | 398 | 398 | 796 |
| Base Adjustments | | | | |
| Pension Allocation | | 1 | 1 | 2 |
| Forecast Base | 398 | 399 | 399 | 798 |
| Total Governor's Recommendations | 398 | 399 | 399 | 798 |
| Open | | | | |
| Fund: 2801 - Remediation | | | | |
| FY2019 Appropriations | 1,560 | 1,560 | 1,560 | 3,120 |
| Forecast Base | 1,560 | 1,560 | 1,560 | 3,120 |
| Total Governor's Recommendations | 1,560 | 1,560 | 1,560 | 3,120 |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Planned Spending | 1,930 | 1,882 | 1,899 | 3,781 |
| Forecast Base | 1,930 | 1,882 | 1,899 | 3,781 |
| Total Governor's Recommendations | 1,930 | 1,882 | 1,899 | 3,781 |
| Fund: 2001 - Other Misc Special Revenue | | | | |
| Planned Spending | 6,137 | 6,200 | 6,340 | 12,540 |
| Forecast Base | 6,137 | 6,200 | 6,340 | 12,540 |
| Total Governor's Recommendations | 6,137 | 6,200 | 6,340 | 12,540 |
| Fund: 2018 - Agriculture | | | | |
| Planned Spending | 42,807 | 40,524 | 40,537 | 81,061 |

Agriculture

Agency Change Summary

(Dollars in Thousands)

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|--------|--------|--------|---------------------|
| Forecast Base | 42,807 | 40,524 | 40,537 | 81,061 |
| Total Governor's Recommendations | 42,807 | 40,524 | 40,537 | 81,061 |
| Fund: 2403 - Gift | | | | |
| Planned Spending | 66 | 15 | 15 | 30 |
| Forecast Base | 66 | 15 | 15 | 30 |
| Total Governor's Recommendations | 66 | 15 | 15 | 30 |
| Fund: 3000 - Federal | | | | |
| Planned Spending | 13,284 | 11,664 | 11,750 | 23,414 |
| Forecast Base | 13,284 | 11,664 | 11,750 | 23,414 |
| Total Governor's Recommendations | 13,284 | 11,664 | 11,750 | 23,414 |
| Revenue Change Summary | | | | |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Forecast Revenues | 1,840 | 1,667 | 1,736 | 3,403 |
| Total Governor's Recommendations | 1,840 | 1,667 | 1,736 | 3,403 |
| Fund: 2001 - Other Misc Special Revenue | | | | |
| Forecast Revenues | 5,613 | 5,682 | 5,788 | 11,470 |
| Total Governor's Recommendations | 5,613 | 5,682 | 5,788 | 11,470 |
| Fund: 2018 - Agriculture | | | | |
| Forecast Revenues | 28,800 | 27,973 | 28,178 | 56,151 |
| Total Governor's Recommendations | 28,800 | 27,973 | 28,178 | 56,151 |
| Fund: 2403 - Gift | | | | |
| Forecast Revenues | 4 | 6 | 6 | 12 |
| Total Governor's Recommendations | 4 | 6 | 6 | 12 |
| Fund: 3000 - Federal | | | | |
| Forecast Revenues | 13,284 | 11,664 | 11,750 | 23,414 |
| Total Governor's Recommendations | 13,284 | 11,664 | 11,750 | 23,414 |
| Fund: 6000 - Miscellaneous Agency | | | | |
| Forecast Revenues | 1 | 2 | 2 | 4 |
| Total Governor's Recommendations | 1 | 2 | 2 | 4 |

(Dollars in Thousands)

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|--|-------|-------|-------|---------------------|
| Fund: 8250 - Rural Finance Administration | | | | |
| Forecast Revenues | 126 | 129 | 131 | 260 |
| Total Governor's Recommendations | 126 | 129 | 131 | 260 |
| <i>Non-Dedicated</i> | | | | |
| Fund: 1000 - General | | | | |
| Forecast Revenues | 3,870 | 3,870 | 3,870 | 7,740 |
| Total Governor's Recommendations | 3,870 | 3,870 | 3,870 | 7,740 |
| Fund: 2801 - Remediation | | | | |
| Forecast Revenues | 115 | 115 | 115 | 230 |
| Total Governor's Recommendations | 115 | 115 | 115 | 230 |
| Fund: 8250 - Rural Finance Administration | | | | |
| Forecast Revenues | 2,072 | 2,073 | 2,077 | 4,150 |
| Total Governor's Recommendations | 2,072 | 2,073 | 2,077 | 4,150 |

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Agricultural Trade and Marketing

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 200 | 200 | 200 | 200 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 200 | 200 | 200 | 200 |
| FTEs | 2 | 2 | 2 | 2 |

Recommendation:

The Governor recommends funding for the Department of Agriculture (MDA) to expand the capacity for market development by adding two FTEs. One FTE will be dedicated to international trade opportunities and the second will focus on domestic marketing opportunities such as within retail grocery stores and large institutional markets like foodservice.

Rationale/Background:

Demand for MDA's marketing services has outgrown our capacity to provide services to farmers and value-added processors and MDA is unable to capitalize on new market development opportunities. Without increased staff capacity, many of these market opportunities will be lost to producers and processors from other states or countries.

Minnesota agricultural exports have increased by 161 percent since 2007, from \$3.2 billion to \$7.1 billion in 2016. Minnesota is ranked 4th in the nation in total agricultural exports. In order to ensure this trend continues, additional resources are required to maintain quality programming to producers, processors, and companies around the state.

International trade has been an increasingly important market for Minnesota farmers and processors in the last decade. In addition, the trade climate has become more complicated and uncertain due to renegotiated trade agreements and the implementation of tariffs. More resources are needed to keep up with industry and trade trends; to communicate with our state's food and agricultural companies; and to execute current marketing efforts including education, hosting Minnesota Pavilions at domestic and global trade shows, and conducting inbound and outbound trade missions.

The food business is competitive and technical assistance is in demand. MDA marketing programs are a crucial part of an ecosystem of organizations that leverage public and private resources to help companies thrive. MDA seeks to expand services with the growing momentum around food, agriculture, and trade in Minnesota. Small to medium sized businesses will not receive vital marketing services necessary to give their products visibility and receive connectivity to markets without proper funding.

Proposal:

This proposal will augment existing programs and help MDA deliver more services to stakeholders and the business and agricultural community. Additional staffing will allow MDA to coordinate services with partner agencies, work extensively with retailers and wholesalers, and expand programs to serve stakeholders with better

quality and quantity. This market education and improved access will ensure the health of Minnesota's agricultural economy.

This proposal will add two FTE's to the Ag Marketing and Development Division. This proposal will expand our programmatic capacity in the following ways:

- One FTE will be dedicated to international trade opportunities. This will allow the MDA to support Minnesota Pavilions in at least two international tradeshow and reach at least six additional exporting companies and develop business in new markets. This position will also provide export education for new to export companies, which is critical for long-term export success. This position will also leverage dollars available through Food Export of the Midwest to expand programming. MDA is unable to execute both inbound and outbound trade missions with existing staff time. This FTE will also bring international buyers to Minnesota, specifically for the World Pork and World Dairy Expos, and explore new and existing markets with Minnesota businesses.
- A second FTE will focus on domestic marketing opportunities within retail grocery stores and large institutional markets, such as foodservice. MDA is currently unable to tap these markets due to staffing constraints. Results of this additional staff person include networks into additional markets; a larger number of food and ingredient companies seeking entry into these markets; and the ability to create new synergies with local, state, and regional organizations already providing technical assistance to food companies.
- Funding for both positions will cover a State Program Administrator Intermediate position including fringe, office space, and equipment.

Key partners are essential for this work. The MDA has existing relationships and partnerships with a broad network of professionals supporting business development, food entrepreneurship, and trade. These include the Department for Employment and Economic Development (DEED), Regional Development organizations, the Agriculture Utilization Research Institute (AURI), United States Department of Agriculture's (USDA) Market Access Program's (MAP) Cooperators; including Food Export of the Midwest, US Grains Council, US Soybean Export Council, and US Meat Export Federation, local nonprofits; such as Grow North, the Good Acre, Greater MSP, educational institutions, such as the University of Minnesota, and Commodity Councils such as MN Soybean and MN Corn.

Implementation will begin with hiring the two positions as soon as possible. MDA will act fast to strategically integrate the new team members to maximize communication and ensure the most efficient way to expand programming.

Equity and Inclusion:

MDA will recruit from diverse sources when hiring and build on existing relationships with diverse farming communities. We do not anticipate any adverse impacts on any of the groups.

This proposal continues and expands existing activities that are not able to keep up with the growing demand for them. Working collaboratively with partners such as commodity groups, farm organizations, and ag processing companies ensures long-term sustainability of these programs.

IT Related Proposals:

This is not an IT-related proposal.

Results:

The new proposed investment will build on the success of our existing portfolio of trade shows, trade missions, and reverse missions to create additional jobs and economic growth with a modest level of additional public investment.

| Type of Measure | Name of Measure | Previous | Current | Dates |
|-----------------|---|----------|---------|-------|
| Quality | Return on Investment from MDA pavilions at domestic and international trade shows | n/a | \$60:1 | 2017 |

Statutory Change(s):

No statutory changes are needed.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Farm and Rural Mental Health Assistance

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 225 | 225 | 225 | 225 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 225 | 225 | 225 | 225 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends funding to the Agriculture Marketing & Development Division's overall General Fund budget to use towards programs, services, and outreach efforts that support and promote Minnesota farmer mental health.

Rationale/Background:

Farmers and other rural residents are experiencing high levels of stress, linked to farm production challenges, financial distress, changes in the social fabric of rural living, and other factors beyond their control. Farm earnings hit record lows in 2014 and 2015 and declined again in 2017. Corn, soybean, and milk prices continue at or below the cost of production, exhausting working capital and eating into equity. Stresses like these take their toll; there are indications that suicide, divorce, and substance abuse rates are all climbing in this population.

In a 2017 survey of more than 500 Minnesota agriculture advisors (including bankers, veterinarians, county-based agriculture agency staff, and educators), more than 50 percent report they have observed increases in farmers' anxiety, financial worries, and concerns about farm tenure ("Who will take over when I'm gone?") during the past year. Agriculture advisors are concerned about increasing levels of farmer depression, burnout, and marital difficulties. The Minnesota Department of Agriculture (MDA) is also receiving more calls from the media about this topic.

MDA convened farm organization leaders to discuss farmer mental health stressors and their effects. That collaboration led to MDA hosting a series of twelve regional *Down on the Farm* workshops in six locations during 2018. These workshops were widely attended by people who come into contact with farmers on a regular basis (veterinarians, leaders of farm organizations, inspectors, etc.) as well as local and regional service providers (health care professionals, law enforcement, clergy, social service entities, etc.). The idea was to raise awareness of the issue and identify local, regional, and statewide resources that could help assist farmers. MDA was inundated with requests to conduct more workshops in more locations but available resources limit the ability to do so. Participants identified priority actions and efforts; their priorities form the basis of this recommendation.

Proposal:

This recommendation expands our current level of effort by:

- Adding a second Minnesota rural mental health specialist to provide confidential, one-on-one counseling tailored to farmers and their unique concerns: \$115,000 increase from \$113,000 to \$228,000.
- Funding and promoting a 24-hour confidential hotline that connects farmers and other rural residents in distress with a counselor or other resources: \$25,000

- Coordinating public information and outreach activities and engaging farm groups and other agriculture organizations to reduce the stigma of stress, anxiety, and other mental health challenges: \$38,000
- Adding two Farm Advocate advisors and increasing 12 consultants' hourly reimbursement by 2.5 percent. \$47,000 increase from \$220,000 to \$267,000.

This effort continues, expands, and enhances existing activities, like one-on-one farmer counseling and the 24-hour hotline, that are not meeting growing demand for them. Since many partners are involved and interested in working collaboratively, diffusion and sustainability are built into the project. MDA does not bear the entire burden of outreach and delivery.

Equity and Inclusion:

While farmers identify with many racial, ethnic, gender, and ability groups and some are veterans, none of the groups identified in this section will be specifically impacted as a whole by the proposal. The proposal is not submitted to reduce or eliminate ethnic, racial, or gender disparities. We do not anticipate any adverse impacts on the identified groups.

IT Related Proposals:

This is not an IT-related proposal.

Results:

Mental health issues are intensely private and it is difficult to collect data from those who are affected by stress, anxiety, depression, suicide, and other challenges. In addition, there are inherent challenges to measuring prevention (How many suicides prevented? How many divorces prevented? How much is physical illness prevented?) Instead, we will use feedback from agriculture professionals who interact with farmers on a regular basis and metadata from the Farm Advocate program and 24-hour phone anonymous counseling line to monitor changes in levels of farm and rural stress, anxiety, depression, substance abuse, and other challenges. These indicators will help us not only measure impact, but also to determine changes in need.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|-------------------------------|---------------------------------------|------------------------|-----------------------|---------------------|
| Quantity | Farm Advocate hours | 8,223 hours | 8,400 hours | 2016-2018 |
| Quantity | Counseling hours provided | n/a | 1,075 | 2018 |
| Quantity | Agency and community partners engaged | n/a | 15 | 2018 |

Statutory Change(s):

We do not anticipate that any statutory changes will be needed.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Agricultural Emergency Preparedness and Response

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|-------------|-------------|-------------|-------------|
| Department of Agriculture | | | | |
| General Fund | | | | |
| Expenditures | 625 | 300 | 300 | 300 |
| Revenues | 0 | 0 | 0 | 0 |
| Board of Animal Health | | | | |
| General | | | | |
| Expenditures | 250 | 250 | 250 | 250 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 875 | 550 | 550 | 550 |
| FTEs | 1.65 | 1.65 | 1.65 | 1.65 |

Recommendation:

The Governor recommends \$300,000 in annual funding from the general fund to support the operations of the Department of Agriculture's Incident Management Team (IMT) and a one-time appropriation of \$325,000 from the General Fund to increase the balance of the Agricultural Emergency Account in FY20, allowing the agency to prepare and respond to agricultural emergencies in a timely manner. Additionally, the Governor recommends \$250,000 in annual funding from the General Fund to prepare and respond to agricultural emergencies at the Board of Animal Health (BAH).

In 2016, the Minnesota Legislature (MS 17.041) established the Agriculture Emergency Account in the Agriculture Fund and appropriated a one-time transfer of \$1,000,000. The 2016 appropriation has allowed the Minnesota Department of Agriculture (MDA) to stand up the Office of Emergency Preparedness and Response (OEPR), implement Palmer amaranth response efforts, and begin creating secure food supply plans for agricultural commodities. Replenishing the funds in the Agricultural Emergency Account threatens will allow the agency to continue its newfound emergency preparedness and response capabilities.

Rationale/Background:

Agriculture is a major contributor to Minnesota's economy, creating \$90 billion in economic activity and more than 340,000 jobs. In addition to our 74,000 farms, Minnesota has nearly 1,000 agricultural and food companies. Seven of Minnesota's top 20 companies have roots in the farm and food sector and Minnesota has several firms with an agricultural focus on Forbes' List of America's Largest Companies.

Minnesota's food and agriculture production systems are national leaders:

- No. 1 in turkey production
- No. 2 hog production
- No. 3 food and agriculture exports (nearly 40% of total MN exports)
- No. 3 soybean production
- No. 4 corn production
- No. 8 dairy production
- No. 9 broiler chicken production
- No. 10 egg production

The 2015 outbreak of HPAI in Minnesota and around the nation highlighted both the strengths and weaknesses in our state's ability to plan, prepare for, and respond to agricultural emergencies. Minnesota was successful in responding to the Highly Pathogenic Avian Influenza outbreak partly because the poultry industry, government, and academia had developed a Secure Turkey, Broiler and Egg Supply Plan. This planning and preparedness gave Minnesota the tools to respond effectively and allow for continuity of business operations in areas of the state not effected by the disease.

However, the size, structure, efficiency, and extensive movement inherent in Minnesota's food, crop, livestock, poultry, and allied industries present unprecedented challenges in the event of a foreign animal disease outbreak. The 2015 outbreak also illustrated that MDA cannot sustain a long-term, high resource-intensive event without a dedicated Emergency Preparedness and Response Program.

Currently there is no long-term dedicated funding to support the development and maintenance of the Office of Emergency Preparedness and Response. Dedicated funding will enable the Department to continue to collaborate and coordinate with federal and state agencies, the MN Board of Animal Health, Minnesota counties, academia, and Minnesota's food and agriculture sector.

Proposal:

The Governor recommends funding for The Office of Emergency Preparedness and Response (OEPR). The OEPR is structured such that it is responsible for the emergency preparedness functions of MDA as well as overseeing, preparing, and training the Department's Incident Management Team (IMT). The IMT is being established through a formal sharing of positions with all divisions in the Department, creating a cross-cutting team that functions agency-wide and leverages the expertise housed within the divisions. Together the IMT equals 1.65 FTEs.

Minnesota is not as prepared as it could be to respond to potentially catastrophic outbreaks such as Foot and Mouth Disease, soybean or cereal rusts, or invasive insects or weeds. In order to better protect our agricultural and food economy, an all hazards business continuity approach, like the one the IMT is developing, should be further developed in collaboration with industry, government, and academia. The development of secure food supply plans are critical to strengthening Minnesota's preparedness and response capabilities and helping our state prevent catastrophic events that could threaten trade partnerships and economic stability. Ongoing funding for the OEPR and its planning efforts will make Minnesota as prepared as possible for an agricultural emergency.

In addition to its emergency preparedness and planning duties, the MDA also has a responsibility to respond to emergencies in real-time. A quick intervention during an emergency can prevent a catastrophic result. The Governor recommends a onetime appropriation of \$325,000 so the Agricultural Emergency Account can be restored to approximately \$750,000.

The importance of a sufficient balance in the Agricultural Emergency Account was illustrated with the MDA's response to Palmer amaranth's discovery in Minnesota in 2016. Using funds from the Agricultural Emergency Account, MDA was able to quickly respond to the detection of Palmer Amaranth. This invasive weed has the potential to cause significant economic harm to Minnesota's crop farmers and these resources allowed MDA to swiftly begin eradication activities.

As our world becomes more interconnected, we face growing threats of disease transfer and invasive species movement that could quickly threaten the health and vitality of the agricultural industry in our state. With this proposal, the MDA and BAH will be better prepared to respond to the next emergency.

Equity and Inclusion:

The MDA believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Department's diversity goals.

Results:

Unfortunately, quantifying the true impacts of the OEPR will occur after the next agricultural emergency. Absent an ex-post analysis, the MDA has been tracking the OEPR's impact by examining how the office is engaging industry and building our response capabilities.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Prior to 2015</i> | <i>Current</i> |
|------------------------|---|----------------------|----------------|
| Quantity | Emergency Preparedness Exercises/Drills Conducted | 1 | 4 |
| Quantity | Secure Food Supply Plans Completed or in Progress | 1 | 6 |
| Quantity | Partnerships with Private Sector Entities | 0 | 6 |

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Noxious Weed Program

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 900 | 900 | 900 | 900 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 900 | 900 | 900 | 900 |
| FTEs | 4.5 | 4.5 | 4.5 | 4.5 |

Recommendation:

The Governor recommends funding for the Noxious Weed Program within the Department of Agriculture (MDA). This appropriation would support a grant program for local governments, weed law enforcement and training, and the continuation of state-led eradication and management programs for noxious weeds on the eradicate list.

Rationale/Background:

In 2009, the Minnesota Legislature significantly expanded the Noxious Weed Law and the duties of the MDA and local enforcement partners at the county, township, and city level. The revised noxious weed law also requires that MDA address invasive plant and pollinator issues, thus creating the need for an all-inclusive program. Resources are needed to implement and maintain noxious weed and invasive plant control programs throughout Minnesota and to address priority invasive plant problems statewide.

The funding provided during in the 2018-2019 biennium of \$850,000 was the first significant appropriation for terrestrial noxious weed and invasive plant management in the state since the elimination of funds for the MDA Noxious Weed Program in 2002. Funds appropriated during the last session have allowed MDA to make significant strides in development of a robust program that serves the many needs of local governments, farmers, agencies, non-profits, and private landowners.

The recent invasion of Palmer amaranth into Minnesota is an example of why a strong proactive noxious weed program is needed in the state. Based on Minnesota's corn and soybean acreage, estimates extrapolated from states already trying to manage this species suggest that corn and soybean production inputs could increase by as much as \$25/acre or \$3 billion dollars annually. Palmer amaranth is just one of many examples of destructive plant species that threaten Minnesota's agricultural industries and natural resources. Because of the investments made in the Noxious Weed Program this biennium, Minnesota is in a position to prevent Palmer amaranth from rapidly spreading across the state and affecting corn and soybean products.

One-time grant funds from the Environmental and Natural Resources Trust Fund of \$950,000 in FY2018-2019 have allowed the MDA to build an effective program for noxious weed eradication at the local level. This recommendation will provide more reliable and stable funding to address the protection of agricultural and conservation lands, pollinator habitats, natural areas, and other private and public lands throughout the state from the impacts of invasive terrestrial plants.

Additionally, in the past, MDA has utilized \$300,000 in funds from the emergency account for work specifically to respond to Palmer amaranth infestations.

The total short-term funding was \$2.1 million for the FY18-19 biennium and this recommendation will be a permanent investment into the support of the Noxious Weed Program.

Proposal:

The Governor recommends maintaining the Noxious Weed Program at its current level of service but through an ongoing appropriation rather than with short-term grant funds and one-time funding. This recommendation provides grants for control of noxious weeds for local governments as well as 1.5 FTE's to administer the grant program and oversee enforcement of the noxious weed law. In the first year of the grant program, 29 projects were funded at levels ranging from \$3,000 to \$25,300 for local weed control projects. Forty-two projects requesting \$820,000 were received, demonstrating the large need for these funds.

This recommendation also allows for the continuation of the noxious weed eradication and management activities by retaining 3 FTE's who implement those projects. Of the three projects supported by the Environment and Natural Resources Trust Fund, one ends on June 30, 2019 and the other two end on June 30, 2020.

Summary of budget request:

| Budget Item | Per Fiscal Year | Per Biennium |
|---|------------------------|----------------------|
| Grants for local governments | \$375,000 | \$750,000 |
| 1 professional staff + 0.5 clerical staff to administer grants and noxious weed law | \$125,000 | \$250,000 |
| 3 professional staff for noxious weed eradication and management work | \$300,000 | \$600,000 |
| Treatment contracts, travel, etc. for noxious weed eradication and management work | \$100,000 | \$200,000 |
| Total | \$900,000 | \$1.8 million |

The MDA Noxious Weed Program has been shaped through consultation with the Noxious Weed Advisory Committee (MS 18.91) over the past six years and is unanimously supported by all representatives of the committee. Moreover, the proposed work compliments the activities already underway by MDA and partner agencies—the Department of Natural Resources (Invasive terrestrial and aquatic programs) and the Minnesota Department of Transportation (Integrated Vegetation Management)—and will continue to improve the implementation of the MDA and Noxious Weed Advisory Committee's statewide weed management plan.

MDA will continue to collaborate with and support the following partners through this proposal: Minnesota Association of County Agricultural Inspectors, Minnesota Association of Townships, League of Minnesota Cities, the University of Minnesota, Minnesota Department of Natural Resources, Minnesota Department of Transportation, Board of Water and Soil Resources, Minnesota Association of Soil and Water Conservation Districts, Minnesota Association of County Land Commissioners, Minnesota Nursery and Landscape Association, Minnesota Crop Improvement Association, The Nature Conservancy, Minnesota Timber Industries, and Minnesota Farmer's Union.

Equity and Inclusion:

The Department believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Department's diversity goals.

IT Related Proposals:

N/A

Results:

This is an expansion of the current MDA Noxious Weed Program. Newly requested funding is intended to replace current funds obtained through Legislative-Citizen Commission on Minnesota Resources (LCCMR) grants. The following chart shows key measures and performance evaluations. Performance measures are calculated through end-of-year project summaries, Noxious Weed Advisory Committee recommendations, and annual work plans with partners.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|-------------------------------|--|------------------------|-----------------------|---------------------|
| Quantity | Counties with Palmer amaranth detections | 2 | 6 | 2016-2018 |
| Quantity | Grant funds distributed to local governments | 0 | \$300,000 | 2016-2018 |
| Quantity | Acres managed for eradication of noxious weeds | 1800 | 2600 | 2016-2018 |
| Quality | Enforcement of weed law | Variable | Increasing | 2012-2018 |
| Quality | Education and outreach efforts | Variable | Increasing | 2012-2018 |
| Quality | Key partnerships with local govts | Low | Improving | 2012-2018 |

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Meat Inspection Program

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 150 | 150 | 150 | 150 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 150 | 150 | 150 | 150 |
| Revenues | 150 | 150 | 150 | 150 |
| Net Fiscal Impact = (Expenditures – Revenues) | 150 | 150 | 150 | 150 |
| FTEs | 2 | 2 | 2 | 2 |

Recommendation:

The Governor recommends an increase of \$150,000 per year in the General Fund for the Minnesota Meat and Poultry Inspection Program at the Minnesota Department of Agriculture (MDA). This increase would be matched by the United States Department of Agriculture's Food Safety Inspection Service (USDA FSIS) as a part of the State Inspection Program's Cooperative Agreement. Because of this match, the change would add \$150,000 in state funding to the current meat program resources and generate an additional \$150,000 in federal revenue, increasing the availability of resources by \$300,000 in total. The current budget for the meat program is approximately \$3.6 million (50 percent State/50 percent Federal).

Rationale/Background:

The Minnesota Meat and Poultry Inspection Program is a State "Equal To" meat inspection program which provides food safety-based inspection services to small, local and niche processors who need inspection in order to sell their products freely in Minnesota. It is called "Equal To" because the program provides services that are equal to those provided by the USDA's FSIS. Because it meets the "Equal To" standard, the program currently receives a Federal Fund match from the USDA's FSIS which provides 50 percent of the total program funding.

Inspection Availability

State "Equal To" or USDA FSIS continuous inspection is required for meat and poultry processors and livestock producers to sell their products. The availability of these inspection services can affect these business' ability to sell products and can limit their markets. Adequate funding and staffing make for timely delivery of services. A lack of available inspection can be, and has been, a bottleneck in the local agricultural economy. The addition of new plants to the program, as well as new products and activities in existing plants, is limited by the availability of inspectors in the area. The demand for these services varies based on where the demand is, where inspectors are, and how busy the current inspectors are. When the program cannot provide an inspector, the meat processor must wait until an inspector is available, or pursue inspection with the USDA FSIS if it is available.

Because the State program is more user-friendly and size appropriate for small, local, and ethnically diverse processors, many request inspection from the State, choosing to wait for inspection services, even if the wait is expected to be long.

The Meat Inspection Program must also maintain specific standards in order to maintain its standing with the USDA FSIS and continue to receive the federal match. Daily inspections are required, including inspections of each animal slaughtered under inspection. The program must demonstrate it is meeting those standards on a routine basis. As mentioned above, inspection demand is driven by industry need. It is also driven by inspection complexity. As inspection requirements become more complex, more inspection time is needed to ensure requirements are met. When inspection time increases, existing staff are not able to perform as many quality inspections in the same amount of time as they had previously.

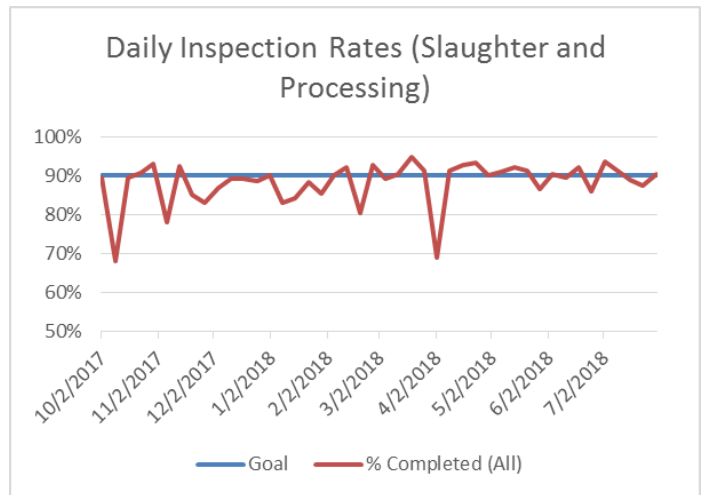


Figure 1. Daily Inspection Rates Over Time

The program measures “Daily Inspection Rates” on an ongoing basis to evaluate how well it is meeting expectations. The trend for the first part of federal fiscal year 2018 is included in Figure 1 (through July 31, 2018). The program achieved its goal of at least 90 percent for many weeks; however, there are also many weeks where it has not met this level. The funding would add an additional inspector to provide the resources needed to boost this inspection rate to acceptable levels, as well as support salaries for existing staff in the program.

Laboratory Capacity

Monitoring of products produced at inspected establishments for food safety pathogens is an important part of ensuring MDA’s inspection program is functioning as intended. In addition, this is also an important part of maintaining the program’s “Equal To” status. Maintaining this status can be costly due to the need to replace laboratory equipment that is aging or needs more maintenance. Additional staff are required to run increasingly complex laboratory analysis, as analysis expands from simple Salmonella and *E.coli* testing to performing tests that differentiate different types of these food safety pathogens based on their genetic profiles, species, and type. These analyses can be complex and take significant laboratory resources and supplies. Laboratory accreditation on all procedures must also now be maintained to support “Equal To” status for the Meat Inspection Program.

Proposal:

This funding will support current staff salaries and fringe equivalent to 1 FTE, the increased costs associated with laboratory supplies and equipment maintenance, and the addition 1 FTE for conducting meat inspections and performing laboratory work associated with the program. This FTE will address resource gaps as well as maintain our current level of service. The inspection program has a very low staff turnover rate (0% in Federal Fiscal 2018), with the most recent staff departure being a retirement for a part-time staff member which occurred in September 2017. All field inspection staff have been employed for at least three years with MDA. The stability of staff is a very positive part of this program as it cultivates strong, consistent working relationships with the industry. Many staff are near the tops of their salary ranges.

Existing resources also must be used efficiently and effectively to accomplish a large amount of work. Increasing complexity in inspection tasks and regulatory requirements means that inspectors must spend more time at individual plants reviewing records and documentation, rather than simply performing slaughter or sanitation

inspections. This change in inspection focus also means additional time must be spent in training –both development of adequate training for staff and conducting training—which is time consuming and resource intense. Resources and inspection personnel will have more opportunities to focus on training and outreach (as an extension of training) with the additional funding.

Laboratory resources needed to support this program have increased substantially in the past two years. Of the \$150,000 being recommended, \$50,000 would be used to support laboratory activities, including supplies and equipment maintenance as necessary. The following table shows the increases in costs of supplies seen in just the past two Federal Fiscal Years, plus the projected costs for Federal Fiscal 2019 which began in October of 2018:

| | Federal FY 2017 | Federal FY 2018 | Federal FY 2019 - Projected |
|----------------------|----------------------------|------------------------|--|
| Supplies | \$ 75,886 | \$ 82,879 | \$ 90,000 |
| Repairs to Equipment | \$ 20,504 | \$ 19,981 | \$ 30,000 |

Figure 2. Laboratory Costs for the Past Two Years

Equity and Inclusion:

The meat and poultry inspection program provides resources to any business that requires inspection services to sell their product in the wholesale market. Many of these services are provided to traditional, rural meat processors; however, the program is providing more and more services for a very diverse racial and ethnic community. In order to adequately serve these communities, the program must have adequate resources for inspection, as well as to be able to provide translation services as needed. Many racially diverse ethnic groups, such as Hmong or Somali, have strong agricultural routes; as such they also tend to move into agricultural professions in Minnesota, including meat processing.

As a cooperator with USDA FSIS, the State meat and poultry inspection program must provide services without discrimination and must also work to ensure that we conduct adequate outreach and education with diverse groups. Meeting this requirement is one of the standards required to maintain the “Equal To” status of this program. Having adequate resources is necessary to ensure the program can conduct the necessary inspection and outreach activities. Without adequate resources for inspection, these groups would be more likely to be found operating without the necessary inspection (“underground”), and potentially result in significant food safety related issues that come with the slaughter and processing of animals in an unsanitary environment and without the proper process controls.

IT Related Proposals:

N/A

Results:

Inspection activities are intended to ensure meat and poultry processors are meeting the regulatory requirements. As these requirements become more complex, meat inspection staff invest more effort in outreach and education, as well as inspection. To assess how well establishments and inspection staff are doing, the meat program performs routine audits, called Food Safety Assessments, of the establishments under inspection. The outcomes of these audits are used to measure how well the establishments understand and meet the requirements.

Each year, these outcomes are reviewed and compiled to assess trends and to ensure program outcomes are improving. During the past few years, the program is starting to see a significant increase in more severe enforcement outcomes, such as Notice of Intended Enforcement, which result when significant food safety hazards are identified during these audits. These actions take more inspection resources to address and often

identify gaps in outreach and other educational activities that also need to be addressed. Additional inspection resources are intended to address these issues, as well as build on current outreach efforts.

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------------|------|------|------|------|------|
| Letter of Information | 64% | 63% | 67% | 56% | 59% |
| 30 Day Reassessment | 36% | 32% | 20% | 39% | 31% |
| Notice of Intended Enforcement | 0% | 5% | 13% | 6% | 10% |
| Suspension | 0% | 0% | 0% | 0% | 0% |

Figure 3. Enforcement Outcomes after Food Safety Assessments.

Statutory Change(s):

This proposal does not include statutory changes.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Industrial Hemp Development Program

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 300 | 300 | 300 | 300 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 300 | 300 | 300 | 300 |
| FTEs | 2.5 | 2.5 | 2.5 | 2.5 |

Recommendation:

The Governor recommends funding from the General Fund to continue providing oversight for the regulatory and licensing responsibilities of the Industrial Hemp Development Act (MS 18K).

Rationale/Background:

Industrial hemp is still developing as a crop in Minnesota and the United States. Adequate resources in FY2020-2021 are needed for: licensing and registering growers, on-site field inspections, variety testing and agronomic research, variety development through the University of Minnesota, facilitating U.S. Department of Justice (Drug Enforcement Agency – DEA) permits, preparing for commercial production activities and rulemaking, coordinating with state and local law enforcement, and developing a regulatory framework for overseeing the statutes. In order to assist Minnesota farmers and processors with development of a viable hemp industry in the state, the Minnesota Department of Agriculture (MDA) will need to increase its role in ensuring that processes are in place to allow producers to succeed at developing viable markets, while at the same time establishing a regulatory framework that deters illegal activity.

Currently, one person oversees all of the required duties of the industrial hemp program statewide. MDA would be able to better serve hemp growers and law enforcement by adding a second FTE to assist with the large workload that this unique program requires. Moreover, MDA is expecting a significant increase in growers, processors, and marketing entities within the state over the next five years. Forty states now have active industrial hemp programs and the demand for hemp products is increasing substantially. This growing demand stresses MDA's ability to oversee the growth, cultivation, and marketing of industrial hemp with current staffing and resources. MDA believes that an additional FTE will dramatically increase the agency's efficiency and oversight of the Industrial Hemp Program. As hemp as a crop grows across the nation and competition from growers in other states. Additional support will keep Minnesota growers competitive in the marketplace.

License fees may eventually support this program, however, it is unlikely that enough fees can be collected to fully support the program until issues related to available hemp markets are resolved. Currently, the annual licensing fees collected are about 10 percent of program expenditures. However, this could change and the program can be re-evaluated before the FY22-23 biennium to determine the viability of sustaining the program through fees.

A one-time appropriation of \$400,000 was made to the MDA for this project in FY 2018-2019 but will expire on June 30, 2019. This recommendation would allow MDA the funding to administer this program.

Proposal:

The Governor recommends funding to pay for salary and benefits for two full-time program staff (\$200,000/year); supervisory and administrative support for those staff (\$40,000/year); field certification, testing, and laboratory costs (\$40,000/year); and travel and agency operating expenses such as travel and IT (\$20,000/year). The funding will arm MDA with the staff and financial resources to effectively register and certify growers, oversee regulation of pilot project and commercial production sites, support agronomic research and variety development with the University of Minnesota, ensure that all laws are being adhered to, and assist industrial hemp growers as they attempt to develop this emerging industry for an alternative cropping system in MN and throughout 40 additional states with industrial hemp programs.

Implementation of the proposed work will occur immediately upon funding. MDA has already established an Industrial Hemp Program Coordinator and has established procedures for registration and certification of growers and crop testing fields to ensure that THC levels fall below the maximum allowed limit for industrial hemp.

Due to the federal and state regulatory nature of the Cannabis plant, there is no similar or overlapping work within the agency or other agencies. MDA does work closely with the Minnesota Department of Public Safety and the federal Department of Justice. The program has also established a supportive advisory committee with representation from the Minnesota Farmer's Union, Minnesota Farm Bureau, Minnesota Industrial Hemp Lobby, University of Minnesota, Minnesota Crop Improvement, Minnesota Violent Gang and Drug Task Force, and the United Food and Commercial Workers Union.

Equity and Inclusion:

MDA believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Department's diversity goals.

IT Related Proposals:

N/A

Results:

The following chart shows key measures and performance evaluations. Performance measures are calculated based on work performed by MDA since the passage of the Industrial Hemp Development Act in 2015.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|-----------------|----------------|--------------|
| Quantity | Number of licensed hemp growers | 7 | 40 | 2016-2018 |
| Quantity | Acres of industrial hemp grown in MN | 35 | 851 | 2016-2018 |
| Quality | Ease of licensing | Low | Moderate | 2016-2018 |
| Quality | Outreach regarding production, processing and marketing | None | Very low | 2016-2018 |
| Quality | Key partnerships with industry associations and law enforcement | Low | Moderate | 2016-2018 |

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Critical Core Capacity for Plant Pathogens and Pests

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 250 | 250 | 250 | 250 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 250 | 250 | 250 | 250 |
| FTEs | 2 | 2 | 2 | 2 |

Recommendation:

The Governor recommends ongoing funding in the Department of Agriculture's (MDA) General Fund operating budget to expand current capabilities for rapid detection, identification, containment, control, and management of high priority plant pests and pathogens to safeguard Minnesota's agricultural and natural systems.

Rationale/Background:

The Department of Agriculture is responsible for responding to new and emerging plant pests and pathogens affecting or threatening Minnesota's agricultural, horticultural, and natural resources. Harmful pests and pathogens have been documented to spread around the world quickly due to global pathways of distribution and these organisms can have major implications for farmers in terms of production, profitability, and ability to export. Other introduced pests have dramatically affected Minnesota's landscape.

Every year there are new organisms that threaten the production of crops and access to markets. Since 2015, several national issues have arisen which have increased the need for monitoring and analysis to quickly identify their presence in or document their absence from Minnesota. The most significant recent national issues have included: flag smut of wheat in Kansas, blackleg of potatoes in Maine, and a new species of *Xanthomonas* bacteria discovered in multiple states including Minnesota.

There are also organisms that are considered widespread at the national level, but are not yet significantly impacting Minnesota. For instance, in 2016, the Swede midge was found in Minnesota for the first time and is just beginning to cause damage at some localized sites. In other states the Swede midge has caused serious production issues for producers of crucifers such as broccoli, cabbage, and canola. Additionally, the brown marmorated stink bug and velvet longhorn borer are also on the increase in parts of Minnesota. The brown marmorated stink bug has had tremendous impacts on apple producers in the eastern U.S. and can affect a wide variety of crops. The velvet longhorn borer has been recovered from walnut wood products in rustic furniture. Federal funding can be difficult to obtain for these pests of state concern, yet more pre-emptive and responsive work is needed in Minnesota to ensure that our producers, foresters, and citizens are not surprised and harmed by these or other new plant pests.

In the FY 2018-2019 biennium, funding provided an opportunity for the plant analysis lab and the Plant Protection Division to plan for and respond to pests of state concern that are not addressed through federal grants, increased the number of plant pathogen analyses that can be conducted and correspondingly, increased surveillance efforts for pathogens that can affect production and access to markets for Minnesota producers.

Specifically, during the 2018-2019 biennium, MDA added a lab analyst who developed protocols for five high-priority lab analyses, including steps for assessing samples with unknown targets as well as completed foundational work to expand the range of available analyses in the future. This has created a base level of capability for plant analysis that did not exist in the past. Prior to this appropriation the lab was funded inconsistently through unpredictable federal grants. If received, these grants could only fund short-term employees possessing limited skill sets. As a result of this unpredictable funding, only a very narrow range of pest analyses could be conducted. The one-time appropriation also augmented the Plant Protection Division's ability to monitor for and collect samples related to insects and pathogens of state concern. Currently, the Lab Services Division does not have any other appropriations supporting this work. The Plant Protection Division General Fund appropriation is about \$1.75 million per fiscal year but this funding supports work across all areas of the Division.

The improvements in laboratory capability has allowed MDA to expand the range of pathogens that are targeted through surveys and export certification as well as increase the breadth of samples that are submitted for analysis. For example, the number of different insects and pathogens for which MDA was able to monitor increased from 54 in 2016 to 84 in 2018. MDA was also able to provide monitoring for invasive pests in small grains, soybeans, and canola. As a result, our ability to safeguard Minnesota agricultural production and access to export markets has been improved.

Proposal:

This proposal will maintain and grow the capacity that MDA has built to address insects/pathogens of state concern and provide analytical services and monitoring for important pathogens of concern to production and market access. Additionally, it will allow MDA to maintain a laboratory scientist as well as the basic infrastructure needed to respond to changing plant analysis needs.

In addition to a laboratory scientist, this appropriation will allow MDA to maintain the equivalent of one FTE working on insects and pathogens of significant state concern that could otherwise not be funded through federal projects. For instance, in the previous biennium after two incidents of rustic log furniture brought invasive wood boring insects into Minnesota, the appropriation allowed MDA to conduct a survey of furniture importers and pest control operators. Through this survey, we identified that the issue occurs more often than is reported and that there were critical gaps in the knowledge of both industries when these events occur. MDA produced and disseminated informational materials to the two impacted industries and homeowners to address this gap, to avoid similar problems in the future, and to rapidly respond to future pest introductions in these products.

MDA was also able to conduct some basic survey for the velvet longhorned beetle, Swede midge, and brown marmorated stink bug. All three of these insects are established in small areas of Minnesota but only one is widespread at a national scale. These insects require additional work to track their distribution and alert stakeholders in Minnesota before major impacts occur. MDA had the ability to monitor the distribution and abundance of these emerging threats without the availability of federal funds in the past biennium and has identified the need to continue plant pest monitoring and analysis. This additional funding would allow MDA to continue this work and give the flexibility to shift work in order to address the highest priority threats at that time.

Equity and Inclusion:

MDA believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to MDA's diversity goals.

IT Related Proposals:

N/A

Results:

A key measure is MDA's capability to analyze the threat posed by new and emerging plant pests and pathogens and then to monitor and respond to their presence in a timely and effective manner.

MDA has also been able to track the spread and increase of new invasive pests of state concern. For example, MDA was able to document damage from the Swede midge in 2018 at several sites in the Twin Cities metro. During 2018, MDA held a field day for growers at an infested site to highlight the damage and how to recognize it.

During 2018, MDA has been able to track the spread of the brown marmorated stink bug into several apple orchards in the metro area. Apples are one of the crops at greatest risk from this insect. Because of this work, these growers are fully aware of the issue and will be in a position to deal with the insect before damage occurs. This was not the pattern in other areas of the country where growers took significant losses after being surprised by populations of this insect.

MDA has identified one area of the infestation of the velvet longhorn beetle in rustic furniture that is much larger than previously thought, but there could be others remaining to be found. Most importantly, a pathway through which this insect followed into Minnesota has been identified and addressed through outreach efforts by MDA.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|-----------------|----------------|--------------|
| Quantity | Number of invasive insects and diseases monitored | 54 | 84 | 2016-2018 |
| Quantity | Number of apple orchards identified with brown marmorated stink bug | 0 | 5 | 2016-2018 |
| Results | Understanding of exotic wood borer pathway by furniture importers | Low | High | 2016-2018 |

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Capital Equipment Replacement

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 618 | 539 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 618 | 539 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends one-time funding in FY2020-2021 for replacement of capital assets needed to protect public safety, the natural environment, and the agricultural economy for the Minnesota Department of Agriculture's (MDA) Laboratory Services Division.

Rationale/Background:

The laboratory plays a critical role in emergency response, surveillance, and consumer protection. The MDA Laboratory provides data critical for decision making on issues affecting food safety and security, the environment, plant health, and the overall agricultural sector. In order to provide this data, the laboratory must maintain an extensive array of specialized capital and non-capital equipment. The nature of laboratory work has evolved in the last twenty years to require increasingly more sophisticated equipment to meet program goals and objectives. Most analytical techniques employed in analyses require significant capital investment in laboratory equipment. This equipment is also required in order to meet regulatory standards and the objectives of our customers. The costs associated with these systems can range up to \$500,000 each.

Budgetary pressures have resulted in limited capital program expenditures or investments for maintenance and replacement of laboratory capital equipment, making it difficult to sustain the assets in a condition necessary to provide expected service levels. Deferring essential maintenance or asset replacement reduces MDA's ability to provide appropriate services. Additionally, such deferment of equipment maintenance and/or replacement will increase long-term costs and liabilities to MDA. The laboratory is currently working with equipment past its life expectancy that poses risks to protecting public safety and in performance of analytical services.

Proposal:

This proposal allows the MDA Laboratory to invest in the procurement of strategic capital equipment assets defined as those with a value over \$30,000 during the FY 2020-21 biennium. Funds allocated under this initiative benefit existing programs that depend on capital assets for sample analysis. These include all the regulatory divisions of MDA and the Division of Ecological and Water Resources at the Department of Natural Resources.

Equity and Inclusion:

MDA believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to MDA's diversity goals.

Results:

Laboratory performance is measured, in part, by our ability to respond to issues as they emerge. Having reliable working equipment is critical to effective and timely response in all program areas served. The laboratory evaluates the condition of its capital equipment by tracking its depreciated capital value. The current depreciated capital value shows a trend that, if unaltered, poses risk to laboratory capability, effectiveness, and responsiveness. The Laboratory Services Division has capital assets with a received value of \$6,579,894. At the start of FY18 this equipment had a current value of \$1,888,700. As equipment ages, repair costs increase and more of our program budgets become unavailable for staffing which in turn negatively affects other performance indicators such as turnaround time and results in decreased capacity for analyses. If this trend remains unaltered, by FY22 our capital inventory will have an undepreciated value of \$665,067 putting the laboratory and the programs it serves at great risk.

Every year the MDA Laboratory will provide a plain language Capital Equipment Replacement Plan to elected officials and make available to the general public. The plan will:

- Establish each asset's condition, the remaining life of each asset, and whether they still provide the most appropriate method to deliver services.
- Outline a list of equipment that will be replaced in the upcoming fiscal year and the replacement cost of each item.
- Summary of what changes were made to the previous year's plan and the reason for the change.
- Calculate the depreciation for each year and replacement life cycle(s) along with year-to-year changes in net value of assets.
- Identify investments in new capital equipment technologies.
- Document year-to-year changes in net value of asset.

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clarify AGRI Fund Availability Dates in Budget Riders to Match Statute

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends allowing for use of funds appropriated to the Agricultural Growth, Research, and Innovation Program (AGRI) to be expanded to three years in the budget riders as is written in statute.

Rationale/Background:

The Minnesota Department of Agriculture (MDA) administers multiple grant programs where the third year of a project is critical. The AGRI Sustainable Agriculture Demonstration Grant statute (17.116) specifically states that grant projects may last up to three years. These projects typically require three growing seasons to demonstrate and share results. Similarly, the AGRI Crop Research Grant, which does not have a separate statute, funds university-level research that shows promise for delivering near term benefits to farmers. These projects have robust research components that can easily take three years (multiple growing seasons) to complete.

Proposal:

The AGRI statute, M.S. 41A.12, allows grant projects to last up to three years. AGRI budget riders for FY 2016-2017 and FY 2018-2019, however, only make funds available for two years in the second year of biennium. For example, in the FY 2018-2019 rider, funds are available until June 30, 2021. Grants entered into during the first year of biennium (July 1, 2017 to June 30, 2018) have a full three years before the funding expires. In contrast, grants entered into during the second year of the biennium (July 1, 2018 and June 30, 2019), only have two years available. This amendment is technical in nature and will bring the AGRI budget riders in line with the authorizing statute.

Equity and Inclusion:

This is a technical amendment relates to the maximum length of time a grant can be in effect and will not have an adverse impact on any group.

We do take specific efforts to ensure that the underlying grant programs reduce or eliminate disparities for Racial and Ethnic groups, Persons with Disabilities, and Veterans. Specifically, our requests for proposals (RFPs) gives preference to veteran and minority owned businesses and we ensure that our grant review committees includes members of traditionally underserved communities. For example, we reach out to the state's ethnic councils for suggested grant reviewers.

IT Related Proposals:

N/A

Results:

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|--|-------------------------------|---------------------------------|--------------|
| Result | Livestock Investment Grant Program Leverage | \$39 M private/ \$1M state | \$52 M private/ \$2.1M state | 2008 - 2017 |
| Result | Value Added Grant Program Leverage | \$4.3M private/ \$1M state | \$18.6M private/ \$2M state | 2013 - 2017 |
| Result | Agricultural Jobs Created – Value Added Grants | 54 | 161 | 2013 - 2017 |

Statutory Change(s):

The AGRI statute (41A.12) does not need to be changed. The requested changes are to the budget riders covering FY16-17 and FY18-19.

For FY16-17 (Laws of Minnesota, 2015 First Special Session, chapter 4, article 1, section 2, subdivision 4), should be amended as follows:

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, ~~2019~~ 2020.

For FY18-19 (Laws of Minnesota 2017, chapter 88, article 1, section 2, subdivision 4), should be amended as follows:

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2019, for agricultural growth, research, and innovation grants are available until June 30, ~~2021~~ 2022.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Payment for Wolf Depredation Claim Valuations

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends that up to \$5,000 from funds designated for reimbursing livestock producers for losses due to wolves be eligible for payment to U of M Extension for time spent providing valuations for livestock lost.

Rationale/Background:

When livestock producers have losses due to wolf depredation they are eligible for payments to recoup their losses after they have been documented to be due to wolves and a market value for the loss has been assigned. Documentation of wolves as responsible for losses is done by conservation officers, United States Department of Agriculture Animal and Plant Health Inspection Service (USDA APHIS) Wildlife Services personnel, and in some instances by county sheriffs as part of their regular duties. Market valuations are provided by University of Minnesota Extension livestock experts. However, due to the county based structure of the U of M Extension, it becomes problematic for livestock experts to use their work time paid for by their home county to value losses incurred in other counties. Many counties with wolf populations do not have Extension livestock experts in residence. As a result, the Minnesota Department of Agriculture (MDA) must pay U of M Extension for this service out of state General Funds.

Funds are appropriated to MDA annually for the compensation of livestock losses to wolves. For FY 2018-2019, \$175,000 was appropriated for each year. In most years, livestock losses do not reach this level. In 2017 and 2018 there was approximately \$33,000 of these money left unspent in claims, however funds from this appropriation can be shared with a similar appropriation for crop damage from elk.

Proposal:

The Governor recommends that the appropriation language be amended to allow MDA to pay U of M Extension up to \$5,000 for market valuation of losses due to wolves. This would be consistent with a change made in 2017 to the elk depredation funds which allows MDA to pay agents who evaluate and submit farmer claims. This change would allow MDA to cover this program cost out of the appropriation that is designated to pay claims for the program.

Equity and Inclusion:

The Department believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Departments diversity goals.

IT Related Proposals:

N/A

Results:

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|-----------------------------|-----------------|----------------|--------------|
| Quantity | Wolf claims need valuations | 94 | 113 | 2017-2018 |

Statutory Change(s):

For FY18-19 (Laws of Minnesota 2017, chapter 88, article 1, section 2, subdivision 2g), should be amended as follows:

(g) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2017. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$5,000 of this appropriation each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock.

Agriculture

FY 2020-21 Biennial Budget

Change Item Title: Clean Water Fund—AgBMP Loan Program

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 75 | 75 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 75 | 75 | 0 | 0 |
| FTEs | 0.5 | 0.5 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund to provide revolving low interest loans from the AgBMP Loan Program for eligible activities that reduce or eliminate water pollution. The program is administered by local governments, has very low transaction costs, and repayments fund additional projects. Proposed funding will provide for continued 0.5 FTE staff funding to administer the program.

Rationale/Background:

The AgBMP loan program provides low interest loans to farmers and rural landowners to help finance practices, structures, and other improvements that reduce or eliminate water pollution. This loan program is administered by local governments, has very low transaction cost, and as loans are repaid, the repayments are used to fund additional projects. The goal of the AgBMP Loan Program is to implement recognized management practices with proven environmental benefits.

Proposal:

The AgBMP Loan Program is a well-established program to provide funding to address non-point source water quality issues. AgBMP loans are used to fund practices that prevent, reduce, or eliminate a nonpoint source water pollution problems in rural Minnesota, whether on a farm, a residence or business, an unsewered community, or a lakeside cabin. Funded projects typically include manure management, feedlot improvements, septic system upgrades, purchase of conservation tillage equipment, erosion control structures, and the repair or relocation of drinking water wells.

Equity and Inclusion:

The Minnesota Department of Agriculture does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Results will be measured by the number of loans issued, conservation practices implemented, and private dollars leveraged. The number of local governments who collaborate will also be tracked. Results will also be measured by reduction in nutrients, sediment, bacteria, and other pollutants. This is estimated by multiplying the number of practices installed by pollutant load reduction numbers from peer reviewed articles.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Agricultural Research and Evaluation

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 663 | 662 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 663 | 662 | 0 | 0 |
| FTEs | 1.25 | 1.25 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund to provide ‘pass through funding’ from the Minnesota Department of Agriculture (MDA) to research institutes and organizations that are developing agricultural best management practices (BMPs). Additionally, funding will go to research that quantifies agricultural contributions to impaired waters with a focus on gaining a better understanding of the processes that underlie these contributions. BMPs will be developed and evaluated to protect and restore water resources while maintaining farm profitability.

Rationale/Background:

There is a need for current and accurate scientific data on the environmental impacts of agricultural practices as well as the need to develop or revise conservation practices that reduce environmental impacts while maintaining farm profitability. Research project results will also be used to validate models and computer simulations and are referenced in most Watershed Restoration and Protection Strategies (WRAPS) and Total Maximum Daily Load (TMDL) studies. The Agricultural Research and Evaluation Program evaluates the effectiveness of agricultural conservation practices, identifies underlying processes that affect water quality, and develops technologies to target critical areas of the landscape. Through technical assistance activities, the MDA shares results from research projects. The goal is to translate scientific information into positive actions that protect and restore Minnesota waters.

Proposal:

The Agricultural Research/Evaluation Program researches and evaluates practices and technologies that will protect and improve water quality. This program is intended to answer questions regarding processes and practices that can lead to clean water such as:

- Where pollutants coming from and what is the magnitude of each source?
- How will we improve water quality? Which practices work best? What are the costs and benefits?
- Where in the landscape should conservation practices be placed?
- What tools can local resource managers use to focus limited funds?

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Results will be evaluated by whether research is integrated into multi-agency efforts to protect and restore Minnesota waters such as TMDL and WRAPS reports. Long term success will be achieved when research is adopted for such activities such as targeting of conservation practices and implementation of water quality practices such as cover crops.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Monitoring of Pesticides in Surface Water and Groundwater

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 350 | 350 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 350 | 350 | 0 | 0 |
| FTEs | 2.41 | 2.41 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Monitoring of Pesticides in Surface Water and Groundwater Program to provide ongoing pesticide monitoring using Clean Water Fund-sponsored state-of-the-art laboratory instruments which provide increased capability and greater capacity. Funding is also used to support staff positions that process and analyze pesticide samples.

Rationale/Background:

This program activity monitors and assesses pesticides in surface and groundwater to ensure water quality standards are met. Pesticides are frequently detected in surface water and groundwater and can be a source for surface water impairments and pose a risk for drinking water. Having reliable long-term data about pesticides in surface water and groundwater is extremely important for informed decision-making about imposing or removing restrictions on pesticide use to protect the environment. Long-term pesticide monitoring allows for the evaluation of trends to protect water quality based on monitoring results. Results indicate whether the water resource is being protected by having low or no pesticide detection findings or if restoration is needed based on monitoring results such as pesticide exceeding a threshold or if an upward trend is found.

Proposal:

The Governor recommends project funding to provide the Minnesota Department of Agriculture (MDA) a greater capacity to continue to effectively monitor the waters of the state for pesticide contamination. Having reliable long-term data on concentration trends for pesticides in surface water and groundwater is extremely important for informed decision-making on imposing or removing restrictions on pesticide use to protect the environment which are ongoing issues of public concern.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Clean Water funding for the Monitoring of Pesticides in Surface Water and Groundwater Program has increased the capability of the MDA's pesticide laboratory. It has allowed the MDA to increase the number of detectable pesticides from 44 in 2009 to 150 in 2017, increase the sensitivity of detection of certain pesticides, and increase the overall number of samples that can be analyzed on an annual basis. The increased laboratory capacity has

allowed the MDA to provide cooperative pesticide monitoring and assessment with other state agencies (MDH and MPCA) on lakes, wetlands, and public water supply systems.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Forever Green Initiative

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 1,650 | 1,650 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,650 | 1,650 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendations:

The Governor recommends funding from the Clean Water Fund for the Forever Green Initiative (FGI) at the University of Minnesota for research, implementation, and partnership development. Funding will be used for 1) empirical research related to crop breeding, genetics, genomics, agronomy, food science, and economic aspects of Forever Green crops; 2) implementation of these new crops in targeted, critical areas of the landscape, including wellhead protection areas; and 3) to support working relationships between public, private, and non-profit sectors that are critical to development of new production systems that feature perennial and winter annual crops.

Rationale/Background:

The FGI brings researchers from multiple departments together including plant breeding, agronomy, food science, and economics. FGI's goal is to develop new high-value commodity crops and cropping systems that preserve and enhance water quality and to support development of new supply chains that provide profitable markets for these crops. Examples of FGI crops include intermediate wheatgrass, pennycress, camelina, and winter barley. The crops listed, and others in the FGI portfolio, are now ready for a focused effort to accelerate their commercialization and wide adoption through a concerted and strategic public-private effort.

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

Proposal:

FGI will provide research on new crops and systems that are protective of water quality. The Minnesota Department of Agriculture (MDA) will also work with researchers at the University of Minnesota and local partners (SWCDs, cities, counties, etc.) to identify opportunities to get perennials and winter annuals out onto vulnerable areas of the landscape. Priority will be given to areas with vulnerable groundwater or surface water and where leverage of other public and private funds are available.

An approximate itemization of these activities for FY20-21:

\$2.5 million for research, \$500,000 for implementation, and \$300,000 for partnership development. Funding will be 100 percent pass through to project partners. All staff time at the MDA is considered in-kind and no charges will be assessed. In addition to continuation of research and implementation, FY 20-21 funding will support a

Steering Council and Network which will provide critically needed coordination and facilitation between all stakeholders involved in the Forever Green Initiative. The goal is new working relationships between public, private, and non-profit sectors that are critical to development of new production systems that feature perennial and winter annual crops.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Success will result in planting of Forever Green developed crops and cropping systems that result in significant adoption on the Minnesota landscape.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Impaired Waters Technical Assistance

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 1,625 | 1,625 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,625 | 1,625 | 0 | 0 |
| FTEs | 7.0 | 7.0 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Technical Assistance Program to provide technical assistance and on-farm demonstrations to support the adoption of conservation practices that protect and improve water quality. This funding helps ensure accurate scientific information is available and used to address water quality concerns in agricultural areas.

Rationale/Background:

Technical assistance activities are a primary vehicle to work with the agricultural community to promote best management practices. This funding is used to evaluate conservation practices, share information about research and new technologies, and enhance outreach and education to the agricultural community and local government partners. Technical assistance also fills an important need for field demonstration and validation of practices. The Minnesota Department of Agriculture (MDA) uses on-farm, edge-of-field monitoring to assess sediment and nutrient loss at the field-scale and to evaluate the effectiveness of conservation practices. New and existing conservation practices are evaluated at these sites including practices that have been developed or studied within MDA's Clean Water Agricultural Research/Evaluation Program. MDA works with many partners including universities, crop consultants, soil and water conservation districts, farmers, and state agencies. Technical assistance and on-farm demonstration should result in increased adoption of conservation practices protective of water quality. Examples of projects include: Discovery Farms Minnesota, Root River Field to Stream Partnership, Nutrient Management Initiative, Red River Valley Drainage Water Management, and the Clay County Drainage site.

Proposal:

The Governor recommends funding in the form of pass through money from MDA to local governments. Funding also supports the existing conservation delivery system. MDA's technical assistance activities helps translate information from research and on-farm demonstrations with a goal to develop and promote conservation practices that protect and restore water quality.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Results:

MDA has engaged more than 3,000 agricultural producers, crop advisers, and local government partners through approximately 150 education and outreach events (2013-2017) and manages 42 edge-of-field monitoring stations through four major on-farm demonstration programs. Results from these edge-of-field sites are used for outreach

and education to calibrate computer simulations models (PTMApp, Adapt-N, SWAT, and the Runoff Risk Advisory Tool) and to directly support the Water Quality Framework.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Irrigation Water Quality Protection

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 385 | 385 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 385 | 385 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund to provide an irrigation water quality specialist position through a contract with the University of Minnesota Extension. The water quality specialist develops guidance and provides education on irrigation and nitrogen best management practices (BMPs) for Minnesota irrigators. Many farmers, particularly those newly implementing irrigation, will benefit from increased education, training, and direct support. A new proposed activity in FY20-21, complementary to the efforts of the irrigation water quality specialist, is \$500,000 of funding to support expansion of the Irrigation Management Assistant (IMA) scheduling tool to make it a statewide resource for Minnesota Irrigators.

Rationale/Background:

Irrigation of row crops is a potential source of nitrate in groundwater especially in the areas with coarse-textured (sandy) soils which are highly vulnerable to groundwater contamination. These soils are common in central Minnesota. There are many farmers, particularly those newly implementing irrigation, who would benefit from increased education on irrigation and nitrogen BMPs. This funding supports an irrigation water quality specialist who will develop guidance and provide education on irrigation, such as irrigation scheduling, and nitrogen BMPs. This position is located at the University of Minnesota Extension.

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

Proposal:

Continued funding will support the Minnesota Department of Agriculture's (MDA) ongoing efforts and enable the implementation of irrigation BMPs to protect groundwater. Activities led by an irrigation specialist are critically important for protecting groundwater from a major source of nitrate contamination in sensitive areas. Nitrate is one of the contaminants of greatest concern in Minnesota's groundwater. Nitrate losses from irrigation of nitrogen demanding crops (such as corn, potatoes, and edible beans) is a potential source of nitrate in groundwater. Of new funding, \$500,000 in FY20-21 is for the development and statewide expansion of the Irrigation Management Assistant (IMA) tool. The IMA is an on-line agricultural irrigation scheduling system. It is anticipated that this portion will be a one-time appropriation what will not be continued into FY22-23.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Results will be measured by the number of irrigators who receive information and subsequently adopt water and nitrogen management practices. Results will also be measure by the number of local governments and other agricultural stakeholders who collaborate in this effort.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency specific performance measures are also tracked by project staff and reported on the Minnesota's Legacy website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Minnesota Agricultural Water Quality Certification Program

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 3,000 | 3,000 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 3,000 | 3,000 | 0 | 0 |
| FTEs | 7.4 | 7.4 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Minnesota Agricultural Water Quality Certification Program (MAWQCP) that combines the technical expertise and financial resources of federal and state government to address water quality in agricultural areas. This first of its kind program is a federal-state partnership between Minnesota Department of Agriculture (MDA), the United States Department of Agriculture (USDA) and the Environmental Protection Agency (EPA). A majority (65 percent) of the requested funding is passed through to local governments to provide technical assistance and implementation funds. State dollars maintain a federal match of \$9 million for FY16-FY19, with a renewal application due to USDA in early 2020.

Rationale/Background:

Agriculture is a key and core industry in Minnesota's economy that can function to improve or harm water quality. The MAWQCP is a voluntary program designed to accelerate adoption of on-farm conservation practices that protect and improve Minnesota's lakes, rivers, streams, and groundwater. The MAWQCP is designed to identify and mitigate risks to water quality on a whole farm basis, thereby correcting potential harm and generating improvement to water quality.

Producers who implement and maintain approved farm management practices will be certified and in turn assured that their operation meets the state's water quality goals and standards for a period of 10 years. Certification will give farmers and the public greater certainty about conservation achievements and regulatory standards.

Proposal:

MDA and its partners are actively enrolling farmers in the MAWQCP statewide and this funding will support current ongoing efforts that are needed to support: 1) program expansion generated by public/private partnership agreements and 2) meeting the increased demand for certification and conservation services and resources by Minnesota's farms.

Additionally, the program has had broad expansion in participation, private partnerships, and new proposals for credit trading and other potential mechanisms for using MAWQCP's unique structure, requiring new resources. The integration of program outreach and delivery of services through private industry partners established in multiple formal agreements are providing both a significant increase in capacity for producer interaction and a higher demand for management of increased, new, and further dispersed program operations. This creates additional financial and staffing resource demands. This recommendation therefore includes an increase of \$500,000 per year for to address these demands.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

MAWQCP acres will increase and conservation practices will be implemented which will result in improvements to water quality. An increase in certified acres will ensure that farming practices are protective of water quality. Nutrients (nitrogen and phosphorous) and soil loss and sediment models are used to show the estimated annual reductions in these pollutants.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Nitrate in Groundwater

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 2,585 | 2,585 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,585 | 2,585 | 0 | 0 |
| FTEs | 13.0 | 13.0 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund to allow the Minnesota Department of Agriculture (MDA) and local partners to reduce the contamination of groundwater due to the use of nitrogen fertilizer and support a variety of project activities that target nitrate in groundwater. Clean Water Funds will include support for: private well testing; best management practices (BMP) promotion; demonstration and adoption; increased education; technical support; and training and direct support at the University of Minnesota Extension and local advisory teams.

Rationale/Background:

Nitrate is one of the contaminants of greatest concern for groundwater in Minnesota. In some shallow vulnerable aquifers, a significant percentage of the drinking water wells exceeds the drinking water standard. In 2015, the MDA revised the state Nitrogen Fertilizer Management Plan (NFMP) to address nitrate contamination of groundwater. MDA will target efforts to vulnerable areas to help prevent groundwater from becoming degraded. MDA works in close partnership with local governments and other local stakeholders.

Proposal:

The Governor recommends funding that will go towards the implementation of the Nitrogen Fertilizer Management Plan (NFMP) which is the state's blueprint for addressing nitrate in groundwater. Implementing these NFMP activities will result in prevention and mitigation of groundwater from exceeding the health standard for nitrate. These efforts include:

- Working with the University of Minnesota and other partners to refine and demonstrate BMPs to protect groundwater;
- Pass through funding to local government to develop and implement locally led nitrogen BMP promotion and evaluation projects;
- Monitoring of private wells for nitrate;
- Working with local governments and farmers to improve water quality in areas that have nitrate levels above the drinking water standard in groundwater; and
- Conducting farm surveys to evaluate on-farm adoption of BMPs.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Results will be measured by the number of areas monitored and assessed for nitrate in groundwater and the subsequent prevention and mitigation activity that will occur in those areas. Success will also be measured by the number of local farmers, agricultural organizations, and local governments who collaborate in this effort.

Successful implementation of the NFMP will result in reduction in groundwater contamination from nitrate and safe drinking water in those targeted areas.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Pesticide Testing of Private Wells

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 1,000 | 1,000 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,000 | 1,000 | 0 | 0 |
| FTEs | 2.75 | 2.75 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Pesticide Testing of Private Wells Program within the Department of Agriculture (MDA) to identify, monitor, and assess the presence of pesticides in private wells in vulnerable areas of the state.

Rationale/Background:

Citizens may be concerned if pesticides are in their drinking water, especially when nitrate has been detected. Pesticide testing of private wells will address this concern. Due to lack of monitoring, there is limited information on the presence of pesticides in private wells where nitrate is found. Pesticide monitoring of private wells will provide data that can be analyzed to determine the type, concentration, and frequency of pesticides in private wells.

Proposal:

Under the Nitrogen Fertilizer Management Plan (NFMP), all private wells in townships with vulnerable groundwater are offered a free nitrate test through MDA's Township Testing Program. When nitrate is detected, homeowners will also be offered a free pesticide test that provides additional information on the potential health risk from the presence of pesticides in groundwater. Funding is also used to support staff positions who collect private well water samples and for a private laboratory to analyze these samples for a suite of pesticides.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

The pesticide testing of private wells program will result in increased monitoring of private wells for pesticides and better informed well owners.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the Minnesota's Legacy website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Research Inventory Database

| Fiscal Impact (\$000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 50 | 50 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 50 | 50 | 0 | 0 |
| FTEs | 0.6 | 0.6 | 0 | 0 |

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Minnesota Water Research Digital Library (MNWRL) to support a user-friendly, searchable inventory of water research relevant to Minnesota. This funding will support Minnesota Department of Agriculture (MDA) staff that administer MNWRL.

Rationale/Background:

Water research that is relevant to Minnesota may not be easy to access or available to water resource professionals who could use this information. The MNWRL is a user-friendly, searchable inventory of water research relevant to Minnesota, including both peer reviewed articles as well as white papers and reports. The Library provides one-stop access to all types of water research, enabling users to find, share, and coordinate research to support their efforts to protect, conserve, manage, and restore water in Minnesota.

Proposal:

The MNWRL includes over 2,700 diverse research articles and scientific reports. The MNWRL is intended to provide easy access to a broad collection of water research. The MDA will provide support and training for partner organizations and conduct intensive outreach to Minnesota's water and research organizations and communities that use this resource.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

This user-friendly searchable inventory provides agency staff, researchers, water planners, and the public with fast access to all types of research relevant to water management in Minnesota. The inventory will grow steadily from its current base of over 2,700 articles (FY 18), increasing the utility of research that was previously scattered across many websites, reports, and journals.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Program: Protection Services

Activity: Pesticide and Fertilizer Management Division

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

AT A GLANCE

- In partnership with all Minnesota counties, collected over 500,000 pounds of waste pesticides in 2017, and over 8 million pounds of waste pesticides have been collected since 1990.
- In our 28 year history, over \$41 million from the Agricultural Chemical Response & Reimbursement Account has been spent to reimburse persons for the environmental cleanup of ag chemicals.
- Funded over \$1.1 million annually for fertilizer research, directed by a council of agriculture organizations.
- Monitored groundwater (690 samples at 168 locations) and surface water (1,218 samples at 208 locations) for pesticides in 2017
- Pesticide monitoring of groundwater since 1985 and surface water since 1991, now analyzing for 150 different chemicals

PURPOSE & CONTEXT

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

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

SERVICES PROVIDED

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

- Inspections
- Pesticide/fertilizer training, licensing, and permitting
- Emergency response 24/7
- Site cleanups and Superfund administration
- Anhydrous ammonia (AA) regulation
- Commercial manure application licensing
- Pesticide and fertilizer use surveys
- Pesticide misuse investigations
- Best Management Practices (BMP)
- Discovery Farms technical support
- Reimbursement for cleanups
- Actions to protect pollinators in both urban and rural settings
- Pesticide Management Plan implementation
- Nitrogen Fertilizer Management Plan implementation
- Groundwater monitoring for pesticides and nitrates
- Surface water monitoring for pesticides and nitrates
- Free waste pesticide collection for agricultural and urban users
- Soil and manure laboratory certification
- Research funding for fertilizer impact on water quality
- Agriculture Water Quality Certification for farmers and landowners
- Nitrate water quality technical support for municipalities
- Anhydrous Ammonia private inspector certification

RESULTS

- **Pesticide Inspections.** Inspections of pesticide facilities are designed to correct violations and assist in compliance. Our electronic/paperless Compliance Information System (CIS) results in more timely, comprehensive and consistent inspections.
- **Waste Pesticide Collections.** The Minnesota Department of Agriculture has conducted Waste Pesticide Collections since the early 1990s. Since 2001, the majority of the waste pesticide has been generated in urban settings. Agricultural waste pesticides have decreased due to changes in technology, packaging, and stewardship.
- **Pesticide Licensing.** The Minnesota Department of Agriculture has been investing in online electronic pesticide testing tools and additional testing locations that have drastically reduced the time it takes for the 12,823 commercial and non-commercial pesticide applicators in MN to begin work after passing their test to demonstrate competency.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|-----------------|----------------|--------------|
| Quantity | Pesticide inspections of various facilities, dealers, and sites | 270 | 268 | FY16 to FY17 |
| Quantity | Pounds of waste pesticides collected | 400,000 | 500,770 | FY16 to FY17 |
| Quantity | Wait time to receive pesticide license during peak licensing season | 5 weeks | 10 days | FY16 to FY17 |

Authority for this activity is found in Minnesota Statutes, Chapters
M.S. 18B (<https://www.revisor.mn.gov/statutes/?id=18B>),
M.S. 18C (<https://www.revisor.mn.gov/statutes/?id=18C>),
M. S, 18D (<https://www.revisor.mn.gov/statutes/?id=18D>),
M.S. 18E (<https://www.revisor.mn.gov/statutes/?id=18E>),
M.S. 103H (<https://www.revisor.mn.gov/statutes/?id=103H>),
M.S. 115E (<https://www.revisor.mn.gov/statutes/?id=115E>)

Pesticide and Fertilizer Mgmt

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY20 | FY21 | FY20 | FY21 |

Expenditures by Fund

| | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1000 - General | 555 | 611 | 553 | 651 | 611 | 611 | 611 | 611 |
| 2000 - Restrict Misc Special Revenue | 9 | 3 | 2 | 74 | | | | |
| 2018 - Agriculture | 15,902 | 16,440 | 15,239 | 18,063 | 15,790 | 15,884 | 15,790 | 15,884 |
| 2050 - Environment & Natural Resources | | | | 250 | | | | |
| 2302 - Clean Water | 13,179 | 13,587 | 12,294 | 10,693 | | | 11,308 | 11,307 |
| 2403 - Gift | 5 | | | | | | | |
| 2801 - Remediation | 1,544 | 1,607 | 1,508 | 1,969 | 1,959 | 1,959 | 1,959 | 1,959 |
| 3000 - Federal | 441 | 268 | 300 | 431 | 324 | 324 | 324 | 324 |
| Total | 31,635 | 32,515 | 29,897 | 32,131 | 18,684 | 18,778 | 29,992 | 30,085 |
| Biennial Change | | | | (2,122) | | (24,566) | | (1,951) |
| Biennial % Change | | | | (3) | | (40) | | (3) |
| Governor's Change from Base | | | | | | | | 22,615 |
| Governor's % Change from Base | | | | | | | | 60 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 11,142 | 11,494 | 11,548 | 12,260 | 9,636 | 9,749 | 12,791 | 12,917 |
| Operating Expenses | 18,517 | 18,312 | 14,980 | 17,407 | 9,031 | 9,012 | 15,186 | 15,153 |
| Grants, Aids and Subsidies | 1,828 | 2,642 | 3,351 | 2,438 | | | 1,945 | 1,945 |
| Capital Outlay-Real Property | 2 | | | | | | | |
| Other Financial Transaction | 145 | 66 | 18 | 26 | 17 | 17 | 70 | 70 |
| Total | 31,635 | 32,515 | 29,897 | 32,131 | 18,684 | 18,778 | 29,992 | 30,085 |

| | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Agency Expenditures | 31,635 | 32,515 | 29,897 | 32,131 | 18,684 | 18,778 | 29,992 | 30,085 |
| Internal Billing Expenditures | 2,679 | 2,826 | 2,496 | 2,669 | 2,357 | 2,386 | 2,463 | 2,492 |
| Expenditures Less Internal Billing | 28,955 | 29,690 | 27,400 | 29,462 | 16,327 | 16,392 | 27,529 | 27,593 |

Full-Time Equivalents

| | | | | | | | |
|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|
| 122.55 | 121.96 | 119.25 | 120.60 | 86.99 | 86.89 | 121.40 | 121.30 |
|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|

Pesticide and Fertilizer Mgmt

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------|--------|--------|----------|---------------|------|---------------------------|------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 24 | | 42 | | | | |
| Direct Appropriation | 564 | 564 | 837 | 838 | 611 | 611 | 611 | 611 |
| Transfers In | 14 | 23 | 8 | 21 | | | | |
| Transfers Out | | | 250 | 250 | | | | |
| Balance Forward Out | 23 | | 42 | | | | | |
| Expenditures | 555 | 611 | 553 | 651 | 611 | 611 | 611 | 611 |
| Biennial Change in Expenditures | | | | 39 | | 18 | | 18 |
| Biennial % Change in Expenditures | | | | 3 | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 4.15 | 4.18 | 4.03 | 4.03 | 4.03 | 4.03 | 4.03 | 4.03 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|----------|----------|----------|-----------|--|-------|--|-------|
| Balance Forward In | | 0 | | | | | | |
| Receipts | 9 | 3 | 2 | 74 | | | | |
| Transfers Out | | 0 | | | | | | |
| Balance Forward Out | 0 | | | | | | | |
| Expenditures | 9 | 3 | 2 | 74 | | | | |
| Biennial Change in Expenditures | | | | 64 | | (76) | | (76) |
| Biennial % Change in Expenditures | | | | 535 | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 0.14 | | | | | | | |

2018 - Agriculture

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Balance Forward In | 8,723 | 8,677 | 9,412 | 10,972 | 7,992 | 6,220 | 7,992 | 6,220 |
| Receipts | 16,235 | 17,376 | 18,174 | 16,473 | 15,408 | 15,600 | 15,408 | 15,600 |
| Transfers In | 209 | 339 | 16 | | | | | |
| Transfers Out | 1,510 | 1,517 | 1,390 | 1,390 | 1,390 | 1,390 | 1,390 | 1,390 |
| Balance Forward Out | 7,756 | 8,435 | 10,972 | 7,992 | 6,220 | 4,546 | 6,220 | 4,546 |
| Expenditures | 15,902 | 16,440 | 15,239 | 18,063 | 15,790 | 15,884 | 15,790 | 15,884 |
| Biennial Change in Expenditures | | | | 960 | | (1,628) | | (1,628) |
| Biennial % Change in Expenditures | | | | 3 | | (5) | | (5) |

Pesticide and Fertilizer Mgmt

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-------------------------------|----------------|----------------|----------------|------------------|----------------------------|-------|---|-------|
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 85.03 | 83.23 | 78.73 | 78.73 | 77.89 | 77.89 | 77.89 | 77.89 |

2050 - Environment & Natural Resources

| | | | | | | | | |
|-----------------------------------|--|--|------------|--|---|-------|---|-------|
| Direct Appropriation | | | 250 | | 0 | 0 | 0 | 0 |
| Expenditures | | | 250 | | | | | |
| Biennial Change in Expenditures | | | 250 | | | (250) | | (250) |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

2302 - Clean Water

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---|----------|---------------|---------------|
| Balance Forward In | 8,127 | 6,939 | 5,570 | 1,485 | | | | |
| Direct Appropriation | 8,509 | 7,507 | 8,208 | 9,208 | 0 | 0 | 11,308 | 11,307 |
| Transfers In | | 173 | | | | | | |
| Transfers Out | 500 | | | | | | | |
| Cancellations | 783 | | | | | | | |
| Balance Forward Out | 2,173 | 1,032 | 1,484 | | | | | |
| Expenditures | 13,179 | 13,587 | 12,294 | 10,693 | | | 11,308 | 11,307 |
| Biennial Change in Expenditures | | | | (3,780) | | (22,987) | | (372) |
| Biennial % Change in Expenditures | | | | (14) | | (100) | | (2) |
| Governor's Change from Base | | | | | | | | 22,615 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 29.07 | 30.18 | 31.96 | 32.16 | | | 34.41 | 34.41 |

2403 - Gift

| | | | | | | | | |
|-----------------------------------|----------|--|--|-----|--|---|--|---|
| Balance Forward In | 5 | | | | | | | |
| Expenditures | 5 | | | | | | | |
| Biennial Change in Expenditures | | | | (5) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

Pesticide and Fertilizer Mgmt

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-----------------------|----------------|----------------|----------------|------------------|----------------------------|--|---|--|
| Full-Time Equivalents | 0.10 | | | | | | | |

2801 - Remediation

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | | 15 | | 11 | | | | |
| Direct Appropriation | 388 | 388 | 393 | 398 | 399 | 399 | 399 | 399 |
| Open Appropriation | 1,171 | 1,204 | 1,126 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 |
| Balance Forward Out | 15 | | 11 | | | | | |
| Expenditures | 1,544 | 1,607 | 1,508 | 1,969 | 1,959 | 1,959 | 1,959 | 1,959 |
| Biennial Change in Expenditures | | | | 326 | | 441 | | 441 |
| Biennial % Change in Expenditures | | | | 10 | | 13 | | 13 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.68 | 2.85 | 2.57 | 2.57 | 2.57 | 2.57 | 2.57 | 2.57 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Receipts | 441 | 268 | 300 | 431 | 324 | 324 | 324 | 324 |
| Expenditures | 441 | 268 | 300 | 431 | 324 | 324 | 324 | 324 |
| Biennial Change in Expenditures | | | | 23 | | (83) | | (83) |
| Biennial % Change in Expenditures | | | | 3 | | (11) | | (11) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.38 | 1.52 | 1.96 | 3.11 | 2.50 | 2.40 | 2.50 | 2.40 |

Program: Protection Services
Activity: Plant Protection Division

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

AT A GLANCE

- 29 million units of corn and soybeans and 112 million hundredweights of other agricultural seed sold under state permit in 2017
- \$11 billion in grain purchased and over 290 million bushels stored under grain licenses and bonds during 2017
- 249 nursery growers certified and 1,954 dealers inspected to ensure nursery stock sold in Minnesota is free of serious plant pests during 2017
- \$300,000 in grants awarded to local governments for management of noxious weeds in FY18
- Assisting Minnesota counties, townships, and cities with the enforcement of noxious weed issues statewide, costing \$4 million dollars annually or approximately \$170,000/county
- During FY18, \$138,000 paid in claims for wolf depredation and \$120,000 granted to producers for predation prevention programs
- Spread of emerald ash borer held to 1/3 the national average despite 10 years of infestation
- Eight firewood producers certified to offer heat-treated, pest-free firewood to help slow the spread of emerald ash borer and gypsy moth

PURPOSE & CONTEXT

The Plant Protection Division (PPD) has two broad areas of responsibility. First, PPD is responsible for detecting, excluding, containing, and managing invasive or exotic plant pests that threaten both agriculture and Minnesota's forests and the environment. Second, PPD inspects and certifies agricultural commodities for export, grade and freedom from specific pests. These activities contribute to the mission of the agency by protecting agriculture and the environment from pest threats and by verifying the quality of Minnesota products for sale or export. Minnesota farmers are protected by grain bonds, seed labeling laws and inspection, noxious weed programs and many other PPD programs designed to protect public and private land as well as critical pollinator habitat.

SERVICES PROVIDED

We ensure that seeds and plants sold, planted, exported, or stored in Minnesota meet purity, viability, and health standards, and that the environmental, societal, and recreational impacts of plant pests such as noxious weeds, gypsy moth, and emerald ash borer are reduced or eliminated.

These goals are achieved by:

- Inspecting and certifying plants and plant parts (such as seed, grain, fruit, logs, and lumber). Inspection and certification programs ensure Minnesota's plant commodities meet standards for import and export requirements, germination and purity of seeds, health of nursery stock, and the absence of harmful plant pests.
- Excluding, eradicating, or managing plant pests that threaten Minnesota's agriculture or environment. We keep Minnesota as free as possible from harmful plant pests. Our survey, audit, regulatory, quarantines, and treatment programs benefit farmers, the forest and recreation industries, and conservation plantings including critical pollinator habitat and the general public.

Fee-generated dedicated funds comprise over 45 percent of the division activities and about 25 percent of activities are funded through federal and state grants from the Environment and Natural Resources Trust Fund. The remaining 30 percent of our funds are from the state General Fund, of which about 20 percent of those are one-time appropriations for the FY18-19 biennium.

RESULTS

- Minnesota plant products are exported to markets without delays, during 2017, 1.6 billion pounds of agriculture products were certified for export to 70 countries by 136 Minnesota companies.
- Produce for sale is quickly inspected, during 2017, 1.2 billion pounds of potatoes and 21.1 million pounds of fruits and other vegetables were inspected.
- Nursery stock, seeds, and seed potatoes sold in Minnesota are viable and free of serious plant pests. Routine inspections of 250 seed retailers and 1,858 seed samples tested for quality during 2017 demonstrated that 95% of seed is accurately labeled in the state and 4 seed lots contained Palmer amaranth, a prohibited noxious weed seed
- Invasive plant pests are kept out of Minnesota and their impacts on agriculture and the environment are minimized, for example the spread of gypsy moth was reduced by over 40% by placing 20,000 gypsy moth survey traps and treating 76,000 acres to slow the advancing gypsy moth population.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> |
|------------------------|---|--|-------------------|
| Quantity | Acres managed for eradicating noxious weeds | 1800 – 2016 2000 - 2017 | 2600 – 2018 |
| Quantity | Number of seed samples collected and analyzed and their compliance percentage | 1386 (91%) – 2016 1422 (94%) – 2017 | 1858 (95%) – 2018 |
| Quantity | Number of permitted hemp growers | 7 – 2016 34 - 2017 | 40 – 2018 |
| Quantity | Number of invasive insects and diseases monitored | 54 – 2015 67 – 2016 83 - 2017 | 84 - 2018 |

M.S. Section 3.737 (<https://www.revisor.mn.gov/statutes/?id=3.737>) and 3.7371

(<https://www.revisor.mn.gov/statutes/?id=3.7371>) provides the authority to compensate farmers and landowners for loss caused by wolf or elk.

M.S. Section 17.445 (<https://www.revisor.mn.gov/statutes/?id=17.445>) provides the authority to provide apiary inspection services for interstate commerce

M.S. Chapter 18F (<https://www.revisor.mn.gov/statutes/cite/18F>) provides authority to issue permits for release of genetically engineered organisms

M.S. Chapter 18G (<https://www.revisor.mn.gov/statutes/?id=18G>) provides the authority to exclude and manage invasive and exotic plant pests and to certify commodities for export

M.S. Chapter 18H (<https://www.revisor.mn.gov/statutes/?id=18H>) provides the authority to inspect and certify nursery dealers and growers

M.S. Chapter 18J (<https://www.revisor.mn.gov/statutes/cite/18J>) defines enforcement procedures for violations of Chapters 18G, 18H, 18K, 27, 223, 231, and 232; sections [21.80](#) to [21.92](#); and associated rules.

M.S. Chapter 18K (<https://www.revisor.mn.gov/statutes/cite/18K>) provides authority to implement an industrial hemp pilot program

M.S. Section 18.75-91 (<https://www.revisor.mn.gov/statutes/?id=18.75>) provides the authority to administer a state noxious weed program

M.S. Chapter 21.71-78 (<https://www.revisor.mn.gov/statutes/cite/21.71>) provides the authority to inspect and certify seed potatoes.

M.S. Section 21.80-92 (<https://www.revisor.mn.gov/statutes/?id=21.80>) provides the authority to inspect seeds for distribution and enforce seed label requirements.

M.S. Chapter 27 (<https://www.revisor.mn.gov/statutes/?id=27>) provides the authority to provide a wholesale produce dealer bonding program.

M.S. Chapter 223 (<https://www.revisor.mn.gov/statutes/?id=223>) provides the authority to provide a bond program for grain.

M.S. Chapter 230 (<https://www.revisor.mn.gov/statutes/cite/230>) provides authority to mediate disputes between elevators or other buying or storing sites of agricultural commodities and railroads

M.S. Chapter 231 (<https://www.revisor.mn.gov/statutes/?id=231>) provides the authority to provide a bond program for warehouses

Plant Protection

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY20 | FY21 | FY20 | FY21 |

Expenditures by Fund

| | | | | | | | | |
|--|--------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|
| 1000 - General | 1,956 | 2,419 | 2,813 | 3,237 | 2,483 | 2,483 | 3,808 | 3,808 |
| 2000 - Restrict Misc Special Revenue | | | 53 | 13 | 13 | 13 | 13 | 13 |
| 2018 - Agriculture | 3,779 | 3,998 | 4,420 | 5,023 | 4,808 | 4,774 | 4,808 | 4,774 |
| 2050 - Environment & Natural Resources | 373 | 405 | 662 | 1,365 | | | | |
| 3000 - Federal | 1,547 | 1,149 | 1,329 | 1,773 | 1,720 | 1,758 | 1,720 | 1,758 |
| 6000 - Miscellaneous Agency | | 125 | | | | | | |
| Total | 7,655 | 8,096 | 9,278 | 11,411 | 9,024 | 9,028 | 10,349 | 10,353 |
| Biennial Change | | | | 4,939 | | (2,637) | | 13 |
| Biennial % Change | | | | 31 | | (13) | | 0 |
| Governor's Change from Base | | | | | | | | 2,650 |
| Governor's % Change from Base | | | | | | | | 15 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|
| Compensation | 4,862 | 4,783 | 5,303 | 5,829 | 5,264 | 5,248 | 6,019 | 6,003 |
| Operating Expenses | 2,787 | 3,011 | 3,184 | 5,007 | 3,748 | 3,767 | 3,943 | 3,962 |
| Grants, Aids and Subsidies | | 134 | 775 | 563 | | | 375 | 375 |
| Capital Outlay-Real Property | | 6 | 4 | | | | | |
| Other Financial Transaction | 6 | 162 | 12 | 12 | 12 | 13 | 12 | 13 |
| Total | 7,655 | 8,096 | 9,278 | 11,411 | 9,024 | 9,028 | 10,349 | 10,353 |

| | | | | | | | | |
|---|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Total Agency Expenditures | 7,655 | 8,096 | 9,278 | 11,411 | 9,024 | 9,028 | 10,349 | 10,353 |
| Internal Billing Expenditures | 728 | 648 | 682 | 772 | 828 | 844 | 828 | 844 |
| Expenditures Less Internal Billing | 6,927 | 7,447 | 8,597 | 10,639 | 8,196 | 8,184 | 9,521 | 9,509 |

Full-Time Equivalents

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 68.49 | 65.40 | 69.59 | 72.27 | 65.57 | 65.07 | 73.57 | 73.07 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 218 | | 190 | | | | |
| Direct Appropriation | 2,068 | 2,268 | 2,859 | 2,864 | 2,483 | 2,483 | 3,808 | 3,808 |
| Transfers In | 41 | 66 | 444 | 483 | | | | |
| Transfers Out | | 120 | 300 | 300 | | | | |
| Cancellations | | 13 | | | | | | |
| Balance Forward Out | 153 | | 190 | | | | | |
| Expenditures | 1,956 | 2,419 | 2,813 | 3,237 | 2,483 | 2,483 | 3,808 | 3,808 |
| Biennial Change in Expenditures | | | | 1,675 | | (1,084) | | 1,566 |
| Biennial % Change in Expenditures | | | | 38 | | (18) | | 26 |
| Governor's Change from Base | | | | | | | | 2,650 |
| Governor's % Change from Base | | | | | | | | 53 |
| Full-Time Equivalents | 15.09 | 14.69 | 18.93 | 18.60 | 15.18 | 15.18 | 23.18 | 23.18 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Balance Forward In | | | | 1 | 1 | 1 | 1 | 1 |
| Receipts | | | 54 | 13 | 13 | 13 | 13 | 13 |
| Balance Forward Out | | | 1 | 1 | 1 | 1 | 1 | 1 |
| Expenditures | | | 53 | 13 | 13 | 13 | 13 | 13 |
| Biennial Change in Expenditures | | | | 66 | | (40) | | (40) |
| Biennial % Change in Expenditures | | | | | | (61) | | (61) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | | | 0.17 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |

2018 - Agriculture

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 2,075 | 2,693 | 3,398 | 3,625 | 3,606 | 3,403 | 3,606 | 3,403 |
| Receipts | 4,782 | 5,024 | 4,748 | 5,014 | 5,065 | 5,065 | 5,065 | 5,065 |
| Transfers In | | 20 | 300 | 300 | | | | |
| Transfers Out | 403 | 342 | 400 | 310 | 460 | 460 | 460 | 460 |
| Balance Forward Out | 2,676 | 3,398 | 3,626 | 3,606 | 3,403 | 3,234 | 3,403 | 3,234 |
| Expenditures | 3,779 | 3,998 | 4,420 | 5,023 | 4,808 | 4,774 | 4,808 | 4,774 |
| Biennial Change in Expenditures | | | | 1,666 | | 139 | | 139 |
| Biennial % Change in Expenditures | | | | 21 | | 1 | | 1 |

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|-------------------------------|----------------|----------------|----------------|------------------|---------------|-------|------------------------------|-------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 34.24 | 34.65 | 34.53 | 35.99 | 35.99 | 34.99 | 35.99 | 34.99 |

2050 - Environment & Natural Resources

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|--------------|---|---------|---|---------|
| Balance Forward In | 667 | 294 | 400 | 934 | | | | |
| Direct Appropriation | | 511 | 1,025 | 431 | 0 | 0 | 0 | 0 |
| Transfers In | | | 173 | | | | | |
| Cancellations | | | 3 | | | | | |
| Balance Forward Out | 294 | 400 | 933 | | | | | |
| Expenditures | 373 | 405 | 662 | 1,365 | | | | |
| Biennial Change in Expenditures | | | | 1,249 | | (2,027) | | (2,027) |
| Biennial % Change in Expenditures | | | | 161 | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 4.34 | 3.55 | 2.94 | 2.93 | | | | |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 343 | 0 | | | | | | |
| Receipts | 1,204 | 1,149 | 1,329 | 1,773 | 1,720 | 1,758 | 1,720 | 1,758 |
| Transfers Out | | 0 | | | | | | |
| Expenditures | 1,547 | 1,149 | 1,329 | 1,773 | 1,720 | 1,758 | 1,720 | 1,758 |
| Biennial Change in Expenditures | | | | 406 | | 376 | | 376 |
| Biennial % Change in Expenditures | | | | 15 | | 12 | | 12 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 14.82 | 12.51 | 13.02 | 14.50 | 14.15 | 14.65 | 14.15 | 14.65 |

6000 - Miscellaneous Agency

| | | | | | | | | |
|---------------------|---|-----|-----|-----|-----|-----|-----|-----|
| Balance Forward In | 0 | 0 | 227 | 227 | 229 | 231 | 229 | 231 |
| Receipts | 0 | 352 | | 2 | 2 | 2 | 2 | 2 |
| Transfers Out | | 0 | | | | | | |
| Balance Forward Out | 0 | 227 | 227 | 229 | 231 | 233 | 231 | 233 |

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------|------------|--------|----------|---------------|------|---------------------------|------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| Expenditures | | 125 | | | | | | |
| Biennial Change in Expenditures | | | | (125) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

Program: Protection Services

Activity: Laboratory Services Division

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

AT A GLANCE

For Fiscal Year 2018:

- Performed 8,293 tests for 8,421 analytes (an organism or chemical constituent of a sample) on 3,830 samples for MDA's Dairy and Meat Inspection Division;
- Performed 12,946 tests for 153,643 analytes on 8,646 samples for MDA's Pesticide and Fertilizer Inspection Division;
- Performed 21,817 tests for 41,364 analytes on 2,116 samples for MDA's Plant Protection Division;
- Performed 11,112 tests for 11,138 analytes on 4,185 samples for the Food and Feed Safety Division.
- Performed 14,241 tests for 15,163 analytes on 4,658 samples for the Department of Natural Resources.

PURPOSE & CONTEXT

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

SERVICES PROVIDED

The Laboratory Services Division provides analytical testing primarily for:

- MDA Dairy and Meat Inspection Division
- MDA Food and Feed Safety Division
- MDA Pesticide and Fertilizer Management Division
- MDA Plant Protection Division
- Minnesota Department of Natural Resources

Specific Services:

Foodborne outbreaks:

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

Surveillance testing for:

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

Other services include:

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

RESULTS

The Department grades laboratory performance on our ability to provide accurate defensible data that meets established program objectives in a timely manner. In order to measure this performance we survey our customers annually to measure their satisfaction level with our services. We discuss problem areas and address them through our formal corrective action procedure.

Performance Measures based on customer survey

Satisfaction with technical assistance provided by laboratory

| <i>Type of Measure</i> | <i>Dissatisfied</i> | <i>Somewhat Satisfied</i> | <i>Satisfied</i> | <i>Very Satisfied</i> |
|------------------------|---------------------|---------------------------|------------------|-----------------------|
| Previous Score (2016) | 0% | 5% | 15% | 80% |
| Current Score (2017) | 0% | 0% | 9% | 91% |

Satisfaction with data quality

| <i>Type of Measure</i> | <i>Dissatisfied</i> | <i>Somewhat Satisfied</i> | <i>Satisfied</i> | <i>Very Satisfied</i> |
|------------------------|---------------------|---------------------------|------------------|-----------------------|
| Previous Score (2016) | 0% | 10% | 10% | 80% |
| Current Score (2017) | 4% | 0% | 20% | 76% |

Satisfaction with overall Laboratory performance

| <i>Type of Measure</i> | <i>Dissatisfied</i> | <i>Somewhat Satisfied</i> | <i>Satisfied</i> | <i>Very Satisfied</i> |
|------------------------|---------------------|---------------------------|------------------|-----------------------|
| Previous Score (2016) | 0% | 0% | 10% | 90% |
| Current Score (2017) | 0% | 0% | 9% | 91% |

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

Laboratory Services

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY20 | FY21 | FY20 | FY21 |

Expenditures by Fund

| | | | | | | | | |
|--------------------------------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|
| 1000 - General | 4,105 | 5,572 | 4,344 | 5,252 | 4,743 | 4,743 | 5,536 | 5,457 |
| 2000 - Restrict Misc Special Revenue | 79 | 75 | 121 | 95 | 115 | 116 | 115 | 116 |
| 2018 - Agriculture | 2,464 | 2,633 | 3,041 | 3,089 | 3,299 | 3,308 | 3,299 | 3,308 |
| 3000 - Federal | 1,916 | 2,016 | 1,879 | 2,067 | 2,033 | 1,995 | 2,033 | 1,995 |
| Total | 8,565 | 10,296 | 9,384 | 10,503 | 10,190 | 10,162 | 10,983 | 10,876 |
| Biennial Change | | | | 1,027 | | 465 | | 1,972 |
| Biennial % Change | | | | 5 | | 2 | | 10 |
| Governor's Change from Base | | | | | | | | 1,507 |
| Governor's % Change from Base | | | | | | | | 7 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 4,034 | 4,085 | 4,349 | 4,767 | 4,721 | 4,757 | 4,831 | 4,867 |
| Operating Expenses | 4,446 | 4,938 | 4,904 | 5,692 | 5,407 | 5,389 | 5,472 | 5,454 |
| Capital Outlay-Real Property | 3 | 1,014 | 85 | | 42 | | 660 | 539 |
| Other Financial Transaction | 82 | 258 | 45 | 44 | 20 | 16 | 20 | 16 |
| Total | 8,565 | 10,296 | 9,384 | 10,503 | 10,190 | 10,162 | 10,983 | 10,876 |

| | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Total Agency Expenditures | 8,565 | 10,296 | 9,384 | 10,503 | 10,190 | 10,162 | 10,983 | 10,876 |
| Internal Billing Expenditures | 644 | 587 | 640 | 612 | 725 | 722 | 725 | 722 |
| Expenditures Less Internal Billing | 7,920 | 9,709 | 8,744 | 9,891 | 9,465 | 9,440 | 10,258 | 10,154 |

Full-Time Equivalents

| | | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 46.78 | 46.35 | 48.60 | 56.33 | 54.06 | 53.16 | 55.06 | 54.16 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

Laboratory Services

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 369 | | 389 | | | | |
| Direct Appropriation | 4,421 | 4,421 | 4,746 | 4,750 | 4,743 | 4,743 | 5,536 | 5,457 |
| Transfers In | 142 | 828 | 156 | 373 | 135 | 135 | 135 | 135 |
| Transfers Out | 95 | 45 | 170 | 260 | 135 | 135 | 135 | 135 |
| Cancellations | | 1 | | | | | | |
| Balance Forward Out | 363 | | 388 | | | | | |
| Expenditures | 4,105 | 5,572 | 4,344 | 5,252 | 4,743 | 4,743 | 5,536 | 5,457 |
| Biennial Change in Expenditures | | | | (81) | | (110) | | 1,397 |
| Biennial % Change in Expenditures | | | | (1) | | (1) | | 15 |
| Governor's Change from Base | | | | | | | | 1,507 |
| Governor's % Change from Base | | | | | | | | 16 |
| Full-Time Equivalents | 14.20 | 14.04 | 14.00 | 18.32 | 15.30 | 15.45 | 16.30 | 16.45 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|-----------|-----------|------------|-----------|------------|------------|------------|------------|
| Balance Forward In | | 67 | 59 | 35 | 80 | 59 | 80 | 59 |
| Receipts | 146 | 67 | 96 | 140 | 94 | 97 | 94 | 97 |
| Balance Forward Out | 67 | 59 | 35 | 80 | 59 | 40 | 59 | 40 |
| Expenditures | 79 | 75 | 121 | 95 | 115 | 116 | 115 | 116 |
| Biennial Change in Expenditures | | | | 62 | | 15 | | 15 |
| Biennial % Change in Expenditures | | | | 40 | | 7 | | 7 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.56 | 0.58 | 0.59 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |

2018 - Agriculture

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 1,119 | 1,392 | 1,605 | 1,662 | 1,504 | 1,271 | 1,504 | 1,271 |
| Receipts | 538 | 663 | 853 | 716 | 716 | 716 | 716 | 716 |
| Transfers In | 2,193 | 2,202 | 2,260 | 2,215 | 2,350 | 2,350 | 2,350 | 2,350 |
| Transfers Out | | 20 | 16 | | | | | |
| Balance Forward Out | 1,386 | 1,603 | 1,662 | 1,504 | 1,271 | 1,029 | 1,271 | 1,029 |
| Expenditures | 2,464 | 2,633 | 3,041 | 3,089 | 3,299 | 3,308 | 3,299 | 3,308 |
| Biennial Change in Expenditures | | | | 1,033 | | 477 | | 477 |
| Biennial % Change in Expenditures | | | | 20 | | 8 | | 8 |

Laboratory Services

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-------------------------------|----------------|----------------|----------------|------------------|----------------------------|-------|---|-------|
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 18.67 | 19.52 | 22.34 | 26.84 | 26.61 | 25.76 | 26.61 | 25.76 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 0 | | | | | | | |
| Receipts | 1,915 | 2,016 | 1,879 | 2,067 | 2,033 | 1,995 | 2,033 | 1,995 |
| Balance Forward Out | 0 | | | | | | | |
| Expenditures | 1,916 | 2,016 | 1,879 | 2,067 | 2,033 | 1,995 | 2,033 | 1,995 |
| Biennial Change in Expenditures | | | | 14 | | 82 | | 82 |
| Biennial % Change in Expenditures | | | | 0 | | 2 | | 2 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 13.35 | 12.21 | 11.67 | 10.67 | 11.65 | 11.45 | 11.65 | 11.45 |

Program: Protection Service

Activity: Food and Feed Safety Division

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

AT A GLANCE

In Fiscal Years 2017 and 2018,

- Conducted over 2,800 manufactured food, 7,000 retail food, and 1,000 animal feed inspections to ensure the safety and quality of products manufactured and distributed in Minnesota.
- Created a new program specific to on-farm produce safety to support Minnesota produce growers in conforming to new Food Safety Modernization Act (FSMA) requirements through outreach, education, and regulatory review.
- Conducted and participated in over 80 outreach activities on food and feed safety related issues which included: providing training on new regulations related to the feed and produce safety, hosting emergency response exercises, presenting at educational conferences, and facilitating meetings with stakeholders and partner agencies.
- Participated in 48 human illness outbreak investigations to rapidly respond to and prevent the spread of illness in partnership with the Minnesota Department of Health.
- Issued 1,762 food and 156 animal feed certificates to Minnesota companies so products could be sold and distributed internationally
- Analyzed over 1,800 animal feed product samples for over 16,000 analytes in partnership with the MDA Laboratory Division

PURPOSE & CONTEXT

The Food and Feed Safety Division (FFSD) supports the Minnesota Department of Agriculture's mission to ensure the integrity of the food supply by conducting regulatory and outreach activities related to the production, manufacturing and sale of food and commercial animal feed products. Our activities contribute to a strong agricultural economy by ensuring food and feed producers have access to interstate and international markets, giving these processors opportunities to expand their business, and providing farmers with access to processing services necessary to market their products within Minnesota, nationally, and internationally.

Inspection work focuses on ensuring that safe food and animal feed handling practices are employed from the farm to processor and distributor so that consumers receive safe food and feed products. Much of this work is also required for manufacturers and farmers to conduct in-state, interstate and international sales of their products. The success of these programs is critical to ensuring the safety of human and animal consumers, as well as strong viable food and animal agriculture industries in the State.

SERVICES PROVIDED

Inspections: Our inspectors conduct food and feed safety based inspections as required by federal and state law that focus on ensuring processors and distributors of food and commercial animal feed have systems in place to ensure products are safe and are produced in a clean and sanitary environment. Changes in inspection focus will continue as the Food Safety Modernization Act (FSMA) is phased in and expands the regulatory requirements for manufacturers of human and animal foods.

Outreach: The Division maintains a strong emphasis on outreach and education, prior to and as a part of regulation. When food business operators have a good understanding of food safety principles and the regulations, they can more effectively apply good food safety practices. Outreach and education are also key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have strong foundational knowledge in food safety risks that exist in their processes.

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

RESULTS

Overall compliance rates are routinely assessed by conducting reviews that provide an assessment of how well food and feed producers are meeting the regulatory requirements designed to ensure the products they produce are safe.

Retail Food Inspection: Inspection Rates

The Retail Food Program is responsible for inspecting and licensing all retail food handlers in Minnesota and consists of 24 field inspectors, four supervisors, and one program manager. There are approximately 6,000 retail food facilities and 1,500 retail mobile food licenses in the state. Retail facilities are classified according to food safety risk based on food handling activities. Retail facilities are inspected according to a schedule based on the classified risk.

The Retail Food Program has steadily increased the rate of inspections conducted according to the risk-based schedule as a result of added staff that were hired within the last three years. The inspections conducted review food handling practices and sanitary conditions to meet the requirements of the Minnesota Food Code. These inspections are essential to protect public health and serve to inform retail food handlers when food handling practices require intervention measures due to the potential to foodborne illness.

Number of Retail Food Inspections Conducted by Fiscal Year

| Fiscal Year | 2016 | 2017 | 2018 |
|------------------|-------|-------|-------|
| Inspection Count | 2,365 | 3,388 | 5,252 |

Manufactured Food Inspection: Full Implementation of Manufactured Food Regulatory Program Standards

Building an Integrated Food Safety System (IFSS) is mandated by the Food Safety Modernization Act (FSMA). The U.S Food and Drug Administration System (FDA) manages programs and initiatives that build the infrastructure and capacity of state, local, territorial, and tribal regulatory agencies and promote a national IFSS. The Manufactured Food Regulatory Program Standards (MFRPS) are a critical component in establishing the national IFSS. The goal of the MFRPS is to implement a nationally integrated, risk-based, food safety system focused on protecting public health. The ten standards identified in the MFRPS provide a roadmap for effective program management and are based on a quality management systems approach to regulatory program oversight. The MFRPS ten standard element are identified in the table below.

Manufactured Food Program Standards

| Standard Number | Element |
|-----------------|--|
| Standard 1 | Regulatory Foundation |
| Standard 2 | Training Program |
| Standard 3 | Inspection Program |
| Standard 4 | Inspection Audit Program |
| Standard 5 | Food-related Illness, Outbreak and Response |
| Standard 6 | Compliance and Enforcement Program |
| Standard 7 | Industry and Community Relations |
| Standard 8 | Program Resources |
| Standard 9 | Program Assessment |
| Standard 10 | Laboratory Services – <i>Partnership with MDA Laboratory Services Division</i> |

The Manufactured Food Program has committed to meet the MFRPS, requiring documentation of the program's policies and procedures as well as records of their consistent use to demonstrate the quality management system is in place. In February of 2017, the FDA assessed the Manufactured Food Program and the program demonstrated full implementation of and conformance to the MFRPS. The FFSD Manufactured Food Program is one of only a few food inspection programs in the country to achieve the full implementation and conformance outcome from and FDA assessment. This accomplishment provides the foundation for effective public health protection of manufactured food safety systems in Minnesota and allows for more efficient partnership with partner agencies, such as the FDA.

Commercial Feed Inspection: Sample Analysis Findings

The Commercial Feed Program routinely samples feed and pet food products distributed in Minnesota. The sampling program was structured to represent the Minnesota feed industry geographically and to capture product and seasonal variations. One goal of the feed sampling program is to assist commercial feed producers through the identification of unapproved drug residues and other contaminants which may indicate system design flaws or sanitation concerns. Some samples that do not comply with regulatory standards also require an investigation to be completed by the feed manufacturer. The reports of these investigations are reviewed by Commercial Feed Program Staff.

The percentage of samples found not in compliance with regulations and the percentage of samples requiring a manufacturer's report of their investigation has remained relatively steady to slightly decreasing in the last four calendar years. One variation observed in 2016 may be due to the October 1, 2015 implementation of an amendment to the veterinary feed directive (VFD) drugs section of the Animal Drug Availability Act of 1996 (ADAA). A VFD drug is intended for use in animal feeds, and such use of the VFD drug is permitted only under the professional supervision of a licensed veterinarian.

During this period, the Commercial Feed Program has focused on targeted outreach activities and maintaining a responsive relationship to address challenges the feed industry faces with implementing new regulations. New regulations for the use of animal drugs requiring the professional supervision of a licensed veterinarian may have impacted these findings.

Feed Sample Results by Calendar Year

| <i>Calendar Year</i> | <i>Samples Found Non-compliant</i> | <i>Samples Requiring Manufacturer's Report of Investigation</i> |
|-----------------------------|---|--|
| 2014 | 12.8% | 4.3% |
| 2015 | 14.8% | 4.1% |
| 2016 | 8.0% | 1.7% |
| 2017 | 12.5% | 3.7% |

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

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

M.S. 25 (<https://www.revisor.mn.gov/statutes/?id=25>) provides the legal authority for Commercial Feed Inspection Activities

Food and Feed Safety

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY20 | FY21 | FY20 | FY21 |

Expenditures by Fund

| | | | | | | | | |
|--------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1000 - General | 4,375 | 6,333 | 5,812 | 7,527 | 6,759 | 6,759 | 6,759 | 6,759 |
| 2000 - Restrict Misc Special Revenue | 1,080 | 724 | 1,133 | 1,298 | 1,257 | 1,269 | 1,257 | 1,269 |
| 2018 - Agriculture | 2,237 | 2,317 | 2,886 | 2,977 | 3,292 | 3,403 | 3,292 | 3,403 |
| 3000 - Federal | 2,245 | 1,293 | 2,063 | 2,628 | 2,330 | 2,230 | 2,330 | 2,230 |
| 6000 - Miscellaneous Agency | 60 | | | | | | | |
| Total | 9,997 | 10,668 | 11,895 | 14,430 | 13,638 | 13,661 | 13,638 | 13,661 |
| Biennial Change | | | | 5,659 | | 974 | | 974 |
| Biennial % Change | | | | 27 | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 7,271 | 7,900 | 8,711 | 9,785 | 10,419 | 10,431 | 10,419 | 10,431 |
| Operating Expenses | 2,721 | 2,714 | 3,065 | 4,470 | 3,152 | 3,160 | 3,152 | 3,160 |
| Grants, Aids and Subsidies | | 20 | 118 | 175 | 67 | 70 | 67 | 70 |
| Capital Outlay-Real Property | 5 | 0 | | | | | | |
| Other Financial Transaction | 0 | 34 | 0 | | | | | |
| Total | 9,997 | 10,668 | 11,895 | 14,430 | 13,638 | 13,661 | 13,638 | 13,661 |

| | | | | | | | | |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Agency Expenditures | 9,997 | 10,668 | 11,895 | 14,430 | 13,638 | 13,661 | 13,638 | 13,661 |
| Internal Billing Expenditures | 812 | 601 | 774 | 776 | 908 | 930 | 908 | 930 |
| Expenditures Less Internal Billing | 9,186 | 10,067 | 11,120 | 13,654 | 12,730 | 12,731 | 12,730 | 12,731 |

Full-Time Equivalents

| | | | | | | | |
|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| 83.83 | 88.91 | 96.30 | 105.10 | 107.07 | 107.40 | 107.07 | 107.40 |
|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|

Food and Feed Safety

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 2,175 | 0 | 783 | | | | |
| Direct Appropriation | 6,460 | 6,460 | 6,505 | 6,520 | 6,759 | 6,759 | 6,759 | 6,759 |
| Transfers In | 289 | 1,329 | 129 | 264 | | | | |
| Transfers Out | 200 | 3,625 | 40 | 40 | | | | |
| Cancellations | 19 | 5 | | | | | | |
| Balance Forward Out | 2,154 | | 782 | | | | | |
| Expenditures | 4,375 | 6,333 | 5,812 | 7,527 | 6,759 | 6,759 | 6,759 | 6,759 |
| Biennial Change in Expenditures | | | 2,630 | | 179 | | 179 | |
| Biennial % Change in Expenditures | | | 25 | | 1 | | 1 | |
| Governor's Change from Base | | | | | | | 0 | |
| Governor's % Change from Base | | | | | | | 0 | |
| Full-Time Equivalents | 37.54 | 56.52 | 52.67 | 56.27 | 58.21 | 57.46 | 58.21 | 57.46 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 427 | 971 | 1,051 | 1,213 | 999 | 820 | 999 | 820 |
| Receipts | 1,473 | 855 | 1,296 | 1,084 | 1,078 | 1,172 | 1,078 | 1,172 |
| Transfers In | 150 | | | | | | | |
| Transfers Out | | 50 | | | | | | |
| Balance Forward Out | 970 | 1,051 | 1,214 | 999 | 820 | 723 | 820 | 723 |
| Expenditures | 1,080 | 724 | 1,133 | 1,298 | 1,257 | 1,269 | 1,257 | 1,269 |
| Biennial Change in Expenditures | | | | 627 | | 95 | | 95 |
| Biennial % Change in Expenditures | | | | 35 | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 9.80 | 6.06 | 9.18 | 10.65 | 9.95 | 9.89 | 9.95 | 9.89 |

2018 - Agriculture

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 2,166 | 3,044 | 3,891 | 4,021 | 3,911 | 3,695 | 3,911 | 3,695 |
| Receipts | 3,320 | 3,477 | 3,346 | 3,197 | 3,406 | 3,408 | 3,406 | 3,408 |
| Transfers Out | 230 | 361 | 330 | 330 | 330 | 330 | 330 | 330 |
| Balance Forward Out | 3,020 | 3,843 | 4,020 | 3,911 | 3,695 | 3,370 | 3,695 | 3,370 |
| Expenditures | 2,237 | 2,317 | 2,886 | 2,977 | 3,292 | 3,403 | 3,292 | 3,403 |
| Biennial Change in Expenditures | | | | 1,310 | | 832 | | 832 |

Food and Feed Safety

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|-------|---|-------|
| Biennial % Change in Expenditures | | | | 29 | | 14 | | 14 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 18.85 | 18.02 | 21.24 | 22.44 | 23.96 | 23.96 | 23.96 | 23.96 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 188 | 38 | 2 | | | | | |
| Receipts | 2,217 | 1,283 | 2,063 | 2,628 | 2,330 | 2,230 | 2,330 | 2,230 |
| Transfers Out | 150 | | 2 | | | | | |
| Balance Forward Out | 10 | 28 | | | | | | |
| Expenditures | 2,245 | 1,293 | 2,063 | 2,628 | 2,330 | 2,230 | 2,330 | 2,230 |
| Biennial Change in Expenditures | | | | 1,153 | | (131) | | (131) |
| Biennial % Change in Expenditures | | | | 33 | | (3) | | (3) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 17.34 | 8.30 | 13.21 | 15.74 | 14.95 | 16.09 | 14.95 | 16.09 |

6000 - Miscellaneous Agency

| | | | | | | | | |
|-----------------------------------|-----------|------|--|------|--|---|--|---|
| Balance Forward In | 43 | 33 | | | | | | |
| Transfers In | 50 | | | | | | | |
| Transfers Out | | 33 | | | | | | |
| Balance Forward Out | 33 | | | | | | | |
| Expenditures | 60 | | | | | | | |
| Biennial Change in Expenditures | | | | (60) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 0.30 | 0.01 | | | | | | |

Program: Protection Service

Activity: Dairy and Meat Inspection Division

<http://www.mda.state.mn.us/food-feed/meat-poultry-and-egg-inspection>

<http://www.mda.state.mn.us/food/dairy-inspection-minnesota>

AT A GLANCE

In State Fiscal Years 2017 and 2018,

- Conducted over 9,000 daily inspections of slaughter and processing operations at Minnesota “Equal To” meat and poultry processors so that they and the farmers they serve could sell their product openly in Minnesota
- Conducted over 80 outreach activities with dairy and meat industry stakeholders, regulated clientele, and other partners.
- Fully implemented two certified dairy industry inspection programs designed to train and certify industry personnel to perform basic regulatory functions.
- Analyzed over 5,000 dairy product samples and 3,000 meat and poultry samples in partnership with the MDA Laboratory Division.
- Issued approximately 600 certificates each year allowing Minnesota companies to sell their products internationally.

PURPOSE & CONTEXT

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

Dairy, meat, poultry, and egg products are traditionally high-risk food safety products and as such, have specific inspection and regulatory requirements designed to address these unique risks. Inspection work focuses on ensuring safe food handling practices are employed from the farm to processor and manufacturer so that consumers receive safe food. Much of this work is also required for manufacturers and farmers to conduct in-state, interstate, and international sales of their product. These programs are critical to ensuring the safety of consumers as well as strong viable animal agriculture industries in the state.

SERVICES PROVIDED

Inspections: Our inspectors conduct food safety based inspections that focus on ensuring farmers and manufacturers of dairy, meat, poultry and egg products have systems in place to ensure products are safe and are producing food in a clean and sanitary environment. These inspections are also required by federal and state law. The inspection program will also begin to focus its efforts on enforcing the Food Safety Modernization Act requirements in dairy manufacturing facilities; this expands the requirements for these processors, along with other food manufacturers, for systems-based food safety programs in their plants. The program also manages two certified industry inspection programs which help improve dairy industry business continuity by ensuring required inspections are performed on a timely basis and promoting improved food safety practices on an ongoing basis.

Outreach: The Division maintains a strong emphasis on outreach and education, prior to and as a part of regulation. When operators have a good understanding of food safety principles and the regulations, they can

more effectively use good food safety practices daily, not just for an upcoming inspection. Outreach and education are also key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have strong foundational knowledge in food safety risks that exist in their processes.

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

RESULTS

Overall compliance rates are routinely assessed by conducting audits that provide an assessment of how well inspected entities are meeting the regulatory requirements designed to ensure the dairy, meat, poultry, and egg products they produce are safe.

Dairy Inspection: Interstate Milk Shipment (IMS) Audits

States and industries must participate in IMS in order to be able to ship milk across state lines. IMS audits are used to assess overall compliance of the farms, plants, and dairy program. Failure of an audit results in a lost market until the audit can be passed; achieving passing results is critical to maintaining business continuity and market access and therefore the program targets a 100% passing rate. The percentage of dairy farm, plant, and enforcement food safety audits that achieve passing scores (see table below) is monitored to assess overall conditions of farms and plants, as well as how well the regulatory program is meeting its obligations. This evaluation measures the quality of inspections being performed, as well as how well entities are complying with the regulatory requirements. The overall trend for this measure is stable.

Percent of Passing IMS Audits

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|------|------|------|------|------|------|
| Percent | 98% | 98% | 96% | 97% | 94% | 95% |

Meat and Poultry Inspection: Food Safety Assessment Results

In-depth assessments and audits of the food safety systems at each meat and poultry establishment are performed at least once every 3 years and for new establishments after a 90 day operating period. The assessment provides a deeper look at how well establishments are complying with the regulatory requirements as well as how well inspection staff are working with establishments to move toward compliance. The goal for this measure is to have less than 33% of audits result in significant follow up required by the auditor. A follow-up is required if the audit results in a 30 reassessment action or a Notice of Intended Enforcement, which would result in suspension if specific items are not corrected in a timely manner. The overall trend for this measure is stable to declining. This trend reflects the results of a number of new establishments joining the inspection program that have struggled complying with the regulatory requirements, sometimes due to language or cultural barriers. Additionally, federal regulatory requirements continue to grow in complexity and small operators cannot always easily implement these requirements. As a result, the program is focusing on improving outreach and educational activities for new and existing establishments.

Percent of FSA's Requiring Follow-Up

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|------|------|------|------|------|------|
| Percent | 58% | 36% | 37% | 33% | 36% | 55% |

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

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

Dairy and Meat Inspection

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|---|----------------|----------------|----------------|------------------|----------------------------|--------------|---|--------------|
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 2,220 | 3,940 | 2,421 | 2,668 | 2,579 | 2,579 | 2,679 | 2,679 |
| 2000 - Restrict Misc Special Revenue | 8 | 122 | 127 | 89 | 96 | 96 | 96 | 96 |
| 2018 - Agriculture | 1,995 | 831 | 2,378 | 2,471 | 2,590 | 2,671 | 2,590 | 2,671 |
| 3000 - Federal | | 1,281 | 1,676 | 1,746 | 1,879 | 1,910 | 1,879 | 1,910 |
| 6000 - Miscellaneous Agency | | 65 | 66 | | | | | |
| Total | 4,224 | 6,239 | 6,669 | 6,974 | 7,144 | 7,256 | 7,244 | 7,356 |
| Biennial Change | | | | 3,180 | | 757 | | 957 |
| Biennial % Change | | | | 30 | | 6 | | 7 |
| Governor's Change from Base | | | | | | | | 200 |
| Governor's % Change from Base | | | | | | | | 1 |
| <u>Expenditures by Category</u> | | | | | | | | |
| Compensation | 3,254 | 4,747 | 5,120 | 5,368 | 5,441 | 5,530 | 5,539 | 5,628 |
| Operating Expenses | 970 | 1,482 | 1,546 | 1,606 | 1,703 | 1,726 | 1,705 | 1,728 |
| Capital Outlay-Real Property | | | 3 | | | | | |
| Other Financial Transaction | | 10 | | | | | | |
| Total | 4,224 | 6,239 | 6,669 | 6,974 | 7,144 | 7,256 | 7,244 | 7,356 |
| | | | | | | | | |
| Total Agency Expenditures | 4,224 | 6,239 | 6,669 | 6,974 | 7,144 | 7,256 | 7,244 | 7,356 |
| Internal Billing Expenditures | 243 | 486 | 580 | 559 | 658 | 673 | 658 | 673 |
| Expenditures Less Internal Billing | 3,981 | 5,753 | 6,089 | 6,415 | 6,486 | 6,583 | 6,586 | 6,683 |
| | | | | | | | | |
| <i>Full-Time Equivalents</i> | 36.83 | 51.50 | 53.95 | 55.60 | 56.56 | 56.56 | 58.56 | 58.56 |

Dairy and Meat Inspection

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20FY21 | | Governor's Recommendation FY20FY21 | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------------------|-------|--|-------|
| 1000 - General | | | | | | | | |
| Balance Forward In | | 187 | | 94 | | | | |
| Direct Appropriation | 2,361 | 2,361 | 2,481 | 2,487 | 2,579 | 2,579 | 2,679 | 2,679 |
| Transfers In | 43 | 3,940 | 34 | 87 | | | | |
| Transfers Out | | 2,548 | | | | | | |
| Balance Forward Out | 184 | | 94 | | | | | |
| Expenditures | 2,220 | 3,940 | 2,421 | 2,668 | 2,579 | 2,579 | 2,679 | 2,679 |
| Biennial Change in Expenditures | | | | (1,071) | | 69 | | 269 |
| Biennial % Change in Expenditures | | | | (17) | | 1 | | 5 |
| Governor's Change from Base | | | | | | | | 200 |
| Governor's % Change from Base | | | | | | | | 4 |
| Full-Time Equivalents | 17.94 | 27.80 | 19.98 | 25.06 | 24.66 | 24.66 | 26.66 | 26.66 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|----------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| Balance Forward In | | | 40 | 2 | 2 | 2 | 2 | 2 |
| Receipts | 10 | 112 | 91 | 11 | 11 | 11 | 11 | 11 |
| Transfers In | | 50 | | 78 | 85 | 85 | 85 | 85 |
| Transfers Out | | | 2 | | | | | |
| Balance Forward Out | 1 | 40 | 2 | 2 | 2 | 2 | 2 | 2 |
| Expenditures | 8 | 122 | 127 | 89 | 96 | 96 | 96 | 96 |
| Biennial Change in Expenditures | | | | 85 | | (24) | | (24) |
| Biennial % Change in Expenditures | | | | 65 | | (11) | | (11) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | | 1.29 | 1.29 | 0.41 | 0.40 | 0.40 | 0.40 | 0.40 |

2018 - Agriculture

| | | | | | | | | |
|---------------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 399 | 618 | 2,094 | 2,085 | 1,942 | 1,705 | 1,942 | 1,705 |
| Receipts | 2,396 | 2,396 | 2,508 | 2,513 | 2,523 | 2,523 | 2,523 | 2,523 |
| Transfers In | | 652 | | | | | | |
| Transfers Out | 150 | 741 | 140 | 185 | 170 | 170 | 170 | 170 |
| Balance Forward Out | 649 | 2,094 | 2,085 | 1,942 | 1,705 | 1,387 | 1,705 | 1,387 |
| Expenditures | 1,995 | 831 | 2,378 | 2,471 | 2,590 | 2,671 | 2,590 | 2,671 |
| Biennial Change in Expenditures | | | | 2,023 | | 412 | | 412 |

Dairy and Meat Inspection

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|-------|---|-------|
| Biennial % Change in Expenditures | | | | 72 | | 9 | | 9 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 18.89 | 12.59 | 20.24 | 17.08 | 16.90 | 16.90 | 16.90 | 16.90 |

3000 - Federal

| | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Receipts | 1,281 | 1,676 | 1,746 | 1,879 | 1,910 | 1,879 | 1,910 |
| Expenditures | 1,281 | 1,676 | 1,746 | 1,879 | 1,910 | 1,879 | 1,910 |
| Biennial Change in Expenditures | | | 2,142 | | 367 | | 367 |
| Biennial % Change in Expenditures | | | | | 11 | | 11 |
| Governor's Change from Base | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | 0 |
| Full-Time Equivalents | 9.52 | 12.13 | 13.05 | 14.60 | 14.60 | 14.60 | 14.60 |

6000 - Miscellaneous Agency

| | | | | | | | |
|-----------------------------------|-----------|-----------|---|--|------|--|------|
| Balance Forward In | | 18 | 3 | | | | |
| Receipts | 0 | 0 | | | | | |
| Transfers In | 83 | 50 | | | | | |
| Transfers Out | | | 3 | | | | |
| Balance Forward Out | 18 | 3 | | | | | |
| Expenditures | 65 | 66 | | | | | |
| Biennial Change in Expenditures | | | 1 | | (66) | | (66) |
| Biennial % Change in Expenditures | | | | | | | |
| Governor's Change from Base | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | |
| Full-Time Equivalents | 0.30 | 0.31 | | | | | |

Program: Promotion and Marketing

Activity: Agricultural Marketing and Development

<http://www.mda.state.mn.us/business-dev-loans-grants/economic-analysis-and-market-research>

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

AT A GLANCE

- 1,332 farms and farmers' markets licensed to use the Minnesota Grown logo
- 26 farmers and/or local governments assisted with livestock permitting and or ordinance creation/amendment
- 300 farmers assisted by dairy profit teams
- 101,571 students reached by MN Agriculture in the Classroom with printed resources in 2017/2018 school year
- 868 pre-service and in-service teachers received ag literacy training during the 2015/2016 school year
- 150 farmers using the Farm Link website to assist with the transition of farm ownership
- 504 farmers and processors attend the 2018 Organic Conference

PURPOSE & CONTEXT

Agricultural Marketing and Development works to help farmers and other agricultural businesses:

- Be profitable;
- Protect our natural environment and resources; and
- Meet society's needs for food, fiber, and fuel.

We serve:

- Farmers
- Consumers
- Local government
- Environment and natural resource professionals
- Early care and K-12 teachers and students
- Commodity Councils
- Minnesota agribusinesses including the biofuels industry and agricultural organizations

SERVICES PROVIDED

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

- Minnesota Grown, an umbrella marketing program that connects consumers and wholesale buyers with producers of specialty crops, livestock, and other agricultural products grown or raised in Minnesota;
- Organic information and financial assistance to growers, processors, and consumers;
- Marketing support, including business development, tradeshow support, and international marketing;
- Women, Infant and Children (WIC) Farmers' Market Nutrition and Senior Farmers' Market Nutrition Programs that distribute vouchers for fresh produce;
- Minnesota Agriculture in the Classroom, an educational resources and professional development provider that embeds agriculture, food, and natural resources education into K-12 classrooms;
- Livestock producer and local government information and assistance on livestock development and permitting, including preparation of conservation grazing plans for use of public land;
- Dairy Profit Team which is one-on-one assistance with farmers to improve dairy farm profitability;
- Licensing and bonding of livestock buyers and weighing of livestock at processing facilities;
- Renewable bio-energy sector technical analysis and assistance, information, and market analysis;

- Economic analysis and domestic and international agricultural market research;
- Conservation, environmental protection, and resource-management activities to increase farmer adoption of innovative practices and technology;
- Farm transition assistance through information on resources and through a new online service, Farm Link, that matches transitioning farmers with beginning farmers;
- Agricultural land use assistance including land access for immigrant farmer community and information on agricultural zoning and business development;
- Agricultural commodity research and promotion councils oversight of creation and operation;
- Good Food Access Program administration;
- Farm safety information and tractor rollover protection rebates; and
- Agricultural Growth, Research, and Innovation (AGRI) Program and Agriculture Research, Education, Extension and Technology Transfer Grant (AGRETT) Program administration.

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|-----------------|----------------|--------------|
| Quantity | Unique visitors to the MN Grown Directory website | 308,000 | 381,000 | 2015 - 2017 |
| Quantity | Pre-service and in-service teachers that received ag literacy training | 868 | 1,025 | 2015 – 2017 |
| Quantity | Number of certified organic operations (farms & handlers) | 818 | 945 | 2015 - 2018 |
| Quantity | Number of Seniors and WIC participants receiving Farmers' Market Nutrition Program vouchers | 59,815 | 62,001 | 2014 - 2017 |
| Result | Minnesota Pavilions – Return on Investment | 18:1 | 41:1 | 2015 - 2017 |

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

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

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

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

M.S. 17.119 (<https://www.revisor.mn.gov/statutes/cite/17.119>) establishes the Tractor Rollover Protection Pilot Grant Program.

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

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

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

M. S. 17A (<https://www.revisor.mn.gov/statutes/?id=17A>) provides authority over livestock marketing and dealer licensing.

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

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

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY20 | FY21 | FY20 | FY21 |

Expenditures by Fund

| | | | | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1000 - General | 3,320 | 4,294 | 3,202 | 4,020 | 3,660 | 3,660 | 3,860 | 3,860 |
| 2000 - Restrict Misc Special Revenue | 497 | 343 | 433 | 197 | 229 | 233 | 229 | 233 |
| 2018 - Agriculture | 889 | 808 | 1,099 | 978 | 910 | 919 | 910 | 919 |
| 2403 - Gift | 1 | 1 | | 15 | | | | |
| 3000 - Federal | 2,042 | 2,331 | 2,157 | 3,128 | 3,378 | 3,533 | 3,378 | 3,533 |
| Total | 6,749 | 7,777 | 6,891 | 8,338 | 8,177 | 8,345 | 8,377 | 8,545 |
| Biennial Change | | | | 703 | | 1,293 | | 1,693 |
| Biennial % Change | | | | 5 | | 8 | | 11 |
| Governor's Change from Base | | | | | | | | 400 |
| Governor's % Change from Base | | | | | | | | 2 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Compensation | 2,707 | 2,727 | 2,637 | 2,667 | 2,736 | 2,769 | 2,936 | 2,969 |
| Operating Expenses | 1,559 | 1,648 | 1,489 | 1,842 | 1,871 | 1,863 | 1,871 | 1,863 |
| Grants, Aids and Subsidies | 2,483 | 3,392 | 2,720 | 3,829 | 3,570 | 3,713 | 3,570 | 3,713 |
| Capital Outlay-Real Property | 0 | 5 | 1 | | | | | |
| Other Financial Transaction | 0 | 5 | 43 | | | | | |
| Total | 6,749 | 7,777 | 6,891 | 8,338 | 8,177 | 8,345 | 8,377 | 8,545 |

| | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Agency Expenditures | 6,749 | 7,777 | 6,891 | 8,338 | 8,177 | 8,345 | 8,377 | 8,545 |
| Internal Billing Expenditures | 95 | 138 | 131 | 149 | 160 | 162 | 160 | 162 |
| Expenditures Less Internal Billing | 6,654 | 7,639 | 6,760 | 8,189 | 8,017 | 8,183 | 8,217 | 8,383 |

Full-Time Equivalents

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 31.80 | 30.64 | 31.04 | 31.97 | 32.23 | 32.23 | 34.23 | 34.23 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|

Ag Marketing and Development

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 555 | | 367 | | | | |
| Direct Appropriation | 3,973 | 4,123 | 3,996 | 4,004 | 3,846 | 3,846 | 4,046 | 4,046 |
| Transfers In | 76 | 123 | 52 | 127 | | | | |
| Transfers Out | 186 | 489 | 478 | 478 | 186 | 186 | 186 | 186 |
| Cancellations | | 18 | | | | | | |
| Balance Forward Out | 543 | | 368 | | | | | |
| Expenditures | 3,320 | 4,294 | 3,202 | 4,020 | 3,660 | 3,660 | 3,860 | 3,860 |
| Biennial Change in Expenditures | | | | (391) | | 98 | | 498 |
| Biennial % Change in Expenditures | | | | (5) | | 1 | | 7 |
| Governor's Change from Base | | | | | | | | 400 |
| Governor's % Change from Base | | | | | | | | 5 |
| Full-Time Equivalents | 22.56 | 21.90 | 21.03 | 21.67 | 21.67 | 21.67 | 23.67 | 23.67 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 1,330 | 181 | 178 | 116 | 143 | 139 | 143 | 139 |
| Receipts | 412 | 340 | 371 | 224 | 225 | 226 | 225 | 226 |
| Transfers Out | 1,064 | | | | | | | |
| Balance Forward Out | 181 | 178 | 116 | 143 | 139 | 132 | 139 | 132 |
| Expenditures | 497 | 343 | 433 | 197 | 229 | 233 | 229 | 233 |
| Biennial Change in Expenditures | | | | (211) | | (168) | | (168) |
| Biennial % Change in Expenditures | | | | (25) | | (27) | | (27) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.18 | 0.15 | 0.15 | | | | | |

2018 - Agriculture

| | | | | | | | | |
|-----------------------------------|------------|------------|--------------|------------|------------|------------|------------|------------|
| Balance Forward In | 483 | 528 | 849 | 698 | 614 | 595 | 614 | 595 |
| Receipts | 722 | 685 | 762 | 708 | 705 | 713 | 705 | 713 |
| Transfers In | 186 | 436 | 186 | 186 | 186 | 186 | 186 | 186 |
| Balance Forward Out | 501 | 841 | 698 | 614 | 595 | 575 | 595 | 575 |
| Expenditures | 889 | 808 | 1,099 | 978 | 910 | 919 | 910 | 919 |
| Biennial Change in Expenditures | | | | 380 | | (248) | | (248) |
| Biennial % Change in Expenditures | | | | 22 | | (12) | | (12) |

Ag Marketing and Development

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|-------------------------------|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 7.38 | 6.94 | 7.63 | 7.88 | 7.79 | 7.79 | 7.79 | 7.79 |

2403 - Gift

| | | | | | | | | |
|-----------------------------------|----------|----------|----|-----------|--|------|--|------|
| Balance Forward In | 16 | 15 | 15 | 15 | | | | |
| Receipts | 0 | 0 | 0 | | | | | |
| Balance Forward Out | 15 | 15 | 15 | | | | | |
| Expenditures | 1 | 1 | | 15 | | | | |
| Biennial Change in Expenditures | | | | 13 | | (15) | | (15) |
| Biennial % Change in Expenditures | | | | 731 | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 19 | 14 | 2 | | | | | |
| Receipts | 2,040 | 2,333 | 2,155 | 3,128 | 3,378 | 3,533 | 3,378 | 3,533 |
| Transfers Out | | 13 | | | | | | |
| Balance Forward Out | 17 | 2 | | | | | | |
| Expenditures | 2,042 | 2,331 | 2,157 | 3,128 | 3,378 | 3,533 | 3,378 | 3,533 |
| Biennial Change in Expenditures | | | | 913 | | 1,626 | | 1,626 |
| Biennial % Change in Expenditures | | | | 21 | | 31 | | 31 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.68 | 1.65 | 2.23 | 2.42 | 2.77 | 2.77 | 2.77 | 2.77 |

Program: Value-added Products

Activity: Ag Advancement Programs

mda.state.mn.us/grants/agri

AT A GLANCE

- Annual AGRI \$10.235 million state investment in FY17 matched by \$78 million in private investment with estimated 1740 jobs created.
- 105 livestock operations assisted where 91 were beginning farmers and 99% of livestock operations made environmental improvements
- 49 agriculture businesses expanded or entered new markets
- 22 meat processing businesses upgraded or expanded
- 20 schools increased purchases of Minnesota grown produce, meat, dairy and grains
- \$2.11 million invested in commodity and cover crop research
- 103 Minnesota food businesses received cost share for retail sampling and wholesale tradeshow attendance
- University of Minnesota hired 17 AGREETT agriculture faculty positions.

PURPOSE & CONTEXT

The Agricultural Growth, Research, and Innovation Program (AGRI) provides financial assistance to the agricultural and renewable energy industries to support profitable farms and businesses, generate jobs, and strengthen the agricultural economy.

The Agriculture Research, Education, Extension, and Technology Transfer (AGREETT) passed through grants to the University of Minnesota and provides long-term funding primarily for human infrastructure such as research and extension faculty, extension educators, graduate students, and post-doctoral fellowships.

The Good Food Access Program assists grocery stores and small food retailers in making physical improvements to their buildings and purchasing equipment to stimulate sales of affordable, nutritious, and culturally appropriate food and produce in underserved communities.

We serve:

- Farmers
- Agribusinesses and entrepreneurs
- Schools, early care, and education organizations
- Biofuels and bio-based chemical industries

SERVICES PROVIDED

Through AGRI, we stimulate agricultural business activities by providing financial assistance to:

- Initiate and expand livestock production as well as support environmental improvements;
- Aid entry of new farmers;
- Add value-added enterprises to diversify farm income sources;
- Initiate, upgrade, and modernize value-added businesses including meat processing;
- Accelerate business entry into new markets;
- Improve compliance of farms, meat processors, and food businesses with food safety standards including increasing the number of farms that are Good Agricultural Practices (GAP) certified;

- Increase farmers' processing and aggregating capacity to enter farm-to-institution and other markets;
- Purchase food processing and storage equipment for schools to increase purchase of locally produced food;
- Provide incentives for production of renewable fuels, chemicals, and thermal energy from agricultural and forestry sources; and
- Advance applied crop research to improve agricultural product quality, quantity, and value.

Financial assistance is provided through several grant and cost sharing programs:

- AGRI Livestock Investment Grants
- AGRI Value Added Equipment Grants
- AGRI Value Added Feasibility Study Grants
- AGRI Farm to Schools and Early Care and Education Grants
- AGRI New Market Development, including Tradeshow Support and Minnesota Pavilions
- AGRI Crop Research Grants
- AGRI Sustainable Agriculture Demonstration Grants
- Minnesota Biofuel Infrastructure Partnership Cost Share
- AGRI Bioincentive Program (payments for the production of advanced biofuels, renewable chemicals, and biomass thermal energy)
- AGRI Beginning Farmer Farm Business Management Scholarships
- AGRI Good Agricultural Practices/Good Handling Practices Cost Share Assistance
- AGRI County Fair Grants
- AGRI Urban Agriculture Grants
- Good Food Access Program Equipment/Physical Improvements Grants

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

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|-------------------------------|---|---------------------------------|----------------------------------|---------------------|
| Result | Livestock Investment Grant Program Leverage | \$39 M private/ \$1 M state | \$52 M private/ \$2.1 M state | FY2008; FY2017 |
| Result | Agricultural Jobs Created – Livestock Investment Grants (Construction/Farm) | 1,100/227 | 1325/254 | FY2014; FY2017 |
| Result | Minnesota Pavilion – Return on Investment | 18:1 | 41:1 | FY2015; FY2017 |
| Result | Value Added Grant Program Leverage | \$4.3 M private/ \$1 M state | \$18.6 M private/\$2 M state | FY2013; FY2017 |
| Result | Agricultural Jobs Created – Value Added Grants | 54 | 161 | FY2013; FY2017 |

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

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

M.S. 41A.16 (<https://www.revisor.mn.gov/statutes/?id=41A.16>) provides the legal authority for the advanced biofuel production incentive.

M.S. 41A.17 (<https://www.revisor.mn.gov/statutes/?id=41A.17>) provides the legal authority for the renewable chemical production incentive.

M.S. 41A.18 (<https://www.revisor.mn.gov/statutes/?id=41A.18>) provides the legal authority for the biomass thermal production incentive.

M.S. 17.116 (<https://www.revisor.mn.gov/statutes/?id=17.116>) establishes the sustainable agriculture demonstration grants.

M.S. 17.118 (<https://www.revisor.mn.gov/statutes/?id=17.118>) establishes the livestock investment grant program.

Ag Advancement Programs

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|------------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|---------------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 9,474 | 12,635 | 13,056 | 13,923 | 14,300 | 14,300 | 14,300 | 14,300 |
| 2018 - Agriculture | 3,624 | 9,232 | 9,228 | 9,650 | 9,261 | 9,414 | 9,261 | 9,414 |
| 3000 - Federal | 73 | 3,716 | 3,611 | 1,500 | | | | |
| Total | 13,170 | 25,583 | 25,895 | 25,073 | 23,561 | 23,714 | 23,561 | 23,714 |
| Biennial Change | | | | 12,215 | | (3,693) | | (3,693) |
| Biennial % Change | | | | 32 | | (7) | | (7) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

Expenditures by Category

| | | | | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 332 | 341 | 473 | 533 | 494 | 504 | 494 | 504 |
| Operating Expenses | 254 | 294 | 283 | 512 | 540 | 565 | 540 | 565 |
| Grants, Aids and Subsidies | 12,584 | 24,935 | 25,139 | 24,027 | 22,526 | 22,644 | 22,526 | 22,644 |
| Other Financial Transaction | 1 | 13 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | 13,170 | 25,583 | 25,895 | 25,073 | 23,561 | 23,714 | 23,561 | 23,714 |

Full-Time Equivalents

| | | | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 5.28 | 4.82 | 6.61 | 7.40 | 7.40 | 7.40 | 7.40 | 7.40 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

Ag Advancement Programs

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------------------|---------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | 461 | 2,498 | 362 | 587 | | | | |
| Direct Appropriation | 14,993 | 19,116 | 22,581 | 22,636 | 23,600 | 23,600 | 23,600 | 23,600 |
| Transfers Out | 4,483 | 8,500 | 9,300 | 9,300 | 9,300 | 9,300 | 9,300 | 9,300 |
| Cancellations | | 116 | | | | | | |
| Balance Forward Out | 1,497 | 362 | 587 | | | | | |
| Expenditures | 9,474 | 12,635 | 13,056 | 13,923 | 14,300 | 14,300 | 14,300 | 14,300 |
| Biennial Change in Expenditures | | | | 4,870 | | 1,621 | | 1,621 |
| Biennial % Change in Expenditures | | | | 22 | | 6 | | 6 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 5.13 | 4.77 | 6.53 | 7.25 | 7.25 | 7.25 | 7.25 | 7.25 |

2018 - Agriculture

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | | 876 | 177 | 290 | | 74 | | 74 |
| Receipts | 17 | 33 | 41 | 60 | 35 | 40 | 35 | 40 |
| Transfers In | 4,483 | 8,500 | 9,300 | 9,300 | 9,300 | 9,300 | 9,300 | 9,300 |
| Balance Forward Out | 876 | 177 | 290 | | 74 | | 74 | |
| Expenditures | 3,624 | 9,232 | 9,228 | 9,650 | 9,261 | 9,414 | 9,261 | 9,414 |
| Biennial Change in Expenditures | | | | 6,023 | | (203) | | (203) |
| Biennial % Change in Expenditures | | | | 47 | | (1) | | (1) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.15 | 0.05 | 0.08 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|-----------|--------------|--------------|--------------|--|---------|--|---------|
| Receipts | 73 | 3,716 | 3,611 | 1,500 | | | | |
| Expenditures | 73 | 3,716 | 3,611 | 1,500 | | | | |
| Biennial Change in Expenditures | | | | 1,322 | | (5,111) | | (5,111) |
| Biennial % Change in Expenditures | | | | 35 | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

Program: Administration and Financial Assistance**Activity: Grants and Assistance**mda.state.mn.us**AT A GLANCE**

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

PURPOSE & CONTEXT

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

SERVICES PROVIDED

- This activity provides assistance to county fairs and agricultural associations, the Minnesota Livestock Breeders Association, the Minnesota Poultry Association and the Minnesota Agricultural Education Leadership Council. These organizations maintain generations of expertise, enhance it with the latest research, and pass it on to future generations through their educational programs for youth.
- Through the Farm Advocates program, MDA provides one-on-one assistance to farmers who face crisis due to natural disasters or financial problems. Trained, experienced advocates help farmers determine how to address difficulties through agricultural lending options, mediation, farm programs, crisis counseling, disaster programs, and legal and social services. Related to this work, MDA passes funds through to the farm business management program at colleges in the Minnesota State system to provide farm families with mental health counseling support.
- MDA partners with Second Harvest Heartland to help provide food to Minnesota’s food shelves and other charitable organizations. Money provided through MDA has been used to purchase milk for distribution to these organizations and to compensate producers and processors for harvesting and packaging surplus fruits, vegetables, and other agricultural commodities that would otherwise go un-harvested or would be discarded.
- This activity also supports the development of future products for agricultural industries. By partnering with the Minnesota Turf Seed Council, the Minnesota Horticultural Society and the Northern Crops Institute, MDA supports their research, development, and promotion of northern-hardy products and other activities.

RESULTS

Each of our partners reports to MDA on its educational, research, and assistance activities. For county fair assistance, we measure against the formula provided in statute.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|-----------------|----------------|-------------------|
| Quantity | Percentage of county fair aid formula that is funded | 95% | 96% | FY2012; FY2019 |
| Quantity | Tons of food provided to food shelves and other emergency feeding organizations | 3,044 | 3,803 | FY2016; FY2018 |

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

Grants and Assistance

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|------------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 2,572 | 3,995 | 4,752 | 3,303 | 2,592 | 2,592 | 2,655 | 2,655 |
| 2018 - Agriculture | 952 | | | | | | | |
| 2301 - Arts & Cultural Heritage | | | 138 | 162 | | | | |
| 2403 - Gift | | 12 | | 36 | | | | |
| Total | 3,524 | 4,007 | 4,890 | 3,501 | 2,592 | 2,592 | 2,655 | 2,655 |
| Biennial Change | | | | 861 | | (3,207) | | (3,081) |
| Biennial % Change | | | | 11 | | (38) | | (37) |
| Governor's Change from Base | | | | | | | | 126 |
| Governor's % Change from Base | | | | | | | | 2 |

Expenditures by Category

| | | | | | | | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Compensation | 20 | 11 | 2 | | | | | |
| Operating Expenses | 176 | 180 | | | | | 63 | 63 |
| Grants, Aids and Subsidies | 3,327 | 3,815 | 4,888 | 3,501 | 2,592 | 2,592 | 2,592 | 2,592 |
| Total | 3,524 | 4,007 | 4,890 | 3,501 | 2,592 | 2,592 | 2,655 | 2,655 |

Full-Time Equivalents

| | | | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 0.20 | 0.16 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

Grants and Assistance

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | 775 | 96 | 905 | 3 | | | | |
| Direct Appropriation | 1,918 | 4,026 | 3,850 | 3,300 | 2,592 | 2,592 | 2,655 | 2,655 |
| Transfers Out | 113 | 113 | | | | | | |
| Cancellations | | 14 | | | | | | |
| Balance Forward Out | 8 | | 3 | | | | | |
| Expenditures | 2,572 | 3,995 | 4,752 | 3,303 | 2,592 | 2,592 | 2,655 | 2,655 |
| Biennial Change in Expenditures | | | | 1,489 | | (2,871) | | (2,745) |
| Biennial % Change in Expenditures | | | | 23 | | (36) | | (34) |
| Governor's Change from Base | | | | | | | | 126 |
| Governor's % Change from Base | | | | | | | | 2 |
| Full-Time Equivalents | 0.20 | 0.16 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |

2018 - Agriculture

| | | | | | | | | |
|-----------------------------------|------------|-----|--|-------|--|---|--|---|
| Balance Forward In | 1,083 | 232 | | | | | | |
| Transfers Out | 109 | 232 | | | | | | |
| Balance Forward Out | 21 | | | | | | | |
| Expenditures | 952 | | | | | | | |
| Biennial Change in Expenditures | | | | (952) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

2301 - Arts & Cultural Heritage

| | | | | | | | | |
|-----------------------------------|--|--|------------|------------|---|-------|---|-------|
| Balance Forward In | | | | 12 | | | | |
| Direct Appropriation | | | 150 | 150 | 0 | 0 | 0 | 0 |
| Balance Forward Out | | | 12 | | | | | |
| Expenditures | | | 138 | 162 | | | | |
| Biennial Change in Expenditures | | | | 300 | | (300) | | (300) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

2403 - Gift

Grants and Assistance

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|------|---|------|
| Balance Forward In | 30 | 30 | 36 | 36 | | | | |
| Receipts | 0 | 48 | | | | | | |
| Transfers Out | | 30 | | | | | | |
| Balance Forward Out | 30 | 36 | 36 | | | | | |
| Expenditures | | 12 | | 36 | | | | |
| Biennial Change in Expenditures | | | | 24 | | (36) | | (36) |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

3000 - Federal

| | | | | | | |
|---------------------|------|----|--|--|--|--|
| Balance Forward In | 23 | 23 | | | | |
| Receipts | (22) | | | | | |
| Balance Forward Out | | 23 | | | | |

Program: Administration and Financial Assistance

Activity: Agency Services

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

AT A GLANCE

- Implementation of statewide policies
- Leadership on agricultural issues

PURPOSE & CONTEXT

This activity makes sure MDA stays responsive to the needs of agriculture in Minnesota and stays focused on advancing our mission. *The Department's mission 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.*

SERVICES PROVIDED

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

- The Commissioner's Office
- The Human Resources Division
- The Finance and Budget Division, including staffing for loan programs under the Rural Finance Authority, a separate board of state officials and public members, and Ag Best Management Practices (AgBMP) loans.
- Hosting for staff of MN.IT, the state's office of information technology

RESULTS

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

www.mda.state.mn.us

twitter.com/mnagriculture

www.youtube.com/mnagriculture

www.facebook.com/mnagriculture

The reach of our social media presence continues to increase and has helped with outreach on many issues, including the recent outbreak of avian influenza in 2015. The following table shows recent social media measurements.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|-----------------------------|-----------------|----------------|-------------------|
| Results | Facebook Fans | 3,822 | 4,751 | Sep 2016-Aug 2018 |
| | Facebook Monthly Reach | 61,138 | 83,000 | |
| Results | Twitter Followers | 15,154 | 17,878 | Sep 2016-Aug 2018 |
| | Twitter Monthly Impressions | 94,200 | 124,665 | |

M.S. Chapter 17 (<https://www.revisor.mn.gov/statutes/?id=17>) outlines the responsibilities of the Commissioner of Agriculture.

Agency Services

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY20 | FY21 | FY20 | FY21 |

Expenditures by Fund

| | | | | | | | | |
|--------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| 1000 - General | 4,117 | 4,086 | 4,169 | 4,762 | 4,523 | 4,523 | 5,310 | 4,985 |
| 2000 - Restrict Misc Special Revenue | 85 | 103 | 102 | 164 | 172 | 172 | 172 | 172 |
| 2001 - Other Misc Special Revenue | 4,666 | 4,093 | 5,348 | 6,137 | 6,200 | 6,340 | 6,200 | 6,340 |
| 2018 - Agriculture | 19 | 152 | 194 | 556 | 574 | 164 | 574 | 164 |
| 2302 - Clean Water | 29 | 37 | 49 | 45 | | | 75 | 75 |
| 2403 - Gift | | | | 15 | 15 | 15 | 15 | 15 |
| 3000 - Federal | 423 | | | 11 | | | | |
| 6000 - Miscellaneous Agency | 0 | | 0 | | | | | |
| Total | 9,340 | 8,472 | 9,862 | 11,690 | 11,484 | 11,214 | 12,346 | 11,751 |
| Biennial Change | | | | 3,740 | | 1,146 | | 2,545 |
| Biennial % Change | | | | 21 | | 5 | | 12 |
| Governor's Change from Base | | | | | | | | 1,399 |
| Governor's % Change from Base | | | | | | | | 6 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 4,587 | 4,775 | 5,423 | 6,397 | 6,384 | 6,222 | 6,631 | 6,471 |
| Operating Expenses | 4,440 | 3,552 | 4,427 | 5,271 | 5,073 | 4,988 | 5,573 | 5,161 |
| Grants, Aids and Subsidies | 27 | 18 | 6 | 5 | 10 | | 125 | 115 |
| Capital Outlay-Real Property | 110 | 77 | | | | | | |
| Other Financial Transaction | 177 | 49 | 5 | 17 | 17 | 4 | 17 | 4 |
| Total | 9,340 | 8,472 | 9,862 | 11,690 | 11,484 | 11,214 | 12,346 | 11,751 |

| | | | | | | | | |
|---|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Total Agency Expenditures | 9,340 | 8,472 | 9,862 | 11,690 | 11,484 | 11,214 | 12,346 | 11,751 |
| Internal Billing Expenditures | 59 | 18 | 39 | 43 | 36 | 38 | 36 | 38 |
| Expenditures Less Internal Billing | 9,281 | 8,454 | 9,823 | 11,647 | 11,448 | 11,176 | 12,310 | 11,713 |

Full-Time Equivalents

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 51.47 | 50.43 | 55.18 | 57.41 | 61.51 | 59.86 | 63.66 | 62.01 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| 1000 - General | | | | | | | | |
| Balance Forward In | 178 | 365 | | 246 | | | | |
| Direct Appropriation | 14,668 | 5,359 | 4,848 | 5,399 | 4,643 | 4,643 | 5,430 | 5,105 |
| Transfers In | 2,744 | 49 | 78 | 179 | | | | |
| Transfers Out | 13,099 | 1,598 | 512 | 1,062 | 120 | 120 | 120 | 120 |
| Cancellations | 22 | 88 | | | | | | |
| Balance Forward Out | 351 | | 245 | | | | | |
| Expenditures | 4,117 | 4,086 | 4,169 | 4,762 | 4,523 | 4,523 | 5,310 | 4,985 |
| Biennial Change in Expenditures | | | | 727 | | 115 | | 1,364 |
| Biennial % Change in Expenditures | | | | 9 | | 1 | | 15 |
| Governor's Change from Base | | | | | | | | 1,249 |
| Governor's % Change from Base | | | | | | | | 14 |
| Full-Time Equivalents | 12.96 | 10.14 | 22.18 | 22.18 | 23.27 | 23.27 | 24.92 | 24.92 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 10,654 | 10,023 | 9,465 | 8,195 | 5,787 | 3,792 | 5,787 | 3,792 |
| Receipts | 156 | 204 | 244 | 294 | 246 | 217 | 246 | 217 |
| Transfers In | | 1,827 | | 56 | | | | |
| Transfers Out | 118 | 1,743 | | | | | | |
| Net Loan Activity | (484) | (743) | (1,411) | (2,594) | (2,069) | (673) | (2,069) | (673) |
| Balance Forward Out | 10,123 | 9,465 | 8,195 | 5,787 | 3,792 | 3,164 | 3,792 | 3,164 |
| Expenditures | 85 | 103 | 102 | 164 | 172 | 172 | 172 | 172 |
| Biennial Change in Expenditures | | | | 78 | | 78 | | 78 |
| Biennial % Change in Expenditures | | | | 41 | | 29 | | 29 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.61 | 0.66 | 0.63 | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Balance Forward In | 6,859 | 7,383 | 8,663 | 8,633 | 8,030 | 7,433 | 8,030 | 7,433 |
| Receipts | 5,308 | 5,373 | 5,458 | 5,613 | 5,682 | 5,788 | 5,682 | 5,788 |
| Internal Billing Receipts | 5,265 | 5,296 | 5,335 | 5,494 | 5,582 | 5,696 | 5,582 | 5,696 |
| Transfers Out | | 3 | 139 | 79 | 79 | 79 | 79 | 79 |
| Balance Forward Out | 7,501 | 8,661 | 8,633 | 8,030 | 7,433 | 6,802 | 7,433 | 6,802 |

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| Expenditures | 4,666 | 4,093 | 5,348 | 6,137 | 6,200 | 6,340 | 6,200 | 6,340 |
| Biennial Change in Expenditures | | | | 2,726 | | 1,055 | | 1,055 |
| Biennial % Change in Expenditures | | | | 31 | | 9 | | 9 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 35.28 | 38.11 | 30.48 | 30.48 | 34.34 | 34.34 | 34.34 | 34.34 |

2018 - Agriculture

| | | | | | | | | |
|-----------------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | | 297 | 1,362 | 1,286 | 849 | 390 | 849 | 390 |
| Receipts | 193 | 218 | 117 | 119 | 115 | 113 | 115 | 113 |
| Transfers In | 118 | 1,000 | | | | | | |
| Balance Forward Out | 292 | 1,362 | 1,286 | 849 | 390 | 339 | 390 | 339 |
| Expenditures | 19 | 152 | 194 | 556 | 574 | 164 | 574 | 164 |
| Biennial Change in Expenditures | | | | 578 | | (12) | | (12) |
| Biennial % Change in Expenditures | | | | 337 | | (2) | | (2) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.11 | 1.17 | 1.54 | 3.30 | 2.80 | 1.15 | 2.80 | 1.15 |

2302 - Clean Water

| | | | | | | | | |
|-----------------------------------|-----------|-----------|-----------|-----------|---|-------|-----------|-----------|
| Balance Forward In | | 46 | | 26 | | | | |
| Direct Appropriation | 75 | 75 | 75 | 75 | 0 | 0 | 75 | 75 |
| Transfers Out | | 83 | | 56 | | | | |
| Balance Forward Out | 46 | | 26 | | | | | |
| Expenditures | 29 | 37 | 49 | 45 | | | 75 | 75 |
| Biennial Change in Expenditures | | | | 27 | | (94) | | 56 |
| Biennial % Change in Expenditures | | | | 41 | | (100) | | 60 |
| Governor's Change from Base | | | | | | | | 150 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 0.28 | 0.35 | 0.35 | 0.35 | | | 0.50 | 0.50 |

2403 - Gift

| | | | | | | | | |
|--------------------|--|--|----|----|----|----|----|----|
| Balance Forward In | | | 30 | 31 | 20 | 11 | 20 | 11 |
|--------------------|--|--|----|----|----|----|----|----|

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 FY21 | | Governor's Recommendation FY20 FY21 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|-----------|---|-----------|
| Receipts | | 0 | 0 | 4 | 6 | 6 | 6 | 6 |
| Transfers In | | 30 | | | | | | |
| Balance Forward Out | | 30 | 31 | 20 | 11 | 2 | 11 | 2 |
| Expenditures | | | | 15 | 15 | 15 | 15 | 15 |
| Biennial Change in Expenditures | | | | 15 | | 15 | | 15 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

3000 - Federal

| | | | | | | |
|-----------------------------------|------------|---|--|-----------|------|------|
| Balance Forward In | 12 | 6 | | | | |
| Receipts | 423 | | | 11 | | |
| Transfers Out | | 0 | | | | |
| Balance Forward Out | 12 | 6 | | | | |
| Expenditures | 423 | | | 11 | | |
| Biennial Change in Expenditures | | | | (412) | (11) | (11) |
| Biennial % Change in Expenditures | | | | | | |
| Governor's Change from Base | | | | | | 0 |
| Governor's % Change from Base | | | | | | |
| Full-Time Equivalents | 2.23 | | | | | |

6000 - Miscellaneous Agency

| | | | | | | |
|-----------------------------------|----------|----|----------|-----|---|---|
| Balance Forward In | 14 | 21 | 39 | 1 | | |
| Receipts | 7 | 18 | (32) | (1) | | |
| Transfers Out | | | 6 | | | |
| Balance Forward Out | 21 | 39 | 1 | | | |
| Expenditures | 0 | | 0 | | | |
| Biennial Change in Expenditures | | | | 0 | 0 | 0 |
| Biennial % Change in Expenditures | | | | | | |
| Governor's Change from Base | | | | | | 0 |
| Governor's % Change from Base | | | | | | |

8200 - Clean Water Revolving

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base | | Governor's Recommendation | |
|---------------------|----------------|----------------|----------------|------------------|---------------|-------|------------------------------|-------|
| | | | | | FY20 | FY21 | FY20 | FY21 |
| Balance Forward In | 26,540 | 26,614 | 25,163 | 18,473 | 9,073 | 6,873 | 9,073 | 6,873 |
| Transfers In | | | | 1,000 | | | | |
| Net Loan Activity | 74 | (1,450) | (6,690) | (10,400) | (2,200) | 220 | (2,200) | 220 |
| Balance Forward Out | 26,614 | 25,163 | 18,473 | 9,073 | 6,873 | 7,093 | 6,873 | 7,093 |

8250 - Rural Finance Administration

| | | | | | | | | |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Balance Forward In | 2,289 | 3,432 | 3,469 | 3,476 | 3,526 | 3,560 | 3,526 | 3,560 |
| Receipts | 58 | 84 | 124 | 126 | 129 | 131 | 129 | 131 |
| Transfers In | 1,064 | | | | | | | |
| Transfers Out | 33 | 97 | 53 | 56 | 68 | 70 | 68 | 70 |
| Net Loan Activity | 55 | 52 | (64) | (20) | (27) | (29) | (27) | (29) |
| Balance Forward Out | 3,432 | 3,470 | 3,475 | 3,526 | 3,560 | 3,592 | 3,560 | 3,592 |

(Dollars in Thousands)

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | New Grant | FY2018 Actuals | FY2019 Budget | FY2020 Base | FY2021 Base | Required State Match or MOE? | FTEs |
|---|---|-----------|----------------|---------------|--------------|--------------|------------------------------|--------------|
| Dept. of Agriculture Natural Resources Conservation Service CFDA #10.912 | Drainage Water Management Red River Basin – demonstrate on-farm the benefits of drainage water management to surface water quality and quantity (PFMD-B041F18) | | 25 | 0 | 0 | 0 | Match | 0 |
| Environmental Protection Agency CFDA #66.605 | Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (PFMD-B041F60) | | 256 | 402 | 324 | 324 | Match | 2.40 |
| Dept. of Agriculture Sustainable Agriculture Research and Education CFDA #10.215 | Farm Research to Quantify the Value of Cover Crops for Nutrient Crediting – evaluate ability of cover crops to scavenge and recycle soil nutrients (PFMD-B041F65) | | 4 | 21 | 0 | 0 | | 0 |
| Dept. of Interior Fish and Wildlife Service CFDA #15.608 | Fishers & Farmers Root River Field to Stream Partnership Project-conservation planning, site assessments, and water quality monitoring (PFMD-B041F68) | | 15 | 8 | 0 | 0 | Match | 0 |
| | Activity Total: Pesticide & Fertilizer | | 300 | 431 | 324 | 324 | | 2.40 |
| Dept. of Interior Fish and Wildlife Service CFDA #15.666 | Wolf Livestock Demonstration Project Grant-Wolf Depredation and Livestock Compensation (PPD-B042F47) | | 0 | 59 | 125 | 125 | Match | .25 |
| Dept. of Agriculture Forest Service CFDA #10.664 | Slow the Spread Foundation Gypsy Moth Trapping and Treatment-monitor and control Gypsy Moth, delimit and treat sites (PPD-B042F56) | | 490 | 503 | 516 | 530 | Match | 4.95 |
| Dept. of Agriculture Forest Service CFDA #10.680 | Emerald Ash Borer (EAB) Management Initiative-facilitate more discoveries of EAB and promote the need for cities to monitor for EAB (PPD-B042F57) | | 105 | 115 | 86 | 89 | Match | .50 |
| Dept. of Agriculture Animal Plant Health Inspection Services CFDA #10.025 | Plant & Animal Disease, Pest Control & Animal Care (PPD-B042F62) | | 734 | 1,096 | 993 | 1,014 | | 8.95 |
| | Activity Total: Plant Protection | | 1,329 | 1,773 | 1,720 | 1,758 | | 14.65 |
| Dept. of Health & Human Services Food & Drug Administration CFDA #93.103 | Animal Feed Regulatory Program Standards, ISO Lab Accreditation, and Food Protection Rapid Response Capacity Building (LAB-B043F08) | | 361 | 415 | 330 | 327 | | 1.75 |

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | New Grant | FY2018 Actuals | FY2019 Budget | FY2020 Base | FY2021 Base | Required State Match or MOE? | FTEs |
|--|---|-----------|----------------|---------------|--------------|--------------|------------------------------|--------------|
| Dept. of Health & Human Services Food & Drug Administration CFDA #93.367 | Advancing MN Efforts towards a Nationally Integrated Food Safety System by supporting manufactured food regulatory standards, rapid response teams, and food protection task force programs (LAB-B043F09) | | 0 | 35 | 35 | 35 | | .24 |
| Dept. of Agriculture Food Safety Inspection Services CFDA #10.479 | Food Emergency Response Network (FERN)-protect animal resources and improve the safety of the nation's food supply (LAB-B043F55) | | 427 | 462 | 455 | 440 | | 1.95 |
| Dept. of Health & Human Services Food & Drug Administration CFDA #93.448 | Food Emergency Response Network (FERN) Chemical & Microbiological Cooperative Agreement-Lab participation in FERN proficiency testing, capacity and capability exercises, and food defense surveillance assignments (LAB-B043F58) | | 592 | 640 | 635 | 635 | | 3.60 |
| Environmental Protection Agency CFDA #66.605 | Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (LAB-B043F60) | | 327 | 325 | 338 | 318 | Match | 2.12 |
| Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475 | Equal to Meat & Poultry Inspection (LAB-B043F83) | | 173 | 190 | 240 | 240 | Match | 1.79 |
| | Activity Total: Laboratory Services | | 1,880 | 2,067 | 2,033 | 1,995 | | 11.45 |
| Dept. of Health & Human Services Food & Drug Administration CFDA #93.103 | Animal Feed Regulatory Program Standards, Produce Safety, Manufactured Food Regulatory Standards, and Food Protection Rapid Response Capacity Building (FFSD-B044F08) | | 2,063 | 2,048 | 1550 | 1550 | | 11.28 |
| Dept. of Health & Human Services Food & Drug Administration CFDA #93.367 | Advancing MN Efforts towards a Nationally Integrated Food Safety System by supporting manufactured food regulatory standards, rapid response teams, and food protection task force programs (FFSD-B044F09) | | 0 | 580 | 780 | 680 | | 4.79 |
| | Activity Total: Food & Feed Inspection Services | | 2,063 | 2,628 | 2,330 | 2,230 | | 16.07 |
| Dept. of Health & Human Services Food & Drug Administration CFDA #93.103 | Veterinary Drug Residue Prevention Program-create and implement program that addresses appropriate and legal extra label drug use for vet drugs, improve awareness and knowledge (DMID-B045F08) | | 154 | 190 | 190 | 190 | | 1.00 |
| Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475 | Equal to Meat & Poultry Inspection (DMID-B045F83) | | 1,522 | 1,556 | 1,689 | 1,720 | Match | 13.60 |
| | Activity Total: Dairy & Meat Inspection | | 1,676 | 1,746 | 1,879 | 1,910 | | 14.60 |

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | New Grant | FY2018 Actuals | FY2019 Budget | FY2020 Base | FY2021 Base | Required State Match or MOE? | FTEs |
|---|--|-----------|----------------|---------------|--------------|--------------|------------------------------|--------------|
| | Total Program 01: Protection Services | | 7,248 | 8,645 | 8,286 | 8,217 | | 59.17 |
| Dept. of Agriculture Food & Nutrition Service CFDA #10.572 | WIC Farmers Market Nutrition Program (AMDD-B046F17) | | 317 | 380 | 380 | 380 | Match | 0 |
| Dept. of Agriculture Agricultural Marketing Service CFDA #10.156 | Consumer Research for Direct Marketers-explore new market opportunities for U.S. food and agricultural products (AMDD-B046F20) | | 33 | 4 | 75 | 75 | | .50 |
| Dept. of Agriculture Agricultural Marketing Service CFDA #10.171 | National Organic Certification Cost Share Program-provide cost assistance to organic producers and handlers for organic certification (AMDD-B046F21) | | 433 | 540 | 555 | 555 | | .20 |
| USDA National Institute of Food & Agriculture - Sustainable Agriculture Research & Education CFDA #10.215 | Trying Times-Tools to Understand and Alleviate Farm Stress – develop and deliver trainings on farmer stress and mental health topics (AMDD-B046F65) | | 0 | 66 | 78 | 78 | | .20 |
| Dept. of Agriculture Agricultural Marketing Service CFDA #10.170 | Specialty Crop Block Grant-enhance the competitiveness of our specialty crop industries (AMDD-B046F91) | | 1,263 | 1,933 | 2,080 | 2,230 | | 1.77 |
| Centers for Disease Control & Prevention-National Institute for Occupational Safety & Health CFDA #93.262 | Airing Out Farm Stress – Shared Stress Podcast – create and air radio programs addressing how stress can affect well- being of farmers and family members. Use podcasts to reduce societal stigmas relating to coping with stress and related conditions. Promote resources for recovery. (AMDD-B046F93) | | 0 | 45 | 50 | 55 | | .10 |
| Dept. of Agriculture Food & Nutrition Service CFDA #10.576 | Senior Farmers' Market Nutrition Program (AMDD-B046F95) | | 112 | 160 | 160 | 160 | | 0 |
| | Activity Total: Ag Marketing & Development | | 2,158 | 3,128 | 3,378 | 3,533 | | 2.77 |
| | Total Program 02: Promotion & Marketing | | 2,158 | 3,128 | 3,378 | 3,533 | | 2.77 |
| Dept. of Agriculture Commodity Credit Corporation CFDA #10.117 | Biofuel Infrastructure Partnership-ethanol retail infrastructure development to increase use of higher ethanol fuel blends in MN to increase use of locally grown renewable fuels, reduce vehicle emissions (AMDD-B047F78) | | 3,611 | 1,500 | 0 | 0 | Match | 0 |
| | Activity Total: Ag Advancement Programs | | 3,611 | 1,500 | 0 | 0 | | 0 |

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | New Grant | FY2018 Actuals | FY2019 Budget | FY2020 Base | FY2021 Base | Required State Match or MOE? | FTEs |
|--|--|-----------|----------------|---------------|-------------|-------------|------------------------------|-------|
| | Total Program 04: Ag Energy Bio Product Advancement Program | | 3,611 | 1,500 | 0 | 0 | | 0 |
| Dept. of Homeland Security CFDA #97.067 | Homeland Security Risk Assessment (ADMIN-B049F52) | | 0 | 11 | 0 | 0 | | 0 |
| | Activity Total: Agency Services | | 0 | 11 | 0 | 0 | | 0 |
| | Total Program 06: Admin | | 0 | 11 | 0 | 0 | | 0 |
| | Total Agency: Agriculture – B04 | | 13,017 | 13,284 | 11,664 | 11,750 | | 61.94 |

Narrative

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

Pesticide and Fertilizer Management Division

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

Plant Protection Division

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

Laboratory Services Division

Through the U.S. Department of Agriculture's Food Safety and Inspection Service federal funding to the MDA Laboratory Services is used to analyze food matrices for microbiological and chemical threat agents and improve laboratory capacities for surveillance and outbreak response. In addition, funds are provided to maintain one of two National Food Emergency Response Network Training Centers that will host and conduct training. The USDA also provides funding for the testing of meat sold under their "Equal to Meat & Poultry Inspection" program. These federal dollars are matched with General Fund. Funding received from the Food and Drug Administration funds the laboratory's analytical capability and capacity for the analysis of food and food products in order to rapidly respond to any local or national food safety or security threat from the use of chemical contaminants, toxins, and poisons. The FDA also funds our efforts to expand our scope of methods accredited to the International Organization for Standardization (ISO)/International Electrotechnical Commission (IEC) 17025:2017 laboratory testing standard. The laboratory receives funding from the USEPA to provide regulatory enforcement testing related incident response events and to test ground and surface water for pesticides to determine their environmental fate. Federal funds for the USDA "Equal to Meat & Poultry Inspection" program are expected to increase due to additional costs necessary to support laboratory testing. General fund match dollars have already increased to meet the funding needs. Funding from all other federal sources is expected to remain stable.

Food and Feed Safety Division

Federal awards received by the MDA's Food and Feed Safety Division have been relatively stable with the exception of increased funds provided by the Food and Drug Administration for food safety projects that enable faster response to foodborne disease outbreaks, produce safety implementation and manufactured, retail, and animal feed regulatory program standards. The purposes of these increased funds are project-specific and are intended to support and not supplant existing state resources.

Dairy and Meat Inspection Division

Federal awards received by the MDA's Dairy and Meat Inspection Division (DMID) have increased over the past year. The DMID received federal funding for a drug residue prevention project which is a 3 year project intended to focus on residue prevention and appropriate veterinary drug use education. These funds replace funds received in a previous cooperative agreement, but are increased by \$25,000 per year. The funds support efforts, but do not supplant existing State funds. Federal funding for the meat and poultry inspection program provided from the USDA Food Safety and Inspection Service was increased in FY 2019 to a level which fully matches the State funding used to support these activities. It is expected that the current level of funding will stabilize, but would increase should additional State funds become available to support the program's activities. The required State match is from the General Fund. No fees are currently used to support this activity.

Marketing and Development Division

The U.S. Department of Agriculture's Ag Marketing Services provides funding to enhance the competitiveness of specialty crops and provide support for socially disadvantaged and beginning farmers of these crops. Funding for this grant has increased in recent years. Funding provided to defray the costs of organic certification is expected to remain stable. Currently, there are no required matching funds. The USDA Food and Nutrition Service provides funding for the WIC and Senior Farmers' Market Nutrition programs. Funding is used to educate low income, nutritionally-at-risk families about the value of fresh, locally grown produce and to increase direct sales for farmers through farmers' markets. Matching funds for the WIC FMNP are provided by the General Fund; there is no matching requirements for Senior FMNP. Federal funding for the biofuel infrastructure partnership with USDA Commodity Credit Corporation will end at the end of fiscal year 2019.

Agency Summary

Current federal appropriation levels as well as guidance provided from our federal agencies were taken into consideration to determine Minnesota Department of Agriculture's federal funding level for the biennial budget years 2020 and 2021. Based on informed communication with our federal agencies, no significant change in future federal funding is foreseen at this time.