



June 17, 2024

Representative Liz Olson, Chair
House Ways and Means Committee

Senator John Marty, Chair
Senate Finance Committee

Dear Representative Olson and Senator Marty:

In accordance with M.S. 16A.10, this letter provides notification of the proposed budget forms and format for the FY 2026-27 biennial budget.

MMB has worked closely over the last several biennia with the Governor's Office, the legislature and agencies to expand the information that is included in both the budget narratives and fiscal reports that comprise the biennial budget document. For the FY 2026-27 biennial budget document we are not proposing any substantive changes to the budget document forms or format. The goals for the document continue to be the following:

1. To provide a description of the work of agencies and convey the public good or outcome that is a result of the investments being made in a way that decision-makers and the public can easily understand.
2. To demonstrate how well programs and activities are doing with performance measures that show how much is provided (the **quantity**), how well it is done (the **quality**) and whether or not anyone is better off (the **result**).
3. To provide accurate reporting of agency historical and budget fiscal information.

The proposed form and format for the FY 2026-27 biennial budget document continues to focus on performance information in the context of an agency budget. It will include the "at-a-glance" box for a snapshot view of the agency, as well as expanded background context and budget information. The budget document will also include a Change Item Summary for each Governor's budget proposal. Agency presentations of budget information will continue to be organized by programs and activities. Attached to this letter are:

- Budget Narrative Templates
 - Agency Profile
 - Small Agency Profile
 - Program/Activity Summaries
 - Change Item Summary
 - Federal Funds Summary
- A sample budget document, including budget narratives and fiscal reports.

The biennial budget will be prepared throughout the rest of this calendar year with base budget information provided to the legislature, including legislative fiscal staff access to reports in the Budget Planning and Analysis System (BPAS), on December 2. Below is the FY 2026-27 biennial budget timeline:

Activity	Date
Agency Narratives Published to MMB Website	October 1
Base Budget Data Due in Budget Planning and Analysis System (BPAS)	October 15
Agency Budget Proposals due to MMB	October 15
Base Budget Data Submitted to the Legislature	December 2
Governor's Budget Submitted to the Legislature	January 28, 2025

If you or your staff have questions or feedback on the proposed FY 2026-27 budget forms and format, please contact either Ahna Minge, State Budget Director, at ahna.minge@state.mn.us or 651-201-8032, or Robyn Rupp, Budget Operations Director, at robyn.rupp@state.mn.us or 651-201-8098.

Sincerely,



Erin Campbell
Commissioner

Attachments

cc: Senator Eric Pratt
Representative Pat Garofalo
Emily Adriaens, House Chief Fiscal Analyst
Eric Nauman, Senate Principal Fiscal Analyst

<https://www.mn.gov>

AT A GLANCE

- Provide some brief statistics on your agency
- Describe with numbers, if possible, the population you serve

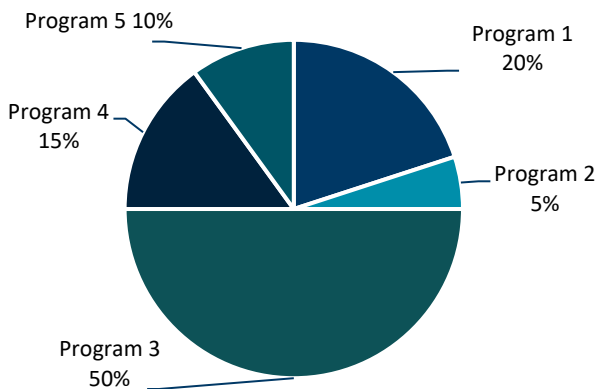
*** Our goal is to have the At A Glance box, purpose statement and budget charts on the first page. Please limit your text in these sections to achieve this goal.**

PURPOSE

Please provide a narrative description of your agency’s purpose. Answer the questions: What do you do and why are you here? What’s your mission statement? Describe how your agency is contributing to or advancing the [One Minnesota Plan Priorities](#) and [Measurable Goals](#). Agency strategic plans include a section that outlines how your agency activities align with the One Minnesota Plan.

BUDGET

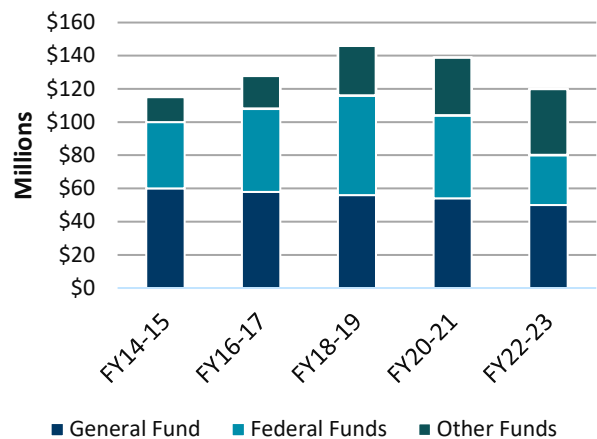
**Spending by Program
FY 2023 Actual**



Add any footnotes on chart above

Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Add any footnotes on chart above

Source: Consolidated Fund Statement

Refer to **Completing the Budget Charts in the Agency Profile in the Budget Narrative Instructions on the [MMB website](http://www.mn.gov/mmb/budget/budget-instructions/bibudprep/)** (<http://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>) for information about the data for completing these agency charts for Spending by Category/Program or Historical Spending.

Please complete the Spending by Program FY 2023 Actual chart by clicking on the chart, navigating to the “Chart Tools – Design” tab on the top ribbon, and then clicking on edit data. An Excel document will pop up. Using FY 2023 actual data, enter the names of your agency’s budget programs and the associated percent of spending. If more (or less) programs are needed, please add (or remove) them and the associated percentages, and then drag the purple and blue boxes so the new information cells will be included in the chart. Close the spreadsheet and the Word document chart should update to reflect your changes. If it does not update automatically, click on the chart, navigate to the “Chart Tools – Design” tab on the top ribbon, and then click on the Select Data button. Make sure the correct data cells are selected in the data range. Follow the same steps to update the Historical

Spending by Fund chart to reflect the fund information for your agency from the historical Consolidated Fund Statement information provided.

Please note: all charts and graphs must be accessible. Be sure to include the alt text description of the chart or graph that you have added. Also, please work with your agency's accessibility officer prior to submitting this completed template to MMB.

Please provide a brief narrative description of your agency's budget. Answer the question, "How are your agency's activities financed?" Please include a description of the major funding source(s) and amounts for your agency. Focus on providing context for your readers to explain the graphs, rather than specific data.

STRATEGIES

Please provide a narrative description of your agency's strategies. Answer the questions:

- How do you achieve your mission?
- Describe what you do within the role you identified above in the purpose section.
- Describe how your work leads to more equitable outcomes for the people of Minnesota.

Use this endnote section to provide the specific legal citations for the statutes that apply to your agency. For example, M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB.

<https://www.mn.gov>

AT A GLANCE

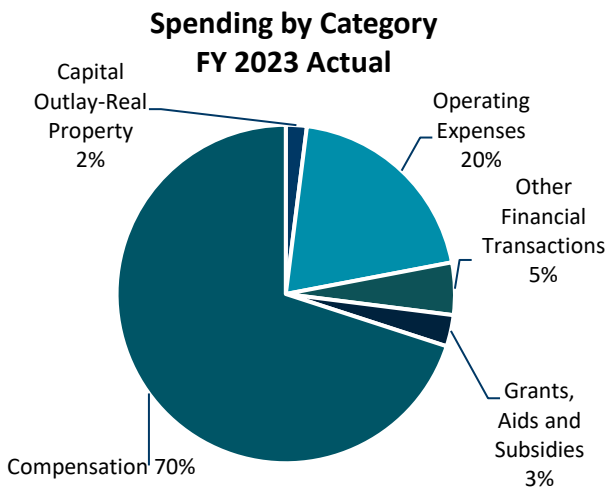
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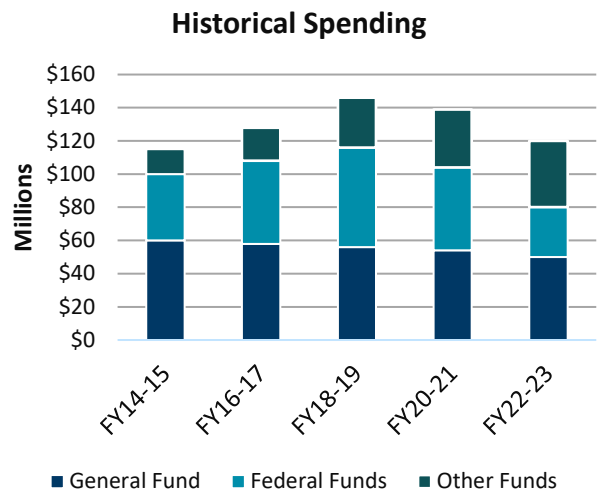
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BUDGET



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RESULTS

Part A: Performance Data (Required)

Provide at least three quantitative (numeric) performance measures are used to assess the success, outcome, and/or impact of the program/activity.

- **Option 1:** Use charts or graphics produced by your agency that demonstrate trends in in at least three quantitative performance measures.
 - Charts must be accessible and include a description of the source and type of measure.
- **Option 2:** Use the table below to identify the measures, measure source, current data and trends over time. Examples of performance measures and a brief video with guidance for this section is available at <https://mn.gov/mmb/budget/results-management/resources-for-state-agencies/>.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
<i>Briefly write what is being measured.</i>	<i>Select quantity, quality, or result. Please try to include 1 of each.</i>	<i>Describe how the data for this measure is collected.</i>	<i>Describe the change over time.</i>	<i>If currently collected, provide most recent data for this measure. If not currently collected, please write N/A.</i>

Part B: Evidence of Effectiveness (Optional)

If the program/activity is currently implementing or supporting evidence-based practices, complete the table below. The definitions of evidence used by Results Management are available at <https://mn.gov/mmb/results-first/definitions-of-evidence/>. Resources to find evidence-based practices are available at <https://mn.gov/mmb/evidence/finding/>.

Evidence-based practice:	Source:	FY 24-25 Expenditures
<i>List the names of program or activity that are evidence-based and directly funded.</i>	<i>Provide a link to the clearinghouse or journal article that establishes the evidence.</i>	<i>If known, please provide as \$ or %</i>

Please contact the Results Team at MMB with questions or for assistance completing this section. (ResultsManagement@state.mn.us).

Use this endnote section to provide the specific legal citations for the statutes that apply to your agency. For example, M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB.

AT A GLANCE

- Quick stats on the program/activity; avoid repeating performance measures.

PURPOSE AND CONTEXT

Please provide a description of the purpose of this activity and the context in which it operates. State the goal of this program or activity, and answer the questions:

- What role does this activity play in contributing to the agency’s mission?
- Is there a particular segment of the population served by this program/activity?

SERVICES PROVIDED

Please provide a description of the services provided through this activity. Answer the questions:

- What do you do within this program or activity to achieve the stated goal?
- What specific services are provided?

RESULTS

Part A: Performance Data (Required)

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Part B: Evidence of Effectiveness (Optional response)

If the program/activity is currently implementing or supporting evidence-based practices, complete the table below. The definitions of evidence used by Results Management are available at <https://mn.gov/mmb/results-first/definitions-of-evidence/>. Resources to find evidence-based practices are available at <https://mn.gov/mmb/evidence/finding/>.

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Program: [Program Name]

Activity: [Activity Name]

<https://Program/Activity website>

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PURPOSE AND CONTEXT

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Part B: Evidence of Effectiveness (Optional)

If the program/activity is currently implementing or supporting evidence-based practices, complete the table below. The definitions of evidence used by Results Management are available at <https://mn.gov/mmb/results-first/definitions-of-evidence/>. Resources to find evidence-based practices are available at <https://mn.gov/mmb/evidence/finding/>.

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Agency Name

FY 2026-27 Biennial Budget Change Item

Change Item Title:

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
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

Request:

Describe the change item request. Include:

- What the funds will be used for
- Amount requested, by each relevant fund. (Please include proposed use of discretionary federal funding in the chart above.)

What is the change relative to your budget as a whole?

Rationale/Background:

- What is the problem you are trying to solve with this proposal?
- What are the intended results?
- Is this proposal recommended by one of the Governor's designated work groups advising on budget requests (i.e., children and families, health care, economy and workforce, housing stability, climate change)? If so, which group recommended the proposal? Is this proposal the recommendation of a different interagency workgroup, such as Food Security or At-Risk Populations?

Proposal:

In your description of the change item, please address the following:

- Is this a new initiative or a change to an existing program?
- Is this a request for additional operating funds to maintain your agency's current level of service? If so, describe the specific cost drivers necessitating the adjustment and the impact if your request is not funded. Operating adjustments should be submitted as separate change items from proposals to increase an agency's current level of service.
- Describe in specific detail **what the proposal will buy**. Examples of type of funds may include:
 - Grants – Include information on who receives grants currently, the average size of current grants, and how the use might be expanded - for example through the number of grants provided, the size of each grant award, or the geographic area where grants will be made available.
 - Administrative or programmatic capacity – Include a comparison of dollars and FTEs for the increase relative to the unit that currently performs that work where applicable. Describe the results of that increased capacity – for example, indicate if it leads to faster response times, a larger number of clients served, a higher number of inspections completed within the target time, or better outcomes for program clients.

- Equipment or supplies – Include a description and cost estimate of the equipment and/or supplies, and an explanation of how that purchase will impact or change programmatic work for example, indicate if it is replacing equipment that has reached the end of its useful life, or if the equipment will add program capacity.
- Forecasted Programs – Describe the specific group and number of people that will be impacted, as well as the nature of the change that will impact them – for example: benefits value, number eligible, rate increase, etc.
- Provide fiscal detail reflecting key assumptions that drive the cost of your proposal. Include information by fiscal year, fund, and identify revenues vs expenditures. Identify and describe metrics used to build your fiscal detail. Examples may include: number of FTEs, number of grantees, average salary, vacancy rate, or number of payers of fees, etc. Metrics used are dependent upon the nature of the budget proposal. Consult with your Executive Budget Officer to clarify what fiscal detail is needed if you are unsure. Fiscal detail may be uploaded separately in the budget system as an attachment if necessary.
- Indicate where the proposal complements or overlaps with work that is occurring in other agencies.
- How will this proposal help address the problem you described in the “Rationale” section?
- What is the effective implementation date and what steps need to occur?
- How will the agency evaluate whether this proposal is successful?

Impact on Children and Families:

- How does this budget proposal build on and/or align with innovations from other public, private, and Tribal agencies to increase equity and bridge the opportunity gap for children, youth, and families through improved access to resources and services within their community?
- How does this budget proposal help achieve the administration’s priorities for children and families by ensuring all children have: a healthy start; access to affordable and quality child care and early education; access to mental health supports; and stable housing?
- Based on data, how will this policy improve the lives of the next generation of all Minnesotans?

Equity and Inclusion:

- Is the proposed item submitted to reduce or eliminate inequities for people of color, Native Americans, people with disabilities, people in the LGBTQ community, other protected classes, or Veterans? Please explain how implementation of the proposed item(s) will address these inequities.
- What are the potential positive or negative impacts on the identified groups? Explain those impacts. If negative, please adjust the proposal to achieve a more equitable outcome.
- How have the intended beneficiaries of this policy been engaged in its development?

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

If yes,

- List the impacted Minnesota Tribal governments.
- Describe the anticipated effects on the Tribe(s).
- Describe your engagement with the impacted Tribe(s), including any formal Consultations, involvement of the agency tribal liaison, and indicate how tribal-input was incorporated into the proposal.
- Has the Tribe(s) indicated this proposal is a priority?
- Describe the communication plan you will be using to ensure the Tribe(s) are updated on the proposal process and how you will address any tribal concerns.

IT Costs

Please complete the table below to indicate costs for FY 2026-31. Specify the purposes of the funding proposal, such as infrastructure, hardware, software, or training. If staff are associated with this request, specify the number of FTEs that are MNIT employees (i.e., MNIT@agency) and agency employees. For proposals with significant IT investment, please also complete the IT addendum below.

<i>Category</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total						
MNIT FTEs						
Agency FTEs						

Results:

The Results section is intended to display the performance measures that will be used to assess the success, outcomes, and impact of the proposed change item. Please complete this section based on the current proposal with recognition that performance measures may change based on revision processes and final budget allocation.

Part A: Performance measures (required)

- Describe the overall goal and expected outcome(s) of the programs and activities supported by the change item (1 to 3 sentences). How would we know that this change item was successful and over what period of time? This should align with the intended results noted in the rationale/background section.
- Describe the evidence that exists that the proposed change item will achieve the expected outcome(s) noted above (up to a paragraph, include charts as applicable). Evidence can be in the form of professional and community knowledge, logic model, current performance measure data, prior evaluation, or evidence-based practices. Refer to the evaluation noted in proposal section. If proposed efforts involve components of an evidence-based practice, complete Part B.
- Using the table below and/or charts, include at least 3 quantitative (numeric) performance measures that will be used to assess the expected outcomes(s) of the change item. Types of measures include Quantity (how much was done?), Quality (how well was it done?), and Result (how are Minnesotans better off?).

Agencies are encouraged to use accessible charts to display performance information. If your agency does not currently have graphical information to display performance information, you may use the table below.

Measure description	Measure type	Measure data source	Most recent data	Expected change
<i>Briefly write what is being measured.</i>	<i>Select quantity, quality, or result. Please try to include 1 of each.</i>	<i>Describe how the data for this measure is or will be collected.</i>	<i>If currently collected, provide most recent data for this measure. If not currently collected, please write N/A.</i>	<i>If successful, describe the change expected on this measure and to what extent.</i>

Part B: Evidence of Effectiveness (Optional response)

If applicable, provide the following information on the evidence-based practices supported by the change item. The Results Team at MMB reviews change items to identify the proposals and agencies that support evidence-based practices. The definitions of evidence used by Results Management are available at <https://mn.gov/mmb/results-first/definitions-of-evidence/>. Resources to find evidence-based practices are available at <https://mn.gov/mmb/evidence/finding/>.

Evidence-based practice:	Source:
<i>List the names of services/programs/activities that are evidence-based and directly funded by this change item.</i>	<i>Provide a link to the clearinghouse or journal article that establishes the evidence for the change item.</i>

For assistance identifying evidence-based practices that support the change item, please contact the Results Team at MMB (ResultsManagement@state.mn.us).

Statutory Change(s):

If the proposal will require statutory changes, include the statute number here.

Agency Name

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2024 Actual	FY 2025 Current Authority	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	Legal Authority other than M.S. 3.3005	FTEs
	Federal Fund – Agency Total	-	-	-	-	-			-

Narrative

Please provide a brief narrative overview of all the agency’s federal funds to give a general overview of the role of the federal funds within the agency. The narrative should be written in plain language. Also, include the following information, where applicable:

1. For new grants, provide a narrative description of the short-and long-term commitments required, including whether continuation of any full-time equivalent positions will be condition of receiving the federal award
2. Maintenance of effort levels (MOE)
3. Agency legal authority to spend other than M.S. 3.3005 for executive branch agencies
4. Changing funding levels or trends that may impact future awards
5. Major state funding related to federal awards
6. Basis for estimates
7. Indicate whether the federal funding has flexibility in how the funds are spent

FY 2026-27 Base Budget Instructions

Federal Funds Summary

Overview

The federal funds table is a mandatory element of the budget presentation for all agencies that receive and spend federal funds. The Summary is the source document for those executive branch agencies and grants that require legislative review through the process directed in [Minnesota Statute 3.3005](#), prior to the agency having the authority to spend. Please read the Federal Funds Section of the Base Budget Instructions document on the [MMB Biennial Budget Instructions webpage](#) prior to completing the federal funds summary table and narrative.

The required elements of the summary table, according to [Minnesota Statute 3.3005](#), includes:

- The name of all received and anticipated federal awards
- The federal agency from which the funds are available
- The federal identification number
- A brief description of the purpose of the grant
- An indication of whether a match or Maintenance of Effort (MOE) is required
- Federal spending amounts for FY 2024, budget FY 2025, and estimated amounts for FY 2026-27
- The number of full-time equivalent positions needed to implement the grant.

The agency total on the federal funds summary should tie to the total shown on your agency fiscal reports.

The federal funds summary table and narrative are due by **November 15** and must be saved to the [MMB Budget Division Document Management SharePoint site](#) (<https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx>) in your agency's Biennial Budget/2026-27 Biennial Budget folder. The Federal Fund Summary template as shown below is available on the [MMB Biennial Budget Instructions webpage](#) (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>).

Instructions for Completing the Table

1. **Federal Agency and ALN:** Name the federal agency granting the award, and the federal identification number (ALN) for the award. [Column A]
2. **Federal Award Name and Brief Purpose:** Identify federal grants by a short name. Spell out all acronyms so that the purpose description is clear and understandable to the general public. [Column B]
 - a. Give each grant its own row in the spreadsheet. Distinct federal programs should, in general, be listed separately. Small grants may be consolidated.
 - b. Group the federal awards by program. If awards are allocated to multiple programs, agencies have the option to include the award in one program area, or to list the award proportionally by program area.
 - c. Include a brief description with the general purpose of the award, whether the grant will fund agency activities or will be granted to another agency or organization.
3. **Amounts by Fiscal Year (Dollar Amounts Entered in Thousands):**
 - a. FY 2024 Actuals enter the actual amount spent in FY 2024 for the grant. [Column C]
 - b. FY 2025 Current Authority enter the current spending authority for the grant, if the legal authority to spend is M.S. 3.3005. *This column will not be printed in the final federal funds summary in the book.* [Column D]
 - c. FY 2025 Budget enter the current anticipated spending amount for the federal grant as entered in the Budget Planning and Analysis System (BPAS). Federal grants submitted in Fall 20-day LAC

process must be included in the amount entered or any increased amount that requires legislative review for the current fiscal year, FY 2025. [Column E]

- d. FY 2026 Base and FY 2027 Base columns enter the anticipated spending for the grant as entered in BPAS. [Column F and G]
 - e. The grant amounts entered in columns C, E, F and G should tie to BPAS reports.
4. **Required State Match or Maintenance of Effort (MOE):** Indicate whether a state match or MOE is required. Agencies should include additional information about the amount of the match or MOE in the table or the narrative. [Column H]
 5. **Legal Authority Other than M.S. 3.3005:** Legal authority for an executive branch agency to spend a grant other than M.S. 3.3005. [Column I]
 6. **FTEs:** Include the number of full-time equivalent positions needed to implement the grant, or that are paid from the grant. [Column J]
 7. **Totals:** Provide summary level totals for the budget activity, program, and agency, as applicable in the rows following the pertinent grants. The agency total on the federal funds summary should tie to the total shown in an agency’s budget fiscal reports.

Instructions for Completing the Narrative

Please provide a brief narrative of the agency’s federal funds to give a general overview of the role of the federal funds within the agency. The narrative should be written in plain language. Also, include the following information, where applicable:

1. For new grants, provide a narrative description of the short-and long-term commitments required, including whether continuation of any full-time equivalent positions will be condition of receiving the federal award.
2. Maintenance of effort levels (MOE)
3. Agency Legal Authority to Spend Other than M.S. 3.3005 for executive branch agencies
4. Changing funding levels or trends that may impact future awards
5. Major state funding related to federal awards
6. Basis for estimates
7. Indicate whether the federal funding has flexibility in how the funds are spent.

Example of Completed Federal Funds Summary Table

Federal Agency and ALN	Federal Award Name and Brief Purpose	FY 2024 Actual	FY 2025 Current Authority	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	Legal Authority other than M.S. 3.3005	FTEs
Environmental Protection Agency 66.454	Water Quality Management Planning: Measures for the prevention and control of surface and ground water pollution, includes monitoring coordination and water assessments.	\$325	\$275	\$325	\$300	\$300	MOE		2.25
U.S. Department of Health and Human	Low Income Household Water Assistance Program - The program is to carry out grants to assist low-income households, particularly	\$6,100	\$5,000	\$5,000	\$3,000	\$3,000	Match	M.S. 216C.02	1.00

Federal Agency and ALN	Federal Award Name and Brief Purpose	FY 2024 Actual	FY 2025 Current Authority	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	Legal Authority other than M.S. 3.3005	FTEs
Services 93.568	those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services.								
	Budget Activity Total	\$6,425	\$5,275	\$5,325	\$3,300	\$3,300			3.25

<https://mda.state.mn.us/>

AT A GLANCE

- 535 employees across the state
- Analyzed over 3,700 dairy product samples and 2,200 meat and poultry samples in partnership with the MDA Laboratory Division
- Conducted over 3,100 manufactured food, 10,200 retail food, and 560 animal feed inspections to ensure the safety and quality of products manufactured and distributed in Minnesota.
- Issue about 1,500 phytosanitary certificates annually providing worldwide market access.
- Assisted Minnesota counties, townships, and cities with the enforcement of noxious weed issues
- Annual Agricultural Growth, Research, and Innovation (AGRI) \$14.354 million state investment in FY21 was matched by \$33 million in private investment
- 1,290 farms and farmers’ markets licensed to use the Minnesota Grown logo
- In partnership with all Minnesota counties, collected nearly 660,000 pounds of waste pesticides in 2021

PURPOSE

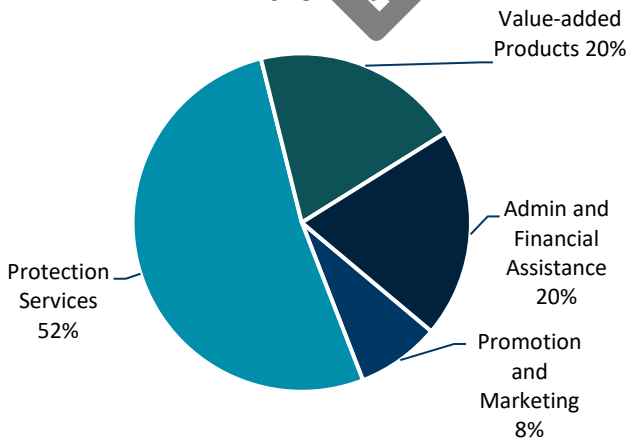
Our mission is to enhance Minnesotans' quality of life by ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy.

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.

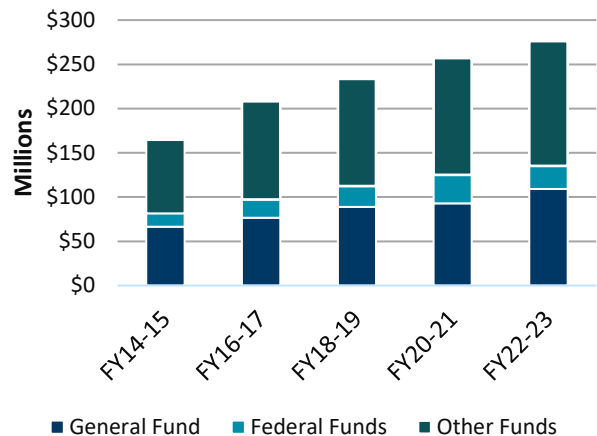
BUDGET

**Spending by Program
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

Our budget comes from various sources. The most significant funding resources are split between fee revenues and general funds. Fee revenues must be spent to support the activities from which they are collected. The state's General Fund is used for various activities throughout the agency. A large portion of the general fund budget passes through MDA's Agricultural Growth, Research, and Innovation (AGRI) programs, Agriculture Research, Education, Extension, and Technology Transfer (AGRETT) program, and other assistance programs. Federal fund expenditures accounted for approximately 12 percent of MDA's budget spend and the Rural Finance Authority's revolving loan program accounted for just under 14 percent.

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 Crown program, regional and domestic marketing opportunities, and support for international trade missions, market research, and export assistance. We also support the organic industry through education and direct financial support.

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

Agriculture

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<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		6	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				30,251		(29,469)		(572)
Biennial % Change				14		(12)		(0)
Governor's Change from Base								28,897
Governor's % Change from Base								14
<u>Expenditures by Program</u>								
Protection Services		67,813	67,123	75,449	58,680	58,885	72,206	72,331
Promotion and Marketing	6,777	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
<u>Expenditures by Category</u>								
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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
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

Full-Time Equivalents

	447.23	460.17	480.57	506.73	471.44	468.62	521.00	518.18
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Example

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
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				15		(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	10,203	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	1,177		134	85	85	85	85
Transfers Out	1,082	1,794	2					
Net Loan Activity	(404)	(7)	(1,411)	(2,594)	(2,069)	(673)	(2,069)	(673)
Balance Forward Out	11,371	10,793	9,563	7,012	4,813	4,062	4,813	4,062
Expenditures	1,700	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	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
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	24,029	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	33,408	42,843	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	181.32	176.17	186.33	192.41	192.09	188.59	192.09	188.59

2050 - Environment & Natural Resources

Balance Forward In	60	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								0
Full-Time Equivalents	4.34	3.55	2.94	2.93				

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
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	13,765	14,343	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	30.35	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	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
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	1,959	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

3000 - Federal

Balance Forward In	585	81	4					
Receipts	8,290	12,014	13,014	13,284	11,664	11,750	11,664	11,750
Transfers Out	50	13	2					
Balance Forward Out	9	59						
Expenditures	8,685	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	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
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			126	129	131	129	131
Transfers In	1,064							
Transfers Out	33		53	56	68	70	68	70
Net Loan Activity	55	52	(64)	(20)	(27)	(29)	(27)	(29)
Balance Forward Out	3,472	3,470	3,475	3,526	3,560	3,592	3,560	3,592

EXAMPLE

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 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		300	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				
FY2025 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				
FY2025 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				
FY2025 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)

	FY25	FY26	FY27	Biennium 2026-27
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	100
Total Governor's Recommendations	9,733	11,383	11,382	22,765
Fund: 2801 - Remediation				
FY2025 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				
FY2025 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)

	FY25	FY26	FY27	Biennium 2026-27
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

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
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

Example

Agriculture

FY 2026-27 Biennial Budget Change Item

Change Item Title: Meat Inspection Program

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
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.

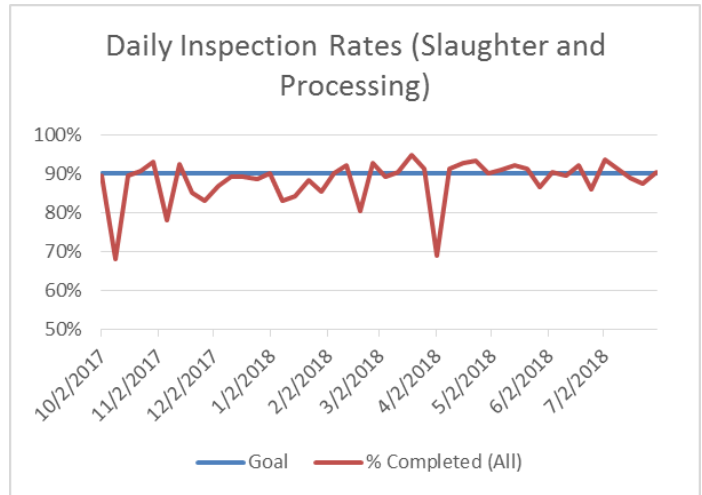


Figure 1. Daily Inspection Rates Over Time

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 major maintenance. Additional staff are required to run increasingly complex laboratory analyses, as analyses tend 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 roots; 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.

Example

Program: Protection Services

Activity: Plant Protection Division

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

AT A GLANCE

- Monitor over 20,000 traps for spongy moth (formerly gypsy moth) annually to identify satellite populations for treatment and eradication.
- Monitor commodities and specialty crops statewide for more than 50 invasive threats annually.
- Since 2015, nearly 500,000 parasitic wasps released against emerald ash borer throughout Minnesota.
- Facilitate research on invasive species by staffing a containment facility on the U of M campus.
- Review about 200 permits on an annual basis for the movement of soil, plants or other organisms into Minnesota.
- Certify 12 firewood producers as meeting heat treatment standards to produce pest-free wood.
- Register about 900 tree care companies annually to maintain communication on invasive species restrictions on wood movement.
- Certify about 2,000 nursery stock sellers and 200 nursery stock growers annually.
- Inspect about 5,500 acres of seed potatoes and certify as meeting disease requirements annually.
- Issue about 1,500 phytosanitary certificates annually providing worldwide market access.
- License and inspect about 350 grain buyers and 215 grain storage facilities on an annual basis.
- Collect 1500-2000 seed samples annually to establish label accuracy and noxious weed absence.

PURPOSE AND CONTEXT

The Plant Protection Division (PPD) provides inspection and certification services in a variety of plant and plant product industries to:

- facilitate fair and transparent market places
- provide certification for product access to markets, and
- protect those industries, as well as our natural resources, from invasive species

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. A wide variety of Minnesota producers and citizens directly interact with PPD including nursery stock growers and sellers, seed producers, seed potato producers, fruit and vegetable wholesalers, hemp producers and processors, grain buyers, livestock producers and land managers.

SERVICES PROVIDED

We work to ensure that plants and plant parts sold, planted, exported, or stored in Minnesota meet purity, viability, and health standards, and that the impacts of plant pests such as noxious weeds and invasive pests are mitigated. These goals are achieved by:

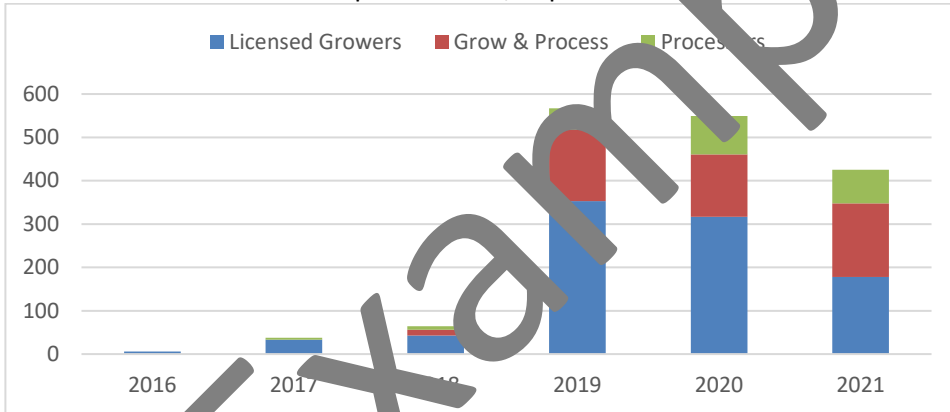
- Inspecting and certifying plants and plant parts (e.g., seeds, grain, fruit, logs). Inspection and certification programs ensure Minnesota's plant commodities meet standards for import and export requirements, germination and purity of seeds, health of plants, and the absence of harmful plant pests.
- Excluding, eradicating, or managing plant pests that threaten Minnesota's agriculture or environment. Our surveys, inspections, quarantines, and treatment programs benefit farmers, and the public by keeping Minnesota as free as possible from harmful plant pests.

Fee-generated dedicated funds support about 50 percent of PPD spending, with another 20 percent supported by federal and state grants and the remaining 30 percent supported by State general funds.

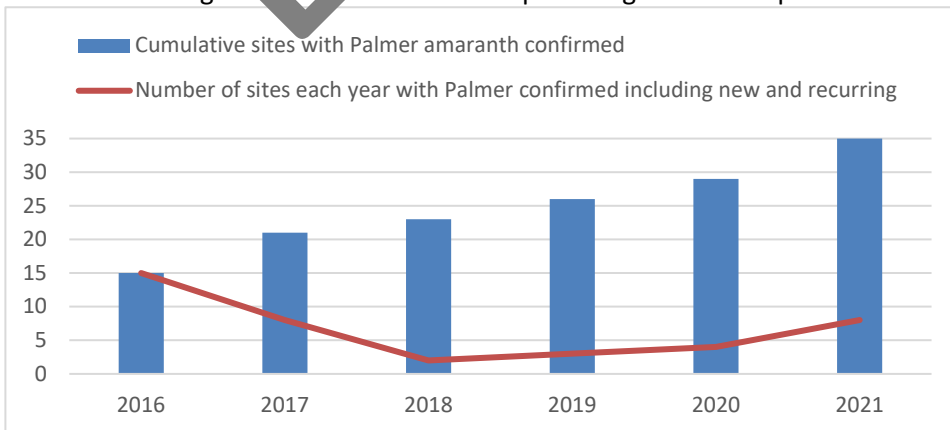
RESULTS

During 2021, PPD:

- Provided grading services for potatoes (> 8 million hundredweight at the Lamb Weston, Park Rapids and >2500 loads at Northern Star, Chaska) and all other fruits and vegetables with nearly 500 inspections to help ensure fair pricing for the grade available.
- Provided auditing for Good Agricultural Practices / Good Handling Practices to 58 entities to facilitate market access for their products.
- Successfully re-established the seed potato winter grow out in Hawaii after Covid-19 had required the program to shift to Florida in 2020. Unfortunately, states operating in Florida during 2021 lost their crop due to poor weather.
- Worked to manage bond claims on behalf of grain producers impacted by the bankruptcy of Pipeline Foods.
- Worked with several nurseries with finds of jumping worms to mitigate the risk of selling infested plants to consumers.
- Delayed the invasion of spongy moth by eradicating an infestation in downtown Minneapolis as well as new introductions in NE and SE Minnesota.
- Identified 4 additional counties with emerald ash borer infestations and worked with local land managers to delimit and begin management of them.
- Licensed over 400 entities to produce and/or process hemp about 70% fewer than in 2020.



- Awarded 20 non-renewable weed management grants to local units of government for a total of \$98,000.
- Identified 6 new sites with Palmer amaranth infestation and two sites with recurrence of Palmer and continued management work at all sites to prevent growth and spread.



- Implemented an advertising campaign to bring more awareness to how Palmer amaranth is moved and how farmers can protect themselves.

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.

EXAMPLE

Plant Protection

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
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				4,099		(2,637)		13
Biennial % Change				31		(13)		0
Governor's Change from Base								2,650
Governor's % Change from Base								15
<u>Expenditures by Category</u>								
Compensation	4,862	4,783	5,203	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			4					
Other Financial Transaction	6	16	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	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
<u>Full-Time Equivalent</u>	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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
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				3%		(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	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
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	3.75	2.91	2.93				

3000 - Federal

Balance Forward In	43	0						
Receipts	1,744	1,149	1,329	1,773	1,720	1,758	1,720	1,758
Transfers Out		0						
Expenditures	1,543	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	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Expenditures		125						
Biennial Change in Expenditures				(125)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Example

Agriculture

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
Environmental Protection Agency CFDA #66.605	Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (PFMD-B041F60)	\$ 328	\$ 350	\$ 350	\$ 350	Match	2.48
Environmental Protection Agency CFDA #66.204	Multipurpose Grants to States and Tribes - provides funding to states, tribes, and territories for high priority activities that complement programs under established environmental statutes. (PFMD-B041F67)	\$ 65	\$ 28	\$ -	\$ -		-
Department of Agriculture, Natural Resources Conservation Service (NRCS) CFDA #10.932	The Regional Conservation Partnership Program (RCPP) promotes coordination of NRCS conservation activities with partners that offer value-added contributions to expand our collective ability to address on-farm, watershed, and regional natural resource concerns. Through RCPP, NRCS seeks to co-invest with partners to implement projects that demonstrate innovative solutions to conservation challenges and provide measurable improvements and outcomes tied to the resource concerns they seek to address (PFMD-B041F44)	\$ 50	\$ 451	\$ -	\$ -	Match	-
Department of Agriculture, Natural Resources Conservation Service (NRCS) CFDA #10.912	UMN Subaward with Minnesota Department of Agriculture for Innovating through barriers for bioreactors and saturated buffers project. The Minnesota Department of Agriculture will be responsible for all aspects of monitoring management and data sharing of saturated buffer in Wilkin County, MN; participate in data analysis and synthesis; conduct outreach and education on project findings at field days and conferences; and serve as liaison to Minnesota state agencies.	\$ -	\$ 12	\$ -	\$ -	Match	-
	Pesticide and Fertilizer Budget Activity Total	\$ 443	\$ 841	\$ 350	\$ 350		2.48
Dept. of Interior Fish and Wildlife Service CFDA #15.666	Wolf Livestock Demonstration Project Grant-Wolf Depredation and Livestock Compensation (PPD-B042F47)	\$ 110	\$ 115	\$ 130	\$ 131	Match	0.08
Environmental Protection Agency CFDA #66.469	Great Lakes Restoration Initiative-Detect and Control Emerging Invasive Plant Population (PPD-B042F54)	\$ -	\$ 107	\$ 214	\$ 175		1.35

Agriculture

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
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)	\$ 489	\$ 600	\$ 600	\$ 600	Match	4.91
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)	\$ 64	\$ 100	\$ 100	\$ 100	Match	0.58
Dept. of Agriculture Animal Plant Health Inspection Services CFDA #10.025	Plant & Animal Disease, Pest Control & Animal Care (PPD-B042F62)	\$ 675	\$ 799	\$ 811	\$ 821		6.50
	Plant Protection Budget Activity Total	\$ 1,338	\$ 1,721	\$ 1,851	\$ 1,827		13.42
Human Services Food & Drug Administration CFDA # 93.103	Animal Feed Regulatory Program Standards, and Laboratory Flexible Funding Model (LAB-B043F08)	\$ 794	\$ 795	\$ 830	\$ 830		4.00
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 program. (LAB-B043F09)	\$ 34	\$ 37	\$ 37	\$ 37		0.23
Dept. of Agriculture Food Safety Inspection Services CFDA # 93.876	NARM Cooperative Agreement program to strengthen Antibiotic Resistance Surveillance in Retail Food Specimens (LAB – B043F40)	\$ 179	\$ 200	\$ 200	\$ 200		1.10
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)	\$ 222	\$ 265	\$ 265	\$ 265		1.45
Center for Disease Control and Prevention (CDC) - Association of Public Health Labs CFDA # 93.322	Producing articles and training modules tailored to each program that show the effects of errors on the sample results when processes and sample acceptance criteria are not followed with help from the Minnesota Department of Agriculture (MDA) Seed Regulatory program, which currently has the highest error rate per sample that the lab performs testing for. (LAB-B043F07)	\$ 10	\$ 10	\$ 10	\$ 10		0.09
Environmental Protection Agency CFDA #66.605	Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (LAB-B043F60)	\$ 314	\$ 351	\$ 348	\$ 310	Match	2.16

Agriculture

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
Dept. of Agriculture Animal Plant Health Inspection Services CFDA #10.025	Plant & Animal Disease, Pest Control & Animal Care (PPD-B043F62)	\$ -	\$ 32	\$ -	\$ -		0.28
Agriculture Food Safety Inspection Services CFDA # 10.475	Equal to Meat & Poultry Inspection (LAB-B043F83)	\$ 237	\$ 270	\$ 276	\$ 283	Match	1.66
	Laboratory Services Budget Activity Total	\$ 1,790	\$ 1,950	\$ 1,966	\$ 1,935		10.97
Dept. of Health & Human Services Food & Drug Administration - NEHA CDC CFDA #93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health System - Funding Strategy 1 (FFSD-B044F06)	\$ 2	\$ -	\$ -	\$ -		0.01
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)	\$ 1,404	\$ 391	\$ 1,300	\$ 1,300		8.98
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)	\$ 558	\$ 729	\$ 610	\$ 610		4.06
	Food and Feed Inspection Services Budget Activity Total	\$ 1,964	\$ 2,120	\$ 1,910	\$ 1,910		13.05
Dept. of Health & Human Services Food & Drug Administration CFDA #93.103	State Cooperative Program Grants in support of National Grade A and Shellfish Sanitation Programs funded by the United States Food and Drug Administration - (DMID-B045F08)	\$ 19	\$ 90	\$ 90	\$ 90		0.07
Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475	Equal to Meat & Poultry Inspection (DMID- B045F83)	\$ 1,772	\$ 1,896	\$ 1,972	\$ 2,002	Match	13.00
	Dairy and Meat Inspection Services Budget Activity Total	\$ 1,791	\$ 1,986	\$ 2,062	\$ 2,092		13.07
Dept. of Agriculture Food & Nutrition Service CFDA #10.572	WIC Farmers Market Nutrition Program (AMDD-B046F17)	\$ 383	\$ 500	\$ 500	\$ 500		-

Agriculture

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
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)	\$ 108	\$ 81	\$ 12	\$ -	Match	-
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)	\$ 272	\$ 273	\$ 273	\$ 273		0.15
Dept. of Agriculture Agricultural Marketing Service CFDA #10.559	Farm to School funding program. This funding is available due to impacts of the COVID-19 pandemic and changes to Child Nutrition Programs as administered by the USDA Food Nutrition Service and implemented in our state by the Minnesota Department of Education -MDE. (AMDD-B046F29)	\$ 414	\$ 9	\$ -	\$ -		0.25
Dept. of Agriculture Food & Nutrition Service CFDA #10.575	USDA Farm to School Grant Program - Assist eligible entities in implementing farm to school programs that improve access to local foods in eligible schools (AMDD- B046F88)	\$ 35	\$ 10	\$ -	\$ -	Match	0.08
Dept. of Agriculture Agricultural Marketing Service CFDA #10.170	Specialty Crop Block Grant- Provides annual funding for the Specialty Crop Block Grant program, which is intended to expand the availability of and access to specialty crops, as well as enhance the competitiveness of specialty crops by addressing challenges confronting producers including socially disadvantaged and beginning farmers. (AMDD-B046F27)	\$ 1,733	\$ 1,794	\$ 1,794	\$ 1,794		1.22
Dept. of Agriculture Food and Nutrition Service CFDA #10.559	Farm to School funding program. This funding is available due to changes to Child Nutrition Programs as administered by the USDA Food Nutrition Service and implemented in our state by the Minnesota Department of Education (MDE). (AMDD-B046F29)	\$ -	\$ 3,459	\$ -	\$ -		-
Dept. of Agriculture - National Institute of Food and Agriculture CFDA# 10.525	Bend, Don't Break - Managing Stress in Agriculture federal funding to sustain and expand our farm and rural mental health programming efforts (AMDD-B046F33)	\$ 346	\$ 214	\$ -	\$ -		0.18
Dept. of Agriculture Food & Nutrition Service CFDA #10.576	Senior Farmers' Market Nutrition Program (AMDD-B046F95)	\$ 137	\$ 130	\$ 130	\$ 130		-

Agriculture

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
	Ag Marketing and Development Budget Activity Total	\$ 3,428	\$ 6,574	\$ 2,709	\$ 2,697		1.88
Dept. of Agriculture Agricultural Marketing Service CFDA #10.182	The Cooperative Agreement Local Food Purchase Assistance Cooperative Agreement Program (LFPA) authorized by the American Rescue Plan. The purpose of this program is to maintain and improve food and agricultural supply chain resiliency and will award up to \$400 million through non-competitive cooperative agreements with state and tribal governments to support local, regional, and socially disadvantaged farmers and ranchers through the purchase of domestic local foods. (CO- Emerging Farmer-B049F51)	\$ -	\$ 1,910	\$ 1,828	\$ 82		2.60
Federal Emergency Management Agency (FEMA) CFDA # 97.036	Homeland Security and Emergency Management in response to the COVID19 Safe Opening (CO -B049F53)	\$ 107					-
Agriculture Animal Plant Health Inspection Services CFDA #10.025	National Animal Disease Preparedness and Response Program (OEPR-B049F62)	\$ 1,145	\$ 1,292	\$ 182	\$ 100		0.05
	Agency Services Budget Activity Total	\$ 1,252	\$ 3,203	\$ 2,010	\$ 182		2.65
	Federal Fund [3000 Fund] Total	\$ 17,005	\$ 18,395	\$ 12,862	\$ 10,993		57.52
Dept. of Agriculture CFDA #10.382	Meat and Poultry Intermediary Lending Program -MPILP (RFA B49R60)	\$ -	\$ 5,000	\$ 7,000	\$ 3,000		1.00
	Restrictive Special Revenue Fund - [2000 Fund] Total	\$ -	\$ 5,000	\$ 7,000	\$ 3,000		1.00
US Department of the Treasury CFDA #21.027	ARP-State Fiscal Recovery - Expanded Meal Access (MDD - B048C41)	\$ 2,996	\$ 4	\$ -	\$ -		0.01
US Department of the Treasury CFDA #21.027	ARP-State Fiscal Recovery - Hunger Relief (AMDD - B048C42)	\$ 2,997	\$ 3	\$ -	\$ -		0.01
	ARP - State Fiscal Recovery Fund [3015 Fund] Total	\$ 5,993	\$ 7	\$ -	\$ -		0.02
	Federal Funds Agency Total	\$ 17,998	\$ 23,402	\$ 19,862	\$ 13,993		58.54

(Dollars in Thousands)

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 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 from wolf depredation and provide grants for activities to prevent depredation. Required matching funds are provided by State General Fund appropriations. Funds from the Environmental Protection Agency's Great Lakes Restoration Initiative have begun to be utilized to support noxious weed work within the Lake Superior watershed.

Laboratory Services Division:

Through the U.S. Department of Agriculture's (USDA) 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 and capabilities for food defense, surveillance and outbreak response. 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 the state's General Fund. Funding received from the Food and Drug Administration (FDA) is used to enhance the capacity and capabilities of state human and animal food testing laboratories in support of an integrated food safety system which aids in the effort to prevent

(Dollars in Thousands)

food testing laboratories in support of an integrated food safety system which aids in the effort to prevent foodborne illnesses and minimize foodborne exposures to microbiological agents, chemical agents, toxins, and poisons. 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. Federal funding from the FDA has increased slightly as they have modified their approach to food safety laboratory funding by combining three formerly separate grants into one and by allowing laboratories to apply for additional funds necessary to meet new grant deliverables. Funding from all other federal sources is expected to remain stable.

Food and Feed Safety Division:

Federally awarded grants received by the MDA’s Food and Feed Safety Division are used to support work completed in accordance with the Animal Feed, Manufactured Food, and Retail Program standards. Additional grants are used for work completed by the Rapid Response Team for foodborne illness outbreak response and tracking and within the Produce Safety Program for monitoring and inspections of produce growers under the Food Safety Modernization Act. An increase in funding for the next fiscal year related to work conducted specific to the Retail program standards is anticipated. The purpose of the increased funds are project-specific and are intended to support and not supplant existing state resources. The Produce Safety Program has seen a reduction in overall appropriation from the previous fiscal year which has resulted in fewer available employees to complete the work. Manufactured Food Program funding under the Flexible Funding Model (FFM) is an estimate as funding offers have not yet been released. All estimates are based on the full-time equivalent employees that is required to complete the associated tasks.

Dairy and Meat Inspection Division:

Federal awards received by the MDA’s Dairy and Meat Inspection Division have been reduced since FY 22. The DMID no longer receives federal funding for a drug residue prevention project as it has ended. Federal funding for the meat and poultry inspection program provided from the USDA Food Safety and Inspection Service is used to match State funding for conducting Federally equivalent inspection work. This award has been stable in FY 2022 and 2023. Additional increases may become available if additional State funding is made available to support these inspection activities. The Division also receives Federal funding from the FDA to support Dairy Inspection related training activities and the purchase of equipment needed to conduct inspections. This funding is available on a grant basis, and is a reimbursement of funds spent on eligible and preapproved activities or equipment.

Ag Marketing and Development Division:

The Ag Marketing and Development Division receives significant funding from the United States Department of Agriculture. USDA’s Agricultural Marketing Service (AMS), provides annual funding for the Specialty Crop Block

(Dollars in Thousands)

Grant, which is intended to enhance the competitiveness of specialty crops with a focus on socially disadvantaged and beginning producers. The MDA also receives competitive funding from AMS' Federal-State Marketing Improvement Program to implement specific, one-time programs. Our current grant will help the MDA and partners engage farmers and agriculture businesses over three years in marketing their products more effectively both locally and regionally. USDA's Farm Service Agency provides funding for an Organic Certification Cost-Share Program, which helps defray the costs of organic certification for both producers and handlers. The USDA Food and Nutrition Service (FNS) provides funding for the WIC and Senior Farmers' Market Nutrition Programs (S/FMNP). 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. We also received a Farm to School grant from FNS to create a Minnesota-branded Harvest of the Month Program over two years so schools can access and purchase local food monthly in the cafeteria, classroom, and community. From the National Institute for Food and Agriculture's SARE program, we received funds to train agriculture professionals and rural thought leaders in farm and rural stress issues. The division is also administering two allocations under the American Rescue Plan - State Fiscal Recovery, one for a grant to provide prepared meals and another to purchase food for distribution through food banks and food shelves.

Agency Services Division - Office of Emergency Preparedness and Response:

Federal funds for these two projects will advance the depth of knowledge for state and industry responders. One project reveals how depopulation decisions are made and how factors are weighed to produce a comprehensive tool for depopulation planning. This is done through careful evaluation after a series of focus groups seeks out information from producers across the upper Midwest. This tool will cover multiple species (poultry, swine, and cattle) and will be used to synthesize various methods available to both government and industry stakeholders. The project should last two years. The second project explores the best way to disinfect a horizontal grinder used in the disposal of infected animal carcasses. The grinder has been difficult to test, but this project uses a novel "non-infectious" virus to simulate a foreign animal disease and, if successful, will showcase the first field utilization of the surrogate virus and also derive some best practices on the cleaning and disinfection process of carcass disposal equipment. This project should take one year to complete. The MDA has great interest in the development of animal depopulation methods that may be used in the event of a foreign animal disease outbreak. These are both one-time awards so successful results are not a predictor of future federal funding. However, in an agricultural emergency, state and federal emergency response funding to make this method operational may be related to this award

Agency Services Division - Rural Finance Authority (RFA):

The MDA's Rural Finance Authority received a federal grant from the Meat and Poultry Intermediary Lending Program (MPILP) that provides grant funding to intermediary lenders who finance or plan to finance the

(Dollars in Thousands)

startup, expansion, operation of slaughter, or other processing of meat and poultry. The objective of the MPILP is to strengthen the financing capacity for independent meat processors, and to create a more resilient, diverse, and secure U.S. food supply chain. These funds support efforts, but do not supplant existing State funds. There are not any matching funds from the State. Federal funding for the MPILP provided by the USDA were granted in FY2023 in the amount of \$15 million dollars. The Federal funds are to be utilized within 3 years of the grant. Any repayments may be revolved into the same or other State agricultural lending programs. There will be reasonable loan fees associated to support this program.

Agency Services Division - Emerging Farmers Office:

The Emerging Farmers Office (EFO) receives specific, one-time funding through the Local Food Purchase Assistance Program, managed by the United States Department of Agriculture (USDA) Agricultural Marketing Service. Minnesota receives funds from the USDA to provide competitive grants to organizations and individuals. These grantees will buy local food primarily from socially disadvantaged farmers and donate that food to underserved communities throughout the state. These purchases and donations are intended to strengthen the local and regional food systems in the state and build new relationships between buyers and sellers of local food products. These funds support the LFPA grant program specifically on a short-term basis, and do not supplant state resources supporting the Emerging Farmers Office and staff. The grant program runs through the fall of 2024.

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 2024 and 2025. Based on informed communication with our federal agencies, no significant change in future federal funding is foreseen at this time.

EXAMPLE