

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

AT A GLANCE

- 535 employees across the state.
- Analyzed over 3,700 dairy product samples and 2,100 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.
- Issued about 1,500 phytosanitary certificates annually providing worldwide market access.
- Assisted Minnesota counties, townships, and cities with the enforcement of noxious weed issues.
- 1,362 farms and farmers’ markets licensed to use the Minnesota Grown logo.
- In partnership with all MN counties, collected nearly 532,000 pounds of waste pesticides in 2022.
- The Minnesota Ag Water Quality Certification Program has enrolled over 1,500 producers farming more than 1 million acres; certified farms average higher net income than non-certified.

PURPOSE

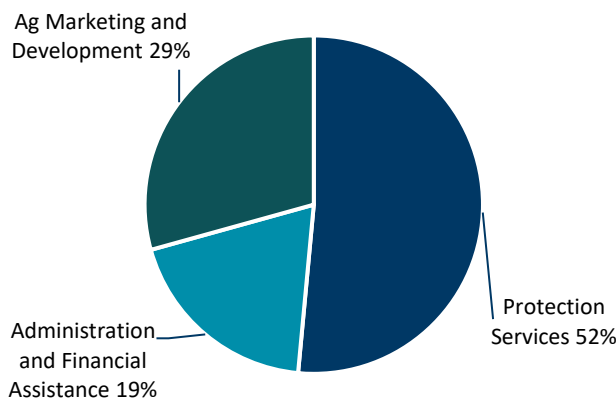
Our mission is to enhance Minnesotans' quality of life by equitably ensuring the integrity of our food supply, the health of our environment, and the strength and resilience of our agricultural economy.

The Minnesota Department of Agriculture (MDA) provides many services to Minnesota farmers, 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.
- Promote the export of Minnesota crops and livestock.

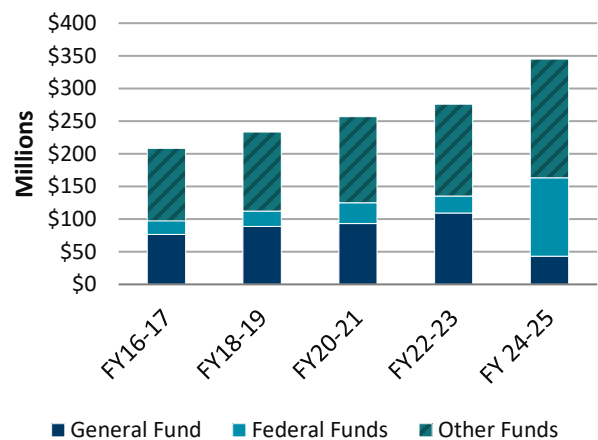
BUDGET

**Spending by Program
FY 2025 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% of MDA's budget, and the Rural Finance Authority's revolving loan program accounted for just under 14%.

STRATEGIES

We use a range of regulatory and voluntary strategies to support our mission. These strategies, in turn, are supported by effective tools such as registration, labeling, licensing, permitting, inspection, and enforcement. We pair regulation with education and outreach through workshops, conferences, and field demonstration projects. Additional strategies are supported through grant programs for farmers and farmer focused organizations.

The following is a summary of the strategies included in our 2023-2027 strategic plan, highlighting our focus on the One Minnesota priority areas of Equity and Inclusion, Minnesota's Environment, and Fiscal Accountability, Customer Experience, and Measurable Results. These are paired with strategies that directly support the mission critical areas for the MDA of a Strong Agricultural Economy, a Safe Food Supply, and a Healthy Environment.

1. Equity and Inclusion

- Establish and normalize equitable procurement and grantmaking processes
- Engage diverse communities in outreach
- Nurture and foster an inclusive culture at MDA

2. Minnesota's Environment

- Increase MDA capacity for environmental work related to agriculture and aligned with the MN State Climate Action Framework (CAF)
- Develop and expand innovative environmental impact programs

3. Fiscal Accountability, Customer Experience, and Measurable Results

- Improve Customer Experience
- Accelerate Implementation of Service Transformation
- Prioritize Public Engagement and Resource Delivery for Non-English Speakers and Underserved Populations

4. Strong Agricultural Economy

- Support Minnesota's local and regional food system development
- Expand sales of MN agricultural products
- Explore Novel Development and Agricultural Pathways
- Award grants to partner organizations to support agriculture and work with farmers
- Upgrade state agricultural services to better support agency policy and regulatory work

5. Safe Food Supply

- Support farmer youth and family mental health.
- Support food insecurity and hunger relief programs
- Include and advance indigenous knowledge on sustainability and food sovereignty
- Continue preparedness planning for agricultural emergency responses

6. Healthy Environment

- Integrate sustainability practices within the MDA
- Celebrate and communicate diverse agricultural stories

Examples of ongoing work at the department that directly supports the strategies listed above include:

- We use a range of regulatory and voluntary strategies to support our mission. This includes the use of registration, labeling, licensing, permitting, inspection, and enforcement efforts. Additionally, we coordinate and conduct outreach activities such as workshops, conferences, and field demonstration projects.
- Our staff conduct inspections and verify samples to ensure that producers, processors, wholesalers, haulers, grocery and convenience stores, and other industry personnel are producing and handling dairy, food, meat, and feed products in a safe manner to protect them from unintended alteration and contamination.
- We ensure that Minnesota plant products meet the import requirements of our trading partners; meet grading standards established in contracts; that seeds meet viability and purity standards; that general health standards are met for nursery stock; and that standards for freedom from harmful plant pests are met.
- Our marketing and promotional initiatives offer producers technical and financial assistance on a variety of issues, including dairy and livestock development, business planning, and emerging water quality and conservation practices.
- Our staff facilitates access to new markets through the Minnesota Grown 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.
- We support a diverse agriculture community and economy through outreach and support to emerging and beginning farmers and government-to-government consultation and cooperation with Minnesota's 11 tribal nations.
- We prepare and train staff, provide guidance to farmers and the ag industry, and coordinate work across jurisdictions so that Minnesota is equipped to swiftly act on foreign animal disease outbreaks, adverse weather disasters, and other agricultural emergencies. To prepare for climate impacts to the agriculture industry and our natural resources, we financially support soil health initiatives, promote sustainable agricultural practices, and assess the impact of our regulatory programs.

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

Agriculture

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY24	Actual FY25	Actual FY26	Estimate FY27	Forecast Base		Governor's Recommendation	
					FY28	FY29	FY28	FY29
<u>Expenditures by Fund</u>								
1000 - General	32,695	43,884	41,123	45,343	42,250	42,250	45,518	45,114
2000 - Restrict Misc Special Revenue	1,760	1,370	1,971	1,930	1,882	1,899	1,882	1,899
2001 - Other Misc Special Revenue	4,666	4,093	5,348	6,137	6,200	6,340	6,200	6,340
2018 - Agriculture	31,861	36,412	38,486	42,807	40,524	40,537	40,524	40,537
2050 - Environment & Natural Resources	373	405	662	1,615				
2301 - Arts & Cultural Heritage			138	162				
2302 - Clean Water	13,208	13,625	12,343	10,738			11,383	11,382
2403 - Gift	5	13		66	15	15	15	15
2801 - Remediation	1,544	1,607	1,508	1,969	1,959	1,959	1,959	1,959
3000 - Federal	8,686	12,053	13,017	13,284	11,664	11,750	11,664	11,750
6000 - Miscellaneous Agency	61	190	66					
Total	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996
Biennial Change				30,012		(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	2,076	67,813	67,123	75,449	58,680	58,885	72,206	72,331
Promotion and Marketing	6,746	7,777	6,891	8,338	8,177	8,345	8,377	8,545
Value-added Products	1,170	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 FY24	Actual FY25	Actual FY26	Estimate FY27	Forecast Base		Governor's Recommendation	
					FY28	FY29	FY28	FY29
Total Agency Expenditures	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996
Internal Billing Expenditures	5,260	5,304	5,343	5,580	5,672	5,755	5,778	5,861
Expenditures Less Internal Billing	89,600	108,348	109,319	118,471	98,822	98,995	113,367	113,135

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

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY24	Actual FY25	Actual FY26	Estimate FY27	Forecast Base		Governor's Recommendation	
					FY28	FY29	FY28	FY29
1000 - General								
Balance Forward In	1,414	6,484	1,267	2,701				
Direct Appropriation	51,426	48,698	52,703	52,798	51,856	51,856	55,124	54,720
Transfers In	3,349	6,359	901	1,534	135	135	135	135
Transfers Out	18,176	17,037	11,050	11,690	9,741	9,741	9,741	9,741
Cancellations	42	257						
Balance Forward Out	5,277	362	2,698					
Expenditures	32,695	43,884	41,123	45,343	42,250	42,250	45,518	45,114
Biennial Change in Expenditures				9,887		(1,966)		4,166
Biennial % Change in Expenditures				13		(2)		5
Governor's Change from Base								6,132
Governor's % Change from Base								7
Full-Time Equivalents	129.77	154.20	159.40	173.43	169.62	169.02	184.27	183.67
2000 - Restrict Misc Special Revenue								
Balance Forward In	12,410	11,242	10,793	9,562	7,012	4,813	7,012	4,813
Receipts	2,207	1,381	154	1,840	1,667	1,736	1,667	1,736
Transfers In	150	1,877		134	85	85	85	85
Transfers Out	1,182	1,740	2					
Net Loan Activity	(484)	(743)	(1,411)	(2,594)	(2,069)	(673)	(2,069)	(673)
Balance Forward Out	11,342	10,793	9,563	7,012	4,813	4,062	4,813	4,062
Expenditures	1,773	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	
	FY24	FY25	FY26	FY27	FY28	FY29	FY28	FY29
Expenditures	4,666	4,093	5,348	6,137	6,200	6,340	6,200	6,340
Biennial Change in Expenditures				2,726		1,055		1,055
Biennial % Change in Expenditures				31		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	35.28	38.11	30.48	30.48	34.34	34.34	34.34	34.34

2018 - Agriculture

Balance Forward In	16,047	18,357	22,788	24,639	20,418	17,353	20,418	17,353
Receipts	28,203	29,872	30,550	28,800	27,613	28,178	27,973	28,178
Transfers In	7,189	13,148	12,062	12,000	11,836	11,836	11,836	11,836
Transfers Out	2,402	3,212	2,276	2,275	2,350	2,350	2,350	2,350
Balance Forward Out	17,178	21,753	24,638	20,418	17,353	14,480	17,353	14,480
Expenditures	31,861	36,412	38,866	41,122	40,524	40,537	40,524	40,537
Biennial Change in Expenditures				3,020		(232)		(232)
Biennial % Change in Expenditures				19		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	183.32	176.33	186.33	192.41	192.09	188.59	192.09	188.59

2050 - Environment & Natural Resources

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

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY24	Actual FY25	Actual FY26	Estimate FY27	Forecast Base		Governor's Recommendation	
					FY28	FY29	FY28	FY29
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	7,111				
Direct Appropriation	8,584	7,582	8,283	9,283	0	0	11,383	11,382
Transfers In		173						
Transfers Out	500	83		500				
Cancellations	783							
Balance Forward Out	2,219	2,032	2,511					
Expenditures	13,208	13,663	12,343	10,738			11,383	11,382
Biennial Change in Expenditures				(3,753)		(23,081)		(316)
Biennial % Change in Expenditures				(14)		(100)		(1)
Governor's Change from Base								22,765
Governor's % Change from Base								
Full-Time Equivalents	29.35	30.53	32.31	32.51			34.91	34.91
2403 - Gift								
Balance Forward In	50	45	80	82	20	11	20	11
Receipts	0	48	1	4	6	6	6	6
Transfers In		30						
Transfers Out		30						
Balance Forward Out	45	80	81	20	11	2	11	2
Expenditures	5	13		66	15	15	15	15
Biennial Change in Expenditures				48		(36)		(36)
Biennial % Change in Expenditures				259				
Governor's Change from Base								0

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY24	FY25	FY26	FY27	FY28	FY29	FY28	FY29
Governor's % Change from Base								0
Full-Time Equivalents	0.10							

2801 - Remediation

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

3000 - Federal

Balance Forward In	585	81	4					
Receipts	8,290	12,446	13,014	13,284	11,664	11,750	11,664	11,750
Transfers Out	150	15	2					
Balance Forward Out	39	59						
Expenditures	8,686	12,053	13,017	13,284	11,664	11,750	11,664	11,750
Biennial Change in Expenditures				5,562		(2,887)		(2,887)
Biennial % Change in Expenditures				27		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	50.80	45.71	54.22	59.49	60.62	61.96	60.62	61.96

6000 - Miscellaneous Agency

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

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY24	FY25	FY26	FY27	FY28	FY29	FY28	FY29
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)	(200)	220	(2,200)	220
Balance Forward Out	26,614	25,163	18,473	9,073	6,873	7,093	6,873	7,093

8250 - Rural Finance Administration

Balance Forward In	2,289	3,432	3,469	3,476	3,526	3,560	3,526	3,560
Receipts	58	84	124	126	129	131	129	131
Transfers In	1,064							
Transfers Out	33	77	53	56	68	70	68	70
Net Loan Activity	55	52	(64)	(20)	(27)	(29)	(27)	(29)
Balance Forward Out	3,432	3,470	3,475	3,526	3,560	3,592	3,560	3,592

Example

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY27	FY28	FY29	Biennium 2028-29
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		25	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 Resource				
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)

	FY27	FY28	FY29	Biennium 2028-29
AgBMP Loan Program (Clean Water Fund Activities)		75	75	150
Agricultural Research/Evaluation (Clean Water Fund Activities)		663	662	1,325
Monitoring of Pesticides In Surface Water and Groundwater (Clean Water Fund Activities)		350	350	700
Forever Green Initiative (Clean Water Fund Activities)		1,650	1,650	3,300
Impaired Waters Technical Assistance (Clean Water Fund Activities)		1,625	1,625	3,250
Irrigation Water Quality Protection (Clean Water Fund Activities)		385	385	770
MN Agricultural Water Quality Certification (MAWQCP)(Clean Water Fund Activities)		3,000	3,000	6,000
Nitrate in Groundwater (Clean Water Fund Activities)		2,585	2,585	5,170
Pesticide Testing of Private Wells (Clean Water Fund Activities)		1,000	1,000	2,000
Research Inventory Database (Clean Water Fund Activities)		50	50	100
Total Governor's Recommendations	9,283	11,383	11,382	22,765
Fund: 2801 - Remediation				
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)

	FY27	FY28	FY29	Biennium 2028-29
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)

	FY27	FY28	FY29	Biennium 2028-29
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	2,073	2,073	2,077	4,150
Total Governor's Recommendations	2,073	2,073	2,077	4,150

Example

Agriculture

FY 2028-29 Biennial Budget Change Item

Change Item Title: Meat Inspection Program

Fiscal Impact (\$000s)	FY 2028	FY 2029	FY 2030	FY 2031
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

Request:

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.

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

Laboratory Capacity

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

Proposal:

This funding will support current staff salaries and fringe equivalent to 1 FTE, the increased costs associated with laboratory supplies and equipment maintenance, and the additional 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

Equity and Inclusion:

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

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

Tribal Consultation:

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

- Yes
- No

IT Costs:

N/A

Results:

Part A: Performance Measures

Outcome Statement: 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.

	FY20-21	FY22-23	FY24-25
Letter of Information	64%	67%	59%
30 Day Reassessment	36%	20%	31%
Notice of Intended Enforcement	0%	13%	10%
Suspension	0%	0%	0%

Measure	Measure type	Measure data source	Most recent data	Projected change
[Entered here]	[Entered here]	[Entered here]	[Entered here]	[Entered here]
[Entered here]	[Entered here]	[Entered here]	[Entered here]	[Entered here]
[Entered here]	[Entered here]	[Entered here]	[Entered here]	[Entered here]

Part B: Use of Evidence

1. Existing Evidence: [Entered here]
2. Evidence-Based Practices: [Entered here]

Evidence-based practice:	Source:
[Entered here]	[Entered here]
[Entered here]	[Entered here]

Select the option that best describes how much of this change is related to the evidence-based practices:

All
 Partial
 Dependent on Providers/Partners

3. Agency Evaluation Plans:
 - ___ No formal evaluation planned at this time
 - ___ Not yet determined
 - ___ Needs Assessment
 - ___ Process or Implementation Evaluation
 - ___ Summative Impact Evaluation (Randomized Control Trial (RCT) or Quasi-Experimental Design)
 - ___ Summative Evaluation other than an Impact Evaluation
 - ___ Other (please describe):

Statutory Change(s):
This proposal does not include statutory changes.

Program: Protection Services

Activity: Plant Protection Division

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

AT A GLANCE

Annually the Plant Protection Division:

- Licenses and inspects about 350 grain buyers and 210 grain storage facilities.
- Inspects about 7,000 acres of seed potatoes, more than 1,200 loads of potatoes for shipment and certifies 600 acres per year to be free from potato cyst nematode.
- Grades over 4,500 loads of potatoes for processing and makes over 500 inspections to grade other produce to establish fair prices for transactions.
- Manages the noxious weed list through the Noxious Weed Advisory Committee and works with local governments to enforce the Noxious Weed Law.
- Provides \$150,000-\$300,000 in grants to local units of governments and tribes for noxious weed management statewide.
- Certifies about 2,200 live plant dealers for the production and sale of clean nursery stock.
- Collects 1,500-2,000 seed samples to establish label accuracy and freedom from noxious weeds.
- Licenses and inspects 300-600 producers and processors of hemp.
- Monitors over 20,000 traps for spongy moth and conducts treatment and eradication of satellite populations.
- Facilitates the release of biological control agents for European spruce sawfly (ESA) and noxious weeds. On average 17,000 ESA parasitoids are released annually.
- Monitors commodities and specialty crops statewide for more than 50 invasive threats, and facilitates eradication or control of new detections.
- Facilitates research on invasive species by staffing a containment facility on the University of Minnesota campus and collaborates on an average of 2-3 research projects per year through data collection and access to research sites.
- Reviews about 200 permits for the movement of soil, plants, or other organisms into Minnesota.
- Certifies about 13 firewood producers for heat treatment standards to produce pest-free wood.
- Registers about 90 tree care companies to maintain communication on invasive species restrictions on wood movement.
- Issues about 1,500 phytosanitary certificates to provide worldwide market access.
- Compensates about 75 claims per year for livestock depredation by wolves.
- Compensates about 25 claims per year for damage to crops and fences by wild elk.

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 marketplaces.
- provide certification for product access to markets.
- 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 producers of commodities, specialty crops,

horticultural crops, and livestock. Other important stakeholders include associated industries such as grain buyers and storage warehouses, live plant dealers, seed labelers and sellers, fruit and vegetable wholesalers and hemp processors. Finally, PPD works extensively with the public and land managers regarding invasive species and noxious weeds.

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, such as germination and purity of seeds, health of plants, and the absence of harmful plant pests.
- 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% of PPD spending, with another 20% supported by federal and state grants, and the remaining 30% supported by state general funds.

RESULTS

Part A: Performance Data (Required)

During the past year, PPD:

- Investigated several instances of late payments for grain delivered but none resulted in claims against the indemnity fund established in August 2023.
- Continued working with grain buying and storage license holders to help them come into compliance with current financial reporting requirements.
- Met multiple times with our grain advisory group to evaluate requirements for financial reporting and bonding requirements for grain buying and storage license holders, ultimately submitting a report to the legislature in February 2024.
- Worked with Minnesota seed potato growers to identify needed updates to Minnesota Statute and Rule for seed potato certification.
- Distributed treated seed disposal guidance to seed dealers and checked that they were posted during inspections.
- Established the Seed Advisory Committee through the Secretary of State’s office to make recommendations to the Commissioner regarding the operations of the Seed Regulatory Program and review seeds of plant species for regulation in the state.
- Collected label information for seed treatments for further analysis of product usage.
- Awarded grants for the seventh year to local land managers for control of noxious weed populations.

Noxious Weed Grant Applications Received and Funded by MDA, 2018-2024

Fiscal Year	Total Applications	Total Projects Awarded	Total Request	Total Funds Available & Awarded
2018	41	29	\$791,540	\$295,500
2019	35	35	\$481,512	\$321,325
2020	45	35	\$868,877	\$537,277
2021	44	20	\$182,092	\$95,100
2022	33	28	\$142,868	\$119,586
2023	31	7	\$179,407	\$38,700
2024	50	11	\$416,529	\$147,500

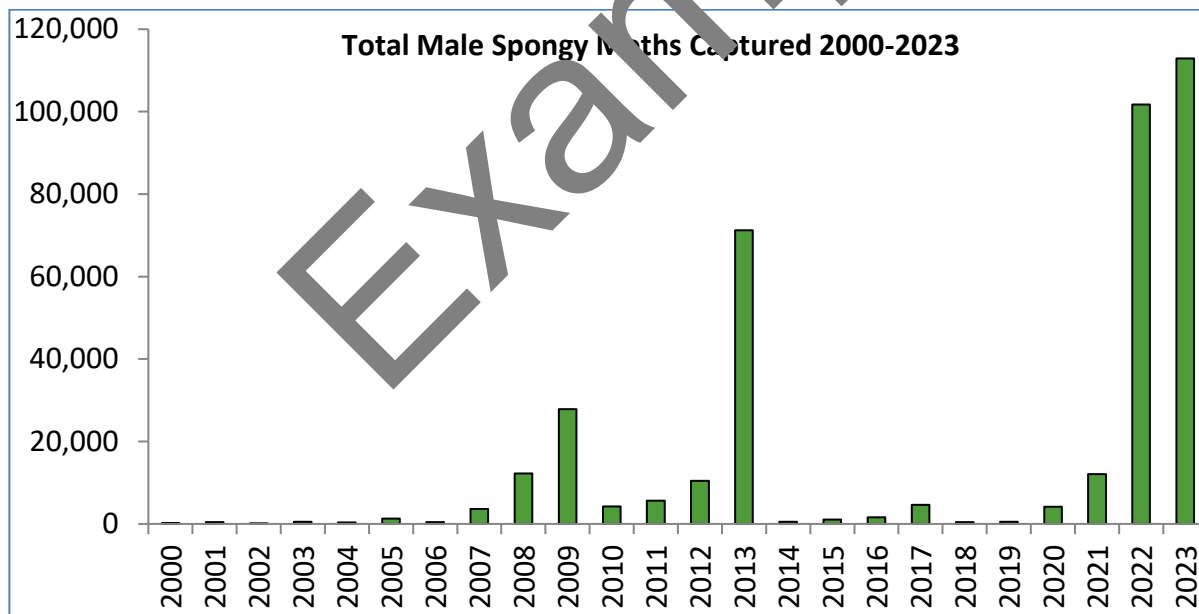
Fiscal Year	Total Applications	Total Projects Awarded	Total Request	Total Funds Available & Awarded
Totals	279	165	\$3,062,825	\$1,554,988

- Identified two new infestations of Palmer amaranth in 2023 and began eradication work with landowners.

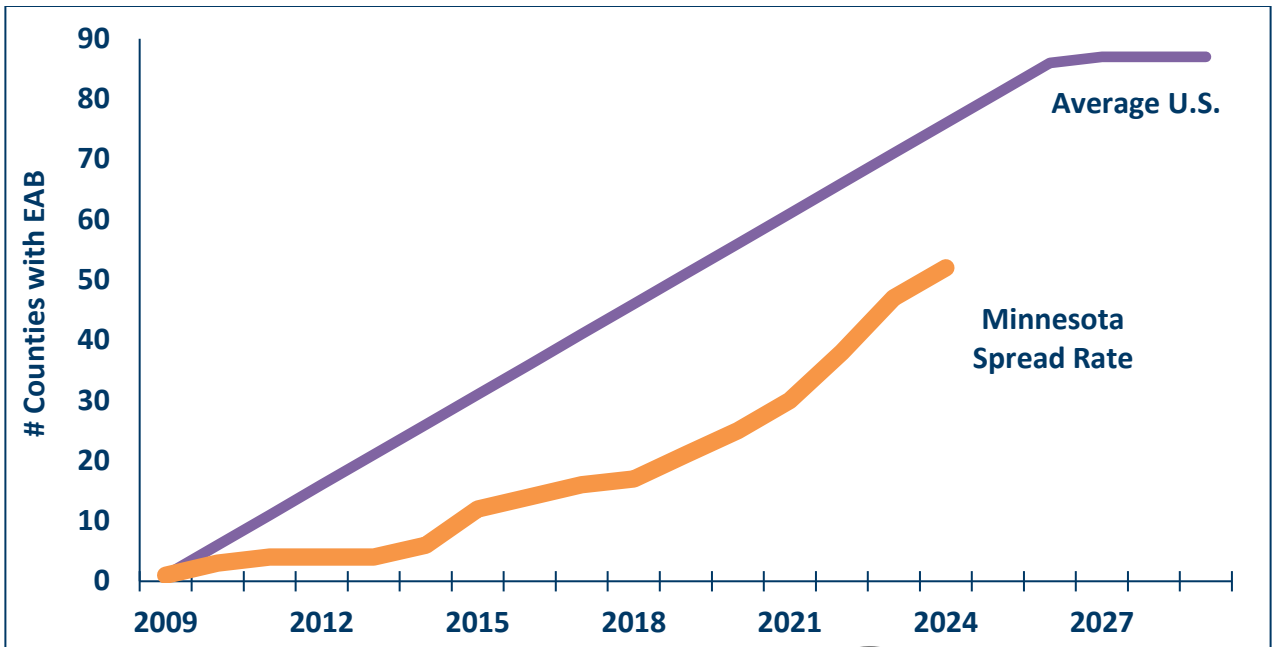
Palmer Amaranth Cumulative Detections and Annual Recurrence in Minnesota

Calendar Year	Cumulative Sites w/ Palmer Confirmed	Sites by Year with Palmer Recurring from a Previous Year
2016	31	0
2017	53	2
2018	70	0
2019	73	0
2020	76	1
2021	88	2
2022	92	4
2023	94	1
2024	94	0

- Detected tomato brown rugose fruit virus, a federally regulated pathogen, at two Minnesota growing facilities and worked with the facilities and the United States Department of Agriculture (USDA) to eradicate the pathogen.
- Detected *Ralstonia pseudosolanacearum*, a federally regulated pathogen, at three Minnesota growing facilities and worked with the facilities and USDA to eradicate the pathogen.
- Slowed the spread of spongy moth into Minnesota by treating nearly 27,000 acres (2023) and over 158,000 acres (2024) to manage increasing populations.



- Identified emerald ash borer in nine (2023) and five (2024 to date) new counties bringing the total infested to 52 of 87 counties.



Part B: Evidence of Effectiveness (Required)

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/>. If this program/activity is not currently implementing or supporting evidence-based practices, remove the blank table and include a brief explanation for why it is not applicable under Part B.

Evidence-based practice:	Source:	FY 26-27 Expenditures
List the names of program or activity that are evidence-based and directly funded.	Provide a link to the clearinghouse or journal article that establishes the evidence.	If known, please provide as \$ or %

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

Authority for this activity is found in Minnesota Statutes:

- Section 3.737 (<https://www.revisor.mn.gov/statutes/?id=3.737>) compensation for wolf depredation to livestock
- Section 3.7371 (<https://www.revisor.mn.gov/statutes/?id=3.7371>) compensation for elk damage to crops and fences
- Chapter 18F (<https://www.revisor.mn.gov/statutes/cite/18F>) review federal permits for release of genetically engineered organisms
- Chapter 18G (<https://www.revisor.mn.gov/statutes/?id=18G>) exclude and manage invasive and exotic plant pests and certify commodities for export
- Chapter 18H (<https://www.revisor.mn.gov/statutes/?id=18H>) inspect and certify live plant dealers

- 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
- Chapter 18K (<https://www.revisor.mn.gov/statutes/cite/18K>) license industrial hemp production/ and processing
- Section 18.75-91 (<https://www.revisor.mn.gov/statutes/?id=18.75>) administer a state noxious weed program
- Section 21.111-122 (<https://www.revisor.mn.gov/statutes/cite/21>) inspect and certify seed potatoes
- Section 21.71-78 (<https://www.revisor.mn.gov/statutes/cite/21.71>) inspect and sample screenings to keep noxious weed seeds out of feed
- Section 21.80-92 (<https://www.revisor.mn.gov/statutes/?id=21.80>) inspect seeds for distribution and enforce seed label requirements
- Chapter 27 (<https://www.revisor.mn.gov/statutes/?id=27>) assign USDA grade and investigate farm product transaction complaints
- Chapter 223 (<https://www.revisor.mn.gov/statutes/?id=223>) license and inspect grain buyers
- Chapter 231 (<https://www.revisor.mn.gov/statutes/?id=231>) license and inspect general merchandise warehouses
- Chapter 232 (<https://www.revisor.mn.gov/statutes/cite/232>) license and inspect grain storage warehouses

Example

Plant Protection

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY24	Actual FY25	Actual FY26	Estimate FY27	Forecast Base		Governor's Recommendation	
					FY28	FY29	FY28	FY29
<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				4,939		(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	5,300	5,829	5,264	5,248	6,019	6,003
Operating Expenses	2,787	3,075	3,184	5,007	3,748	3,767	3,943	3,962
Grants, Aids and Subsidies		130	775	563			375	375
Capital Outlay-Real Property		6	4					
Other Financial Transaction	0	162	12	12	12	13	12	13
Total	7,655	8,096	9,278	11,411	9,024	9,028	10,349	10,353
Total Agency Expenditures	7,655	8,096	9,278	11,411	9,024	9,028	10,349	10,353
Internal Billing Expenditures	728	648	682	772	828	844	828	844
Expenditures Less Internal Billing	6,927	7,447	8,597	10,639	8,196	8,184	9,521	9,509
<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 FY24	Actual FY25	Actual FY26	Estimate FY27	Forecast Base		Governor's Recommendation	
					FY28	FY29	FY28	FY29
1000 - General								
Balance Forward In		218		190				
Direct Appropriation	2,068	2,268	2,859	2,864	2,483	2,483	3,808	3,808
Transfers In	41	66	444	483				
Transfers Out		120	300	300				
Cancellations		13						
Balance Forward Out	153		190					
Expenditures	1,956	2,419	2,813	3,237	2,483	2,483	3,808	3,808
Biennial Change in Expenditures				1,675		(1,084)		1,566
Biennial % Change in Expenditures				38		(18)		26
Governor's Change from Base								2,650
Governor's % Change from Base								53
Full-Time Equivalents	15.09	14.69	18.93	18.60	15.18	15.18	23.18	23.18

2000 - Restrict Misc Special Revenue

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

2018 - Agriculture

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

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY24	FY25	FY26	FY27	FY28	FY29	FY28	FY29
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						(2,027)		(2,027)
Biennial % Change in Expenditures				161		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.34	3.55	2.94	2.93				

3000 - Federal

Balance Forward In	243	0						
Receipts	1,204	1,149	1,329	1,773	1,720	1,758	1,720	1,758
Transfers Out		0						
Expenditures	1,727	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	
	FY24	FY25	FY26	FY27	FY28	FY29	FY28	FY29
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

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and ALN	Federal Grant Name and Brief Purpose	FY 2026 Actual	FY 2027 Budget	FY 2028 Base	FY 2029 Base	Required State Match or MOE?	FTEs
Environmental Protection Agency - 66.818	Brownfield/Petroleum Cleanup - Provides loans to public or private entities for cleanup of contaminated property.	8	205	150	150		0.01
Housing And Urban Development, Department of - 14.228	Small Cities Community Development Block Grants (CDBG) - For the benefit of eligible non-entitlement local units of government for community development needs.	23,348	18,850	18,850	18,850	Match	2.20
Small Business Administration - 59.037	Small Business Development Centers - Financing small business development center services.	2,279	-	-	-	Match	-
Treasury, Department of the - 21.OXX	State Small Business Credit Initiative (SSBCI) - The SSBCI program at DEED provides financial support to small businesses in Minnesota by facilitating access to capital through various programs, such as loan guarantees, venture capital investments, and collateral support. Its primary purpose is to leverage federal funds to strengthen small business growth, promote economic recovery, and ensure equitable access to financing, particularly for underserved and economically disadvantaged communities.	2,109	2,418	266	266	Match, MOE	3.83
Commerce, Department of - 11.307	ARPA Statewide Travel & Tourism Grant - To help support regions hard hit by declines to these industries through projects to build new tourist attractions (museums, event venues, hiking trails, campgrounds, etc.), develop tourism related economic plans, and support workforce training in the tourism sector.	21	1,800	1,300	1,300	Match, MOE	0.24
Labor, Department of - 17.002	Labor Force Statistics - Collects, edits, analyzes and disseminates employment and economic data.	1,411	1,414	1,400	1,400		10.29
Labor, Department of - 17.207	Analyst Resource Center Development - Maintenance and dissemination of the Workforce Information Database to all states for mandated use as the repository of labor marker data.	1,678	1,690	845	845		2.02
Labor, Department of - 17.207	Workforce Information Grant - Provide analysis of job market conditions and outlook, economic indicators and workforce trends.	614	597	597	597		5.67
Commerce, Department of - 11.307	ARPA Statewide Planning, Research, and Networks - Develop coordinated statewide plans for economic development and workforce, and institutional capacity to evaluate and use evidence-based economic development efforts, including through communities of practice and provision of technical assistance.	454	29	0	0		-
Labor, Department of - 17.225	Unemployment Insurance ADMIN - Provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.	368	500	500	500		-
Labor, Department of - 17.225	Unemployment Insurance ADMIN - EUISSA Families First Coronavirus Response Act, Public Law (Pub.L.) 116-127, Division D, EUISSA. Unemployment Insurance provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.	-	4,000	4,000	4,000		-
Labor, Department of - 17.225	Unemployment Insurance - Provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.	50,952	66,094	69,399	72,872		286.66
Labor, Department of - 17.720	RETAIN Demonstration Projects - Will test the impact of early intervention strategies that improve stay-at work/return-to-work (SAW/RTW) outcomes of individuals who experience an injury or illness while employed. RETAIN projects will address both on-the job and off-the-job injuries and illnesses. Individuals participating in RETAIN must be employed, or at a minimum in the labor force, at the time of the injury or illness onset.	8,717	2,000	2,000	2,000	Match, MOE	6.58
Labor, Department of - 17.245	Trade Adjustment Assistance - Serves workers displaced by foreign trade and provides workers reentering the workforce with work search, relocation, job training and weekly cash benefits.	2,387	8,065	8,065	8,065		9.40

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Labor, Department of - 17.278	Workforce Innovation and Opportunity Act (WIOA) - Provides employment and training services to workers who have been laid off through no fault of their own.	9,940	6,228	6,228	6,228	17.67
Labor, Department of - 17.258	Workforce Innovation and Opportunity Act (WIOA) - Adult Programs - Provides year round employment training services to adults.	8,219	4,753	4,753	4,753	4.60
Labor, Department of - 17.235	Senior Community Service Employment Program - Provides people age 55 and older to receive on the job training and current work experience they need to return to work.	1,988	2,098	2,098	2,098	0.58
Labor, Department of - 17.720	Equitable Transition Models Demonstration Grants (ETM) Project -	715	2,200	2,200	2,200	-
Labor, Department of - 17.259	Workforce Innovation and Opportunity Act (WIOA) Youth Programs - Provides year round employment training services to disadvantaged youth.	8,954	5,618	5,618	5,618	6.53
Labor, Department of - 17.207	Career One-Stop - Provides a wide array of information and interactive tools for job seekers, students and other career planners.	8,191	7,430	7,430	7,430	10.51
Labor, Department of - 17.273	Foreign Labor - Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.	383	290	290	290	2.28
Labor, Department of - 17.207	Employment Services Wagner-Peyser - 10% - Provides labor exchange services to individuals seeking employment and to businesses seeking workers.	1,167	1,355	1,355	1,355	8.43
Labor, Department of - 17.207	Employment Services Wagner- Peyser - Provides labor exchange services to individuals seeking employment and to businesses seeking workers.	10,285	12,467	12,467	12,467	67.28
Labor, Department of - 17.801	Veterans Programs - Provide individualized career services to veterans experiencing significant barriers to employment and services to businesses seeking to recruit, hire, and retain veterans.	2,953	3,123	2,473	2,473	22.00
Labor, Department of - 17.270	First Step Act (PROWD) - To provide pre and release individualized career pathway training, employment seeking skills development, employment attainment, and sustainability services to Individuals currently residing in the four minimum security Federal Bureau of Prisons (BOP) correctional facilities in Minnesota.	1,748	3,350	3,350	3,350	8.79
Labor, Department of - 17.270	Reentry Employment Opportunities - Help persons with criminal records, including sex-offenders recovering from opioid and other drug addictions, obtain employment.	20	30	30	30	0.07
Labor, Department of - 17.271	Work Opportunity Tax Credit (WOTC) - Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.	404	351	325	325	2.68
-	NMPLSBLDGSALE - Building sale proceeds used to fund CareerForce approved projects.	298	429	290	290	0.00
-	Subgrant agreements -	3,836	2,973	2,930	2,930	13.18
Social Security Administration - 96.001	Disability Determination - Provides determinations on social security disability insurance eligibility, verification information to rehabilitation agencies and resources for customers eligible for Ticket to Work program.	36,090	33,263	36,152	37,521	167.44
Housing And Urban Development, Department of - 14.228	Community Development Block Grant CARES Act (CDBG-CV) - Activities that benefit low- and moderate-income persons by providing housing, a permanent job, a public service, or access to new or significantly improved infrastructure. The remaining 30 percent may be used to eliminate slum or blighted conditions, or to address an urgent need for which the grantee certifies it has no other funding.	3,065	30,619	30,619	30,619	3.01

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Small Business Administration - 59.061	State Trade and Export Promotion (STEP) - Provide grants to states to carry out export programs that assist eligible small businesses.	43	0	0	0	Match	-
Education, Department of - 84.126	Basic Employment - Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.	82,529	91,752	91,752	91,752	Match, MOE	315.95
-	VR Special Projects -	-	5	1	1		-
Education, Department of - 84.187	Basic Supported Employment - Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.	17	18	18	18	Match	-
Education, Department of - 84.421	Disability Innovation Fund - An Innovative Model Demonstration using Progressive Employment and a dual-customer approach to support people in exploring, trying, and achieving CIE in the transportation industry / Support innovative activities aimed at improving the outcomes of individuals with disabilities.	751	5,202	5,233	5,233		4.12
Health And Human Services, Department of - 93.432	Independent Living Services C - Network - To support a network of centers for independent living (centers or CILs).	1,212	3,418	1,848	1,848		-
Health And Human Services, Department of - 93.369	Independent Living Services B - Disability Funds - Provides independent living skills training, information and referral, systems advocacy, and peer support services to persons with disabilities.	585	7,056	576	576		0.42
Health And Human Services, Department of - 93.432	Independent Living Services C - Covid Funds - To support a network of centers for independent living centers for Covid-19 related needs.	35	-	-	-		-
Health And Human Services, Department of - 93.432	Health Network Funding - Funding to recruit, hire, and train public health workers to respond to the COVID-19 pandemic and prepare for future public health.	270	-	-	-		-
Health And Human Services, Department of - 93.369	Independent Living Services B - Blind Funds - Provides assistance to older blind persons with disabilities to live independently.	25	110	70	70		1.00
Education, Department of - 84.421	Disability Innovation Fund - State Services for the Blind -	-	9,000	9,000	9,000	Match, MOE	12.00
-	Education Agreement -	707	725	850	850		26.00
Education, Department of - 84.177	Older Blind Support - Provides support for individuals age 60 or older whose severe visual impairment makes competitive employment difficult to obtain but for whom independent living goals are feasible.	1,557	4,000	5,000	5,000		40.00
Education, Department of - 84.126	Basic Employment - State Services for the Blind - Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.	14,028	20,800	22,500	22,500		145.00
Treasury, Department of the - 21.029	Broadband ARPA - CPF invest in capital assets that meet communities' critical needs in the short- and long-term, with a key emphasis on making funding available for broadband infrastructure.	54,251	47,431	0	0	Match, MOE	-
Commerce, Department of - 11.035	BrdBnd Equity Access & Deploy (BEAD) -	707	2,023	852	852		0.00
Commerce, Department of - 11.032	Digital Equity Planning - To develop digital equity plans.	375	2,407	2,407	2,407		2.04
	Federal (3000) Fund Subtotal	348,956	418,223	366,087	370,929		1,208.48
-	Paid Family Medical Lv Study -	622	0	0	0		0.00
	ARP-State Fiscal Recovery (3015) Fund Subtotal	622	0	0	0		0.00
-	NPS Pool-Admin Operations -	-	-	-	-		-
	() Fund Subtotal	0	0	0	0		0.00
	Federal Funds - Agency Total	349,578	418,223	366,087	370,929		1,208.48

Narrative

New Grants

DEED has received three new federal awards. These include:

- State Services for the Blind received a Disability Innovation Fund (DIF) award of \$10M (10/1/2024 - 9/30/2029) for the Evolve Employment Model Demonstration: A 21st Century Innovative Approach to High -Quality Employment, Advanced Technology Careers, and Emerging Advances in Technology. SSB helps low vision and blind consumers find jobs and become self -sufficient. This grant is to implement a Rapid Engagement Coordinated Team Approach, build a sector -based approach for advanced technology careers, and pilot an enhanced progressive employment model –12 new and 2 existing FTE in LAC request; 6 planned FTE during biennium .
- Employment and Training Program received a Disability Innovation Fund (DIF) award of \$10M (10/1/2024 - 9/30/2029) for the Creating a 21st Century Workforce of Youth and Adults with Disabilities Through the Transformation of Education, Career, and Competitive Integrated Employment Model Demonstration Project. This project is to support innovative activities aimed at increasing competitive integrated employment (CIE) as defined in section 7 of the Rehabilitation Act of 1973 (Rehabilitation Act) (29 U.S.C. 705(5)) [1] for youth and other individuals with disabilities including youth with disabilities, physical disabilities (such as mobility impairments or chronic health conditions), sensory disabilities (such as visual or hearing impairments), intellectual disabilities (such as developmental delays or cognitive impairments), and mental health disabilities (such as depression, anxiety, or bipolar disorder). 6 existing FTE.
- Business and Community Development, Community Finance received an Environmental Protection Agency – Brownfields award under the Infrastructure Investment and Jobs Act for \$1M for the grant period of 10/1/2024 – 9/30/2029 to assess and clean up polluted Brownfield sites in Minnesota.

Match and Maintenance of Effort (MOE) Level (Requirements)

The Small Business Development Center program requires a 1-1 match which is shared between the state and the grantees. The Small Cities Community Development Block Grant program requires a 1 -1 match for administrative funds, after the first \$100,000 is paid. The Brownfields program requires a 22% match, which is provided by the loan recipients. The Minnesota Trade Office STEP program requires a .333% match.

The Basic Supported Employment program requires a 10% match; Basic Employment requires 21.3% match; Independent Living programs require a 10% match; Older Blind Support requires \$1 for every \$9 of Federal grant funding received. The MOE level on Basic Employment is based on the amount of the State's non -Federal expenditures under the program for the Federal fiscal year two years earlier.

The Senior Community Service Employee program (SCSEP) includes a non -Federal Share (match or cost share) of a least 10 percent of the total cost of activities carried out under the SCSEP grant. Per Section 502(c)(1) of the Older Americans Act and 20 CFR 641.809, payment of no more than 90% of the total cost of activities carried out under the SCSEP grant. Cost recipient incurs in fulfilling its matching or cost -sharing requirement are subject to the same requirements.

Changing Funding Levels or Trends That May Impact Future Awards

DEED receives funding from a variety of federal agencies including the U.S. Departments of Labor, Education, Health and Human Services, Housing and Urban Development, Social Security Administration, Environmental Protection Agency, Small Business Administration, Treasury, and Commerce. Federal Funds represent a significant portion of DEED's budget; currently the breakout is about 34% given the influx of state dollars during the historic 2023 legislative session; in some years it has been slightly over 50%.

For planning purposes during the biennial budget process, DEED has assumed that federal award amounts for ongoing programs will remain fairly consistent over the upcoming biennium. However, given the recent election results, DEED will need to do further scenario planning to determine potential impact on DEED's federal awards.

Major State Funding Related to Federal Awards

For programs such as Vocational Rehabilitation Services – Rehab Basic where there is a required match and maintenance of effort, all state dollars allocated to this program are fully utilized to draw down the full federal award and any reallocations.

Basis for Estimates

FTE counts are based on the estimated time charged against federal programs that have been entered in BPAS.

Space rental cost estimates are based on executed lease agreements or planning assumptions from Admin Real Estate Construction Services (RECS) of 2 -6%. Generally, DEED has utilized a 4% increase when projections are not known.

MNIT Services cost projections are based on volume the agency utilizes, the Biennial 2026 -27 Rate Package for enterprise rates approved by Minnesota Management and Budget (Account Class 41196) and estimates provided by MNIT Services for pass-through, agency-specific costs (Account class 41197) such as hardware / software renewals, applications and projects. There is a reasonable alignment with MNIT Services in the biennial budget costs.

Indicate whether Federal Funding Has Flexibility in How the Funds Are Spent

The majority of our federal funds have strict requirements related to how the funds are spent and allowable uses of the funds, as well as administrative thresholds, which minimizes any flexibility.

Workforce Innovation and Opportunity Act enactment in July 2015 created and streamlined workforce development systems eliminating several programs but maintaining the 15 percent funding reservation at the state level to allow flexibility to address specific needs. Each WIOA funding award year has a period of performance of 3 years for spending of the funds which then provide more flexibility for facilitation of spending.