

990032



1998 PERFORMANCE REPORT

MINNESOTA DEPARTMENT OF AGRICULTURE

**SUBMITTED TO THE MINNESOTA LEGISLATURE
JANUARY 2, 1999**

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Minnesota Department of Agriculture 1998 Performance Report

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Agency mission

The mission of the Minnesota Department of Agriculture (MDA) is to work toward a diverse agricultural industry that is economically profitable and environmentally sustainable; to protect public health and safety regarding food and agricultural products; to provide consumer protection regarding product quality and content; and to assure orderly commerce in agricultural and food products.

Goals

The most important goals and objectives that support the agency's mission:

- I. Work toward a diverse agricultural industry.
 - a. Develop and promote markets for agricultural products through the development of farmers' markets, direct assistance to farmers and small businesses, food shows, etc.
 - b. Administer financial assistance programs that provide affordable financing to farmers and small agri-business.
 - c. Work to diversify agricultural products and markets.
- II. Promote an agricultural industry that is economically profitable and environmentally sustainable.
 - a. Provide statewide information, education and other assistance to producers and other ag professionals on sustainable agriculture, integrated pest management, manure management and whole farm planning.
 - b. Assist agricultural industries by investigating marketing conditions and providing information and marketing assistance to those wishing to export into foreign and domestic markets.
 - c. Support family farms, with emphasis on livestock enterprises, and expanding value-added processing.
- III. Protect public health and safety regarding food and agricultural products.
 - a. Protect the public health and safety and prevent fraud by regulating the manufacture distribution and sale of food, animal feeds, fertilizers, seeds, pesticides and other agricultural products.
- IV. Provide consumer protection regarding product quality and content.
 - a. Protect the public health and safety and prevent fraud by regulating the manufacture distribution and sale of food, animal feeds, fertilizers, seeds, pesticides and other agricultural products.
 - b. Ensure a safe and wholesome food supply by inspecting and regulating programs that monitor the production, processing and sale of food products.
- V. Assure orderly commerce in agricultural and food products.
 - a. License and bond purchasers of agricultural products such as grain, livestock and fruits and vegetables in order to insure payment to the sellers of those products.
 - b. Facilitate the competitive and orderly marketing of Minnesota farm products.

The most important measures for goals and objectives listed in the report, with data showing each actual performance relative to those measures.

Goal I:
Work toward a diverse agricultural industry.

PROGRAM: Agricultural Finance

Objective 1: Administer financial assistance programs that provide affordable financing to farmers and small agri-business.

Measure 1: Direct more than fifty percent (50%) of the RFA loan participations to the Basic Beginning, Seller Assisted, and Agricultural Improvement loan programs on an annual basis

Percentage of Loans	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Closed						
Actual	64%	92%	89%	---	---	---
Target	50%	50%	50%	50%	50%	50%

The RFA has evolved from one loan program for restructuring distressed farm loans in 1986 to an economic incentive activity currently administering eight loan programs for farmers. In addition to the Basic, Seller Assisted, and Ag. Improvement program, the RFA administers the Aggie Bond, Stock Loan, Livestock Expansion, Restructure II and Disaster Assistance loan programs. At the end of F.Y. 1998, the RFA had closed \$64.8 million in total loan participations to more than 1,300 Minnesota farmers.

The RFA networks with 380 agriculture lenders, 169 Farm Management Instructors, and attend 10 to 20 conferences and workshops annually to promote the program.

Measure 2: Maintain an annual loan loss reserve greater than one percent of outstanding loan balance on RFA loan participations.

Reserve for loan	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Loss						
Actual	1.37%	1.52%	1.85%	---	---	---
Target	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

The administrative reserve for loan loss is expressed as a percent of outstanding loan balance. Pursuant to administrative policy, amounts collected as administrative charges, amounting to 1/2% of the loan principal outstanding has been designated to a loan loss reserve. The statewide average for loan loss reserve among Minnesota banks is one and one-half percent according to the Minnesota Department of Commerce. Total charges to date to the loan loss reserve equal \$8,313. The outstanding loan balance for the RFA at the end of F.Y. 1998 was \$47.3 million. The one percent reserve is adequate given the satisfactory level of loan performance and minimum level of delinquencies.

Measure 3: Maintain an annual asset value in revolving loan accounts equal to or greater than the total general fund appropriation.

(\$1,000,000=1,000)	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Ethanol Loan Program						
Actual	3,213	3,411	3,615	---	---	---
Target	2,825	2,825	2,825	2,825	2,825	2,825
Stock Loan Program						
Actual	522	544	566	---	---	---
Target	450	450	450	450	450	450

Asset value equals cash balance plus principal balance of outstanding loans in good standing. The Ethanol Loan Program, and Stock Loan Program were initially funded from general fund moneys. These are direct loan programs administered by the Agricultural Finance Division. Future loan applications will be funded from cash balances in the revolving loan account capitalized from principal and interest receipts of outstanding loans and investment earnings from cash balances.

The Agricultural Finance Division will continue to review loan applications for borrower liquidity, solvency, profitability and repayment capacity. Applicants should show positive earnings history and collateral margins that are consistent permanent rules of the loan programs.

Excessive charge off on revolving accounts may result from adverse economic conditions experienced by value-added processing plants or mismanagement of a value-added facility. Loan losses would be charged against the cash balance in the revolving account.

PROGRAM: Agricultural Marketing and Development

Objective 2: To increase annual sales of Minnesota grown fruits and vegetables resulting from program activities to \$2,250,000 by F.Y. 2001.

Measure 1: New Minnesota grown fruit and vegetable sales generated by program activities (in thousands).

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual	\$2,000	NA	3,500			
Target	\$1,850	\$2,000	\$2,150	\$2,250	\$2250	\$2250

Objective 3: To increase sales of Minnesota grown specialty livestock products generated by program activities to \$450,000 by F.Y. 2001.

Measure 1: Sales of specialty livestock products generated by program activities.

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual	NA	400,000	NA			
Target	\$150,000	\$200,000	\$400,000	\$425,000	\$450,000	\$500,000

Goal II:
**Promote an agricultural industry that is economically
profitable and environmentally sustainable.**

PROGRAM: Agriculture Nonpoint Source Pollution (NPS)

Objective 1: To provide low interest loans to agricultural producers, agricultural supply businesses or rural landowners that result in the adoption of 700 BMPs per year that mitigate or prevent NPS.

Measure 1: Number of projects implemented, percent of allocated funds under binding commitments and amount of funds disbursed.

Actual Performance	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Number of practices adopted						
Actual	283	644	647	367 (YTD)		
Target	452	451	640	731	714	778
% Allocated Funds Under Binding Commitments*						
Actual	77%	81%				
Target	50%	80%	95%	95%	95%	95%
Amount of funds disbursed to counties (\$ Millions)						
Actual	4.1	7.2	6.4	3.7 (YTD)		
Target		7.2	6.4	7.7	9.7	10.0

* The program allows local governments 1 year to enter into binding commitments and another year to have funds disbursed to projects, with money only disbursed when proof of an incurred cost is presented. The numbers reported here represent the percent of funds under binding commitment at the local level, from the previous year's allocation.

PROGRAM: Agricultural Marketing and Development

Objective 2: To increase sales of processed food products resulting from food trade shows to \$4,750,000 by F.Y. 2001.

Measure 1: Minnesota food product sales realized by food trade show participants (in thousands).

	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Actual	\$3,800	\$6,500	\$7,000			
Target	\$2,100	\$2,300	\$4,500	\$4,750	\$4,500	\$4,500

Objective 3: To increase the amount of Minnesota corn processed for industrial products by corn milling plants to 115,000,000 bushels by F.Y. 2001.

Measure 1: Bushels of Minnesota corn processed for industrial products (in thousands).

Actual Performance	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Actual	45,000	90,000	112,000			
Target	70,000	100,000	105,000	115,000	125,000	125,000

Measure 2: Minnesota's ethanol production capacity (gallons in thousands).

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual	91,000	120,000	170,000			
Target	100,000	126,000	153,000	172,000	185,000	200,000

Objective 4: To reach all Minnesota producers and ag-professionals with sustainable agriculture, integrated pest management, and whole farm planning information and educational materials by 2001.

Measure 1: Percent market penetration through dissemination of program publications, attendance at field days and published news stories by which producers and ag-professionals receive exposure to sustainable agriculture, IPM, and whole farm planning information.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Producers						
Actual	34	45	65			
Target	N/A	50	75	100	100	100
Ag-Professionals						
Actual	32	55	95			
Target	N/A	100	100	100	100	100

State law directs the Commissioner of Agriculture to publicize sustainable agriculture, which includes whole farm planning, and IPM (M.S. 17.114). The farm press, in combination with targeted dissemination of agency publications, conference notifications, articles in agency newsletters, and inclusion of sustainable agriculture and integrated pest management on other organizations' conference programs, potentially reaches 100% of producers and ag-professionals.

Increased participation and initiation of cooperative projects and events with other agencies, farm organizations and educational institutions will continue to increase market penetration and opportunities. Expansion into regional and federal activities will leverage resources. Cooperative activities, especially in the area of whole farm planning, will enhance targeting of diverse audiences in addition to the traditional audience.

Objective 5: To provide financial assistance for on-farm research and for transition to sustainable practices via the funding of high quality sustainable agriculture grant and loan projects.

Measure 1: Number of applications and total funding requests for sustainable agriculture grant and loan programs with percentage of applications funded.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Grant						
Applications/\$ Total	51/1.2 mil	36/825,570	39/760,518	47/1.0 mil		
Target	N/A	N/A	50/1 mil	55/1.2 mil	60/1.5 mil	60/1.5 mil
Percent funded	31.3	55.5	48.7			
Target	N/A	N/A	N/A	30	25	30
Loans						
Applications/\$ Total	43/518,000	33/684,153	25/341,046			
Target	N/A	N/A	N/A	45/500,000	50/600,000	50/600,000
Percent funded	67.4	42.4	96.0			
Target	N/A	N/A	N/A	50	30	30

Financial assistance in the form of grants and loans provides 1) the incentive for a small number of producers and other ag professionals to try new sustainable or integrated pest management practices, and 2) a source of

information on those new practices for dissemination to producers and other ag professionals. Information generated through the grant program provides the foundation for outreach for the whole sustainable agriculture program. In order to provide quality information on cutting edge practices and technologies, the number of grant and loan applications must be substantially larger than the funds available so that the grant and loan review panels have a large pool of projects from which to choose. Increasing numbers of applications for both programs is also a good indicator of producer and other ag professional interest in sustainable agriculture and integrated pest management. (Minnesota Statutes 17.115 and 17.116).

PROGRAM: Agronomy & Plant Protection

Objective 6: To reduce the number of open incident report files by 20% annually to achieve and maintain an open file workload of not more than 150 files at the end of each fiscal year, by the year 2001.

Measure 1: Emergency agricultural chemical incidents identified and number of files open

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
# Emergency Incident Files Open (End of F.Y.)						
Actual	321	282	200	---	---	---
Target	NA	250	200	160	150	140
# Incidents Identified (Annual)	200	256	189	---	---	---
Target	NA	210	210	200	200	200

Objective 7: To close 70 Voluntary Cleanup Technical Assistance Program (VCTAP) sites by the year 2001.

Measure 1: VCTAP incident sites under investigation and closed.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
# Sites Closed (Cumulative)	16	26	42	---	---	---
Target	NA	28	40	55	70	85
# Sites Closed (Annual)	9	10	16	---	---	---
Target	NA	12	12	13	15	15
# Sites Under Investigation (End of F.Y.)	45	47	73	---	---	---
Target	NA	45	45	70	70	70

Objective 8: To discover, investigate and cleanup 130 non-emergency point source sites by the year 2001.

Measure 1: Comprehensive incident sites under investigation, in monitoring, closed and cleaned up.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
# Incident Sites Closed (Cumulative)	56	70	79	---	---	---
# Sites in Monitoring (End of F.Y.)	13	25	26	---	---	---
Total Cleaned Up	69	95	105	---	---	---
Target	NA	81	93	105	---	---
# Sites Closed (Annual)	16	14	9	---	---	---
Target	NA	12	12	12	13	13
# Sites Under Investigation (End of F.Y.)	70	82	84	---	---	---
Target	NA	70	70	80	80	80

Objective 9: To increase the monitoring of ground water landscapes and streams of primary watersheds for agricultural chemicals.

Measure 1: Cumulative percent of ground water landscapes and streams of primary watersheds monitored for agricultural chemicals.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual Ground Water Landscapes						
Evaluated	35%	35%	35%	---	---	---
Target	30%	35%	38%	35%	38%	40%
Actual Primary Watersheds						
Evaluated	8%	8%	9%	---	---	---
Target	7%	10%	11%	10%	12%	14%

Objective 10: To increase the compliance of agricultural chemical facilities through inspections and the percentage of non-bulk facilities complying with state requirements.

Measure 1: Number of facility inspections.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Number of Inspections						
Non-Bulk Actual	405	353	228	---	---	---
Non-Bulk Target	375	425	425	200	200	200
Bulk Pesticide						
Actual	96	77	96	---	---	---
Target	75	50	25	85	80	75
Bulk Fertilizer						
Actual	30	12	6	---	---	---
Target	40	50	75	75	75	75

Objective 11: 100% of detected infestations will be treated annually.

Measure 1: Number of infestations treated annually.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Infestations Detected	2	3	5	1	---	---
Target	2	3	4	5	10	15
Infestations Treated	100%	100%	100%	---	---	---
Target	100%	100%	100%	100%	100%	100%

Objective 12: To detect and intercept nursery stock harboring state or federally regulated pests through annual inspection of 100% of the nurseries receiving out-of-state nursery stock and to annually increase by 10% the number of pest interceptions.

Measure 1: Percentage of nurseries inspected annually which receive out-of-state nursery stock.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual Performance	75%	85%	90%	---	---	---
Target	100%	100%	100%	100%		

Goal III
Protect public health and safety regarding food and agricultural products.

Activity: Dairy and Food Inspection

Objective 1: Dairy production and processing facility inspections will not exceed 105% of those required and will have an initial compliance rate of at least 95%.

Measure 1: Percentage of required dairy inspections completed each year.

Percent of Inspections Completed	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual	114%	114%	110%			
Target	<105%	<105%	<105%	<105%	<105%	<105%

Measure 2: Percentage of dairy facilities determined to be in compliance at the time of their required inspection.

Percent of Inspections Completed	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual	91%	93%	93%			
Target	>95%	>95%	>95%	>95%	>95%	>95%

Objective 2: At least 95% of all inspected food facilities will be in satisfactory compliance at the time of their inspections.

Measure 1: Percentage of firms complying at the time of inspections.

Percent Complying at Time of Inspection	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual	97.7%	97.9%	98.0%			
Target	>95%	>95%	>95%	>95%	>95%	>95%

Note: The adoption of the new Food Code and HACCP (Hazard Analysis Critical Control Point) programs will require additional educational efforts to assure food handlers understand their new responsibilities under these programs so that inspection compliance rates can be maintained and improved.

The division does not have an automated system to tabulate food inspection data or scores. However, the division does manually track and conduct follow-up reinspections for violation of state standards to assure compliance is effective and timely.

Staff training is being provided to improve standardization of routine inspections. Additionally, a new rule to require food manager certification is proposed for implementation in 1999 and is expected to improve food safety knowledge at the retail level.

Goal IV
Provide consumer protection regarding product quality and content.

PROGRAM: Agronomy & Plant Protection

Objective 1: To inspect 50% of existing commercial medicated feed manufacturing facilities each year and obtain 95% compliance to industry standards by F.Y. 2001.

Measure 1: Percent compliance of medicated feed manufacturing facilities with CGMPRs.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual	92%	90%	93%	95%	---	---
Target	90%	93%	95%	95%	95%	95%

Measure 2: Percent of medicated feed manufacturing facilities inspected.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual # of Inspections	253	173	247	267	---	---
Actual # of Facilities	519	456	435	435	425	400
Actual % Inspected	49%	38%	57%	50%	---	---
Target	40%	45%	50%	50%	50%	50%

Goal V
Assure orderly commerce in agricultural and food products.

PROGRAM: Agricultural Certification

Objective 1: To reduce the risk to the customers of licensed public grain elevators, grain buyers and general merchandise storage warehouses by increasing the percentage of licensees examined until 100% of buy and store elevators and 65% of other licensees are examined each year by the end of F.Y. 2001.

Measure 1: Percentage of state licensed "buy and store" elevators examined during a fiscal year.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual Performance	100%	100%	100%	---	---	---
Target Performance	100%	100%	100%	100%	100%	100%

Measure 2: Percentage of licenses (other than grain storage) examined during a fiscal year.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual Performance	48%	26%	42%	---	---	---
Target Performance	55%	60%	65%	50%	55%	65%

Measure 3: Percentage of examinations that result in issuance of a citation for non-compliance.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual Performance	34%	32%	22%	---	---	---
Target performance	25%	25%	25%	20%	20%	15%

Objective 2: To reduce the financial risks to sellers of livestock by licensing and bonding livestock buyers.

Measure 1: Insure that livestock dealers and markets are licensed and bonded by monitoring at least 90 markets per year, investigating complaints about unlicensed or illegal livestock dealing and requiring licensing by unlicensed dealers and markets.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Livestock Markets Monitored	100	103	112	---	---	---
Target	90	90	90	90	90	90
Number of Investigations	48	43	45	---	---	---
Target	40	40	40	40	40	40
Number of New Dealers Licensed	15	15	18	---	---	---
Target	10	10	10	10	10	10

PROGRAM: Grain and Produce

Objective 3: To facilitate the orderly marketing of grain by providing grain quality reports to grain sellers and buyers by the next business day on more than 95% of grain samples received each year.

Measure 1: The percentage of samples that had quality results transmitted to customers by the next business day after the samples are received at an inspection office.

Actual Performance	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Actual	98%	96%	97%	---	---	---
Target	95%	95%	95%	95%	95%	95%